

MEDIA STATEMENT - FOR RELEASE ON 02 OCTOBER 2009

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 07 OCTOBER 2009

Product:

Petrol 93 ULP & LRP	39.000	cents per litre decrease in retail price
Petrol 95 ULP & LRP	40.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	32.500	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	33.500	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	27.500	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	37.000	c/l decrease in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 AUGUST 2009 TO 01 OCTOBER 2009

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

The average Rand/US Dollar exchange rate strengthened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 28 August 2009 to 01 October 2009 was 7.5764 compared to 7.9913 during the previous period.

3. INCREASE IN WHOLESALE MARGIN AND SERVICE DIFFERENTIAL

The Minister of Energy approved an increase of 6,2 c/l in the wholesale margin and an increase of 1,3 c/l in the service differentials applicable in the price structures of all grades of petrol, all grades of diesel and illuminating paraffin with effect from 07 October 2009.

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

The Minister of Minerals and Energy 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 7 October 2009 to 3 November 2009 will be 620,0 c/l compared to 657,0 c/l from 2 September 2009 to 6 October 2009, that is a decrease of 37,00c/l.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 4 936.95 per metric ton (274.00 c/l) for the period 7 October 2009 to 3 November 2009.

6. 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 Minerals and 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

7. BREAKDOWN OF PRICE ADJUSTMENT

Petrol ULP	95	Diesel 0.05(%)	Diesel 0.005(%)	Illuminating Paraffin
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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 28/08/2009 to 01/10/2009 (cents / litre) as detailed below.

46.829	39.567	40.356	35.130
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Cumulative positive/(negative) slate balances end of August 2009 (R-million)

768.175	620.780	620.780	(101.199)
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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>
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Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

47.000	40.000	41.000	35.000
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Increase on Wholesale Margin on Petrol, Diesel and Illuminating Paraffin

(6.200)	(6.200)	(6.200)	(6.200)
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Increase on Services Differential on Petrol, Diesel and Illuminating Paraffin

(1.300)	(1.300)	(1.300)	(1.300)
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Rounding on Petrol

0.500

Total price (increase) / decrease

40.000	32.500	33.500	27.500
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8. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

9. 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:

	Petrol c/l	** Diesel 0.05% c/l	** Diesel 0.005% c/l	lluminating Paraffin c/l
<u>Movements in external factors</u>				
Movement in International Product Prices	25.931	18.601	19.199	14.350
Movement in Exchange Rate	20.898	20.966	21.157	20.781
<u>Over/(under)-recovery for the period 28/08/2009 to 01/10/2009</u>	46.829	39.567	40.356	35.130

10. 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 07/10/2009 TO 03/11/2009 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	lluminatin g Paraffin c/l
Wholesale margin	51.087	50.868	50.860	50.860	51.072
Service cost recoveries	10.800	10.800	10.800	10.800	18.200
Storage, handling & delivery costs	10.800	10.800	10.800	10.800	10.800
Distribution cost	0	0	0	0	7.400
Dealers margin	72.700	72.700	0	0	0
Zone differential in Gauteng	14.000	14.000	14.000	14.000	29.800
IP Tracer levy	0	0	0.010	0.010	0
Fuel levy	150.000	150.000	135.000	135.000	0
Customs & excise duty	4.000	4.000	4.000	4.000	0
RAF levy	64.000	64.000	64.000	64.000	0
Petroleum Products levy	0.150	0.150	0.150	0.150	0
Slate levy	0.000	0.000	0.000	0.000	0.000
DSML	10.000	0.000	0.000	0.000	0.000
Equalisation Fund Levy	0.000	0.000	0.000	0.000	0.000
Incremental Inland Transport Recovery levy	3.000	3.000	3.000	3.000	
Sub-total	379.737	369.518	281.820	281.820	99.072
<u>Contribution to the Basic Fuel Price</u>	<u>385.263</u>	<u>379.482</u>	<u>386.630</u>	<u>390.030</u>	<u>382.128</u>
<u>Retail Price</u>	<u>765.00</u>	<u>749.00</u>			
<u>Wholesale price</u>			<u>668.45</u>	<u>671.85</u>	<u>481.20</u>

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

Annexure A

STATISTICS OF PRICE CHANGES

<u>Effective from:</u>	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-Jan-07	598.00	574.00	551.10	537.50	447.20	424.20
7-Feb-07	575.00	551.00	542.10	528.50	421.20	398.20
7-Mar-07	599.00	575.00	552.10	538.50	431.20	408.20
4-Apr-07	667.00	643.00	590.10	576.50	462.10	438.20
2-May-07	701.00	677.00	620.30	606.50	480.10	456.20
6-Jun-07	724.00	700.00	625.30	611.50	482.10	458.20
4-Jul-07	716.00	692.00	636.30	622.50	499.10	475.20
1-Aug-07	701.00	677.00	651.30	637.50	506.10	482.20
5-Sep-07	691.00	667.00	656.30	642.50	506.10	482.20
3-Oct-07	701.00	677.00	679.30	665.50	519.10	495.20
7-Nov-07	704.00	680.00	673.30	659.50	529.10	505.20
5-Dec-07	747.00	723.00	724.30	710.50	587.10	563.20
2-Jan-08	747.00	723.00	725.30	711.50	578.10	554.20
6-Feb-08	764.00	740.00	732.30	718.50	580.10	556.20
5-Mar-08	825.00	801.00	810.30	796.50	656.10	632.20
2-Apr-08	891.00	867.00	938.30	924.50	774.10	750.20
7-May-08	946.00	922.00	1 009.30	995.50	829.60	805.70
4-Jun-08	996.00	972.00	1 080.30	1 066.50	900.60	876.70
2-Jul-08	1 070.00	1 040.00	1 143.30	1 129.50	949.60	925.70
6-Aug-08	1 040.00	1 010.00	1 127.30	1 113.50	953.00	929.10
3-Sep-08	966.00	942.00	983.30	969.50	807.00	783.10
1-Oct-08	941.00	917.00	927.30	913.50	742.00	718.10
5-Nov-08	896.00	872.00	903.30	889.50	703.00	679.10
3-Dec-08	735.00	711.00	822.30	808.50	628.00	604.10
7-Jan-09	601.00	576.00	654.35	639.65	496.70	467.60
4-Feb-09	662.00	637.00	649.35	634.65	482.70	453.60
4-Mar-09	707.00	682.00	611.35	596.65	456.70	427.60
1-Apr-09	738.00	713.00	650.85	636.15	451.70	422.60
6-May-09	735.00	710.00	658.85	644.15	464.70	435.60
3-Jun-09	750.00	727.00	645.95	632.65	455.70	426.60
1-Jul-09	790.00	767.00	685.95	672.65	501.70	472.60
5-Aug-09	769.00	746.00	665.95	652.65	487.70	458.60
2-Sep-09	805.00	782.00	700.95	687.65	508.70	479.60
7-Oct-09	765.00	742.00	668.45	655.15	481.20	452.10