

MEDIA STATEMENT - FOR RELEASE ON 31 DECEMBER 2010

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 05 JANUARY 2011

Product:

Petrol 93 ULP & LRP	29.000	cents per litre increase in retail price
Petrol 95 ULP & LRP	28.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	23.601	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	23.601	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	21.613	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	29.000	c/l increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	46.000	cents per kilogram increase in the maximum retail price

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD
26 NOVEMBER 2010 TO 30 DECEMBER 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 26 November 2010 to 30 December 2010 was 6.9010 compared to 6.9767 during the previous period.

3. WHOLESALE MARGIN AND SERVICE DIFFERENTIAL INCREASES

The Minister of Energy approved an increase of 5.9 % in the Wholesale Margin and 0.6 c/l in the Service Differential applicable in the price structures of petrol, diesel and illuminating paraffin.

4. 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 05 January 2011 to 01 February 2011 will be 745.0c/l compared to 716.0 c/l for the period 01 December 2010 to 04 January 2010 that is an increase of 29.00 c/l.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 5 892.91 per metric ton (327.05 c/l), excluding VAT, for the period 05 January 2011 to 01 February 2011.

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 26/11/2010 to 30/12/2010 (cents / litre) as detailed below

(25.493)	(20.737)	(20.730)	(17.843)
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Cumulative positive/(negative) slate balances end of November 2010 (R-million)

547.433	54.512	54.512	(110.975)
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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>	
Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease	(25.000)	(20.000)	(20.000)	(18.000)	
Wholesale margin increase	(3.014)	(3.001)	(3.001)	(3.013)	
Service Differential increase	(0.600)	(0.600)	(0.600)	(0.600)	
Rounding	0.614				
LPGas BFP, Retail and VAT (increase)/decrease				(46.000)	
<u>Total price (increase) / decrease</u>	<u>(28.000)</u>	<u>(23.601)</u>	<u>(23.601)</u>	<u>(21.613)</u>	<u>(46.000)</u>

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	(30.468)	(25.900)	(25.952)	(22.947)
Movement in Exchange Rate	4.975	5.163	5.221	5.104
<u>BFP Over/(under)-recovery for the period 26/11/2010 to 30/12/2010</u>	(25.493)	(20.737)	(20.730)	(17.843)

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	588.841	588.841
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)	1 281.961	1 420.801
Retail Margin: (15% of Subtotal (1))	192.294	213.120
Sub-total (2)	1 474.255	1 633.921
Value Added Tax (14% Sub-total (2))	206.396	228.749
Maximum Retail Price (Rounded to full cents)	1 681.000	1 863.000

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 05/01/2011 TO 01/02/2011 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	54.101	53.869	53.861	53.861	54.085
Service cost recoveries	11.400	11.400	11.400	11.400	18.800
Storage, handling & delivery costs	11.400	11.400	11.400	11.400	11.400
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			
Sub-total	419.051	408.819	312.421	312.421	102.685
<u>Contribution to the Basic Fuel Price</u>	453.949	449.181	471.630	477.030	467.128
<u>Retail Price</u>	873.00	858.00			
<u>Wholesale price</u>			784.051	789.451	569.813

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	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
03-Nov-10	832.00	808.00	746.45	732.65	534.20	506.10	1 800.00	1 618.00
01-Dec-10	845.00	821.00	760.45	746.65	548.20	520.10	1 817.00	1 635.00
05-Jan-11	873.00	849.00	784.051	770.251	569.813	541.713	1 863.00	1 681.00