

Downstream

The official magazine of the Federation of Petroleum Suppliers FPS EXPO 2009 Review



FPS EXPO 2009 jets into Harrogate!

Isn't Pick 'n' Mix Just Wonderful?

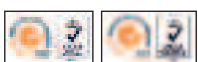


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FPS EXPO 2010: It's **Harrogate**

Following a hugely successful FPS EXPO 2009 in Harrogate, next year's FPS EXPO 2010 will again return to the town. The show will run on 21-22 April 2010 at the International Centre.

FPS EXPO organiser Vanessa Cook said: "Originally, the venue had been booked by other events throughout the period we wanted. However, the International Centre called a couple of weeks ago to say that another exhibition was downsizing, so space became available and we have confirmed it. We are delighted because Harrogate is extremely popular with Visitors, Exhibitors and Sponsors."

"When deciding on a venue, there are a lot of boxes that we need to tick to make our exhibition a success. 8,000sqm minimum of exhibition space, floor loading capacity to accommodate commercial vehicles, a venue to hold a dinner for 700, location of hotels and restaurants – these are just a few of the considerations."

Over the past few years the FPS has asked Exhibitors and Visitors which venues they preferred. The NEC and London venues were always bottom of the list because of the increased costs they presented. Places like Glasgow and the South Coast were not as popular as you would imagine. Telford always came a reluctant second, and Harrogate was the preferred destination.



Inside

4	FPS EXPO 2009 in pictures
6	FPS EXPO 2009 Workshops: Credit; employment; driver training
8	Visitor reactions
10	Exhibitor news
12	Exhibitor news
13	FPS 2009 Awards Dinner
14	FPS Driver of the Year Award
15	FPS Young Employee of the Year Award
16	FPS 2009 Golf Day
17	FPS Chief Executive's report to AGM



Vanessa said: "With 2010 confirmed at Harrogate, we now have a potential five-year deal with the International Centre. We have already agreed a contract with them for 2011 and 2014, and we have provisional agreements for 2012 and 2013.

Future Harrogate dates are:

21 & 22 April 2010 – Confirmed
13 & 14 April 2011 – Confirmed
18 & 19 April 2012 – Provisional
17 & 18 April 2013 – Provisional
9 & 10 April 2014 – Confirmed

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Harrogate...

2,000-plus Visitors

106 Exhibitors

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7,000-plus sqmetres of Exhibition space





"FPS EXPO 2009 did the business for exhibitors and visitors, despite the gloom of the recession. We're sure it will be as busy when we come back next year" – Vanessa Cook, FPS Event Organiser



Credit: caution is the watchword, especially now!

Credit risk management expert MICHAELA HILTON of GRAYDON used the credit control seminars to explore questions of credit policy, portfolio management, fraud and credit data.



Distributors were advised to set and monitor a monthly bad debt provision. Michaela suggested distributors asked themselves this question to maintain a focus on limiting the risk of bad debts: "If someone is asking for £10,000 worth of credit and it goes wrong, how much fuel do I have to sell in order to get that amount of money back?" She advised distributors to be pro-active in tracking the performance of existing customers, especially during the next 12 to 18 months when trading conditions and cash flow will continue to be difficult.

Among points to arise were these:

- Rising oil prices were once more putting extra pressure on credit limits.
- Distributors might consider offering a bond facility to customers wanting large amounts of credit. If a customer wanted £10,000 credit on a rolling basis, he could pay a bond of £5,000 into a distributor account, and then agree a further credit limit of £5,000, giving a £10,000 line of credit in total.

To combat rising levels of fraud, Michaela advised the following:

- Get to know customers.
- Don't rush into a delivery if you don't trust a customer's integrity.
- Check bank details meticulously.
- Don't trust a letterhead. Check VAT number validity and phone numbers supplied. Check director profiles and the validity of the registered office.
- Speak to industry colleagues to trace previous activity of the customer.
- Shorten credit repayment times.
- Keep customers within agreed credit limits at all times.

- Beware of duplicate sets of accounts. Fraudsters were increasingly filing false accounts to make a company appear more profitable.

Signs of potential trouble included:

- Companies which wanted a delivery quickly and did not seem bothered by the price. They could have problems securing product from other suppliers.
- A company found to be the subject of a lot of recent credit checks.
- Unusual levels of growth in order size or frequency.
- Frequent changes of the registered office address.

