

MEDIA STATEMENT - FOR RELEASE ON 02 SEPTEMBER 2011

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

ENQUIRIES: LERATO NTSOKO: 082 459 2788 OR J MOKOBANE 082 766 3674

1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 07 SEPTEMBER 2011

Product:

Petrol (ALL GRADES)	9.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	0.000	no change
Diesel 0.005% Sulphur	0.000	no change
Illuminating Paraffin (Wholesale)	2.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	3.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	0.000	no change

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 29 JULY 2011 TO 01 SEPTEMBER 2011

During the period under review, the average international product prices of Petrol, 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 29 July 2011 to 02 September 2011 was 7.0590 compared to 6.8353 during the previous period.

The deterioration of the Rand against the US Dollar increased the *contribution to the Basic Fuel Price* by about 20.0 c/l.

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 07 September 2011 to 04 October 2011 will be 912.0c/l compared to 915.0 c/l for the period 03 August 2011 to 06 September 2011, that is a decrease of 3.00 c/l.

4. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 424.35 per metric ton (412.05 c/l), excluding VAT, for the period 07 September 2011 to 04 October 2011.

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 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 25 days from 29/07/2011 to 02/09/2011 (cents / litre) as detailed below	(8.345)	(0.288)	(0.952)	2.870
Cumulative positive/(negative) slate balances end of July 2011 (R-million)	(79.237)	54.142	54.142	(146.496)

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	(9.000)	0.000	0.000	2.000	
LPGas BFP, Retail and VAT (increase)/decrease					0.000
Total price (increase) / decrease	(9.000)	0.000	0.000	2.000	0.000

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:

	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	11.535	20.276	19.823	23.258
Movement in Exchange Rate	(19.880)	(20.564)	(20.775)	(20.388)
<u>BFP Over/(under)-recovery for the period 29/07/2011 to 02/09/2011</u>	(8.345)	(0.288)	(0.952)	2.870

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 FOR THE PERIOD 07/09/2011 TO 04/10/2011 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	742.435	742.435
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)	1 435.555	1 574.395
Retail Margin: (15% of Subtotal (1))	215.333	236.159
Sub-total (2)	1 650.888	1 810.554
Value Added Tax (14% Sub-total (2))	231.124	253.478
Maximum Retail Price (Rounded to full cents)	1 882.000	2 064.000

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 07/09/2011 TO 04/10/2011 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	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	22.900	22.900	22.900	22.900	38.400
IP Tracer levy	0	0	0.010	0.010	0
Fuel levy	177.500	177.500	162.500	162.500	0
Customs & excise duty	4.000	4.000	4.000	4.000	0
RAF levy	80.000	80.000	80.000	80.000	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	(0.400)	(0.400)			
Sub-total	443.851	433.619	337.821	337.821	111.285
<u>Contribution to the Basic Fuel Price</u>	574.149	566.381	592.630	598.030	588.128
<u>Retail Price</u>	<u>1,018.00</u>	<u>1,000.00</u>			
<u>Wholesale price</u>			<u>930.451</u>	<u>935.851</u>	<u>699.413</u>

STATISTICS OF PRICE CHANGES

<u>Effective from:</u>	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							
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		
1-Jul-09	790.00	767.00	685.95	672.65	501.70	472.60		
5-Aug-09	769.00	746.00	665.95	652.65	487.70	458.60		
2-Sep-09	805.00	782.00	700.95	687.65	508.70	479.60		
7-Oct-09	765.00	742.00	668.45	655.15	481.20	452.10		
4-Nov-09	765.00	742.00	678.45	665.15	495.20	466.10		
2-Dec-09	792.00	769.00	703.45	690.15	524.20	495.10		
6-Jan-10	786.00	763.00	689.45	676.15	512.20	483.10		
3-Feb-10	804.00	781.00	699.45	686.15	517.20	488.10		
3-Mar-10	810.00	787.00	703.45	690.15	515.20	486.10		
7-Apr-10	858.00	835.00	751.95	738.65	536.20	507.10		
5-May-10	872.00	848.00	781.45	767.65	566.20	538.10		
2-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
4-Aug-10	817.00	793.00	738.45	724.65	526.20	498.10	1 801.00	1 619.00
1-Sep-10	807.00	783.00	738.45	724.65	521.20	493.10	1 775.00	1 593.00
6-Oct-10	812.00	788.00	735.45	721.65	520.20	492.10	1 768.00	1 586.00
3-Nov-10	832.00	808.00	746.45	732.65	534.20	506.10	1 800.00	1 618.00
1-Dec-10	845.00	821.00	760.45	746.65	548.20	520.10	1 817.00	1 635.00
5-Jan-11	873.00	849.00	784.051	770.251	569.813	541.713	1 863.00	1 681.00
2-Feb-11	899.00	875.00	814.051	800.251	601.813	573.713	1 904.00	1 722.00
2-Mar-11	942.00	918.00	878.051	864.251	671.813	643.713	1 975.00	1 793.00
6-Apr-11	996.00	966.00	948.451	928.051	720.413	684.513	2 025.00	1 843.00
4-May-11	1 025.00	995.00	964.451	944.051	735.413	699.513	2 078.00	1 896.00
1-Jun-11	1 023.00	993.00	926.451	906.051	703.413	667.513	2 068.00	1 886.00
6-Jul-11	992.00	962.00	915.451	895.051	691.413	655.513	2 026.00	1 844.00
3-Aug-11	1 009.00	979.00	930.451	910.051	701.413	665.513	2 064.00	1 882.00
7-Sep-11	1 018.00	988.00	930.451	910.051	699.413	663.513	2 064.00	1 882.00