

**MEDIA STATEMENT - FOR RELEASE ON 28 NOVEMBER 2008**

RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY

ENQUIRIES: MR B KHUMALO, DEPARTMENT OF MINERALS AND ENERGY

TELEPHONE: (012) 679-9032 OR 082 773 2388

**ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 03 DECEMBER 2008**

Product:

Petrol (ALL GRADES)	161.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	81.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	80.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	75.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	100.000	c/l decrease in the Single Maximum National Retail price (SMNRP)

**ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD**

**31 OCTOBER 2008 TO 27 NOVEMBER 2008**

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

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 31 October 2008 to 27 November 2008 was 10.1823 compared to 9.5901 during the previous period.

**SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN (SMNRP)**

The Minister of Minerals and Energy has approved the implementation of a Single Maximum National Retail Price for Illuminating Paraffin with effect from 2 April 2003. The Single Maximum National Retail Price for Illuminating Paraffin will change on a monthly basis from the first Wednesday of each month and will also be promulgated in the Government Gazette. The Single Maximum National Retail Price with effect from 3 December 2008 to 6 January 2009 will be 823,0 c/l compared to 923,0 c/l from 5 November 2008 to 2 December 2008, that is a decrease of 100,00c/l.

### **MAXIMUM LPGAS REFINERY GATE PRICE**

The maximum refinery gate price will be R 4 806.97 per metric ton (266.78 c/l) for the period 3 December 2008 to 6 January 2009.

### **PRICE ADJUSTMENT**

In terms of the agreed mechanism:

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

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.

With effect from 3 March 1999 an additional mechanism has been approved by the Minister of Minerals and Energy, intended to assist in management of cumulative slate balances and which operates as follows:

Should the cumulative individual slate balances (positive or negative) exceed R10 million for petrol, R5 million for diesel, or R1 million for illuminating paraffin, an additional 1.0 cent per litre will be added or subtracted to the price as determined in (a) and (b) above, depending on the status of the individual slate balances.

**BREAKDOWN OF PRICE ADJUSTMENT**

<b>Petrol ULP</b>	<b>95</b>	<b>Diesel 0.05(%)</b>	<b>Diesel 0.005(%)</b>	<b>Illuminating Paraffin</b>
-----------------------	-----------	---------------------------	----------------------------	----------------------------------

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

Average product over/(under)-recovery, measured for the 20 days from 31/10/2008 to 27/11/2008 (cents / litre) as detailed below.

162.955	82.999	81.540	76.560
---------	--------	--------	--------

Cumulative positive/(negative) slate balances end of October 2008 (R-million)

( 440.949)	(1 099.858)	(1 099.858)	( 151.232)
------------	-------------	-------------	------------

**The price adjustments consist of the following elements:**

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

<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>
162.000	82.000	81.000	76.000

One cent / litre added or subtracted depending on cumulative slate balance in terms of additional mechanism

( 1.000)	( 1.000)	( 1.000)	( 1.000)
----------	----------	----------	----------

**Total price (increase) / decrease**

**161.000      81.000      80.000      75.000**

**REPORT OF THE INDEPENDENT AUDITORS**

The report of the independent auditors is available on request.

**ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE 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:

<b>Petrol c/l</b>	<b>** Diesel 0.05% c/l</b>	<b>** Diesel 0.005% c/l</b>	<b>Illuminating Paraffin c/l</b>
-----------------------	------------------------------------	-------------------------------------	--

**Movements in external factors**

Movement in International Product Prices

184.487      114.827      113.799      108.341

Movement in Exchange Rate

( 21.532)      ( 31.828)      ( 32.259)      ( 31.781)

**Over/(under)-recovery for the period 31/10/2008 to 27/11/2008**

**162.955      82.999      81.540      76.560**

**ANNEXURE**

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 03/11/2008 TO 06/01/2009 WILL BE AS FOLLOWS:**

	<b>Petrol 95 ULP c/l</b>	<b>Petrol 93 ULP &amp; LRP c/l</b>	<b>Petrol 91 ULP c/l</b>	<b>Diesel * 0.05% S c/l</b>	<b>Diesel * 0.005% S</b>	<b>Illuminating Paraffin c/l</b>
Wholesale margin	44.887	44.668	44.449	44.660	44.660	44.872
Service cost recoveries	9.500	9.500	9.500	9.500	9.500	16.900
Storage, handling & delivery costs	9.500	9.500	9.500	9.500	9.500	9.500
Distribution cost	0	0	0	0	0	7.400
Dealers margin (*)	67.300	67.300	67.300	0	0	0
Zone differential in Gauteng	14.500	14.500	14.500	14.500	14.500	24.100
IP Tracer levy	0	0	0	0.010	0.010	0
Fuel levy	127.000	127.000	127.000	111.000	111.000	0
Customs & excise duty	4.000	4.000	4.000	4.000	4.000	0
RAF levy	46.500	46.500	46.500	46.500	46.500	0
Petroleum Products levy	0.150	0.150	0.150	0.150	0.150	0

