

## **MEDIA STATEMENT - FOR RELEASE ON 02 NOVEMBER 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 NOVEMBER 2007**

Product:

|                                   |        |  |
|-----------------------------------|--------|--|
| Petrol (ALL GRADES)               | 3.000  | cents per litre increase in retail price                         |
| Diesel 0.05% Sulphur              | 6.000  | cents per litre decrease in wholesale price                      |
| Diesel 0.005% Sulphur             | 6.000  | cents per litre decrease in wholesale price                      |
| Illuminating Paraffin (Wholesale) | 10.000 | cents per litre increase in wholesale price                      |
| Illuminating Paraffin (SMNRP)     | 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 28 SEPTEMBER 2007 TO 01 NOVEMBER 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 strengthened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 28 September 2007 to 01 November 2007 was 6.7877 compared to 7.1580 during the previous period.

### **3. 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 November 2007 to 4 December 2007 will be 691,0 c/l compared to 678,0 c/l from 3 October 2007 to 6 November 2007, that is an increase of 13,0 c/l.

### **4. 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 October 2007 to 31 October 2007 will be R 5 277.30 per metric ton (292.88 c/l).

## 5. 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.

## 6. BREAKDOWN OF PRICE ADJUSTMENT

| Petrol 95 ULP | 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 25 days from 28/09/2007 to 01/11/2007 (cents / litre) as detailed below. | ( 1.338)   | 7.610      | 7.783      | ( 8.891)  |
| Cumulative positive/(negative) slate balances end of September 2007 (R-million)  | ( 118.006) | ( 399.037) | ( 399.037) | ( 42.069) |

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      | ( 2.000)               | 7.000               | 7.000               | ( 9.000)                |
| One cent / litre added or subtracted depending on cumulative slate balance in terms of additional mechanism | ( 1.000)               | ( 1.000)            | ( 1.000)            | ( 1.000)                |
| <b><u>Total price (increase) / decrease</u></b>   | <b><u>( 3.000)</u></b> | <b><u>6.000</u></b> | <b><u>6.000</u></b> | <b><u>( 10.000)</u></b> |

## 7. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

## 8. 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:

|   | <b>Petrol<br/>c/l</b> | <b>** Diesel<br/>0.05%<br/>c/l</b> | <b>** Diesel<br/>0.005%<br/>c/l</b> | <b>Illuminating<br/>Paraffin<br/>c/l</b> |
|---|-----------------------|------------------------------------|-------------------------------------|--|
| <b><u>Movements in external factors</u></b>                                     |                       |                                    |                                     |  |
| Movement in International Product Prices  | ( 23.131)             | ( 17.112)                          | ( 17.116)                           | ( 33.320)                                |
| Movement in Exchange Rate   | 21.793                | 24.723                             | 24.899                              | 24.428                                   |
| <b><u>Over/(under)-recovery for the period 28/09/2007 to<br/>01/11/2007</u></b> | <b>( 1.338)</b>       | <b>7.611</b>                       | <b>7.783</b>                        | <b>( 8.892)</b>                          |

## 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 07/11/2007 TO 04/12/2007 WILL BE AS FOLLOWS:

|   | <b>Petrol 95<br/>ULP<br/>c/l</b> | <b>Petrol 93<br/>ULP &amp;<br/>LRP<br/>c/l</b> | <b>Petrol 91<br/>ULP<br/>c/l</b> | <b>Diesel *<br/>0.05% S<br/>c/l</b> | <b>Diesel *<br/>0.005% S<br/>c/l</b> | <b>Illuminating<br/>Paraffin<br/>c/l</b> |
|---|----------------------------------|--|----------------------------------|-------------------------------------|--------------------------------------|--|
| 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                                       | 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                                | 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                                       | 301.587                          | 291.368  | 291.149                          | 215.670                             | 215.670                              | 77.972                                   |
| <u>Contribution to the Basic Fuel<br/>Price</u> | <u>402.413</u>                   | <u>398.632</u>                                 | <u>395.851</u>                   | <u>457.630</u>                      | <u>461.030</u>                       | <u>451.128</u>                           |
| <u>Retail Price</u>                             | <u>704.00</u>                    | <u>690.00</u>                                  | <u>687.00</u>                    |                                     |                                      |  |
| <u>Wholesale price</u>                          |                                  |  |                                  | <u>673.30</u>                       | <u>676.70</u>                        | <u>529.10</u>                            |

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

**STATISTICS OF PRICE CHANGES**

| Petrol 95 ULP     |                 | Diesel            |                 | Illuminating Paraffin |                 |
|-------------------|-----------------|-------------------|-----------------|-----------------------|-----------------|
| Gauteng<br>SA c/l | Coast<br>SA c/l | Gauteng<br>SA c/l | Coast<br>SA c/l | Gauteng<br>SA c/l     | Coast<br>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 |