Suggestions for limiting domestic customer bad debts included:

- Insisting on pre-authorisation of payment.
- Using a credit check agency or service. Credit checks cost pennies per transaction and safeguarded large amounts of money. Domestic business vs whole turnover should be analysed to assess whether credit checks were cost-effective.
- Asking for payment before delivery.
- Instructing drivers not to deliver more

Employment contracts explored

DAVID BROWN of SIMPSON MILLAR SOLICITORS, explored some of the basic principles of employment contracts in the face of increasingly complex legislation, and provided delegates with an example contract.

He said that the contract was usually written and signed by employer and employee, but it could be verbal. However, it had to be structured formally enough for it to have meaning in a court or tribunal.

Employers were obliged to give a written statement of employment conditions to employees within two months of them starting work. Written terms could be drawn from a variety of documents, but the only bits that were contractual were those defining specific duties, not general advice on conduct, etc.

Contracts could contain opt-out clauses whereby the employer and employee have agreed to sidestep specific terms. However, government laws on equal pay, sex discrimination, race relations, disability and employment rights, were non-negotiable and always applied. Any compromise agreement was only valid, however, if the employee had taken independent legal advice before signing.

Some conditions of employment did not need to be written, but were implied in the contract. These included the duty of an employee to render faithful service – not to act against the interests of the employer; a duty to obey lawful, reasonable orders; and a duty to exercise reasonable care and skill. Employers' duties included to pay wages; provide a safe system of work and workplace; and to reimburse

reasonably incurred expenses. Every employment contract contains an implied term prohibiting conduct likely to destroy or seriously damage mutual trust and confidence. Employee breaches could lead to dismissal while employer breaches could lead to claims for constructive dismissal. An unfair dismissal claim had to be lodged within three months of the sacking.

David highlighted a number of additional terms that could be included in a contract of employment. These could include confidentiality duties; details of commission or bonus schemes; and important disciplinary rules (limits of time or restrictions on things like internet use, for instance).



than the amount the customer has paid for, even if there is room in the tank for more.

- Setting a credit ceiling on each customer.

It was pointed out that swiping a credit card did not guarantee a payment. If other payments had pushed the card over its credit limit, your payment may not be made.

Budget plans, favoured by domestic customers to regulate their payments, were falling foul of the Financial Services Agency rules because the distributor was deemed to be taking money in advance but not offering interest on the money held; a distributor could also go out of business while holding customers' money.

Distributors were advised to send at least one statement per year to show domestic customers their balance. Distributors also needed to secure a hand-signed agreement to any direct debit arrangements. Failure to do so could lead to customers denying an agreement existed, and result in a loss of payment.



Strong interest in FPS driver training

The new FPS Driver CPC Training scheme workshops, staged by FPS SAFETY ADVISER MICHAEL ONG with colleagues from OAMPS RISK SOLUTIONS, attracted good attendances and strong interest from delegates.

They heard that the scheme offers specialist training, tailored to the needs of the oil distribution industry and will comply with new EU regulation that comes into force in September. Drivers will have to undergo a minimum of 35 hours' approved training every five years.

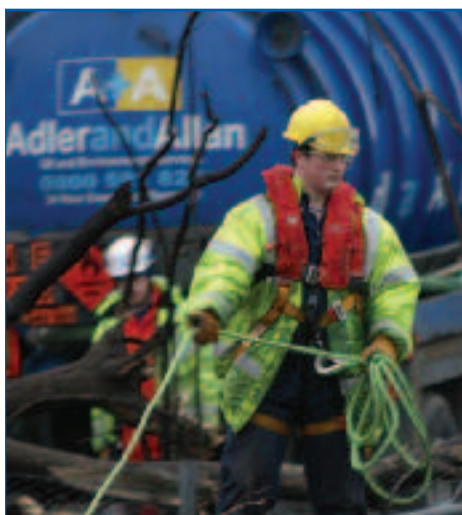
The course is structured as 26 modules, including site risk assessments; safe and fuel-efficient driving; spillage prevention; Working at Heights and ladder

training; loading, discharge, product return and crossover.

Five modules will take a day's training time, so a day a year will ensure that existing drivers complete the CPC course within five years to meet the EU regulation.

The FPS courses are competitively priced and tailored to fuel distribution.

The first three courses are scheduled for October at Grangemouth, Avonmouth and Coryton. More details of course content, costs and other dates from the FPS on 01565 631313.



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Kevin Sutherland, Scottish Fuels

"I haven't been to the show before and overall I'm very

impressed with what I've seen. I'm learning a lot. I'm down here from Orkney for the two days, and so are my colleagues from Shetland, Stornaway and Inverness."



