

MEDIA STATEMENT - FOR RELEASE ON 02 DECEMBER 2016

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY
ENQUIRIES: MRS LERATO NTSOKO 082 459 2788 / MR J MOKOBANE 082 766 3674**

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 07 DECEMBER 2016

Product:

| | | |
|---|--------|--|
| Both Grades of Petrol 93 & 95 (ULP & LRP) | 20.000 | cents per litre decrease in retail price |
| Diesel 0.05% Sulphur | 32.040 | cents per litre decrease in wholesale price |
| Diesel 0.005% Sulphur | 31.040 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (Wholesale) | 28.040 | cents per litre decrease in wholesale price |
| Illuminating Paraffin (SMNRP) | 38.000 | cents per litre decrease in the Single Maximum National Retail price (SMNRP) |
| Maximum Retail Price for LPGAS | 17.000 | cents per kilogram decrease in the maximum retail price |

2. IMPLEMENTATION OF REGULATORY ACCOUNTS SYSTEM MARGINS ON PETROL AND ADJUSTMENTS TO DIESEL AND IP MARGINS

The Minister of Energy has approved the implementation of the Regulatory Accounts System margins with an adjustment of 15.2 c/l on petrol and a 5.96 c/l adjustment to margins applicable in the wholesale list price structures of diesel and IP with effect from 07 December 2016. The new margins are reflected in Annexure 1 (Paragraph 14) below.

3. ANNUAL WAGES INCREASE FOR FORECOURT STAFF

The Minister of Energy has approved an increase in the retail margin of petrol of 4.9 c/l to cater for the salary increase of 10% for pump attendants and 7.5% for cashiers and other administration staff in line with the Motor Industry Bargaining Council (MIBCO) agreement. This money must be ring-fenced for the wages of the forecourt attendants.

4. ADJUSTMENTS TO THE PRICING ELEMENTS IN THE MAXIMUM RETAIL PRICE STRUCTURE OF LIQUEFIED PETROLEUM GAS (LPGAS)

The Minister of Energy has also approved the adjustments to some of the pricing elements of the maximum retail price structure of liquefied petroleum gas (LPGAS) with an adjustment of 46.0 c/l with effect from 07 December 2016. The new margins are reflected in Paragraph 13 below. However, due to adjustment in the primary transport cost of LPGas effective 07 December 2016, the LPGas prices will differ from each zones.

5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 OCTOBER 2016 TO 01 DECEMBER 2016

The average international product prices of Petrol, Diesel and Illuminating Paraffin decreased during the period under review.

The Rand appreciated against the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/US Dollar exchange rate for the period 28 October 2016 to 01 December 2016 was 13.9125 compared to 13.9646 during the previous period. This led to decreases in the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 2.02 c/l, 1.96 c/l and 1.96 c/l respectively.

6. SLATE LEVY

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate levy on petrol and diesel will remain at 0.00 c/l with effect from 07 December 2016.

7. SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN (SMNRP)

The Single Maximum National Retail Price for the period 07 December 2016 to 03 January 2017 will be 896.0 c/l compared to 934.0 c/l for the period 02 November 2016 to 06 December 2016, this is an decrease of 38.0 c/l.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 6 913.45 per metric ton (383.70 c/l), excluding VAT, for the period 07 December 2016 to 03 January 2017.

9. PRICE ADJUSTMENT

In terms of the agreed mechanism:

- (a) Price changes are adjusted in such a manner that the over- or under-recovery during the prior month will be corrected in the following month; and
- (b) The unit over- or under-recoveries are rounded up or down to the nearest full cent so that the effect of rounding contributes to the clearing of the cumulative balance of the individual products on the slate.
- (c) In order to manage a negative balance in the Cumulative over/(under) recovery account (the Slate), a Self-Adjusting Slate Levy Mechanism (SLM) was implemented with effect from 7 January 2009 (the SLM is available on the website of the Department of Energy). A Slate levy will only be applicable on all petrol and diesel grades if the Slate balance is negative (cumulative under recovery) by more than R250.0 million

10. ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE BFP OVER/(UNDER)-RECOVERIES

