

MEDIA STATEMENT - FOR RELEASE ON 28 SEPTEMBER 2012

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, 03 OCTOBER 2012

Product:

Petrol 93 ULP & LRP	21.000	cents per litre increase in retail price
Petrol 95 ULP & LRP	23.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	39.160	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	40.160	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	33.000	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	44.000	c/l increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	3.000	cents per kilogram decrease in the maximum retail price

The price increases between 95 and 93 octane petrol differ due to the quarterly application of the octane price differentials

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 31 AUGUST 2012 TO 27 SEPTEMBER 2012

During the period under review, the average international product prices of Petrol, Diesel and Illuminating Paraffin increased.

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 31 August 2012 to 27 September 2012 was 8.3075 compared to 8.2758 during the previous period.

The weakening of the Rand against the US Dollar increased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 2.65 c/l, 2.80 c/l and 2.79 c/l respectively.

3. SLATE LEVY

The cumulative combined Slate balance for petrol and diesel at the end of August 2012 amounted to R 1,34 billion. In line with the Self-Adjusting Slate Levy Mechanism a Slate levy of R 13,6 c/l is implemented into the price structures of petrol and diesel with effect from 03 October 2012.

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 03 October 2012 to 06 November 2012 will be 1 132.0c/l compared to 1 088.0 c/l for the period 05 September 2012 to 02 October 2012, that is an increase of 44.00 c/l.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 9 011.10 per metric ton (500.11 c/l), excluding VAT, for the period 03 October 2012 to 06 November 2012.

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 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 20 days from 31/08/2012 to 27/09/2012 (cents / litre) as detailed below

(9.305)	(25.998)	(26.329)	(32.155)
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Cumulative positive/(negative) slate balances end of August 2012 (R-million)

(634.571)	(708.124)	(708.124)	(198.139)
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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	(10.000)	(26.000)	(27.000)	(33.000)	
Slate levy	(13.160)	(13.160)	(13.160)	N/A	N/A
Rounding	0.160			N/A	N/A
LPGas BFP, Retail and VAT (increase)/decrease					3.000
<u>Total price (increase) / decrease</u>	<u>(23.000)</u>	<u>(39.160)</u>	<u>(40.160)</u>	<u>(33.000)</u>	<u>3.000</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	(6.649)	(23.196)	(23.502)	(29.360)
Movement in Exchange Rate	(2.656)	(2.802)	(2.827)	(2.794)
<u>BFP Over/(under)-recovery for the period 31/08/2012 to 27/09/2012</u>				
	(9.305)	(25.998)	(26.329)	(32.155)

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 FOR THE PERIOD 03/10/2012 TO 06/11/2012 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	901.110	901.110
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)	1 594.230	1 733.070
Retail Margin: (15% of Subtotal (1))	239.135	259.961
Sub-total (2)	1 833.365	1 993.031
Value Added Tax (14% Sub-total (2))	256.671	279.024
Maximum Retail Price (Rounded to full cents)	2 090.000	2 272.000

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 03/10/2012 TO 06/11/2012 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	52.500	52.500	52.500	52.500	52.500
Service cost recoveries	21.000	21.000	21.000	21.000	28.400
Storage, handling & delivery costs	21.000	21.000	21.000	21.000	21.000
Distribution cost	0	0	0	0	7.400
Dealers margin	95.300	95.300	0	0	0
Zone differential in Gauteng	26.800	26.800	26.800	26.800	44.000
IP Tracer levy	0	0	0.010	0.010	0
Fuel levy	197.500	197.500	182.500	182.500	0
Customs & excise duty	4.000	4.000	4.000	4.000	0
RAF levy	88.000	88.000	88.000	88.000	0
Petroleum Products levy	0.150	0.150	0.150	0.150	0
Slate levy	13.160	13.160	13.160	13.160	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	0.300	0.300			
Sub-total	511.710	501.710	391.120	391.120	124.900
<u>Contribution to the Basic Fuel Price</u>	708.290	695.290	742.630	750.030	742.128
<u>Retail Price</u>	<u>1,220.00</u>	<u>1,197.00</u>			
<u>Wholesale price</u>			<u>1,133.750</u>	<u>1,141.150</u>	<u>867.028</u>

STATISTICS OF PRICE CHANGES

Effective from:

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

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
02-Feb-11	899.00	875.00	814.051	800.251	601.813	573.713	1 904.00	1 722.00
02-Mar-11	942.00	918.00	878.051	864.251	671.813	643.713	1 975.00	1 793.00
06-Apr-11	996.00	966.00	948.451	928.051	720.413	684.513	2 025.00	1 843.00
04-May-11	1 025.00	995.00	964.451	944.051	735.413	699.513	2 078.00	1 896.00
01-Jun-11	1 023.00	993.00	926.451	906.051	703.413	667.513	2 068.00	1 886.00
06-Jul-11	992.00	962.00	915.451	895.051	691.413	655.513	2 026.00	1 844.00
03-Aug-11	1 009.00	979.00	930.451	910.051	701.413	665.513	2 064.00	1 882.00
07-Sep-11	1 018.00	988.00	930.451	910.051	699.413	663.513	2 064.00	1 882.00
05-Oct-11	1 054.00	1 024.00	965.451	945.051	729.413	693.513	2 126.00	1 944.00
02-Nov-11	1 077.00	1 047.00	1001.451	981.051	770.413	734.513	2 160.00	1 978.00
07-Dec-11	1 066.00	1 036.00	1048.690	1028.290	813.428	777.528	2 119.00	1 937.00
04-Jan-12	1 061.00	1 031.00	1027.690	1007.290	788.428	752.528	2 121.00	1 939.00
01-Feb-12	1 095.00	1 065.00	1026.690	1006.290	785.428	749.528	2 171.00	1 989.00
07-Mar-12	1 123.00	1 093.00	1037.070	1016.670	789.428	753.528	2 207.00	2 025.00
04-Apr-12	1 194.00	1 159.00	1088.970	1064.270	816.028	774.128	2 275.00	2 093.00
02-May-12	1 222.00	1 187.00	1098.370	1073.670	825.028	783.128	2 306.00	2 124.00
06-Jun-12	1 167.00	1 132.00	1073.550	1048.850	804.028	762.128	2 207.00	2 025.00
04-Jul-12	1 082.00	1 047.00	1010.970	986.270	746.028	704.128	2 094.00	1 912.00
01-Aug-12	1 104.00	1 069.00	1025.590	1000.890	761.028	719.128	2 146.00	1 964.00
05-Sep-12	1 197.00	1 162.00	1094.590	1069.890	834.028	792.128	2 275.00	2 093.00
03-Oct-12	1 220.00	1 185.00	1133.750	1109.050	867.028	825.128	2 272.00	2 090.00