



REPUBLIC OF SOUTH AFRICA

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MEDIA RELEASE

MEDIA STATEMENT ON FUEL PRICE INCREASES FOR APRIL 2012 BY THE MINISTER OF ENERGY, MS DIPUO PETERS

3 April 2012 - The Department of Energy acknowledges that the recent fuel price increases are impacting negatively on all South Africans. The impact of the increasing pump prices for fuel inevitably has a spiral effect that leads to increases in the price of other commodities such as food which is transported to consumers by road, rail or air. Thus, while the Department is committed to fulfilling its mandate of ensuring that energy (in this case petrol or diesel) is accessible to consumers at the lowest possible costs, it is not within the powers of government to dictate market fuel prices. Rather, fuel prices are set in line with global market issues such as geopolitics, currency strengths, and speculator activity. South Africa is a price taker.

Some of the contributing factors to the high crude oil prices are:

Global economics – the global growth picture is more promising than a year ago and business optimism is starting to tick upward while growth fundamentals continue to remain sound. The stronger global economy has pushed risk markets higher including commodities like oil.

Geopolitics – The oil prices got a substantial additional push by the introduction of the Iranian oil sanctions and the risk of an Israeli attack on Iran's nuclear facility. Furthermore the increasing attacks on oil infrastructure in Iraq, after the withdrawal of US troops, have contributed to higher crude oil prices.

Electricity generation in Japan - the Japanese oil use for power generation has been increasing significantly since the March 2011 earthquake and the subsequent shutdown of their nuclear reactors.

US Refinery closures – the closures of refineries in the US east coast region which is the largest regional petrol market in the US has led to increased reliance on imports from Europe thus impacting on the Mediterranean prices that contribute 50% to the Basic Fuel Price (BFP).

Fuel Levy and Road Accident Fund (RAF)

The Minister of Finance, in his Budget Speech of 22 February, announced that the General Fuel Levy and the Road Accident Fund Levy on petrol and diesel will increase by 20.0 c/l and 8.0 c/l respectively with effect from 04 April 2012.

Differential between 95 and 93 Octane petrol

In line with the Working Rules to administer the Basic Fuel Price, the product cost differential between 95 and 93 Petrol Octane grades is adjusted on a quarterly basis. The product costs differential has decreased by 2.0 c/l and therefore 93 Octane Petrol prices increases will be 2.0 c/l less than that of 95 Octane.

Revised pipelines and road tariffs

The Minister of Energy has approved that revised pipeline and road transport tariffs are implemented into the price structures of petrol, diesel and illuminating paraffin with effect from 04 April 2012. The pipeline transport tariff adjustments are based on the decision by the National Energy Regulator of South Africa (NERSA) which sets pipeline transport tariffs and the road transport tariffs were set in line with the Vehicle Costs Schedule (concept 17 tanks) of the Road Freight Association (RFA) with effect from October 2011. Primary transport costs implemented into fuel price structures is an extension of the import parity and the cost-recovery principle used by the Department of Energy to determine the value of primary costs in each of the Fuel Pricing Zones. The magnitudes of transport costs reflected in fuel prices structures are therefore a function of transport distances from the inland region. Taking cognizance of the revised pipeline and road transport tariff adjustments to be effected on 04 April 2012, the magnitude

thereof will differ between Fuel Price Zones and therefore final fuel price adjustments to be effected on 04 April 2012 will differ between Fuel Price Zones.

Rand/Dollar exchange rate

The average Rand/US Dollar exchange rate strengthened when compared to the previous period. The average Rand/US Dollar exchange rate for the period 02 March 2012 to 30 March 2012 was 7.6193 compared to 7.6790 during the previous period.

The strengthening of the Rand against the US Dollar decreased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by at least 5cpl.

The following fuel prices increase will be effective at mid-night today.

Product	Coastal area	Inland area
Petrol 95 Octane	66c per litre	71c per litre
Petrol 93 Octane	68c per litre	73c per litre
Diesel 500ppm	47.6c per litre	51.9c per litre
Diesel 50ppm	49.6c per litre	53.9c per litre
Paraffin (Wholesale)	20.6c per litre	26.6c per litre
Single National Maximum Retail Price of Paraffin	32c per litre	
LPG (country-wide)	68c per kg	

Fuel efficiency

To reduce consumption and fuel costs motorists are urged to be more fuel efficient by carefully planning their trips, avoid over speeding, and use public transport whenever it is practically possible to do so. The utilisation of lift clubs can also go a long way in reducing the transportation costs for individuals who participate in such a programme.

Statement Issued by the Department of Energy

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