

MEDIA STATEMENT - FOR RELEASE ON 30 NOVEMBER 2012

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

ENQUIRIES: ZODWA BATYASHE : 082 455 9796 OR J MOKOBANE 082 766 3674

1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 05 DECEMBER 2012

Product:

Petrol (all grades)	9.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	5.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	6.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	4.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	5.000	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	35.000	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 NOVEMBER 2012 TO 29 NOVEMBER 2012

Although international product prices increased during the current fuel price review period, these increases were cushioned by the very high unit over recoveries which were realised at the start of the current fuel price review period. Average unit over recoveries were still realised on all fuels.

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 02 November 2012 to 29 November 2012 was 8.8252 compared to 8.6479 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 13.54 c/l, 14.74 c/l and 14.67 c/l respectively.

3. MARGIN INCREASES

The Minister of Energy has approved that the following Regulatory Accounts System (RAS) margin increases be implemented into the fuel price structures of petrol, diesel and illuminating paraffin (IP) with effect from 05 December 2012, namely:

- (a) Increase in the retail margin applicable to petrol only: 3.9 c/l from 95.3 c/l to 99.2 c/l
- (b) Increase in the wholesale margin applicable to petrol, diesel and IP: 5.5 c/l from 52.5 c/l to 58.0 c/l;
- (c) Increase in the Service differential applicable to petrol, diesel and IP: 4.5 c/l from 21.0 c/l to 25.5 c/l.

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 05 December 2012 to 01 January 2013 will be 1 131.0c/l compared to 1 136.0 c/l for the period 07 November 2012 to 04 December 2012, that is a decrease of 5 c/l

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 753.22 per metric ton (485.80 c/l), excluding VAT, for the period 05 December 2012 to 01 January 2013.

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 02/11/2012 to 29/11/2012 (cents / litre) as detailed below

23.974	15.884	16.917	14.386
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Cumulative positive/(negative) slate balances end of October 2012 (R-million)

(574.820)	(931.661)	(931.661)	(213.468)
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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	23.000	15.000	16.000	14.000
Retail Margin	(3.900)	N/A	N/A	N/A
Wholesale Margin	(5.500)	(5.500)	(5.500)	(5.500)
Services Differential	(4.500)	(4.500)	(4.500)	(4.500)
Rounding	(0.100)	N/A	N/A	N/A
LPGas BFP, Retail and VAT (increase)/decrease				35.000
<u>Total price (increase) / decrease</u>	<u>9.000</u>	<u>5.000</u>	<u>6.000</u>	<u>4.000</u>
				<u>35.000</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	37.516	30.623	31.767	29.059
Movement in Exchange Rate	(13.542)	(14.739)	(14.850)	(14.674)
<u>BFP Over/(under)-recovery for the period 02/11/2012 to 29/11/2012</u>				
	23.974	15.884	16.917	14.386

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 05/12/2012 TO 01/01/2013 WILL BE AS FOLLOWS

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	875.421	875.421
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)	1 568.541	1 707.381
Retail Margin: (15% of Subtotal (1))	235.281	256.107
Sub-total (2)	1 803.822	1 963.488
Value Added Tax (14% Sub-total (2))	252.535	274.888
Maximum Retail Price (Rounded to full cents)	2 056.000	2 238.000

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 05/12/2012 TO 01/01/2013 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	58.000	58.000	58.000	58.000	58.000
Service cost recoveries	25.500	25.500	25.500	25.500	32.900
Storage, handling & delivery costs	25.500	25.500	25.500	25.500	25.500
Distribution cost	0	0	0	0	7.400
Dealers margin	99.200	99.200	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	15.360	15.360	15.360	15.360	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	527.810	517.810	403.320	403.320	134.900
<u>Contribution to the Basic Fuel Price</u>	673.190	660.190	735.630	741.030	731.128
<u>Retail Price</u>	<u>1,201.00</u>	<u>1,178.00</u>			
<u>Wholesale price</u>			<u>1,138.950</u>	<u>1,144.350</u>	<u>866.028</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
07-Nov-12	1 210.00	1 175.00	1143.950	1119.250	870.028	828.128	2 273.00	2 091.00
05-Dec-12	1 201.00	1 166.00	1138.950	1114.250	866.028	824.128	2 238.00	2 056.00