

MEDIA STATEMENT - FOR RELEASE ON 30 MARCH 2007

RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY

ENQUIRIES: MS B MAFUNA, DEPARTMENT OF MINERALS AND ENERGY

TELEPHONE: (012) 317- 8086 OR 082 571 4310

1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 04 APRIL 2007

With effect from 00h01, Wednesday, 04 April 2007, the price of fuel will be adjusted as follows in Gauteng (Zone 9C) and at the Coast (Zone 1A). The fuel price increases in other zones could be higher due to increases in transport costs (refer paragraph 5 below).

Product:

Petrol 91 ULP	69.000	cents per litre increase in retail price
Petrol 93 ULP & LRP	69.000	cents per litre increase in retail price
Petrol 95 ULP & LRP	68.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	38.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	37.000	cents per litre increase in wholesale price
Illuminating Paraffin	30.900	cents per litre increase in wholesale price
Illuminating Paraffin	41.000	c/l increase in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 MARCH 2007 TO 29 MARCH 2007

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

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 March 2007 to 29 March 2007 was 7.3841 compared to 7.1956 during the previous period.

3. SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN

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 4 April 2007 to 1 May 2007 will be 602,0 c/l compared to 561,0 c/l from 7 March 2007 to 3 April 2007, that is an increase of 41,0 c/l.

4. INCREASE IN THE FUEL TAX AND ROAD ACCIDENT FUND LEVY ON PETROL AND DIESEL

The Minister of Finance, in his Budget Speech on 23 February 2007, announced an increase of 5,0 c/l in Fuel Tax and a 5,0 c/l increase in the Road Accident Fund levy applicable on petrol and diesel with effect from 4 April 2007.

5. TRANSPORT TARIFF INCREASES

The Minister of Minerals and Energy has approved the following transport tariffs and wharfage increases to be implemented into the fuel price structure with effect from 4 April 2007, namely:

- Rail transport tariffs: 4,04 percent. Rail transport tariff increases will range from 0,1 c/l to 1,5 c/l.
- Road transport tariff increases are based on the actual transport tariffs over the last twelve months. These increases will range from 0,3 c/l to 3,4 c/l.
- Cargo dues (wharfage): 4,05 percent or 0,088 c/l.

The new rail and road transport tariffs per fuel pricing zone applicable from 4 April 2007 are available on the website of the Department of Minerals and Energy (www.dme.gov.za).

6. LIQUID PETROLEUM GAS (LPGAS)

In terms of the Government Notice No R1 029 dated 31 July 2002 the **maximum refinery gate price of LPGAS** for the period 1 March 2007 to 31 March 2007 will be R 4 953.32 per metric ton (274.90 c/l).

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 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 20 days from 02/03/2007 to 29/03/2007 (cents / litre) as detailed below.	(59.600)	(29.916)	(28.878)	(28.008)
Cumulative positive/(negative) slate balances end of February 2007 (R-million)	337.833	191.528	191.528	(20.127)

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	(59.000)	(29.000)	(28.000)	(29.000)
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 Fuel Tax Fund on Petrol and Diesel	(5.000)	(5.000)	(5.000)	
Increase in Road Accident Fund on Petrol and Diesel	(5.000)	(5.000)	(5.000)	
Increase in Rail Transport costs				(0.900)
<u>Total price (increase) / decrease</u>	(68.000)	(38.000)	(37.000)	(30.900)

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	(50.018)	(20.345)	(19.265)	(18.423)
Movement in Exchange Rate	(9.582)	(9.571)	(9.613)	(9.586)
<u>Over/(under)-recovery for the period 02/03/2007 to 29/03/2007</u>	(59.600)	(29.916)	(28.878)	(28.008)

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 04/04/2007 TO 02/05/2007 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	7.000	7.000	7.000	7.000	7.000	14.400
Storage, handling & delivery costs	7.000	7.000	7.000	7.000	7.000	7.000
Distribution cost	0	0	0	0	0	7.400
Dealers margin	48.000	48.000	48.000	0	0	0
Zone differential in Gauteng	13.700	13.700	13.700	13.700	13.700	24.100
IP Tracer levy	0	0	0	0.010	0.010	0
Fuel levy	121.000	121.000	121.000	105.000	105.000	0
Customs & excise duty	4.000	4.000	4.000	4.000	4.000	0
RAF levy	41.500	41.500	41.500	41.500	41.500	0
Petroleum Pipelines levy	0.190	0.190	0.190	0.190	0.190	0
Slate levy	4.810	4.810	4.810	4.810	4.810	5.000
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
Sub-total	289.687	279.468	279.249	215.470	215.470	82.972
<u>Contribution to the Basic Fuel Price</u>	<u>377.313</u>	<u>374.532</u>	<u>371.751</u>	<u>374.630</u>	<u>376.030</u>	<u>379.128</u>
<u>Retail Price</u>	<u>667.00</u>	<u>654.00</u>	<u>651.00</u>			
<u>Wholesale price</u>				<u>590.10</u>	<u>591.50</u>	<u>462.10</u>

(*) 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

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