EFFECTIVE: 31 MARCH 2023

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 weekday 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, except for 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 (@ 15 degrees Celsius):
Petrols (Med) : 8.33 barrels per ton
Diesels (Med) : 7.45 barrels per ton
Kerosene (Med) : 7.89 barrels per ton

To arrive at prices per litre (at 20 degrees Celsius), the steps described in 3.2 and 3.3 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 (@ 15 degrees Celsius). 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 (@ 15 degrees Celsius) to arrive at values per litre at 20 degrees Celsius:
Petrol 1 US gallon = 3.805 litres
Diesel 1 US gallon = 3.801 litres
Illuminating Paraffin 1 US gallon = 3.803 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 = 0.800 (1 000 litres = 800 kg)

These factors are consistent with the Platts barrels per ton conversion factors as tabled in 3.1 above.

4. UNIT RATE AND CUMULATIVE SLATES
It is noted that independently of, but consistent with the principles of these Working Rules, the Department of Mineral Resources and Energy (DMRE) together with the South African 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 based on Basic Fuels Price calculations for Mogas 95 Octane Unleaded only – refer to paragraph 6 for details.

The prices of 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 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 petrol's 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 08 December 2022:

a. 92 and 95 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

= [($84.86/Bbl +$84.82/Bbl)/2 – ($79.98/Bbl + $79.94/Bbl)/2] / 3 X 4
= $ 6.507/Bbl

FOB value = BFP 95 FOB (refer to par 7.1) - Differential calculated above
= $83.056/Bbl - $ 6.507/Bbl
= $76.549/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
= [($84.86/Bbl +$84.82/Bbl)/2 – ($79.98/Bbl + $79.94/Bbl)/2] / 3 X 2
= $ 3.253/Bbl

FOB value = BFP 95 FOB (refer to par 7.1) - Differential calculated above
= $83.056/Bbl - $ 3.253/Bbl
= $79.803/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) 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.

SA c/l	**Sept 2022 Retail Price (1A)**	**CEF BFP Calculated (28/10-02/12)**	**CEF BFP Rounded to nearest full cent**	**Rounded BFP differential to 95 Octane Unleaded**	**95 Octane Unleaded Price change**	**New Retail Price (1A) Oct 2022**	**Retail price change per grade**
95 ULP& LRP	2273.0	1145.750	1146.0		-102.0	2171.0	-102.0
93 ULP&LRP	2230.0	1115.750	1116.0	-30.0		2141.0	-89.0

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

International FOB Spot and cargo prices are obtained from Platts, a specialist data service division of S&P Global Platts. More specifically, Platts is an energy information provider specializing in news, price data and analysis for the complete spectrum of the energy industry.

For these price calculations, Platts Quoted Prices shall mean the arithmetical mean of the published daily high prices and the daily low prices, on the same day, of the spot prices together with the applicable spot premium, if any as 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 08 December 2022 for **ILLUSTRATIVE PURPOSES**:

	FOB MED (Italy) Cargo assessments ($/ton)		**FOB Singapore assessments ($/Bbl)**		**FOB Arab Gulf Spot assessments ($/Bbl)**	
	High	Low	High	Low	High	Low
Prem Unleaded	677.25	676.25				
Gasoil 0.1	753.00	752.50				
10 PPM ULSD	796.75	796.25				
Jet Fuel (MED)	821.25	820.75				
Mogas 95 ULP			84.86	84.82		
Mogas 92 ULP			79.98	79.84		
Gasoil 50 ppm					95.94	95.90
Gasoil 500 ppm					92.87	92.83
Prem Gasoil 50 ppm					7.49	7.45
Prem Gasoil 500 ppm					4.42	4.38
Jet Kero					92.59	92.55
Prem Jet Kero					7.32	7.28

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 (Platts code AAWZA00); plus 50% of the mean of the daily high and low Singapore 95 Octane Unleaded FOB Spot assessments in US $/Bbl (Platts code PGAEZ00), as calculated in the example below.

