Petroleum and Liquid Fuels Industry Contribution to the Economy

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Presentation outline

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About SAPIA

The South African Petroleum Industry Association (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 contributing to the development of regulation in certain areas of South African policy; proactively engaging with key stakeholders; sharing research information; providing expert advice; and communicating the industry’s views to government, members of the public and the media.
Our Objectives

Key SAPIA objectives

• Promote industry transformation, environmental leadership and a fair regulatory framework for all;

• Enhance the reputation of the industry by communicating its contribution to economic and social progress.

• Understand our stakeholders’ needs;

• Provide expert information and assistance to our stakeholders;

• Contribute to policy formulation and implementation; and

• Facilitate security of supply.
## Our members

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<th>Fuel wholesalers</th>
<th>LPG wholesalers</th>
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<td>1. Afric Oil</td>
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<td>5. Sasol Limited</td>
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<td>7. Total South Africa</td>
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<td>10. SFF Refiners</td>
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Economic contribution

- The South African oil industry contributes to the South African economy in a significantly, displayed through,
  - job creation,
  - Infrastructure development,
  - community development and
  - transformation.
Petroleum industry’s impact on the economy

- **Refinery** activities contributed the **most** additional economic activity of **R213 billion**, with **retail** activities (excl. convenience stores) contributing **R80 billion**

- **Refinery** activities sustained **484 478 jobs** while **retail** activities contributed **221 580 jobs**

**Distribution activities** has the highest multiplier with every R1 of revenue generated contributing an **additional R1.68** that could potentially be added to the South African economy

Revenue generated in the **head office, storage, wholesale and retail** components, implies an additional **4 jobs per R1 million spend** in each component could be sustained

Looking at the future
Security of Supply

- The 2016 draft IEP proposed additional Greenfield's refining capacity be introduced however brown fields expansion may yet meet Government’s objectives.

- In the context of the NDP, investment in energy infrastructure will result in job creation, economic growth and environmental sustainability.

- The local oil industry operations is key to security of supply of petroleum products

- The refining sector is a significant contributor to both GDP and sustaining employment opportunities within the country.
Transformation

- SAPIA and its member companies were the first to develop a Charter and have this enacted into law as far back as 2003.

- Number of smaller, black-owned enterprises operating in the sector has grown substantially.

- In building a more sustainable and competitive industry, transformation should lie in the development of the value chain.

- Key focus on Enterprise and Supplier development combined with commitment to directing efforts on workforce diversification and up-skilling people.

- Participating in the development of sector codes applicable to the industry.
Regulatory Development

- Industry is confronted with challenges that requires collaborative industry and government partnership.

- Regulatory and policy certainty fundamental to providing comfort to investors and operators in this part of the value chain.

- A regular review and stronger oversight of regulations is necessary.

- Similar to success with the Regulatory Accounting System (RAS) continue review of the pricing and supply of LPG, the Basic Fuels Price and import control amongst other practises and policies.
End

Thank you
Dankie
Ngiyathokoza
Ke a leboha
Ke a leboga
Ke a leboga
Siyabonga
Inkomu
Ndo livhuwa
Enkosi
Ngiyabonga