The over/(under)-recoveries for the period under review were affected by the factors set out below, which can be quantified as follows:

| | Petrol 95 ULP c/l | ** Diesel 0.05% c/l | ** Diesel 0.005% c/l | illuminating Paraffin c/l |
|---|------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| <u>Movements in external factors</u> | | | | |
| Movement in International Product Prices | 37.913 | 35.731 | 34.964 | 32.381 |
| Movement in Exchange Rate | 2.017 | 1.960 | 1.976 | 1.962 |
| <u>BFP Over/(under)-recovery for the period 28/10/2016 to 01/12/2016</u> | 39.930 | 37.691 | 36.940 | 34.343 |

11. BREAKDOWN OF PRICE ADJUSTMENT

| Petrol 95 ULP & LRP | Diesel 0.05(%) Sulphur | Diesel 0.005(%) Sulphur | illuminating Paraffin Wholesale | LPGAS (Gauteng, Zone 9C) |
|--------------------------------|-------------------------------|--------------------------------|--|---------------------------------|
|--------------------------------|-------------------------------|--------------------------------|--|---------------------------------|

The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 25 days from 28/10/2016 to 01/12/2016 (cents / litre) as detailed below

| | | | | |
|--------|--------|--------|--------|-----|
| 39.930 | 37.691 | 36.940 | 34.343 | N/A |
|--------|--------|--------|--------|-----|

Cumulative positive/(negative) slate balances end of October 2016 (R-million)

| | | | |
|-----------|-----------|-----------|------------|
| 2 054.325 | 2 117.453 | 2 117.453 | (214.193) |
|-----------|-----------|-----------|------------|

The price adjustments consist of the following elements:

| | <u>c/l</u> | <u>c/l</u> | <u>c/l</u> | <u>c/l</u> | |
|--|-------------------|-------------------|-------------------|-------------------|---------------|
| Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease | 40.000 | 38.000 | 37.000 | 34.000 | |
| Increase in Retail Margin | (9.800) | | | | |
| Increase in Wholesale Margin | (2.400) | (2.960) | (2.960) | (2.960) | |
| Decrease in Secondary Storage | 0.600 | 0.600 | 0.600 | 0.600 | |
| Increase in Secondary Distribution | (3.600) | (3.600) | (3.600) | (3.600) | |
| Increase in Wages | (4.900) | | | | |
| Decrease in Pump Rounding | 0.100 | | | | |
| LPGas BFP, Retail and VAT (increase)/decrease | | | | | 17.000 |
| <u>Total price (increase) / decrease</u> | 20.000 | 32.040 | 31.040 | 28.040 | 17.000 |

12. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

13. COMPOSITION OF THE MAXIMUM RETAIL PRICES FOR LPGAS AT THE COAST (ZONE 1A) AND IN THE INLAND AREA (ZONE 9C) IN CENTS PER KILOGRAM FOR THE PERIOD 07/12/2016 TO 03/01/2017 WILL BE AS FOLLOWS

| <u>Price element</u> | Coast Zone 1A | Inland Zone 9C |
|---|--------------------------|---------------------------|
| Maximum refinery gate price | 691.345 | 691.345 |
| Primary transport costs | 38.456 | 182.295 |
| Operating expenses | 380.591 | 380.591 |
| Working capital | 28.849 | 28.849 |
| Depreciation | 140.326 | 140.326 |
| Gross margin: Cylinder-filling plant | 179.306 | 179.306 |
| Sub-total (1) | 1 458.874 | 1 602.712 |
| Retail Margin: (15% of Subtotal (1)) | 218.831 | 240.407 |
| Sub-total (2) | 1 677.705 | 1 843.119 |
| Value Added Tax (14% Sub-total (2)) | 234.879 | 258.037 |
| Maximum Retail Price (Rounded to full cents) | 1 913.000 | 2 101.000 |

