

MEDIA STATEMENT - FOR RELEASE ON 29 SEPTEMBER 2006

RELEASED ON BEHALF OF THE DEPARTMENT OF MINERALS AND ENERGY

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1. ADJUSTMENT TO THE FUEL PRICE: WEDNESDAY, 04 OCTOBER 2006

With effect from 00h01, Wednesday, 04 October 2006, the price of fuel will be adjusted as follows:

Product:

| | | |
|-----------------------|--------|--|
| Petrol 91 ULP | 51.000 | cents per litre decrease in retail price |
| Petrol 93 ULP & LRP | 50.000 | cents per litre decrease in retail price |
| Petrol 95 ULP & LRP | 50.000 | cents per litre decrease in retail price |
| Diesel 0.05% Sulphur | 34.000 | cents per litre decrease in wholesale price |
| Diesel 0.005% Sulphur | 37.000 | cents per litre decrease in wholesale price |
| Illuminating Paraffin | 22.000 | cents per litre decrease in wholesale price |
| Illuminating Paraffin | 30.000 | c/l decrease in the Single Maximum National Retail price (SMNRP) |

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 01 SEPTEMBER 2006 TO 28 SEPTEMBER 2006

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 01 September 2006 to 28 September 2006 was 7.4347 compared to 6.9705 during the previous period.

3. INCREASE IN RETAIL MARGIN ON PETROL

The Minister of Minerals and Energy has approved an increase of 3.0 c/l in the retail margin applicable on all petrol grades.

4. INCREASE IN SLATE LEVY ON PETROL

Taking cognisance of the differential between the average (as calculated over the price review period) and the daily (28/09/2006) over recoveries, the Minister has approved that petrol prices be adjusted in line with the daily over recovery as on 28 September 2006 in order to minimize petrol price volatility and that this differential be accommodated in the Slate Levy of petrol until the next fuel price adjustment to be effected in November 2006.

5. 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 October 2006 to 31 October 2006 will be 628,0 c/l compared to 658,0 c/l from 6 September 2006 to 3 October 2006, that is a decrease of 30,0 c/l.

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 September 2006 to 30 September 2006 will be R 4 389.92 per metric ton (243.64 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 ULP | 95 Diesel 0.05(%) | Diesel 0.005(%) | Illuminating Paraffin |
|---------------|-------------------------|--------------------|--------------------------|
|---------------|-------------------------|--------------------|--------------------------|

The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 20 days from 01/09/2006 to 28/09/2006 (cents / litre) as detailed below.

| | | | |
|--------|--------|--------|--------|
| 65.342 | 35.723 | 38.992 | 23.132 |
|--------|--------|--------|--------|

Cumulative positive/(negative) slate balances end of August 2006 (R-million)

| | | | |
|------------|------------|------------|-----------|
| (654.169) | (599.174) | (599.174) | (75.893) |
|------------|------------|------------|-----------|

The price adjustments consist of the following elements:

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

| <u>c/l</u> | <u>c/l</u> | <u>c/l</u> | <u>c/l</u> |
|------------|------------|------------|------------|
| 65.000 | 35.000 | 38.000 | 23.000 |

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

| |
|-----------|
| (11.000) |
|-----------|

Increase in Retail Margin on Petrol

| |
|----------|
| (3.000) |
|----------|

Total price (increase) / decrease

| | | | |
|---------------|---------------|---------------|---------------|
| 50.000 | 34.000 | 37.000 | 22.000 |
|---------------|---------------|---------------|---------------|

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 |
|---------------|---------------------------|----------------------------|---------------------------------|
|---------------|---------------------------|----------------------------|---------------------------------|

Movements in external factors

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Movement in International Product Prices | 86.102 | 60.178 | 63.556 | 48.092 |
| Movement in Exchange Rate | (20.760) | (24.455) | (24.563) | (24.960) |

Over/(under)-recovery for the period 01/09/2006 to 28/09/2006

| | | | |
|--------|--------|--------|--------|
| 65.342 | 35.723 | 38.992 | 23.132 |
|--------|--------|--------|--------|

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 04/10/2006 TO 31/10/2006 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 | 46.900 | 46.900 | 46.900 | 0 | 0 | 0 |
| Zone differential in Gauteng | 13.700 | 13.700 | 13.700 | 13.700 | 13.700 | 23.200 |
| IP Tracer levy | 0 | 0 | 0 | 0.010 | 0.010 | 0 |
| Fuel levy | 116.000 | 116.000 | 116.000 | 100.000 | 100.000 | 0 |
| Customs & excise duty | 4.000 | 4.000 | 4.000 | 4.000 | 4.000 | 0 |
| RAF levy | 36.500 | 36.500 | 36.500 | 36.500 | 36.500 | 0 |
| Slate levy | 5.000 | 5.000 | 5.000 | 5.000 | 5.000 | 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 | 278.587 | 268.368 | 268.149 | 205.470 | 205.470 | 82.072 |
| <u>Contribution to the Basic Fuel Price</u> | 339.413 | 337.632 | 335.851 | 389.630 | 391.030 | 400.128 |
| <u>Retail Price</u> | 618.00 | 606.00 | 604.00 | | | |
| <u>Wholesale price</u> | | | | 595.10 | 596.50 | 482.20 |

(*) 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 |