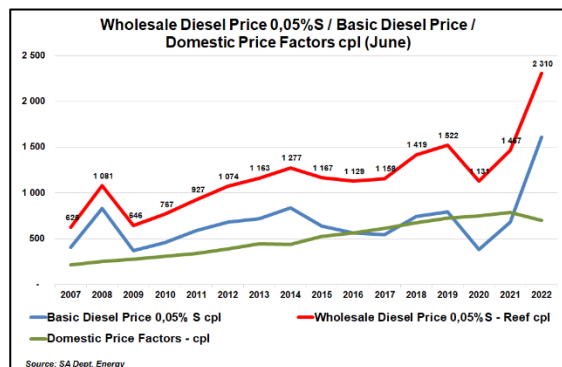


*"I can't go back to yesterday because I was a different person then." Lewis Carroll*

## REVIEW OF THE PRICE OF DIESEL – REEF (MITCHELL BROOKE)

The current price of Diesel has been a matter under discussion by many holding varying opinions on the factors that are



causing the price of [Diesel] fuel to escalate to such high levels.

Hereunder we will set out the actual factors that are the driving components of the Diesel price breakdown. There are two main components that make up the Diesel price composition. 1) [International Price Influences] Basic Diesel Price (BDP), this component is essentially what it costs to procure Diesel from overseas refineries (in Rand value), shipping, landing and storage costs. This also includes price determination for oil procurement for local manufacture, this governs and regulates the production price parameters. The BDP in June 2022 increased to R16,08c per litre (70% of total Diesel price) of which was

determined by the high international price of Brent Crude oil averaging USD114 per barrel, given the weaker Rand trading at an average of ZAR14/USD saw the Rand value of Brent Crude reaching a peak in May 2022 of R1,715 per barrel. An increase in the BDP is likely as the price of Brent Crude is increasing as well as the weakening of the ZAR/USD. 2) [Domestic Price Influences] Taxes and Levies, this component of the price composition has been an area of much debate. The following factors are the main price components that influence the price of Diesel (Price per litre FY2022/23 / 10 year avg % of total). Fuel Tax (R3,79cpl / 23%) – The Minister of Finance determines the level of Fuel Tax levy included in the price of Diesel. The Minister approved a temporary reduction in the fuel tax by R1,49c to R2,30c per litre for the months of April and May 2022 extended to 3 August 2022. The fuel tax reduction will be suspended on 3 August 2022 with an increase by R0,75c on 6 July and a further increase of R0,75c on 3 August. Road Accident Fund (R2,18cpl / 13%) - A Road Accident Fund levy is applicable on petrol and diesel. The magnitude of this levy is determined by the Minister of Finance. The income generated from this levy is utilised to compensate third party victims of motor vehicle accidents. Wholesale Margin (R0,80cpl / 5,4%) allocated to recuperate funds for marketing of petroleum activities. Transport Cost (R0,68cpl / 3,5%) to recuperate costs to transport Diesel fuel from port of manufacture to inland storage depots. Slate Levy (R0,53cpl / 0,23%) is a static recovery mechanism for daily adjustments in the price of fuel. Pipeline Levy (R0,33cpl / 0,3%) recuperated to fund the state Petroleum Pipeline Regulator. Secondary Storage (R0,31cpl / 1,6%). Distribution Costs (R0,18cpl / 0,8%) to transport fuel to retailers. In summary the overall price of Diesel is at present mostly influenced by international price factors such as the weaker Rand value against the US Dollar and the increased price of Brent Crude oil. The domestic price factors such as the Fuel Tax levy and the Road Accident fund levy make up the higher proportion of costs; these have increased incrementally annually at an average rate of 6-7%. Since the retail price of Diesel is not regulated, Diesel can be purchased at fuel stations or from suppliers at varying prices above the Wholesale price. A reminder to producers to ensure that that are gaining from the Diesel tax relief mechanisms offered to agricultural production.

## PACKED AND SHIPPED

| End of Week 21<br>Million 15 Kg Cartons | Packed        | Packed        | Packed        | Shipped       | Shipped       | Original<br>Estimate | Latest<br>Prediction | Final<br>Packed |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------|----------------------|-----------------|
| <b>SOURCE: PPECB/AGRIHUB</b>            | 2020          | 2021          | 2022          | 2021          | 2022          | 2022                 | 2022                 | 2021            |
| Grapefruit PP (17kg)                    |               | 1.5 m         | 1.9 m         | 0.7 m         | 1.0 m         |                      |                      |                 |
| Grapefruit Class1&2 (17kg)              |               | 7.9 m         | 7.2 m         | 6.6 m         | 4.9 m         |                      |                      |                 |
| Grapefruit                              | 8.7 m         | 10.6 m        | 10.3 m        | 8.3 m         | 6.6 m         | 16.8 m               | 15.7 m               | 17.5 m          |
| Mandarins                               | 6.4 m         | 7.1 m         | 6.4 m         | 4.4 m         | 3.4 m         | 34.5 m               | 34.4 m               | 30.9 m          |
| Lemons                                  | 14.7 m        | 13.8 m        | 13.0 m        | 11.1 m        | 8.4 m         | 32.3 m               | 32.2 m               | 31.0 m          |
| Navels                                  | 4.8 m         | 5.5 m         | 2.7 m         | 2.2 m         | 0.7 m         | 28.7 m               | 28.2 m               | 27.2 m          |
| Valencia                                | 0.3 m         | 0.4 m         | 0.1 m         | 0.1 m         | 0 m           | 58.2 m               | 58.2 m               | 55.0 m          |
| <b>Total</b>                            | <b>34.9 m</b> | <b>37.4 m</b> | <b>32.5 m</b> | <b>26.1 m</b> | <b>19.1 m</b> | <b>170.5 m</b>       | <b>168.7 m</b>       | <b>161.6 m</b>  |