

MEDIA STATEMENT - FOR RELEASE ON 02 DECEMBER 2022

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY
ENQUIRIES: MR E MULIBANA 082 263 7372 / MR J MOKOBANE 082 766 3674**

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 07 DECEMBER 2022 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 and 95	(59.00)	cents per litre increase in retail price
Diesel 0.05% Sulphur	157.19	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	152.19	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	57.33	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	76.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	(95.00)	cents per kilogram increase in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 OCTOBER 2022 TO 01 DECEMBER 2022

The average international product prices for Petrol, Diesel and Illuminating Paraffin increased 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 to 01 December 2022 was 17.5338 compared to 18.1099 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 40.31 c/l, 48.94 c/l and 48.98 c/l respectively.

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

In line with the application of the Regulatory Accounts System the Minister of Mineral Resources and Energy has approved a net increase of 21.26 c/l in the annual margin adjustments on petrol and a net increase of 0.67 c/l on diesel and illuminating paraffin wholesale prices, with effect from 07 December 2022.

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

The Minister of Mineral Resources and Energy has also approved the adjustments to some of the pricing elements of the maximum retail price structure of liquified petroleum gas (LP Gas) with an adjustment of 90.6 c/kg with effect from 07 December 2022. The new margins are reflected in Paragraph 12 below. However, due to adjustment in the primary transport cost of LP Gas effective 07 December 2022, the LP Gas prices will differ from each zones.

5. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of October 2022 amounted to a negative balance of R 9.697 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, a Slate Levy of 83.28 c/l (increase of 13.14 c/l) has been implemented into the price structures of petrol and diesel with effect from 07 December 2022.

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

The Single Maximum National Retail Price for the period 07 December 2022 to 03 January 2023 will be 2 267.0 c/l compared to 2 343.0 c/l for the period 02 November 2022 to 06 December 2022.

7. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R13 518.80 per metric ton (750.293 c/l), excluding VAT, for the period 07 December 2022 to 03 January 2023.

8. 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 and slate ranges adjusted with effected from 7 September 2022 (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 R500.0 million.

9. 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
Movements in external factors				
Movement in International Product Prices	(64.874)	122.471	116.816	9.088
Movement in Exchange Rate	40.307	48.940	49.924	48.983
BFP Over/(under)-recovery for the period 28/10/2022 to 01/12/2022	(24.567)	171.411	166.740	58.071

10. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP & LRP	Diesel 0.05 (%) Sulphur	Diesel 0.005 (%) Sulphur	Illuminating Paraffin Wholesale	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 25 days from 28/10/2022 to 01/12/2022 (cents / litre) as detailed below

(24.567)	171.411	166.740	58.071	-
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Cumulative positive/(negative) slate balances end of October 2022 (R-million)

(2 017.426)	(7 679.946)	(7 679.946)	(797.727)	-
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The price adjustments consist of the following elements:

Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

(25.000)	171.000	166.000	58.000	(95.000)
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Increase in Retail Margin

(13.100)	-	-	-	-
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Increase in Wholesale Margin

(11.100)	(3.610)	(3.610)	(3.610)	-
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Decrease in Secondary Storage

1.900	1.900	1.900	1.900	-
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Decrease in Secondary Distribution

1.040	1.040	1.040	1.040	-
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Increase in Slate Levy

(13.140)	(13.140)	(13.140)	-	-
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Pump rounding

0.400	-	-	-	-
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Total price (increase) / decrease

(59.000)	157.190	152.190	57.330	(95.000)
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11. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

12.

**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 07/12/2022 TO 03/01/2023 WILL BE AS FOLLOWS:**

Price element	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	1 351.880	1 351.880
Primary transport costs	52.292	247.880
Operating expenses	501.698	501.698
Working capital	38.029	38.029
Depreciation	190.813	190.813
Gross margin: Cylinder-filling plant	243.815	243.815
Sub-total (1)	2 378.526	2 574.114
Retail Margin: (15% of Subtotal (1))	356.779	386.117
Sub-total (2)	2 735.305	2 960.232
Value Added Tax (15% Sub-total (2))	410.296	444.035
Maximum Retail Price (Rounded to full cents)	3 146.000	3 404.000

13. 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 07/12/2022 TO 03/01/2023 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	56.600	56.600	83.830	83.830	83.830
Secondary Storage	28.800	28.800	28.800	28.800	28.800
Secondary Distribution	16.900	16.900	16.900	16.900	16.900
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	241.900	241.900	0.000	0.000	0.000
Zone differential in Gauteng	67.900	67.900	67.900	67.900	81.900
IP Tracer levy	0.000	0.000	0.100	0.100	0.000
Fuel levy	394.000	394.000	380.000	380.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	218.000	218.000	218.000	218.000	0.000
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000
Slate levy	83.280	83.280	83.280	83.280	0.000
Pump Rounding	(0.200)	(0.200)	0.000	0.000	0.000
Sub-total	1 111.510	1 111.510	883.140	883.140	218.830
<u>Contribution to the Basic Fuel Price</u>	1 234.490	1 204.490	1 508.630	1 539.030	1 500.128
<u>Retail Price</u>	<u>2,346.00</u>	<u>2,316.00</u>			
<u>Wholesale price</u>			<u>2,391.770</u>	<u>2,422.170</u>	<u>1,718.958</u>

