

**MEDIA STATEMENT - FOR RELEASE ON 29 OCTOBER 2010**

**RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY**

**ENQUIRIES: MR B KHUMALO, DEPARTMENT OF ENERGY**

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**1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 03 NOVEMBER 2010**

Product:

Petrol (ALL GRADES)	20.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	11.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	12.000	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	14.000	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	18.000	c/l increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	32.000	cents per kilogram increase in the maximum retail price

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

**01 OCTOBER 2010 TO 28 OCTOBER 2010**

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 01 October 2010 to 28 October 2010 was 6.9374 compared to 7.1859 during the previous period. The appreciation of the Rand against the US Dollar cushioned fuel price increases to be effected in November 2010 by just more than 15 c/l on Petrol and by just more than 16 c/l on Diesel and Illuminating Paraffin.

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

The Single Maximum National Retail Price for Illuminating Paraffin changes on a monthly basis and is promulgated in the Government Gazette. The Single Maximum National Retail Price for the period 03 November 2010 to 30 November 2010 will be 697.0c/l compared to 679.0 c/l for the period 06 October 2010 to 02 November 2010 that is an increase of 18.00 c/l.

**4. MAXIMUM LPGAS REFINERY GATE PRICE**

The maximum refinery gate price will be R 5 414.20 per metric ton (300.48 c/l), excluding VAT, for the period 03 November 2010 to 30 November 2010.

## 5. 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

## 6. BREAKDOWN OF PRICE ADJUSTMENT

Petrol ULP	95 Diesel 0.05(%)	Diesel 0.005(%)	Illuminating Paraffin	LPGAS (Gauteng, Zone 9C)
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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 20 days from 01/10/2010 to 28/10/2010 (cents / litre) as detailed below.

( 20.497)	( 11.760)	( 12.302)	( 13.613)
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Cumulative positive/(negative) slate balances end of September 2010 (R-million)

891.133	313.266	313.266	( 100.545)
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**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>
( 20.000)	( 11.000)	( 12.000)	( 14.000)

LPGas BFP, Retail and VAT (increase)/decrease

( 32.000)

**Total price (increase) / decrease**

<b><u>( 20.000)</u></b>	<b><u>( 11.000)</u></b>	<b><u>( 12.000)</u></b>	<b><u>( 14.000)</u></b>	<b><u>( 32.000)</u></b>
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## 7. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

**8. ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE BFP 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>
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**Movements in external factors**

Movement in International Product Prices	( 35.940)	( 27.989)	( 28.677)	( 29.696)
Movement in Exchange Rate	15.443	16.229	16.375	16.083
<b><u>BFP Over/(under)-recovery for the period 01/10/2010 to 28/10/2010</u></b>				
	( 20.497)	( 11.760)	( 12.302)	( 13.613)

**9 COMPOSITION of the MAXIMUM RETAIL PRICES FOR LPGAS AT THE COAST (ZONE 1A) AND IN THE INLAND AREA (ZONE 9C) IN CENTS PER KILOGRAM**

<b><u>Price element</u></b>	<b>Coast Zone 1A</b>	<b>Inland Zone 9C</b>
Maximum refinery gate price	541.420	541.420
Primary transport costs	37.120	175.960
Operating expenses	343.000	343.000
Working capital	26.000	26.000
Depreciation	126.000	126.000
Gross margin: Cylinder-filling plant	161.000	161.000
<b>Sub-total (1)</b>	<b>1 234.540</b>	<b>1 373.380</b>
Retail Margin: (15% of Subtotal (1))	185.181	206.007
<b>Sub-total (2)</b>	<b>1 419.721</b>	<b>1 579.387</b>
Value Added Tax (14% Sub-total (2))	198.761	221.114
<b>Maximum Retail Price (Rounded to full cents)</b>	<b>1 618.000</b>	<b>1 800.000</b>

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 03/11/2010 TO 30/11/2010 WILL BE AS FOLLOWS:**

