

MEDIA STATEMENT - FOR RELEASE ON 01 OCTOBER 2010

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

ENQUIRIES: MR B KHUMALO, DEPARTMENT OF ENERGY

TELEPHONE: (012) 444-4256 OR 082 773 2388

1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 06 OCTOBER 2010

Product:

Petrol 93 ULP & LRP	4.000	cents per litre increase in retail price
Petrol 95 ULP & LRP	5.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	3.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	3.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	1.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	1.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	7.000	cents per kilogram decrease in the maximum retail price

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

27 AUGUST 2010 TO 30 SEPTEMBER 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 27 August 2010 to 30 September 2010 was 7.1859 compared to 7.3178 during the previous period.

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 06 October 2010 to 02 November 2010 will be 679.0c/l compared to 680.0 c/l for the period 01 September 2010 to 05 October 2010 that is a decrease of 1.00 c/l.

4. INCREASE IN RETAIL MARGIN OF PETROL

The Minister of Energy, on 17 September 2010, approved that a Retail Margin increase of 8,5 c/l be implemented into the petrol price structures with effect from 6 October 2010.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 5 166.97 per metric ton (286.76 c/l), excluding VAT, for the period 06 October 2010 to 02 November 2010.

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	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 25 days from 27/08/2010 to 30/09/2010 (cents / litre) as detailed below.

2.330	2.634	2.674	1.411
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Cumulative positive/(negative) slate balances end of August 2010 (R-million)

748.059	309.431	309.431	(100.563)
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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
LPGas BFP, Retail and VAT (increase)/decrease

<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	
3.000	3.000	3.000	1.000	
				7.000

Increase in Services Differential

(8.500)

Rounding

0.500

Total price (increase) / decrease

<u>(5.000)</u>	<u>3.000</u>	<u>3.000</u>	<u>1.000</u>	<u>7.000</u>
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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 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:

	Petrol c/l	** Diesel 0.05% c/l	** Diesel 0.005% c/l	Illuminating Paraffin c/l
<u>Movements in external factors</u>				
Movement in International Product Prices	(4.994)	(5.205)	(5.221)	(6.323)
Movement in Exchange Rate	7.323	7.839	7.896	7.734
<u>BFP Over/(under)-recovery for the period 27/08/2010 to 30/09/2010</u>	2.330	2.634	2.674	1.411

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

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	516.697	516.697
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
Sub-total (1)	1 209.817	1 348.657
Retail Margin: (15% of Subtotal (1))	181.473	202.299
Sub-total (2)	1 391.290	1 550.956
Value Added Tax (14% Sub-total (2))	194.781	217.134
Maximum Retail Price (Rounded to full cents)	1 586.000	1 768.000

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 06/10/2010 TO 02/11/2010 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	Illuminating 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	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
Transport Recovery levy	3.000	3.000	3.000	3.000	
Pump Rounding	0.200	0.200			
Sub-total	415.437	405.218	308.820	308.820	99.072
<u>Contribution to the Basic Fuel Price</u>	396.563	390.782	426.630	430.030	421.128
<u>Retail Price</u>	812.00	796.00			
<u>Wholesale price</u>			735.45	738.85	520.20

STATISTICS OF PRICE CHANGES

Effective from:	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
	From 4 January 2006 0,05% Sulphur							
03-Dec-08	735.00	711.00	822.30	808.50	628.00	604.10		
07-Jan-09	601.00	576.00	654.35	639.65	496.70	467.60		
04-Feb-09	662.00	637.00	649.35	634.65	482.70	453.60		
04-Mar-09	707.00	682.00	611.35	596.65	456.70	427.60		
01-Apr-09	738.00	713.00	650.85	636.15	451.70	422.60		
06-May-09	735.00	710.00	658.85	644.15	464.70	435.60		
03-Jun-09	750.00	727.00	645.95	632.65	455.70	426.60		
01-Jul-09	790.00	767.00	685.95	672.65	501.70	472.60		
05-Aug-09	769.00	746.00	665.95	652.65	487.70	458.60		
02-Sep-09	805.00	782.00	700.95	687.65	508.70	479.60		
07-Oct-09	765.00	742.00	668.45	655.15	481.20	452.10		
04-Nov-09	765.00	742.00	678.45	665.15	495.20	466.10		
02-Dec-09	792.00	769.00	703.45	690.15	524.20	495.10		
06-Jan-10	786.00	763.00	689.45	676.15	512.20	483.10		
03-Feb-10	804.00	781.00	699.45	686.15	517.20	488.10		
03-Mar-10	810.00	787.00	703.45	690.15	515.20	486.10		
07-Apr-10	858.00	835.00	751.95	738.65	536.20	507.10		
05-May-10	872.00	848.00	781.45	767.65	566.20	538.10		
02-Jun-10	845.00	821.00	766.45	752.65	553.20	525.10		
14-Jul-10	827.00	803.00	751.45	737.65	541.20	513.10	1 727.00	1 569.00
04-Aug-10	817.00	793.00	738.45	724.65	526.20	498.10	1 801.00	1 619.00
01-Sep-10	807.00	783.00	738.45	724.65	521.20	493.10	1 775.00	1 593.00
06-Oct-10	812.00	788.00	735.45	721.65	520.20	492.10	1 768.00	1 586.00