

MEDIA STATEMENT - FOR RELEASE ON 29 MAY 2009

RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY

ENQUIRIES: MR B KHUMALO, DEPARTMENT OF MINERALS AND ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 03 JUNE 2009

Product:

		cents per litre increase in retail price (Excluding some C-zones: for pump price changes)
Petrol	17.000	
Diesel 0.05% Sulphur	11.500	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	12.500	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	9.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	12.000	c/l decrease in the Single Maximum National Retail price (SMNRP)

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD
30 APRIL 2009 TO 29 MAY 2009**

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

The average Rand/US Dollar exchange rate strengthened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 30 April 2009 to 29 May 2009 was 8.4371 compared to 9.1531 during the previous period.

3. INCREMENTAL INLAND TRANSPORT RECOVERY LEVY

The Minister of Minerals and Energy has announced an increase of 1,5 c/l to 3,0 c/l in the Incremental Inland Transport Recovery levy with effect from 3 June 2009

4. DECREASE IN ZONE DIFFERENTIALS (TRANSPORT COST) IN C-ZONES

The National Energy Regulator of South Africa (NERSA), on 30 April 2009, announced an average tariff reduction of 10,38% in the transport cost of petroleum transported by pipeline from Durban to the C-Zones. These decreases will range from 0,5 c/l (for example Pietermaritzburg) to 1,4 c/l (for example Gauteng)

5. 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 June 2009 to 30 June 2009 will be 586,0 c/l compared to 598,0 c/l from 6 May 2009 to 2 June 2009, that is a decrease of 12,00c/l.

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 4 921.13 per metric ton (273.12 c/l) for the period 3 June 2009 to 30 June 2009.

7. 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) has been 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

8. 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 21 days from 30/04/2009 to 28/05/2009 (cents / litre) as detailed below.

(16.209)	12.061	13.197	9.089
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Cumulative positive/(negative) slate balances end of April 2009 (R-million)

1 127.358	821.834	821.834	(78.967)
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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

(16.000)	13.000	14.000	9.000
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Increase in Incremental Inland Transport Recovery Levy

(1.500)	(1.500)	(1.500)	
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Rounding

0.500			
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Total price (increase) / decrease

(17.000)	11.500	12.500	9.000
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9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

10. 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	(48.899)	(19.425)	(18.683)	(21.593)
Movement in Exchange Rate	32.690	31.486	31.881	30.682
<u>Over/(under)-recovery for the period 30/04/2009 to 29/05/2009</u>	(16.209)	12.061	13.197	9.089

11. 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 03/06/2009 TO 30/06/2009 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	44.887	44.668	44.660	44.660	44.872
Service cost recoveries	9.500	9.500	9.500	9.500	16.900
Storage, handling & delivery costs	9.500	9.500	9.500	9.500	9.500
Distribution cost	0	0	0	0	7.400
Dealers margin	67.300	67.300	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	366.837	356.618	274.320	274.320	91.572
<u>Contribution to the Basic Fuel Price</u>	<u>383.163</u>	<u>379.382</u>	<u>371.630</u>	<u>376.030</u>	<u>364.128</u>
<u>Retail Price</u>	<u>750.00</u>	<u>736.00</u>			
<u>Wholesale price</u>			<u>645.95</u>	<u>650.35</u>	<u>455.70</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-May-06	612.00	588.00	571.10	557.50	432.20	409.20
7-Jun-06	648.00	624.00	600.10	586.50	452.20	429.20
5-Jul-06	673.00	649.00	632.10	618.50	488.20	465.20
2-Aug-06	704.00	680.00	654.10	640.50	509.20	486.20
6-Sep-06	668.00	644.00	629.10	615.50	504.20	481.20
4-Oct-06	618.00	594.00	595.10	581.50	482.20	459.20
1-Nov-06	597.00	573.00	593.10	579.50	469.20	446.20
6-Dec-06	590.00	566.00	568.10	554.50	444.20	421.20
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