Average basket price expressed in US $/Bbl:
50% of Med (($677.25/ton + $676.75/ton)/2)/8.33 = $40.636/Bbl
50% of Singapore ($84.86/Bbl + $84.82/Bbl)/2 = $42.420/Bbl
FOB value 95 Octane Unleaded = $83.056/Bbl

Conversion to SA cents per litre, where $1 = R 17.1698
($83.056/Bbl / 42) X 100) = 197.753 US cents / US gallon
(197.753 / 3.805) = 51.972 US cents / litre
(51.972 X 17.1698) = 893.750 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.

7.3 Diesel (Gasoil) 0.05% Sulphur (500ppm)
The sum of:
the mean of the daily high and low Med (Italy) Gasoil 1000ppm (0.1% sulphur) (Platts code AAVIJ00) less the mean of the daily high and low ULSD 10ppm (0.001% sulphur) (Platts code AAWYY00) /990*490 plus,
daily mean of the high and low ULSD 10 ppm/2; plus 50% of the mean of the daily high and low Arab Gulf Gasoil 500 ppm (0.05%) Sulphur (Platts Code AAFEZ00)
FOB Spot assessments in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf
FOB spot premium (Platts code AAFFD00) for this grade as calculated in the example below.

Average basket price expressed in US $/Bbl:
50% of MED [(796.25-796.75)/990*490 +796.75]/2/7.45 = $53.457/Bbl
50% of Arab Gulf ($92.87/Bbl + $92.83/Bbl)/2 = $48.325/Bbl
50% of Arab Gulf Premium ($4.42/Bbl + $4.38/Bbl)/2 = $2.200/Bbl
FOB value Diesel 0.05 % S = $103.802/Bbl

Conversion to SA cents per litre, where $1 = R 17.1698
($103.802/Bbl / 42) X 100) = 247.147 US cents / US gallon
(247.147 / 3.801) = 65.021 US cents / litre
(65.021 X 17.1698) = 1116.405 SA cents / litre

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

The sum of:
the mean of the daily high and low Med (Italy) 1000ppm (0.1% sulphur) (Platts code AAVIJ00) less ULSD Gasoil10ppm (0.001% sulphur) (Platts code AAWYY00)
/990*40/2,
plus 50% of the mean of the daily high and low Arab Gulf Gasoil 50 ppm (0.005%) Sulphur (Platts Code AASGJ00)
FOB Spot assessments in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf FOB spot premium (Platts code AASGK00) for this grade as calculated in the example below.

Average basket price expressed in US $/Bbl:

50% of MED [(796.25-796.75)/990*490 +796.75]/2/7.45 = $53.457/Bbl
50% of Arab Gulf ($95.94/Bbl + $95.90/Bbl)/2 = $47.960/Bbl
50% of Arab Gulf Premium ($7.49/Bbl + $7.45/Bbl)/2 = $3.375/Bbl
FOB value Diesel 0.05 % S = $105.152/Bbl

Conversion to SA cents per litre, where $1 = R 17.1698

($105.152/Bbl / 42) X 100) = 250.361 US cents / US gallon
(250.361 / 3.803) = 65.832 US cents / litre
(65.832 X 17.1698) = 1130.330 SA cents / litre

7.5 Illuminating Paraffin
The sum of:
50% of the mean of the daily high and low Med (Italy) Jet MED (Platts code AAIDL00) in US $/ton; plus 50% of the mean of the daily high and low Arab Gulf Jet/Kero FOB Spot assessments (Platts code PJACV00) in US $/Bbl, plus the Mean of Platts (MOP) Arab Gulf FOB spot premium (Platts code PJACV00) 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 ($821.75/ton + $820.75/ton)/2)/7.89 = $52.028/Bbl
50% of Arab Gulf ($92.59/Bbl + $92.55/Bbl)/2 = $46.285/Bbl
50% of Arab Gulf Premium ($7.32/Bbl + $7.28/Bbl)/2 = $3.650/Bbl
Quality Premium = $00.250/Bbl
FOB value Illuminating Paraffin = $102.213/Bbl

Conversion to SA cents per litre, where $1 = R 17.1698
($102.213/Bbl / 42) X 100) = 243.364 US cents / US gallon
(243.364 / 3.803) = 63.993 US cents / litre
(63.993 X 17.1698) = 1100.469 SA cents / litre

8. EXCHANGE RATE

The R/US$ spot fixing rate of exchange as published by the Johannesburg Stock Exchange at eleven o'clock each business day will be 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 World scale 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.

