

MEDIA RELEASE

SAPIA briefs Portfolio Committee on Mineral Resources and Energy on rising fuel prices

25 March 2022, Johannesburg - Today the South African Petroleum Industry Association (SAPIA) briefed the Portfolio Committee on Mineral Resources and Energy about the impact and experiences relating to the fuel price increases. SAPIA presented alternatives and considerations in mitigating these increases.

SAPIA notes the impact felt by consumers caused by the rising fuel prices and urges the Department of Mineral Resources and Energy (DMRE) to fast track the review of the fuel pricing system.

SAPIA says that there is little it or its members can do to alleviate price hikes without impacting the security of supply of petroleum products or jeopardising the sustainability of the industry. It says that in its consideration, the Fuel Levy is the only significant area where relief is immediately possible. This will however impact the national budget and the shortfall will need to be funded from elsewhere.

SAPIA also indicated that specific considerations are required for illuminating paraffin and that innovative ways to offer short term price relief to consumers, needs to be urgently considered. There are no levies or VAT applied to the product and it is largely used by low-income consumers. There are also no duties and levies on LPG but there is potential for short term price relief for LPG consumers through lowering or waiving VAT.

SAPIA supports a fair and transparent regulatory pricing system with periodic reviews but with stronger oversight of regulations. This is necessary to ensure that pricing mechanisms keep abreast of developments and that unacceptable practises are not allowed to proliferate in the industry.

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About SAPIA:

SAPIA represents the collective interests of the South African petroleum industry and 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.

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