

MEDIA STATEMENT - FOR RELEASE ON 01 JUNE 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, 06 JUNE 2012

Product:

Petrol (ALL GRADES)	55.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	24.820	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	24.820	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	21.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	28.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	99.000	cents per kilogram decrease in the maximum retail price

2. INCREASE IN THE SLATE LEVY ON PETROL AND DIESEL

The negative cumulative Slate balance of the oil industry on petrol and diesel amounted to R 1,245.0 million at the end of April 2012. In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate Levy on petrol and diesel will therefore increase from 8.78 c/l to 10.96 c/l with effect from 06 June 2012.

3. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 25 APRIL 2012 TO 31 MAY 2012

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

During the current fuel price review period (25 April 2012 to 31 May 2012), the average international crude oil prices decreased by USD 12.0, compared to previous fuel price review period, from USD120.0 per barrel to USD 108.0 per barrel. This decrease in international crude oil prices mainly culminated from (a) Iran's to allow UN inspections into the country to inspect its nuclear programme. The market gained some form confidence in Crude. (b) the Euro debt worries; and (c) lower demand for commodities by China as its economy is slowing down.

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 25 April 2012 to 31 May 2012 was 8.1031 compared to 7.8536 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 20.21 c/l, 21.03 c/l and 20.84 c/l respectively.

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 06 June 2012 to 03 July 2012 will be 1 048.0c/l compared to 1 076.0 c/l for the period 02 May 2012 to 05 June 2012, that is a decrease of 28.00 c/l.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 514.01 per metric ton (472.52 c/l), excluding VAT, for the period 06 June 2012 to 03 July 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)
-----------------------	----------------------------------	----------------------------	----------------------------------	---

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

Average product over/(under)-recovery, measured for the 27 days from 25/04/2011 to 31/05/2012 (cents / litre) as detailed below

57.165	27.525	27.708	21.461
--------	--------	--------	--------

Cumulative positive/(negative) slate balances end of April 2012 (R-million)

(734.546)	(510.559)	(510.559)	(183.553)
------------	------------	------------	------------

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

57.000	27.000	27.000	21.000
--------	--------	--------	--------

Self Adjusting Slate Mechanism

(2.180)	(2.180)	(2.180)	N/A
----------	----------	----------	-----

Rounding

0.180	N/A	N/A	N/A
-------	-----	-----	-----

LPGas BFP, Retail and VAT (increase)/decrease

99.000

Total price (increase) / decrease

55.000	24.820	24.820	21.000	99.000
---------------	---------------	---------------	---------------	---------------

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	77.381	48.558	48.877	42.304
Movement in Exchange Rate	(20.216)	(21.033)	(21.169)	(20.843)
<u>BFP Over/(under)-recovery for the period 25/04/2012 to 31/05/2012</u>				
	57.165	27.525	27.708	21.461

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 06/06/2012 TO 03/07/2012 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	851.401	851.401
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)	1 544.521	1 683.361
Retail Margin: (15% of Subtotal (1))	231.678	252.504
Sub-total (2)	1 776.199	1 935.865
Value Added Tax (14% Sub-total (2))	248.668	271.021
Maximum Retail Price (Rounded to full cents)	2 025.000	2 207.000

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 06/06/2012 TO 03/07/2012 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	91.800	91.800	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	10.960	10.960	10.960	10.960	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	506.010	496.010	388.920	388.920	124.900
<u>Contribution to the Basic Fuel Price</u>	660.990	653.990	684.630	689.030	679.128
<u>Retail Price</u>	<u>1,167.00</u>	<u>1,150.00</u>			
<u>Wholesale price</u>			<u>1,073.550</u>	<u>1,077.950</u>	<u>804.028</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

03-Dec-08	735.00	711.00	822.30	808.50	628.00	604.10		
07-Jan-09	601.00	576.00	654.35	639.65	496.70	467.60		
04-Feb-09	662.00	637.00	649.35	634.65	482.70	453.60		
04-Mar-09	707.00	682.00	611.35	596.65	456.70	427.60		
01-Apr-09	738.00	713.00	650.85	636.15	451.70	422.60		
06-May-09	735.00	710.00	658.85	644.15	464.70	435.60		
03-Jun-09	750.00	727.00	645.95	632.65	455.70	426.60		
01-Jul-09	790.00	767.00	685.95	672.65	501.70	472.60		
05-Aug-09	769.00	746.00	665.95	652.65	487.70	458.60		
02-Sep-09	805.00	782.00	700.95	687.65	508.70	479.60		
07-Oct-09	765.00	742.00	668.45	655.15	481.20	452.10		
04-Nov-09	765.00	742.00	678.45	665.15	495.20	466.10		
02-Dec-09	792.00	769.00	703.45	690.15	524.20	495.10		
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