



**sapia** | South African Petroleum  
Industry Association

**2019** Annual Report







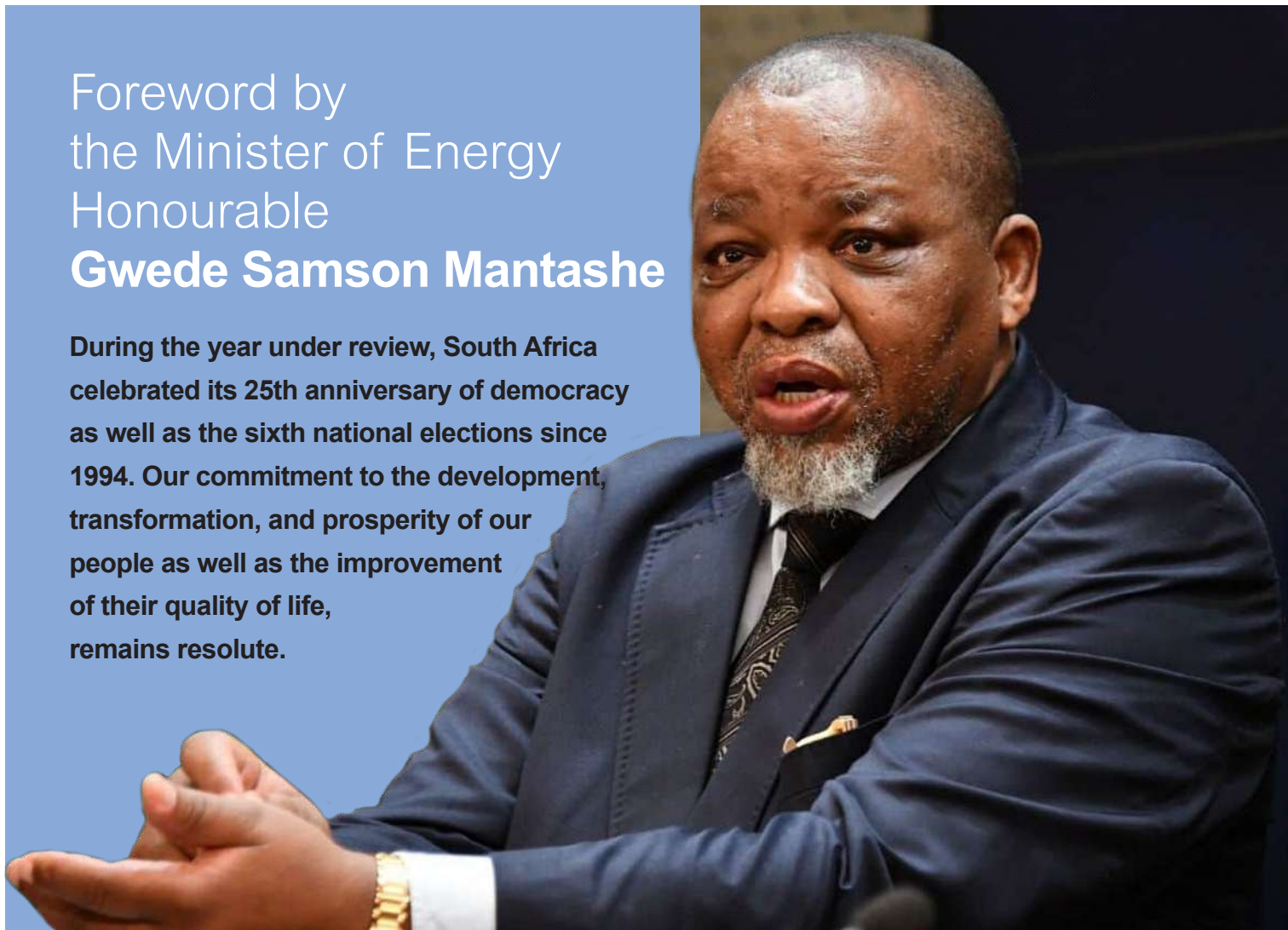


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# Foreword by the Minister of Energy Honourable **Gwede Samson Mantashe**

**During the year under review, South Africa celebrated its 25th anniversary of democracy as well as the sixth national elections since 1994. Our commitment to the development, transformation, and prosperity of our people as well as the improvement of their quality of life, remains resolute.**



Together with SAPIA and its members in the private sector, we have a leading role to play in driving the energy transition. At the onset of a new decade, we need to unite in order to widen access to energy and adapt to the changes that are happening globally such as the fourth industrial revolution, the move towards clean energy, diversification of the energy mix and discovery of innovative solutions to the challenges we face.

As directed by the President's reconfiguration of government during 2019, the Department of Mineral Resources and Energy (DMRE) merged into one department. The merger asserts the interconnectedness between mining and energy, and their mutually critical role in economic growth and development. This further enables streamlining of processes, increases efficiency and responsiveness as we work towards obtaining a secure and sustainable provision of energy.

## Petroleum pricing

The petroleum industry plays a key role in the economy and in the lives of South Africans. The Department's role is to regulate and determine the price of petroleum products while ensuring a secure and sustainable provision of energy. During 2019, the energy sector had its challenges with petrol prices amidst a dire economic climate nationally and internationally with the trade war between the USA and China having adverse economic consequences on the currencies and commodity prices, further compounded by tensions in the Middle East. The volatility of crude oil prices had an impact on fuel prices and this in turn contributed to wild swings in inflation. South Africa remains an

importer of both crude oil as well as petroleum products and these commodities are US dollar denominated.

To this end, the Department together with SAPIA and other stakeholders, have been conducting a review of the Basic Fuel Price (BFP) structures of petrol, diesel and illuminating paraffin. The main purpose of the review is to ensure that the Basic Fuel Price elements are aligned to the realities in the international markets.

## Stimulating economic growth

We must execute the electoral mandate to grow South Africa.

In 2018, President Cyril Ramaphosa set a target to attract investments of \$100bn by 2023 in an attempt to stimulate economic growth. To this end, the Kingdom of Saudi Arabia had pledged its commitment to invest \$10 billion towards building a new crude oil refinery jointly with a government owned entity. The refinery will be the biggest in the country and will be able to help supply not only South Africa but also the rest of the Sub-Saharan region. This will also create much needed jobs and an opportunity to skill our people.

In August 2018, the Petroleum and Liquid Fuels Sector Charter Council was appointed as an independent body to oversee the implementation of the Petroleum and Liquid Fuels Sector Codes of Good Practice. In issuing licenses for the operation of manufacturers, wholesalers, and retailers of petroleum products, the Department has ensured that 89.18% of licences issued to entities contained at least 50% ownership and control in the hands of Historically Disadvantaged South Africans. In addition, the



Department also commissioned an independent Petroleum Retail Audit to determine the extent of transformation in the retail segment of the petroleum industry, and also to establish a baseline for the system of future allocation of petroleum licences. The baseline will inform a revised economic empowerment framework and will put the Department in a position to mitigate the slow pace of economic transformation in the petroleum retail value chain.

## Legislation

We have published the Petroleum Resources Development Bill, which will ensure that we provide policy certainty for the upstream petroleum sector that is a relatively new sector in our economy, yet with great potential to grow GDP, contribute to the fiscus and create much needed jobs.

We intend to finalise the National Energy Regulator Amendment Bill. The structure of National Energy Regulator of South Africa (NERSA) will be revised into two tiers with the introduction of a Review Board to deal with appeals. These changes are aimed at promoting efficient regulation of the energy sector.

Gas is the fastest growing fossil fuel and represents a very important part of the global energy system. As part of our drive to develop a gas market and also as part of our energy mix, the Department has made significant progress on the Gas Amendment Bill.

## Energy mix

We are convinced about the importance of all energy carriers in our energy mix. We must reiterate that the South African government is committed to decreasing greenhouse gas emissions and to our commitments under the Paris Agreement, in line with our nationally determined contributions. Our goal is to pursue a cleaner, technologically advanced, low-cost and reliable energy system that not only contributes to environmental sustainability, but also to improved social welfare and economic growth. We firmly believe that there is a role for all fuels and technologies in the energy mix and we must ensure a balanced and comprehensive approach that leaves no one behind.

## Biofuels Regulatory Framework

The Cabinet approved the DMRE's draft Biofuels Regulatory Framework subject to the incorporation of amendments required. The framework provides areas to be regulated, namely the feedstock protocol, which mitigates the risk of the biofuels programme towards food security, and the mandatory blending regulations, so as to create certainty of biofuels demand, as well as the cost recovery mechanism for blending of biofuels. The protocol also provides a biofuels subsidy mechanism for biofuels farmer support and biofuel manufacturer's support, as well as the selection criteria for biofuel projects requiring a subsidy.

## Community and skills development

### Energy access to disadvantaged communities

Recognising the challenges that currently exist with energy access for rural communities, the Department initiated a programme to enable access to petroleum products by remote communities. Through this programme the department and other stakeholders in the private sector work with the petroleum

sector and gas companies to provide Integrated Energy Centres (IeCs) which enhance access to energy, ensure job creation and stimulate enterprise development in rural areas and townships. Noting the greater need for such facilities countrywide, the Department has completed a comprehensive IeC strategy which will guide the rollout of IeCs into the future.

### Women

The department has developed and approved a Policy on Women Empowerment and Gender Equality in the energy sector. A Draft Energy Sector Strategy on Women Empowerment and Gender Equality Strategy has been consulted with stakeholders and is in the process of finalisation.

A number of workshops to share information on business opportunities in the energy sector were also rolled out by government and industry. These workshops were aimed at increasing awareness of existing opportunities for women-owned businesses and entrepreneurs in the energy sector and the increasing participation of women in the petroleum and renewable energy value chains.

Other successfully launched initiatives include hosting of the WiE Conference and Gender Transformation in the Energy Sector parallel session during the Africa Energy Indaba in February 2019 respectively, in partnership with Africa Energy Indaba. The events were designed to aid the increase in leadership and development of women involved in the Africa energy space.

### Youth

The department is finalising a Youth in Energy policy which will guide implementation of programmes and projects to integrate young people in the energy sector. Current projects implemented include School Energy Days, Take a Girl Child to Work, Tomorrow's Men Campaigns and Learners Focus Week.

It is inevitable that the traditional energy delivery system will not be insulated from technological disruptions. Instead of resisting this change and being reactive instead of proactive, we have taken the opportunity to prepare our youth for this future. The training of African human capital is a big opportunity, given our demographics. We are the youngest continent, in terms of the median age of our population. We want to turn this to our advantage, by preparing our youth to become active participants in the future world economy.

Congratulations to SAPIA on the publication of their 2019 annual report. It is pleasing to reflect on all the achievements during the year under review. While the South African energy landscape is comprised of many different parts requiring collaborative solutions from a wide variety of players with varying interests, we are all united by a common need to access cleaner, safer and more sustainable energy. Government and industry must unite to find impactful solutions.



# Introduction by SAPIA Chairperson **Priscillah Mabelane**

**It gives me great pleasure to welcome you to the 2019 SAPIA Annual Report in my second year as SAPIA Chairperson.**



As the voice of the liquid fuels industry in South Africa, SAPIA's priorities are to promote industry transformation and skills development; facilitate the security of supply of petroleum products and promote health, safety, security and environment within the industry. SAPIA also provides input into the development of climate change policy/regulations and assists with the transition to cleaner fuels in a manner that avoids any supply disruptions in the most cost-effective way possible. Regarding price regulation, SAPIA contributes to policy formulation, implementation and aims to achieve a fair regulatory framework for all.

SAPIA is a non-profit company representing the main petroleum and liquefied petroleum gas companies in South Africa. It plays a strategic role in addressing a range of common issues relating to the refining, distribution and marketing of petroleum and LPG products, as well as promoting the industry's environmental and socio-economic progress.

## Key developments during 2019 include:

### Security of supply

- Exemption granted by the Competition Commission which expires on 31 December 2019.
- Transnet Pipeline's multi-product pipeline project (Terminal 1) tank rebuild delayed until 2024.
- Cabinet approved the biofuels regulatory framework as a policy which will guide the implementation of government's biofuel industrial strategy.

### Transformation

- Process of negotiating sector codes has been completed.
- Charter Council is working towards the gazetting of draft codes.
- Advanced Certificate in Management for Oil and Gas course and Women in Leadership programme continue to upskill industry employees.

### Health, safety, security and environment

- HSSE legislation and regulatory input provided to stakeholders.
- National Tier 2 oil spill capability assessments completed.
- Ongoing development of SAPIA minimum guidelines and best practice documents.

- Refinery water sustainability interventions.
- Development of contaminated land management strategies via NICOLA.
- Phase 2 of the Road Safety decal project implemented.
- Establishment of the SAPIA HSSE best practice and learnings sharing portal on the SAPIA website.

### Climate change

- GHG reporting regulations and pollution prevention plans require resolution of issues before implementation.
- Development of sectoral emission targets and carbon budget allocation is underway.
- GHG emission benchmarks study under review.
- Low Emissions Development Strategy has been under development by the Department of Environmental Affairs.

### Refinery sustainability

- No progress on regulatory framework to provide policy certainty on cleaner fuels.
- Industry has been exploring ways to reduce overall investment required to meet new fuel specifications.
- Sulphur cap on bunker fuels is set to proceed from 1 January 2020.
- Plans have been put in place to meet the Minimum Emissions Standards.

While we faced many difficulties during the year, we have also made good progress in overcoming many of these challenges and these are all detailed in this annual report which we hope you find informative.

On behalf of the Board of Governors, I thank Minister Mantashe and the Department of Mineral Resources and Energy for their constant support and leadership. It gives me great pleasure to welcome my successor as chairperson for 2020, MD of Total South Africa, Miriam Kane-Garcia, as the new Chairperson of the Board. I hope her tenure is successful and gratifying. We also welcome Thabiet Booley of Sasol to the Board of Governors. We bid farewell to Maurice Radebe of Sasol who left the Board of Governors in 2019 and thank him for his service to SAPIA.



# Introduction by SAPIA Executive Director **Avhaphani Tshifularo**

**This annual report shows the progress that SAPIA has made during 2019, explains how we have been executing our strategy and focuses on the major developments that took place during the year.**



As always, we aim to provide interesting insight into the South African petroleum industry and hope this report will be a useful reference for member companies, consumers, media and members of government who wish to know more about the industry.