Slate levy	44.850	44.850	44.850	44.850	44.850	0.000
DSML	10.000	0.000	0.000	0.000	0.000	0.000
Equalisation Fund Levy	0.000	0.000	0.000	0.000	0.000	0.000
Incremental Inland Transport Recovery levy	1.500	1.500	1.500	1.500	1.500	
Sub-total	370.187	359.968	359.749	276.670	276.670	85.872
<u>Contribution to the Basic Fuel Price</u>	364.813	358.032	350.251	545.630	553.030	542.128
<u>Retail Price</u>	735.00	718.00	710.00			
<u>Wholesale price</u>				822.30	829.70	628.00

(\*) The wholesale price of diesel is regulated, but not the retail price

### STATISTICS OF PRICE CHANGES

	Petrol 95 ULP		Diesel		Illuminating Paraffin	
	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l
	From 4 January 2006 0,05% Sulphur					
3-May-06	612.00	588.00	<b>571.10</b>	<b>557.50</b>	432.20	409.20
7-Jun-06	648.00	624.00	<b>600.10</b>	<b>586.50</b>	452.20	429.20
5-Jul-06	673.00	649.00	<b>632.10</b>	<b>618.50</b>	488.20	465.20

2-Aug-06	704.00	680.00	<b>654.10</b>	<b>640.50</b>	509.20	486.20
6-Sep-06	668.00	644.00	<b>629.10</b>	<b>615.50</b>	504.20	481.20
4-Oct-06	618.00	594.00	<b>595.10</b>	<b>581.50</b>	482.20	459.20
1-Nov-06	597.00	573.00	<b>593.10</b>	<b>579.50</b>	469.20	446.20
6-Dec-06	590.00	566.00	<b>568.10</b>	<b>554.50</b>	444.20	421.20
3-Jan-07	598.00	574.00	<b>551.10</b>	<b>537.50</b>	447.20	424.20
7-Feb-07	575.00	551.00	<b>542.10</b>	<b>528.50</b>	421.20	398.20
7-Mar-07	599.00	575.00	<b>552.10</b>	<b>538.50</b>	431.20	408.20
4-Apr-07	667.00	643.00	<b>590.10</b>	<b>576.50</b>	462.10	438.20
2-May-07	701.00	677.00	<b>620.30</b>	<b>606.50</b>	480.10	456.20
6-Jun-07	724.00	700.00	<b>625.30</b>	<b>611.50</b>	482.10	458.20
4-Jul-07	716.00	692.00	<b>636.30</b>	<b>622.50</b>	499.10	475.20
1-Aug-07	701.00	677.00	<b>651.30</b>	<b>637.50</b>	506.10	482.20
5-Sep-07	691.00	667.00	<b>656.30</b>	<b>642.50</b>	506.10	482.20
3-Oct-07	701.00	677.00	<b>679.30</b>	<b>665.50</b>	519.10	495.20
7-Nov-07	704.00	680.00	<b>673.30</b>	<b>659.50</b>	529.10	505.20
5-Dec-07	747.00	723.00	<b>724.30</b>	<b>710.50</b>	587.10	563.20
2-Jan-08	747.00	723.00	<b>725.30</b>	<b>711.50</b>	578.10	554.20
6-Feb-08	764.00	740.00	<b>732.30</b>	<b>718.50</b>	580.10	556.20
5-Mar-08	825.00	801.00	<b>810.30</b>	<b>796.50</b>	656.10	632.20
2-Apr-08	891.00	867.00	<b>938.30</b>	<b>924.50</b>	774.10	750.20
7-May-08	946.00	922.00	<b>1 009.30</b>	<b>995.50</b>	829.60	805.70
4-Jun-08	996.00	972.00	<b>1 080.30</b>	<b>1 066.50</b>	900.60	876.70
2-Jul-08	1 070.00	1 040.00	<b>1 143.30</b>	<b>1 129.50</b>	949.60	925.70
6-Aug-08	1 040.00	1 010.00	<b>1 127.30</b>	<b>1 113.50</b>	953.00	929.10
3-Sep-08	966.00	942.00	<b>983.30</b>	<b>969.50</b>	807.00	783.10
1-Oct-08	941.00	917.00	<b>927.30</b>	<b>913.50</b>	742.00	718.10

5-Nov-08	896.00	872.00	<b>903.30</b>	<b>889.50</b>	703.00	679.10
3-Dec-08	735.00	711.00	<b>822.30</b>	<b>808.50</b>	628.00	604.10