Vincent Maye, Electrical Installations, Tom Kirrane, Texoil and Michael Langan, Pipe and Pump Petroleum Installs

Vincent and Michael: "It's a great show with huge amounts to see, well worth the effort of coming from South West Ireland." Tom: "If you want to meet anyone and everyone in the industry, come here."



Sarah Parry and Sandra Morris, Wirral Heating Oil

"The seminars were useful. It's always useful to keep up to date with legislation. We attend each year and we've noticed some new exhibitors who have been very appropriate to the industry."



Rita Lambe and Enda Kelly, Lambe's Oils, Co Offaly

"We've been FPS members for a year or more and we're finding the services and the show very worthwhile."



Paul Kingdon, Helton, and Robert Bland, Oakley's Fuel Oils

Paul: "The show is very good indeed for networking and seeing new products." Robert: "I'm a regular attender at FPS EXPO and it's great to see another strong show. All the exhibitors that matter to the industry are here."



Mark Mackenzie and Luke Nolan, Nolan Oils

"There are lots of stands with products and services that are of direct interest to us. It's a real insight into the industry. As products develop and move on, we can see how we can use them and apply them to our tankers."



Kevin Warr and Rod Platt, Henty Oil

"We've been surprised at the amount of variety there is among the suppliers. There's much more here than we expected. We've come specifically for the driver training seminars."



Basil Shourou, Fuel Prices Online, and Gary Simmons, Efuels

Gary: "It's my first time at the EXPO. We've bought products from people here before and I've met a lot of people. I can put some faces to names now."

Basil: "I've been coming to the show for several years and it impresses me how busy it gets. It's encouraging to see the industry smiling and so positive."



Jack Elliott, Emo Oil

"I come to the expo every year. You have to know what's going on and this is the place to find out."



Scott McQuillin, Baxter Johnston Oils

"I come every year to meet people in the industry and see what ideas are around."



William Wallace and Brian Shute, Scania

"We come each year. It's the place you can meet customers and suppliers."



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- "Gone aways" and other critical events

This is real-time information and once collected the information is distributed amongst all PDIU members*. PDIU members also benefit from free insolvency advice from PricewaterhouseCoopers (PwC).

The message for credit and financial managers in the fuel distribution sector is very clear. You now have the weapons to start fighting back!

Interested to find out more?

Contact:
Michaela Hilton
Tel: 020 8515 1410
petroleum@graydon.co.uk

* All members report anonymously. Operated within the constraints of the Consumer Credit Act (1974), Data Protection Act (1988) and the Competition Act (1988)



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Innovations and developments draw the crowds

It was busy-ness as usual on the Mechtronic stand at FPS EXPO. From the opening minute of day one to closure on day two, the company's innovative products drew crowds of visitors.

Martyn Wilkie, Mechtronic Director, said: "The show is key to us because so many of our customers attend and we can show them at first hand how our equipment can help them."

There was much interest in Mechtronic's Visilevel product gauging system. The simple interface gives users a fast, accurate readout of the fuel type and the level in each compartment of the tanker. The screen and in-compartment level sensors, easily retro-fitted to any tanker,



eliminate many of the contamination problems that have arisen since inspections from the top of the tanker have been abandoned.

The Visilevel's price of around £3,000 compares to tags of up to £15,000 for Trading Standards-approved models, so the level of interest was not entirely surprising! In the face of impending VOSA legislation on axle weight loadings, Mechtronic is planning to

upgrade Visilevel in the future to include a dynamic axle-weighing system that can forewarn drivers if their offloading programme risks destabilising the tanker.

A GPS chip also gives distributors time, date, latitude and longitude data on each delivery, making theft nearly impossible.

A sealed parcel facility gives forecourt receivers confidence that no-one has interfered with their fuel consignments.

Mechtronic also revealed a prototype Smart Nozzle for heating oil deliveries. Using a similar mechanism to a car filler nozzle, there is an auto-cutoff when a sensor in the nozzle detects overfill.

Martyn Wilkie said: "From a standing start five years ago we now have over half the market in our specialist lines. We're delighted with that, and with our development programme we anticipate sales will continue to grow strongly."

“ We went into the show with a good order book and our customers made a beeline to come and see us. Alistair Moncrieff, IMS



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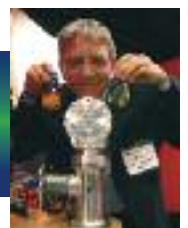
GRW Engineering reports securing two orders for vehicles at FPS EXPO 2009, and a huge number of additional enquiries.