The statistics contained in this report demonstrate the importance of the liquid fuels industry in South Africa. Building on the progress made this year, the industry can leverage its position to work collectively to streamline processes and increase efficiency as we work with government towards obtaining a secure and sustainable provision of energy.

## **In summary, this report:**

- outlines the SAPIA vision, mission and strategy;
- identifies key changes in economic regulation and legislation;
- shows SAPIA's communication activities;
- explains petroleum products pricing;
- provides feedback on HSSE regulatory input, Operation

Phakisa, climate change, contaminated land management and road transport safety;

- communicates progress on the new liquid fuels empowerment framework, women empowerment and human resource development;
- highlights security of supply and refinery sustainability developments; and
- provides a statistical review of the industry showing the evolution of demand and supply of petroleum products.

I express my gratitude to the Department of Mineral Resources and Energy officials for their valued efforts at creating a strong working relationship. My appreciation also goes to the SAPIA Board of Governors for their commitment and sound governance of the Association. We would not be able to fulfil our role without the teamwork and dedication of the SAPIA member companies, staff members and the various committees. Let us use 2020 to build on our collective achievements and continue working together to strengthen our industry so that we can benefit all South Africans.



# SAPIA overview



## About SAPIA

SAPIA represents the collective interests of the South African petroleum industry. The association plays a strategic role in addressing a range of common issues relating to the refining, distribution and marketing of petroleum products, as well as promoting the industry's environmental and socio-economic progress. SAPIA fulfils this role by proactively engaging with key stakeholders, providing research information, expert advice and communicating the industry's views to government, members of the public and media.

### Vision

SAPIA aspires to be a respected, reputable and value adding industry association..

### Mission

Working together within the petroleum industry to promote inclusive social and economic growth.

## Strategic agenda

There are three strategic focus areas, depicted in the strategy diagram below, which will enable SAPIA to achieve its vision:

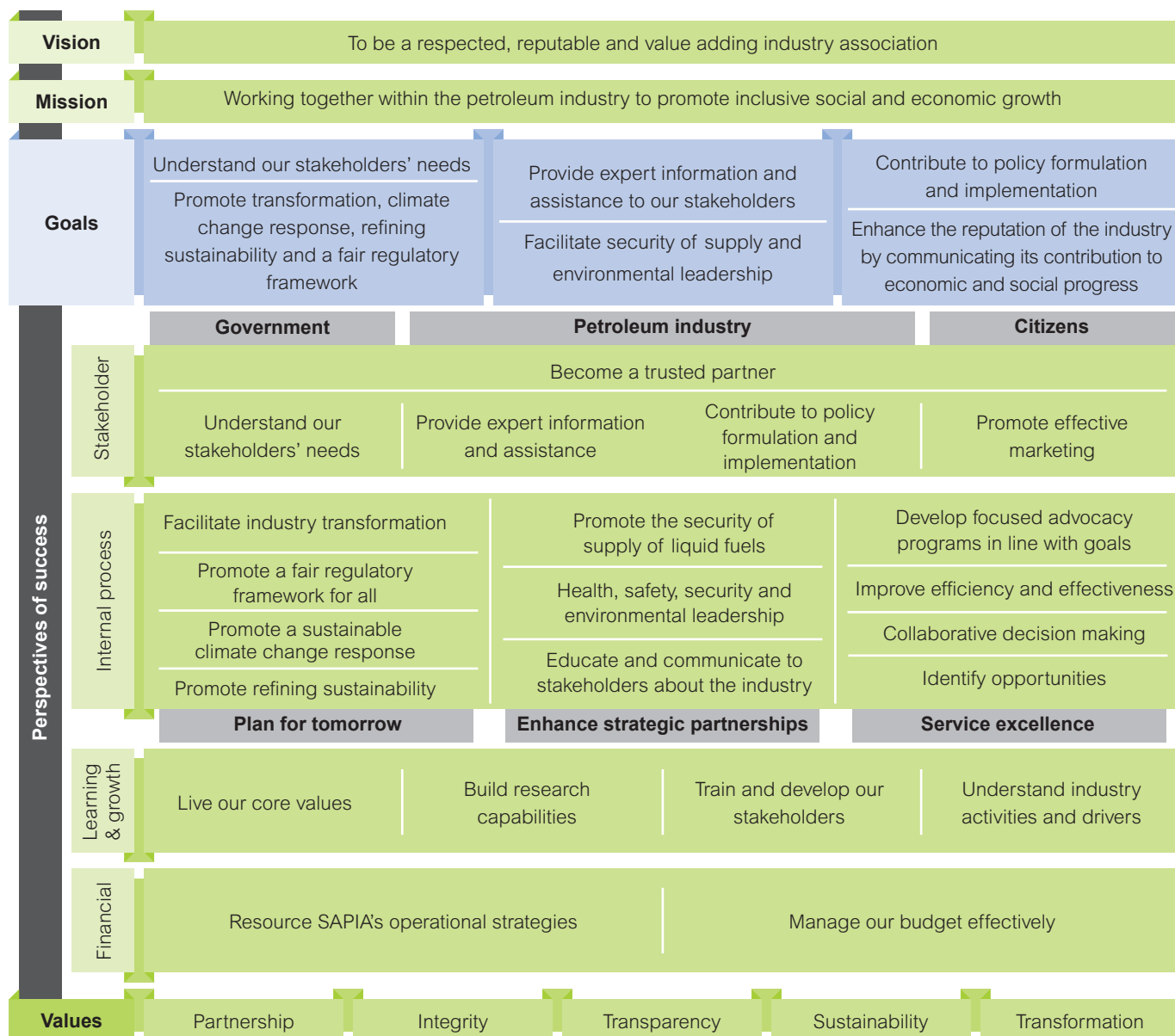
**Planning for tomorrow** means focusing on industry transformation, working towards a fair regulatory framework for all citizens, facilitating security of supply and promoting environmental leadership within the industry.

**Enhancing strategic partnerships** involves educating stakeholders about the industry's aims and activities, improving communication, ensuring there is transparency within the industry and that SAPIA is open and honest in all of its dealings.

**Providing service excellence** entails improving efficiency and effectiveness, implementing the balanced scorecard, proactively identifying opportunities and improving decision-making processes.

There are a number of committees comprising of technical and operational experts from the member companies who are responsible for executing the strategy. SAPIA endeavours to appraise the Minister of Energy and the Director General with status updates on the execution of initiatives on a quarterly basis and the closing phase of each initiative includes meeting the milestones and performing post project activities.





**Figure 1** SAPIA's strategy

## Priorities for the year

The Board of Governors identified the following focus areas for 2019:

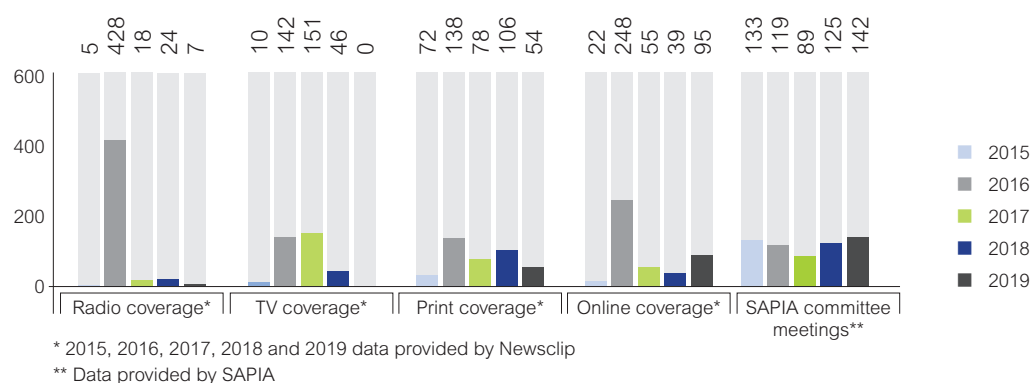
Transformation	Facilitate industry transformation and skills development
Health, safety, security and environment	Promote health, safety, security and environmental leadership within the industry
Climate change	Provide input into the development of climate change policy and regulations including the monitoring, measuring and reporting of GHG emissions
Refinery sustainability	Promote sustainability of the current refining fleet
Security of supply	Promote the security of supply of liquid fuels
Regulated price elements	Contribute to policy formulation, implementation and a fair regulatory framework for all



# SAPIA overview

## Communication activities

One of the most effective ways in which we communicate with a large number of stakeholders about our core priorities is through our media relations.



**Figure 2** 2019 communication activities

## Membership

Integrated members	Non-integrated members	
	Fuel wholesalers	LPG wholesalers
Astron Energy (Pty) Ltd BP Southern Africa (Pty) Ltd Engen Petroleum Ltd PetroSA Ltd Sasol Oil (Pty) Ltd Shell Downstream South Africa (Pty) Ltd Total South Africa (Pty) Ltd	Afric Oil (Pty) Ltd Elegant Fuel (Pty) Ltd Gulfstream Energy (Pty) Ltd FFS Refiners (Pty) Ltd Makwande Energy Trading (Pty) Ltd MBT Petroleum (Pty) Ltd Puma Energy (Pty) Ltd Royale Energy Ltd SA Bunkering and Trading (Pty) Ltd	Afrox Ltd Easigas (Pty) Ltd Indigas (Pty) Ltd Petregaz (Pty) Ltd Totalgaz Southern Africa (Pty) Ltd Wasaa Gasses (Pty) Ltd

**Table 1** Total of 24 members on 31 December 2019

## Organisation structure

SAPIA operates under a Board of Governors comprising members from member companies. A new chairperson and vice-chairperson is elected annually. The association has a small and highly skilled staff complement, led by an executive director. SAPIA staff are independent from the member companies.

## The 2018 Board of Governors










Priscillah Mabelane, CEO of BP Southern Africa is the Chairperson of SAPIA for the year 2018 - 2019. She is the first woman and 23rd industry leader to chair the association since its establishment in July 1994. She is also the first woman in the history of the country's oil industry to head a multinational company, marking a momentous milestone in the industry's transformation journey.

The Board of Governors consists of eight representatives from member companies. The Chairperson and Vice-Chairperson rotate annually. The Board of Governors convenes at least four times per year and more often should circumstances require it. The primary function of the Board is to identify key issues facing the industry, agree on solutions in respect of each issue and ensure that resources are available to address the matters at hand.





## The 2019 Board of Governors

<p><b>SAPIA Chairperson</b> <b>Ms Priscillah Mabelane</b> BP Southern Africa</p> 	<p><b>SAPIA Vice-Chairperson</b> <b>Mr Jonathan Molapo</b> Astron Energy</p> 
<p><b>Mr Bongani Sayidini</b> PetroSA</p> 	
<p><b>Ms Nokwanele Qonde</b> Wassa Gasses</p> 	<p><b>Mr Yusa Hassan</b> Engen Petroleum</p> 
<p><b>Mr Thabiet Booley</b> Sasol Oil</p> 	<p><b>Mr Stephan Nothnagel</b> Royale Energy</p> 
<p><b>Mr Hloniphizwe Mtolo</b> Shell Downstream South Africa</p> 	<p><b>Ms Mariam Kane-Garcia</b> Total South Africa</p> 

## Attendance at board meetings

Attendance at meetings:	06/03/2019	18/06/2019	05/09/2019	04/12/2019
Ms P Mabelane	A	Y	Y	Y
Mr J Molapo	Y	A	Y	Y
Mr Y Hassan	Y	A	A	A
Mr B Sayidini	N	A	A	N
Mr T Booley	Y	Y	Y	A
Mr H Mtolo	N	A	Y	A
Mr P-Y Sachet	A	Y	R	R
Ms M Kane-Garcia	-	-	Y	Y
Ms N Qonde	Y	Y	N	Y
Mr S Nothnagel	Y	N	Y	Y

Y Attended meeting  
N Apology received  
- Not yet appointed  
R Resigned from the board  
A Alternative attended meeting

**Table 2** Board meeting attendance



# SAPIA overview

## SAPIA staff members



**Figure 3** SAPIA organisational chart

## Board of Governors committees

There are 20 committees which comprise of individuals from member companies and SAPIA staff members. These committees engage on non-competitive issues and are fully aware of competition laws and the risks of anti-competitive behaviour.

The following SAPIA committees exist to address strategic issues facing the industry:

<b>SAPIA committees</b>
Transformation Committee
Human Resource Development Committee
Economic Regulation Committee
Legal Committee
Security and Supply Committee
Fuels Technical Committee
Advisory Committee on Climate Change
Refining Sustainability Committee
Health, Safety, Security and Environment Committee
Health, Safety, Security, Environment and Engineering Committee
Oil Spill Working Group
Security Sub- Committee
Road Transport Safety Sub-Committee
Refinery Managers' Environmental Forum
Refinery Managers' Safety Forum
Refinery Process Safety Meeting
HF Working Group
Flange Management Working Group
South African Petrochemical Fire Chiefs Committee
SAPFCC Training Sub-Committee

**Table 3 SAPIA committees**

## Financial statement

SAPIA's expenditures are essentially funded by the annual contributions of its members. Personnel costs represent the biggest share of SAPIA's expenditure. Other expenditures cover office accommodation, representation and travel, consultants, lawyers and auditors.

<b>Income (thousand rands)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Membership subscriptions	6 366	6 366	6 415	7 748	9 754	12 136	11 798	13 345	14 445	14 281
Other income (including interest)	138	1 426	180	173	508	3 606	424	27	1 038	10 787
<b>Total income</b>	<b>6 504</b>	<b>7 792</b>	<b>6 595</b>	<b>7 921</b>	<b>10 262</b>	<b>15 742</b>	<b>12 222</b>	<b>13 372</b>	<b>15 483</b>	<b>25 068</b>

<b>Expenditure (thousand rands)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Personnel/payroll	3 663	4 009	4 259	4 326	5 404	8 262	8 220	8 827	9 193	9 066
Other expenditure (including interest)	2782	3321	2931	2 919	2752	5 520	4064	4590	4419	6123
<b>Total expenditure</b>	<b>6 445</b>	<b>7 330</b>	<b>7 190</b>	<b>7 245</b>	<b>8 156</b>	<b>13 782</b>	<b>12 284</b>	<b>13 417</b>	<b>13 612</b>	<b>15 189</b>



# The year at a glance



## Health, safety, security and environment

HSSE legislation and regulatory input provided to stakeholders

Engagement with Government, business associations and other strategic stakeholders

National Tier 2 oil spill capability assessments completed

Ongoing development of SAPIA minimum guidelines and best practice documents

Refinery water sustainability interventions

Best practice learning: Loss of containment assessment and mitigation, Permit of work, volatile organics compound management, hydrofluoric acid management, inert entry, fire fighting strategies, etc.

