

MEDIA STATEMENT - FOR RELEASE ON 30 APRIL 2008

RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY

ENQUIRIES: MR B KHUMALO, DEPARTMENT OF MINERALS AND ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 07 MAY 2008

Product:

Petrol (ALL GRADES)	55.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	71.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	72.000	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	55.500	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	74.000	c/l increase in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 MARCH 2008 TO 29 APRIL 2008

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 28 March 2008 to 29 April 2008 was 7.8446 compared to 7.9884 during the previous period.

3. INCREASE IN THE SLATE LEVY ON PETROL AND DIESEL

Record is kept of the monthly average over recovery (fuel consumers paying too much) and the monthly average under recovery (consumers paying too little), the cumulative monthly movement in the Cumulative over/under recovery account (the "Slate" account) and the balance of the Slate account. A Cumulative over/under recovery levy (referred to as the "Slate" levy) is included into the price structures of petrol and diesel to finance the Cumulative under recovery (total amount owed by fuel consumers to the oil industry). Since the latter part of 2007, international crude oil and petroleum product prices increased sharply. This sharp rise in international oil and product prices resulted in sharp increases in South African fuel prices and very high under recoveries realised by the oil industry.

The negative balance in the Slate account as a result hereof also increased sharply. This negative balance reached an amount of R4.56 billion at the end of March 2008. In order to finance this balance over the next twelve months, the Minister of Minerals and Energy has approved that the Slate levy applicable in the price structures of petrol and diesel be increased from 4,85 c/l to 24,85 c/l with effect from 7 May 2008.

4. INCREASE IN THE SERVICE DIFFERENTIAL ELEMENT

The Service differential (also referred to as the delivery costs) in the price structures of petrol, diesel and Illuminating Paraffin makes provision for wholesalers to recover their costs in respect of storage and handling of products at depots and the transportation thereof from the depots to service stations and other consumers. Based on the costs of 2006, the Minister of Minerals and Energy approved that the Service Differential be increased by 2,5 c/l with effect from 7 May 2008.

5. INCREMENTAL INLAND TRANSPORT RECOVERY LEVY

The current capacity of the pipeline owned and operated by Transnet Pipelines (formerly Petronet) is utilised to its full capacity. In order to fully satisfy the demand for fuel normally supplied by this pipeline, currently 2 billion litres of petrol, diesel and jet fuel have to be supplemented by road and rail. It is estimated that this volume will increase to 5.0 billion litres in 2010 prior to the new pipeline coming into operation in the 3rd quarter of 2010. By augmenting supply by road and rail, wholesalers supplying the said market is only in a position to recoup a pipeline transport tariff from fuel price structures, whilst their actual costs of transportation far exceeds the pipeline tariff. In order for wholesalers to be cash-neutral in respect of augmenting inland supply, the Minister of Minerals and Energy approved that an Incremental Inland Transport Cost Recovery levy of 1,5 c/l be included into the price structures of petrol and diesel with effect of 7 May 2008. A schedule in regard to the Incremental Inland Transport Cost Recovery System will be promulgated in the Government Gazette on 6 May 2008.

6. 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 7 May 2008 to 3 June 2008 will be 1092,0 c/l compared to 1018,0 c/l from 1 April 2007 to 6 May 2008, that is an increase of 74,0 c/l.

7. MAXIMUM LPGAS REFINERY GATE PRICE

The current Maximum LPGas refinery gate price Regulation has been amended and will be promulgated in the Government Gazette on 1 April 2008. This amendment makes provision to adjust the maximum refinery gate price for the next month, based on fuel pricing data of the previous month, as is the case with petrol, diesel and illuminating paraffin. To accommodate this change, the maximum refinery gate price to be effected on 7 May 2008 will be R7 885.97 per metric ton (437.67 c/l) for the period 7 May 2008 to 3 June 2008.

8. 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.

9. 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 23 days from 28/03/2008 to 29/04/2008 (cents / litre) as detailed below.

(29.038) (45.548) (46.776) (51.486)

Cumulative positive/(negative) slate balances end of March 2008 (R-million)

(1 848.336) (2 556.317) (2 556.317) (156.330)

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	(30.000)	(46.000)	(47.000)	(52.000)
One cent / litre added or subtracted depending on cumulative slate balance in terms of additional mechanism	(1.000)	(1.000)	(1.000)	(1.000)
Increase in Slate levy	(20.000)	(20.000)	(20.000)	
Increase in Service Differential	(2.500)	(2.500)	(2.500)	(2.500)
Incremental Inland Transport Recovery levy	(1.500)	(1.500)	(1.500)	
<u>Total price (increase) / decrease</u>	<u>(55.000)</u>	<u>(71.000)</u>	<u>(72.000)</u>	<u>(55.500)</u>

10. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

11. 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 (40.044) (59.150) (60.495) (64.911)

Movement in Exchange Rate 11.006 13.603 13.720 13.425

Over/(under)-recovery for the period 28/03/2008 to 29/04/2008

(29.038) (45.548) (46.776) (51.486)

12. 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 07/05/2008 TO 03/06/2008 WILL BE AS FOLLOWS:**

	Petrol 95 ULP c/l	Petrol 93 ULP & LRP c/l	Petrol 91 ULP c/l	Diesel * 0.05% S c/l	Diesel * 0.005% S c/l	Illuminating Paraffin c/l
Wholesale margin	39.487	39.268	39.049	39.260	39.260	39.472
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	59.700	59.700	59.700	0	0	0
Zone differential in Gauteng	13.900	13.900	13.900	13.900	13.900	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	24.850	24.850	24.850	24.850	24.850	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	
Sub-total	336.587	326.368	326.149	250.670	250.670	80.472
<u>Contribution to the Basic Fuel Price</u>	609.413	606.632	604.851	758.630	765.030	749.128
<u>Retail Price</u>	946.00	933.00	931.00			
<u>Wholesale price</u>				1,009.30	1,015.70	829.60

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

STATISTICS OF PRICE CHANGES

Effective from:

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

07-Dec-05	545.00	532.00	529.80	516.50	400.60	378.20
04-Jan-06	549.00	526.00	517.80	504.50	398.60	376.20
01-Feb-06	563.00	540.00	517.80	504.50	402.60	380.20
01-Mar-06	552.00	529.00	517.80	504.50	406.60	384.20
05-Apr-06	573.00	549.00	544.10	530.50	412.20	389.20
03-May-06	612.00	588.00	571.10	557.50	432.20	409.20
07-Jun-06	648.00	624.00	600.10	586.50	452.20	429.20
05-Jul-06	673.00	649.00	632.10	618.50	488.20	465.20
02-Aug-06	704.00	680.00	654.10	640.50	509.20	486.20
06-Sep-06	668.00	644.00	629.10	615.50	504.20	481.20
04-Oct-06	618.00	594.00	595.10	581.50	482.20	459.20
01-Nov-06	597.00	573.00	593.10	579.50	469.20	446.20
06-Dec-06	590.00	566.00	568.10	554.50	444.20	421.20
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