STATISTICS OF PRICE CHANGES

Effective from:	Petrol 95 ULP		Diesel		Illuminating Paraffin		LPGAS	
	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
01-Jan-20	1,616.00	1,552.00	1,462.260	1,408.060	927.728	860.528	2,604.00	2,379.00
05-Feb-20	1,603.00	1,539.00	1,457.260	1,403.060	924.728	857.528	2,603.00	2,378.00
03-Mar-20	1,584.00	1,520.00	1,403.260	1,349.060	856.728	789.528	2,571.00	2,346.00
01-Apr-20	1,396.00	1,326.00	1,269.560	1,209.260	672.828	591.728	2,193.00	1,968.00
06-May-20	1,222.00	1,152.00	1,108.560	1,048.260	449.828	368.728	1,931.00	1,706.00
03-Jun-20	1,340.00	1,270.00	1,130.560	1,070.260	489.828	408.728	2,129.00	1,904.00
01-Jul-20	1,512.00	1,442.00	1,303.560	1,243.260	703.828	622.728	2,577.00	2,352.00
05-Aug-20	1,517.00	1,447.00	1,348.560	1,288.260	742.828	661.728	2,573.00	2,348.00
02-Sep-20	1,518.00	1,448.00	1,327.560	1,267.260	716.828	635.728	2,609.00	2,384.00
07-Oct-20	1,486.00	1,416.00	1,237.560	1,177.260	640.828	559.728	2,589.00	2,364.00
04-Nov-20	1,459.00	1,389.00	1,225.560	1,165.260	655.828	574.728	2,615.00	2,389.00
02-Dec-20	1,446.00	1,376.00	1,245.420	1,185.120	684.688	603.588	2,752.00	2,516.00
06-Jan-21	1,486.00	1,416.00	1,300.420	1,240.120	739.688	658.588	2,708.00	2,472.00
03-Feb-21	1,567.00	1,497.00	1,358.420	1,298.120	798.688	717.588	2,901.00	2,666.00
03-Mar-21	1,632.00	1,562.00	1,412.420	1,352.120	845.688	764.588	2,988.00	2,752.00
07-Apr-21	1,732.00	1,661.00	1,477.620	1,416.120	880.488	798.588	3,036.00	2,801.00
05-May-21	1,723.00	1,651.00	1,446.620	1,385.120	857.488	775.588	2,864.00	2,628.00
02-Jun-21	1,713.00	1,641.00	1,466.620	1,405.120	877.488	795.588	2,721.00	2,486.00
07-Jul-21	1,739.00	1,667.00	1,508.620	1,447.120	913.488	831.588	2,784.00	2,549.00
04-Aug-21	1,830.00	1,758.00	1,564.200	1,502.700	963.488	881.588	3,010.00	2,775.00
01-Sep-21	1,834.00	1,762.00	1,548.980	1,487.480	948.488	866.588	3,104.00	2,869.00
06-Oct-21	1,833.00	1,761.00	1,571.780	1,510.280	980.488	898.588	3,097.00	2,861.00
03-Nov-21	1,954.00	1,882.00	1,719.980	1,658.480	1,125.488	1,043.588	3,387.00	3,151.00
01-Dec-21	2,029.00	1,957.00	1,792.480	1,730.980	1,167.688	1,085.788	3,570.00	3,335.00
05-Jan-22	1,961.00	1,889.00	1,724.680	1,663.180	1,096.688	1,014.788	3,500.00	3,259.00
02-Feb-22	2,014.00	1,942.00	1,804.520	1,743.020	1,197.688	1,115.788	3,376.00	3,134.00
02-Mar-22	2,160.00	2,088.00	1,948.880	1,887.380	1,318.688	1,236.788	3,446.00	3,204.00
06-Apr-22	2,196.00	2,124.00	2,101.440	2,039.940	1,584.688	1,502.788	3,696.00	3,454.00
04-May-22	2,184.00	2,109.00	2,199.440	2,134.240	1,664.288	1,585.088	3,765.00	3,523.00
01-Jun-22	2,417.00	2,352.00	2,309.440	2,244.240	1,820.288	1,741.088	3,714.00	3,472.00
06-Jul-22	2,674.00	2,609.00	2,540.440	2,475.240	1,986.288	1,907.088	3,496.00	3,255.00
03-Aug-22	2,542.00	2,477.00	2,452.440	2,387.240	1,842.288	1,763.088	3,553.00	3,311.00
07-Sep-22	2,338.00	2,273.00	2,396.100	2,330.900	1,760.288	1,681.088	3,388.00	3,146.00
05-Oct-22	2,236.00	2,171.00	2,406.100	2,340.900	1,699.288	1,620.088	3,407.00	3,166.00
02-Nov-22	2,287.00	2,222.00	2,548.960	2,483.760	1,776.288	1,697.088	3,309.00	3,068.00
07-Dec-22	2,346.00	2,281.00	2,391.770	2,326.570	1,718.958	1,639.758	3,404.00	3,146.00