

MEDIA STATEMENT - FOR RELEASE ON 02 MARCH 2012

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 07 MARCH 2012

Product:

Petrol (ALL GRADES)	28.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	10.380	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	9.380	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	4.000	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	5.000	c/l increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	36.000	cents per kilogram increase in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 27 JANUARY 2012 TO 01 MARCH 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 strengthened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 27 January 2012 to 01 March 2012 was 7.6790 compared to 8.0841 during the previous period.

The strengthening of the Rand against the US Dollar decreased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 34.35 c/l, 36.21 c/l and 35.35 c/l respectively.

3. SELF-ADJUSTING SLATE LEVY MECHANISM

In line with the provisions of the Rules to administer the Self-Adjusting Slate Levy Mechanism, a Slate Levy of a similar magnitude will be applicable in the price structures of petrol and diesel when the combined negative Slate balance of petrol and diesel exceeds R250.0 million and no funds are available in the Slate Levy Trust Fund Account to finance a negative Slate balance. No funds are currently available in the Slate Levy Trust Fund Account and the Slate Account balance amounted to a combined negative balance of R295.0 million at the end of January 2012. A Slate Levy of 4.38 c/l will be implemented into the price structures of petrol and diesel with effect from 07 March 2012. The Slate Levy will be adjusted on a monthly basis in line with the movements in the Slate Account balance as reflected in the Rules to administer the Self-Adjusting Slate Levy Mechanism. Rules to administer the Self-Adjusting Slate Levy Mechanism is available on the website of the Department of Energy: www.energy.gov.za

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 07 March 2012 to 3 April 2012 will be 1 032.0c/l compared to 1 027.0 c/l for the period 01 February 2012 to 6 March 2012, that is an increase of 5.00 c/l.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 514.15 per metric ton (472.53 c/l), excluding VAT, for the period 07 March 2012 to 3 April 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 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 27/01/2011 to 01/03/2012 (cents / litre) as detailed below	(22.765)	(5.689)	(4.645)	(3.629)
Cumulative positive/(negative) slate balances end of January 2012 (R-million)	(48.821)	(246.215)	(246.215)	(173.632)

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	(23.000)	(6.000)	(5.000)	(4.000)
Slate Levy	(4.380)	(4.380)	(4.380)	
Rounding	(0.620)			
LPGas BFP, Retail and VAT (increase)/decrease				36.000
<u>Total price (increase) / decrease</u>	<u>(28.000)</u>	<u>(10.380)</u>	<u>(9.380)</u>	<u>(4.000)</u>
				<u>36.000</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	(57.119)	(41.901)	(41.039)	(38.980)
Movement in Exchange Rate	34.354	36.211	36.395	35.350
<u>BFP Over/(under)-recovery for the period 27/01/2012 to 01/03/2012</u>	(22.765)	(5.689)	(4.645)	(3.629)

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 07/03/2012 TO 03/04/2012 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	851.415	851.415
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)	1 544.535	1 683.375
Retail Margin: (15% of Subtotal (1))	231.680	252.506
Sub-total (2)	1 776.215	1 935.881
Value Added Tax (14% Sub-total (2))	248.670	271.023
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 07/03/2012 TO 03/04/2012 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 c/l	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	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	4.380	4.380	4.380	4.380	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	466.830	456.830	350.440	350.440	119.300
<u>Contribution to the Basic Fuel Price</u>	656.170	648.170	686.630	690.030	670.128
<u>Retail Price</u>	<u>1,123.00</u>	<u>1,105.00</u>			
<u>Wholesale price</u>			<u>1,037.070</u>	<u>1,040.470</u>	<u>789.428</u>

STATISTICS OF PRICE CHANGES

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

Effective from:

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