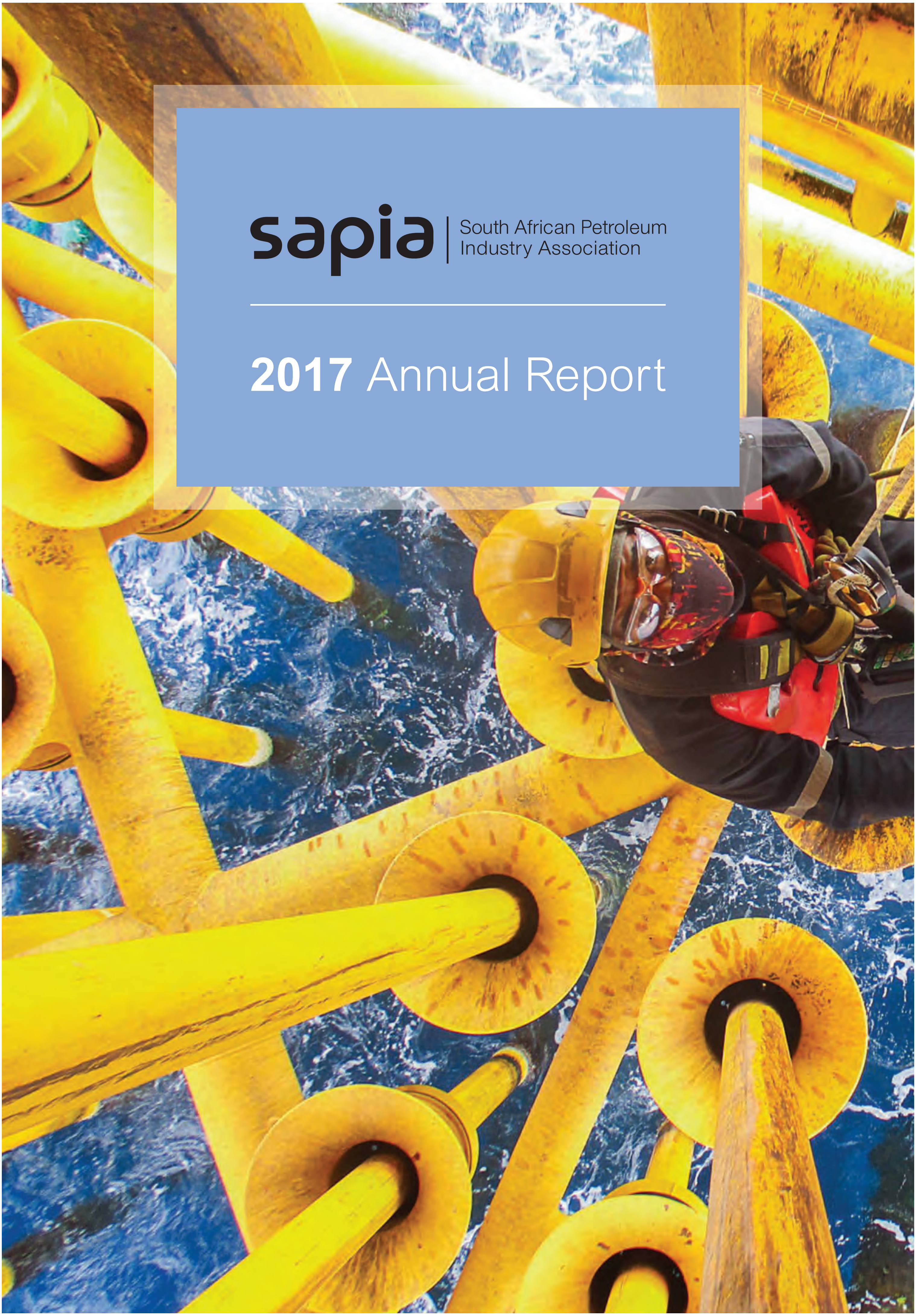
sapia | South African Petroleum Industry Association

2017 Annual Report



Contents

Foreword by the Minister of Energy **Jeff Radebe**

As South Africans, together with our global partners, we have completed the commemoration of the year of one of the finest sons of the soil Oliver Reginald Tambo. This selfless patriot who committed his life to a tireless pursuit of the liberation of South Africa would have turned 100 years old this year, had he lived. In the year of OR Tambo's centenary, government declared 2017 as the year of unity in action by all South Africans as we move South Africa forward together.

During 2017, government and key stakeholders in the energy sector came together at The Energy Indaba in Johannesburg. In the spirit of unity in action, the Indaba provided a platform to enable discussions, debates and sharing of ideas and information, so we can all contribute to the energy discourse of the country and shape the future for the sector. Indeed the liquid fuels sector featured prominently in the discussions.

There is enormous potential in the liquid fuels sector, which if correctly tapped can help us grow this economy. This sector provides over 700 000 direct and indirect jobs equal to almost 5% of the total formal employment in South Africa. The liquid fuels sector contributes about R300 billion to the GDP of South Africa's growth and contribution to the South African economy is critical. We need to tap into the potential of this sector as an opportunity to grow this economy.

The South African petroleum industry also contributes to the promotion of trade with other African countries. In 2017, South Africa imported 122 636 512 barrels of crude oil. Of this total, 60 501 197 barrels (49%), was from African countries. South Africa is also a significant exporter of petroleum products, especially to neighbouring African countries. This includes diesel, petrol, liquefied petroleum gas and jet fuel.

The liquid fuels industry like other sectors faces challenges. The first challenge is to meet the rapidly rising demand for cleaner liquid fuels. The second challenge is the need to increase energy supply in a globally carbon-constrained environment. The third challenge is to ensure security of supply and affordability of energy for all. These are the main challenges that South Africa faces in the energy sector.

One of the key objectives of the Department of Energy is to ensure energy security which, in essence, is about ensuring the availability of energy resources, and access to energy services in an affordable, reliable and sustainable manner, while minimising the associated adverse environmental impacts.

Furthermore, a number of factors pose potential threats to energy security including scarce and depleting energy resources, geopolitical instability and inadequate energy infrastructure. To ensure continued security of energy supply, it is essential that there is a coordinated and integrated approach to energy planning and coherent policymaking. We will engage stakeholders to identify constraints and propose solutions, which working together I believe will be of advantage to South Africa.

Infrastructure and supply

The South African economy is heavily dependent on liquid fuels for the transportation of goods and people across its geographical expanse. Petrol and diesel are almost exclusively used for road transport of passengers and freight, powering more than ninety per cent (90%) of the transport sector. With this in context, the security of supply, distance from crude markets and geopolitical environments dictate that South Africa has certain security of supply of liquid fuels to mitigate against oil supply disruptions.

South Africa refining nameplate capacity is 700 000b/d. 72% of this capacity is from crude oil. In terms of consumption both petrol and diesel consumption exceeds refinery capacity production in South Africa. The country has seen a steady increase in imports of both petrol and diesel finished products. The National Development Plan highlights the need for investments in the refining capacity although it acknowledges the complexity in making such investment decisions.

Regulations regarding clean fuels

South Africa is on Clean Fuels I which is equivalent to Euro III liquid fuels specification. South Africa has to transition to Clean Fuels II specification which is equivalent to Euro V specification. This requires massive investments in the region of R40bn to convert the refineries to meet the new fuel specifications.

We had planned to introduce clean fuel standards by 1 July 2017, and we have encountered challenges with the funding of this initiative. In this regard, a new approach to facilitating the introduction of clean fuels will be outlined, and we believe that this will resolve the uncertainty regarding this initiative and its funding.

Natural gas set for major growth

Globally and domestically fossil fuels remain the dominant source of energy powering the world economy and providing around 60% of energy growth. It is estimated that by 2040, natural gas will grow the most with its share in primary energy gradually increasing. Oil remains essential to transportation and chemicals. The contribution of coal is projected to decrease with gas replacing it as the second-largest fuel source driven by the need for cleaner fuel. Nuclear and renewables see strong growth totalling more than 20%.

South Africa has the possibility of introducing a variety of sources of natural gas such as shale gas and coal bed methane which could be economically available within a 10-year planning horizon. Together with all sectors of society, we will determine the way forward in a manner that takes national and regional interests into account.

For the government to achieve its development objectives and to encourage investment, we need to maintain an environment that is conducive to investments in the petroleum and gas infrastructure. Regulations involving LPG pricing are being amended to facilitating investments in infrastructure. Recently two new LPG import terminals were commissioned, and the investment in these terminals exceeded R1 billion. This is in addition to the liquid bulk terminal that was also commissioned by Burgan.

South Africa has also started strategic engagements with oil-producing countries in Africa such as Nigeria, Equatorial Guinea, Morocco and South Sudan, with an economic objective to sustain our security of supply.

Economic transformation

As we speak about the need to promote long-term energy security, we should also remember that transformation in the petroleum sector is paramount, to ensure sustainability into the future. Together with relevant South African stakeholders including the liquid fuels industry, the development of the petroleum sector codes to promote transformation in the sector is underway. All investments in this sector should embrace the transformation agenda of the country and meet the strategic imperatives of meaningful ownership, job creation, skills development, localisation and local resource exploitation. There is an audit currently in progress to confirm the extent of transformation in the petroleum retail sector. The report on this is expected in the third quarter of 2018.

We have to work together towards a radically transformed and inclusive economy. This is a non-negotiable in our context and includes emphasis on skills transfer and enterprise development to create additional opportunities for transformation and empowerment in the country, the regions and the continent as a whole.

Our collective action must contribute to South Africa's broader national development objectives, including radical socio-economic development, social upliftment, job creation, broad-based economic empowerment and development of small and women-owned companies.

The celebration of the centenary of OR Tambo afforded us an opportunity to remember the values of this great leader and reminded us of our responsibility to transform South Africa by breaking down barriers of division and creating a country where all South Africans will be uplifted and united.

Introduction by SAPIA Chairperson **Shashi Rabbipal**

SAPIA remains committed towards the attainment of its vision of an industrialised, globally competitive South African economy, characterised by inclusive growth and meaningful participation by previously disadvantaged members of our society. This is congruous to our South African National Development Plan (NDP) that was launched in 2012, as the detailed blueprint for how our country can eliminate poverty and reduce inequality by the year 2030.

The NDP envisages a South Africa which, by 2030, will have amongst other things, adequate supply of liquid fuels to avoid disruptions to economic activity, transport and welfare. The goals envisioned include economic growth through adequate investment in energy infrastructure. This sector aims to sustain the supply of reliable and efficient energy at competitive rates while supporting inclusive economic growth through job creation whilst reducing pollution and mitigating the effects of climate change through environmental sustainability.

Refinery sustainability and Cleaner Fuels 2

The oil refining sector is a significant contributor to the economy and the issue of the sustainability of the current refineries is critical. The current refineries are unable to produce the fuels required by modern vehicle engines to reduce vehicle emissions and improve efficiency. Significant investment projects with long implementation lead times are required to resolve this.

There have been ongoing, unresolved issues between the government and refinery owners about upgrading the existing refineries to meet cleaner fuel specifications and a subsequent cost recovery mechanism to fund it. Innovative strategies are required to facilitate this investment in order to preserve local production capacity, employment in the sector, the security of supply of petroleum products and support to industries dependent on local oil industry operations.

While South Africa imports about a quarter of its petroleum products, the amount of fuel being imported is too small to justify building a new refinery solely aimed at supplying the local market, so it would need to be large enough to also service the export market.

