

**MEDIA STATEMENT - FOR RELEASE ON 29 AUGUST 2008**

**RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY  
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**1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 03 SEPTEMBER 2008**

Product:

Petrol	The petrol prices will decrease between 69,0 c/l and 78,0 c/l throughout the country (To be read in conjunction with paragraph 2)
Diesel 0.05% Sulphur	144.000 cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	146.000 cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	146.000 cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	194.000 c/l decrease in the Single Maximum National Retail price (SMNRP)

**2. PETROL PUMP ROUNDING**

When the petrol pump prices increased above the level of R9.99 per litre for the first time in June 2008, the Department of Minerals and Energy rounded the pump prices of petrol downwards to cater for dispensers which could not display a 4-digit number. For example, a price of 1023 c/l was rounded downwards to 1020 c/l in order to display the pump price as R1.02 "X10". The difference between what the actual price should have been (1023 c/l) and the pump price (1020 c/l) was for the account of the oil industry.

From June 2008 to September 2008, the following actual pump price increases/(decreases) which should have been implemented are tabulated hereunder in cents per litre:

Month	93 ULP and LRP	95 ULP and LRP
June 2008	50.0	50.0
July 2008	73.0	75.0
August 2008	(27.0)	(27.0)
September 2008	(78.0)	(78.0)
<b>Net increase from June to September 2008</b>	<b>18.0</b>	<b>20.0</b>

Based on the above net pump price increases, the new pump prices to be effected in September 2008 were determined as indicated in the example below (c/l):

	93 ULP & LRP (Coastal area)	95 ULP & LRP (Coastal area)	93 ULP & LRP (Inland area)	95 ULP & LRP (Inland area)
Pump price in May 2008	919.0	922.0	933.0	946.0
Net increase as above	18.0	20.0	18.0	20.0
<b>Pump prices to be effected in September 2008</b>	<b>937.0</b>	<b>942.0</b>	<b>951.0</b>	<b>966.0</b>

The actual pump price decreases to be effected in September 2008 will therefore differ between the octane grades and the petrol price zones, for example (c/l):

	93 ULP & LRP (Coastal area)	95 ULP & LRP (Coastal area)	93 ULP & LRP (Inland area)	95 ULP & LRP (Inland area)
Pump Prices in August 2008	1010.0	1020.0	1020.0	1040.0
Pump Prices in September 2008	937.0	942.0	951.0	966.0
<b>Actual prices decreases in September 2008</b>	<b>73.0</b>	<b>78.0</b>	<b>69.0</b>	<b>74.0</b>

Petrol pump price decreases will be different throughout the country. A list of the new pump prices which will come into effect on 3 September 2008 is attached hereto, as well as the Magisterial District Zone for ease of cross-reference. The Magisterial District Zones are also available on the Department of Minerals and Energy's website: [www.dme.gov.za](http://www.dme.gov.za).

**3. INCREASE IN SLATE LEVY ON PETROL AND DIESEL**

The Minister of Minerals and Energy has approved an increase of 20,0 c/l in the Slate Levy applicable in the price structures of petrol and diesel with effect from 3 September 2008.

**4. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD  
01 AUGUST 2008 TO 28 AUGUST 2008**

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

The average Rand/US Dollar exchange rate weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 1 August 2008 to 28 August 2008 was 7.6845 compared to 7.6814 during the previous period.

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

The Minister of Minerals and Energy has approved the implementation of a Single Maximum National Retail Price for Illuminating Paraffin with effect from 2 April 2003. The Single Maximum National Retail Price for Illuminating Paraffin will change on a monthly basis from the first Wednesday of each month and will also be promulgated in the Government Gazette. The Single Maximum National Retail Price with effect from 3 September 2008 to 30 September 2008 will be 1062,0 c/l compared to 1256,0 c/l from 6 August 2008 to 2 September 2008, that is a decrease of 194,0 c/l.

## 6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 891.48 per metric ton (437.97 c/l) for the period 3 September 2008 to 30 September 2008.

## 7. 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.

With effect from 3 March 1999 an additional mechanism has been approved by the Minister of Minerals and Energy, intended to assist in management of cumulative slate balances and which operates as follows:

Should the cumulative individual slate balances (positive or negative) exceed R10 million for petrol, R5 million for diesel, or R1 million for illuminating paraffin, an additional 1.0 cent per litre will be added or subtracted to the price as determined in (a) and (b) above, depending on the status of the individual slate balances.

## 8. BREAKDOWN OF PRICE ADJUSTMENT

Petrol ULP	95 )	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 20 days from 01/08/2008 to 28/08/2008 (cents / litre) as detailed below.

99.553	165.793	167.543	147.352
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Cumulative positive/(negative) slate balances end of July 2008 (R-million)

(2 595.876)	(3 482.205)	(3 482.205)	( 227.483)
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**The price adjustments consist of the following elements:**

	c/l	c/l	c/l	c/l
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Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

99.000	165.000	167.000	147.000
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One cent / litre added or subtracted depending on cumulative slate balance in terms of additional mechanism

( 1.000)	( 1.000)	( 1.000)	( 1.000)
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Increase in Slate Levy

( 20.000)	( 20.000)	( 20.000)	
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**Total price (increase) / decrease**

<b>78.000</b>	<b>144.000</b>	<b>146.000</b>	<b>146.000</b>
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## 9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

## 10. 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
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**Movements in external factors**

Movement in International Product Prices

99.792	166.075	167.825	147.638
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Movement in Exchange Rate

( 0.239)	( 0.281)	( 0.282)	( 0.286)
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**Over/(under)-recovery for the period 01/08/2008 to 28/08/2008**

