

MEDIA STATEMENT - FOR RELEASE ON 28 JULY 2006

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 AUGUST 2006

With effect from 00h01, Wednesday, 02 August 2006, the price of fuel will be adjusted as follows:

Product:

Petrol (All Grades)	31.000	cents per litre increase in retail price
Diesel 0.05% Sulphur	22.000	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	25.000	cents per litre increase in wholesale price
Illuminating Paraffin	21.000	cents per litre increase in wholesale price
Illuminating Paraffin	28.000	c/l increase in the Single Maximum National Retail price (SMNRP)

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 30 JUNE 2006 TO 27 JULY 2006

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 30 June 2006 to 27 July 2006 was 7.1276 compared to 6.9860 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 2 August 2006 to 5 September 2006 will be 665,0 c/l compared to 637,0 c/l from 5 July 2006 to 1 August 2006, that is an increase of 28,0 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 July 2006 to 31 July 2006 will be R 5 608.46 per metric ton (311.26 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
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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 30/06/2006 to 27/07/2006 (cents / litre) as detailed below.	(29.714)	(20.587)	(23.418)	(19.561)
Cumulative positive/(negative) slate balances end of June 2006 (R-million)	(840.737)	(712.945)	(712.945)	(72.277)

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	(30.000)	(21.000)	(24.000)	(20.000)
One cent / litre added or subtracted depending on cumulative slate balance in terms of additional mechanism	(1.000)	(1.000)	(1.000)	(1.000)
<u>Total price (increase) / decrease</u>	<u>(31.000)</u>	<u>(22.000)</u>	<u>(25.000)</u>	<u>(21.000)</u>

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:

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	(21.308)	(11.803)	(14.467)	(11.217)
Movement in Exchange Rate	(8.406)	(8.784)	(8.951)	(8.345)
<u>Over/(under)-recovery for the period 30/06/2006 to 27/07/2006</u>	<u>(29.714)</u>	<u>(20.587)</u>	<u>(23.418)</u>	<u>(19.561)</u>

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 02/08/2006 TO 05/09/2006 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	43.900	43.900	43.900	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	275.587	265.368	265.149	205.470	205.470	82.072
<u>Contributuin to the Basic Fuel Price</u>	<u>428.413</u>	<u>426.632</u>	<u>425.851</u>	<u>448.630</u>	<u>457.030</u>	<u>427.128</u>
<u>Retail Price</u>	<u>704.00</u>	<u>692.00</u>	<u>691.00</u>			
<u>Wholesale price</u>				<u>654.10</u>	<u>662.50</u>	<u>509.20</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