A new refinery would reduce the amount of diesel and petrol being imported but it would be expensive to build and more expensive than expanding an existing refinery. The cost of upgrading the existing refineries, most importantly to meet Cleaner Fuels 2 (CF2) specifications, is estimated at about R40-billion. To ensure the sustainability of the refining industry in South Africa, these refineries must be upgraded.

Given SAPIA's view that liquid fuels will continue to form the mainstay of the transport energy mix for the foreseeable future, decisive action is required to facilitate the migration to CF2. The benefits include improved air quality, greater environmental sustainability and economic growth in manufacturing activities in the country.

SAPIA's perspective is that the investment in cleaner fuels at refinery level is crucial to maintain this strategic sector and is aligned to the objectives of the NDP.

Climate change policy

Climate change represents a substantial challenge that can only be overcome if everyone works together. The Department of Environmental Affairs (DEA) and National Treasury are pursuing policies that are set to have a major impact on the industry; the DEA managing carbon budgets and National Treasury introducing carbon taxes. It is widely recognised that the refining industry has limited greenhouse gas emission abatement potential and any further constraints imposed on the industry over and above this limited potential to restrict emissions, will significantly increase costs to the industry with limited returns in carbon footprint reduction.

The future interaction of these instruments (budgets and taxes) has not been fully developed, leading to considerable uncertainty

in the industry on how to respond to these challenges. Policy uncertainty in this area is not conducive to long-term planning in the industry and is required to be resolved as soon as possible. SAPIA is engaging with the DEA and National Treasury to address these challenges and will work with the Department of Energy (DOE) wherever possible to support these efforts.

LPG

SAPIA views liquefied petroleum gas (LPG) as an essential product in the South African market and its safe use in the domestic household sector should be promoted as a matter of priority. A crucial element in this promotion is to ensure the viability of the supply sector which is currently under severe strain.

The Competition Commission Market Enquiry Report into LPG commissioned in 2015 was released in April 2017. The Commission made findings and recommendations regarding regulatory and commercial elements of the LPG industry. The Commission's findings and recommendations, as well as DOE's response are summarised in this annual report.

Transformation

A DOE led process is underway to align the B-BBEE Petroleum and Liquid Fuels Sector Transformation Charter for the South African Petroleum and Liquid Fuels Industry with the B-BBEE Policy Framework. This will ultimately serve as a Sector Specific Code of Good Practice applicable to the industry, which will take into account some of its unique characteristics.

The industry's commitment to transformation is directed towards, amongst other things, the development of its work force through diversification and upskilling. This is achieved through a combination of the SAPIA programmes aimed at middle management and leadership development in concert with the various programmes implemented by its individual members. It is recognised that this is a journey and that significant progress is being made in this area. Since 2003, the number of smaller, black-owned enterprises operating in the sector has grown substantially.

Oil industry regulations

Industry requires more oversight of the existing regulatory regime across all products. There are areas such as petroleum product quality site surveillance that are running smoothly, but there are also areas where some reinforcement is required. The regulation of fuel prices needs to be periodically revisited to keep abreast of market developments and to stimulate the necessary investments in those parts of the value chain that may be hampered due to prices not correctly reflecting market dynamics.

SAPIA will continue to actively participate in the review of the regulatory system, including regulation around clean fuels, to ensure that it is fair and consistent for all.

Strategic stock policy

A draft strategic stock policy was published for comment in 2013 but has yet to be implemented. It will alleviate the potential for stock outs and major supply interruptions. The establishment of a national strategic stock policy setting out the objectives and mechanisms for operation has our support.

Strategic stock could be held by either government entities or independent third parties and could serve as an entry point for others trying to enter the sector which would increase diversification of ownership. However, such a policy initiative will be costly, take time to implement and should be preceded by a comprehensive socio-economic impact assessment.

Looking ahead

The industry is confronted with major challenges that need to be addressed by both industry and government so that the goals of the NDP can be achieved. Some of these are immediate in nature, but others require careful management in order to ensure the sustainability of an industry contributing significantly to the national GDP and employment in the country. This annual report provides more information regarding developments in these key areas.

Thank you to the Board of Governors for their sound counsel and commitment over the past year. On behalf of the Board, membership and staff, I would like to welcome our new chairperson, Ms Priscillah Mabelane and incoming board members Mr Yusa Hassan and Mr Hloniphizwe Mtolo. We bid farewell to outgoing board members Mr Daniel Odogwu, Mr Farid Adnan, Mr Bonang Mohale, Mr Tseke Nkadimeng, and thank them for their contribution to SAPIA.

Looking ahead, SAPIA remains committed to working with the DOE to facilitate the introduction of clean fuels and to resolve the uncertainty regarding funding of the programme, as well as striving to achieve meaningful transformation in the industry.

Introduction by SAPIA Executive Director **Avhapfani Tshifularo**

Welcome to the 2017 SAPIA Annual Report, the publication's 19th edition. In this report we highlight the most important developments and challenges that took place in the industry during the year. We also outline the way forward and identify our focus areas for the year ahead.

SAPIA remains committed to focusing on its six strategic areas. These areas and the key developments during 2017 are summarised below. More information on these developments is contained in this annual report.

Health, safety, security and environment

- Risk-based HSSE focus
- Simplification of contractor requirements
- Best practice sharing and learnings
- Robust external engagements
- HSSE legislation focus
- High-risk site focus

Climate change

- GHG reporting requirements gazetted
- Compulsory submission of pollution prevention plans submitted
- Second version of Carbon Tax Bill published for comment

Cleaner fuels

- Publication of fuel specifications - rescinding of 1 July 2017 implementation

Security of supply

- Jameson Park Terminal 2 (TM2) was commissioned in December 2017

Transformation

- 75% pass rate for the Advanced Certificate in Management for Oil and Gas course
- 71% pass rate for the Women in Leadership programme

Regulated price elements

- Competition Commission Market Enquiry Report into LPG was released in April 2017
- DOE and SAPIA provided formal responses to the Competition Commission Market Enquiry Report into LPG

We believe addressing these six strategic areas will allow us to deliver on our mandate in the most effective way. This publication also provides a comprehensive statistical review of the industry showing the evolution of demand and supply of liquid fuels products which is a useful reference point for anyone wanting to know more about the industry.

I would like to thank the Minister of Energy Jeff Radebe, the DOE, our partners in government, our 23 member companies, the SAPIA Board of Governors, and the SAPIA staff for collectively achieving what has been set out in this report. I look forward to working with you over the coming year.

SAPIA
overview

SAPIA **overview**

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.

Vision	To be a respected, reputable and value adding industry association
Mission	Working together within the petroleum industry to promote inclusive social and economic growth

	Government	Petroleum industry	Citizens
Goals	Understand our stakeholders' needs Promote industry transformation, environmental leadership and a fair regulatory framework for all	Provide expert information and assistance to our stakeholders Facilitate security of supply	Contribute to policy formulation and implementation Enhance the reputation of the industry by communicating its contribution to economic and social progress

Perspectives of success

Stakeholder

Become a trusted partner

Understand our stakeholders' needs	Provide expert information and assistance	Contribute to policy formulation and implementation	Promote effective marketing

Internal process

Plan for tomorrow	Enhance strategic partnerships	Provide service excellence
Promote industry transformation	Be open and honest in our interactions	Improve efficiency and effectiveness
Promote a fair regulatory framework for all	Improve communication	Improve decision making
Promote environmental leadership	Educate stakeholders about the industry	Implement the balanced scorecard
Facilitate security of supply		Identify opportunities

Learning and growth

Live our core values	Build research capabilities	Train and develop our stakeholders	Understand industry activities and drivers

Financial

Resource SAPIA's operational strategies	Manage our budget effectively

Values

Partnership	Integrity	Transparency	Sustainability	Transformation

***Figure 1** SAPIA's strategy*

Priorities for the year

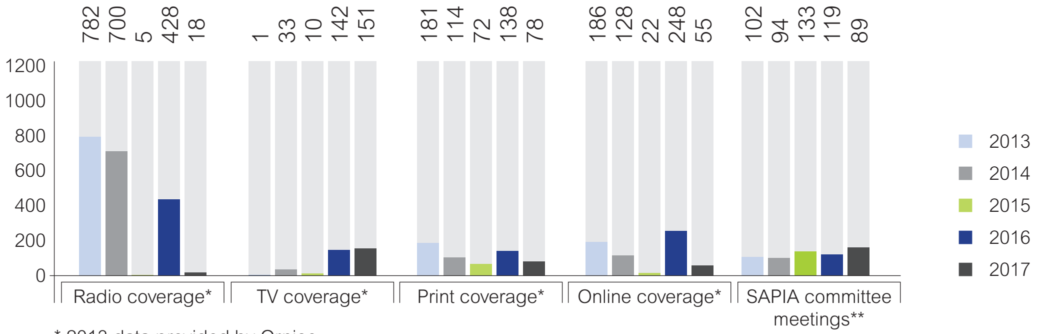
The Board of Governors identified the following focus areas for 2017:

Transformation	Promote 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
Security of supply	Facilitate the security of supply of petroleum products
Cleaner fuels	Make the transition to cleaner fuels in a manner that avoids any supply disruptions in the most cost-effective way possible
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 shows the number of communication activities and media coverage received in 2017 in comparison with previous years.



* 2013 data provided by Ornico
* 2014, 2015, 2016 and 2017 data provided by Newsclip
** Data provided by SAPIA

***Figure 2** SAPIA's communication activities and media coverage*

Membership

Integrated members	Non-integrated members	
	Fuel wholesalers	LPG wholesalers
BP Southern Africa (Pty) Ltd	Afric Oil (Pty) Ltd	Afrox Ltd
Chevron South Africa (Pty) Ltd	Elegant Fuel (Pty) Ltd	Avedia Energy (Pty) Ltd
Engen Petroleum Ltd	FFS Refiners (Pty) Ltd	Camel Fuels (Pty) Ltd
PetroSA Ltd	Gulfstream Energy (Pty) Ltd	Easigas (Pty) Ltd
Sasol Oil (Pty) Ltd	Imbizo Petroleum Traders (Pty) Ltd	Oryx Oil South Africa (Pty) Ltd
Shell Downstream South Africa (Pty) Ltd	Makwande Energy Trading (Pty) Ltd	Totalgaz Southern Africa (Pty) Ltd
Total South Africa (Pty) Ltd	MBT Petroleum (Pty) Ltd	Wasaa Gasses (Pty) Ltd
	Puma Energy (Pty) Ltd	
	Royale Energy Ltd	

***Table 1** Total of 23 members on 31 December 2017*

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 2017 Board of Governors

Shashi Rabbipal, Chairperson of Chevron South Africa, was the Chairperson of SAPIA in 2017. He is the 22nd industry leader to chair the association since its establishment in July 1994. The Board of Governors consists of nine representatives from member companies. 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 2017 Board of Governors

SAPIA Chairperson
Mr Shashi Rabbipal
Chevron South Africa

SAPIA Vice-Chairperson
Mr Kholly Zono
PetroSA

Ms Priscillah Mabelane
BP Southern Africa

Mr Fred Royer
Easigas

Mr Yusa Hassan
Engen Petroleum

Mr Avhapfani Tshifularo
SAPIA

Mr Maurice Radebe
Sasol Oil

Mr Hloniphizwe Mtolo
Shell South Africa

Mr Pierre-Yves Sachet
Total South Africa

Attendance at board meetings

Attendance at meetings:	2017/03/15	2017/06/07	2017/09/06	2017/12/06
Mr D Odogwu	A	Y	R	R
Ms P Mabelane	-	-	A	A
Mr S Rabbipal	Y	Y	Y	Y
Mr F Adnan	A	A	R	R
Mr Y Hassan	-	-	A	Y
Mr K Zono	A	A	A	A
Mr M Radebe	A	A	Y	A
Mr B Mohale	A	A	R	R
Mr H Mtolo	-	-	A	A
Mr P-Y Sachet	Y	A	Y	A
Mr F Royer	Y	Y	Y	Y
Mr T Nkadimeng	N	Y	N	A

