

Petroleum and Liquid Fuels
Sector Charter Council

Private Bag X96

Pretoria

22 November 2018

Mrs Pricilla Selele

NAEWASA Secretary General

The Firs: 4th Floor

Cnr Biermann & Cradock Avenue

Rosebank, Johannesburg, 2196

Dear Ms Selele

RE: NAEWASA RECOMMENDATION ON ENERGY TRANSFORMATION FUND

Thank you for the e-mail dated 17 August 2018 and attached letter in the above subject matter with contents duly noted.

The Petroleum and Liquid Fuels Sector Charter Council (“the PLFSCC”) is on the brink of signing off the Draft Sector Codes to be Gazetted in terms of section 9(5) of the B-BBEE Act and Codes of Good Practice.

The PLFSCC and the Department of Energy (“the Department”) has come a long way to ensure that Government’s programme of radical economic transformation is acted upon as espoused in the Energy White Paper Policy, the National Development Plan and the MTSF, through decisive steps by industry to place the petroleum and liquid fuels sector on a qualitatively different path to eliminate poverty, create jobs, sustainable livelihoods and deracialise the sector thus substantially reducing inequality.

Together with the Department and respective industry associations, engagements continue to unfold through liquid fuels charter alignment to B-BBEE Act and Codes of Good Practice process to unlock impediments creating barriers for inclusive participation and growth in the sector.

The objective of liquid fuels charter alignment to B-BBEE Act is to have sector specific codes to decisively address barriers to transformation, under representation of black women, youth and disabled across the oil and gas value chain, lack of meaningful operational involvement and active participation by black people; lack of set-asides (e.g. import of crude and finished product) for independent non refining wholesalers; weak monitoring, evaluation and enforcement of compliance targets; untransformed site and retail networks; inadequate access to markets, financing and terms of credit by black people **(Emphasis)**; and inadequate petroleum industry entrepreneurship for new entrants

To address the above, the PLFSCC had public discussions with industry stakeholders including the Department on a transformation-linked venture capital fund to be established by the PLFSCC. The suggestion was welcomed by all stakeholders with the understanding that this will assist with a number of the practical challenges faced by smaller, locally owned stakeholders in the liquid fuels sector.

However, discussions have not yet concluded on the subject matter. The PLFSCC still has to discuss a number of issues including method of incorporation of the liquid fuels industry transformation fund. It is expected that the industry fund will not only assist black-owned enterprises to expand and grow, but also the rise of a new generation of black owned businesses, women and community owned enterprises in the sector.

The rules of the fund are still to be unpacked, discussed and agreed to by all stakeholders post 9(5) process. The written request from NAEWASA requesting the formation of a liquid fuels industry transformation fund is clearly in line with the above common objectives and as such is supported.

It is therefore requested that all PLFSCC stakeholders, including NAEWASA act in alignment with the bigger formation (Charter Council), to ensure that no confusion is created and to protect the proprietary information of the body.

Yours faithfully,



Nokwanele Qonde

Chairperson: PLFSCC