



**energy**

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

## Media statement

### FUEL PRICE INCREASES TO BE EFFECTED ON 03 OCTOBER 2012

The next fuel price adjustments will be effected on Wednesday, 03 October 2012. The current fuel price review period will close on 28 September 2012. The reasons for the fuel price increase are:

#### 1. Crude oil prices

- 1.1 During the current fuel price review period (31 August 2012 to 28 September 2012), the average Brent crude oil price, compared to the previous fuel price review period, slightly decreased from USD 113.51 per barrel to USD 113.05 per barrel.
- 1.2 This slight decrease in Brent crude oil prices mainly emanated from (a) rumours that talks were underway to provide a financial rescue programme for the struggling Spanish economy and unlimited bond buying by the European Central Bank for debt-hit Spain; (b) a rise in US inventories and rumours that Saudi Arabia was due to increase crude oil supplies to the market.

#### 2. International product prices

- 2.1. However, during the current fuel price review period, average international petroleum product prices increased on petrol 7 c/l, diesel 24 c/l and illuminating paraffin 31 c/l as a result of (a) a reaction to low product inventories and higher refining margins in the OECD countries since OECD refineries significantly increased their throughputs last month amid rising product prices, drawing down crude supplies; (b) global refining throughputs are expected to remain at current levels for the remainder of the year; and (c) seasonal refinery maintenance (as winter heating oil winds down and before summer driving demand picks up, refiners undertake their heaviest

maintenance season and by April refiners are typically coming out of maintenance) in the OECD refineries.

### **3. The Rand / Dollar exchange rate**

During the current fuel price review period the Rand slightly deteriorated against the US Dollar which contributed to an increase in the BFP of fuels by nearly 2.0 c/l due to drop in German business sentiment to its lowest since early 2010, stoked concern about a slowdown in the Eurozone's largest economy, despite the European Central Bank's recently announced bond-buying plan.

### **4. Adjustment to the Slate Levy on petrol and diesel**

4.1 In line with the provisions of the Self-Adjusting Slate Levy Mechanism, a Slate Levy of 13.16 c/l will have to be implemented into the price structures of petrol and diesel with effect from 03 October 2012. The reason for this is that the Slate Account balance of the oil industry amounted to a combined petrol and diesel negative balance of R134 billion at the end of August 2012.

4.2 This is a levy, which is used to recover the monies owed to oil companies due to the time delay in the adjustment of the petrol pump price. It is adjusted on monthly basis, in line with the self-adjusting slate mechanism, depending on the funds in the slate account.

### **5. Fuel price adjustments**

Based on the anticipated BFP increases and the implementation of a Slate Levy of 13.16 c/l on petrol and diesel, it is anticipated that the following fuel price increases will be implemented on 03 October 2012, namely:

- Petrol (93 Octane): 21.0 c/l;
- Petrol (95 Octane): 23.0 c/l;
- Diesel (0.05% Sulphur): 39.16 c/l;
- Diesel (0.005% Sulphur): 40.16 c/l;
- IP wholesale: 33.0 c/l;

- SMNRP for IP: 44.0 c/l;
- Maximum Retail Price for LPGas: 3.0 c/kg.

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