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 2022
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 several dual port tariffs for other destinations in the regions.

Standard, flat rates into applicable ports as published by Worldscale for 2022 are provided in the table below.

Single Port Discharge Rates – as published by Worldscale (flat rate)					
Port	**Cape Town**	**Durban**	**Mossel Bay**	**Port Elizabeth**	**East London**
Mina-al-Ahmadi	17.85	15.38	17.00	16.54	16.26
Augusta via Cape Town	21.68	24.24	22.55	23.04	23.57
Singapore	19.08	16.77	18.23	17.76	17.51
Cape Town			2.98	3.45	3.97
Durban			3.79	3.34	3.07
Aden			14.92	14.46	14.18
Rotterdam			21.84	22.33	22.86

Some dual port discharge rates are published by Worldscale as provided below (shaded cells are not provided but calculated according to (b) below);

Port	East London / Port Elizabeth	Mossel Bay / East London	Mossel Bay / Port Elizabeth
Mina-al-Ahmadi	17.19	17.66	15.46
Singapore	18.43		18.76
Durban	3.99	4.45	4.32
Cape Town	4.50		3.98
Rotterdam	23.39		
Aden	15.11	15.58	
Augusta			

(a) Determination of average dual port discharge rates into minor ports not published by Worldscale

From the published Worldscale rates the difference between the dual port and average of the single port rates are calculated.

For example, for Mina al Ahmadi to East London / Port Elizabeth;
Difference = 17.19 – (16.54 + 16.26) / 2
= 17.19 – 16.40 = 0.790

CALCULATE DIFFERENCE BETWEEN DUAL PORT AND SINGLE PORT DISCHARGE RATES			
Port	**East London / Port Elizabeth**	**Mossel Bay/East London**	**Mossel Bay/Port Elizabeth**
Mina-al Ahmadi	0.790	1.030	0.760
Singapore	0.795		0.765
Cape Town	0.790		0.765
Durban	0.785	1.020	0.755
Aden	0.790	1.030	
Rotterdam	0.795		
Average	**0.791**	**1.027**	**0.761**

For those dual port discharge rates that are not published by Worldscale, these rates are calculated using the average differences from the table above and the single port discharge rates.

For example, for Singapore dual port discharge into East London and Mossel Bay the calculation is as follows;

Calculated dual port discharge from Singapore into East London / Mossel Bay;
Average of Singapore / East London and Singapore Mossel Bay single rate discharge

plus the average of the difference for East London / Mossel Bay.

Dual Port Discharge = (17.51 + 18.23) /2 + 1.027
= 17.87 + 1.027
= 18.897

This completes the table for dual port discharge rates (calculated values in shaded cells)

Dual Port Discharge Rate for ports from Worldscale and those not published by Worldscale			
Port	**East London / Port Elizabeth**	**Mossel Bay / East London**	**Mossel Bay / Port Elizabeth**
Mina-al-Ahmadi	17.19	17.66	17.53
Singapore	18.43	18.90	18.76
Durban	3.99	4.45	4.32
Cape Town	4.50	4.50	3.98
Rotterdam	23.39	23.38	22.85
Aden	15.11	15.58	15.45
Augusta	24.10	24.09	23.56

(b) Determination of BFP Worldscale freight rates

The last step to determine the BFP freight rates is to calculate the average of the freight rates into minor ports. The ports used are Mossel Bay / East London and Mossel Bay / Port Elizabeth and these averages are applied across all the minor ports for the BFP freight rates

