



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PRESS STATEMENT

ICCC RELEASES THE DRAFT REPORT ON THE PETROLEUM INDUSTRY REVIEW

The Independent Consumer and Competition Commission ('ICCC') announces the release of the draft report for the 2024 Petroleum Industry Pricing Review.

Commissioner and Chief Executive Officer, Mr. Paulus Ain, stated that the supply of petroleum products (petrol, diesel and kerosene) are essential services that drive an economy in terms of production and transportation of goods and services. Predominantly, fuel is regarded as a major cost factor of doing business in PNG. Given its importance, the ICCC proceeded with a pricing review into the petroleum industry at the beginning of this year, calling for submissions from all stakeholders as part of the consultation process. Based on the submissions that were received together with its own analysis, the ICCC has finalised the Draft Report.

The draft report outlines the ICCC's draft determinations that will apply in the next five-year regulatory period. Among other draft determinations, the ICCC's principle determination is that the prices of refined petroleum products sold at the retail service stations will continue to be regulated.

The ICCC's draft determination for the wholesale margin for 2025 is **30.5 toea per litre** with an annual increase of 1.59% productivity factor, in addition to the CPI adjustments. The wholesale margin has been calculated using a building block model similar to the methodology used in the 2019 review. "This sees an increase of 2.7% above the current margin of 29.7 toea per litre," said Mr. Ain.

Also, the proposed retail margins have been calculated using the same methodology used in the 2019 review. The retail margin calculation is based on the average site costs and the average monthly sales volumes provided by the wholesalers.

By using the above approach in the retail margin calculation, the ICCC has noted some decreases in the retail prices for most centres.

The ICCC also proposes the drum filling-margin to be **10.2 toea per litre** for both new and reused drums. This is an proposed increase of about 2.7% from the existing drum-filling margin.

Mr. Ain is again calling on the industry stakeholders, interested persons, and the general public to provide their written comments and submissions on ICCC's draft determinations. The ICCC will be conducting a workshop at Dream Inn, Port Moresby, on 26th September 2024 as part of the consultation process.

All the comments and submissions provided will assist the ICCC to progress the review and complete this process by the end of this year. The ICCC's final determinations will be released in November 2024, however, the prices order will apply in January 2025 for the next five-year regulatory period.

Authorised by:

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MR. PAULUS AIN

Commissioner and Chief Executive Officer

24th September 2024
