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*"The members of SAPIA play a vital role in our economy, both strategically and in terms of continued investment . . ."*

## MESSAGE FROM THE CHAIRPERSON OF THE PARLIAMENTARY PORTFOLIO COMMITTEE ON MINERALS AND ENERGY



Mr Mbulelo Goniwe MP,  
Chairperson of the  
Minerals and Energy  
Portfolio Committee

I am honoured to continue the tradition of my predecessors in writing this foreword for the Sapia annual report. The members of Sapia play a vital role in our economy, both strategically and in terms of continued investment. In addition, the products that they manufacture and market directly affect the lives of every South African, from paraffin used by the poor to cook, to jet fuel to fly the economic elite of our society to meetings around the world. The industry as a whole added around R30 billion to the economy in 2000, and contributed around R19 billion to the fiscus (Sapia Annual Report 2001).

Like any other important sector of the economy, the crucial issue for us as parliamentarians is to think carefully about how the liquid fuels industry can contribute most effectively to a better life for all in South Africa. Here, this means redressing the imbalances of the past, combating poverty, and promoting growth and investment across the value chain. There are two areas in which we feel that Sapia could play a more dominant role.

The first is the question of empowerment. A milestone was reached two years ago with the agreement by government and industry of the Liquid Fuels Charter, a model which is now being replicated else-

where in government. Recent parliamentary hearings on this subject revealed that some exciting initiatives had been put in place, but the overall impression was that progress was unevenly distributed across the value chain and across companies. Real problems remain in the implementation of the Charter; some of these problems are specific to individual companies, and some of them are common across the industry, such as capacity-building and training. We feel that Sapia can play a valuable role in helping to address these problems collectively, and setting common standards for its members in the transformation process.

The second area where Sapia's leadership is crucial is in the provision of household energy for the poor, especially in rural areas. Studies have shown that many poor households do not use electricity for cooking and heating, even when connected to the grid, for a variety of reasons. Instead, these households rely on harmful and dangerous fuels such as coal, wood and particularly paraffin, which cause a range of problems from respiratory disease to fires. Children particularly are affected, and many die each year as a result. At the recent World Summit on Sustainable Development, energy for the poor was highlighted as a global problem, and United Nations agencies such as the United Nations Development Programme (UNDP) called for multinational companies such as BP and

Shell to lead the way in pioneering low-cost provision of safe and modern fuels such as LPG for poor households. Sapia could play a vital role in co-ordinating industry efforts in this regard.

We were pleased to see the very visible presence of global oil companies at the World Summit on Sustainable Development, and are excited by industry's commitment to embrace the quest for sustainability. In South Africa we face severe challenges in this regard. Government's commitment to lower sulphur emissions and phase out leaded fuel in the medium term will require significant investment from the refining industry. A more serious challenge is climate change; however, the arrival of natural gas is an exciting development which will have some impact on this problem. We look forward to creative solutions from industry in the coming years.

The Portfolio Committee has always enjoyed an open relationship with the oil industry, and, as we are on the verge of important policy and legislative changes in the sector, this relationship is more important than ever before. Sapia has and will play a vital role in facilitating this dialogue. South Africans have an impressive record over the last ten years of solving problems together, and we hope that this tradition will continue in the liquid fuels industry, in the interests of a better life for all South Africans.

