

MEDIA STATEMENT - FOR RELEASE ON 29 AUGUST 2014

RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY

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1. ADJUSTMENT TO THE FUEL PRICES: WEDNESDAY, 03 SEPTEMBER 2014

Product:

Petrol 95 and 93 (ULP & LRP)	67.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	25.380	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	24.380	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	19.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	25.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	108.000	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 01 AUGUST 2014 TO 28 AUGUST 2014

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

The average Rand/US Dollar exchange rate weakened slightly when compared to the previous period. The average Rand/US Dollar exchange rate for the period 01 August 2014 to 28 August 2014 was 10.6781 compared to 10.6609 during the previous period.

The weakening of the Rand against the US Dollar increased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 1.27 c/l, 1.32 c/l and 1.32 c/l respectively.

3. INCREASE IN THE RETAIL MARGIN APPLICABLE TO PETROL

The Minister of Energy has approved a retail margin increase of 4.2 c/l with effect from 03 September 2014 in order to accommodate the salary increase of 9% for pump fuel pump attendants and cashiers.

4. SLATE LEVY

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate levy on petrol and diesel will decrease from 4.38 c/l to zero with effect from 03 September 2014.

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

The Single Maximum National Retail Price for the period 03 September 2014 to 30 September 2014 will be 1 267.0 c/l compared to 1 292.0 c/l for the period 06 August 2014 to 02 September 2014, this is a decrease of 25.0 c/l

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 10 287.55 per metric ton (570.96 c/l), excluding VAT, for the period 03 September 2014 to 30 September 2014.

7. 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

8. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP	Diesel 0.05(%)	Diesel 0.005(%)	Illuminating Paraffin	LPGAS (Gauteng, Zone 9C)
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The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 20 days from 01/08/2014 to 28/08/2014 (cents / litre) as detailed below	67.649	20.243	19.533	19.497	N/A
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Cumulative positive/(negative) slate balances end of July 2014 (R-million)	(340.542)	132.734	132.734	(275.529)	
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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	67.000	21.000	20.000	19.000	
Slate Levy decrease	4.380	4.380	4.380		
Increase Retail Margin on petrol	(4.200)				
Price Rounding	(0.180)				
LPGas BFP, Retail and VAT					108.000
<u>Total price (increase) / decrease</u>	67.000	25.380	24.380	19.000	108.000

9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

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
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Movements in external factors

Movement in International Product Prices	68.916	21.565	20.863	20.821
Movement in Exchange Rate	(1.267)	(1.322)	(1.330)	(1.324)

**BFP Over/(under)-recovery for the period
01/08/2014 to 28/08/2014**

67.649	20.243	19.533	19.497
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11. 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 03/09/2014 TO 30/09/2014 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	1 028.755	1 028.755
Primary transport costs	37.120	175.960
Operating expenses	343.000	343.000
Working capital	26.000	26.000
Depreciation	126.000	126.000
Gross margin: Cylinder-filling plant	161.000	161.000
Sub-total (1)	1 721.875	1 860.715
Retail Margin: (15% of Subtotal (1))	258.281	279.107
Sub-total (2)	1 980.156	2 139.822
Value Added Tax (14% Sub-total (2))	277.222	299.575
Maximum Retail Price (Rounded to full cents)	2 257.000	2 439.000

12. ANNEXURE

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

ANNEXURE 1

**COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE
WHOLESALE PRICES FOR DIESEL AND IP IN GAUTENG
FOR THE PERIOD 03/09/2014 TO 30/09/2014 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	Illumi- nating Paraffin c/l
Wholesale margin	31.000	31.000	61.200	61.200	61.200
Secondary Storage	17.100	17.100	17.100	17.100	17.100
Secondary Distribution	11.700	11.700	11.700	11.700	11.700
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	143.300	143.300	0.000	0.000	0.000
Zone differential in Gauteng	33.100	33.100	33.100	33.100	52.700
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	224.500	224.500	209.500	209.500	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	104.000	104.000	104.000	104.000	0.000
Petroleum Products levy	0.150	0.150	0.150	0.150	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
Incremental Inland Transport Recovery levy	0.000	0.000	0.000	0.000	0.000
Pump Rounding	0.400	0.400			
Sub-total	579.250	569.250	440.760	440.760	150.100
<u>Contribution to the Basic Fuel Price</u>	786.750	771.750	818.630	824.030	821.128
<u>Retail Price</u>	<u>1,366.00</u>	<u>1,341.00</u>			
<u>Wholesale price</u>			<u>1,259.390</u>	<u>1,264.790</u>	<u>971.228</u>

STATISTICS OF PRICE CHANGES

<u>Effective from:</u>	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/Kg	Coast SA c/Kg
	From 4 January 2006 0,05% Sulphur							
06-Jan-10	786.00	763.00	689.45	676.15	512.20	483.10		
03-Feb-10	804.00	781.00	699.45	686.15	517.20	488.10		
03-Mar-10	810.00	787.00	703.45	690.15	515.20	486.10		
07-Apr-10	858.00	835.00	751.95	738.65	536.20	507.10		
05-May-10	872.00	848.00	781.45	767.65	566.20	538.10		
02-Jun-10	845.00	821.00	766.45	752.65	553.20	525.10		
14-Jul-10	827.00	803.00	751.45	737.65	541.20	513.10	1 727.00	1 569.00
04-Aug-10	817.00	793.00	738.45	724.65	526.20	498.10	1 801.00	1 619.00
01-Sep-10	807.00	783.00	738.45	724.65	521.20	493.10	1 775.00	1 593.00
06-Oct-10	812.00	788.00	735.45	721.65	520.20	492.10	1 768.00	1 586.00
03-Nov-10	832.00	808.00	746.45	732.65	534.20	506.10	1 800.00	1 618.00
01-Dec-10	845.00	821.00	760.45	746.65	548.20	520.10	1 817.00	1 635.00
05-Jan-11	873.00	849.00	784.051	770.251	569.813	541.713	1 863.00	1 681.00
02-Feb-11	899.00	875.00	814.051	800.251	601.813	573.713	1 904.00	1 722.00
02-Mar-11	942.00	918.00	878.051	864.251	671.813	643.713	1 975.00	1 793.00
06-Apr-11	996.00	966.00	948.451	928.051	720.413	684.513	2 025.00	1 843.00
04-May-11	1 025.00	995.00	964.451	944.051	735.413	699.513	2 078.00	1 896.00
01-Jun-11	1 023.00	993.00	926.451	906.051	703.413	667.513	2 068.00	1 886.00
06-Jul-11	992.00	962.00	915.451	895.051	691.413	655.513	2 026.00	1 844.00
03-Aug-11	1 009.00	979.00	930.451	910.051	701.413	665.513	2 064.00	1 882.00
07-Sep-11	1 018.00	988.00	930.451	910.051	699.413	663.513	2 064.00	1 882.00
05-Oct-11	1 054.00	1 024.00	965.451	945.051	729.413	693.513	2 126.00	1 944.00
02-Nov-11	1 077.00	1 047.00	1001.451	981.051	770.413	734.513	2 160.00	1 978.00
07-Dec-11	1 066.00	1 036.00	1048.690	1028.290	813.428	777.528	2 119.00	1 937.00
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