GRW Engineering consider clinching the extra business an even greater success as the economic downturn affects many in the UK commercial fuel tanker market. The company has already secured a major UK contract with Hoyer to manufacture 80 fuel tankers for Shell for delivery in 2009/10.

GRW UK Director Lee Tipton commented: "Although I was concerned that the turnout at this year's show would not be as much as previous years, considering the present economic climate, I was overwhelmed by the numbers of visitors we had to our stand. They may not have all been buying, but there was certainly a lot of interest for our product range which now includes stainless chemical, bitumen and food tankers."

In attendance at FPS EXPO 2009 was founder of GRW Engineering Gerhard Van der Merwe, along with his business partner and brother Wentzel, Lee Tipton, Technical Manager Roger Edwards, and Sales Manager Mark Dodd. GRW stand staff were supported by SOS Tanker Sales, who distribute GRW tankers in Ireland, and WG Transport, the authorised parts distributor for GRW in the UK.

Petroman Environmental's Pureflow system deflates sludge-causing bugs in biodiesel by using magnets. The bugs can then pass through the system and be burnt in the fuel.



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Mabanaft MD reveals wholesaler's UK gameplan

BWOC. Advance Fuels. Thomas Silvey. Suddenly they're all subsidiaries of Mabanaft. So is the German-owned leading independent wholesaler of mineral oil products in north-western Europe launching big-time into the UK fuel distribution market?

"We are not on any acquisition spree," says Mark Rolph, who made the switch from Total to become Mabanaft's MD about 9 months ago. On stand at FPS EXPO in Harrogate, there was a constant stream of visitors to see him, but he took time to speak to *Downstream*. "We will not be growing a distribution empire, we will be focussing on



our core business of importing product and wholesaling it in, but we import into public storage terminals and that storage is expensive. We all talk

about sweating our assets and to make those assets pay, we need to put as much volume through the terminals as we can so that we lower our unit

cost of throughput. That way, we can provide our customers with competitive prices."

So why the buy-ups?

"We ship into Immingham, Grays, Avonmouth and Cardiff among other places. Advance is Thames-based and Silvey and BWOC are in the South West. They operate in areas that suit us strategically and they have healthy consumptions of product, so having them on the doorstep helps us increase our level of throughput. Any further acquisitions will reflect the Mabanaft strategy of increasing terminal throughput and they will have to integrate with or complement our existing companies," Mark says. "It's a simple strategy with straightforward reasoning behind it."

All the acquisitions to date have strong brands, and Mabanaft has left them operating as stand-alones with existing staff in place.

Mabanaft itself is the trading arm of Marquard and Bahls AG, Hamburg, and has had a base in the UK for over 40 years. It has grown its wholesale market share in the country steadily. The family owned company was established some 60 years ago in Germany and has constantly grown to a sales volume of almost 20 million MT and a global payroll of around 4,200 and genuinely worldwide activities. Today it has interests in petroleum products trading, commercial tank storage for petroleum products and petrochemicals, aviation fuelling, renewable energy, energy contracting, gas supply and mineral oil analysis.

The UK distributor market is only one element on Mabanaft's register of interests. The company favours planned, sustainable growth. So more action is likely. When and where will be revealed in due course...

Just so much to see and learn about...

Among the host of new products and services:

Harlequin launched several new and enhanced tanks. These included new generation Harlequin Fuel Station and Fuel Point bunded diesel storage and dispensing tanks and an all-new Harlequin 2500BND/ENV bunded heating oil tank (right). Harlequin says the new 2500 litre model is up to 300mm narrower and 400mm shorter than some rival products and comes with top or bottom outlet options. It expands the Harlequin bunded tank range to 51, with capacities from 350 to over 10,000 litres. Harlequin's John Switzer said: "To facilitate site deliveries, it can fit with ease into the back of most popular panel vans, including Ford Transit, LDV Maxus and Vauxhall Movano."



Contrec demonstrated its new Windows-based terminal automation software for its 1010 loading system. It provides full audit trails of products loaded and tank stocks.

Elaflex showed lightweight rubber tanker hoses and TW quick-disconnect in a range of materials while **Hoseline & Industrial Supplies (NW)** showed a smooth-covered fuel reeling hose and a composite tanker discharge hose.

