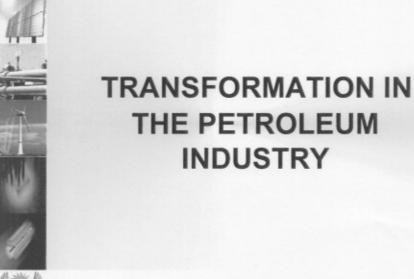




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THE PETROLEUM **INDUSTRY** 

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# **The Liquid Fuels Charter**

## Introduction

- · To bring transformation in the Industry
- Came into being in 2000 and it is the first Charter in the economic transformation drive in South Africa
- Applies to privately owned companies in all parts of the value chain
- It is part of the Petroleum Products Amendment Act of 2003 as such is mandatory
- PPAA of Act of 2003 provides for the review of the Charter November 2010



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PROGRESS - EMPOWERMENT REPORTS

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# BEE Deals in the Petroleum Industry

#### Sasol Limited

- Tshwarisano- 20% of the global company shares designated for HDSA
- · Inzalo 25% Sasol Oil
- Chemcity- acts as a business incubator for HDSA/BEE companies- 85 enterprises/projects
- No progress reports on the uptake of these shares



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# BEE Deals in the Petroleum Industry - Continued

### **Engen Limited**

- 20% Worldwide African Investment Holdings
- · 5% deficit on equity
- · Afric Oil- BEE Company Jointly owned by Engen and WAIH

#### **British Petroleum**

- Establishment of Masana (R265 million deal)- Selling off of the commercial and industrial arm
- · Masana 35% owned by BP



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## **Industry - Continued**

#### Chervron

- · Chevron South Africa (PTY) LTD (which owns the Cape Town Refinery) 25% HDSA ownership
- · Selling off of its wholesale business- HDSA prioritization.

- · Thebe 25% ownership of Shell South Africa Marketing
- BEE Retailer Development Programme
- · Tocaso 25% share holding



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# **Aggregate Assessment of** the Petroleum Industry

- · Ownership- (Described as equity participation and the ability to exercise rights and obligations, control of boards through shareholding)
  - Prior to Nov 2000- 5.8%
  - Shareholding not uniformly across total assets/value chain
  - Industry Sources- 26%- Independent Sources- < 20%
- · Procurement (% share of procurement spending by oil companies by HDSA suppliers
  - Average 42% (goods and services)
  - Prior to Nov 2000- 1.9%
  - Close to 70% of procurement spent is on crude( HDSA non existent)
  - HDSA portion of total procurement spent < 10%



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## Aggregate Assessment of the Petroleum Industry - Continued

## Management and Control

#### Management level Percentage of representation

- Black board member representation 36%
- Executive black management representation 41%
- Women board member representation 11%
- Black executive board member representation 31%



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## Aggregate Assessment of the Petroleum Industry - Continued

#### - Employment Equity

- · Occupational level Percentage of black
- · Top management 32.40%
- · Senior management 37.10%
- · Specialists and mid-management 55.50%
- · Skilled technical 70.90%
- · Semi-skilled 89.70%
- Unskilled 95.20%
- · Non-permanent 70.30%
- Total percentage of black representation 70.92%



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# Licensing Observations



- Licensing Dispensation -as provided by the PPAA of 2003.
- Tool through which transformation of the industry is effected and monitored
- Operationalised in 2006
- 15000 applications; 6000 retailers; 460 Wholesalers; 22 manufacturing and blending facilities
- · Retail- 37% HDSA ownership
- · Wholesale 22 HDSA operators
- Manufacturing- 1 biofuels plant HDSA owned.



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## Challenges



- · Women still lag far behind in all areas
- Management and control while significant- in peripheral areas of business
- Industry competitive pressures a constraint for enterprise development
- · Few incubator programmes and not effective
- After 10 years no significant petro-entrepreneurs created
  - out of 22 HDSA wholesalers licenses issued very few have used their licenses, some have since been liquidated
  - HDSA retailers trapped within a vicious circle of sites that barely make it
- · Capital intensive nature of the industry and Lack of Funding



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## **Way Forward**

- · Charter audit currently underway
- Review of the Charter to usher a new empowerment dispensation- priotirisation of women
- · Use of demographics effectively- HDSA criteria all embracing
- · Creation of business space for HDSA wholesalers
- · Focus on enterprise development- SASDA enhanced role
- · Enhanced advocacy by the department
- · Strengthen DoE compliance arm



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Thank you!

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