<b>99.553</b>	<b>165.793</b>	<b>167.543</b>	<b>147.352</b>
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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 03/09/2008 TO 30/09/2008 WILL BE AS FOLLOWS:**

	<b>Petrol 95 ULP c/l</b>	<b>Petrol 93 ULP &amp; LRP c/l</b>	<b>Petrol 91 ULP c/l</b>	<b>Diesel * 0.05% S c/l</b>	<b>Diesel * 0.005% S c/l</b>	<b>Illuminating Paraffin c/l</b>
Wholesale margin	44.887	44.668	44.449	44.660	44.660	44.872
Service cost recoveries	9.500	9.500	9.500	9.500	9.500	16.900
Storage, handling & delivery costs	9.500	9.500	9.500	9.500	9.500	9.500
Distribution cost	0	0	0	0	0	7.400
Dealers margin	64.700	64.700	64.700	0	0	0
Zone differential in Gauteng	14.500	14.500	14.500	14.500	14.500	24.100
IP Tracer levy	0	0	0	0.010	0.010	0
Fuel levy	127.000	127.000	127.000	111.000	111.000	0
Customs & excise duty	4.000	4.000	4.000	4.000	4.000	0
RAF levy	46.500	46.500	46.500	46.500	46.500	0
Petroleum Products levy	0.150	0.150	0.150	0.150	0.150	0
Slate levy	44.850	44.850	44.850	44.850	44.850	0.000
DSML	10.000	0.000	0.000	0.000	0.000	0.000
Equalisation Fund Levy	0.000	0.000	0.000	0.000	0.000	0.000
Incremental Inland Transport Recovery levy	1.500	1.500	1.500	1.500	1.500	
<b>Sub-total</b>	<b>367.587</b>	<b>357.368</b>	<b>357.149</b>	<b>276.670</b>	<b>276.670</b>	<b>85.872</b>
<b><u>Contribution to the Basic Fuel Price</u></b>	<b>598.413</b>	<b>593.632</b>	<b>587.851</b>	<b>706.630</b>	<b>709.030</b>	<b>721.128</b>
<b><u>Retail Price</u></b>	<b>966.00</b>	<b>951.00</b>	<b>945.00</b>			
<b><u>Wholesale price</u></b>				<b>983.30</b>	<b>985.70</b>	<b>807.00</b>

(\*) The wholesale price of diesel is regulated, but not the retail price

**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

**Effective from:**

From 4 January 2006 0,05% Sulphur

03-May-06	612.00	588.00	<b>571.10</b>	<b>557.50</b>	432.20	409.20
07-Jun-06	648.00	624.00	<b>600.10</b>	<b>586.50</b>	452.20	429.20
05-Jul-06	673.00	649.00	<b>632.10</b>	<b>618.50</b>	488.20	465.20
02-Aug-06	704.00	680.00	<b>654.10</b>	<b>640.50</b>	509.20	486.20
06-Sep-06	668.00	644.00	<b>629.10</b>	<b>615.50</b>	504.20	481.20
04-Oct-06	618.00	594.00	<b>595.10</b>	<b>581.50</b>	482.20	459.20
01-Nov-06	597.00	573.00	<b>593.10</b>	<b>579.50</b>	469.20	446.20
06-Dec-06	590.00	566.00	<b>568.10</b>	<b>554.50</b>	444.20	421.20
03-Jan-07	598.00	574.00	<b>551.10</b>	<b>537.50</b>	447.20	424.20
07-Feb-07	575.00	551.00	<b>542.10</b>	<b>528.50</b>	421.20	398.20
07-Mar-07	599.00	575.00	<b>552.10</b>	<b>538.50</b>	431.20	408.20
04-Apr-07	667.00	643.00	<b>590.10</b>	<b>576.50</b>	462.10	438.20
02-May-07	701.00	677.00	<b>620.30</b>	<b>606.50</b>	480.10	456.20
06-Jun-07	724.00	700.00	<b>625.30</b>	<b>611.50</b>	482.10	458.20
04-Jul-07	716.00	692.00	<b>636.30</b>	<b>622.50</b>	499.10	475.20
01-Aug-07	701.00	677.00	<b>651.30</b>	<b>637.50</b>	506.10	482.20
05-Sep-07	691.00	667.00	<b>656.30</b>	<b>642.50</b>	506.10	482.20
03-Oct-07	701.00	677.00	<b>679.30</b>	<b>665.50</b>	519.10	495.20
07-Nov-07	704.00	680.00	<b>673.30</b>	<b>659.50</b>	529.10	505.20
05-Dec-07	747.00	723.00	<b>724.30</b>	<b>710.50</b>	587.10	563.20
02-Jan-08	747.00	723.00	<b>725.30</b>	<b>711.50</b>	578.10	554.20
06-Feb-08	764.00	740.00	<b>732.30</b>	<b>718.50</b>	580.10	556.20
05-Mar-08	825.00	801.00	<b>810.30</b>	<b>796.50</b>	656.10	632.20
02-Apr-08	891.00	867.00	<b>938.30</b>	<b>924.50</b>	774.10	750.20
07-May-08	946.00	922.00	<b>1 009.30</b>	<b>995.50</b>	829.60	805.70
04-Jun-08	996.00	972.00	<b>1 080.30</b>	<b>1 066.50</b>	900.60	876.70
02-Jul-08	1 070.00	1 040.00	<b>1 143.30</b>	<b>1 129.50</b>	949.60	925.70
06-Aug-08	1 040.00	1 010.00	<b>1 127.30</b>	<b>1 113.50</b>	953.00	929.10
03-Sep-08	966.00	942.00	<b>983.30</b>	<b>969.50</b>	807.00	783.10