Visitors to the **Hytek** stand saw several new tank alarm products, and a new Unitop tank gauge. Fears that visitor numbers might be down proved unfounded, as the stand was busy on both days. The quality of visitors to the Hytek stand was high and Sales Director Andy Seal said: "We saw a lot of good contacts, with a mix of both existing and new customers." Hytek prize draw winners were Tyson Barker of B.D. Fuels, Ian Earl of Anglo American Oil, and Jonathan Morrow of Morrow Fuels.

OLE's new HMI-3100 key reader automatically logs user and vehicle and the amount of fuel on a web viewer.

Nutzfahrzeuge ROHR had a new, lighter elliptical aluminium tank offering an expanded capacity within reduced length.

Emco Wheaton launched a new customer service programme, including a Service Exchange programme, an Authorised Service Partner Network and product training programmes.

Caldo Oils launched the **LBradord** range of fire retardant clothing and attracted strong interest.

Centre Tank Services gave debuts to their Nala water pump range, and a locking tank cap and tap lock were also on show.

Sentinel Fuel Products used FPS EXPO to unveil its new Oilguard anti-theft and spillage prevention systems.

Visit Systems (VSL) and **TouchStar Technologies** announced a strategic alliance to provide fully integrated IT on routing and scheduling.

Q8 Oils introduced Q8 Formula R Long Life 5W-30 and Formula M Long Life 5W-40, to meet latest OEM specs.

Polytank Group has patented much of its OFTEC-approved Polyoil 1200SB tank in what it says is a new concept in oil storage tank design.

Logistics experts **Transvision** came to FPS EXPO with a case history of how it had helped Statoil service 1500 outlets and around a million customers in Scandinavia.

Herbst Software showed a new handheld device to make it easier to do real time delivery monitoring.

PAWCO showed the VMaC monitoring system, which can now feed real time tank contents data into a range of proprietary CCTV monitoring systems.

Navman Wireless's vehicle tracking device, the Qube, was declared safe for use in vehicles transporting hazardous materials or in potentially explosive atmospheres – a first for the telematics industry.

Tanker Loading Services caused smiles with their Birelem Gas Oil, a one-off real ale from the Brentwood Brewing Company.



New president spells out fuel distribution challenges



Over to you: Outgoing president David Hodge (right) hands the chain of office to David Hatherell.

Does the FPS have a future with so much consolidation and so many member companies being swallowed up by acquirers?

The answer was a resounding 'Yes' from incoming president David Hatherell of Thomas Silvey, delivering his keynote speech at the FPS EXPO dinner. "The FPS is our industry's voice at Government, it is a technical resource to members and authorities alike and it brings distributors together with our business partners and as a result I firmly believe it is an organisation worthy of your support," he told the 700 guests.

Compared with gas and electricity supply, oil supply was still a highly fragmented and still unregulated industry, but it was important to its customers and politicians. FPS was one of the three key organisations, along with UKPIA and AUKOI, to which the government turned for authoritative information, particularly in times of crisis.

The FPS, he said, needed to ensure it continued to be relevant to the very large operator as well as the traditional operators with a few tankers.

David said: "The oil majors still need UKPIA, the independent traders and retailers still need AUKOI, and distributors still need FPS because well run trade bodies without any direct interest in the argument they make still have an independent authority that people are more inclined to listen to and seek advice from than a self serving organisation lobbying for its own benefit."

"My mission over the next year is for the FPS to keep providing the service that our long standing traditional members have come to expect and also to engage with larger members to ensure that when the FPS speaks for our industry it speaks for us all and is an essential resource to members and government alike."

Run by members for members

"Please remember, the FPS is run by its members for its members and by definition that means it needs members to run it! So whether it is by attending local meetings or putting yourself up for Council every member should be contributing!"

Earlier, he highlighted conditions over the past 12 months which, he said, had made it very difficult for distributors to plan their businesses and had made expansion highly risky for all but the strongest. Factors included the wild fluctuations in oil price; widespread economic uncertainty; disappointments in farm grain prices; a clamp on credit insurance; but a proper winter which had stretched both supply and the ability to deliver it.

Years of unrealistic margins in fuel oil distribution had led to under-investment in the industry's infrastructure, with businesses facing stock-outs, or allocations, or extended journeys to secure supply.

"We also have to balance the expectations of modern 24/7 society who order today and would like a timed delivery tomorrow, against transport efficiency, Working Time Directive, and not being over resourced for nine months of the year," David added.



Above: FPS Chief Executive Susan Hancock shares a smile with the outgoing and incoming presidents.