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

Shashi Rabbipal
Chairperson of the Board of Governors

Avhapfani Tshifularo
Executive Director

Nkhensani Machumele
Office Manager

Zukiswa Zingitwa
Admin Assistant

Gadibolae Dihlabi
Head: Economic Regulation

Siganeko Magafela
Head: Security of Supply

Fatima Shaik
Head: Health, Safety, Security & Environment

Kevin Baart
Head: Strategic Projects

BOG Committees

***Figure 3** SAPIA organisational chart*

Board of Governors committees

There are 23 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:

SAPIA committees	Champion	Company
Advisory Committee on Climate Change	Maurice Radebe - BOG champion	Sasol
Cleaner Fuels Task Team	Avhapfani Tshifularo	SAPIA
Communication Committee	Avhapfani Tshifularo	SAPIA
Economic Regulation Committee	Pierre-Yves Sachet - BOG champion	Total
Fuels Technical Committee	Kevin Baart	SAPIA
Health, Safety, Security and Environment Committee	Daniel Odogwu - BOG champion Bernhard Eigenhuis – Chairperson	BP BP
HSSE sub-committees:		
Health, Safety Environment and Engineering Committee	Liesl Koch	Sasol
Oil Spill Working Group	Yoliswa Makhoba	Engen
Road Transport Safety Committee	Bradley Chetty	Sasol
Security Committee	Tony George	Chevron
Refinery Managers’ Environmental Forum	Mbulelo Yokwe	Sapref
Refinery Managers’ Safety Forum	Sherwin Moodley	Sasol
Refinery Process Safety Meetings	Achim Botha	Sasol
South African Petrochemical Fire Chiefs Committee	Jan Fourie	Sasol
Human Resource Development Committee	Avhapfani Tshifularo	SAPIA
Legal Committee	Avaphani Tshifularo	SAPIA
Liquefied Petroleum Gas Forum	Fred Royer	Easigas
Non-Integrated Members Forum	Tseke Nkadimeng	Africoil
Refinery Managers’ Forum	Willem Oosthuizen	Sasol
Road Transport Sub-Committee	Bradley Chetty	Sasol
Security Committee	Tony George	Chevron
Security of Supply Committee	Kholly Zono - BOG champion	PetroSA
Transformation Committee	Hloniphizwe Mtolo - BOG champion	Shell

***Table 3** SAPIA committees*

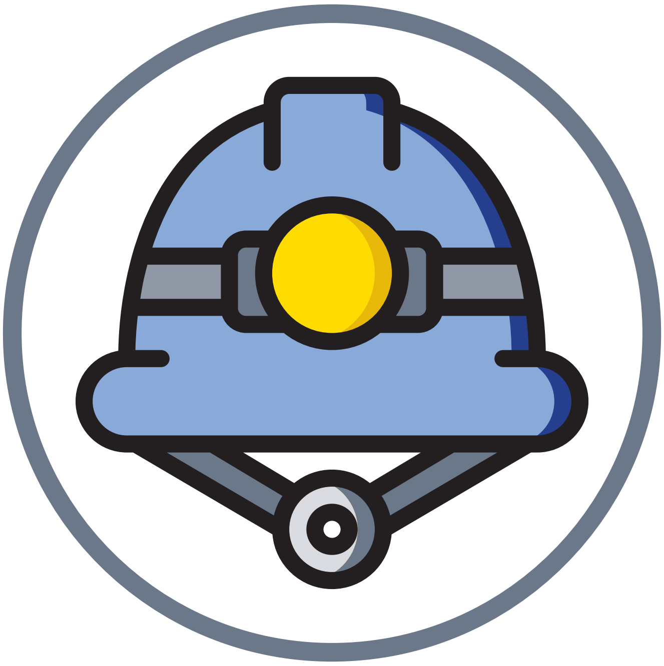
Financial statement

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.

Income (thousand rands)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Membership subscriptions	5 413	6 206	6 366	6 366	6 415	7 748	9 754	12 136	11 798	13 345
Other income (including interest)	459	1505	138	1426	180	173	508	3 606	424	27
Total income	**5 872**	**7 711**	**6 504**	**7 792**	**6 595**	**7 921**	**10 262**	**15 742**	**12 222**	**13 372**

Expenditure (thousand rands)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Personnel/payroll	3 382	3 113	3 663	4 009	4 259	4 326	5 404	8 262	8 220	8 827
Other expenditure (including interest)	3 059	3 231	2 782	3 321	2 931	2 919	2 919	2 752	5 520	4 064
Total expenditure	**6 441**	**6 344**	**6 445**	**7 330**	**7 190**	**7 245**	**8 156**	**13 782**	**12 284**	**13 417**

Highlights
of 2017



Health, safety, security and environment

Risk-based HSSE focus

Simplification of contractor requirements

Best practice sharing and learnings

Robust external engagements

HSSE legislation focus

High-risk site focus

Climate change

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Jameson Park Terminal 2 (TM2) commissioned in December 2017

Transformation

Advanced Certificate in Management for Oil and Gas course had a 75% pass rate

Women in Leadership programme had a 71% pass rate

Regulated price elements

Competition Commission Market Enquiry Report into LPG was released in April 2017

DOE and SAPIA provided formal responses to the Competition Commission Market Enquiry Report into LPG

Strategic **focus areas**

Transformation

Strategic priority: Transformation
Our focus: Promote industry transformation and skills development

Focus areas	Key developments during the year
Advanced Certificate in Management for Oil and Gas	The Advanced Certificate in Management for Oil and Gas course had a 75% pass rate.
Women in Leadership Programme	The Women in Leadership programme had a 71% pass rate.

Progress in 2017

Advanced Certificate in Management for Oil and Gas

The SAPIA 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 ten male delegates and six female delegates in the 2017 programme. The programme had a 75% pass rate with 12 out of 16 delegates passing the course.

Women in Leadership Programme

The 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 24 delegates in the 2017 programme with a 71% pass rate.

Future priorities

SAPIA will be focusing on:

- Alignment of the Petroleum and Liquid Fuels Sector Charter to the Broad-Based Black Economic Empowerment Codes with the intention to develop Petroleum and Liquid Fuels Sector Codes.

Health, safety, security and environment

Strategic priority: Health, safety, security and environment
Our focus: Promote health, safety, security and environmental leadership within the industry

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. HSSE remains the oil and gas sector's number one priority. Industry efforts extend beyond the fence-line. Learning from local and international best practice, learning from incidents, focusing on long-term behavioural change, empowering employees in the sector and establishing a sustainable HSSE culture are key priorities for SAPIA members.

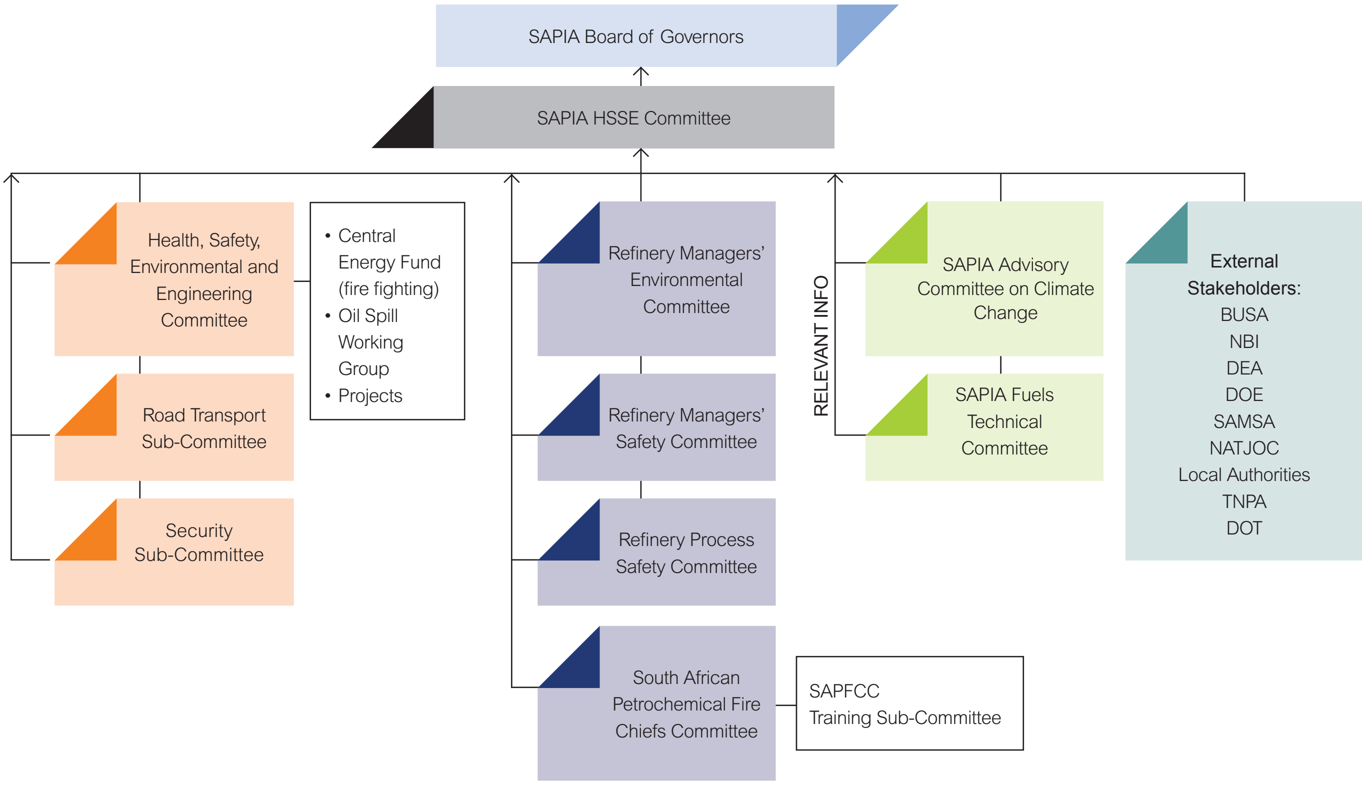


***Figure 4** Risk-based integrated HSSE management across the value chain*

Focus areas	Ongoing challenges
Regulatory input	Increased regulatory burden placed on business and developing non-integrated members.
Operation Phakisa	These recommendations have a two to four-year timeline as it requires new legislation to be established. Documentation under review or development includes among others: Dispersant Policy, National Oil Spill Contingency Plan, oil spill operator guidelines, OPRC Bill, incident management systems and training. The legislative expectation will be that facilities have a tier two oil response capability. SAPIA will be conducting a gap assessment for the downstream sector and will make recommendations for improvements in the national oil spill response capability.
Development of SAPIA minimum guidelines and best practice documents	Inexperienced new entrants that require support and guidance based on best practice. Simplification of contractor requirements where possible.
Contaminated land management	Public disclosure of the contaminated land register poses potential reputational risks to the sector. There is an increasing trend of new entrants (non-SAPIA) having to work with members on contamination matters. Many of these operators have to be referred to the authorities due to the lack of co-operation.
Road transport safety	Third party high-risk behaviour and non-compliance pose a major risk to safe operations on South African roads.

