ANNEXURE A

("Working Rules to administer changes in the price of regulated fuel")

CALCULATION OF THE BASIC FUELS PRICE (BFP) AND SPECIFIC FACTORS RELATING THERETO

1. WORKING DAYS (5-DAY WEEK AVERAGE)

In calculating the average Basic Fuels Price (BFP) for the price determination periods, and the resultant unit over / (under) recoveries for the fuel price review period preceding the fuels price adjustment on the first Wednesday of each month, only week days (i.e. Monday to Friday) will be used. Where any week day happens to be a public holiday of South Africa or in the relevant overseas country the data as at the previous work day will be carried forward and deemed to be applicable for that public holiday.

For example, (a) in the event of any week day being an international public holiday, Platts prices for the previous trading day will be applicable for that day, and (b) where any week day is a South African public holiday, the exchange rate of the previous working day will be applicable for that day.

2. BASIC FUELS PRICE (BFP) DETERMINATION OUTLINE AND KEY FACTORS

Determination of import parity values for regulated fuels are based on the following elements:

a. Averaged CIF (FOB Spot prices & Spot premiums, plus freight, including demurrage allowances and insurance), plus
b. Ocean Loss Allowance, plus
c. Cargo Dues
   = Landed costs for imports at South African ports, plus
d. Coastal Storage Cost, plus
e. Stock Financing Cost.

Total of the values from (a) to (e) above equates to the Basic Fuels Price for the applicable products.

Note: All calculations referred to in (a) to (e) above needs to be rounded to 3 decimal places, with the exception of the exchange rate where 4 decimal places are used.

Details for determination and calculation of the amounts of these elements are given in the paragraphs that follow.

3. CONVERSION RATES (VOLUMETRIC AND MASS)

The following standard volumetric and mass conversion rates are to be used to convert quoted FOB Spot/Cargo and freight data in US barrels or metric tons, to litres (@ 20 degrees Centigrade):

3.1. Platts Product FOB Spot/Cargo prices - Metric tons to barrels

Mediterranean FOB Cargo prices are quoted by Platts in US dollars per metric ton. The following standard factors are quoted in Platts for conversions to prices per barrel (@ 60 degrees Fahrenheit):

Petrols (Med) : 8.35 barrels per ton
Diesels (Med) : 7.46 barrels per ton
Kerosene (Med) : 7.88 barrels per ton

To arrive at prices per litre (at 20 degrees Centigrade), the steps described in (b) below must then be followed.

3.2. Platts Product FOB Spot prices - Barrels to US gallons, and to litres

Singapore and Arab Gulf FOB spot prices are quoted by Platts in US dollars per barrel (@ 60 degrees Fahrenheit). The standard conversion rate for fuels from barrels to US gallons is:

1 barrel = 42 US gallons.

The following factors are then applied to US gallon values (@ 60 degrees Fahrenheit) to arrive at values per litre at 20 degrees Celsius:

Petrol 1 US gallon = 3.8038 litres
Diesel 1 US gallon = 3.7991 litres
Illuminating Paraffin 1 US gallon = 3.8011 litres

3.3. Worldscale freight quotations – Metric tons to litres

Worldscale freight rates are expressed in metric tons – standard densities (@ 20 degrees Celsius) to be used for conversion to values in litres are:

Petrol = 0.750 (1 000 litres = 750 kg)
Diesel = 0.840 (1 000 litres = 840 kg)
Illuminating Paraffin = 0.795 (1 000 litres = 795 kg)

These factors are consistent with the Platts barrels per ton conversion factors as tabled in (a) above.

4. UNIT RATE AND CUMULATIVE SLATES

It is noted that independently of, but consistent with the principles of these Working Rules, the SA Petroleum Industry Association (SAPIA) will maintain "Unit Rate Slates" recording for all products and grades, monthly in arrears on a daily and calendar month average basis, the over / (under) recovery amounts resulting from differences between actual daily Basic Fuels Price values and those included in current coastal wholesale selling prices. It is noted that the method of product cost determination will be the same as for the Basic Fuels Price, except that all average values will be on a calendar month basis. These Slate unit rate recovery amounts multiplied by monthly total oil company fuel sales volumes, will be recorded monthly in a "Cumulative Slate" account. The relevance of this Cumulative Slate account to other aspects of fuels price structures and administration is covered in paragraph 5 of the Working Rules, and further information is provided in Annexure B, paragraphs 11 and 12.

