

# **Department of Energy PPA Awareness Workshop 18 August 2016**

## **SAPRA perspective on Retailing**

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***An informed Retailer is an Empowered Businessman***

# Agenda

- Our Strategic Intent
- SAPRA objectives
- Fuel Industry Market forces
- Compliance issues



# **SAPRA's Strategic Intent**

**To influence the role-players in the Fuel Industry Value Chain in such a way, that we contribute to a sustainable Downstream Fuel Industry for all Fuel Retailers**



***An informed Retailer is an Empowered Businessman***

# Who we are

## **The sustainability of the Industry is our main priority**

- We are involved in the assisting members on any matter
- We assist with the Regulatory Accounting System negotiations
- Wage negotiations through MIBCO
- Security of Supply
- Goodwill protection
- Cost containment advice
- Regulation and Compliance of the PPA and other legislation
- Skills enhancement and Job Creation



# What do we do

- Contribute to the growth and profitability of fuel retailers;
- Support the principle of BBBEE and to encourage meeting the objectives thereof;
- Make fuel retailing a business of choice for investors and business people;
- Ensure ongoing liaison with government, oil companies, financial institutions and other stakeholders for better trading conditions;
- Promote, protect and encourage the interests of petroleum retailers by setting proper standards of service and ethical trading conditions;
- Improve the security and safety of petroleum retailers;
- Regulate relations between petroleum retailers and their employees and/or trade unions and protect and further the interests of members in that regard;



# What do we do

- Promote, support or oppose any proposal or action affecting the interest of members;
- Affiliate with and participate in the affairs of other bodies sharing common interests with all the members and constituent associations of the Organisation;
- Access and participate in other business partners' industry specific product offerings if necessary by means of separate service level agreements and performance standards;
- Provide for and administrate training courses pertinent to the petroleum industry through the W&R SETA funded SMME training programmes;
- Actively promote one petroleum retailers forum with one voice in all dealings with retailers and other stakeholders;
- Disseminate relevant information to members



# The fuel industry Market Forces

- Global and local Economy
- Financial Institutions
- Labour
- Stakeholders
- Health, Safety and Security
- Competition
- Government



# Market Forces

## Global and local Economy

- Cost per barrel of oil
- Rand/Dollar exchange rate
- Government financial policy
- Increasing cost to do business





### Financial Institutions

- Rising inter-banking costs as a result of different methods of payment
- Insurance costs
- Overdraft charges
- Financing costs
- Cash deposit fees



# Market Forces

## Labour

- Labour unrest and strikes
- Unintended consequences of strikes
- Union demands
- High staff turnover and unemployment



# Stakeholders

- Inconsistency of RAS implementation by oil companies
- Security and reliability of fuel product supply
- Tenure not adequate to secure ROI
- No security on goodwill
- Retailer to insure Oil company equipment



## Market Forces

### Health, Safety and Security

- Increase in cost of health, safety & security standards & requirements
- Cost of contamination and/or spillage
- H&E issues
- Impact of armed robberies



# Market Forces

## Competition

- Impact of new sites on current sites
- Oil companies compete with own brand
- Proliferation of new sites
- Regulated environment prevents Retailer competing or conditional selling
- Cost of marketing constraints



## Market Forces

### Government

- Barriers in the start-up and running of a service station
- Cost of non compliance
- Enforcement of regulations
- Increase in rates and taxes
- Margin erosion
- Cost and/or safety of zone differentiation



# Compliance

- Petroleum Products Act
- National Environmental Management Act
- Consumer Protection Act
- Competition Act
- Flammable Liquids Certificate
- Certificate of Acceptability
- Health and Hygiene
- Food safety
- NOSA - Safety training, First Aid, Fire Fighting
- Evacuation Plans
- Wet stock reconciliations
- Spill Kits
- Pest Control



Thank you  
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