Progress in 2017

Regulatory input

SAPIA has been instrumental in negotiations with key internal and external stakeholders on HSSE legislation for South Africa. These include climate change, carbon tax, air quality, critical infrastructure, ergonomics regulations, National Railway Safety Regulator requirements, waste, road transport, SANS codes, among other things.

Operation Phakisa

Industry continues to work with the Department of Environmental Affairs (DEA) 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). Operation Phakisa Meetings have now transitioned to the Incident Management Organisation.

Development of SAPIA minimum guidelines and best practice documents

The development of minimum guidelines is key to reducing complexity for contractors or suppliers that 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 joint venture HSSE guidelines, flash fire guidelines, bulk vehicle driver requirement guidelines and so forth.

Contaminated land management

Industry is working closely with the 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.

Road transport safety

The second phase of the short-term decal project will continue into early 2018. SAPIA has embarked on the development of a long-term sustainable road transport safety programme for children between the ages of 5 to 12 years old. SAPIA is engaging with the authorities to formalise its involvement and how it intends to support the relevant government 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 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.
- Seeking improvement in 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
Greenhouse gas (GHG) reporting	Greenhouse Gas Reporting Regulations were published in April.
Pollution prevention plans	Following the publication of the GHG Reporting Regulations, various GHGs were declared as prescribed pollutants in July requiring the submission of pollution prevention plans to the Minister.
Carbon policy and taxation	Publication of revised Carbon Tax Bill for comment.

Progress in 2017

SAPIA, through the SAPIA Advisory Committee on Climate Change and Business Unity South Africa (BUSA), has engaged during the year with both the Department of Environmental Affairs (DEA) 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

The Greenhouse Gas Reporting Regulations were gazetted during April. The purpose is to introduce a single national reporting system for the reporting of GHGs to inform policy formulation, implementation and legislation, to establish and maintain a national GHG inventory and for South Africa to meet its reporting requirements under the United Nations Framework Convention on Climate Change (UNFCCC). The application of the regulations applies to certain categories of emission sources (which includes the oil industry) and the corresponding data provider. Integral to the regulations are the technical guidelines which guide a reporting entity in determination of emissions from their respective facilities under their control.

In terms of the regulations, reporting is meant to be via the National Atmospheric Emissions Inventory System (NAIES). This system is presently designed to record atmospheric emissions at a local facility level and is not properly configured for the reporting of GHGs. Since the scope and aim of reporting of GHGs is different to that for atmospheric emission licence reporting it is anticipated that numerous challenges are expected if reporting is enforced through the NAIES.

BUSA has consistently maintained that there are fundamental issues that need to be addressed before proper implementation of these regulations. These issues include appropriate configuration of NAIES since this will provide the source data for the later implementation of the carbon tax; the position of stand-by generators which, as the regulations are presently configured, mean that the GHG reporting net has fallen far wider than expected; the standing of the regulations under the National Environmental Management: Air Quality Act (NEMA:AQA) making it a criminal offence for non-compliance; finalisation of the technical guidelines; the inclusion of waste reporting and uncertainty over who should register. None of these issues have properly been addressed which cast doubt on the effective implementation of a carbon tax on which these regulations rely.

Pollution prevention plans

Following the publication of the GHG Reporting Regulations, various GHGs were declared as prescribed pollutants in July. This would require the submission of Pollution Prevention Plans (PPP) to the Minister on an annual basis with subsequent report back on their implementation.

A number of issues have also arisen with the PPPs, not least amongst them failure to comply is a criminal offence but also because of the general failure on the part of the DEA to formally acknowledge receipt and acceptance of the PPPs as required by regulation.

Development of sectoral emission targets and budget allocation process

The DEA commissioned numerous projects during the year which included the development of a proposed methodology for determining sectoral emission targets (SETs) and carbon budgets. Several engagements occurred with the consultants who have developed a rational methodology for SETs and budgets. The methodology provides for the allocation of new entrants and for any growth in a sector. Nevertheless, concerns remain that the SETs and budgets could result in severely penalising some sectors since, in application, due cognisance of the limited mitigation potential in these sectors may not be properly taken into account.

The DEA has also been working on the integration of carbon budgets and carbon taxes and while various proposals have been made there is no concrete proposal as to which path the DEA/NT will follow creating significant uncertainty as to how these various pieces of legislative/regulatory action will relate in the future.

Carbon tax

National Treasury (NT) published a revised draft Carbon Tax Bill towards the end of 2017. The revised bill has not fully taken into account the concerns raised by industry and it is still not transparent how the carbon tax will be levied on fuels at the pump. Clarification has been received that the tax will be viewed as a deductible expense in the production of income. This, however, creates problems with the GHG Reporting Regulations which require reporting at a corporate level and not at the facility level where, it appears, the tax deductibility will lie.

The Carbon Tax Bill provides for certain allowances over and above the basic tax-free allowance which include; trade exposure, operational performance, participation in the carbon budget process of the Department of Environmental Affairs and for the provision of offsets. The determination of allowances for operational performance is a sector issue and SAPIA engaged Solomon Associates in 2016 to develop a methodology for assessing performance. SAPIA is engaging NT with respect to the application of a suitable methodology for the assessment of performance.

SAPIA's view remains that to properly effect carbon policy the correct price signals need to be directed at consumers in order for them to 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. The current regulated price regime does not allow for this pass through. Nevertheless, NT has recognised this and SAPIA is engaging with NT in order to obtain a fair regulatory dispensation with respect to carbon taxation.

In order to implement that carbon tax regime there are still a number of outstanding issues that need to be resolved such as the finalisation of associated regulations, offsets and allowances.

Overarching climate change legislative regime

The DEA published a draft working legal framework for comment during the year. The intention of the legal framework was to inform South Africa's climate change legislative options and was not a definitive position on the future legislative outlook for GHG regulation in the country. Nevertheless it did provide some idea of the thinking to remove GHG regulation from NEMA:AQA and incorporate it under separate legislation.

Future priorities

SAPIA will be focusing on the following areas in 2018:

- Development of carbon tax legislation and regulations.
- Continued engagement with the DEA on GHG regulations and with NT on the post 2021 regulatory environment.
- Development of the overarching climate change legal framework.

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
Multi-product pipeline project	Jameson Park Terminal 2 (TM2) was commissioned in December 2017. TM1 construction has been stopped due to faulty tanks and Transnet is in the process of going out to tender in order to complete the project.
National strategic fuel stocks policy	There has been no further progress by the DOE on this policy.
Identification of emerging risks to security of supply	Transnet National Ports Authority long-term leases have expired and are now being administered on a month to month basis. SAPIA is engaging TNPA to find a solution to these issues.

Progress in 2017

Competition Commission industry exemption
The Competition Commission granted the petroleum industry an exemption for one year expiring on 31 December 2017. SAPIA and the competition lawyers have prepared a new application to obtain an industry exemption for a longer period because it is critical to the effective functioning of the industry.

Identification of emerging risks
New risks have been identified to security of supply and appropriate strategies have been put in place.

Expiry of TNPA leases
Some of the Transnet National Ports Authority (TNPA) leases have expired at Island View and TNPA has not clearly explained the process for renewing these leases. This has a potential to disrupt the supply of fuel into the country. The port of Durban houses import and refinery storage, as well as pipeline infrastructure.

Multi-product pipeline project
SAPIA has been working with Transnet Pipelines to ensure the completion of the multi-product pipeline (MPP) project and the successful decommissioning of the Durban Johannesburg (DJP) pipeline.

The MPP project has been completed (i.e. tight-lining and accumulator tanks at TM2) with the exception of TM1 and is in multi-product service. TM1 construction was stopped due to faulty tanks and Transnet is in the process of going out to tender in order to complete the project. The line fill funding for 100 000m³ flooding of tanks with both diesel and petrol at Jameson Park has not been confirmed by the DOE. The DJP is scheduled for decommissioning in the first quarter of 2018.The Jameson Park Terminal 2 (TM2) project has also been completed.

Terminal 2 is the MPP's inland terminal situated in Heidelberg, with a significant fuel storage capacity comprising 10 product accumulators, totalling 192 000 million litres. Transnet held an event to officially announce the operational readiness of the site. TM2 was commissioned during Nov/Dec 2017.

Strategic fuel stocks policy
There has been no further progress by the DOE on this policy.

Future priorities

In 2018, SAPIA will focus on the following:

- Conduct a risk refresh to identify new emerging risks impacting security of supply and the exemption of the industry by the Competition Commission.
- Assist Transnet Pipelines to ensure the completion of the MPP project through all its phases.
- Engage with Transnet National Ports Authority to finalise the port leases regime and the Island View strategy.

Cleaner fuels

Strategic priority: Cleaner fuels

Our focus: Make the transition to cleaner fuels in a manner that avoids any supply disruptions in the most cost-effective way possible

Focus areas	Key developments during the year
Cleaner fuels regulations	Rescinding of regulations mandating 1 July 2017 for implementation of Cleaner Fuels 2 (CF2) and replacement with a new set of regulations.

Progress in 2017

The shuffling of numerous Department of Energy cabinet ministers during the year effectively put paid to any developments with respect to the implementation of cleaner fuels at a manufacturing level in the country. The only positive outcome from the Department of Energy was the rescinding of the 2012 regulations mandating implementation from the 1 July 2017. These were replaced by similar regulations which included the voluntary addition of MMT to unleaded petrol as from the date of publication. However, these regulations themselves were confusing in their interpretation.

The uncertainty surrounding cleaner fuels has meant that South Africa is now falling behind the rest of Africa in the implementation of cleaner fuels. The ongoing demand for cleaner fuels is going to result in imports crowding out local manufacturing with the potential for the cut back or even closure of local refineries and the consequent negative implications on the economy. The Board of Governors consequently reconfigured the clean fuels task team as a refining sustainability initiative which together with a reconfigured advocacy program will mean more urgent engagement with interested parties beyond the Department of Energy.

Cleaner fuels regulations

The DOE finally gazetted the rescinding of the 2012 regulations for cleaner fuels in late June and replaced these with similar regulations but included the voluntary addition of the manganese additive MMT into unleaded petrol. The regulations mandate the implementation of cleaner fuels to sometime in the future at the discretion of the Minister of Energy.

The regulations as published were confusing in their interpretation. While allowing for the addition of MMT to unleaded petrol up to prescribed limits as of the date of publication, there appears to be no corresponding requirement for labelling in the Cleaner Fuels 1 regulatory regime but such labelling is required for a future Cleaner Fuels 2 regime. The new regulations retained a maximum olefin specification for petrol more onerous than that agreed during the SABS specification process between key market participants.

Some positive discussions were held with the DOE later in the year with respect to the implementation of the new cleaner fuels regime. But the agreed development of proposals from these discussions was effectively scuppered following the replacement of the minister.

Integrated Energy Plan / Integrated Resource Plan

The draft IEP / IRP was published in late 2016 with comments made on the IEP in early 2017. The major focus on the IRP has been on the inclusion of new nuclear generation capability in the power mix for South Africa but little focus has been placed on liquid fuels.

The IEP projects, under the base case, almost double demand for liquid fuels by 2050. Under the 'green shoots' scenario the IEP projects demand to increase by about 35%. To meet this demand, extra refining capacity is contemplated under the IEP to be commissioned later in the next decade. Extra refining capacity would need to produce fuels to the CF2 specification with the implication that CF2 would need to be in place by 2030 across the refining fleet by this time.