5. PRICE CHANGE AMOUNT FOR INDIVIDUAL PETROL (MOGAS) GRADES, AND CHANGES TO PRICE DIFFERENTIAL AMOUNTS BETWEEN PETROL GRADES

In the case of determining monthly Wholesale and Retail Pump price change amounts for petrols, this will be done on the basis of Basic Fuels Price calculations for Mogas 95 Octane Unleaded only – refer to paragraph 6 for details. The prices of Mogas 91 Octane Unleaded, Mogas 93 Octane Unleaded, Mogas 93 Octane Lead Replacement Petrol (LRP) and Mogas 95 Octane Lead Replacement Petrol (LRP) will normally be adjusted by the same amount as the result obtained for Mogas 95 Octane Unleaded.

Determination of price differential amounts between petrol grades will be as described in paragraph 6, it being noted that the cost differences between the various grades will be monitored, and that requisite changes will be made at the beginning of each calendar quarter (i.e. first Wednesday of January, April, July and October) to the Wholesale and Retail Pump price differentials of other grades versus the benchmark Mogas 95 Octane Unleaded grade.

6. WHOLESALE AND RETAIL PRICE DIFFERENTIAL AMOUNT DETERMINATION BETWEEN PETROL GRADES

Petrol price differential values are to be calculated for the price determination period applicable to the first Wednesday at the beginning of each calendar quarter as described above, on the criteria explained below.

Currently the most commonly quoted petrol grade in the international markets is Mogas 95 Octane Unleaded. Platts does not provide price assessments in the relevant markets for all the grades required for the South African market.

Therefore a basis has been agreed for calculating differential values to be applied to the Mogas 95 Octane Unleaded BFP's FOB values (as the benchmark grade), in order to arrive at deemed FOB values for all the other petrol grades.

For unleaded grades other than the 95 octane, the relevant differential values will be determined on the basis of the Singapore octane differentials determined from the daily Singapore assessments for unleaded petrols of different octanes.

In the case of Mogas 93 Octane LRP, it will be deemed that the FOB value is the same as that of Mogas 93 Octane Unleaded, and in the case of Mogas 95 Octane LRP, it will be deemed that the FOB value is the same as that of Mogas 95 Octane Unleaded.

Section 6.2 below describes the details of these calculations, and section 6.3 the quarterly differential adjustments to Wholesale and Retail prices.

6.1 Price incentives – Unleaded vs LRP of similar octane values

If so required for policy reasons, establishment of wholesale and pump price differentials between unleaded petrol and LRP will be by means of differentiated fuels taxation amounts (e.g. Fuel levy).

6.2 Octane / product cost differential amounts between petrol grades

Apart from the impacts of fuels taxation for lead replacement versus unleaded price differentiation, the price differences between petrol grades reflecting product cost are to be determined on the following basis, using the Basic Fuels Price FOB of 95 Octane Unleaded as the starting point, noting that values shown are for illustrative purposes and are as at 20 October 2005:

a. 91 Octane Unleaded

Difference between the mean of the daily high and low Platts assessments for Singapore FOB Spot prices for 95 Octane Unleaded and 92 Octane Unleaded, prorated at four thirds of the difference.

Differential calculation

= [($67.22/Bbl +$67.18/Bbl)/2 – ($65.62/Bbl + $65.58/Bbl)/2] / 3 X 4
= $ 2.133/Bbl

FOB value = BFP 95 FOB (refer to par 7.1) - Differential calculated above
= $64.094/Bbl - $ 2.133/Bbl
= $61.961/Bbl

b. 95 Octane Unleaded and Lead Replacement

Marker grade using Platts assessments available for calculation of BFP FOB value (see paragraph 7.1), no differential calculated.

c. 93 Octane Unleaded and Lead Replacement

Difference between the mean of the daily high and low Platts assessments for Singapore FOB Spot prices for 95 Octane Unleaded and 92 Octane Unleaded, prorated at two thirds of the difference.

