



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Keynote Address by the Deputy Minister of Energy:

Ambassador Thembisile Majola, MP

FRA Conference 2015

Theme: “Equipping for CHANGE”.

Nasrec, Johannesburg

Wednesday 6th of May 2015

President of FRA – Mr. Mike Motsoane;

Chairperson of Chevron South Africa – Ms Nobuzwe Mbuyisa;

MD/CEO of TOTAL – Mr Christian Des Closieres;

Fuel Industry Players;

Honoured Guests and Speakers;

Ladies and Gentlemen;

Good morning you all.

It is indeed a pleasure for me to celebrate with you an achievement of 20 years of promoting profitable and sustainable fuel retailing business

through this association that provides a platform for support and advancement of fuel retailers. I would also like to congratulate you on your first national Fuel Retailers Association (FRA) Conference. The timing, 20 years ago, of the establishment of the FRA could not have been more opportune – it was a time for new beginnings as our beloved country began its transition into a new democratic, non-sexist and prosperous South Africa. The dynamic nature of the sector indeed requires adaptability to change. We are very pleased and encouraged by the fact that we have been informed that the FRA aims to continue embracing change even in the coming years with the same vigour and strength as it is reflected in the 20 year anniversary theme “equipping for change”.

Your exhibition and participation at the Automechanika through the FRA Forecourt Show further indicates your adaptability to change and growth in this industry and as the policy maker, the Department is on board to ensure an enabling environment.

The partnership between the Department and the retailers over the years in the implementation of legislation and policy has not gone unnoticed and is much appreciated. As a regulator, we have a responsibility to enforce policy while at the same time also promoting

competition in the fuel retail industry. Through this partnership, a number of issues have come to the fore relating to overtrading, licensing, pricing, to name but a few. It is through our combined efforts, together with other stakeholders that we have made strides in the advancement and transformation of this industry. This places us on a firm footing towards the attainment of a goal of fundamental transformation of the economic landscape of the country.

Ladies and Gentlemen,

We should never lose sight of the important goal of transformation. Transformation is a critical imperative in this sector; and we are charged with the responsibility of creating an enabling environment and conditions for broader participation. Together, in partnership we must find ways to make it possible for more participation and ownership by women and Historically Disadvantaged South Africans (HDSAs) in general in this sector. We are pleased to note that the oil majors and their captains are here with us today – they are an important and critical partner in this journey. In this regard, we have also noticed a trend of Change of ownership of retail sites, which is increasing rapidly. I am informed that most of these transactions do not include HDSAs and therefore do not assist us in the objective of transforming this sector. This will make the sector unsustainable. In future we have to ensure

more fuel retail stations are owned and operated by women and black retailers.

I would also like to acknowledge the challenges with the implementation of regulatory practices such as Regulatory Accounting System (RAS) and the use of credit cards at forecourts. The department, in continued partnership with FRA and other stakeholders is willing to assist in any way possible. We have decided to revisit the discussions on the implementation of the Regulatory Accounting System and more details on these engagements will be provided to all stakeholders through the office of the Controller of Petroleum Products in the Department. It would be premature for me to give details at this forum.

As most of you are aware, a key part of our responsibility in the petroleum sector is to ensure that there is reliable and adequate supply of petroleum products in the country. The Department has been made aware of a number of non-deliveries or late deliveries of petroleum products, especially during the December festive season. I want to assure you that we do not take this lightly, and would like to assure the affected retailers that we are as concerned as they are and that the Department is following up on the complaints in order to find solutions and turn the situation around.

Ladies and Gentlemen,

The President of the Republic of South Africa, His Excellency Jacob G Zuma, in his 2015 State of the Nation Address indicated the “initiation of the nine point plan to ignite growth and create jobs”. The recognition of the importance of the small and medium enterprise development for our economy has been underscored with the setting up of the Small Business Development ministry. The FRA has been and continues to have an important role in responding to this clarion call. We cannot over-emphasize the importance of fuel retailers as part of SMMEs, and as a vehicle for small business development and job creation. Entrepreneurship, even in the retail sector is key to job creation and economic development.

In light of the difficult global economic climate that we are experiencing today, the FRA’s contribution towards job creation and the 70 000 jobs that emanate from fuel retail stations continue to deliver tangible results. This indeed is a laudable contribution by the petroleum industry to the implementation of the Government’s overall vision of job creation which requires a combined effort by all sectors in the Economy.

In view of the fact that FRA was instituted under the provisions of the Labour Relations Act, 66 of 1995, as a fuel retailer employer association, it does not only create jobs. It also represents the welfare of retailers by

contributing to moderating workplace conflict and negotiating labour related issues such as wages, skills and training through its membership in the Motor Industry Bargaining Chamber Organisation (MIBCO) and NUMSA. This is essential especially in a bargaining environment within which the members operate, whereby the margins are fixed, however both employers and employees have to make gains.

I would like to urge players in this sector to take into consideration the wages and safety issues of the workers at forecourts. A combined effort is required to deal with safety issues such as petroleum vapour management systems as well as continuous education of the public in general about the use of cellphones while filling up.

Liquid fuels are the livelihood of any modern economy, which facilitate day to day activities of businesses and people and therefore their safe and proper use is essential. It is therefore important to note that the Department recently started a Programme of fuel sampling and testing at forecourts. This is in accordance with the Regulations for Petroleum Products Specifications and Standards, R627 of 23 June 2006.

As a result, the Department is mandated to carry out the Sampling and Testing of Petroleum Products in the downstream petroleum value chain in South Africa as a whole and its border posts. This is meant to ensure

that the fuel that is sold to consumers is up to the set standards for their own safety and the safety of their vehicles. I am sure that this is something all of us welcome, as safety and quality should be our hallmark.

Ladies and gentlemen,

At this juncture I would like to express my sincere gratitude to other institutions that support fuel retailers such as oil companies through the South African Petroleum Industry Association (SAPIA) and fuel franchising finance and management provided by ABSA. Working together, I am sure we will continue to make a valuable contribution to our economy, meaningful transformation and development of the industry.

In conclusion, I believe that FRA has grown over the years not only in terms of membership but also in helping shape the industry through good relations with my Department and other stakeholders. I therefore look forward to the next 20 years in the hope that our partnership will continue to grow from strength to strength. The Department considers you an important partner in its quest to ensure implementation of policy aspects such as meaningful women's participation, skills development as well as enterprise development to ensure a fully transformed energy industry which is adaptable to change.

I wish you fruitful deliberations and networking in the coming days. I am sure you will be 'equipping for change'!

I thank you!

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