Average Freight Rates into minor ports			
Port	**Mossel Bay / Port Elizabeth**	**Mossel Bay / East London**	**Average**
Mina-al-Ahmadi	17.53	17.66	17.60
Singapore	18.76	18.90	18.83
Augusta	23.56	24.09	23.83

A weighted average rate is used (see (a) above)

BFP World Scale Rates						
Port	**Cape Town**	**Durban**	**Mossel Bay***	**Port Eliza - beth***	**East London***	**BFP rate**
Weighting	**13.7%**	**76.2%**	**2.1%**	**4.2%**	**3.8%**	**100%**
Mina-al-Ahmadi	17.85	15.38	17.60	17.60	17.60	**15.94**

Augusta via Cape Town	21.68	24.24	23.83	23.83	23.83	**23.85**
Singapore	19.08	16.77	18.83	18.83	18.83	**17.29**
Diesel/Kero	**19.77**	**19.81**	**20.72**	**20.72**	**20.72**	**19.90**
Petrol	**20.38**	**20.51**	**21.33**	**21.33**	**21.33**	**20.57**

*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 (3) days 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.

This table provides for demurrage associated with three types of bunker fuels used of which the average of two, namely VLSFO (0.1%S) and LSMGO (0.1% S), will be used for this calculation.

It is noted that per the 2022 tariffs the resultant basic rate is $0.192 per ton per day. This is then adjusted by the average Worldscale rate for the month.

Example of 2022 demurrage rate determination
Average of VLSFO and LSMGO rate = ($7 150 + $7 250)/2 = $ 7 200 per day
Average demurrage per day = $ 7 200 / 37 499.5 = $0.192 / ton / day
Allowable demurrage = 3 days * $ 0.192/ ton / day = $ 0.576 / ton

(c) Worldscale adjustment to "flat" worldscale freight and Demurrage Rates
(d) To the resultant averaged 'flat' Worldscale freight plus demurrage rates, apply the monthly average Clean Arab Gulf-South Africa 35kt MR World Scale rate published by Platts (Platts code TCASX00).
(e) The spot Worldscale rate assessed by Platts for cargoes into South Africa on the 8 December was 465 points.
(f) The freight element in the BFP for the 8 December would then be calculated as follows;
(g) Petrol: 20.57 x 465/100 = $95.65 / t
(h) Diesel (Kerosene): 19.90 x 465/100 = $92.54 / t
(i) Demurrage: 0.576 x 465/100 = $2.678 / t
(j) Following the same procedure as above in Section 3 for conversion for ton to litres, this would translate as follows for the spot rate on 8 December 2022 when the R/$ was 17.1698.

Product	Freight Rate $/t	Conversion bbl/ton	Conversion litres/ gallon	Freight Rate ZAR c/l	Demurrage ZAR c/l
Petrol	95.65	8.33	17.66	123.368	3.455
Diesel	92.54	7.45	18.90	133.588	3.867
Kerosene	92.54	7.89	4.45	126.072	3.649

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 Transnet National Ports Authority (TNPA) of South Africa "contract" tariffs for "petroleum products" (and for petrols, diesel fuels and illuminating paraffin included in this commodity grouping), currently 3.244 SA cents per litre with effect from April 2022.

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 BFP makes provision for 25 days of storage and was reassessed in 2012 at a value of 3.842 SA cents per litre.

This cost factor is to be escalated annually (base Dec 2020 = 100, and June 2012 = 66.5) in accordance with movements in the Production Price Index for Final Manufactured Goods, Table C1 for June each year, and the resultant change is to be implemented in the BFP calculation with effect from 1 August each year. 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:
CSn = PPIn / PPIB X CSB
Where
CSn = Revised value for coastal storage
CSB = Initial value of 3.842 SA cent per litre (Base value July 2012)
PPIn = South African Producer Price Index for Final Manufactured Goods for June each year (Statistics South Africa publication P0142.1, Table C1)
PPIB = South African Producer Price Index for Final Manufactured Goods (December 2020 = 100) (Base period June 2012 = 66.5)

All items to be converted to South African cents per litre

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.