

# The AA announces a massive fuel price hike for December

According to the Automobile Association (AA), a perfect storm of demand imbalances, refinery costs, natural gas price hikes and Rand weakness would see the petrol price close in on R20 a litre in the runup to Christmas. Diesel will be up by a remarkable R1.48 a litre, illuminating paraffin is set to jump by a staggering R1.45 a litre, and petrol will rise by R1.21 a litre for an inland price at the pumps of R19.54 for a litre of ULP 95. The price of 95ULP in Polokwane is already testing the R20/l mark, with fuel there now coasting R19.97/l.



Source: [Unsplash](#)

The adjusted figures announced by the Department of Mineral Resources and Energy (DMRE) last night are in line with the outlook provided by the AA more than two weeks ago. The association says it will continue to push for answers on how the levies incorporated into the fuel price are being allocated and managed. It says government must also clarify the additional Slate Levy that was imposed on the fuel price; the Slate Levy has ballooned to R1.657bn, and at the current level is clearly insufficient to reduce the deficit and protect South African fuel users from the interest burden on this amount.

“The fuel price has a direct bearing on an already weak economy as it continues to drive up inflation on essential consumer goods and affects every South African. As we have said many times in the past, all the elements that comprise the fuel must be fully interrogated to determine if they are necessary. Given that the fuel prices are now at record highs, such a review is overdue,” says the AA.

The increases, which come into effect at midnight tonight (3 November), represent significant escalations on the prices for fuel in January. ULP95 in Gauteng, for instance, is now 39.47% more expensive than 11 months ago, while the coastal price is a touch over 40% more expensive. Diesel, a major input cost in the manufacturing, agricultural and freight and transport sectors, is 30% more expensive than at the beginning of the year.

“The cost of illuminating paraffin has also seen substantial increases with the cost of this fuel 35% more expensive than it was in January. For many consumers, especially the poorest of the poor, this increase will come as a blow to their already strained budgets,” says the AA.

“When a media statement is datelined four days prior to an election but delayed until 15 minutes before the polls close, it is difficult to conclude otherwise than that this bad news was deliberately suppressed to protect the incumbent government,” the Association notes. “We will be writing to Parliament to demand an explanation for the delay.”

Commenting on the month in review, the AA says international petroleum prices surged on the back of an ongoing mismatch between demand and supply as the world’s economies attempted to come to grips with the Covid-19 pandemic.

“More pain is being added by refining margins reaching their highest levels since 2017,” the AA adds. “And these are just the external factors over which South Africa has no control. Another contributor to the price hikes has been the ongoing slide in the Rand, which added around 15c to the increase,” the association says.

The AA says the forward-looking prognosis is grim.

“With oil demand buoyant and supply lagging, the ongoing issues with natural gas cost and supply, and refining costs a worry, we see little cause for optimism. Added to this is the volatile Rand/US dollar exchange rate and users of liquid fuels in South Africa are probably in for a rough ride in the next three to six months,” the association concludes.

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