



National Gazette

PUBLISHED BY AUTHORITY

(Registered at the General Post Office, Port Moresby, for transmission by post as a Qualified Publication)

No. G548]

PORT MORESBY, MONDAY, 8th AUGUST

[2016

Prices Regulation Act (Chapter 320)

NOTICE OF DECLARED MONITORED GOODS AND SERVICES

PURSUANT to Section 32A(1) of the *Prices Regulation Act* (Chapter 320) ("the Act"), I, Patrick Pruaitch, CMG, MP, Minister for Treasury ("Treasurer"), declare—

- (a) Petrol, meaning motor spirit (or blend) identified as a Class A refined petroleum product with an octane rating of 97;
- (b) Distillate, meaning gas oil identified as a Class C refined product with a maximum sulphur content of 0.05% wt; and
- (c) Kerosene, meaning a dual purpose Class B refined petroleum product used for lighting and cooking in home appliances;
- (d) Jet A1, meaning a type of aviation fuel designed for use in aircraft powered by gas-turbine engines that meet the specification for DEF STAN 91-91 (Jet A-1), STM specification D1655 (Jet A-1) and IATA Guidance Material (Kerosene Type), NATO Code F-35;

will continue to be declared monitored goods for the purpose of the *Prices Regulation Act* (Chapter 320);

and I cease the declaration that:—

- (e) Aviation Gasoline, meaning a Class A refined petroleum product with an octane rating of 100/103 to be a declared monitored good for the purpose of the *Prices Regulation Act* (Chapter 320);

and I further declare that:—

- (f) the carriage by sea freight of Petrol, Diesel and Kerosene, whether in bulk, in tanktainers or in drums, from the Napa Napa Oil Refinery or from Port Moresby to the main ports of Lae, Rabaul, Madang and Kimbe;
- (g) the carriage by sea freight of Petrol, Distillate and Kerosene, whether in bulk, in tanktainers or in drums, from Lae to the out ports of Alotau, Oro Bay, Lihir, Kavieng, Wewak and Manus; and
- (h) the carriage by road freight or otherwise of Petrol, Distillate, Kerosene, whether in bulk, in tanktainers or in drums, from the depots or distribution points of wholesale distributors of those petroleum products to retailers or other customers of those wholesalers;

to be declared monitored services for the purposes of the *Prices Regulation Act* (Chapter 320).

Notice of Declared Monitored Goods and Services—continued

The Independent Consumer and Competition Commission (“the Commission”) shall monitor the prices of Petrol, Distillate and Kerosene, supplied by Puma Energy PNG Refining Limited or its associated companies (“Puma Energy PNG Limited”) from its refinery at Napa Napa or from importation to ensure that those prices do not exceed the Import Parity Price (IPP), determined in accordance with the Project Agreement dated 29th May, 1997, as amended, between the State and Puma Energy PNG Refining Limited, and notified in writing from time to time, to the Commission by the Minister from Petroleum and Energy, or such Minister exercising the powers of the State in relation to the IPP.

The Commission shall monitor the prices of Petrol, Distillate and Kerosene imported by wholesale distributors to ensure that those prices do not exceed world price equivalent as the IPP.

The Commission shall monitor the prices and volumes of Jet A1 supplied by Puma Energy PNG Refining Limited from its refinery at Napa Napa (or the landed price where the product is imported by Puma Energy PNG Refining Limited or other wholesale distributors) to ensure that those prices do not exceed world price equivalent.

In addition to price monitoring, the Commission shall monitor the volumes of Petrol, Distillate and Kerosene produced by Puma Energy PNG Refining Limited from its Napa Napa refinery or imported by Puma Energy, the advance nominations from each wholesale distributor for supply by Puma Energy PNG Refining Limited, and the imports of those petroleum products by the wholesale distributors.

The Commission shall monitor the prices of sea freight and road freight for Petrol, Distillate and Kerosene to ensure that those prices do not unreasonably exceed the cost of providing the services and the freight component in the prices charged to retailers or to consumers for the petroleum products to properly reflect the freight cost and no more.

This declaration shall come into effect and apply as of 1st July, 2016 and shall amend the Notice on Declared Goods and Services Gazetted Notice No. G6 of 12th January, 2011.

