



28 October 2020

Dear Retailer

UNIVERSITY STUDY - OPEX and related items in the RAS Dispensation

1. EXPRESSION OF INTENT

Petroleum retailers are currently compensated through the RAS model for various OPEX items depending on a number of variables. The application of RAS currently is not consistent across the industry and open for misinterpretation. The variables need to be reviewed to effect relevance now, noting the many changes that occurred since date of inception and possible additions that may not be included. Initial discussions started between the DMRE and affected industry associations. SAPRA accordingly decided to support an all-encompassing industry commissioned study that will bring about relevance to the existing RAS model and the application thereof.

2. STAKEHOLDERS

Participating stakeholders include retailers, retailer associations, wholesalers & wholesaler associations, SAPIA, retailer councils and/or other interested and affected parties. For this the University appointed is the acclaimed North West University and the strategic driver for the study is Herman Thom, who over the years has gained intimate knowledge of the petroleum industry in South Africa and its neighbouring countries.

3. SCOPE

To conduct a study to determine all relevant driveway related operating costs, (which excludes all expenditure of a capital nature), to make recommendations to possible changes to operating cost **Terms of Reference (TOR)** and to define each cost component. The project will entail different phases with the initial phase being **Clarification and clear interpretations of definitions**. Outcomes achieved will be presented to the DMRE for consideration and possible adoption. The study will gather empirical data in the compilation of the report.

4. COSTS

Costs related to the study will be per phase, and for this, we will be calling on industry. Further details on this will follow.

RMI - Retail Motor Industry Organisation
Jakkie Olivier Chief Executive Officer
tel: +27 11 886 6300
330 Surrey Ave, Ferndale, Randburg, 2194, Gauteng
P. O. Box 2940, Randburg, 2125
www.rmi.org.za
Reg. No: LR 26345

SAPRA - South African Petroleum Retailers' Association
Vishal Premalall National Director
tel: +27 11 886 6300 email: vishal.premalall@rmi.org.za
330 Surrey Avenue, Ferndale
Randburg, 2194, Gauteng
P. O. Box 2940, Randburg, 2125
www.sapra.co.za



5. **TIMELINE FOR PHASE 1**

End of January 2021

We trust that you understand the above, should you have any queries feel free to contact the writer.

Thank you.

Regards

A handwritten signature in black ink, appearing to read "Vishal Premalal".

Vishal Premalal
SAPRA Director