Development of contaminated land management strategies via NICOLA. SAPIA focused intervention on multi-stakeholder sites

Phase 2 of the Road Safety decal project implemented

Establishment of the SAPIA HSSE best practice and learnings sharing portal on the SAPIA website

Advanced petrochemical fire fighting training





## Climate change

GHG reporting regulations and pollution prevention plans require resolution of issues before implementation

Development of sectoral emission targets and carbon budget allocation is underway

Publication of the Draft 2015 GHG Inventory for public comment

GHG emission benchmarks study under review

Climate Change Bill published for public comment in May 2018

Low Emissions Development Strategy has been under development by the Department of Environmental Affairs

Revised draft Carbon Tax Bill published by National Treasury in November 2018



## Security of supply

Exemption granted by the Competition Commission and it expired on 31 December 2019

Transnet Pipeline's multi-product pipeline project (Terminal 1) tank rebuild delayed until 2024.

Relocation of the tank farm from Port of PE to Port of Ngqura has been delayed and moved to fourth quarter 2020

Cabinet approved the biofuels regulatory framework, as a policy which will guide the implementation of government's biofuel industrial strategy

Port Elizabeth jetty maintenance was completed successfully without incident



## Transformation

Advanced Certificate in Management for Oil and Gas course had a 94% pass rate

Women in Leadership programme had a 68% pass rate

Process of negotiating sector codes has been completed

Charter Council is working towards the gazetting of draft codes



## Refinery sustainability

No progress on regulatory framework to provide policy certainty on cleaner fuels

Industry has been exploring ways to reduce overall investment required to meet new fuel specifications

Sulphur cap on bunker fuels is set to proceed from 1 January 2020

Plans have been put in place to meet the Minimum Emissions Standards

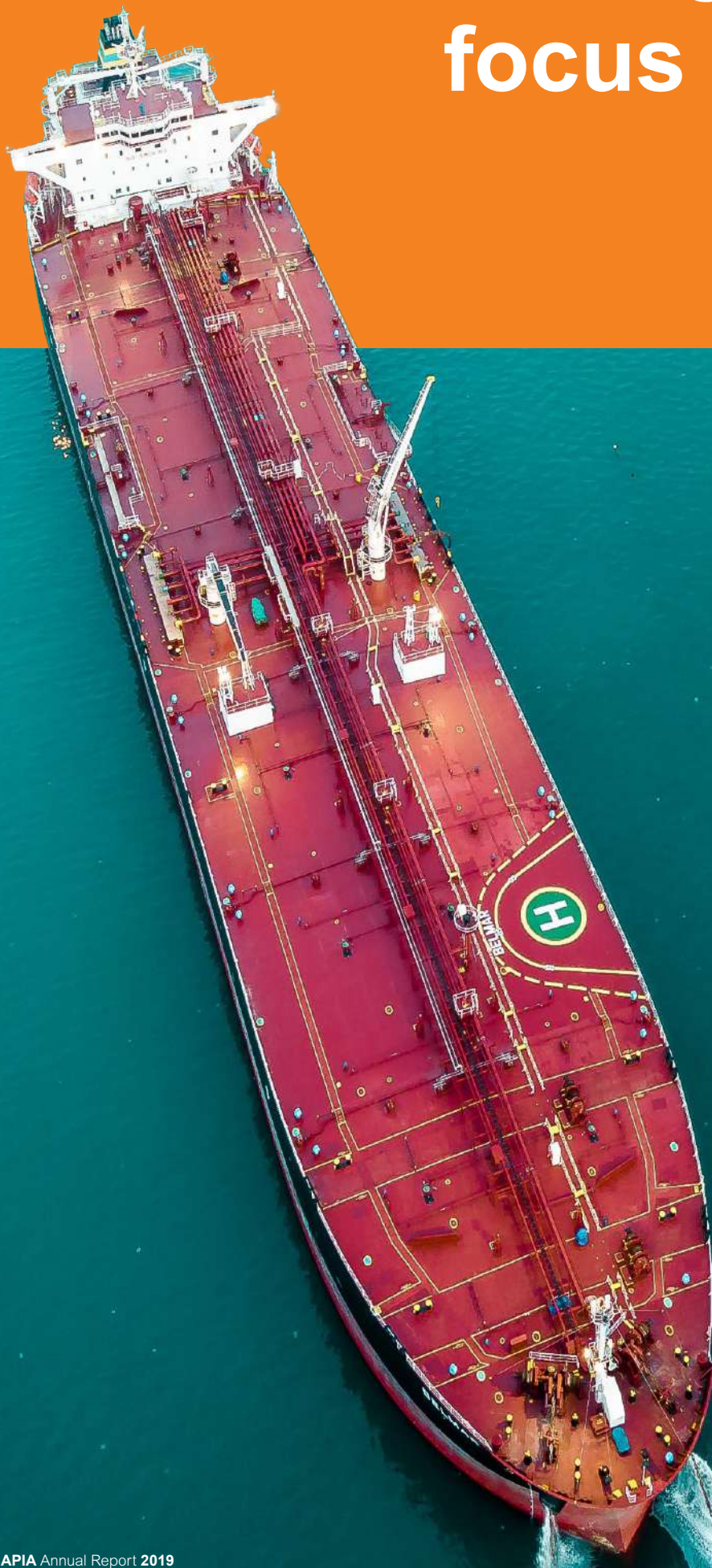
Waste management procedures are changing as a result of new regulations

Electricity interruptions at refineries are causing environmental damage, loss of production and impacting profitability

Integrated Resource Plan released in 2018 shows an increased reliance on renewable energy and gas



# Strategic focus areas



# Transformation



**Strategic priority:** Transformation

**Our focus:** Promote industry transformation and skills development

Focus areas	Key developments during the year
New liquid fuels empowerment framework	The process of negotiating the sector codes has been completed and the Charter Council is working towards the gazetting of draft codes.
Advanced Certificate in Management for Oil and Gas	The Advanced Certificate in Management for Oil and Gas course had a 94% pass rate.
Women in Leadership Programme	The Women in Leadership programme had a 68% pass rate.

## Progress in 2019

### New Liquid Fuels Empowerment Framework

The process of aligning the Petroleum and Liquid Fuels Charter to the Broad-Based Black Economic Empowerment Act is continuing. The Charter Council comprises the Department of Mineral Resources and Energy, industry associations, trade unions and other interested parties.

The Charter Council is working towards the gazetting of draft codes for section 9(5) and has missed few deadlines in 2019. There is no clear indication as to when the draft sector codes will be gazette for public comments. The process will entail a 60-day period for public comments. At the end of that period, comments will be consolidated and the final sector codes will be gazetted. The implementation will be with immediate effect as the Department of Trade and Industry does not allow for a transition period. In the absence of Petroleum and Liquid Fuels Sector Codes, entities are continuing to be measured on the generic scorecard of the Broad-Based Black Economic Empowerment Codes of Good Practice which does not fully address the unique characteristics of the industry.

### Advanced Certificate in Management for Oil and Gas

The SAPIA Corporate Education Advanced Certificate in Management for Oil and Gas (NQF Level 8) is aimed at middle managers making a transition to senior managers who require specialist knowledge in the oil and gas industry. The programme, launched in 2013, is accredited by the Rhodes Business School. There were 9 male delegates and 8 female delegates in the 2018 programme. The programme had a 94% pass rate with 16 out of 17 delegates passing the course.

### Women in Leadership Programme

The Duke Corporate Education Women in Leadership Programme develops women in leadership positions to face complex challenges through the perspective of the petroleum industry. The programme is designed for women in leadership and management positions, enabling them to develop, translate and execute effectively within their environments. The course work focuses on real business challenges that senior managers face within the petroleum industry and uses a blended approach combining classroom based learning, feedback, inter-session work and assignments to create a diverse experience for candidates. The Women in Leadership Programme was approved by the Centre for Higher Education Research, Teaching and Learning of Rhodes University. There were 19 delegates in the 2018 programme with a 68% pass rate.

## Future priorities

### SAPIA will be focusing on the following areas in 2020:

- Continuing to participate in the process of developing and gazetting sector codes.
- Reconfirming training programmes with identified institutions and finalising training portal requirements with companies.



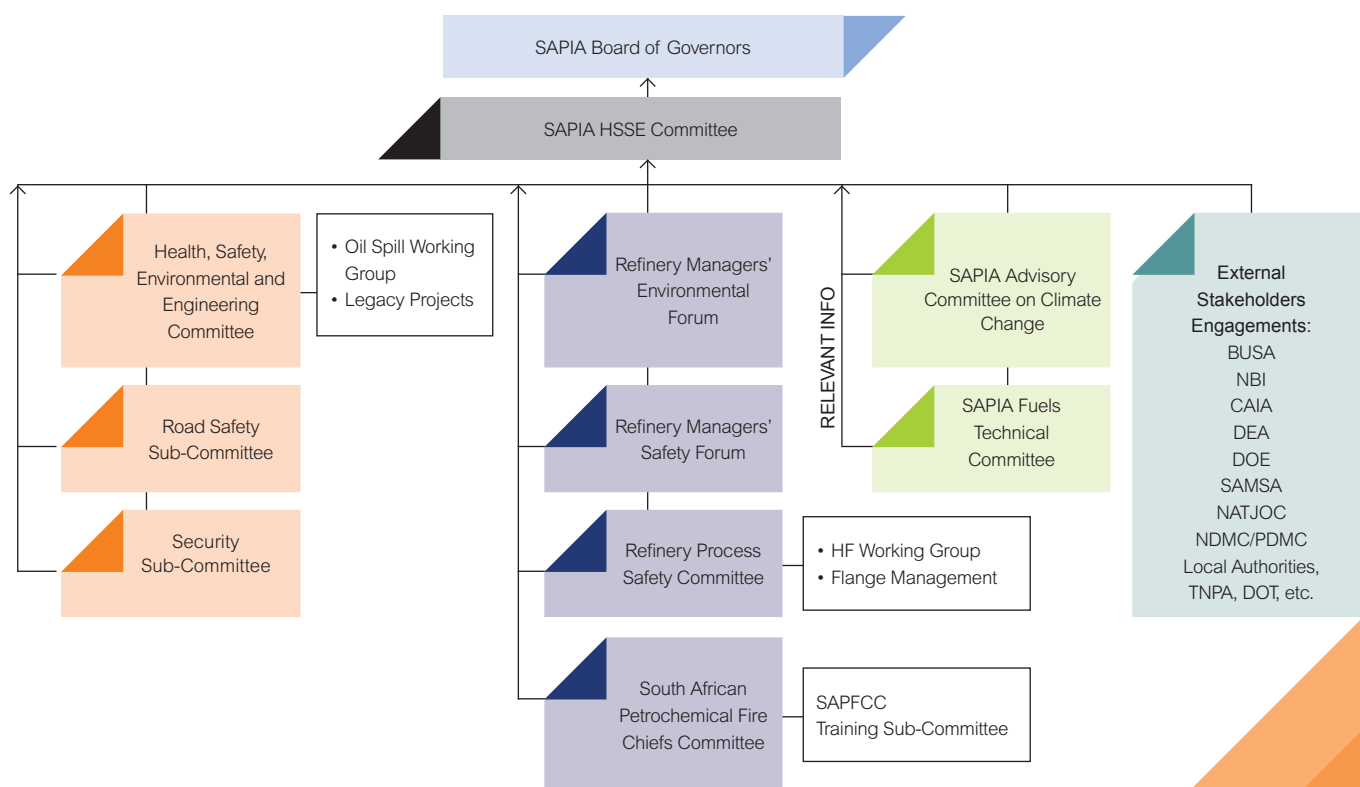
# Health, safety, security and environment

**Strategic priority:** Health, safety, security and environment

**Our focus:** Promote health, safety, security and environmental leadership within the industry

HSSE remains the oil and gas sector's number one priority. Integrated health, safety, security and environment (HSSE) management across the supply chain is essential towards ensuring that employees go home safely to their families and that any impact to the environment and industry assets is eliminated or minimised. Industry efforts extend beyond the fence-line.

Learning from local and international best practice, learning from incidents, focusing on long-term behavioural change, complying with legislation, empowering employees and contractors in the sector and establishing a sustainable HSSE culture are key priorities for SAPIA members. SAPIA continues to work with relevant stakeholders to meet its objectives.



**Figure 4** Risk-based integrated HSSE management across the value chain



Focus areas	Ongoing challenges
Regulatory input	<p>Significant increase in regulatory burden placed on business and developing non-integrated members. Additional costs associated with compliance including permits, fees, levies and additional staff, among others.</p> <p>Contractor compliance remains a challenge. Limited number of competence specialised contractors requiring additional support from members</p>
Operation Phakisa: Oil spill	<p>The draft Marine Pollution bill was gazetted late 2019. The National Oil Spill Contingency plan will provide the framework for managing spills in the country. Member oil spill plans will need to meet with specific requirements. Risk assessment and revision frequencies have also been proposed. The incident management system will be used for incident response.</p> <ul style="list-style-type: none"> <li>• Training of government officials in all tiers of government remains a challenge.</li> <li>• Engagements are also in progress with regard to the customs clearance process during a major incident.</li> <li>• SAPIA has completed the National Oil Spill Tier 2 assessment which has included DEFF and the Ports. The reports are currently under review.</li> </ul>
Development of SAPIA minimum guideline and best practice documents	<p>Inexperienced new entrants who require support and guidance based on best practice.</p> <p>Simplification of contractor requirements where possible as HSSE compliance and the coal-face remains a challenge.</p> <p>The SAPIA website now has a Members portal where best practice guidelines and learnings can be accessed.</p>
Contaminated land management	<p>Public disclosure of the contaminated land register in 2018 remains a potential reputational risk to the sector. The inclusion of contaminated land sites on the deeds register has not been implemented by the Department.</p> <p>There is an increasing trend of new entrants (non-SAPIA) having to work with SAPIA members on contamination matters. Many of these operators have to be referred to the authorities due to a lack of co-operation.</p> <p>SAPIA's hydrocarbon management agreement has been revised.</p>
Security risks	<p>Poverty, unemployment, crime and the lack of essential services have contributed to additional risks associated with unplanned community protests, impact on truck drivers etc. Increased efforts to mitigate risks across the supply chain.</p> <p>Increase risks in sabotage of key supply chain infrastructure such as petroleum pipelines, rail network etc. has a negative impact to business.</p>
Road transport safety	<p>Third party high-risk behaviour and non-compliance pose a major risk to safe operations on South African roads. This now contributes to the main cause of incidents and fatalities in the sector.</p>



## Progress in 2019

### Regulatory input

SAPIA has been instrumental in negotiations with key internal and external stakeholders on HSSE legislation for South Africa. These include among others: waste, climate change, carbon tax, air quality, critical infrastructure, ergonomics. Major hazard installations, marine pollution, scheduled activities, contaminated land, National Railway Safety Regulator requirements, road transport and SANS codes.

