

## **MEDIA STATEMENT - FOR RELEASE ON 28 MARCH 2008**

**RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY**

**ENQUIRIES: MS B MAFUNA, DEPARTMENT OF MINERALS AND ENERGY**

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### **1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 02 APRIL 2008**

#### Product:

Petrol 91 ULP	68.000	cents per litre increase in retail price
Petrol 93 ULP & LRP	67.000	cents per litre increase in retail price
Petrol 95 ULP & LRP	66.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	128.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	130.000	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	118.000	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	157.000	c/l increase in the Single Maximum National Retail price (SMNRP)

### **2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 29 FEBRUARY 2007 TO 27 MARCH 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 weakened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 29 February 2008 to 27 March 2008 was 7.9884 compared to 7.6645 during the previous period.

### **3. INCREASE IN FUEL TAX AND THE ROAD ACCIDENT FUND LEVY ON PETROL AND DIESEL**

The Minister of Finance, in his Budget Speech on 20 February 2008, announced an increase of 6,0 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 2 April 2008.

### **4. PETROLEUM PRODUCTS LEVY ON PETROL AND DIESEL**

The current "Petroleum Pipelines levy" applicable on petrol and diesel will in future be referred to as the "Petroleum Products levy". In line with the approved 2008/2009 budget of the National Energy Regulator of South Africa (NERSA), this levy will be reduced from 0.19 c/l to 0.15 c/l, a decrease of 0.04 c/l.

### **5. SLATE LEVY ON PETROL AND DIESEL**

Prior to the implementation of a "Petroleum Products levy" into the price structures of petrol and diesel in March 2007, a Slate levy of 5.0 c/l was applicable in the price structures of petrol and diesel. To accommodate the implementation of this new levy, the Slate levy was reduced by 0.19 c/l from 5.0 c/l to 4.81 c/l. The decrease in the Petroleum Products levy of 0.04 c/l will now be added to the Slate levy. The Slate levy on petrol and diesel will thus amount to 4.85 c/l with effect from 2 April 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 2008. 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 2 April 2008 to 6 May 2008 will be 1018,0 c/l compared to 861,0 c/l from 5 March 2007 to 1 April 2008, that is an increase of 157,0 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 2 April 2008 will be R7 567.43 per metric ton (419.99 c/l) for the period 2 April 2008 to 6 May 2008, as will as for the month of March 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 0.05(%)	Diesel 0.005(%)	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 29/02/2008 to 27/03/2008 (cents / litre) as detailed below.

( 53.181) ( 115.596) ( 117.919) ( 116.146)

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

( 698.113) ( 840.900) ( 840.900) ( 73.359)

### 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	( 54.000)	( 116.000)	( 118.000)	( 117.000)
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	( 6.000)	( 6.000)	( 6.000)	
Increase in Road Accident Fund on Petrol and Diesel	( 5.000)	( 5.000)	( 5.000)	
<b>Total price (increase) / decrease</b>	<b>( 66.000)</b>	<b>( 128.000)</b>	<b>( 130.000)</b>	<b>( 118.000)</b>

## 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	( 30.176)	( 87.277)	( 89.368)	( 88.461)
Movement in Exchange Rate	( 23.005)	( 28.319)	( 28.551)	( 27.685)
<b><u>Over/(under)-recovery for the period 29/02/2008 to 27/03/2008</u></b>	<b>( 53.181)</b>	<b>( 115.596)</b>	<b>( 117.919)</b>	<b>( 116.146)</b>

## 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 02/04/2008 TO 06/05/2008 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	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	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	4.850	4.850	4.850	4.850	4.850	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
Sub-total	312.587	302.368	302.149	226.670	226.670	77.972
<u>Contribution to the Basic Fuel Price</u>	<u>578.413</u>	<u>575.632</u>	<u>573.851</u>	<u>711.630</u>	<u>717.030</u>	<u>696.128</u>
<u>Retail Price</u>	<u>891.00</u>	<u>878.00</u>	<u>876.00</u>			
<u>Wholesale price</u>				<u>938.30</u>	<u>943.70</u>	<u>774.10</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	<b>529.80</b>	<b>516.50</b>	400.60	378.20
04-Jan-06	549.00	526.00	<b>517.80</b>	<b>504.50</b>	398.60	376.20
01-Feb-06	563.00	540.00	<b>517.80</b>	<b>504.50</b>	402.60	380.20
01-Mar-06	552.00	529.00	<b>517.80</b>	<b>504.50</b>	406.60	384.20
05-Apr-06	573.00	549.00	<b>544.10</b>	<b>530.50</b>	412.20	389.20
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