Differential calculation
= [($67.22/Bbl +$67.18/Bbl)/2 – ($65.62/Bbl + $65.58/Bbl)/2] / 3 X 2
= $ 1.067/Bbl

FOB value = BFP 95 FOB (refer to par 7.1) - Differential calculated above
= $64.094/Bbl - $ 1.067/Bbl
= $63.027/Bbl

6.3 Quarterly differential adjustments to Wholesale and Retail prices

The differential values between the different petrol grades are adjusted in the Wholesale and Retail prices on the first Wednesday at the beginning of each calendar quarter as follows:

(a) Calculate the Basic Fuels Price values for the different petrol grades in accordance with these Working Rules.
(b) (b) Round the Basic Fuels Price values to the nearest full cent.
(c) Determine the Basic Fuels Price differentials between the rounded 95 Octane Unleaded BFP and the other petrol grades: BFP as in step (b).
(d) Calculate the new **retail price** for Petrol 95 Octane Unleaded in accordance with these Working Rules.
(e) Add/Subtract the calculated differential for each petrol grade as per step (c) to the new **retail price** of Petrol 95 Octane Unleaded, to determine the retail prices for the other petrol grades.

For example (Price data averaged for 02/09/2005 – 29/09/2005)
95 Octane Unleaded unit under recovery = (9.757) c/l
Rounded (Cumulative Slate negative) = 10.0 c/l
Slate Adjustment Factor = 1.0 c/l

Petrol price increase amount = 11.0c/l

SA c/l	Sep 2005 Retail Price (1A)	CEF BFP calculated (02/09 – 29/09)	CEF BFP Rounded to nearest full cent	Rounded BFP differential to 95 Octane Unleaded	95 Octane Unleaded Price change	New Retail Price (1A) Oct 2005	Retail price change per grade
95 ULP & LRP	582.0	335.870	336.0	-	+ 11.0	593.0	+ 11.0
93 ULP & LRP	578.0	333.063	333.0	-3.0		590.0	+ 12.0
91 ULP (illustrative)		*330.254*	*330.0*	*- 6.0*		*587.0*	

7. FOB BASKET – ALL PETROLS, DIESELS AND ILLUMINATING PARAFFIN

International FOB Spot and cargo prices are to be obtained from Platts, a specialist data service division of the McGraw Hill Group of companies. More specifically, Platts is an energy information provider specialising in news, price data and analysis for the complete spectrum of the energy industry.

For the purpose of these price calculations Platts Quoted Prices shall mean the arithmetical mean of the daily high prices and the daily low prices, on the same day, of the spot prices together with the applicable spot premium, if any quoted by Platts, for each day of the price determination period in question.

FOB prices of the Basic Fuels Price calculations are to be determined as described and illustrated below using values based on data on 20 October 2005 for **ILLUSTRATIVE PURPOSES**:

	FOB Med (Italy) Cargo assessments ($/ton)		**FOB Singapore Spot assessments ($/Bbl)**		**FOB Arab Gulf Spot assessments ($/Bbl)**	
	High	**Low**	**High**	**Low**	**High**	**Low**
Prem Unleaded	509.75	508.75				
Gasoil 0.2	549.25	548.25				
50 PPM ULSD	580.75	579.75				
Jet Av Fuel	597.75	596.75				
Jet Med Prem	5.00	4.00				
Mogas 97 Unl			69.47	69.43		
Mogas 95 Unl			67.22	67.18		
Mogas 92 Unl			65.62	65.58		
Gasoil 0.25% S					66.51	66.47
Gasoil 0.05% S					69.86	69.82
Kero					69.33	69.29
Prem Gasoil 0.25% S					2.62	2.58
Prem Gasoil 0.05% S					5.97	5.93
Prem Jet					2.22	2.18

7.1 Petrol (Mogas)

The methodology for establishing FOB's (in $/bbl) of other grades is described in paragraph 6.2 above, and the following is the basis for determining the BFP 95 Octane Unleaded FOB value:

The sum of:
50% of the mean of the daily high and low Med (Italy) Premium Unleaded (95 Octane) FOB Cargo assessments in US $/ton; plus
50% of the mean of the daily high and low Singapore 95 Octane Unleaded FOB Spot assessments in US $/Bbl, as calculated in the example below.