### Operation Phakisa: Oil spill

Industry continues to work with the Department of Environment, Forestry and Fisheries (DEFF) and Department of Transport on the development and integration of the recommendations from the Global Initiative for West and Central Africa (GI WACAF) to operationalise the requirements of the International Convention on Oil Pollution Preparedness, Response and Co-operation (OPRC) for upstream and downstream. Operation Phakisa meetings have now transitioned to the interim Incident Management Organisation. The Incident Management Organisation has still not yet been formally launched.

The draft Marine pollution bill was finally gazetted for public comment.

### Development of SAPIA minimum guideline and best practice documents

The development of minimum guidelines is key to reducing complexity for contractors or suppliers who service multiple members. The best practice documents consolidate key learnings and best practices for specific subjects. A number of these guidelines have been developed such as the joint venture HSSE guidelines, flash fire guidelines and bulk vehicle driver requirement guidelines, confined space entry, inert entry, contractor medical streamline process, among others.

#### In 2019 additional guidelines included:

- Permit to work
- Lighting detection management
- Disaster drainage
- LOPC management and mitigation
- Emergency Management: Human behaviours, fire-fighting strategies, use of ICS, dealing with trench rescues, etc.
- HF vapour cloud mitigation
- Water sustainability best practice

### Water sustainability

The water challenges in the Vaal, Western Cape, Eastern Cape, Kwa Zulu Natal and other parts of the country is a key concern for the sector. Water is an integral element for production, fire safety and food safety. The sector must have sustainable water management strategies to address long-term risk. Refineries have set internal targets to reduce water consumption and find alternate methodologies/technologies to minimise water consumption.

### Contaminated land management

Industry is working closely with the SAPIA members, DEA and other authorities on historical contaminated land. Part 8 of the Waste Management Act under NEMA provides the framework for how these sites are managed. Port facilities are managed through the Transnet National Port Authorities and the DEA. The decommissioning of the Port Elizabeth Dom Pedro Terminal will be a significant project that could potentially set a precedent for other areas.

### Security risks

The industry faces increased security threats due to a number of factors such as fuel price increases, socio-economic conditions, service delivery protests, civil unrest and land grabs, all of which threatens people and assets.

### Road transport safety

The second phase of the short-term decal project was implemented in early 2018. SAPIA has embarked on the development of a long-term sustainable road transport safety programme for children. Fruitful engagements have been held with the Department of Basic Education on curriculum design within the life orientation programme. The programme focuses not only on road safety but includes topics such as risk assessment, first aid, fire safety and electrical safety. SAPIA is engaging with the Department of Basic Education and the Department of Transport to formalise its involvement and how it intends to support the departments moving forward.

## Future priorities

SAPIA's primary HSSE focus areas remain unchanged as these are broad and all-encompassing across the supply chain. The risk-based decisions are taken at the committee level and endorsed by the strategic HSSE committee and the Board to address various challenges within these focus areas. These focus areas include:

- Reducing HSSE risks in industry operations impacting people, environment, assets and reputation.
- Reducing road transport risks and engaging stakeholders on third party risk management.
- Developing security related industry best practice to proactively assess threats and reduce security risks.
- Making recommendations for improvement in the national oil spill response capability.
- Increasing contractor capability through collaborative industry efforts.

# Climate change

**Strategic priority:** Climate change

**Our focus:** Provide input into the development of climate change policy and regulations including that pertaining to the monitoring, measuring and reporting of GHG emissions

Focus areas	Key developments during the year
Input into the development of climate change policy and regulation	<p>Passage of Carbon Tax Bill in Parliament and subsequent enactment effective from 1 June 2019</p> <p>Publication of the Climate Change Bill and subsequent deliberations at NEDLAC.</p>

## Progress in 2019

SAPIA, through the SAPIA Advisory Committee on Climate Change and Business Unity South Africa (BUSA), has engaged throughout the year with both the Department of Environment Affairs and Forestry (DEFF) and National Treasury (NT) on the development of legislation and associated regulations to manage GHG emissions emanating from oil industry activities.

### Greenhouse Gas Reporting Regulations and pollution prevention plans

A draft amendment to the Greenhouse Gas (GHG) Reporting Regulations were published in August for comment. These draft regulations still did not fully clarify the reporting status of stand-by generators which the Department maintains should still be reported on as part of a company's annual GHG emissions reporting. SAPIA has consistently maintained that the reporting of such emissions entails regulatory overload on the part of companies and the DEFF, is superfluous since fuel emissions are already determined from fuel sales reported by the Department of Mineral Resources and Energy and consequently can lead to double reporting of emissions. However, DEFF, inexplicably and with insufficient justification, insists on their reporting.

Integral to the regulations are the technical guidelines that guide a reporting entity in determination of emissions from the facilities under their control. There are still some issues relating to the technical guidelines that remain unresolved more than two years after publication which include calorific values of fuels and other data.

The reporting of GHG emissions can still only be done manually to the Department since the National Atmospheric Emissions

Inventory System (NAIES) has not been configured to allow reporting. However, it is reported that some progress has been made in adapting the NAIES for GHG reporting and it is expected that this would be resolved sometime during 2020.

### Climate Change Bill

The Climate Change Bill was originally published for comment during May 2018. The original Bill seeks to remove the GHG reporting and associated provisions from NEMA:AQA and place them under this new legislation. It furthermore seeks to create an integrated climate response programme across all three levels of government – executive, provincial and municipal. This Bill was referred to NEDLAC for further deliberation where discussions occurred over six months but was then withdrawn during the second half of the year under the new DEFF administration.

This Bill is seen as very important since it aims to be the legislative instrument to report and manage the future trajectory of GHGs for the country. The absence of such a legislative instrument provides significant uncertainty to all players operating in the South African economy as to how GHGs would be managed going forward especially in the light of South Africa's commitments under the UNFCCC.

### Carbon Tax

National Treasury (NT) piloted the Carbon Tax Bill through Parliament at the beginning of 2019 attending numerous hearings at the Standing Committee on Finance before the Bill was passed by Parliament and the National Council of Provinces. The Bill was eventually signed into law by the President and became effective as from 1 June 2019.



The Act imposes a carbon tax on industrial GHG emissions above a certain threshold which includes the refining industry. A carbon levy is also imposed on fuels (petrol and diesel) and carried in the fuel levy and became effective from the 5 June 2019, being the first Wednesday of the month when prices are normally adjusted. The Act operates nominally on a calendar year basis meaning that any increases in the headline rate (in 2019 it was R/t 120) would increase as from 1 January 2020 by CPI + 2% as provided for in the Act. This means the headline rate should increase to R/t 124 (three significant figures are provided for in the Act so cents should be disregarded). This should have also led to an increase in the fuel levy of petrol and diesel of 0.3 c/l (rounding of fractions is performed under the rules related to fuel price adjustments) but did not occur. Final regulations related to carbon offsets were published later in the year and draft regulations for the performance factor (Z factor) and trade exposure were published during December 2019.

The administrative rules related to the imposition of the Carbon Tax Act were published by SARS and numerous comments were made thereon.

Integral with the carbon levy of fuels is developing appropriate emission factors for South African fuels. Synthetic fuels form a significant part of the total fuel pool so using standard emission factors from other jurisdictions are not wholly applicable to the South African fuel pool. SAPIA is presently, with the DEFF, assessing how best this can be done.

SAPIA's held discussions with NT and the DMRE on the operation of the pass through for refining emissions during the year. However, NT still needs to properly formulate their policy thereto. SAPIA's view remains that in order to properly effect the carbon policy the correct price signals need to be directed at consumers so that they will change behaviour and reduce carbon emissions. To this end, applying a tax to refinery emissions will not change consumer behaviour unless the tax can also be passed through to the end consumer in a similar fashion that happens with electricity tariffs.

## Future priorities

### **SAPIA will be focusing on the following areas during 2020:**

- Conclusion of the carbon tax regulations and pass-through tax with NT and the DMRE.
- Continued engagement with the DEA on GHG regulations / budgets and with NT on the post 2022 regulatory environment.
- Development of the Climate Change Bill.
- Assessment of appropriate emission factors for oil refining products in South Africa.

# Refinery sustainability



**Strategic priority:** Promote sustainability of the current refining fleet

**Our focus:** There are a number of issues driven by the market and regulatory action that have the potential to affect the long-term sustainability of the local refining industry. These issues include: the demand for cleaner fuels and the requirements to manufacture these fuels; the impact of the sulphur cap on bunker fuels from 2020; greenhouse gas regulatory management (carbon taxes, carbon budgets); environmental regulatory control (such as minimum emission standards, waste management and water use licences) and electricity supply among others.

Focus area	Key developments during the year
Cleaner Fuels II	No regulatory developments regarding Cleaner Fuels occurred during the year.
MARPOL Annex VI	The sulphur cap on bunker fuels is set to proceed from 1 January 2020.
Greenhouse gas regulatory development	Promulgation of the Carbon Tax Act
Electricity supply	Unplanned power interruptions at refineries result in unsafe conditions, unavoidable flaring of hydrocarbons, damage to the environment, reduced profitability and loss of production.
Integrated Energy Plan / Integrated Resource Plan	The IRP was gazetted in October 2019
TNPA Island View Strategy	Engagements with the TNPA on the implementation of their Island View strategy

## Developments in 2019

### Cleaner Fuels II

Despite the Minister promising, yet again, that policy certainty on cleaner fuels would be made by the end of 2018, the industry still awaits the clarity. The industry's view remains unchanged that implementing the necessary modifications at refineries within the present regulatory regime requires financial support from government since the price regulatory framework does not provide a return on investment for these major modifications. No industry can functionally operate in the longer term with such policy uncertainty and it is inconceivable that government has prevaricated for so long despite policy announcements that financial support was required.

Nevertheless, SAPIA is now exploring other ways to implement a different cleaner fuels regime which may not be as onerous as the Clean Fuels 2.

### MARPOL Annex VI

The sulphur cap on bunker fuels is set to proceed from 1 January 2020. A number of concerns related to the availability and compatibility of fuels arose during the year. Local manufacturers assured bunker suppliers that compliant fuels to the shipping industry would be provided and guidance was published on the handling of these new fuels.

Significant international stockpiling of 0.5% sulphur bunker fuels occurred such that the shipping market was kept wet into the lead up to the implementation of the sulphur cap. This stockpiling did, however, not prevent a large price increase in the lower sulphur fuels which occurred towards the end of the year (35% in low sulphur bunker oil compared to 10% increase in Brent over the same period).

It is considered that the full ramifications of the sulphur cap have not yet been fully played out. As the stock piling of the very low sulphur bunker oil (0.5%S) is reduced, tightness in supply could transpire which will support prices for this product but spill over into increases in distillate prices and ultimately crude oil.



### Greenhouse gas regulatory development

The major developments during the year have been the publication of the Carbon Tax Act and associated regulations. More detail is available under Climate Change above.

### Electricity supply

Refineries are reliant on the sustained supply of electricity to ensure continued operations in a safe and environmentally acceptable way. Both the lack of investment by local authorities in electricity infrastructure and the Eskom crisis has resulted in unplanned power interruptions at one time or another across almost all the refining facilities in the country. These interruptions result in the unavoidable flaring of hydrocarbons to avoid unsafe conditions which is environmentally unacceptable. Significant monetary losses occur as a consequence of this flaring and loss of production. These losses impact the profitability of an installation and affect its long-term sustainability.

The refineries have engaged with local authorities and Eskom on sustained supply but are not wholly assured that their concerns are being properly addressed. Technical expertise has been offered to local authorities to support electricity infrastructure upgrades but there is an apparent reluctance to take advantage of this.

### Integrated Energy Plan / Integrated Resource Plan

The IRP was finally gazetted in October 2019 but a number of question marks remain over assumptions therein most notably the EAF (electricity availability factor) which was considered far higher than presently experienced. This means that the estimation on the supply of electricity will, for at least the new few years, be considerably overstated meaning that outages will result. As outlined above this will have ramifications for the refining industry which include the potential for reduced product supply, loss of margin, environmental impacts all impacting their long term sustainability in the country.

### TNPA Island View Strategy

The TNPA published an Island View Strategy during 2018 aiming to radically transform the ownership of oil industry assets within the precinct. This would be by imposing onerous conditions of ownership and operatorship of assets within the Island View area when leases relating to various oil storage sites expired and were to be renewed. The TNPA rationale for the study was to promote transformation, address the apparent lack of investment in ageing infrastructure, job creation and enhancing security of supply.

The industry responded by engaging with the TNPA on the strategy with the view to provide to them the importance of Island View to the oil industry. To this end SAPIA engaged a consulting firm to assess the economic footprint of the industry in Island View. Some major outcomes of this work included:

- Industry members operating within the Island View precinct had an aggregate Level 2 BEE score as at 2018.

- Investment amounting to R28 billion was made by the oil industry during the period of 2015 to 2018 which included new tanks, maintenance spend and connection to the Multi Product Pipeline. This investment excluded other major investments by third party tank operators such as Vopak and Bidvest Terminals.
- Out of about 8 000 direct employees within the oil industry about 2 000 were employed within the Island View area.
- Some 74% of petroleum products are imported through Island View and about 55% of total SA fuel demand is dependent on this facility providing South Africa with about 13.5% of its primary energy supply.