Right and below right: The FPS Awards Dinner charity draw for £1,000 for the president's chosen charity, the Prince's Trust, was won by Peter McCarthy of Keyfuels. Runner-up for an X-box donated by ConocoPhillips was Tom Kirrane of Texoil.

Below: the fun casino sponsored by Adler & Allan proved a popular end to the evening once more.





The FPS Driver of the Year Award for 2009 was presented by Adam Shefras of sponsors OAMPS.

WINNER

Robert Scott

Scottish Fuels
Trophy + £1,000 prizemoney

RUNNERS-UP

Dennis Trow

GB Oils (Emo)

Peter Davies

NWF Fuels
Trophies + £250 prizemoney

These drivers are all exemplary representatives of their companies. Congratulations to all of them. Full reports in the next issue of Downstream.

"We've sponsored the Driver of the Year Awards from the outset because driver attitude is integral to the fuel distribution industry's record on safety. The judges were unanimous in their admiration for the way all three of these finalists approached their jobs." – Adam Shefras





The FPS inaugural Young Employee of the Year competition was presented by Paul Martin of Reynolds.

WINNER

Jenna MacDonald

Highland Fuels
Trophy + £1,000 prizemoney

RUNNERS-UP

Mayur Odhavji

Barton Petroleum

Rachael Murray

Hall Fuels
Trophies + £250 prizemoney

Congratulations to these three finalists and all the others who entered. The standard was tremendous. Full reports in the next issue of Downstream.



Reynolds ●●●

“One way of judging the health of fuel distribution is by the quality of the young people attracted to the industry. There’s no doubt that we have some absolutely fantastic prospects because these finalists faced stiff competition from other entries.” – Paul Martin





FPS 2009 Golf Day – Pannal Golf Club



ConocoPhillips

Superb weather and a great course at Pannal Golf Club, Harrogate, greeted the 46 participants in an excitingly close annual FPS Golf Day, sponsored by ConocoPhillips.

Chris Jenkins of MAN Truck & Bus emerged the winner after a three-way tie for first place was decided on a countback on the last nine. His prize was collected at the FPS Awards Dinner by his colleague Stewart Buxton. Rory Beath of Rix Petroleum was runner-up and Steve Corrick of BWOC ended third. Longest drive went to Jeremy Whitehouse of AID Fuel Oils and Nearest the pin went to Steve Marr of Samuel Cooke.



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The FPS 12th Annual General Meeting was held during FPS EXPO 2009 in Harrogate.

Chief Executive Susan Hancock told members that 2008 had been a roller coaster year for the industry and FPS. The change to the domestic kerosene specification had been followed by record oil prices that dampened demand. Then came a swift drop to reasonable prices as the recession bit, and finally a relatively cold winter that brought better times for distributors.

Against this backdrop, FPS had lobbied and represented the industry on a tide of legislative and control issues, many coming from Europe. The following briefings summarise her report.

MEDIA: Wide coverage

FPS Media Representative, Rod Prowse, dealt with headline issues such as the rise in oil prices and the likelihood of supply disruptions through TransAction 2000. Interviews with numerous national tv, radio and newspaper titles included Radio 5 Live, Radio 4's You and Yours, BBC Business News, Channel 4 News, Daily Express, Financial Times and Daily Mail.

We issued a number of press releases and featured in the trade press, including boating, heating and commercial motor magazines.

Five issues of the FPS magazine *Downstream* were published. The magazine continues to attract valuable articles from varied sources on industry issues and enables FPS to express authoritative industry views in a professional manner to both members and a wider audience.

LEGISLATION: Coping with EU climate change deluge

FPS monitored draft and new legislation and contributed to many consultations.

The amount of climate change legislation emanating from the EU was staggering. Items affecting FPS members included:

- Renewable Energy Strategy, with its idea of replacing rural domestic heating systems with wood burners.
- The Energy End-use Efficiency & Energy Services directive, which requires distributors to encourage customers to use less fuel.
- The Energy Products directive, bringing NOx emission requirements below those that kerosene burners can currently achieve.
- Compulsory oil stocks, which the EC is reviewing.

UK issues included:

- HMRC appeals review, where FPS supported a more independent review system.

- Marine fuels netting arrangements, where FPS assisted HMRC with assessing current arrangements.
- Revision of the Oil Storage Regulations.
- Fuel poverty, where FPS had to defend distributors against the many unfounded accusations of profiteering and calls for an oil ombudsman. FPS also responded to a Select Committee inquiry into fuel poverty, to ensure that the Committee understands the heating oil market and does not make unreasonable demands of it.
- Regulation of waste oil to assure that it meets environmental standards when it is processed for use as a fuel, thus ensuring that it has no worse an effect on the environment than the virgin fuels with which it competes.
- A Select Committee inquiry on taxes and charges on road users, where FPS warned against resurrecting the idea of a 'blue' diesel for hauliers.