	<b>Petrol 95 ULP c/l</b>	<b>Petrol 93 ULP &amp; LRP c/l</b>	<b>Diesel 0.05% S c/l</b>	<b>Diesel 0.005% S c/l</b>	<b>Illuminating Paraffin c/l</b>
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	81.200	81.200	0	0	0
Zone differential in Gauteng	15.500	15.500	15.500	15.500	29.800
IP Tracer levy	0	0	0.010	0.010	0
Fuel levy	167.500	167.500	152.500	152.500	0
Customs & excise duty	4.000	4.000	4.000	4.000	0
RAF levy	72.000	72.000	72.000	72.000	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	
Pump Rounding	0.200	0.200			
<b>Sub-total</b>	<b>415.437</b>	<b>405.218</b>	<b>308.820</b>	<b>308.820</b>	<b>99.072</b>
<b><u>Contribution to the Basic Fuel Price</u></b>	<b>416.563</b>	<b>410.782</b>	<b>437.630</b>	<b>442.030</b>	<b>435.128</b>
<b><u>Retail Price</u></b>	<b>832.00</b>	<b>816.00</b>			
<b><u>Wholesale price</u></b>			<b>746.45</b>	<b>750.85</b>	<b>534.20</b>

**STATISTICS OF PRICE CHANGES**

Petrol 95 ULP		Diesel		Illuminating Paraffin		LPGAS	
Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/Kg	Coast SA c/Kg

**Effective from:**

From 4 January 2006 0,05% Sulphur

03-Dec-08	735.00	711.00	<b>822.30</b>	<b>808.50</b>	628.00	604.10		
07-Jan-09	601.00	576.00	<b>654.35</b>	<b>639.65</b>	496.70	467.60		
04-Feb-09	662.00	637.00	<b>649.35</b>	<b>634.65</b>	482.70	453.60		
04-Mar-09	707.00	682.00	<b>611.35</b>	<b>596.65</b>	456.70	427.60		
01-Apr-09	738.00	713.00	<b>650.85</b>	<b>636.15</b>	451.70	422.60		
06-May-09	735.00	710.00	<b>658.85</b>	<b>644.15</b>	464.70	435.60		
03-Jun-09	750.00	727.00	<b>645.95</b>	<b>632.65</b>	455.70	426.60		
01-Jul-09	790.00	767.00	<b>685.95</b>	<b>672.65</b>	501.70	472.60		
05-Aug-09	769.00	746.00	<b>665.95</b>	<b>652.65</b>	487.70	458.60		
02-Sep-09	805.00	782.00	<b>700.95</b>	<b>687.65</b>	508.70	479.60		
07-Oct-09	765.00	742.00	<b>668.45</b>	<b>655.15</b>	481.20	452.10		
04-Nov-09	765.00	742.00	<b>678.45</b>	<b>665.15</b>	495.20	466.10		
02-Dec-09	792.00	769.00	<b>703.45</b>	<b>690.15</b>	524.20	495.10		
06-Jan-10	786.00	763.00	<b>689.45</b>	<b>676.15</b>	512.20	483.10		
03-Feb-10	804.00	781.00	<b>699.45</b>	<b>686.15</b>	517.20	488.10		
03-Mar-10	810.00	787.00	<b>703.45</b>	<b>690.15</b>	515.20	486.10		
07-Apr-10	858.00	835.00	<b>751.95</b>	<b>738.65</b>	536.20	507.10		
05-May-10	872.00	848.00	<b>781.45</b>	<b>767.65</b>	566.20	538.10		
02-Jun-10	845.00	821.00	<b>766.45</b>	<b>752.65</b>	553.20	525.10		
14-Jul-10	827.00	803.00	<b>751.45</b>	<b>737.65</b>	541.20	513.10	1 727.00	1 569.00
04-Aug-10	817.00	793.00	<b>738.45</b>	<b>724.65</b>	526.20	498.10	1 801.00	1 619.00
01-Sep-10	807.00	783.00	<b>738.45</b>	<b>724.65</b>	521.20	493.10	1 775.00	1 593.00
06-Oct-10	812.00	788.00	<b>735.45</b>	<b>721.65</b>	520.20	492.10	1 768.00	1 586.00
03-Nov-10	832.00	808.00	<b>746.45</b>	<b>732.65</b>	534.20	506.10	1 800.00	1 618.00