Dated this 23rd day of June, 2016

P. PRUAITCH, CMG, MP,
Minister for Treasury (“**Treasurer**”).

Prices Regulation Act (Chapter 320)

NOTICE OF DECLARED GOODS AND SERVICES

PURSUANT to Section 10 of the *Prices Regulation Act* (Chapter 320) (“the Act”), I Patrick Pruaitch, CMG, MP, Minister for Treasury (“**Treasurer**”) declare—

- (a) Petrol, meaning motor spirit (or blend) identified as a Class A refined petroleum product with an octane rating 97;
- (b) Distillate, meaning gas oil identified as a Class C refined product with a maximum sulphur content of 0.05% wt; and
- (c) Kerosene, meaning a dual purpose Class B refined petroleum product used for lighting and cooking in home appliances;

to be declared goods for the purpose of the *Prices Regulation Act* (Chapter 320);

The Independent Consumer and Competition Commission (“the Commission”) shall determine and regulate the wholesale price margin, drum filling price margin and retail price margin of Petrol, Distillate and Kerosene, supplied by Puma Energy PNG Refining Limited or its associated companies (“Puma Energy PNG Limited”) from its refinery at Napa Napa or from importation to ensure that those prices do not exceed the wholesale, drum filling and retail price margins, as the case may be, set by the Commission.

The Commission shall determine and regulate the wholesale, drum filling and retail price margins of Petrol, Distillate and Kerosene imported by wholesale distributors to ensure that those prices do not exceed the wholesale, drum filling and retail price margins set by the Commission.

This declaration shall come into effect and apply as of 1st July, 2016, and replace all previous declaration on these goods and services.

Dated this 23rd day of June, 2016

P. PRUAITCH, CMG, MP,
Minister for Treasury (“**Treasurer**”).

*Prices Regulation Act (Chapter 320)***PETROLEUM PRODUCTS PRICES ORDER 2016**

MADE by the Independent Consumer and Competition Commission under Section 21 of the *Prices Regulation Act* (Chapter 320) to come into operation as of 1st July, 2016 and apply on 1st October, 2016, 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 97; and

“Distillate” means gas oil identified as a Class C refined 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 landed cost, of petrol, distillate or kerosene, as the case may be; plus
- The cost of freight from wholesaler’s store (depot gate) to the delivery point, if applicable; plus
- The wholesale margin of 28.6 toea per litre or the wholesale margin as 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 |
|------------------------|---|
| 2016, from 1st July | 28.6 toea |
| 2017, from 1st January | The wholesale margin for 2016 will be adjusted by $(CPI-1.07)\%*$ |
| 2018, from 1st January | The wholesale margin for 2017 will be adjusted by $(CPI-1.07)\%*$ |
| 2019, from 1st January | The wholesale margin for 2018 will be adjusted by $(CPI-1.07)\%*$ |

PETROL, DISTILLATE AND KEROSENE—MAXIMUM DRUM FILLING MARGIN

The maximum wholesale margin referred to in this Prices Order may be increased by an amount up to 9.5 toea per litre for petrol, distillate and kerosene which is supplied in drums rather than in bulk. Such amount will be adjusted as provided in Column B of Schedule 2.

SCHEDULE 2*Maximum Drum-Filling Margin for Petrol, Distillate and Kerosene*

| Column A Year | Column B Drum-Filling margin per litre |
|------------------------|--|
| 2016, from 1st July | 9.5 toea |
| 2017, from 1st January | The drum filling margin for 2016 will be adjusted by $CPI (\%)*$ |
| 2018, from 1st January | The drum filling margin for 2017 will be adjusted by $CPI (\%)*$ |
| 2019, from 1st January | The drum filling margin for 2018 will be adjusted by $CPI (\%)*$ |

Petroleum Products Prices Order 2016—*continued*

PETROL, DISTILLATE AND KEROSENE—MAXIMUM RETAIL MARGINS

Petrol, Distillate and Kerosene—Maximum Retail Margin in Port Moresby

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 in Port Moresby is, in respect of each calendar year specified in Column A of Schedule 3:

- (a) The cost into store at delivery by wholesale; plus
- (b) The retail margin of 34.1 toea per litre or the retail margin as calculated in accordance with Column B of Schedule 3.

SCHEDULE 3

Maximum Retail Margin for Petrol, Distillate and Kerosene in Port Moresby

| Column A Year | Column B Retail margin per litre |
|------------------------|---|
| 2016, from 1st July | 34.1 toea |
| 2017, from 1st January | The retail margin for 2016 will be adjusted by CPI (%)* |
| 2018, from 1st January | The retail margin for 2017 will be adjusted by CPI (%)* |
| 2019, from 1st January | The retail margin for 2018 will be adjusted by CPI (%)* |

PETROL, DISTILLATE AND KEROSENE—MAXIMUM RETAIL MARGIN IN LAE

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 in Lae is, in respect of each calendar year specified in Column A of Schedule 4:

- (a) The cost into store at delivery by wholesale; plus
- (b) The retail margin of 29.9 toea per litre or the retail margin as calculated in accordance with Column B of Schedule 4.