GOVERNMENT LIAISON: Climate, tax, stockouts, security & more

FPS also worked with Government on a number of other issues.

- FPS is a member of the Dept of Energy & Climate Change's (DECC) emergency planning working group. The group has prepared a strategy for emergencies relating to fuel disruptions, and FPS has helped ensure that commercial supply is provided for, and not just retail supply.
- On the DECC Downstream Oil Industry Forum, FPS seeks Ministerial support on issues such as minimal taxation on

- gas oil for heating, reclamation of duty on bad debt and bolstering the infrastructure to improve security of supply.
- FPS maintains close contact with DECC's Energy Markets Unit on issues such as stockouts and other supply chain problems.
- FPS sits on a number of DECC's working groups covering the Energy End-use Efficiency directive and the Renewable Energy Strategy and attends RTFO stakeholder meetings.
- In the Dept for Transport's dangerous goods advisory

- working groups, FPS helped review the ADR syllabus and examinations.
- FPS represents members on a number of cross-departmental dangerous goods security groups and the National Weights and Measures 'volume' working group.
- The Joint Customs/Industry Security & Intelligence Forum in Northern Ireland and the HMRC Oils Policy Forum.
- FPS takes part in liaison meetings with the Treasury prior to the Pre-Budget report and the Budget itself.

LIAISON WITH OUTSIDE BODIES: Environment, standards, kero

FPS sits on a number of committees and working groups, including:

- Four Energy Institute committees.
- The Environment Agency's Oil Care Campaign committee.
- Six BSI technical committees covering fuel specifications, road tanker standards and storage tanks.
- OFTEC's Technical Committee.
- FPS also works with other trade associations in the sector, jointly lobbying on issues where we have a common stance, such as the compulsory stocking obligation.

- FPS is a founder member of the Conference of European Fuel Distributors, which gives us access to the European Union. FPS successfully lobbied members of the European Parliament to permit reclamation of duty on bad debts for oil, only to be thwarted by the European Commission.
- On the European standards committee on heating oil, FPS fights to try to ensure that the position of kerosene as a heating oil is not compromised.



SPECIAL PROJECTS:

Duty, infrastructure and storage tanks

FPS staff undertook several significant projects over the year.

- Some of the surplus income generated in the last couple of years was used to commission, jointly with the Association of UK Oil Independents, a review of the case for reclamation of duty on bad debts. This was presented to HMRC.
- FPS supported a member in appealing against HMRC's refusal to grant duty deferment status – a case not yet resolved.
- With the backing of DECC, FPS continued to lobby the Treasury to reduce duty on gas oil for heating to try to alleviate the chronic shortages of kerosene. In the face of reduced NOx emission limits being imposed by the EC, this would provide an alternative economic oil heating fuel if the UK and Ireland fail to win a derogation that would permit continued installation of kerosene boilers after 2013.
- With the help of a number of members, FPS continued to monitor product shortages at suppliers' terminals and provided the collated information to DECC to make the case for improved infrastructure.
- FPS finalised work with OFTEC and the Environment Agency on a guide for users on care of storage tanks. The objective is to encourage tank owners to act responsibly on maintenance issues.

IRELAND:

Different routes

There were fewer issues with the incoming legislation in Ireland because the Irish Government took different implementation routes from the UK Government. Even the change to the kerosene specification caused no problems because the percentage of households on oil heating is so much higher than in Great Britain and so suppliers were more willing to accommodate the change. The change in duty on fuel for private pleasure craft places no burden on distributors as the end user has to make a voluntary declaration of usage direct to the Revenue Commissioners on an annual basis, and the energy end-use efficiency directive is being implemented by means of an across-the-board levy.

FPS discussed an industry specific driver CPC scheme with the Irish Government, but again a different approach is being taken. There will be a national, generic course only.

