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| **MEDIA STATEMENT**    **COMMITTEE ON MINERAL RESOURCES BRIEFED ON STATE OF REFINERIES IN SOUTH AFRICA**    **Parliament, Wednesday, 14 April 2021** – The Portfolio Committee on Mineral Resources and Energy received briefings today virtually from the Department of Mineral Resources and Energy (DMRE) on the Basic Fuel Price (BFP) and the State of South African petroleum refineries.   The briefing on the BFP was needed in order to understand and explore mitigating alternatives to address the increase in fuel prices in South Africa. The DMRE explained the method used to determine fuel prices, whereas the Automobile Association of South Africa (AASA)  shared its views and mitigating strategies relating to the BFP.   The committee engaged the AASA on its presentation on the BFP. The committee acknowledged the complexity involved in determining fuel prices. However, the committee was concerned about the 15% freight premium that is not justifiable. The department was urged to urgently engage with freight companies to resolve this issue.   The committee was concerned that the price of diesel was not regulated whereas petrol was regulated. The committee appreciated the explanation that the government’s White Paper on Energy encourages deregulation. Deregulation allows the industry to negotiate with major oil companies.    The committee advised the DMRE to conduct a review of the BFP, including alternatives on the domestic taxation aspect of the BFP. It was emphasised that high fuel prices have a socio-economic impact that should not be ignored.   Asked by the committee on the availability of other sources for information, apart from the Central Energy Fund for fuel price determination and formulation, AASA admitted that there are no other sources of information which the Minister of Mineral Resources and Energy considers for price determination.   On the state of the country’s refineries, the committee heard that global refineries are undergoing changes and South Africa is not immune. Globally, smaller and older refineries are closing down or converted to terminals. The trend is to build mega refineries, however, the committee has called upon the department to promote small-scale refineries and that South Africa should always be modelled on the approach of the advanced refineries.   The committee heard that South Africa imports 80% of its fuel needs and that of the four crude oil refineries, two were not operational due to the catastrophic incidents which had occurred in 2020. The refineries that are operational are performing at 75% of their nameplate capacity. The committee also heard that the PetroSA gas to liquids (GTL) refinery was not operational due to feedstock challenges.    To cope with the developments in the world of mineral resources, the committee also called for the establishment of a research institute for energy resources and that the country must have enough specialised skills base.   In welcoming the presentations, the Chairperson of the committee, Mr Sahlulele Luzipo, said the committee is going to compile a report on all the presentations, categorising them properly into different areas. He said the areas should highlight all the aspects, such as amendments to legislation, involvement of other parliamentary committees, and long-term investment.   He said: “The report must show what are the immediate, short- and long-term  interventions. The report must indicate clearly what is to be done to overhaul the fuel pricing system.” Mr Luzipo said the committee must have a structured discussion in order to determine a way forward and make meaningful recommendations.  Furthermore, Mr Luzipo said: “We need to consider a well-streamlined management system of a broader, but faster consultative process.”   **ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON MINERAL RESOURCES AND ENERGY, MR SAHLULELE LUZIPO.**    For media enquiries or interviews with the Chairperson, please contact the committee’s Media Officer: Name: Mava Lukani (Mr)  **Parliamentary Communication Services** Tel: 021 403 8738 Cell: 081 503 1840 |