

MEDIA STATEMENT - FOR RELEASE ON 31 DECEMBER 2009

RELEASED ON BEHALF OF THE DEPARTMENT OF ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 06 JANUARY 2010

Product:

Petrol 93 ULP & LRP	9.000	cents per litre decrease in retail price
Petrol 95 ULP & LRP	6.000	cents per litre decrease in retail price
Diesel 0.05% Sulphur	14.000	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	14.000	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	12.000	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	16.000	c/l decrease in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 27 NOVEMBER 2009 TO 30 DECEMBER 2009

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

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 November 2009 to 30 December 2009 was 7.5246 compared to 7.5722 during the previous period.

3. SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN (SMNRP)

The Single Maximum National Retail Price for Illuminating Paraffin changes on a monthly basis on the first Wednesday of each month and is promulgated in the Government Gazette. The Single Maximum National Retail Price for the period 6 January to 2 February 2010 will be 662.0 c/l compared to 678.0 c/l for the period 2 December 2009 to 5 January 2010 that is a decrease of 16.00c/l.

4. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be **R 5 198.18** per metric ton (**288.50 c/l**) for the period 6 January 2010 to 2 February 2010.

5. 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 Minerals and 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

6. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP	Diesel 0.05(%)	Diesel 0.005(%)	Illuminating Paraffin
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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 24 days from 27/11/2009 to 30/12/2009 (cents / litre) as detailed below.

5.099	13.565	13.120	12.356
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Cumulative positive/(negative) slate balances end of November 2009 (R-million)

727.081	443.827	443.827	(105.762)
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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>
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Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

6.000	14.000	14.000	12.000
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Total price (increase) / decrease

6.000	14.000	14.000	12.000
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7. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

8. ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE 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
Movements in external factors				
Movement in International Product Prices	2.538	11.000	10.538	9.764
Movement in Exchange Rate	2.561	2.565	2.582	2.592
<u>Over/(under)-recovery for the period 27/11/2009 to 30/12/2009</u>	5.099	13.565	13.120	12.356

9. 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 06/01/2010 TO 02/02/2010 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	51.087	50.868	50.860	50.860	51.072
Service cost recoveries	10.800	10.800	10.800	10.800	18.200
Storage, handling & delivery costs	10.800	10.800	10.800	10.800	10.800
Distribution cost	0	0	0	0	7.400
Dealers margin	72.700	72.700	0	0	0
Zone differential in Gauteng	14.000	14.000	14.000	14.000	29.800
IP Tracer levy	0	0	0.010	0.010	0
Fuel levy	150.000	150.000	135.000	135.000	0
Customs & excise duty	4.000	4.000	4.000	4.000	0
RAF levy	64.000	64.000	64.000	64.000	0
Petroleum Products levy	0.150	0.150	0.150	0.150	0
Slate levy	0.000	0.000	0.000	0.000	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	
Sub-total	379.737	369.518	281.820	281.820	99.072
<u>Contribution to the Basic Fuel Price</u>	406.263	397.482	407.630	410.030	413.128
<u>Retail Price</u>	786.00	767.00			
<u>Wholesale price</u>			689.45	691.85	512.20

Annexure A

STATISTICS OF PRICE CHANGES

	Petrol 95 ULP		Diesel		Illuminating Paraffin	
	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l
	From 4 January 2006 0,05% Sulphur					
03-Jan-07	598.00	574.00	551.10	537.50	447.20	424.20
07-Feb-07	575.00	551.00	542.10	528.50	421.20	398.20
07-Mar-07	599.00	575.00	552.10	538.50	431.20	408.20
04-Apr-07	667.00	643.00	590.10	576.50	462.10	438.20
02-May-07	701.00	677.00	620.30	606.50	480.10	456.20
06-Jun-07	724.00	700.00	625.30	611.50	482.10	458.20
04-Jul-07	716.00	692.00	636.30	622.50	499.10	475.20
01-Aug-07	701.00	677.00	651.30	637.50	506.10	482.20
05-Sep-07	691.00	667.00	656.30	642.50	506.10	482.20
03-Oct-07	701.00	677.00	679.30	665.50	519.10	495.20
07-Nov-07	704.00	680.00	673.30	659.50	529.10	505.20
05-Dec-07	747.00	723.00	724.30	710.50	587.10	563.20
02-Jan-08	747.00	723.00	725.30	711.50	578.10	554.20
06-Feb-08	764.00	740.00	732.30	718.50	580.10	556.20
05-Mar-08	825.00	801.00	810.30	796.50	656.10	632.20
02-Apr-08	891.00	867.00	938.30	924.50	774.10	750.20
07-May-08	946.00	922.00	1 009.30	995.50	829.60	805.70
04-Jun-08	996.00	972.00	1 080.30	1 066.50	900.60	876.70
02-Jul-08	1 070.00	1 040.00	1 143.30	1 129.50	949.60	925.70
06-Aug-08	1 040.00	1 010.00	1 127.30	1 113.50	953.00	929.10
03-Sep-08	966.00	942.00	983.30	969.50	807.00	783.10
01-Oct-08	941.00	917.00	927.30	913.50	742.00	718.10
05-Nov-08	896.00	872.00	903.30	889.50	703.00	679.10
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