14. The annexure attached contains details of the composition of product prices as well as history of the price changes.

ANNEXURE 1

COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE WHOLESALE PRICES FOR DIESEL AND IP IN GAUTENG FOR THE PERIOD 07/12/2016 TO 03/01/2017 WILL BE AS FOLLOWS:

| | Petrol 95 ULP c/l | Petrol 93 ULP & LRP c/l | Diesel 0.05% S c/l | Diesel 0.005% S c/l | Illumi- nating Paraffin c/l |
|---|----------------------------------|--|-----------------------------------|------------------------------------|--|
| Wholesale margin | 35.600 | 35.600 | 67.660 | 67.660 | 67.660 |
| Secondary Storage | 17.900 | 17.900 | 17.900 | 17.900 | 17.900 |
| Secondary Distribution | 17.300 | 17.300 | 17.300 | 17.300 | 17.300 |
| Router Differential | 0.000 | 0.000 | 0.000 | 0.000 | 7.400 |
| Retail margin | 176.400 | 176.400 | 0.000 | 0.000 | 0.000 |
| Zone differential in Gauteng | 41.000 | 41.000 | 41.000 | 41.000 | 57.200 |
| IP Tracer levy | 0.000 | 0.000 | 0.010 | 0.010 | 0.000 |
| Fuel levy | 285.000 | 285.000 | 270.000 | 270.000 | 0.000 |
| Customs & excise duty | 4.000 | 4.000 | 4.000 | 4.000 | 0.000 |
| RAF levy | 154.000 | 154.000 | 154.000 | 154.000 | 0.000 |
| Petroleum Products levy | 0.330 | 0.330 | 0.330 | 0.330 | 0.000 |
| Slate levy | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| DSML | 10.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Equalisation Fund Levy | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Pump Rounding | (0.400) | (0.400) | | | |
| Sub-total | 741.130 | 731.130 | 572.200 | 572.200 | 167.460 |
| <u>Contribution to the Basic Fuel Price</u> | 543.870 | 527.870 | 530.630 | 535.030 | 531.128 |
| <u>Retail Price</u> | <u>1,285.00</u> | <u>1,259.00</u> | | | |
| <u>Wholesale price</u> | | | <u>1,102.830</u> | <u>1,107.230</u> | <u>698.588</u> |

