

MEDIA STATEMENT - FOR RELEASE ON 02 MARCH 2007

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, 07 MARCH 2007

With effect from 00h01, Wednesday, 07 March 2007, the price of fuel will be adjusted as follows:

Product:

Petrol - All Grades	24.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	10.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	8.000	cents per litre increase in wholesale price
Illuminating Paraffin	10.000	cents per litre increase in wholesale price
Illuminating Paraffin	13.000	c/l increase in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 FEBRUARY 2007 TO 01 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 slightly when compared to the previous period. The average Rand/US Dollar exchange rate for the period 02 February 2007 to 01 March 2007 was 7.1956 compared to 7.1929 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 7 March 2007 to 3 April 2007 will be 561,0 c/l compared to 548,0 c/l from 7 February 2007 to 6 March 2007, that is an increase of 13,0 c/l.

4. RETAIL MARGIN INCREASE ON ALL GRADES OF PETROL

The Minister of Minerals and Energy has approved an increase of 1,1 c/l from 46,9 c/l to 48,0 c/l in the retail margin on all grades of petrol with effect from 7 March 2007.

5. PETROLEUM PIPELINES LEVY

The Minister of Minerals and Energy, with the concurrence of the Minister of Finance, has approved the implementation of a Petroleum Pipelines levy. A petroleum pipelines levy of 0,19 c/l will be included into the price structures of petrol and diesel with effect from 7 March 2007. It will not have an increasing effect on these fuel prices as the current Slate levy of 5,0 c/l applicable on these products will be decreased by 0,19 c/l from 5,0 c/l to 4,81 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 February 2007 to 28 February 2007 will be R 4 272.00 per metric ton (237.09 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 02/02/2007 to 01/03/2007 (cents / litre) as detailed below.

(24.909)	(11.265)	(9.022)	(8.194)
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Cumulative positive/(negative) slate balances end of January 2007 (R-million)

504.847	230.306	230.306	(19.016)
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The price adjustments consist of the following elements:

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

(24.000)	(11.000)	(9.000)	(9.000)
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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 Retail Margin on Petrol

(1.100)

Pump rounding

0.100

Total price (increase) / decrease

<u>(24.000)</u>	<u>(10.000)</u>	<u>(8.000)</u>	<u>(10.000)</u>
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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	(24.786)	(11.133)	(8.889)	(8.061)
Movement in Exchange Rate	(0.123)	(0.132)	(0.133)	(0.133)

Over/(under)-recovery for the period 02/02/2007 to 01/03/2007

	(24.909)	(11.265)	(9.022)	(8.194)
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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 07/03/2007 TO 03/04/2007 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	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
Petroleum Pipelines levy	0.190	0.190	0.190	0.190	0.190	
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	279.687	269.468	269.249	205.470	205.470	82.072
<u>Contribution to the Basic Fuel Price</u>	319.313	315.532	312.751	346.630	349.030	349.128
<u>Retail Price</u>	599.00	585.00	582.00			
<u>Wholesale price</u>				552.10	554.50	431.20

(*) 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
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