

## **MEDIA STATEMENT - FOR RELEASE ON 27 FEBRUARY 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, 04 MARCH 2009**

Product:

Petrol (ALL GRADES)	45.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	38.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	38.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	26.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	34.000	c/l decrease in the Single Maximum National Retail price (SMNRP)

### **2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 30 JANUARY 2009 TO 26 FEBRUARY 2009**

During the period under review, the average international product prices of Petrol increased whilst 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 30 January 2009 to 26 February 2009 was 10.0602 compared to 9.9332 during the previous period.

### **3. 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 4 March 2009 to 31 March 2009 will be 595,0 c/l compared to 629,0 c/l from 3 February 2009 to 3 March 2009, that is a decrease of 34,00c/l.

### **4. MAXIMUM LPGAS REFINERY GATE PRICE**

The maximum refinery gate price will be R 4 737.58 per metric ton (262.93 c/l) for the period 4 March 2009 to 31 March 2009.

## 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) 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

## 6. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP	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 20 days from 30/01/2009 to 26/02/2009 (cents / litre) as detailed below.

( 45.399)	37.970	37.586	26.025
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Cumulative positive/(negative) slate balances end of January 2009 (R-million)

1 430.336	623.010	623.010	( 83.744)
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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>
( 45.000)	38.000	38.000	26.000

Total price (increase) / decrease

<u>( 45.000)</u>	<u>38.000</u>	<u>38.000</u>	<u>26.000</u>
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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 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
<b>Movements in external factors</b>				
Movement in International Product Prices	( 40.701)	42.762	42.479	30.662
Movement in Exchange Rate	( 4.698)	( 4.791)	( 4.893)	( 4.637)
<b>Over/(under)-recovery for the period 30/01/2009 to 26/02/2009</b>	<b>( 45.399)</b>	<b>37.970</b>	<b>37.586</b>	<b>26.025</b>

## 9. 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 04/03/2009 TO 31/03/2009 WILL BE AS FOLLOWS:**

	Petrol 95 ULP c/l	Petrol 93 ULP & LRP c/l	Petrol 91 ULP c/l	Diesel * 0.05% S c/l	Diesel * 0.005% S c/l	Illuminating Paraffin c/l
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	15.400	15.400	15.400	15.400	15.400	29.800
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	0.000	0.000	0.000	0.000	0.000	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	326.237	316.018	315.799	232.720	232.720	91.572
<u>Contribution to the Basic Fuel Price</u>	<u>380.763</u>	<u>371.982</u>	<u>363.201</u>	<u>378.630</u>	<u>386.030</u>	<u>365.128</u>
<u>Retail Price</u>	<u>707.00</u>	<u>688.00</u>	<u>679.00</u>			
<u>Wholesale price</u>				<u>611.35</u>	<u>618.75</u>	<u>456.70</u>

(\* ) 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

**Effective from:**

From 4 January 2006 0,05% Sulphur

03-May-06	612.00	588.00	<b>571.10</b>	<b>557.50</b>	432.20	409.20
07-Jun-06	648.00	624.00	<b>600.10</b>	<b>586.50</b>	452.20	429.20
05-Jul-06	673.00	649.00	<b>632.10</b>	<b>618.50</b>	488.20	465.20
02-Aug-06	704.00	680.00	<b>654.10</b>	<b>640.50</b>	509.20	486.20
06-Sep-06	668.00	644.00	<b>629.10</b>	<b>615.50</b>	504.20	481.20
04-Oct-06	618.00	594.00	<b>595.10</b>	<b>581.50</b>	482.20	459.20
01-Nov-06	597.00	573.00	<b>593.10</b>	<b>579.50</b>	469.20	446.20
06-Dec-06	590.00	566.00	<b>568.10</b>	<b>554.50</b>	444.20	421.20
03-Jan-07	598.00	574.00	<b>551.10</b>	<b>537.50</b>	447.20	424.20
07-Feb-07	575.00	551.00	<b>542.10</b>	<b>528.50</b>	421.20	398.20
07-Mar-07	599.00	575.00	<b>552.10</b>	<b>538.50</b>	431.20	408.20
04-Apr-07	667.00	643.00	<b>590.10</b>	<b>576.50</b>	462.10	438.20
02-May-07	701.00	677.00	<b>620.30</b>	<b>606.50</b>	480.10	456.20
06-Jun-07	724.00	700.00	<b>625.30</b>	<b>611.50</b>	482.10	458.20
04-Jul-07	716.00	692.00	<b>636.30</b>	<b>622.50</b>	499.10	475.20
01-Aug-07	701.00	677.00	<b>651.30</b>	<b>637.50</b>	506.10	482.20
05-Sep-07	691.00	667.00	<b>656.30</b>	<b>642.50</b>	506.10	482.20
03-Oct-07	701.00	677.00	<b>679.30</b>	<b>665.50</b>	519.10	495.20
07-Nov-07	704.00	680.00	<b>673.30</b>	<b>659.50</b>	529.10	505.20
05-Dec-07	747.00	723.00	<b>724.30</b>	<b>710.50</b>	587.10	563.20
02-Jan-08	747.00	723.00	<b>725.30</b>	<b>711.50</b>	578.10	554.20
06-Feb-08	764.00	740.00	<b>732.30</b>	<b>718.50</b>	580.10	556.20
05-Mar-08	825.00	801.00	<b>810.30</b>	<b>796.50</b>	656.10	632.20
02-Apr-08	891.00	867.00	<b>938.30</b>	<b>924.50</b>	774.10	750.20
07-May-08	946.00	922.00	<b>1 009.30</b>	<b>995.50</b>	829.60	805.70
04-Jun-08	996.00	972.00	<b>1 080.30</b>	<b>1 066.50</b>	900.60	876.70
02-Jul-08	1 070.00	1 040.00	<b>1 143.30</b>	<b>1 129.50</b>	949.60	925.70
06-Aug-08	1 040.00	1 010.00	<b>1 127.30</b>	<b>1 113.50</b>	953.00	929.10
03-Sep-08	966.00	942.00	<b>983.30</b>	<b>969.50</b>	807.00	783.10
01-Oct-08	941.00	917.00	<b>927.30</b>	<b>913.50</b>	742.00	718.10
05-Nov-08	896.00	872.00	<b>903.30</b>	<b>889.50</b>	703.00	679.10
03-Dec-08	735.00	711.00	<b>822.30</b>	<b>808.50</b>	628.00	604.10
07-Jan-09	601.00	577.00	<b>654.35</b>	<b>639.65</b>	496.70	472.80
04-Feb-09	662.00	638.00	<b>649.35</b>	<b>634.65</b>	482.70	458.80
04-Mar-09	707.00	683.00	<b>611.35</b>	<b>596.65</b>	456.70	432.80