STATISTICS OF PRICE CHANGES

| Effective from: | Petrol 95 ULP | | Diesel | | Illuminating Paraffin | | LPGAS | |
|-----------------|-----------------------------------|----------|-----------------|-----------------|-----------------------|---------|----------|----------|
| | Gauteng | Coast | Gauteng | Coast | Gauteng | Coast | Gauteng | Coast |
| | SA c/l | SA c/l | SA c/l | SA c/l | SA c/l | SA c/l | SA c/Kg | SA c/Kg |
| | From 4 January 2006 0,05% Sulphur | | | | | | | |
| 04-Jan-12 | 1 061.00 | 1 031.00 | 1027.690 | 1007.290 | 788.428 | 752.528 | 2 121.00 | 1 939.00 |
| 01-Feb-12 | 1 095.00 | 1 065.00 | 1026.690 | 1006.290 | 785.428 | 749.528 | 2 171.00 | 1 989.00 |
| 07-Mar-12 | 1 123.00 | 1 093.00 | 1037.070 | 1016.670 | 789.428 | 753.528 | 2 207.00 | 2 025.00 |
| 04-Apr-12 | 1 194.00 | 1 159.00 | 1088.970 | 1064.270 | 816.028 | 774.128 | 2 275.00 | 2 093.00 |
| 02-May-12 | 1 222.00 | 1 187.00 | 1098.370 | 1073.670 | 825.028 | 783.128 | 2 306.00 | 2 124.00 |
| 06-Jun-12 | 1 167.00 | 1 132.00 | 1073.550 | 1048.850 | 804.028 | 762.128 | 2 207.00 | 2 025.00 |
| 04-Jul-12 | 1 082.00 | 1 047.00 | 1010.970 | 986.270 | 746.028 | 704.128 | 2 094.00 | 1 912.00 |
| 01-Aug-12 | 1 104.00 | 1 069.00 | 1025.590 | 1000.890 | 761.028 | 719.128 | 2 146.00 | 1 964.00 |
| 05-Sep-12 | 1 197.00 | 1 162.00 | 1094.590 | 1069.890 | 834.028 | 792.128 | 2 275.00 | 2 093.00 |
| 03-Oct-12 | 1 220.00 | 1 185.00 | 1133.750 | 1109.050 | 867.028 | 825.128 | 2 272.00 | 2 090.00 |
| 07-Nov-12 | 1 210.00 | 1 175.00 | 1143.950 | 1119.250 | 870.028 | 828.128 | 2 273.00 | 2 091.00 |
| 05-Dec-12 | 1 201.00 | 1 166.00 | 1138.950 | 1114.250 | 866.028 | 824.128 | 2 238.00 | 2 056.00 |
| 02-Jan-13 | 1 186.00 | 1 151.00 | 1111.370 | 1086.670 | 849.028 | 807.128 | 2 229.00 | 2 047.00 |
| 06-Feb-13 | 1 227.00 | 1 192.00 | 1129.170 | 1104.470 | 875.028 | 833.128 | 2 302.00 | 2 120.00 |
| 06-Mar-13 | 1 308.00 | 1 273.00 | 1187.550 | 1162.850 | 932.028 | 890.128 | 2 420.00 | 2 238.00 |
| 03-Apr-13 | 1 320.00 | 1 283.00 | 1196.610 | 1170.010 | 906.228 | 860.328 | 2 365.00 | 2 183.00 |
| 01-May-13 | 1 247.00 | 1 210.00 | 1141.050 | 1114.450 | 848.228 | 802.328 | 2 284.00 | 2 102.00 |
| 05-Jun-13 | 1 239.00 | 1 202.00 | 1137.070 | 1110.470 | 849.228 | 803.328 | 2 289.00 | 2 107.00 |
| 03-Jul-13 | 1 323.00 | 1 286.00 | 1215.270 | 1188.670 | 924.228 | 878.328 | 2 418.00 | 2 236.00 |
| 07-Aug-13 | 1 355.00 | 1 318.00 | 1248.230 | 1221.630 | 949.228 | 903.328 | 2 440.00 | 2 258.00 |
| 04-Sep-13 | 1 350.00 | 1 313.00 | 1262.050 | 1235.450 | 974.228 | 928.328 | 2 449.00 | 2 267.00 |
| 02-Oct-13 | 1 330.00 | 1 293.00 | 1260.050 | 1233.450 | 970.228 | 924.328 | 2 409.00 | 2 227.00 |
| 06-Nov-13 | 1 302.00 | 1 265.00 | 1244.850 | 1218.250 | 954.228 | 908.328 | 2 368.00 | 2 186.00 |
| 04-Dec-13 | 1 319.00 | 1 282.00 | 1254.970 | 1228.370 | 970.728 | 924.828 | 2 386.00 | 2 204.00 |
| 01-Jan-14 | 1 357.00 | 1 320.00 | 1287.150 | 1260.550 | 1009.728 | 963.828 | 2 442.00 | 2 260.00 |
| 05-Feb-14 | 1 396.00 | 1 359.00 | 1311.350 | 1284.750 | 1021.728 | 975.828 | 2 496.00 | 2 314.00 |
| 05-Mar-14 | 1 432.00 | 1 395.00 | 1338.550 | 1311.950 | 1037.728 | 991.828 | 2 554.00 | 2 372.00 |
| 02-Apr-14 | 1 439.00 | 1 398.00 | 1329.750 | 1299.150 | 1003.228 | 953.028 | 2 532.00 | 2 350.00 |
