

**MEDIA STATEMENT - FOR RELEASE ON 28 JANUARY 2011**

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

**ENQUIRIES: L NTSOKO: 082 459 2788 OR J MOKOBANE 082 766 3674**

**1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 02 FEBRUARY 2011**

Product:

|                                      |        |  |
|--------------------------------------|--------|--|
| Petrol (ALL GRADES)                  | 26.000 | cents per litre increase in retail price                         |
| Diesel 0.05% Sulphur                 | 30.000 | cents per litre increase in wholesale price                      |
| Diesel 0.005% Sulphur                | 32.000 | cents per litre increase in wholesale price                      |
| Illuminating Paraffin<br>(Wholesale) | 32.000 | cents per litre increase in wholesale price                      |
| Illuminating Paraffin<br>(SMNRP)     | 42.000 | c/l increase in the Single Maximum National Retail price (SMNRP) |
| Maximum Retail Price<br>for LPGAS    | 41.000 | cents per kilogram increase in the maximum retail price          |

**2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD  
31 DECEMBER 2010 TO 27 JANUARY 2011**

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 31 December 2010 to 27 January 2011 was 6.8983 compared to 6.9010 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 02 February 2011 to 01 March 2011 will be 787.0c/l compared to 745.0 c/l for the period 05 January 2011 to 01 February 2011 that is an increase of 42.00 c/l.

**4. MAXIMUM LPGAS REFINERY GATE PRICE**

The maximum refinery gate price will be R 6 206.59 per metric ton (344.46 c/l), excluding VAT, for the period 02 February 2011 to 01 March 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 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<br>ULP | 95<br>Diesel<br>0.05(%) | Diesel<br>0.005(%) | Illuminating<br>Paraffin | LPGAS<br>(Gauteng,<br>Zone 9C) |
|---------------|-------------------------|--------------------|--------------------------|--------------------------------|
|---------------|-------------------------|--------------------|--------------------------|--------------------------------|

**The price adjustments in (1) above are based on the following actual data:**

Average product over/(under)-recovery, measured for the 20 days from 31/12/2010 to 27/01/2011 (cents / litre) as detailed below

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| ( 26.585) | ( 29.962) | ( 31.361) | ( 31.076) |
|-----------|-----------|-----------|-----------|

Cumulative positive/(negative) slate balances end of December 2010 (R-million)

|         |           |           |            |
|---------|-----------|-----------|------------|
| 295.725 | ( 98.323) | ( 98.323) | ( 115.768) |
|---------|-----------|-----------|------------|

**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 | ( 26.000)               | ( 30.000)               | ( 32.000)               | ( 32.000)               |
| LPGas BFP, Retail and VAT (increase)/decrease  |                         |                         |                         | ( 41.000)               |
| <b><u>Total price (increase) / decrease</u></b>  | <b><u>( 26.000)</u></b> | <b><u>( 30.000)</u></b> | <b><u>( 32.000)</u></b> | <b><u>( 32.000)</u></b> |
|  |                         |                         |                         | <b><u>( 41.000)</u></b> |

## 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<br/>c/l</b> | <b>** Diesel<br/>0.05%<br/>c/l</b> | <b>** Diesel<br/>0.005%<br/>c/l</b> | <b>Illuminating<br/>Paraffin<br/>c/l</b> |
|-----------------------|------------------------------------|-------------------------------------|--|
|-----------------------|------------------------------------|-------------------------------------|--|

**Movements in external factors**

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Movement in International Product Prices | ( 26.769) | ( 30.155) | ( 31.556) | ( 31.268) |
| Movement in Exchange Rate                | 0.185     | 0.193     | 0.196     | 0.192     |

**BFP Over/(under)-recovery for the period  
31/12/2010 to 27/01/2011**

|           |           |           |           |
|-----------|-----------|-----------|-----------|
| ( 26.585) | ( 29.962) | ( 31.361) | ( 31.076) |
|-----------|-----------|-----------|-----------|