Average basket price expressed in US $/Bbl:

50% of Med (($509.75/ton + $508.75/ton)/2)/8.35 = $30.494/Bbl
50% of Singapore ($67.22/Bbl + $67.18/Bbl)/2 = $33.600/Bbl
FOB value 95 Octane Unleaded = $64.094/Bbl

Conversion to SA cents per litre, where $1 = R 6.00

($64.094/Bbl / 42) X 100) = 152.605 US cents / US gallon
(152.605 / 3.8038) = 40.119 US cents / litre
(40.119 X 6.00) = 240.714 SA cents / litre

Note: Actual conversion calculation formula will be expressed in a single series, and not in steps as shown above (which was done only to facilitate explanation). Due to roundings, this will result in slightly different final numbers.

7.2 Diesel (Gasoil) 0.3% Sulphur (3000ppm)

The sum of:
50% of the mean of the daily high and low Med (Italy) Gasoil 0.2% Sulphur FOB Cargo assessments in US $/ton; plus
50% of the mean of the daily high and low Arab Gulf Gasoil 0.25% Sulphur FOB Spot assessments in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf FOB spot premium for this grade as calculated in the example below.

Average basket price expressed in US $/Bbl:

50% of Med (($549.25/ton + $548.25/ton)/2)/7.46 = $36.780/Bbl
50% of Arab Gulf ($66.51/Bbl + $66.47/Bbl)/2 = $33.245/Bbl
50% of Arab Gulf Premium ($2.62/Bbl + $2.58/Bbl)/2 = $01.300/Bbl
FOB value Diesel 0.3 % S = $71.325/Bbl

Conversion to SA cents per litre, where $1 = R 6.00

($71.325/Bbl / 42) X 100) = 169.821 US cents / US gallon
(169.821 / 3.7991) = 44.700 US cents / litre
(44.700 X 6.00) = 268.200 SA cents / litre

7.3 Diesel (Gasoil) 0.05% Sulphur (500ppm)

The sum of:
50% of the mean of the daily high and low Med (Italy) "Gasoil 500ppm Calculated" FOB Cargo assessments in US $/ton, where the "Gasoil 500ppm Calculated" assessment is determined as follows: [(Mean of the daily high and low Med Gasoil 0.2 FOB Cargo assessments in US $/ton minus Mean of the daily high and low Med 50ppm ULSD FOB Cargo assessments in US $/ton) / 1950 X 450 plus Mean of the daily high and low Med 50ppm ULSD Cargo FOB assessments]; plus
50% of the mean of the daily high and low Arab Gulf Gasoil 0.05% Sulphur FOB Spot assessments in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf FOB spot premium for this grade as calculated in the example below.

Average basket price expressed in US $/Bbl:

50% of Med ($549.25/ton + $548.25/ton)/2 –
($580.75/ton + $579.75/ton)/2) / 1950 X 450
+ ($580.75/ton + $579.75/ton)/2)/7.46 = $38.404/Bbl
50% of Arab Gulf ($69.86/Bbl + $69.82/Bbl)/2 = $34.920/Bbl
50% of Arab Gulf Premium ($5.97/Bbl + $5.93/Bbl)/2 = $02.975/Bbl
FOB value Diesel 0.05 % S = $76.299/Bbl

Conversion to SA cents per litre, where $1 = R 6.00

($76.299/Bbl / 42) X 100) = 181.664 US cents / US gallon
(181.664 / 3.7991) = 47.818 US cents / litre
(47.818 X 6.00) = 286.908 SA cents / litre