MARPOL Annex VI

There were continued developments related to the sulphur cap for bunker fuels from 2020 related primarily to supply constraints and the development of ISO specifications for these fuels. It is now widely recognised that the imposition of the sulphur cap will likely see distressed production of high sulphur fuel oil and bunker fuel demand would be met from distillate material from those facilities unable to manufacture residual bunker fuels meeting the sulphur cap. The consequence of this is likely to see a rise in the cost of shipping worldwide, the consolidation of the dominance of export-oriented countries located closer to large markets and the closure of arbitrage opportunities available to others. This will result in a rise in consumer prices worldwide and a potential re-orientation of trade flows.

Fuel Europe (previously Europia) is contemplating the establishment of a worldwide association to address the 2020 issue with the intent to act as a platform for its members to formulate advice for stakeholders, including governments and regulators, to promote a fair and level global playing field for all affected industries. This association would be only for a limited time and then would be dissolved.

Future priorities

SAPIA will be focusing on the following areas in 2018:

- Continued engagement on obtaining financial compensation for cleaner fuels production, but with specific focus on executing the cost benefit analysis study.
- Continued interaction with the DoT and the DOE on the implementation of Marpol Annex VI.

Regulated price elements

Strategic priority: Regulated price elements
Our focus: Contribute to policy formulation, implementation and a fair regulatory framework for all

Progress in 2017

Petroleum products price developments
The price of petrol and diesel comprises the basic fuel price (BFP), secondary storage element, secondary distribution element, wholesale margin, retail margin, magisterial district zone (MDZ) differential, fuel levy, customs and excise duty, Road Accidents Fund (RAF) levy, petroleum products levy, slate levy, demand side management levy (DSML) which is only applicable to 95 octane ULP and illuminating paraffin tracer dye levy.

The following section will provide more detail on the elements of petroleum prices in which adjustments have been made during 2017.

Regulatory accounting system (RAS)
The Department of Energy (DOE) has finalised the reviews of secondary storage asset base, the benchmark service station asset base and the retail operating expenditure studies in the 2015/2016 period. To date, the studies have not been implemented and SAPIA continues to engage the Department on the matter. The Department is yet to finalise and implement the RAS manual which serves as working rules for the computation of the RAS margins calculations.

SAPIA is appreciative of the consultative process that has taken place so far and will continue to engage the Department on these studies and publication of the RAS manual.

The 2017 RAS margins adjustments became effective on Wednesday 6 December 2017 and the secondary storage, secondary distribution, wholesale margin and retail margin adjustments are detailed below.

Increase in secondary storage element
The secondary storage margin was increased by 0.7 c/l from 17.9 c/l to 18.6 c/l. The margin adjustment was applied on petrol and diesel.

Increase in secondary distribution element
The secondary storage margin was decreased by 1.4 c/l from 17.3 c/l to 15.9 c/l. The margin adjustment was applied on petrol and diesel.

Increase in wholesale margin of petrol
The wholesale margin of petrol was decreased by 1.6 c/l, from 35.6 c/l to 34 c/l.

Increase in retail margin on petrol
The retail margin of petrol was increased by 10.8 c/l inclusive of the Motor Industry Bargaining Council (MIBCO) wage agreement, from 176.4 c/l to 187.2 c/l.

The Minister of Energy approved an increase of 4.6 c/l ring fenced for wages of forecourt staff included in the retail margin on all grades of petrol. This became effective on 6 September 2017. The press release at the time indicated that the increase of 10% for attendants and 7.5% for cashiers was in line with the MIBCO agreement which was a multi-year wage agreement reached on 18 November 2016.

Increase in wholesale margin of diesel and illuminating paraffin
The wholesale margin of diesel and illuminating paraffin (IP) remained unchanged at 67.66 c/l effective from 6 December 2017.

Increase in fuel levy on petrol and diesel
The Minister of Finance announced in his February 2017 budget speech that the fuel levy on petrol and diesel will increase by 30 c/l for all grades of petrol and diesel. Effective on 1 April 2017, the fuel levy on all grades of petrol will be 315 c/l and 300 c/l on all grades of diesel.

Increase in the Road Accident Fund levy on petrol and diesel
The Minister of Finance announced in his February 2017 budget speech that the Road Accident Fund (RAF) levy will increase from 154 c/l to 163 c/l for all grades of diesel and petrol.

Magisterial district pricing zones
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 Energy.

The magisterial district zone (MDZ) 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 2017, NERSA announced an increase of 0.30% to Transnet pipeline tariffs compared to the 2017/2018 tariff period, resulting in allowable revenue for Transnet Pipelines of 1.43%.

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 tariff for the 2017/2018 period increased by 4.7% and the increase became effective on 1 April 2017.

Liquefied petroleum gas (LPG) pricing

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. A crucial element in this promotion is to ensure the viability of the supply sector which is now under severe strain. The Competition Commission Market Enquiry Report into LPG commissioned in 2015 was released in April 2017. The Commission made findings and recommendations regarding regulatory and commercial elements of the LPG industry. The Commission's finding and recommendations are summarised in Table 4.

Section	Commission's findings	Commission's recommendations
Non-pricing regulation	Overlapping and misaligned regulatory activities, leading to delayed approvals for infrastructure licencing.	NERSA and TNPA adjudication process to be aligned and where possible run concurrently.
Pricing regulation	Maximum refinery gate price (MRGP) does not incentivise the refineries to produce more LPG. Limited evidence of monitoring MRGP and maximum retail price (MRP) by the DOE.	Prioritise import efficiency to ensure large parcels of LPG can be imported. NERSA to take over pricing functions from DOE, including pricing methodology for MRGP and MRP. NERSA to conduct a study on price deregulation once import facilities under construction come on stream.
Domestic supply	The overlapping mandates between NERSA and TNPA cause delays in approvals of imports facilities construction.	A review of applicable regulatory framework, relating to the construction of LPG storage facilities, is required.
Supply agreements with refineries	Larger wholesalers have long-term contracts discounts of up to 10% from MRGP. The discounts confer some competitive advantage especially in a market with limited availability of LPG. Refineries prefer long-term agreements. 82% of LPG is sold through long-term contracts and some contracts are 'evergreen contracts'. Smaller wholesalers rely on the spot market to access LPG.	Contracts to be limited to 10 years and all automatic renewal clauses to be abolished. Smaller wholesalers to get preferential access to 10% of LPG volume.
Possible co-ordinated behaviour	DOE has not reviewed the cylinder deposits fee since 2010 in terms of MRP working rules (2010).	NERSA should be responsible for reviewing the deposit fees.
Sale of LPG through cylinders	Cylinder exchange practice acts as a potential barrier to entry into the cylinder market. Smaller wholesalers face barriers to participate in cylinder exchange.	Cylinder exchange practice should be more inclusive, no wholesaler should unreasonably be denied to enter into bilateral arrangements to facilitate cylinder exchange.
The high cost of switching	Bulk LPG supply agreements are structured in a vague manner with no or limited disclosure of equipment ownership during and after the contract term ends. Switching limited by reluctance of incumbent wholesalers to sell equipment to incoming wholesaler. Differences in valuation of the equipment is one of the reasons.	Separation of agreements for LPG supply and equipment. NERSA to adjudicate on valuation disputes.

***Table 4** Competition Commission's findings and recommendations*

In September 2017, the Department of Energy responded to the Competition Commission Market Enquiry Report in Parliament and their response on some recommendations is summarised below. Post DOE's parliament session, SAPIA also formally responded to the market inquiry on issues of regulatory framework and its views are summarised in Table 5.

Section of report	SAPIA's response	DOE's response
Non-pricing regulation	SAPIA agrees with the Commission's findings of regulatory misalignment which causes bottlenecks in infrastructure development and is supportive of the Commission's overall objective of seeking to increase infrastructure investment and boost storage and import capacity.	DOE disagrees with the recommendation that NERSA should be the regulator responsible for issuing and monitoring wholesale licences. DOE emphasised that the Department is responsible for regulating wholesale licencing activities. They acknowledge the challenges created by overlapping jurisdictions of NERSA and TNPA on approvals for the construction of import and storage facilities. They agree with the Commission's recommendations on aligning the two regulators' processes. They indicated that the MOU already exists to deal with overlaps and misalignment.
Pricing regulation	SAPIA agrees with the Commission's findings of inadequate maintenance of the regulated pricing. SAPIA stresses the need for urgent action to be taken to remedy inconsistencies between the applicable pricing methodologies and commercial reality today which disincentives investment and importing.	DOE disagrees with the recommendation that NERSA should be the regulator responsible for LPG pricing. They indicated that only the Minister of Energy is empowered to regulate petroleum products prices, such as LPG and fuels. DOE is of the view that focus should be on reviewing and correcting the pricing framework (MRGP and MRP) rather than shifting regulation. They reported that they are in the process of developing a clear pricing framework to review MRGP and MRP and expect to complete it during the current financial year.
Addressing the limited domestic supply of LPG	SAPIA agrees with the Commission's findings and is supportive of the need to streamline the applicable regulations governing infrastructure development.	DOE believes that the main obstacle in the use of LPG by household consumers is inadequate supply due to the limited local production and inadequate import infrastructure. LPG is not a core refinery product and is mostly produced for own use. Construction of import facilities is essential for the provision of adequate supply. DOE will engage Department of Transport to determine if the ultimate solution would require an amendment of legislation.

***Table 5** DOE and SAPIA's response to the Commission's recommendations*

Maximum refinery gate price

Following the recommendations by the DOE to the Portfolio Committee on Energy in September 2017 and the commitment to finalise the review of the MRGP policy, the Department has informed SAPIA that it is in the review process and that the draft policy will be released for public comments before the end of the financial year.

SAPIA continues to raise its concerns with the DOE on these issues surrounding the security of supply for LPG and if the challenges surrounding the MRGP are not addressed soon, there will be an impact on supply of LPG.

Maximum retail price

Maximum retail price (MRP) of LPG supplied to residential customers was implemented in July 2010. In December 2017, the Minister of Energy approved an increase of 80.41 c/kg in the pricing structure of the MRP, effective from 6 December 2017. The increases were applicable as per Table 6.

MRP element	Indicator	% applied	2017 R-value (c/kg)
Operating expenses	CPI	6.40%	404.95
Working capital	CPI	6.40%	30.70
Depreciation	PPI	7%	150.15
Gross margin	PPI	7%	191.86
Primary transport cost (inland area)	PPI	7%	195.06
Retail margin		15%	9.20
VAT @14%		14%	9.88

***Table 6:** Components of MRP adjustments*

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 and will continue to engage the DOE on finding a permanent solution to an annual MRP adjustment.

National Ports Authority tariffs

The National Ports Authority (NPA) applied to the National Ports Regulator (NPR) for an average tariff increase of 8.02% for the period from 1 April 2017 to 31 March 2018. The NPR declined the proposed tariff increase and other individual tariff increases after considering the application, only granting an overall increase in average tariffs of 5.9%. Cargo dues were increased by 6% for the 2017/2018 period.