This work showed that the implementation of the strategy would have the opposite effect of what was intended by the Island View strategy:

- Job creation – it was unlikely that job creation would result from the strategy since the transfer of ownership from one company to another would necessarily also involve the transfer of employees from the one entity to the other. Rather the strategy does the opposite and creates significant employment amongst those employees potentially affected by the strategy.
- Investment - the strategy was threatened a further R57 billion worth of investment to 2024 due to uncertainty created.
- Security of supply - Implementation of the strategy would conversely serious impact the security of supply of petroleum product in a number of ways:
  - The strategy ignored the interconnectedness of manufacturing facilities with Island View.
  - It would raise cost for the utilisation of these assets since they would charge access commensurate with that authorised by NERSA which could be up to 23 c/l (as at Burgan Cape Town), costs which are present borne by industry members. This could compromise the operations of small operators and likely curtail the development of other independents.
  - There would be disruptions to supply during any transition should it occur.

The Industry is still engaging with the TNPA on the strategy with the view to obtain a satisfactory conclusion in the interests of all parties.

## Future priorities

### SAPIA will be focusing on the following areas in 2020:

- Continued engagement towards obtaining financial compensation for cleaner fuels production potentially with a less onerous specification regime.
- Engagement with the DOE on the IEP when released.
- Continued engagement with the TNPA on the Island View Strategy

# Security of supply



**Strategic priority:** Security of supply

**Our focus:** Facilitate the security of supply of petroleum products

Focus areas	Key developments during the year
Identifying emerging risks to security of supply of petroleum products	Security of Supply Committee conducted a risk refresh workshop in March 2019 to identify new emerging risks. JET supply to ORTIA emerged as the highest risk due to: <ul style="list-style-type: none"> <li>the unreliability of TFR.</li> <li>lack of jet import infrastructure in Durban that is linked to the pipeline.</li> </ul>
Tank farm relocation to the Port of Ngqura (Coega)	The relocation of the tank farm has been delayed from September 2019 to 31 October 2019. The construction at the Ngqura site has commenced and continuing.
Competition Commission exemption	The Competition Commission has granted the industry a six-month exemption which expires on 31 March 2019.
Port Elizabeth jetty maintenance	The jetty maintenance was completed successfully without any environmental or safety incidents.

## Progress in 2019

### Tank Relocation from Port of PE to Ngqura

The Dom Pedro tank farm relocation from Port Elizabeth has been delayed from the initial commissioning date of September 2019 to 31 October 2020. The delays were caused by longer than expected time to conclude the off-taking agreements with potential leases of the tank space. This had an impact on the construction schedule and the tank farm capacity had to be reviewed and will potentially be reduced. Despite all the delays, OTGC reported progress in the construction, i.e bulk earthworks have been completed and tank fabrication tenders have been issued.

### Multi-product pipeline project

In 2018 Transnet Pipelines (TPL) commissioned multi-product pipeline (MPP) and the Jameson Park Terminal (TM2) and deferred the Terminal 1 in Durban to a further date. In 2019 TPL confirmed new timelines that TM1 will be commissioned by the first quarter of 2024. Refinery tanks that were demolished to make way for the initial construction will be completed and returned back during 2021.

### Designation of the petroleum industry

The Minister of Economic Development and Competition designated the petroleum industry for the purposes of section 10(3) (b) (iv) of the Competition Act, 1998, for a six-month period with the latest period granted from 31 March 2019 until 31 December 2019. Consequently, the Competition Commission

granted the petroleum industry an exemption for the same period.

Subsequently in December 2019 the Minister further designated the industry for a year from 1 January to December 2020. This allows SAPIA to work on a new long-term exemption application.

## Future priorities

### SAPIA will be focusing on the following areas in 2020:

- Conduct a risk refresh to identify new emerging risks impacting security of supply and work on the new exemption application of the industry by the Competition Commission.
- Assist Transnet National Ports Authority to ensure a smooth relocation of the oil industry from the Port of PE to the Port of Ngqura (Coega).
- Engage Transnet Pipelines to ensure the introduction of jet fuel into the MPP including the commissioning of the jet fuel tanks at TM2.
- Engage DoE on finalisation of regulatory framework with respect to biofuels.
- Work with the DOE on the finalisation and implementation of the strategic stock policy.



# Regulated price elements



**Strategic priority:** Regulated price elements

**Our focus:** Contribute to policy formulation, implementation and a fair regulatory framework for all

## Progress in 2019

### Petroleum products price developments

The price of petrol, diesel and illuminating paraffin comprises the basic fuel price (BFP), magisterial district zones (MDZ), regulatory accounting system margins (RAS) for petrol only, government taxes and levies.

The following section will provide more detail on the elements of petroleum prices in which adjustments have been made during 2019.

### Regulatory accounting system (RAS)

The regulatory accounting system was fully implemented in 2013 (with transition period in 2011 from the M-Par system). The system provides the methodology to calculate the industry margins and guidelines for the computation are provided by the Department of Mineral Resources and Energy (DMRE).

In 2016 the Department undertook to finalise the RAS manual which serves as working rules for the computation of the RAS margins calculations. The manual was approved but is yet to be implemented. The Department has informed SAPIA that the manual implementation will be put on hold until the finalisation of the Fuel Retailers Association's court case where some elements of the margins are being challenged.

The 2019 RAS margins adjustments became effective on Wednesday 4 December 2019 and the secondary storage, secondary distribution, studies and margin adjustments are detailed below.

### Secondary storage element

The total increase of the secondary storage (SS) margin was 2.1 c/l from 20.9 c/l to 23 c/l for petrol. In the absence of a methodology for calculating diesel margins the Department has undertaken to apply the petrol rate for SS to diesel.

### Secondary distribution element

The secondary distribution (SD) margin was increased by 0.6 c/l from 14.6 c/l to 15.2 c/l for petrol. In the absence of a methodology for calculating diesel margins the Department has undertaken to apply the petrol rate for SD to diesel.

### Wholesale margin of petrol

The wholesale margin was increased by 0.9 c/l from 34.8 c/l to 35.7 c/l.

### Retail margin on petrol

The retail margin of petrol was increased by 13.6 c/l, inclusive of the Motor Industry Bargaining Council (MIBCO) wage agreement, from 198 c/l to 211.6 c/l. The Minister of Energy approved an increase of 5.6 c/l ring fenced for wages of This increase is necessary to accommodate the wage increases of pump attendants, cashiers and administrative staff at service stations, included in the retail margin on all grades of petrol, this was effective from 1 January 2020.

### Wholesale margin of diesel and illuminating paraffin

The wholesale margin of diesel and illuminating paraffin (IP) were adjusted with CPI in December 2019 and is now at 74.6 c/l. The routers differential for IP is 7.4 c/l.

### Government taxes and levies

The Minister of Finance announced in his February 2019 budget speech that the fuel and road accident fund levies on petrol and diesel will be adjusted effective from 1 April 2019. In addition, the introduction of carbon levy on controlled products was announced in the budget speech, this was effective from 5 June 2019.

The fuel levy was increased by 30 c/l for both petrol and diesel and now stands at 352 c/l and 337 c/l respectively. The road accident fund levy was increase by 5 c/l and stands at 198 c/l.

In-line with the budget speech the fuel levy was increased by 9 c/l and 10 c/l for petrol and diesel respectively, this was in-line with the carbon tax legislation. These changes increase the total fuel levy for petrol to 361 c/l for petrol and 347 c/l for diesel.

The customs and excise levy remained unchanged at 4 c/l and the IP tracer levy remains unchanged at 0.010 c/l.

### **Magisterial district pricing zones (MDZ)**

The magisterial district price zones, also referred to as primary transport costs, are based on the cost of moving fuels from a supply point generally based on the coast to the inland distribution centres by pipeline and road. The tariffs are adjusted annually subject to approval by the Minister of Mineral Resources and Energy.

The magisterial district zone system is based on standard costs for road transport as supplied by the Road Freight Association (RFA) and actual pipeline rates as set by the National Energy Regulator (NERSA) for Transnet Pipelines.

In 2019, the decision of the Energy Regulator allowed Transnet to realise an increase of 7.69% in allowable revenue. This translates to a 10.95% increase in the 2019/20 tariffs.

The revised road and pipeline transport tariffs become applicable to petrol, diesel and illuminating paraffin price structures with effect from 1 April each year. On average the MDZ tariffs for the 2019/2020 period increased by 10.4 percent.

### **Basic Fuel Price**

The Basic Fuel Price (BFP) underlying concept is that of import parity and the mechanisms employed are chosen to provide realistic, market-related costs of importing a substantial quantity of South Africa's fuels requirements. It is therefore deemed that such supplies are sourced from overseas refining centres capable of meeting South Africa's requirements in terms of both product quality and sustained supply considerations.

These working rules make provision for the prices of all grades of petrol, diesel and illuminating paraffin to be adjusted on the first Wednesday of each month. The amounts of the monthly price adjustments determined by these working rules.

The Department invited in October 2018 industry stakeholders to comment on the proposed publication of maximum retail price for 93 octane grades. A move interpreted by industry as a proposal to deregulate the price of ULP 93 grades. Comments on the proposal were submitted and stakeholders engagements were expected to take place post the 31st January 2019. To date no final outcomes have been communicated by the Department.

In December 2018 the Department published a discussion document to review selected elements of the BFP mechanism. SAPIA and its members commented on the discussion document by March 2019 and were invited to bilateral stakeholder's discussion in June 2019 by the Department. As at December 31st, 2019 the Department had not released the final outcomes of the review.

### **Liquefied Petroleum Gas (LPG)**

SAPIA views LPG as an essential product in the South African market and its safe use should be promoted as a matter of priority in the domestic household sector. LPG can make a significant contribution in the alleviation of the pressure off Eskom power supply for households and businesses alike.

The industry has made significant strides in ensuring the security of supply of LPG product, through new investments in the import terminals. These investments ensured that little supply disruption occurred in 2019.

SAPIA realised an opportunity to bring the spotlight onto LPG through the President's Jobs and Investment Summit 2018 and this work continues through Business Unity South Africa (BUSA). At the summit, LPG was highlighted as an opportunity relating to diversification of energy mix, creation of employment through sales and distribution, and the development of small industries such as equipment and appliances manufacturers. The challenge remains in dealing with illegal trading activities which threaten the safety of the product.

In December 2019, the Minister on Mineral Resources and Energy identified the use of LPG as another way of alleviating supply pressures from Eskom in the short to medium-term. LPG stakeholders were invited to work with Government in order to realise this opportunity.

### **Maximum refinery gate price (MRGP)**

In October 2019 the Department published for public comments, draft regulations in respect of the maximum refinery gate price of liquefied petroleum gas. SAPIA participated in this process and looks forward to engaging the Department during the stakeholder's engagement process in 2020.

### **Maximum retail price**

Maximum retail price (MRP) of LPG supplied to residential customers was implemented in July 2010. In December 2019, the Minister of Resources and Energy approved an increase of 69 c/kg in the pricing structure of the MRP, effective from 4 December 2019.

In terms of applicable rules and regulations, annual reviews and adjustments should be based on the movement in the drivers of the various elements of the price determination formula. SAPIA is grateful that the Minister has adjusted the elements of MRP applying CPI and PPI. The Association will continue to engage with the DOE towards finding a permanent solution to an annual MRP adjustment.

## **Legislation**

### **National Ports Authority tariffs**

The National Ports Authority (NPA) applied to the National Ports Regulator (NPR) for an average tariff increase of 4.21% for the period from 1 April 2019 to 31 March 2020. The NPR declined the proposed tariff increase and only granting an overall decrease in average tariffs of 6.27 percent. Cargo dues remained unchanged for the 2019/2020 period.

### **Levy on the petroleum pipeline industry for 2019/20**

In terms of Government Notice No. 919, the Minister of Energy in concurrence with the Minister of Finance has approved a levy of 0.39734 c/l applicable from 1 April 2019 to 31 March 2020. This levy is in respect of the amount of petroleum, measured in litres, delivered by importers, refiners and producers to the inlet flanges of petroleum pipelines and will be paid by the person holding the title to the petroleum immediately after it has entered the inlet flange.

The levy was determined based on the estimated volumes of 17.2 billion litres per annum, the 2019/20 annual performance plan and budget requirements of R68 356 705.



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## Aggregate financial results of SAPIA members

Year ended 31 December	2009	2010	2011	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*
Operating profit (R/m)	7 991	11 285	15 053	8 628	10 191	1 448	18 814	19 017	15 003	7 699	5 864
Interest paid (R/m)	(973)	(1 868)	(1 175)	(1 295)	(1 386)	(1 393)	(1 336)	(880)	(1 227)	(1 279)	(2 066)
Income tax (R/m)	(190)	(1 609)	(2 745)	(2 240)	(2 970)	15	(3 712)	(3 577)	(3 870)	(1 122)	(1 642)
<b>Net income (R/m)</b>	<b>6 828</b>	<b>7 808</b>	<b>11 134</b>	<b>5 092</b>	<b>5 834</b>	<b>69</b>	<b>13 766</b>	<b>14 560</b>	<b>9 906</b>	<b>5 298</b>	<b>2 156</b>
Total assets (R/m)	101 051	100 851	108 988	117 240	96 695	114 458	115 110	125 088	171 123	143 654	156 007
Capital expenditure (R/m)	5 573	5 091	5 855	6 844	4 950	9 659	6 031	6 502	7 666	4 628	9 623
Refinery shutdown	939	574	273	380	638	646	666	342	780	891	1 120
Other	4 634	4 518	5 582	6 465	4 312	9 014	5 365	6 160	6 886	3 737	8 502
After tax return on assets (%)	7	8	10	4	6	0	12	12	6	4	1
Sales volumes (bn litres)	29	22	20	29	29	31	34	33	31	31	31
Net income after tax (c/l)	24	36	55	18	20	0	40	44	32	17	7

Individual company financial data aggregated by Mr C McClelland (independent industry consultant)

\*2012 data reported by 17 SAPIA members

\*2013 data reported by 18 SAPIA members

\*2014 data reported by 15 SAPIA members

\*2015 data reported by 12 SAPIA members

\*2016 data reported by 9 SAPIA members. PetroSA data is estimated.