7.4 Diesel (Gasoil) 0.005% Sulphur (50ppm)

The sum of:
50% of the mean of the daily high and low Med (Italy) ULSD Gasoil 50ppm FOB Cargo assessments in US $/ton, plus
50% of the mean of the daily high and low "Calculated Arab Gulf Gasoil 50ppm Sulphur FOB Spot assessment" in US $/Bbl where the "Gasoil 50ppm Calculated" assessment is determined as follows: [(Mean of the daily high and low Arab Gulf Gasoil 0.05 % Spot FOB & Premium assessments in US $/bbl minus Mean of the daily high and low Arab Gulf 0.25 % Spot FOB & Premium assessments in US $/bbl) / 2000 X 450 plus Mean of the daily high and low Arab Gulf 0.05 % Cargo FOB & Premium assessments], as calculated in the example below.

Average basket price expressed in US $/Bbl:

50% of Med ($580.75/ton + $579.75/ton)/2/7.46	= $38.891/Bbl
50% of Arab Gulf ($69.86/Bbl + $69.82/Bbl + $5.97/Bbl + $5.93/Bbl)/2 – ($66.51/Bbl + $66.47/Bbl + $2.62/Bbl + $ 2.58/Bbl)/2) / 2000 X 450 + ($69.86/Bbl + $69.82/Bbl + $5.97/Bbl + $5.93/Bbl)/2	= $38.649/Bbl
FOB value Diesel 0.005 % S	= $77.540/Bbl

Conversion to SA cents per litre, where $1 = R 6.00

($77.540/Bbl / 42) X 100)	= 184.619 US cents / US gallon
(184.619 / 3.7991)	= 48.595 US cents / litre
(48.595 X 6.00)	= 291.570 SA cents / litre

7.5 Illuminating Paraffin

The sum of:
50% of the mean of the daily high and low Med (Italy) Jet Av Fuel FOB Cargo assessments in US $/ton plus the mean of the daily high and low Med (Italy) Jet premium FOB Cargo assessments in US $/ton; plus
50% of the mean of the daily high and low Arab Gulf Jet/Kero FOB Spot assessments in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf FOB spot premium for this grade as calculated in the example below.
Quality Premia of $0.25/Barrel

Average basket price expressed in US $/Bbl:

50% of Med ($597.75/ton + $596.75/ton)/2)/7.88	= $37.897/Bbl
50% of Med Premium ($5.00/ton + $4.00/ton)/2)/7.88	= $00.286/Bbl
50% of Arab Gulf ($69.33/Bbl + $69.29/Bbl)/2	= $34.655/Bbl
50% of Arab Gulf Premium ($2.22/Bbl + $2.18/Bbl)/2	= $01.100/Bbl
Quality Premium	= $00.250/Bbl
FOB value Illuminating Paraffin	= $74.188/Bbl

Conversion to SA cents per litre, where $1 = R 6.00

($74.188/Bbl / 42) X 100)	= 176.638 US cents / US gallon
(176.638 / 3.8011)	= 46.470 US cents / litre
(46.470 X 6.00)	= 278.820 SA cents / litre

8. EXCHANGE RATE

The average R/US$ selling rate of exchange of First National Bank, Standard Bank, ABSA Bank and Nedbank as at eleven o'clock each business day provided by email or fax to CEF, is used. The average for the price determination period is calculated excluding weekends, and on public holidays the rate for the previous working day is used.

9. FREIGHT

The freight component of the Basic Fuels Price is determined from the factors described in (a), (b) and (c) below.

(a) Basic Worldscale freight rate

A volume weighted average for South African ports of the Worldscale "flat" rates in US$/ton for the relevant voyages will be used. Single port discharge rates will apply in the case of Durban and Cape Town, but two port discharge rates will apply to each of the three minor ports of East London, Port Elizabeth and Mossel Bay (one average rate for all three of these ports will be used). These volume weightings will be reviewed every 2nd year, with changes to be implemented in January of that year (next review results to be implemented January 2008 – based on the market share volumes for the average of the 12 months ending October 2007).