Legislation

Levy on the petroleum pipeline industry for 2017/18

In terms of Government Notice No. 622 the Minister of Energy in concurrence with the Minister of Finance has approved a levy of 0.37923 c/l applicable from 1 April 2017 to 31 March 2018. 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.'*

Statistics

Aggregate financial results of SAPIA members

Year ended 31 December	2007	2008	2009	2010	2011	2012*	2013*	2014*	2015*	2016*	2017*
Operating profit (R/m)	10 451	5 193	7 991	11 285	15 053	8 628	10 191	1 448	18 814	19 017	15 003
Interest paid (R/m)	(1 117)	(2 312)	(973)	(1 868)	(1 175)	(1 295)	(1 386)	(1 393)	(1 336)	(880)	(1 227)
Income tax (R/m)	(2 284)	(1 377)	(190)	(1 609)	(2 745)	(2 240)	(2 970)	15	(3 712)	(3 577)	(3 870)
Net income (R/m)	**7 050**	**1 503**	**6 828**	**7 808**	**11 134**	**5 092**	**5 834**	**69**	**13 766**	**14 560**	**9 906**
Total assets (R/m)	88 415	116 460	101 051	100 851	108 988	117 240	96 695	114 458	115 110	125 088	171 123
Capital expenditure (R/m)	4 958	6 070	5 573	5 091	5 855	6 844	4 950	9 659	6 031	6 502	7 666
Refinery shutdown			939	574	273	380	638	646	666	342	780
Other			4 634	4 518	5 582	6 465	4 312	9 014	5 365	6 160	6 886
After tax return on assets (%)	8	1	7	8	10	4	6	0	12	12	6
Sales volumes (bn litres)	32	35	29	22	20	29	29	31	34	33	31
Net income after tax (c/l)	22	4	24	36	55	18	20	0	40	44	32

Individual company financial data aggregated by Mr C McClelland (independent chartered accountant)

*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

Value added statements

	2007	2008	2009	2010	2011	2012*	2013*	2014*	2015*	2016*	2017*
Turnover (R/bn)	241	353	195	217	267	285	329	365	300	321	310
Net cost of products and services (R/bn)	179	279	144	164	187	206	236	280	202	198	186
Total value added (R/bn)	**62**	**73**	**51**	**53**	**79**	**79**	**92**	**85**	**98**	**123**	**124**
To pay employees gross salaries, wages and benefits (R/bn)	7	12	5	5	4	6	6	6	6	6	7
To pay the State tax in the form of											
Income tax (R/bn)	2	1	0.2	1	3	2	3	0.02	4.00	4.00	4.00
Duties and levies (R/bn)	40	48	40	43	54	63	66	72	83	94	114
To pay providers of capital											
Net finance expense (R/bn)	1	2	1	2	1	1	1	1	1	1	1
Dividends (R/bn)	4	4	2	(0.1)	4	2	2	1	3	4	0
Retained for future growth											
Depreciation (R/bn)	2	2	4	3	3	3	3	3	5	6	5
Retained income / other for the year (R/bn)	6	4	0.4	(1)	10	2	12	2	(4)	8	(7)
Total value added (R/bn)	**62**	**73**	**51**	**53**	**79**	**79**	**92**	**85**	**98**	**123**	**124**

Individual company financial data aggregated by C McClelland (independent chartered accountant)

*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

Petrol wholesale margin (93 octane)

	*2011	*2012	**2013	2014	2015	2016	2017
MPAR return (%)	52.50	58.00	31.00	33.50	33.20	35.60	34.00
Indicated margin increase (c/l)	91.80	99.20	139.10	151.10	161.66	176.40	187.21
Increase granted (in succeeding year)	8.40	10.50	11.70	12.60	13.71	17.30	15.90
Margin at year end (c/l)	12.60	15.00	17.10	17.40	18.52	17.90	18.55

Notes:

* 2011 and 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: 2007 to 2017

Country of origin											
	2007*	2008*	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016*	2017*
Angola	3 054	3 598	3 817	3 409	1 948	3 356	2 444	2 614	3 348	4 000	3 420
Colombia	296	0	0	0	0	0	0	274	219	132	132
Equatorial Guinea	0	0	0	35	38	76	89	378	22	129	144
Ghana	0	0	0	0	0	259	746	756	0	0	125
Nigeria	3 386	2 517	3 963	3 594	3 755	4 310	4 336	6 658	7 291	6 131	4 083
Saudi Arabia	5 876	6 265	6 968	4 584	4 793	8 437	9 723	8 120	4 895	7 939	8 170
Togo	0	0	0	0	0	0	0	0	0	0	297
United Arab Emirates	332	855	553	1 018	598	538	307	924	1 337	673	107
United States	0	282	0	36	262	0	0	0	0	0	139
Total	**22 090**	**21 067**	**25 040**	**19 254**	**17 834**	**18 940**	**18 658**	**21 279**	**19 233**	**20 666**	**16 770**

*South African Revenue Service

Crude oil price movements: January 2011 to December 2017

Average monthly prices (US$/bbl)

	2011		2012		2013		2014		2015		2016		2017	
	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai	Brent	Dubai
January	97	93	110	110	113	108	108	104	48	46	31	27	55	54
February	104	100	120	116	116	111	109	105	58	56	32	29	55	54
March	115	109	125	122	108	106	108	104	56	55	38	35	52	51
April	123	116	120	117	102	102	108	105	59	58	41	39	53	52
May	115	108	110	108	103	100	110	106	64	64	47	44	50	50
June	114	108	95	94	103	100	112	108	62	62	48	46	47	46
July	117	110	103	99	108	104	107	106	57	56	45	43	49	48
August	110	105	113	109	111	107	102	102	47	48	46	44	52	50
September	113	106	113	111	112	108	97	96	48	45	47	43	56	53
October	109	104	112	109	109	107	87	87	49	46	50	49	57	56
November	111	109	109	107	108	106	79	76	44	42	45	44	63	61
December	108	106	109	106	111	108	62	60	38	35	54	52	64	62
12-month average	**111**	**106**	**112**	**109**	**109**	**106**	**99**	**97**	**52**	**51**	**44**	**41**	**54**	**53**

***Figure 5** Dated Brent and Dubai differential*

Brent crude prices

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Average US$price	72.5	97.0	61.5	97.5	111.3	111.6	108.7	99.0	52.0	43.7	54.3
Average rand price/barrel	511.5	548.5	520.8	715.6	810.2	918.4	1 050.7	1 074.0	661.9	643.2	723.1

* Based on exchange rate as per CEF BFP rates

Consumption of petroleum products in South Africa

	Millions of litres					
Year	Petrol	Diesel	Paraffin	Jet fuel	Fuel oil	LPG
2007	11 558	9 755	696	2 402	465	636
2008	11 069	9 762	532	2 376	555	613
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

* Source: Department of Energy website
* Paraffin includes power paraffin and illuminating paraffin
** 2017 data sourced on 10 April 2018

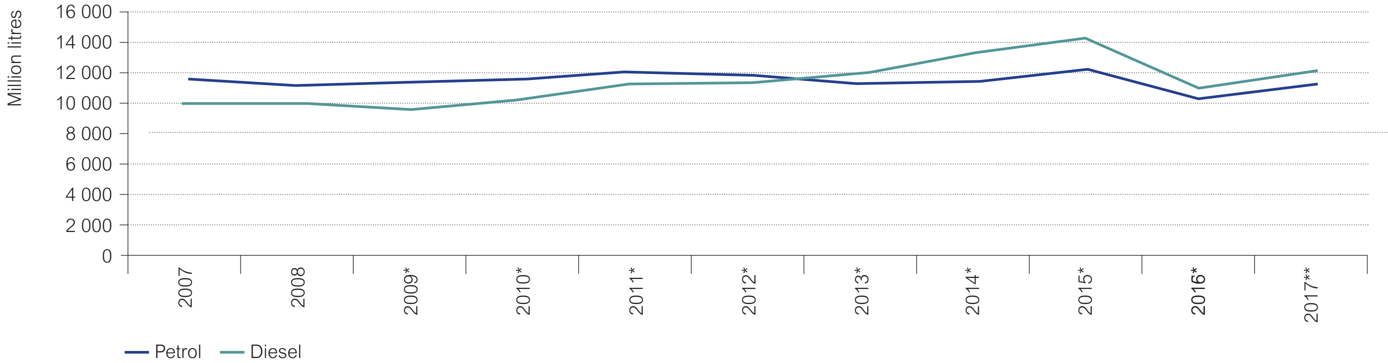


***Figure 6** Petrol and diesel consumption*

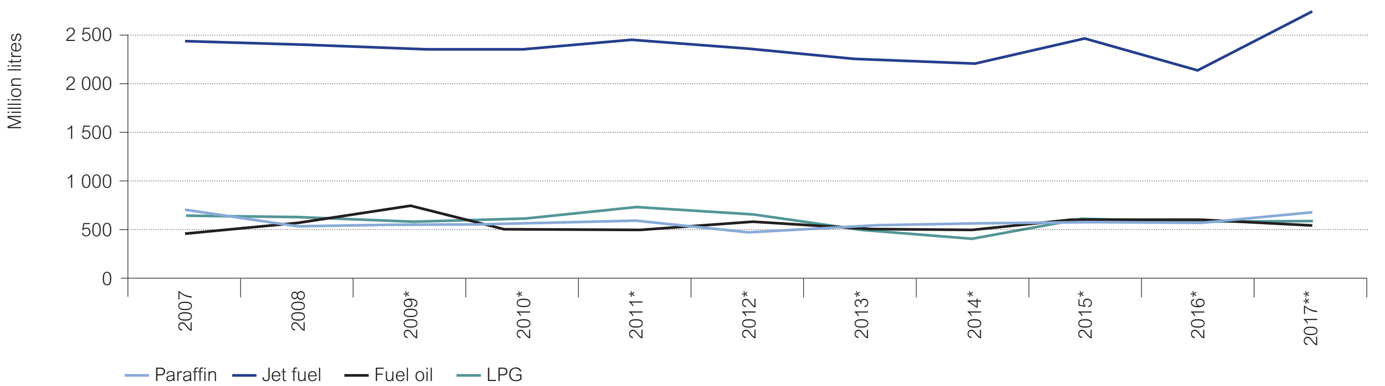


***Figure 7** Petroleum products consumption*

Petroleum products imports and exports

Thousand tonnes

	Imports				Exports			
Year	**Petrol**	**Diesel**	**Jet fuel**	**LPG**	**Petrol**	**Diesel**	**Jet fuel**	**LPG**
2017	1 586	5 070	333	70	811	1 498	277	39
2016	1 047	3 716	83	62	868	1 585	266	25
2015	1 402	5 451	217	30	816	1 368	667	18
2014	863	4 197	229	43	750	1 261	92	53
2013	1 113	4 158	183	65	122	399	14	25
2012	1 370	3 247	231	27	202	504	62	37
2011	1 815	3 153	199	47	176	452	126	28
2010	1 571	2 163	213	7.7	329	618	53	36
2009	1 484	1 943	85	13	333	717	40	31
2008	956	2 108	60	4	363	744	83	30
2007	1 272	2 343	229	7	296	728	64	26

*Source: South African Revenue Service

Capacity of South African refineries

Capacity (bbl/day)

Refineries	2010	2013	2014	2015	2016	2017
Sapref	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
Chevref	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
Sasol*	150 000	150 000	150 000	150 000	150 000	150 000
PetroSA*	45 000	45 000	45 000	45 000	45 000	45 000
Total	**703 000**	**703 000**	**703 000**	**703 000**	**718 000**	**718 000**