\*2017 data reported by 12 SAPIA members

\*2018 data reported by 9 SAPIA members

\*2019 data reported by 10 SAPIA members

## Value added statements

	2009	2010	2011	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*
Turnover (R/bn)	195	217	267	285	329	365	300	321	310	405	425
Net cost of products and services (R/bn)	144	164	187	206	236	280	202	198	186	254	273
<b>Total value added (R/bn)</b>	<b>51</b>	<b>53</b>	<b>79</b>	<b>79</b>	<b>92</b>	<b>85</b>	<b>98</b>	<b>123</b>	<b>124</b>	<b>151</b>	<b>152</b>
To pay employees gross salaries, wages and benefits (R/bn)	5	5	4	6	6	6	6	6	7	6	7
To pay the State tax in the form of											
Income tax (R/bn)	0.2	1	3	2	3	0.02	4.00	4.00	4.00	1.00	2.00
Duties and levies (R/bn)	40	43	54	63	66	72	83	94	114	145	131
To pay providers of capital											
Net finance expense (R/bn)	1	2	1	1	1	1	1	1	1	1	2
Dividends (R/bn)	2	(0.1)	4	2	2	1	3	4	0	0	4
Retained for future growth											
Depreciation (R/bn)	4	3	3	3	3	3	5	6	5	4	5
Retained income / other for the year (R/bn)	0.4	(1)	10	2	12	2	(4)	8	(7)	(7)	1
<b>Total value added (R/bn)</b>	<b>51</b>	<b>53</b>	<b>79</b>	<b>79</b>	<b>92</b>	<b>85</b>	<b>98</b>	<b>123</b>	<b>124</b>	<b>150</b>	<b>152</b>

Individual company financial data aggregated by Mr C McClelland (independent industry consultant)

\*2012 data reported by 17 SAPIA members

\*2013 data reported by 18 SAPIA members

\*2014 data reported by 15 SAPIA members

\*2015 data reported by 12 SAPIA members

\*2016 data reported by 9 SAPIA members. PetroSA data is estimated.

\*2017 data reported by 12 SAPIA members

\*2018 data reported by 9 SAPIA members

\*2019 data reported by 10 SAPIA members.



## Regulatory Accounting System margins (petrol grades)

	*2011	*2012	**2013	2014	2015	2016	2017	2018	2019
Wholesale margin at year end (c/l)	52.50	58.00	31.00	33.50	33.20	35.60	34.00	34.80	35.70
Retail margins	91.80	99.20	139.10	151.10	161.66	176.40	187.20	198.00	206.00
Secondary distribution margin at year end (c/l)	8.40	10.50	11.70	12.60	13.71	17.30	15.90	14.60	23.00
Secondary storage margin at year end (c/l)	12.60	15.00	17.10	17.40	18.52	17.90	18.60	20.90	15.20

### Notes:

\* 2011 & 2012 were transition periods for the Regulatory Accounting System.

\*\* Regulatory Accounting System was fully implemented on 4 December 2013.

## Sources of crude oil for SAPIA members: 2009 to 2019

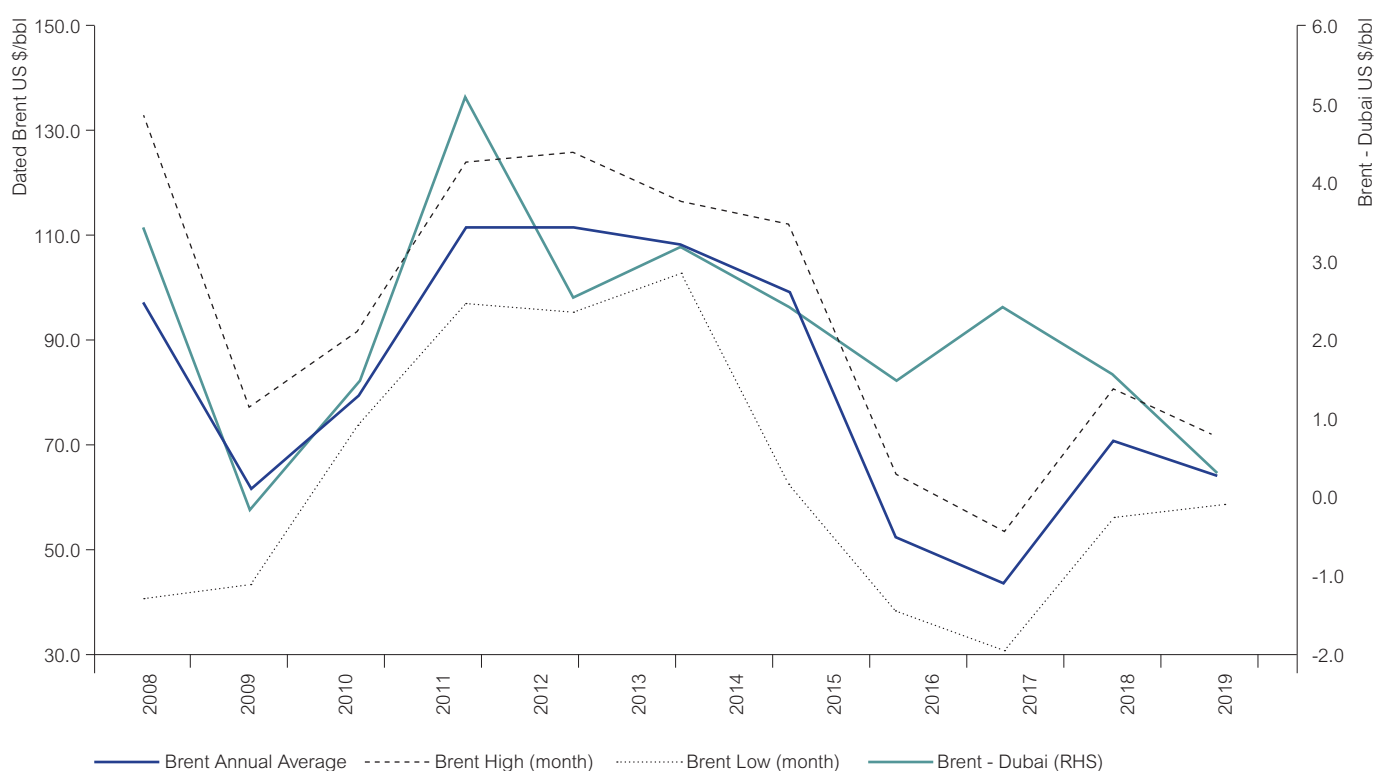
Country of origin	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016*	2017*	2018*	2019*
Angola	3 817	3 409	1 948	3 356	2444	2614	3348	4 000	3 420	2 352	1 153
Equatorial Guinea	0	35	38	76	89	378	22	129	144	0	37
Ghana	0	0	0	259	746	756	0	0	125	1149	1 276
Nigeria	3 963	3 594	3 755	4 310	4 336	6 658	7 291	6 131	4 083	6 745	7 174
Norway	74	37	0	0		0	0	270	0	37	145
Saudi Arabia	6 968	4 584	4 793	8 437	9 723	8 120	4 895	7 939	8 170	8 780	6 122
Togo	0	0	0	0	0	0	0	0	297	157	137
United Arab Emirates	553	1 018	598	538	307	924	1 337	673	107	794	2 011
United States	0	36	262	0	0	0	0	0	139	0	151
<b>Total</b>	<b>25 040</b>	<b>19 254</b>	<b>17 834</b>	<b>18 940</b>	<b>18 658</b>	<b>21 279</b>	<b>19 233</b>	<b>20 666</b>	<b>16 770</b>	<b>20 238</b>	<b>18 207</b>

\*South African Revenue Service

## Crude oil price movements: January 2013 to December 2019

### Average monthly prices (US\$/bbl)

	2013		2014		2015		2016		2017		2018		2019	
	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai
January	113	108	108	104	48	46	31	27	55	54	69	66	59	64
February	116	111	109	105	58	56	32	29	55	54	65	63	64	67
March	108	106	108	104	56	55	38	35	52	51	66	63	66	71
April	102	102	108	105	59	58	41	39	53	52	72	68	71	70
May	103	100	110	106	64	64	47	44	50	50	77	74	71	62
June	103	100	112	108	62	62	48	46	47	46	74	74	64	63
July	108	104	107	106	57	56	45	43	49	48	74	73	64	59
August	111	107	102	102	47	48	46	44	52	50	73	72	59	61
September	112	108	97	96	48	45	47	43	56	53	79	77	63	59
October	109	107	87	87	49	46	50	49	57	56	81	79	60	62
November	108	106	79	76	44	42	45	44	63	61	65	66	63	65
December	111	108	62	60	38	35	54	52	64	62	56	57	67	64
12-month average	109	106	99	97	52	51	44	41	54	53	71	69	64	64



**Figure 5 Dated Brent and Dubai differential**

## Brent crude prices

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average US\$ price	61.5	97.5	111.3	111.6	108.7	99.0	52.0	43.7	54.3	70.9	64.3
*Average rand price/barrel	520.8	715.6	810.2	918.4	1 050.7	1 074.0	661.9	643.2	723.1	938.9	929.2
Average exchange rate	8.47	7.34	7.28	8.23	9.67	10.85	12.73	14.71	13.32	13.24	14.46

\* Based on exchange rate as per CEF BFP rates



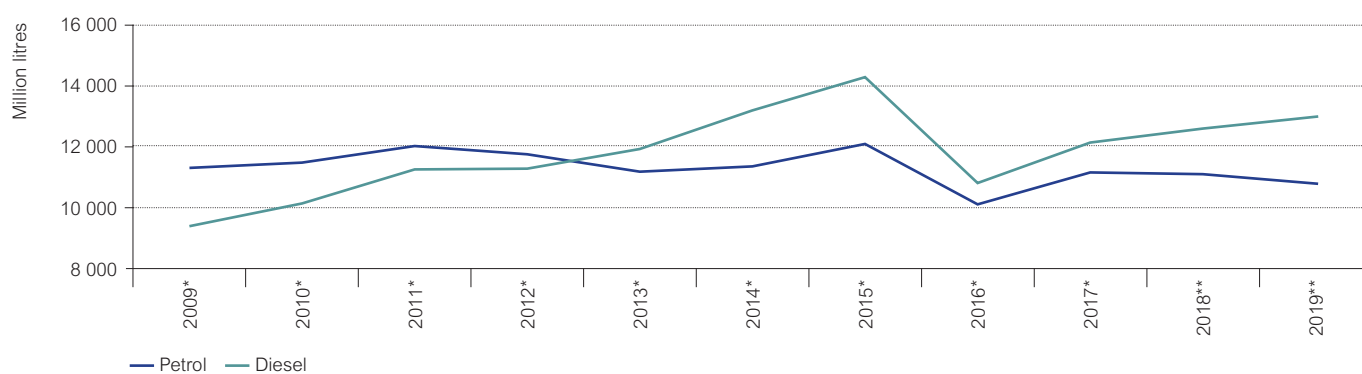
## Consumption of petroleum products in South Africa

Year	Millions of litres					
	Petrol	Diesel	Paraffin	Jet fuel	Fuel oil	LPG
2009*	11 321	9 437	551	2 349	724	554
2010*	11 455	10 170	545	2 308	468	612
2011*	11 963	11 225	581	2 434	477	717
2012*	11 714	11 262	470	2 367	568	656
2013*	11 153	11 890	530	2 223	523	485
2014*	11 344	13 169	558	2 197	487	398
2015*	12 072	14 178	573	2 441	591	588
2016*	10 160	10 846	558	2 121	562	557
2017**	11 174	12 147	648	2 713	523	551
2018**	11 142	12 539	702	2 346	552	504
2019**	10 773	12 909	620	2 439	410	495