SCHEDULE 4

Maximum Retail Margin for Petrol, Distillate and Kerosene in Lae

| Column A Year | Column B Retail margin per litre |
|------------------------|---|
| 2016, from 1st July | 29.9 toea |
| 2017, from 1st January | The retail margin for 2016 will be adjusted by CPI (%)* |
| 2018, from 1st January | The retail margin for 2017 will be adjusted by CPI (%)* |
| 2019, from 1st January | The retail margin for 2018 will be adjusted by CPI (%)* |

PETROL, DISTILLATE AND KEROSENE—MAXIMUM RETAIL MARGIN IN CENTRES CLASSED AS REGION

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 in the centres classed as Region is, in respect of each calendar year specified in Column A of Schedule 5:

- (a) The cost into store at delivery by wholesale; plus
- (b) The retail margin of 33.9 toea per litre or the retail margin as calculated in accordance with Column B of Schedule 5.

Petroleum Products Prices Order 2016—continued

SCHEDULE 5

Maximum Retail Margin for Petrol, Distillate and Kerosene in the centres classed as Region

| Column A Year | Column B Retail margin per litre |
|------------------------|---|
| 2016, from 1st July | 33.9 toea |
| 2017, from 1st January | The retail margin for 2016 will be adjusted by CPI (%)* |
| 2018, from 1st January | The retail margin for 2017 will be adjusted by CPI (%)* |
| 2019, from 1st January | The retail margin for 2018 will be adjusted by CPI (%)* |

The centres classed as “Region” include Alotau, Kerema, Goroka, Kavieng, Kimbe, Kokopo, Rabaul, Madang, Mendi, Mt. Hagen, Kundiawa, Wabag and Wewak.

PETROL, DISTILLATE AND KEROSENE—MAXIMUM RETAIL MARGIN IN CENTRES CLASSED AS REMOTE

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 in the centres classed as Remote is, in respect of each calendar year specified in Column A of Schedule 6:

- The cost into store at delivery by wholesale; plus
- The retail margin of 39.9 toea per litre or the retail margin as calculated in accordance with Column A of Schedule 6.

SCHEDULE 6

Maximum Retail Margin for Petrol, Distillate and Kerosene in the centres classed as Remote

| Column A Year | Column B Retail margin per litre |
|------------------------|---|
| 2016, from 1st July | 39.9 toea |
| 2017, from 1st January | The retail margin for 2016 will be adjusted by CPI (%)* |
| 2018, from 1st January | The retail margin for 2017 will be adjusted by CPI (%)* |
| 2019, from 1st January | The retail margin for 2018 will be adjusted by CPI (%)* |

The centres classed as “Remote” include Biialla, Namatanai, Bulolo, Ramu, Popondetta, Kainantu, Minj, Banz and Pogera.

CONSUMER PRICE INDEX (CPI)

*CPI or CPI_t is the Consumer Price Index that is calculated by the Commission using the formula below

$$CPI_t = \frac{CPI_{\text{mar}(t-1)} + CPI_{\text{jun}(t-1)} + CPI_{\text{sept}(t-1)} + CPI_{\text{Dec}(t-2)}}{CPI_{\text{mar}(t-2)} + CPI_{\text{jun}(t-2)} + CPI_{\text{sept}(t-2)} + CPI_{\text{Dec}(t-3)}} - 1$$

$CPI_{\text{Mar}(t-1)}$, $CPI_{\text{Jun}(t-1)}$, $CPI_{\text{Sept}(t-1)}$, $CPI_{\text{Dec}(t-2)}$, $CPI_{\text{Mar}(t-2)}$, $CPI_{\text{Jun}(t-2)}$, $CPI_{\text{Sept}(t-2)}$, and $CPI_{\text{Dec}(t-3)}$, are the quarterly CPI indices published by the National Statistics Office (NSO), where $t-1$ is the year prior to year t , $t-2$ is two years prior to year t and $t-3$ is three years prior to year t , and year t is the year in which the margin adjustment is to be performed.

Consumer Price Index (CPI)—*continued*

The quarterly CPI indices represent the All Groups Weighting CPI for Urban Areas and adjusted by excluding alcoholic beverages, tobacco and betelnut, as published by the NSO for the 12 months ending 30th September in the year preceding the year in Column A, expressed as a number, minus 1. The resulting number (using the formula above) will be the percentage by which the margins can be adjusted annually.

The Commission will inform the industry by or before 15th December of each subsequent year, or such date otherwise notified by the Commission, of new wholesale and retail margins 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 June quarter of the $t-1$ year to the four quarters ending on June quarter of the $t-2$ year.

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

Dated this 27th day of July, 2016.

P. AIN,
Commissioner and Chief Executive Officer,
On behalf of the Independent Consumer and Competition Commission.