The relevant voyages are those from Augusta (reference Mediterranean port in Sicily), Mina Al Ahmadi (reference Arab Gulf ports), and Singapore to South African ports (* see Notes 1 and 2 below for detail). The freight calculation will use 50/50 combinations of the rates for these deemed voyages, either 50/50 Med/AG or 50/50 Med/Singapore as appropriate to the deemed FOB sources of the product concerned (see paragraph 7 above).

Example calculation of worldscale rates for 2005

Single port discharge rates are used for the larger SA ports, and dual port discharge rates for smaller ports. As dual port rates are not available for all ports, it is calculated using the average of a number of dual port tariffs for other destinations in the regions.

Port	Cape Town	Durban	Mossel Bay	Port Elizabeth	East London
Weighting	*13.7%*	*76.2%*	*2.1%*	*4.2%*	*3.8%*
SINGLE DISCHARGE PORT RATES – as published					
Mina-al-Ahmadi	10.44	9.07	9.95	9.87	9.64
Augusta via Cape Town	12.66	14.12	13.14	13.59	13.81
Singapore	11.11	9.82	10.62	10.54	10.31
Cape Town			2.16	2.60	2.82
Durban			2.64	2.56	2.34
Aden			7.85	7.76	7.54
Rotterdam			12.77	13.22	13.43

DUAL DISCHARGE PORT RATES – as published			
Port	**Port Elizabeth/ East London**	**Mossel Bay/ East London**	**Mossel Bay/ Port Elizabeth**
Mina-al-Ahmadi	10.53	10.62	10.63
Singapore	11.21		11.30
Cape Town	3.48		3.10
Durban	3.23	3.30	3.31
Aden	8.43	8.52	
Rotterdam	14.11		

CALCULATE THE DIFFERENCE BETWEEN DUAL PORT AND SINGLE PORT DISCHARGE RATES			
Port	**Port Elizabeth/ East London**	**Mossel Bay/ East London**	**Mossel Bay/ Port Elizabeth**
Mina-al-Ahmadi	0.775	0.825	0.720
Singapore	0.785		0.720
Cape Town	0.770		0.720
Durban	0.780	0.810	0.710
Aden	0.780	0.825	
Rotterdam	0.785		
Average	0.7792	0.8200	0.7175

CALCULATE DUAL PORT DISCHARGE RATES FOR PORTS NOT PUBLISHED BY ADDING THE CALCULATED DIFFERENCE TO THE SINGELE PORT DISCHARGE RATES			
Port	**Port Elizabeth/ East London**	**Mossel Bay/ East London**	**Mossel Bay/ Port Elizabeth**
Augusta	14.48	14.30	14.08
Singapore		11.29	

BFP Worldscale Rates						
Port	**Cape Town**	**Durban**	***Mossel Bay**	***Port Elizabeth**	***East London**	**BFP Rate**
Mina-al-Ahmadi	10.44	9.07	10.63	10.63	10.63	**9.42**
Augusta via Cape Town	12.66	14.12	14.19	14.19	14.19	**13.93**
Singapore	11.11	9.82	11.30	11.30	11.30	**10.15**
Diesel/Kero	**11.55**	**11.60**	**12.41**	**12.41**	**12.41**	**11.67**
Petrol	**11.89**	**11.97**	**12.75**	**12.75**	**12.75**	**12.04**

* Two port discharge logistics using MR vessels require Mossel Bay as the first discharge port, because of draught limitations in the other two minor ports.

Plus

(b) Demurrage rate

Calculated using a three day period and based on the Demurrage Rates published by the World Scale Association Limited in the “Table of Demurrage Rates”, expressed in US$/tons for the price determination period in question, applicable to vessels falling within the range of 35 000 to 39 999 DWT class of tankers, it being recorded that the arithmetical mean equals 37 499.5 which is used in the calculation.

It is noted that per the 2005 tariffs the resultant basic rate is $0.188 per ton per day, which is to be added to Worldscale freight rates as described in (c) below.