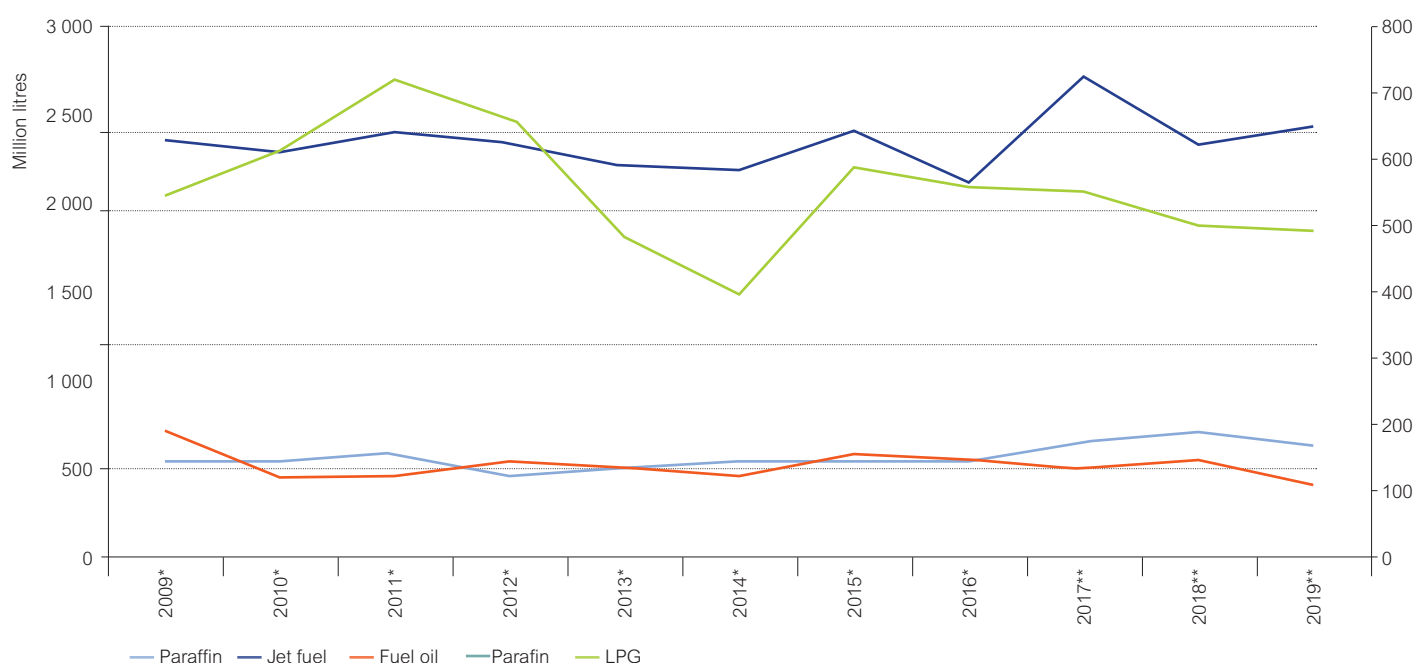
\* Source: Department of Energy website

\* Paraffin includes power paraffin and illuminating paraffin

\*\*2019 data sourced on 25 March 2020

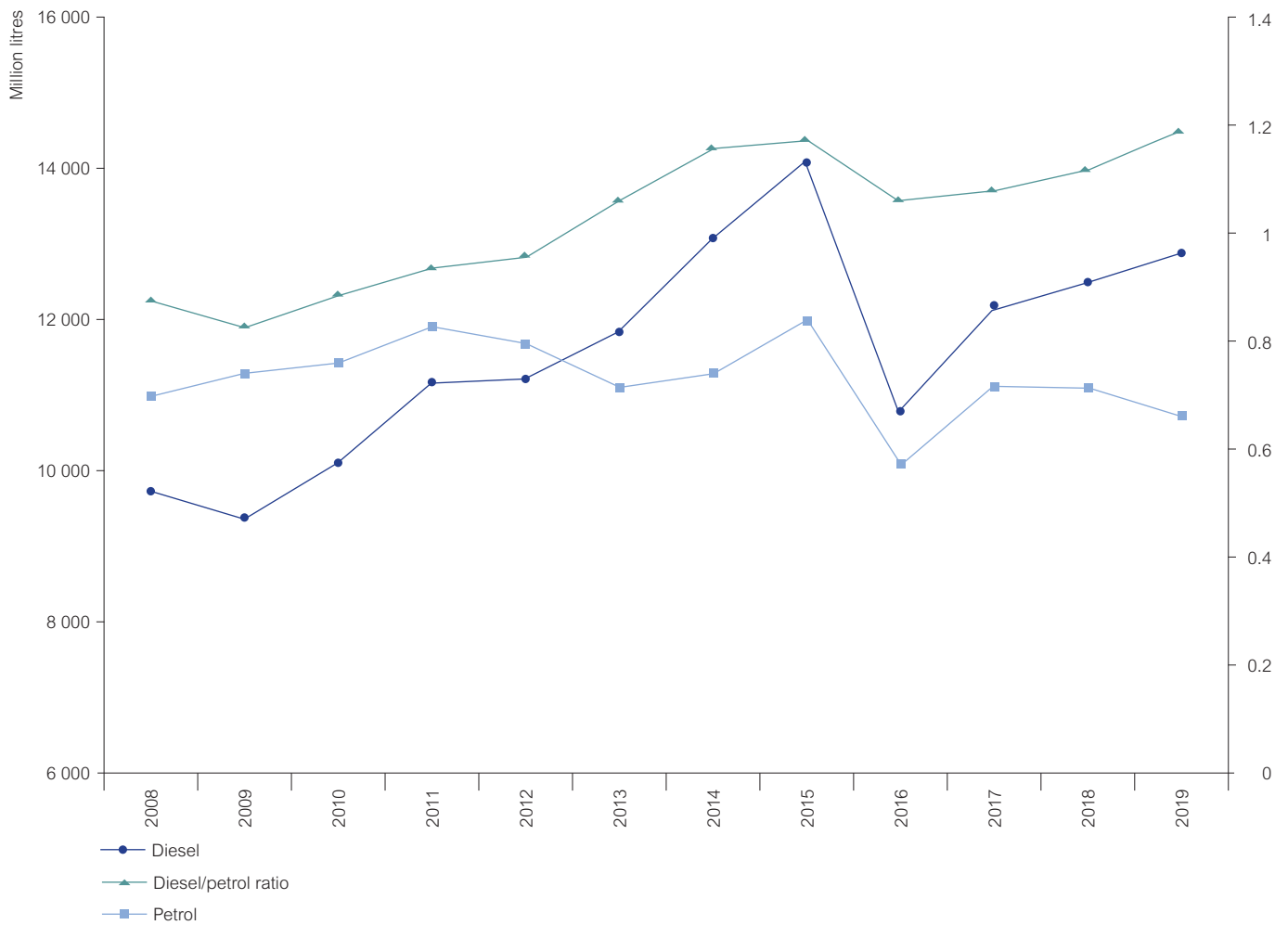


**Figure 6** Petrol and diesel consumption



**Figure 7** Petroleum products consumption

## Petrol/diesel consumption ratio



**Figure 8** Petrol and diesel consumption

The ratio of demand between diesel and petrol in 2018 was 1.13, in comparison to 1.07 in 2017. There was a slight increase in consumption of diesel and petrol consumption remained constant. The diesel demand is mainly driven by the economic growth and is in line with the overall GDP rate of 1.3%.



## Petroleum products imports and exports

Thousand tonnes

Imports					Exports			
Year	Petrol	Diesel	Jet fuel	LPG	Petrol	Diesel	Jet fuel	LPG
2009	1 484	1 943	85	13	333	717	40	31
2010	1 571	2 163	213	7,7	329	618	53	36
2011	1 815	3 153	199	47	176	452	126	28
2012	1 370	3 247	231	27	202	504	62	37
2013	1 113	4 158	183	65	122	399	14	25
2014	863	4 197	229	43	750	1 261	92	53
2015	1 402	5 451	217	30	816	1 368	667	18
2016	1 047	3 716	83	62	868	1 585	266	25
2017	1 586	5 070	333	70	811	1 498	277	39
2018	1 830	5 286	342	40	1 137	1 587	328	57
2019	1 477	5 838	462	127	1 179	1 783	293	92

\*Source: South African Revenue Service

## Capacity of South African refineries

Capacity (bbl/day)

Refineries	2010	2013	2014	2015	2016	2017	2018	2019
Sapref	180 000	180 000	180 000	180 000	180 000	180 000	180 000	180 000
Enref	120 000	120 000	120 000	120 000	135 000	135 000	135 000	135 000
Chevref	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Natref	108 000	108 000	108 000	108 000	108 000	108 000	108 000	108 000
Sasol*	150 000	150 000	150 000	150 000	150 000	150 000	150 000	150 001
PetroSA*	45 000	45 000	45 000	45 000	45 000	45 000	45 000	45 001
<b>Total</b>	<b>703 000</b>	<b>703 000</b>	<b>703 000</b>	<b>703 000</b>	<b>718 000</b>	<b>718 000</b>	<b>718 000</b>	<b>718 002</b>

\*Crude equivalent

## Prices in Gauteng: 30 June each year

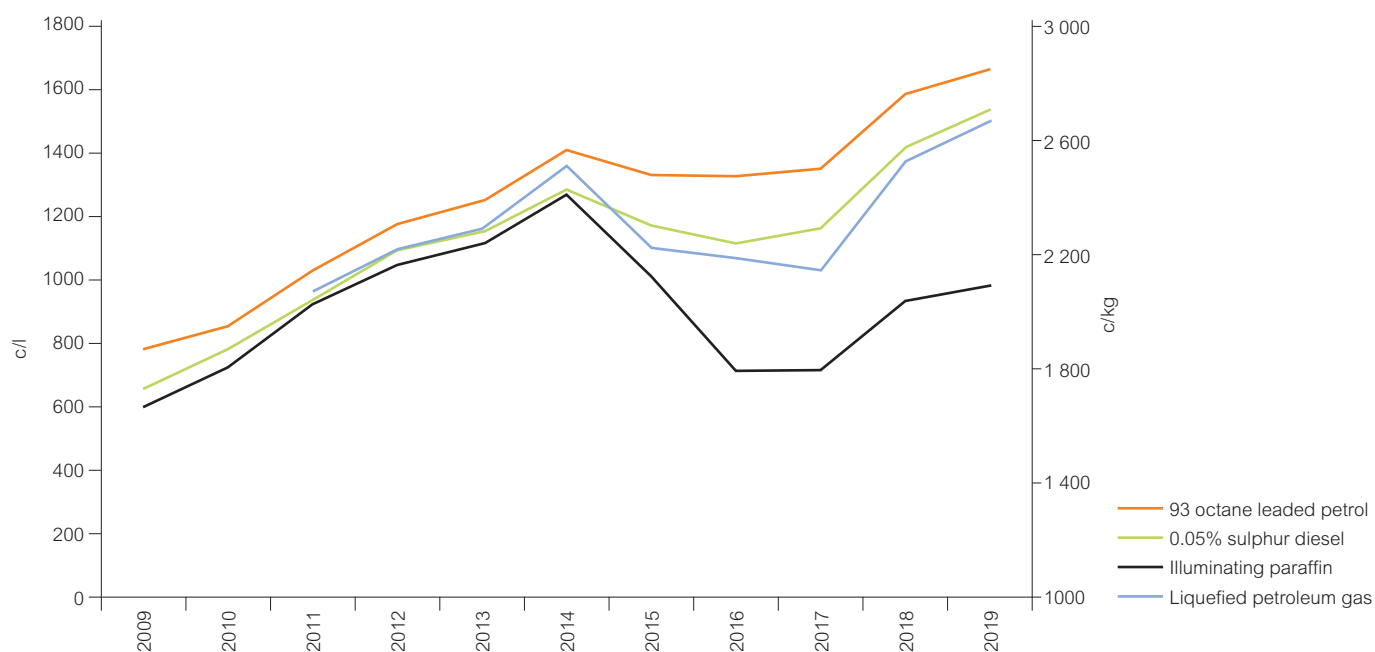
Year	95 octane leaded petrol retail price (c/l)	0.005% sulphur diesel wholesale price (c/l)	Illuminating paraffin single maximum national retail price (c/l)*	Liquefied petroleum gas maximum retail price (c/kg)**
2009	780	650	586	
2010	845	784	723	
2011	1 023	933	918	2 068
2012	1 167	1 078	1 048	2 207
2013	1 239	1 141	1 106	2 289
2014	1 402	1 280	1 271	2 501
2015	1 336	1 173	1 006	2 217
2016	1 326	1 111	718	2 185
2017	1 354	1 162	714	2 144
2018	1 579	1 425	927	2 522
2019	1 657	1 528	974	2 657

\* The single maximum national retail price for IP was introduced in 2003

\*\*Maximum retail price of LPG was introduced in July 2010

Source: Department of Energy June price schedule

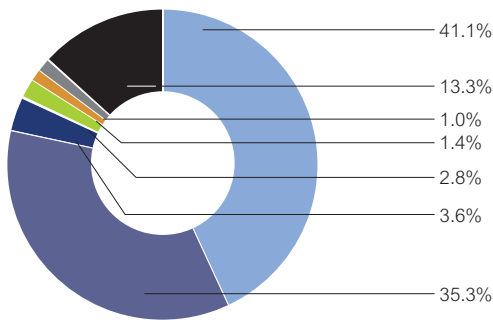
## Petroleum product prices



**Figure 9** Prices in Gauteng: 30 June each year



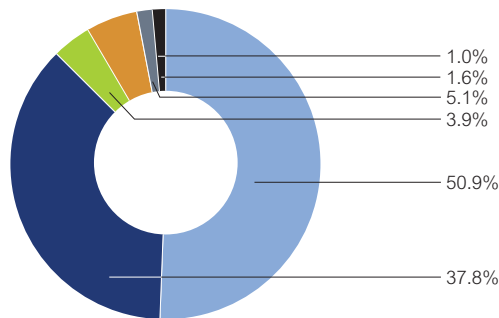
## Petrol, diesel & LPG price breakdown



Contribution to the basic fuel price	687.570 c/l
Government duties and levies	563.330 c/l
Zone differential	57.400 c/l
Wholesale margin	35.700 c/l
Secondary storage	23.000 c/l
Secondary distribution	15.200 c/l
Retail margin*	211.600 c/l
Pump rounding	-0.200 c/l
Slate levy	0.000 c/l

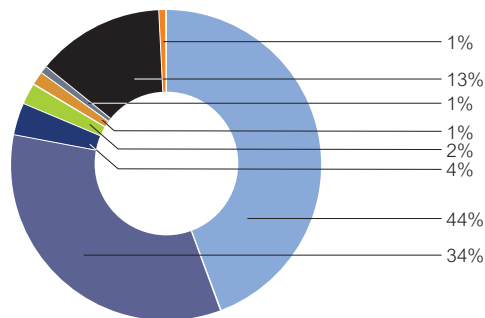
Source: Media release by Department of Energy

**Figure 10 93 octane petrol: Gauteng retail price 1588 c/l in December 2019**



Contribution to the basic fuel price	733.630 c/l
Government duties and levies	549.430 c/l
Zone differential	57.400 c/l
Industry margin	74.600 c/l
Secondary storage	23.000 c/l
Secondary distribution	15.200 c/l
Slate levy	0.000 c/l

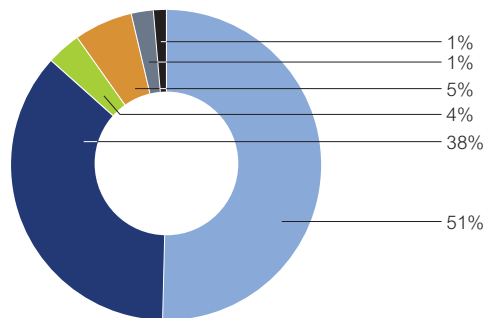
**Figure 11 Diesel (0.05% S): Gauteng wholesale price 1453.26 c/l in December 2019**



Contribution to the basic fuel price	719.570 c/l
Government duties and levies	563.330 c/l
Zone differential	57.400 c/l
Wholesale margin	35.700 c/l
Secondary storage	23.000 c/l
Secondary distribution	15.200 c/l
Retail margin	211.600 c/l
Pump rounding	-0.200 c/l
DSML	10.000 c/l
Slate levy	0.000 c/l

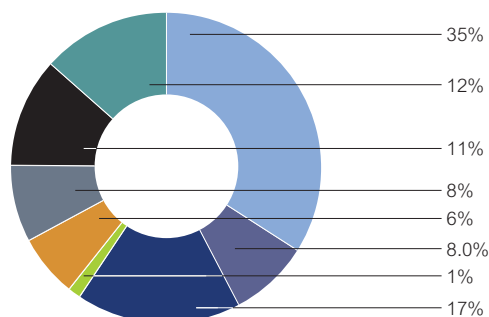
Source: Media release by Department of Energy

**Figure 12 95 octane petrol: Gauteng retail price 1630.0 c/l in December 2019**



Contribution to the basic fuel price	739.030 c/l
Government duties and levies	549.430 c/l
Zone differential	57.400 c/l
Industry margin	74.600 c/l
Secondary Storage	23.000 c/l
Secondary Distribution	15.200 c/l
Slate levy	0.000 c/l

**Figure 13 Diesel (0.005% S): Gauteng wholesale price 1458.66 c/l in December 2019**



Maximum refinery gate price	912.8 c/kg
Primary transport costs	215.662 c/kg
Operating expenses	446.452 c/kg
Working capital	33.841 c/kg
Depreciation	166.011 c/kg
Gross margin: cylinder-filling plant	212.125 c/kg
Retail margin (15%)	298.034 c/kg
Value Added Tax (15%)	342.739 c/kg

