Sakhile Vanqa | Tel: +27 12 807 6686 | Email: sakhile@agbiz.co.za | www.agbiz.co.za

14 July 2026

The Champion and the Regulator: Understanding the SANPC Bill and the Petroleum Products Bill

Two significant petroleum-related bills are currently before Parliament, yet they could hardly be more different in their implications for South Africa's agricultural sector. For Agbiz members, understanding this distinction is not merely an academic exercise, it is essential for informed engagement with the legislative process.

The SANPC Bill: A State-Owned Entity, Not a Regulatory Threat

The South African National Petroleum Company Bill (SANPC Bill) establishes a new state-owned company to consolidate the upstream petroleum assets of iGas, PetroSA, and the Strategic Fuel Fund (SFF). Its purpose is to create a single national champion to manage exploration and production rights, strategic stocks, and petroleum infrastructure on behalf of the State.

For Agbiz members, the SANPC Bill presents limited direct impact. It does not amend the licensing regime for petrol stations, does not regulate fuel storage on farms, and does not alter the competitive landscape for downstream retail. The Bill focuses exclusively on upstream activities, exploration, production, and strategic stockholding, which are several steps removed from the farm gate or the fuel forecourt.

However, two developments warrant attention.

First, the 2026 Bill has narrowed the SANPC's mandate from "energy champion" to "petroleum champion," removing earlier concerns about overlap with other state entities. This is a welcome clarification.

Second, and more significantly for members with commercial relationships, Section 12(1)(a) now uses the imperative "must" instead of the permissive "may" found in the 2024 draft. In plain terms, this means the transfer of assets from iGas, PetroSA, and SFF to the SANPC is now compulsory and automatic, no longer subject to ministerial discretion. Legal scholars have noted this shift, observing that it codifies a mandatory asset transfer requirement with important implications for commercial contracts.

What does this mean in practice? Any member with existing supply contracts, storage arrangements, or joint venture interests involving iGas, PetroSA, or SFF should be aware that the change in counterparty could trigger the need for contract renegotiation or formal novation. This is a commercial contracts issue rather than a regulatory one, but it is nevertheless worth noting.

The Petroleum Products Bill: A Direct and Immediate Threat

In stark contrast, the Petroleum Products Bill, currently in draft form, poses a direct and significant regulatory threat to farmers and agribusinesses. This Bill seeks to replace the 1977 Petroleum Products Act and introduces sweeping new controls over the downstream petroleum industry. Agbiz has already submitted formal written comments and participated in public hearings, raising multiple serious concerns.

The key provisions threatening agriculture include the following:

- End-User Certificates. For the first time, every farmer who stores petroleum products for their own use—petrol, diesel, paraffin, biodiesel—must obtain a certificate for each storage point on their farm. With an estimated over 100,000 such facilities nationwide, the administrative burden would be immense.
- Financial guarantees. End-users must provide financial guarantees in the form of insurance, bank guarantees, or cash.
- Daily fines. Inspectors can impose fines of approximately R50,000 per day for operating without the required certificate.
- Non-transferable licences. Licences will have zero market value and cannot be transferred if a business faces insolvency or market shifts.
- Prohibition on vertical integration. This provision directly threatens successful agribusiness models where companies integrate their supply chains.
- Inspectors may conduct searches without prior notice, causing potential disruption to commercial operations.

Agbiz has cautioned that many provisions will increase the administrative burden and cost of doing business for producers and agribusinesses, potentially translating into higher food prices. This is not merely a regulatory inconvenience; it is a structural threat to agricultural competitiveness.

Conclusion: Divergent Implications for Agriculture

In essence, the SANPC Bill and the Petroleum Products Bill operate on entirely different planes within the petroleum value chain. The former is a corporate restructuring exercise that creates a state-owned entity with limited direct bearing on agricultural operations. The latter is a far-reaching regulatory overhaul that could fundamentally alter the way farmers store and use fuel.

For Agbiz and its members, the critical takeaway is the need for clear-eyed differentiation between the two. Confusing them risks misdirecting attention and resources, when in fact the most significant threats to agricultural competitiveness and cost structures lie squarely in the downstream regulatory space.

As these legislative processes unfold, a measured and informed response, focused on the distinct nature of each Bill, will be essential to safeguarding the interests of the sector without conflating structural change with regulatory burden.