MEMBERSHIP ACTIVITIES:

Providing exclusive industry information

- The FPS-run Drivers' Wages Survey provided hugely useful data to participating members.
- FPS's regional credit registers also continued to provide vital information on debt risks, with a noticeable rise in posted risks reflecting the economic situation.
- FPS continued to encourage members to use the Hazardgram scheme to report hazardous tank installations, in an effort to get customers to address safety issues and warn other distributors about unsafe installations.
- FPS advised members on the effects of the Competition Act on distributors' activities.
- On urgent and relevant topics, FPS continued to update members quickly via email bulletins.
- FPS members' meetings were held in most regions, giving members the opportunity to discuss issues and with speakers from Government agencies and business.
- Michael Ong took over administration of the Distributor Safety Forum. This is going from strength to strength and provides an excellent forum for exchange of views and experience.
- FPS responded to an enormous variety of queries from members, Government departments, MPs and the public.

TRAINING / BEST PRACTICE:

Depots, forecourt operators, drivers

FPS continued to promote best practice and training.

- The depot certification scheme was updated in 2008 and FPS gained preferred supplier status for the scheme with ChevronTexaco. OAMPS' insurers, QBE, are continuing to subsidise the cost of a number of audits. Some funding is still available for 2009 and audits can be booked with FPS Safety Adviser Michael Ong.
- The Forecourt Operator Training course continues to be popular with forecourt operators as a cheap and effective way of meeting the legal obligation to train staff.
- The FPS Driver Training Scheme was reformatted to meet the requirements of the Driver CPC scheme that comes into force in September. FPS achieved accreditation as a training centre for the scheme and has now submitted the course modules for approval. The course has been developed with input from members and will provide an industry-specific course as an alternative to generic courses. *See page 7.*
- FPS issued information sheets and briefing notes to assist members and their customers, such as the advice sheet on minimum volume deliveries (available on the FPS website).



Setting of standards and training are cornerstones of FPS services to members

- Over the year, Michael Ong worked on safety manuals that form the basis of compliance with process safety that HSE expects of companies. Two parts of the manual are already on the FPS website in the Members' Zone and the final two parts will be posted there shortly.
- Calling on Michael's considerable skills and knowledge, FPS has also offered health and safety and operations advice to members.

FORECOURT DIVISION:

Building an attractive portfolio of membership benefits



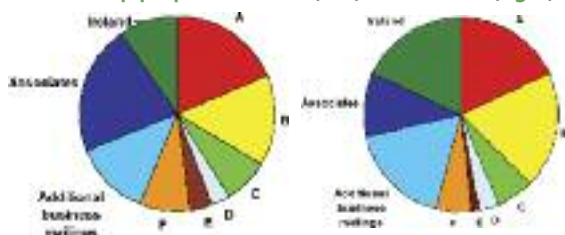
- Keith Ashton continued to work on membership benefits through the year, and has put together an excellent package that makes membership cost effective.
- We continued to support the independent and rural garage sector with government.
- Concerned with the number of independent forecourts that are continuing to close, we started cleansing our database. The results indicate that there may be fewer sites left than is commonly thought. This exercise has given us an accurate and useful list that we aim to keep updated.

FPS MEMBERSHIPS AND INCOME:

Member numbers up slightly and strong income streams

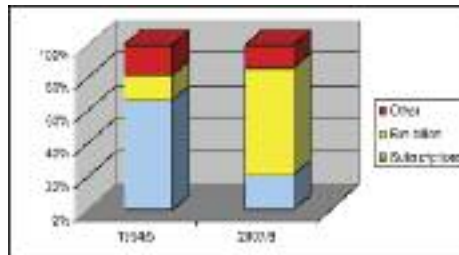
- At the end of the subscription year September 2008, FPS had a slight increase in the number of members compared with the previous year. However, this was mainly due to an increase in the number of Associate members as mergers and acquisitions continued to reduce distributor numbers. Nevertheless, over 80% of distributor companies in Great Britain are in FPS membership.
- The charts show the proportions of members in each category. It illustrates the change in the structure of the membership categories at the end of 2008 compared with 1998, the earliest date for which we have numbers.

Membership proportions now (left) and in 1998 (right)



- Susan thanked FPS staff for their continuing hard work in a busy year and added that FPS benefits from a number of consultants to provide staff and members with specialist help and advice.

The FPS has changed enormously over the last decade and a comparison of income streams of FPS today with those of 12 years ago is striking:



FPS's reliance on membership subscriptions continues to diminish, from 66% of income in 1994/5 to 21% in 2007/8, as we have developed alternative income streams. The importance of the EXPO has grown since 1995, as can be seen in the comparison of income streams. Thanks to the efforts of Vanessa Cook and the rest of the team, last year's event in Dublin was another resounding success. These alternative income streams provide FPS with the resources to provide better services and support for members and the sector now and, hopefully, long into the future.



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