Source: Media release by Department of Energy

**Figure 14 LPG: Gauteng max retail price 2 628 c/kg in December 2019**

## Fuels taxation history - South Africa (rates at 31 December each year)

### Petrol

Year	Customs & Excise Duty	Fuel Levy	Road Accident Fund Levy	Petroleum Products Levy	Demand Side Management Levy*	Total Imposts
2009	4,0	150,0	64,0	0,15	10,0	231,15
2010	4,0	167,5	72,0	0,15	10,0	256,65
2011	4,0	177,5	80,0	0,15	10,0	274,65
2012	4,0	197,5	88,0	0,15	10,0	302,65
2013	4,0	212,5	96,0	0,15	10,0	325,65
2014	4,0	224,5	104,0	0,15	10,0	342,65
2015	4,0	255,0	154,0	0,15	10,0	423,15
2016	4,0	285,0	154,0	0,33	10,0	453,33
2017	4,0	315,0	163,0	0,33	10,0	492,33
2018	4,0	337,0	193,0	0,33	10,0	544,33
2019	4,0	361,0	198,0	0,33	10	573,33

\* DSML only on 95 ULP in zones 07A, 07C, 08A, 08C, 09A, 10A, 09C, 10C, 11A, 11C, 12C, 13A, 13C, 14C, 15C, 15A, 16C, 17A, 17C and 19A

Gauteng wholesale price (0.005% S) c/l in December 2019: 1630

Taxes and levies as a % of this retail price: 33.39%

### Diesel

Year	Customs & Excise Duty	Fuel Levy	Road Accident Fund Levy	Petroleum Products Levy	IP Tracer Dye Levy	Total Imposts
2009	4,0	135,0	64,0	0,15	-	206,2
2010	4,0	152,5	72,0	0,15	-	231,7
2011	4,0	162,5	80,0	0,15	-	249,7
2012	4,0	182,5	88,0	0,15	-	277,7
2013	4,0	197,5	96,0	0,15	-	300,7
2014	4,0	209,5	104,0	0,15	-	317,7
2015	4,0	240,0	154,0	0,15	-	398,2
2016	4,0	270,0	154,0	0,33	-	428,3
2017	4,0	300,0	163,0	0,33	-	467,3
2018	4,0	322,0	193,0	0,33	-	519,3
2019	4,0	347,0	198,0	0,33	0,10	549,4

Gauteng wholesale price (0.005% S) c/l in December 2019: 1458.66

Taxes and levies as a % of this retail price: 27.30%

The total annual amounts of fuel taxes collected on petrol, diesel and paraffin (calculated on 2018 volumes at June 2018 rates)

	Petrol	Diesel
Sales volumes (million litres)	11 142	12 539
95 unleaded petrol in the DSML area (million litres)*	3 737	
Customs and excise duty (c/l)	4.00	4.00
Fuel levy (c/l)	361.00	347.00
Road accident fund levy (c/l)	198.00	198.00
Equalisation fund levy (c/l)	0.00	0.00
Value Added Tax (VAT)	0.00	0.00
Demand side management levy (DSML) (c/l)	10.00	0.00
IP marker levy (c/l)	0.00	0.10
Petroleum products levy (c/l)	0.33	0.33

	Million rands		Total
Customs/excise duty	446	502	947
Fuel levy	40 221	43 509	83 731
Road accident fund levy	22 060	24 827	46 887
Equalisation fund levy	0	0	0
Value Added Tax (VAT)	0	0	0
Demand side management levy (DSML)**	374		374
IP marker levy	0	13	13
Petroleum products levy***	37	41	78
<b>Total</b>	<b>63 138</b>	<b>68 892</b>	<b>132 029</b>

\* Based on SAPIA estimate

\*\*Only applicable to 95 octane unleaded petrol sold in the inland zones

\*\*\*The levy is used to cover the cost of the National Energy Regulator for regulating the petroleum pipelines industry

## Workforce profile

The table below reflects the combined workforce profile for direct employees of SAPIA member companies and its refineries as reported to the Department of Labour in October 2019. It should be noted that the petroleum industry supports direct and indirect employment for over 100 000 people.

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	18	10	9	24	15	7	10	8	14	1	116
Senior management	135	54	68	111	93	26	34	54	27	7	610
Professionally qualified and experienced specialists and mid-management	645	327	268	327	543	200	135	159	22	11	2 639
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	960	569	196	329	706	263	105	169	9	3	3 323
Semi-skilled and discretionary decision making	1 610	315	90	55	553	121	44	36	17	3	2 838
Unskilled and defined decision making	348	17	1	6	367	9	0	1	7	0	768
<b>TOTAL PERMANENT</b>	<b>3 716</b>	<b>1 292</b>	<b>632</b>	<b>852</b>	<b>2 277</b>	<b>635</b>	<b>330</b>	<b>426</b>	<b>95</b>	<b>25</b>	<b>10 294</b>
Temporary employees	300	112	11	38	133	18	8	8	1	1	630
<b>*GRAND TOTAL</b>	<b>4 016</b>	<b>1 404</b>	<b>643</b>	<b>895</b>	<b>2 420</b>	<b>651</b>	<b>338</b>	<b>435</b>	<b>96</b>	<b>26</b>	<b>10 924</b>

\* The grand total includes people with disability

Note: A = Africans, C = Coloureds, I = Indians and W = Whites



## Health, safety and environment performance indicators covering distribution activities outside the refinery gate

Performance indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
(Not including refineries)										
<b>Safety: staff and contractors</b>										
Fatalities	27	8	10	9	14	10	3	5	0	1
Lost time injuries	51	44	43	26	25	16	23	27	33	9
Hours worked (million)	24.6	26.6	30.0	28.9	31	34.9	65.4	71.5	70.1	53.2
<b>Total recordable rate (TRR), fatalities, lost time injuries and medical treatment cases per 200 000 hours worked.</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>
<b>Environment:</b>										
Fires	33	16	13	29	21	32	31	31	18	13
<b>Health:</b>										
Occupational illnesses	2	1	2	1	1	1	1	1	3	0
<b>Security:</b>										
Hijackings	17	5	6	9	9	9	0	6	2	5
Cash-in-transit robberies	31	18	27	11	17	24	26	54	26	12
Retail robberies	430	156	222	214	274	410	381	787	431	363

## Crude refineries resource consumption and waste/emissions

		2012	2013	2014	2015	2016	2017	2018	2019
<b>Water usage: litres</b>	<b>Total</b>	<b>11 234 343</b>	<b>11 181 656</b>	<b>10 644 383</b>	<b>8 588 691</b>	<b>7 774 810</b>	<b>6 490 410</b>	<b>7 467 484</b>	<b>10 116 875</b>
	Municipal	6 507 540	6 651 098	6 284 621	5 944 116	6 544 507	6 490 410	6 895 681	7 792 703
Electricity consumption: Gwh		850	863	932	895	950	1176	967	933
SO2 emissions: tons		21 210	21 677	22 054	21 206	20 166	17 308	16 385	19 348
PM emissions: tons		891	983	962	1 517	866	945	1 108	576
CO2 emissions: tons		3 164 964	3 144 239	3 447 894	2 653 748	3 643 580	3 445 407	3 509 640	3 524 088
<b>Waste: tons</b>	<b>Total:</b>	<b>16 952</b>	<b>39 177</b>	<b>24 190</b>	<b>37 130</b>	<b>40 345</b>	<b>42 785</b>	<b>49 017</b>	<b>43 227</b>
	Hazardous:	11 487	26 170	18 606	27 317	32 239	36 105	41 492	34 266
	Non-hazardous:	5 465	13 007	5 583	9 813	8 106	6 680	7 525	8 961

## Crude and coal/gas to liquids refineries health & safety indicators

Indicator	2013	2014	2015	2016	2017	2018	2019
Fatalities	1	0	3	1	2	0	2
Lost time injuries (LTI)	15	28	29	47	44	55	23
Exposure hours	23 530 093	61 993 158	54 175 090	53 412 875	49 819 482	52 602 045	53 046 089
Occupational illnesses	16	23	45	25	6	36	62
<b>Total recordable rate (fatalities, LTI and medical treatment cases per 200k hours worked)</b>	<b>1.87</b>	<b>0.27</b>	<b>1.52</b>	<b>0.99</b>	<b>1.5</b>	<b>1.29</b>	<b>1.5</b>

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Telephone: 011 100 7100

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Website: [www.gulfstreamenergy.co.za](http://www.gulfstreamenergy.co.za)

## **Indigas**

Telephone: 012 653 3295

Address: 10 Bell Cres, Hennopspark, Centurion, 0172

Website: [www.indigas.co.za](http://www.indigas.co.za)

## **Makwande Energy Trading**

Telephone: 011 234 2174

Address: 4th Floor, West Tower, Maude Street, Sandton, 2146

Website: [www.makwande.com](http://www.makwande.com)

## **MBT Petroleum**

Telephone: 012 991 3093

Address: Club One, 1st floor Cnr Pinaster &, 18th St, Hazelwood, Pretoria, 0081

Website: [www.mbtpetroleum.co.za](http://www.mbtpetroleum.co.za)



#### **Petregaz**

Telephone: 021 555 0919

Address: Albion Springs Suite 104, 183 Main Road, Rondebosch, Cape Town, 7701

Website: [www.petregaz.co.za](http://www.petregaz.co.za)

#### **PetroSA**

Telephone: 021 929 3000

Address: 151 Frans Conradie Drive, Parow, 7500

Website: [www.petrosa.co.za](http://www.petrosa.co.za)

#### **Puma Energy**

Telephone: 011 343 6970

Address: 15 Alice Lane, Sandhurst, Sandton, 2196

Website: [www.pumaenergy.com](http://www.pumaenergy.com)

#### **Royale Energy**

Telephone: 012 361 0110

Address: Unit A, 1st Floor, 1004A Corobay Corner Office Park, Cnr Aramist and Corobay Avenue, Waterkloof Glen, Pretoria

Website: [www.royale-energy.co.za](http://www.royale-energy.co.za)

#### **SA Bunkering and Trading**

Telephone: 021 551 9588

Address: Portside Building, Office 1502 15th, 4 Bree St, Cape Town, 8001

Website: [www.sabunker.com](http://www.sabunker.com)

#### **Sasol Oil**

Telephone: 010 344 5000

Address: Sasol Place, 50 Katherine Street, Sandton, 2196

Website: [www.sasol.com](http://www.sasol.com)

#### **Shell Downstream South Africa**

Telephone: 011 996 7000

Address: The Campus, Twickenham Building, 57 Sloane Street, Epsom Downs, Bryanston, 2021

Website: [www.shell.com](http://www.shell.com)

#### **Total South Africa**

Telephone: 011 778 2000

Address: Total House, 3 Biermann Avenue, Rosebank, Saxonwold, Johannesburg, 2196

Website: [www.total.co.za](http://www.total.co.za)

#### **Totalgaz Southern Africa**

Telephone: 021 941 4012

Address: 2nd Floor Tygervally Chambers, 2 Willie Van Schoor Avenue, Tygervally Bellville, 7530

Website: [www.totalgaz.co.za](http://www.totalgaz.co.za)

#### **Wasaa Gasses**

Telephone: 011 708 0538

Address: 417-418 Hilston Street, Kya Sands, Johannesburg

Website: [www.wasaa.co.za](http://www.wasaa.co.za)



# Abbreviations

<b>ACSA</b>	Airports Company of South Africa	<b>NERSA</b>	National Energy Regulator of South Africa
<b>B-BBEE</b>	Broad-based black economic empowerment	<b>NICOLA</b>	Network for Industrially Contaminated Land in Africa
<b>Bbl/day</b>	Barrels per day	<b>NOSCP</b>	National Oil Spill Contingency Plan
<b>BEE</b>	Black economic empowerment	<b>NPA</b>	National Ports Authority
<b>BUSA</b>	Business Unity South Africa	<b>NPR</b>	National Ports Regulator
<b>CHIETA</b>	Chemical Industry Education and Training Authority	<b>NPEA</b>	National Petroleum Employers Association
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent	<b>NSDS</b>	National Skills Development Strategy
<b>CSI</b>	Corporate social investment	<b>NSDS III</b>	National Skills Development Strategy III
<b>DOE</b>	Department of Energy	<b>OPEC</b>	Organisation of the Petroleum Exporting Countries
<b>HDSAs</b>	Historically disadvantaged South Africans	<b>OPRC</b>	Oil Pollution Preparedness, Response and Co-operation
<b>HRD</b>	Human resource development	<b>PPA</b>	Petroleum Products Amendment Act
<b>IEA</b>	International Energy Agency	<b>PPC</b>	Parliamentary Portfolio Committee
<b>IeC</b>	Integrated Energy Centre	<b>PPP</b>	Public-private partnership
<b>IK</b>	Illuminating kerosene	<b>RAF</b>	Road Accident Fund
<b>INDC</b>	Intended nationally determined contribution	<b>RAS</b>	Regulatory accounting system
<b>IP</b>	Illuminating paraffin	<b>RON</b>	Research octane number
<b>Kb/day</b>	Thousand barrels per day	<b>SAMSA</b>	South African Maritime Safety Authority
<b>LFC</b>	Liquid Fuels Charter	<b>SAPIA</b>	South African Petroleum Industry Association
<b>LOE</b>	Leadership in Oil and Energy Certificate Programme	<b>SBM</b>	Single buoy mooring
<b>LPG</b>	Liquefied petroleum gas	<b>SETA</b>	Sector Education and Training Authority
<b>MMT</b>	Methylcyclopentadienyl manganese tricarbonyl	<b>SETs</b>	Sectoral emission targets
<b>MIBCO</b>	Motor Industry Bargaining Council	<b>SSP</b>	Sector Skills Plan
<b>MDZ</b>	Magisterial district zones	<b>TFR</b>	Transnet Freight Rail
<b>MPP</b>	Multi-product pipeline	<b>TOR</b>	Terms of reference
<b>MTT</b>	Ministerial task team	<b>TPL</b>	Transnet Pipelines
<b>NEMA</b>	National Environmental Management Act	<b>WACC</b>	Weighted average cost of capital
<b>NEMA: AQA</b>	National Environmental Management: Air Quality Act		





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