*Crude equivalent

Petrol/diesel consumption ratio

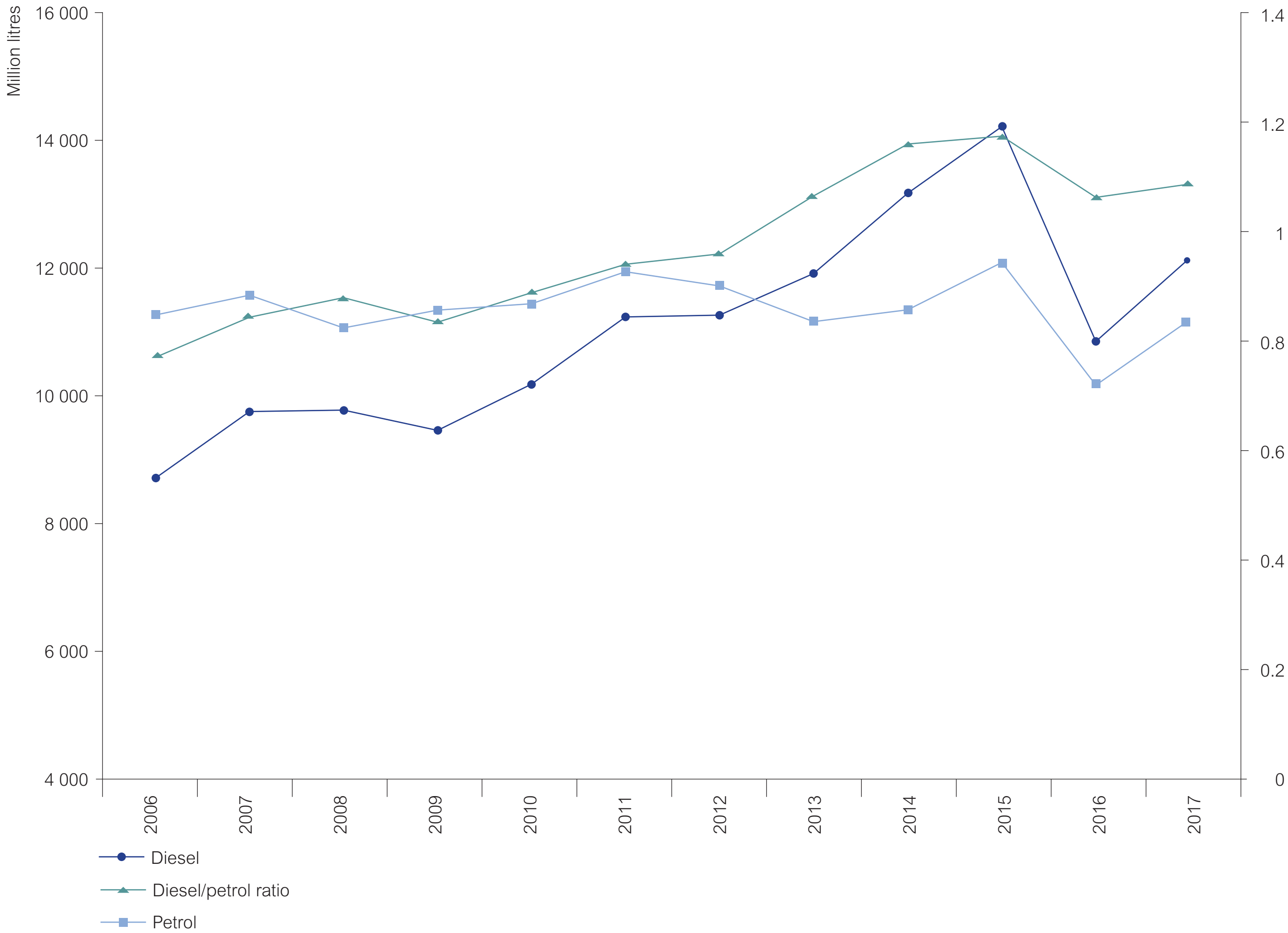


***Figure 8** Petrol and diesel consumption*

The ratio of demand between diesel and petrol in 2017 was 1.07, in comparison to 1.07 in 2016. There was a slight increase in consumption for both petrol and diesel overall. The diesel demand is mainly driven by the economic growth and the consumption in 2017 is in line with the overall GDP rate of 1.5%.

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)**
2007	724	629	629	
2008	996	1 086	1 186	
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

* 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

Price trends

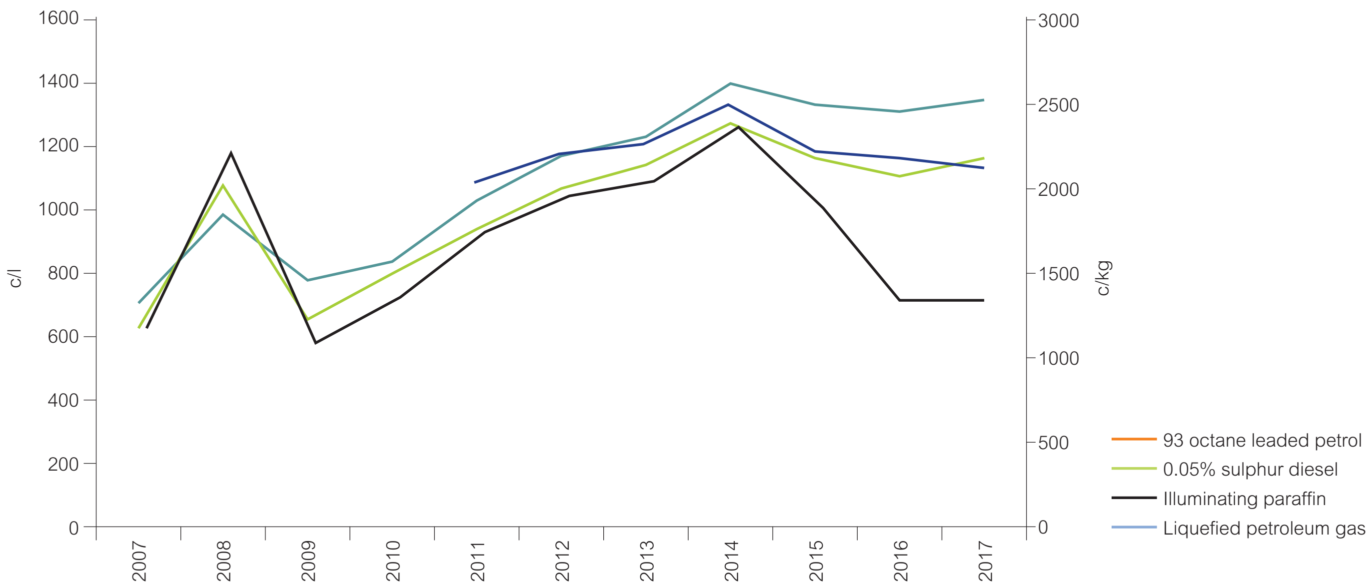
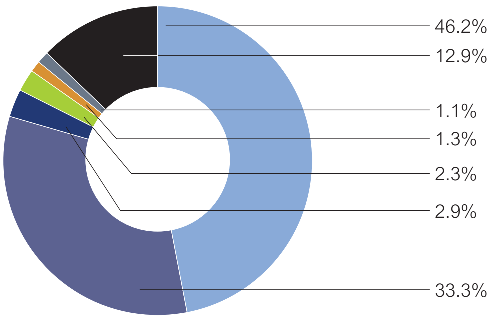


***Figure 9** Prices in Gauteng: 30 June each year*

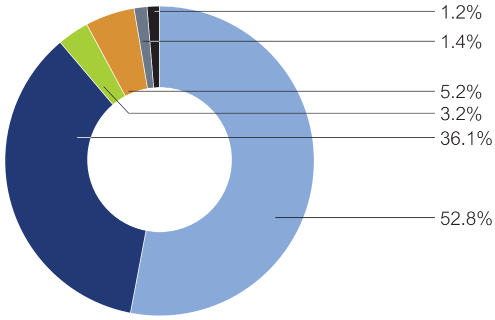
Petrol, diesel & LPG price breakdown



Contribution to the basic fuel price	669.170 c/l
Government duties and levies	482.330 c/l
Zone differential	41.500 c/l
Wholesale margin	34.000 c/l
Secondary storage	18.600 c/l
Secondary distribution	15.900 c/l
Retail margin	187.200 c/l
Pump rounding	0.300 c/l

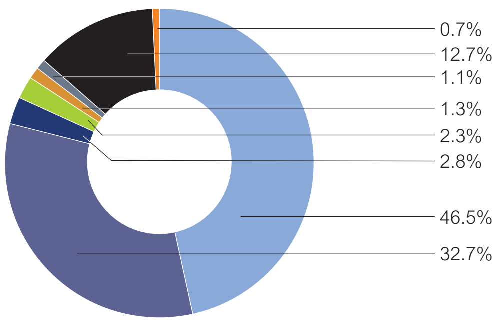
Source: Media release by Department of Energy

***Figure 10** 93 octane petrol: Gauteng retail price 1 449 c/l in December 2017*



Contribution to the basic fuel price	684.630 c/l
Government duties and levies	467.340 c/l
Zone differential	41.000 c/l
Industry margin	67.660 c/l
Secondary storage	18.600 c/l
Secondary distribution	15.900 c/l

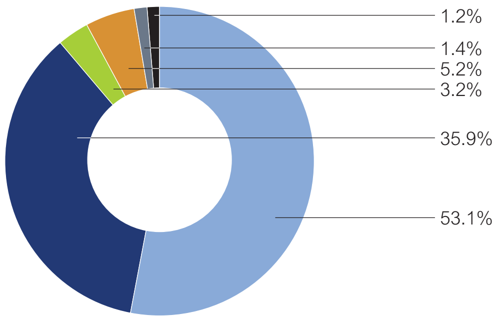
***Figure 11** Diesel (0.05% S): Gauteng wholesale price 1 295.63 c/l in December 2017*



Contribution to the basic fuel price	686.170 c/l
Government duties and levies	482.330 c/l
Zone differential	41.500 c/l
Wholesale margin	34.000 c/l
Secondary storage	18.600 c/l
Secondary distribution	15.900 c/l
Retail margin	187.200 c/l
Pump rounding	0.300 c/l
DSML	10.000 c/l

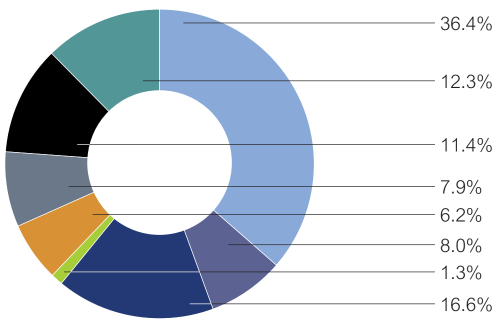
Source: Media release by Department of Energy

***Figure 12** 95 Octane petrol: Gauteng retail price 1 476 c/l in December 2017*



Contribution to the basic fuel price	691.030 c/l
Government duties and levies	467.340 c/l
Zone differential	41.500 c/l
Industry margin	67.660 c/l
Service differential - secondary storage	18.600 c/l
Service differential - secondary distribution	15.900 c/l

***Figure 13** Diesel (0.005% S): Gauteng wholesale price 1 302.03 c/l in December 2017*



Maximum refinery gate price	887.08 c/kg
Primary transport costs	195.056 c/kg
Operating expenses	404.949 c/kg
Working capital	30.695 c/kg
Depreciation	150.149 c/kg
Gross margin: cylinder-filling plant	191.857 c/kg
Retail margin (15%)	278.968 c/kg
Value Added Tax (14%)	299.426 c/kg