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<br/>Zone 1A</b> | <b>Inland<br/>Zone 9C</b> |
|---|--------------------------|---------------------------|
| Maximum refinery gate price                         | 620.659                  | 620.659                   |
| 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>1 313.779</b>         | <b>1 452.619</b>          |
| Retail Margin: (15% of Subtotal (1))                | 197.067                  | 217.893                   |
| <b>Sub-total (2)</b>                                | <b>1 510.846</b>         | <b>1 670.512</b>          |
| Value Added Tax (14% Sub-total (2))                 | 211.518                  | 233.872                   |
| <b>Maximum Retail Price (Rounded to full cents)</b> | <b>1 722.000</b>         | <b>1 904.000</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 02/02/2011 TO 01/03/2011 WILL BE AS FOLLOWS:**

|  | <b>Petrol 95<br/>ULP<br/>c/l</b> | <b>Petrol 93<br/>ULP &amp;<br/>LRP<br/>c/l</b> | <b>Diesel<br/>0.05% S<br/>c/l</b> | <b>Diesel<br/>0.005% S<br/>c/l</b> | <b>Illuminating<br/>Paraffin<br/>c/l</b> |
|--|----------------------------------|--|-----------------------------------|------------------------------------|--|
| 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 &<br>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<br>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<br>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<br>Transport Recovery<br>levy       | 3.000                            | 3.000  | 3.000                             | 3.000                              |  |
| Pump Rounding  | 0.200                            | 0.200  |                                   |                                    |  |
| <b>Sub-total</b>                                       | <b>419.051</b>                   | <b>408.819</b>                                 | <b>312.421</b>                    | <b>312.421</b>                     | <b>102.685</b>                           |
| <b><u>Contribution to the<br/>Basic Fuel Price</u></b> | <b>479.949</b>                   | <b>475.181</b>                                 | <b>501.630</b>                    | <b>509.030</b>                     | <b>499.128</b>                           |
| <b><u>Retail Price</u></b>                             | <b>899.00</b>                    | <b>884.00</b>                                  |                                   |                                    |  |
| <b><u>Wholesale price</u></b>                          |                                  |  | <b>814.051</b>                    | <b>821.451</b>                     | <b>601.813</b>                           |

**STATISTICS OF PRICE CHANGES**

| <b>Effective from:</b> | <b>Petrol 95 ULP</b>                     |                         | <b>Diesel</b>             |                         | <b>Illuminating Paraffin</b> |                         | <b>LPGAS</b>               |                          |
|------------------------|--|-------------------------|---------------------------|-------------------------|------------------------------|-------------------------|----------------------------|--------------------------|
|                        | <b>Gauteng<br/>SA c/l</b>                | <b>Coast<br/>SA c/l</b> | <b>Gauteng<br/>SA c/l</b> | <b>Coast<br/>SA c/l</b> | <b>Gauteng<br/>SA c/l</b>    | <b>Coast<br/>SA c/l</b> | <b>Gauteng<br/>SA c/Kg</b> | <b>Coast<br/>SA c/Kg</b> |
|                        | <b>From 4 January 2006 0,05% Sulphur</b> |                         |                           |                         |                              |                         |                            |                          |
| 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                 |
| 01-Dec-10              | 845.00                                   | 821.00                  | <b>760.45</b>             | <b>746.65</b>           | 548.20                       | 520.10                  | 1 817.00                   | 1 635.00                 |
| 05-Jan-11              | 873.00                                   | 849.00                  | <b>784.051</b>            | <b>770.251</b>          | 569.813                      | 541.713                 | 1 863.00                   | 1 681.00                 |
| 02-Feb-11              | 899.00                                   | 875.00                  | <b>814.051</b>            | <b>800.251</b>          | 601.813                      | 573.713                 | 1 904.00                   | 1 722.00                 |