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Prices Regulation Act (Chapter 320)

PETROLEUM PRODUCTS PRICES ORDER 2010

MADE by the Independent Consumer and Competition Commission under Section 21 of the *Prices Regulation Act* (Chapter 320) to come into operation and apply as of 1st November, 2010 in place of the previous prices order for these goods and services.

In this Order:

“Petrol” means motor spirit (or blend) identified as a Class A refined petroleum product with an octane rating of 97; and

“Distillate” means gas oil identified as a Class C refined petroleum product with a maximum sulphur content of 0.05% wt.; and

“Kerosene” means a dual purpose Class B refined petroleum product used for lighting and cooking in home appliances.

PETROL, DISTILLATE AND KEROSENE—MAXIMUM WHOLESALE MARGIN

For the purposes of Section 21(2)(f) of the *Prices Regulation Act* (Chapter 320), the maximum prices at which petrol, distillate or kerosene may be sold by wholesale is, in respect of each calendar year specified in Column A of Schedule 1:

- the cost into store, or the landed cost, of that petrol, distillate or kerosene, as the case may be; plus
- the cost of freight from the wholesaler’s store (depot gate) to the delivery point, if applicable; plus
- a wholesale margin of 29.3 toea per litre or such other amount as is calculated in accordance with Column B of Schedule 1.

SCHEDULE 1

Maximum Wholesale Margin for Petrol, Distillate and Kerosene

Column A Year	Column B Wholesale margin per litre
2010, from 1st November	29.3 toea
2011	The wholesale margin for 2010, increased by (CPI+2.4)%*
2012	The wholesale margin for 2011, increased by (CPI+2.4)%*
2013	The wholesale margin for 2012, increased by (CPI+2.4)%*
2014	The wholesale margin for 2013, increased by (CPI+2.4)%*

Petroleum Products Prices Order 2010—continued

The maximum wholesale margin referred to in this Prices Order may be increased by an amount up to 7 toea per litre for petrol, distillate and kerosene which is supplied in drums rather than in bulk. Such amount will be increased as provided in Column B of the table immediately below.

Maximum Drum Filling Margin for Petrol, Distillate and Kerosene

Column A Year	Column B Drum Filling margin per litre
2010, from 1st November	7 toea
2011	The drum filling margin for 2010, increased by (CPI+2.4)%*
2012	The drum filling margin for 2011, increased by (CPI+2.4)%*
2013	The drum filling margin for 2012, increased by (CPI+2.4)%*
2014	The drum filling margin for 2013, increased by (CPI+2.4)%*

PETROL, DISTILLATE AND KEROSENE—MAXIMUM RETAIL MARGIN

For the purposes of Section 21(2)(f) of the *Prices Regulation Act* (Chapter 320), the maximum prices at which petrol, distillate or kerosene may be sold by retail sale is, in respect of each calendar year specified in Column A of Schedule 2:

- (a) the cost into store at delivery by wholesale; plus
- (b) a retail margin of 18.5 toea per litre or such other amount as is calculated in accordance with Column B of Schedule 2.

SCHEDULE 2

Maximum Retail Margin for Petrol, Distillate and Kerosene

Column A Year	Column B Retail margin per litre
2010, from 1st November	18.5 toea
2011	The retail margin for 2010, increased by (CPI-0.7)%*
2012	The retail margin for 2011, increased by (CPI-0.7)%*
2013	The retail margin for 2012, increased by (CPI-0.7)%*
2014	The retail margin for 2013, increased by (CPI-0.7)%*

*CPI-1 is the All Groups Weighted Average CPI for Urban Areas adjusted by excluding drinks, tobacco and betelnut, published by National Statistical Office, for the 12 months ending on 30th September in the year preceding the year in Column A, expressed as a number, minus 1. The resulting number will be the percentage by which the margin can be increased annually.

The CPI is the number calculated from the following formula, where it is the year in which the margin adjustment is to be performed, t-1 is the year prior to year t, t-2 is the years prior to year t, and t-3 is the year three years prior to year t.

$$CPI_t = \left(\frac{CPI_{March_{t-1}} + CPI_{June_{t-1}} + CPI_{September_{t-1}} + CPI_{December_{t-2}}}{CPI_{March_{t-2}} + CPI_{June_{t-2}} + CPI_{September_{t-2}} + CPI_{December_{t-3}}} \right) - 1$$

The Commission will inform the industry by or before 15th of December of each subsequent year, or such date otherwise notified by the Commission, of the new wholesale and retail margin to take effect from 1st January of each year of the regulatory period.

Where the CPI data for the September quarter of year t-1 is not available in time to allow the analysis to be performed and notified before 15th December in year t-1, the CPI data ending on the prior quarter shall be substituted. Thus the CPI will be developed from comparison of the four quarters ending on the June quarter of the t-1 year to the four quarters ending on the June quarter of the t-2 year.

The prices referred to in this Prices Order are exclusive of Goods and Services Tax.

Dated this 5th day of November, 2010.

Assoc. Prof. B. MANOKA, (PhD),
Commissioner/CEO.

On behalf of the Independent Consumer and Competition Commission.