Source: Media release by Department of Energy

***Figure 14** LPG maximum retail price: Gauteng retail price 2 438 c/kg in December 2017*

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	Incremental Inland Transport Recovery Levy	Total Imposts
2007	4.0	121.0	41.5	0.19	10.0	176.7	0	166.5
2008	4.0	127.0	46.5	0.15	10.0	189.2	0	176.7
2009	4.0	150.0	64.0	0.15	10.0	231.15	1.5	189.2
2010	4.0	167.5	72.0	0.15	10.0	256.65	3.0	231.15
2011	4.0	177.5	80.0	0.15	10.0	274.65	3.0	256.65
2012	4.0	197.5	88.0	0.15	10.0	302.65	3.0	274.65
2013	4.0	212.5	96.0	0.15	10.0	325.65	3.0	302.65
2014	4.0	224.5	104.0	0.15	10.0	342.65	3.0	325.65
2015	4.0	255.0	154.0	0.15	10.0	423.15	0	342.65
2016	4.0	285.0	154.0	0.33	10.0	453.33	0	423.15
2017	4.0	315.0	163.0	0.33	10.0	492.33	0	453.33

* 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 retail price of 95 octane in December 2017: 1 476
Taxes and levies as a % of this retail price: 33.36%

Diesel									Illuminating paraffin	
Year	Customs & Excise Duty	Fuel Levy	Road Accident Fund Levy	Equalisation Fund Levy	Petroleum Products Levy	IP Tracer Dye Levy	Incremental Inland Transport Recovery Levy	Total Imposts	Equalisation Fund Levy	GST VAT%
2007	4.0	105.0	41.5	0	0.19	0.01	0	150.7	0	0%
2008	4.0	127.0	46.5	0	0.15	0.01	1.5	179.2	0	0%
2009	4.0	135.0	64.0	0	0.15	0.01	3.0	206.2	0	0%
2010	4.0	152.5	72.0	0	0.15	0.01	3.0	231.7	0	0%
2011	4.0	162.5	80.0	0	0.15	0.01	3.0	249.7	0	0%
2012	4.0	182.5	88.0	0	0.15	0.01	3.0	277.7	0	0%
2013	4.0	197.5	96.0	0	0.15	0.01	3.0	300.7	0	0%
2014	4.0	209.5	104.0	0	0.15	0.01	0.0	317.7	0	0%
2015	4.0	240.0	154.0	0	0.15	0.01	0.0	398.2	0	0%
2016	4.0	270.0	154.0	0	0.33	0.01	0.0	428.3	0	0%
2017	4.0	300.0	163.0	0	0.33	0.01	0.0	467.3	0	0%

Gauteng wholesale price (0.005% S) c/l in December 2017: 1 302.03
Taxes and levies as a % of the wholesale price: 30.58%

The total annual amounts of fuel taxes collected on petrol, diesel and paraffin (calculated on 2017 volumes at June 2017 rates)

	Petrol	Diesel
Sales volumes (million litres)	11 174	12 147
95 unleaded petrol in the DSML area (million litres)*	3 748	
Customs and excise duty (c/l)	4.00	4.00
Fuel levy (c/l)	315.00	300.00
Road accident fund levy (c/l)	163.00	163.00
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	0.01
Petroleum products levy (c/l)	0.33	0.33

	Million rands		Total
Customs/excise duty	447	486	933
Fuel levy	35 198	36 442	71 640
Road accident fund levy	18 214	19 800	38 014
Equalisation fund levy	0	0	0
Value Added Tax (VAT)	0	0	0
Demand side management levy (DSML)**	375	0	375
IP marker levy	0	1	1
Petroleum products levy***	37	40	77
Total	**54 271**	**56 769**	**111 040**

* 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 2017. 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	13	9	7	18	13	4	4	4	20	2	94
Senior management	106	53	56	101	63	23	22	45	23	3	495
Professionally qualified and experienced specialists and mid-management	583	334	271	396	438	211	115	194	30	7	2 579
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	866	539	175	321	697	292	111	187	5	0	3 193
Semi-skilled and discretionary decision making	1 397	281	90	51	406	121	34	36	16	1	2 433
Unskilled and defined decision making	86	1	2	2	38	5	0	0	7	1	142
TOTAL PERMANENT	**3 051**	**1 217**	**601**	**889**	**1 655**	**656**	**286**	**466**	**101**	**14**	**8 936**
Temporary employees	78	58	14	31	68	17	16	7	5	1	295
***GRAND TOTAL**	**3 129**	**1 275**	**615**	**920**	**1 723**	**673**	**302**	**473**	**106**	**15**	**9 231**

* 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
(Not including refineries)										
Safety: staff and contractors										
Fatalities	17	7	27	8	10	9	14	10	3	5
Lost time injuries	70	64	51	44	43	26	25	16	23	27
Hours worked (million)	91.6	28.7	24.6	26.6	30.0	28.9	31	34.9	65.4	71.5
Total recordable rate (TRR), fatalities, lost time injuries and medical treatment cases per 200 000 hours worked.	**1.1**	**0.8**	**0.4**	**0.5**	**0.4**	**0.4**	**0.6**	**0.2**	**0.3**	**0.4**
Environment:										
Fires	25	16	33	16	13	29	21	32	31	31
Health:										
Occupational illnesses	1	1	2	1	2	1	1	1	1	1
Security:										
Hijackings: on retail forecourts	11	26	17	5	6	9	9	9	0	6
Cash-in-transit robberies	56	67	31	18	27	11	17	24	26	54
Retail robberies	782	611	430	156	222	214	274	410	381	787

Crude refineries resource consumption and waste/emissions

		2010	2011	2012	2013	2014	2015	2016	2017
Water usage: litres	**Total**	**11 633 126**	**11 757 598**	**11 234 343**	**11 181 656**	**10 644 383**	**8 588 691**	**7 774 810**	**6 490 410**
	Municipal	6 794 633	6 702 822	6 507 540	6 651 098	6 284 621	5 944 116	6 544 507	6 490 410
Electricity consumption: Gwh		925	1 207	850	863	932	895	950	1 176
SO2 emissions: tons		30 246	19 440	21 210	21 677	22 054	21 206	20 166	17 308
PM emissions: tons		976	728	891	983	962	1 517	866	945
CO2 emissions: tons		3 183 018	2 734 124	3 164 964	3 144 239	3 447 894	2 653 748	3 643 580	3 445 407
Waste: tons	**Total:**	**27 902**	**16 619**	**16 952**	**39 177**	**24 190**	**37 130**	**40 345**	**42 785**
	Hazardous:	23 249	12 692	11 487	26 170	18 606	27 317	32 239	36 105
	Non-hazardous:	4 653	3 927	5 465	13 007	5 583	9 813	8 106	6 680

Crude and coal/gas-to-liquid refineries health and safety indicators

Indicator	2011	2012	2013	2014	2015	2016	2017
Fatalities	3	0	1	0	3	1	2
Lost time injuries (LTI)	36	38	15	28	29	47	44
Exposure hours	76 971 672	19 241 699	23 530 093	61 993 158	54 175 090	53 412 875	49 819 482
Occupational illnesses	11	1	16	23	45	25	6
Total recordable rate (fatalities, LTI and medical treatment cases per 200k hours worked)	**0.43**	**0.8**	**1.87**	**0.27**	**1.52**	**0.99**	**1.5**

Member contact information

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www.africoil.co.za

Avedia Energy
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Address: 70 Prestwich Street, Green Point, Cape Town, 8005
www.avediaenergy.com

Elegant Fuel
Telephone: 015 516 1834
Address: 60A Corner Rissik and Kleinhans Street, Louis Trichardt, Makhado
www.elegantfuel.com

BP Southern Africa
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Address: BP House, 10 Junction Ave, Parktown, 2193
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Camel Fuels
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www.camelfuels.co.za

Chevron South Africa
Telephone: 021 403 7911
Address: Boulevard Road, Century City, Cape Town, 7441
www.chevron.com

Easigas
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www.easigas.com

Engen Petroleum
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www.engenoil.com

FFS Refiners
Telephone: 031 459 5300
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Gulfstream Energy
Telephone: 012 667 5382
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www.gulfstreamenergy.co.za

Imbizo Petroleum Traders
Telephone: 012 345 5216
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Indigas
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MBT Petroleum
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www.mbtpetroleum.co.za

Oryx Oil South Africa
Telephone: 010 045 0803
Address: Ground Floor Block A, Hobart Square Office Park, 10 Hobart Road, Bryanston
www.oryxenergies.com

PetroSA
Telephone: 021 929 3000
Address: 151 Frans Conradie Drive, Parow, 7500
www.petrosa.co.za

Puma Energy
Telephone: 011 343 6970
Address: 15 Alice Lane, Sandhurst, Sandton
www.pumaenergy.com

Royale Energy
Telephone: 012 361 0110
Address: Berkley Office Park, Unit 4, First Floor, 8 Bauhinia Street, Technopark, Highveld
www.royale-energy.co.za

Sasol Oil
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Address: 50 Katherine Street, Wierda Valley, Sandton, 2196
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Shell Downstream South Africa
Telephone: 011 996 7000
Address: Twickenham Building, The Campus, Sloane Street, Bryanston
www.shell.com

South African Bunkering and Trading
Telephone: 021 551 9588
Address: Office 1502, 15th Floor, Portside Building, 4 Bree Street, Cape Town
www.sabunker.com

Total South Africa
Telephone: 011 778 2000
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www.total.co.za

Totalgaz Southern Africa
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www.totalgaz.co.za

Wasaa Gasses
Telephone: 011 708 0538
Address: 417-418 Hilston Street, Kya Sands, Johannesburg
www.wasaa.co.za

Acronyms

ACSA	Airports Company of South Africa
B-BBEE	Broad-based black economic empowerment
Bbl/day	Barrels per day
BEE	Black economic empowerment
BUSA	Business Unity South Africa
CHIETA	Chemical Industry Education and Training Authority
CO2e	Carbon dioxide equivalent
CSI	Corporate social investment
DOE	Department of Energy
HDSAs	Historically disadvantaged South Africans
HRD	Human resource development
IEA	International Energy Agency
IeC	Integrated Energy Centre
IK	Illuminating kerosene
INDC	Intended nationally determined contribution
IP	Illuminating paraffin
Kb/day	Thousand barrels per day
LFC	Liquid Fuels Charter
LOE	Leadership in Oil and Energy Certificate Programme
LPG	Liquefied petroleum gas
MMT	Methylcyclopentadienyl manganese tricarbonyl
MIBCO	Motor Industry Bargaining Council
MDZ	Magisterial district zones
MPP	Multi-product pipeline
MTT	Ministerial task team
NEMA	National Environmental Management Act
NEMA: AQA	National Environmental Management: Air Quality Act
NERSA	National Energy Regulator of South Africa
NICOLA	Network for Industrially Contaminated Land in Africa
NPA	National Ports Authority
NPR	National Ports Regulator
NPEA	National Petroleum Employers Association
NSDS	National Skills Development Strategy
NSDS III	National Skills Development Strategy III
OPEC	Organisation of the Petroleum Exporting Countries
PPA	Petroleum Products Amendment Act
PPC	Parliamentary Portfolio Committee
PPP	Public-private partnership
RAF	Road Accident Fund
RAS	Regulatory accounting system
RON	Research octane number
SAMSA	South African Maritime Safety Authority
SAPIA	South African Petroleum Industry Association
SBM	Single buoy mooring
SETA	Sector Education and Training Authority
SETs	Sectoral emission targets
SSP	Sector Skills Plan
TFR	Transnet Freight Rail
TOR	Terms of reference
TPL	Transnet Pipelines
WACC	Weighted average cost of capital

Production

NOVA COMMUNICATIONS

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