

PETROLEUM LICENSING

Business Eswatini Enquiry:

As discussed with you a while back, we would like to get some clarity on the methodology and rationale for the E10k license fees that was recently put in effect. It was on the onset appearing to be a very steep fee to us before we even started getting calls and enquiries from the private sector. We are now having many enquiries regarding same and it would really assist if you gave us a background and objectives for this one. Furthermore, please clarify who needs a commercial consumer license vs who needs a fuel permit?

ESERA Response:

The Authority appreciates your interest in getting clarity on the concerns raised by your members and yourselves, regarding Commercial License Application Fees and Fuel Permit Issuance. We note your own sentiments alluding to the fees being steep, and that being confirmed by a number of enquiries in same, by your members. The Authority would like to respond as follows;

1. Following the promulgation of the Petroleum Act of 2020, where the Regulator was given mandate to Regulate all downstream activities of the petroleum industry through the licensing and inspections of a value chain that includes wholesale, distribution, retail, and consumption of petroleum products. The first step in the Regulation of this industry requires that, for legal accountability of all industry players, any player involved in the distribution and/or bulk consumption of the product, be licensed by the regulator. This allows for a mutual relationship and accountability boundaries between the regulator and the licensed entity.
2. When the Authority announced a E10 000 Application fee for the Commercial Consumer License, which is paid as a once off fee, the Authority had looked at the costs of the licensing activity as a whole. This simply means, all costs incurred by the regulator from receipt of the application until a decision is made on the outcome of the review of the application, these costs should be borne by the Applicant. Such costs include, but not limited to;
 - I. administration fees,
 - II. inspections of sites,
 - III. Pre commissioning inspections
 - IV. license evaluation committee meetings, etc.

As a result, all entities applying for the license are expected to pay this amount, before their applications can be processed.

3. It is important to mention further that, for Commercial License Applicants that have more than one site (multiple tanks in different sites, belonging to one institution/company), such Applicants pay for ONE application fee and then attach a schedule of all existing sites on the application form. This is also an effort to reduce such costs for the commercial license applicants. This License Application fee is supported by a Legal Notice explaining the Prescription of Licence Fees published on

the 21st April 2021 Government Gazette. Please refer to the table below for details of the licence fees (application fee and annual licence fees):

Type of Licence	Amount (E) of application fee	Duration	Annual Licence Fee
Fuel Wholesale	10 000,00	15 years	2 cents per Litre
Fuel Retail	10 000,00	10 years	2 cents per Litre
Fuel Commercial Consumer	10 000,00	3 years	2 cents per Litre
LPG Wholesale	6 000,00	5 years	7 cents per Kg
LPG Retail	4 500,00	5 years	E500

4. The ultimate goal of regulation goes beyond setting of performance standards for all regulated entities. The Authority looks at the whole value chain of the product, until actual consumption, where issues of product safety, adherence to environmental standards and quality is enforced. It is only when they have been licensed that they start reaping the benefits. In the context of your enquiry, bulk/commercial consumers (mostly companies with a justified need for a tank within their premises), are allowed to purchase directly from a wholesaler. This direct sourcing from wholesaler means, besides the significantly lower price with which they purchase this fuel, they also then handle large quantities that are a significant safety and environment risk. It is therefore for this reason that they must be licensed to allow the regulator to ensure compliance and thus mitigate this risk for the sake of the commercial consumer themselves, the general public, and the environment.

5. In the case of business consumers requiring to transport fuel below the volumes of the conventional petroleum tanker transportation mode, these businesses may apply for a fuel permit which is valid for no more than 12 months from the date of issue. Permits are solely to safeguard the transportation, handling, as well as storage of containerized fuel. The application breakdown for a fuel permit is as follows:
 - I. **(0 – 200 litres)/month;** permit issued free of charge upon fulfilling certain permit conditions to ensure safe handling of products.
 - II. **(200 – 1000 litres)/month;** permit will be granted on the payment of E 500 application fee as well as fulfilling certain permit conditions to ensure safe handling of products.
 - III. **(1000 – 5000 litres)/month;** permit will be granted on payment of E 1000 application fee as well as fulfilling certain permit conditions to ensure safe handling of products.

All the above fees are only paid once-off when submitting your application and during renewal of same.

6. The Authority is committed to play its collaborative role in growing the economy and ensuring that, as a country, we all work towards improving the ease of doing business for the benefit of all EmaSwati. We are continually reviewing our process and requirements as we receive feedback from our stakeholders, even though we are cautious not to compromise our Regulatory role, which is aligned to industry standards and best practices, as we undertake such process and requirement reviews. The safety and quality requirements of the fuel products remain key in our Regulatory function.