Example of 2005 demurrage rate determination
= $7 050 / 37 499.5
= $0.188/ton

(c) AFRA plus premium adjustment to Worldscale freight and Demurrage rates

To resultant averaged Worldscale freight plus demurrage rates, apply the Average Freight Rate Assessment (AFRA) percentage for Medium Range vessel category for clean product, plus a premium of 15% (this premium being necessary to reflect the typical differential between actual rates to South African ports and AFRA rates.

Notes: Detail of freight rate determination

1. The “Average of South African Ports” or deemed percentage weighting (by volume) of imports into South African ports is a follows:
   Durban 76.2%, East London 3.8%, Port Elizabeth 4.2%, Mossel Bay 2.1%, Cape Town 13.7%

2. Worldscale “ flat” rates and demurrage rates change annually on 1 January;

3. Worldscale and monthly AFRA information is obtained on subscription from the London Tanker Broker’s Panel.

10. INSURANCE

An element of 0.15% of the C and F (FOB plus Freight) to cover insurance as well as other costs such as letters of credit, surveyors’ and agents’ fees, and laboratory costs.

11. CIF

The sum of the elements FOB, Freight (including demurrage) and insurance represents the CIF (Cost, Insurance and Freight) cost for products destined for South Africa.

12. OCEAN LOSS

A loss allowance factor of 0.3% to be calculated on CIF values for products is applicable to provide for typical uninsurable losses during transportation.

13. CARGO DUES

Cargo Dues are to be in terms of the ruling National Ports Authority of South Africa “contract” tariffs for “petroleum products” (and in particular for petrols, diesel fuels and illuminating paraffin included in this commodity grouping), currently 1.892 SA cents per litre with effect from 6 April 2005.

14. LANDED COST VALUES AT AVERAGE SOUTH AFRICAN PORTS

This value for each fuel will be the sum of the values of the elements described in the paragraphs above namely:

- FOB (paragraph 7) plus;
- Freight (paragraph 9) plus;
- Insurance (paragraph 10) plus;
- Ocean Loss (paragraph12) plus
- Cargo Dues (paragraph13).

15. COASTAL STORAGE

This is to cover the cost of providing storage and handling facilities at coastal terminals. The cost of storage was initially assessed in 2002 at 2.5 SA cents per litre per month (based on a study by PEL which assessed typical international storage rates at US $3.00 per ton per month).

The BFP makes provision for 25 days of storage. Hence the initial value of the deemed storage cost element in the BFP was (2.5 c/l multiplied by 25 divided by 30) = 2.083 SA cents per litre.

This cost factor is to be escalated annually (base year 2000 = 100, and June 2002 = 123.7) in accordance with movements in the Production Price Index for June each year, and the resultant change is to be implemented in the BFP calculation with effect from 1 August. The financial consequences of the resultant delay in implementing the above in fuels prices are to be recorded on the Cumulative Slates with effect from 1 July of each year until date of implementation in fuels prices.

Example of coastal storage value revision:

$CS = PPI^{n} / PPI^{B} \times 2{,}083$ c/ℓ
Where
CS = Revised value for coastal storage
PPI^{n} = Production Price Index for all commodities for consumption in South Africa for June of each year (Statistics SA publication P0142.1);
PPI^{B} = Production Price Index for June 2002, that is 123.7 (base year 2000 = 100)

16. STOCK FINANCING COST

This is to be calculated as a SA cents per litre amount for each product on monthly “landed cost values at average SA ports” (per paragraph 14 above), the basis of the calculation being:

(a) 25 days stock, and
(b) deemed interest rate of two percentage points below the ruling prime interest rate of the Standard Bank of South Africa, as pertaining for the price determination period in question.

Thus the value of the deemed finance cost element will be:

SFC = (LCV x (PR – 2%)) x 25 / 365
Where
SFC = the Stock Financing Cost
LCV = the Landed Cost Value for the applicable product
PR = the Prime Rate of Standard Bank

17. BASIC FUELS PRICE

The Basic Fuels Price values determined by these Working Rules are the sum of the CIF, Ocean Loss, Cargo Dues, Coastal Storage cost and Stock Financing cost elements as described above.