

**MEDIA STATEMENT - FOR RELEASE ON 01 APRIL 2011**

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

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**1. INCREASE IN FUEL TAX AND THE ROAD ACCIDENT FUND LEVIES ON PETROL AND DIESEL**

The Minister of Finance, in his budget speech of 23 February 2011, announced an increase of 10.0 c/l in the Fuel Tax and an increase of 8.0 c/l in the Road Accident Fund Levy applicable in the price structures of petrol and diesel with effect from 06 April 2011.

**2. REVISED ROAD AND PIPELINE TRANSPORT TARIFFS**

The Minister of Energy has approved the implementation of revised transport tariffs applicable in the price structures of petrol, diesel and illuminating paraffin with effect from 06 April 2011. For fuel pricing administration purposes, the country is divided into Magisterial District Zones (MDZs).

Primary transport costs applicable in each MDZ is based on the mode of transport used to transport fuels from the coast to inland areas and the distances of transportation.

The transport costs increases between Magisterial District Zones will differ as reflected in the example below:

<b>Town/Area</b>	<b>Petrol</b>	<b>Diesel</b>	<b>IP</b>
Coastal area	0.8 c/l	0.8 c/l	0.8 c/l
Adelaide	1.4 c/l	1.4 c/l	1.4 c/l
De Aar	4.1 c/l	4.1 c/l	4.1 c/l
Bloemfontein	5.4 c/l	5.4 c/l	6.8 c/l
Gauteng	7.4 c/l	7.4 c/l	8.6 c/l
Giyani	15.1 c/l	15.1 c/l	11.7 c/l
Musina West	10.5 c/l	10.5 c/l	11.6 c/l

**3. BASIC FUEL PRICE DIFFERENTIAL BETWEEN 95 AND 93 PETROL OCTANES**

In line with the Working rules to administer the Basic Fuel Price (BFP), the BFP differential between 95 and 93 petrol octane grades is adjusted quarterly. The BFP-differential between 95 and 93 octane grades and BFP on the 93 octane petrol grades has been adjusted accordingly with effect from 06 April 2011. The increase in the retail price of the 95 petrol octane grade will be 1.0 c/l higher than that of the 93 octane petrol grade in all MDZ's.

**4. ADJUSTMENT TO ILLUMINATING PARAFFIN AND LIQUID PETROLEUM GAS ON 06 APRIL 2011**

Product:

Illuminating Paraffin

(SMNRP) 59.000 c/l increase in the Single Maximum National Retail price (SMNRP)

Maximum Retail Price

for LPGAS 50.000 cents per kilogram increase in the maximum retail price

**5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 25 FEBRUARY 2011 TO 31 MARCH 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 25 February 2011 to 31 March 2011 was 6.9512 compared to 7.2334 during the previous period.

**6. 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 April 2011 to 03 May 2011 will be 940.0c/l compared to 881.0 c/l for the period 02 March 2011 to 05 April 2011 that is an increase of 59.00 c/l.

**7. MAXIMUM LPGAS REFINERY GATE PRICE**

The maximum refinery gate price will be R 7 129.72 per metric ton (395.69 c/l), excluding VAT, for the period 06 April 2011 to 03 May 2011.

## 8. 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

## 9. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP	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 25/02/2011 to 31/03/2011 (cents / litre) as detailed below

( 28.556)    ( 44.349)    ( 43.645)    ( 39.893)

Cumulative positive/(negative) slate balances end of February 2011 (R-million)

( 406.721)    ( 839.358)    ( 839.358)    ( 142.208)

### 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	( 29.000)	( 45.000)	( 44.000)	( 40.000)	N/A
Increase on Fuel Levy	( 10.000)	( 10.000)	( 10.000)		N/A
Increase on Road Accident Fund Levy	( 8.000)	( 8.000)	( 8.000)		N/A
Increase in Transport Cost	( 7.400)	( 7.400)	( 7.400)	( 8.600)	N/A
Rounding	0.400				
LPGas BFP, Retail and VAT (increase)/decrease					( 50.000)
<b><u>Total price (increase) / decrease</u></b>	<b><u>( 54.000)</u></b>	<b><u>( 70.400)</u></b>	<b><u>( 69.400)</u></b>	<b><u>( 48.600)</u></b>	<b><u>( 50.000)</u></b>

## 10. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

**11. 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 c/l</b>	<b>** Diesel 0.05% c/l</b>	<b>** Diesel 0.005% c/l</b>	<b>Illuminating Paraffin c/l</b>
<b><u>Movements in external factors</u></b>				
Movement in International Product Prices	( 50.734)	( 68.798)	( 68.331)	( 64.274)
Movement in Exchange Rate	22.178	24.449	24.685	24.381
<b><u>BFP Over/(under)-recovery for the period 25/03/2011 to 31/03/2011</u></b>	<b>( 28.556)</b>	<b>( 44.349)</b>	<b>( 43.645)</b>	<b>( 39.893)</b>

**12. 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>	<b>Coast Zone 1A</b>	<b>Inland Zone 9C</b>
Maximum refinery gate price	712.972	712.972
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)	<b>1 406.092</b>	<b>1 544.932</b>
Retail Margin: (15% of Subtotal (1))	210.914	231.740
Sub-total (2)	<b>1 617.006</b>	<b>1 776.672</b>
Value Added Tax (14% Sub-total (2))	226.381	248.734
<b>Maximum Retail Price (Rounded to full cents)</b>	<b>1 843.000</b>	<b>2 025.000</b>

13. 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 06/04/2011 TO 03/05/2011 WILL BE AS FOLLOWS:**

	<b>Petrol 95 ULP c/l</b>	<b>Petrol 93 ULP &amp; LRP c/l</b>	<b>Diesel 0.05% S c/l</b>	<b>Diesel 0.005% S</b>	<b>Illuminating Paraffin 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 & 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 Incremental Inland Transport Recovery levy	0.000	0.000	0.000	0.000	0.000
	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>	552.149	546.381	610.630	616.030	609.128
<u>Retail Price</u>	<u>996.00</u>	<u>980.00</u>			
<u>Wholesale price</u>			<u>948.451</u>	<u>953.851</u>	<u>720.413</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
	<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
02-Mar-11	942.00	918.00	<b>878.051</b>	<b>864.251</b>	671.813	643.713	1 975.00	1 793.00
06-Apr-11	996.00	966.00	<b>948.451</b>	<b>928.051</b>	720.413	684.513	2 025.00	1 843.00