| 07-May-14 | 1 424.00 | 1 383.00 | 1299.970 | 1269.370 | 984.228 | 934.028 | 2 528.00 | 2 346.00 |
| 04-Jun-14 | 1 402.00 | 1 361.00 | 1276.390 | 1245.790 | 974.228 | 924.028 | 2 501.00 | 2 319.00 |
| 02-Jul-14 | 1 433.00 | 1 392.00 | 1290.390 | 1259.790 | 997.228 | 947.028 | 2 559.00 | 2 377.00 |
| 06-Aug-14 | 1 433.00 | 1 392.00 | 1284.770 | 1254.170 | 990.228 | 940.028 | 2 547.00 | 2 365.00 |
| 03-Sep-14 | 1 366.00 | 1 325.00 | 1259.390 | 1228.790 | 971.228 | 921.028 | 2 439.00 | 2 257.00 |
| 01-Oct-14 | 1 361.00 | 1 320.00 | 1246.390 | 1215.790 | 957.228 | 907.028 | 2 451.00 | 2 269.00 |
| 05-Nov-14 | 1 316.00 | 1 275.00 | 1185.390 | 1154.790 | 905.228 | 855.028 | 2 346.00 | 2 164.00 |
| 03-Dec-14 | 1 247.00 | 1 206.00 | 1132.090 | 1101.490 | 855.928 | 805.728 | 2 221.00 | 2 039.00 |
| 07-Jan-15 | 1 124.00 | 1 083.00 | 1028.090 | 997.490 | 747.928 | 697.728 | 2 011.00 | 1 829.00 |
| 04-Feb-15 | 1 031.00 | 990.00 | 926.090 | 895.490 | 645.928 | 595.728 | 1 861.00 | 1 679.00 |
| 04-Mar-15 | 1 127.00 | 1 086.00 | 1000.090 | 969.490 | 718.928 | 668.728 | 2 015.00 | 1 833.00 |
| 01-Apr-15 | 1 289.00 | 1 246.00 | 1122.790 | 1090.090 | 743.828 | 690.828 | 2 100.00 | 1 918.00 |
| 06-May-15 | 1 289.00 | 1 246.00 | 1117.790 | 1085.090 | 738.828 | 685.828 | 2 117.00 | 1 935.00 |
| 03-Jun-15 | 1 336.00 | 1 293.00 | 1166.790 | 1134.090 | 780.828 | 727.828 | 2 217.00 | 2 035.00 |
| 01-Jul-15 | 1 377.00 | 1 334.00 | 1170.790 | 1138.090 | 786.828 | 733.828 | 2 273.00 | 2 091.00 |
| 05-Aug-15 | 1 326.00 | 1 283.00 | 1094.970 | 1062.270 | 716.828 | 663.828 | 2 184.00 | 2 002.00 |
| 02-Sep-15 | 1 257.00 | 1 214.00 | 1040.970 | 1008.270 | 661.828 | 608.828 | 2 069.00 | 1 887.00 |
| 07-Oct-15 | 1 261.00 | 1 218.00 | 1093.970 | 1061.270 | 711.828 | 658.828 | 2 080.00 | 1 898.00 |
| 04-Nov-15 | 1 239.00 | 1 196.00 | 1084.970 | 1052.270 | 709.828 | 656.828 | 2 033.00 | 1 851.00 |
| 02-Dec-15 | 1 240.00 | 1 197.00 | 1081.170 | 1048.470 | 710.028 | 657.028 | 2 029.00 | 1 847.00 |
| 06-Jan-16 | 1 237.00 | 1 194.00 | 1005.170 | 972.470 | 647.028 | 594.028 | 2 074.00 | 1 892.00 |
| 03-Feb-16 | 1 243.00 | 1 200.00 | 943.170 | 910.470 | 588.028 | 535.028 | 2 075.00 | 1 893.00 |
| 02-Mar-16 | 1 174.00 | 1 131.00 | 958.170 | 925.470 | 605.028 | 552.028 | 1 955.00 | 1 773.00 |
| 06-Apr-16 | 1 262.00 | 1 214.00 | 1053.870 | 1015.470 | 662.628 | 608.028 | 2 065.00 | 1 883.00 |
| 04-May-16 | 1 274.00 | 1 226.00 | 1052.870 | 1014.470 | 655.628 | 601.028 | 2 060.00 | 1 877.00 |
| 01-Jun-16 | 1 326.00 | 1 278.00 | 1128.870 | 1090.470 | 717.628 | 663.028 | 2 158.00 | 1 976.00 |
| 06-Jul-16 | 1 334.00 | 1 286.00 | 1170.870 | 1132.470 | 760.628 | 706.028 | 2 170.00 | 1 988.00 |
| 03-Aug-16 | 1 235.00 | 1 187.00 | 1096.870 | 1058.470 | 694.628 | 640.028 | 2 010.00 | 1 828.00 |
| 07-Sep-16 | 1 217.00 | 1 169.00 | 1048.870 | 1010.470 | 647.628 | 593.028 | 2 001.00 | 1 819.00 |
| 05-Oct-16 | 1 260.00 | 1 212.00 | 1071.870 | 1033.470 | 669.628 | 615.028 | 2 059.00 | 1 877.00 |
| 02-Nov-16 | 1 305.00 | 1 257.00 | 1134.870 | 1096.470 | 726.628 | 672.028 | 2 118.00 | 1 936.00 |
| 07-Dec-16 | 1 285.00 | 1 237.00 | 1102.830 | 1064.430 | 698.588 | 643.988 | 2 101.00 | 1 913.00 |