



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PUBLIC NOTICE

ICCC's REGULATORY OVERSIGHT ON FUEL PRICING

The Independent Consumer and Competition Commission (**ICCC**) wishes to advise all the stakeholders including the general public of its role in regulating the fuel prices under the *Prices Regulation Act (Ch. 320)*.

ICCC is the independent regulator responsible for determining and setting maximum retail fuel prices in Papua New Guinea. Fuel prices are calculated monthly based on verified fuel import costs, shipping, cartage, and allowable wholesale and retail margins as well as movements in international fuel prices and the foreign exchange rates.

The National Executive Council (**NEC**), through **NEC Decision 71/2026**, approved a K1 billion fuel subsidy to cushion the impact of rising global fuel prices. Under this arrangement, the Government provides subsidy payments to licensed fuel importers and distributors to partially offset increased verified fuel import costs.

In implementing the Government's policy directive, the ICCC applies the subsidy into its monthly price determinations so that retail prices paid by consumers at the service stations are reduced.

The ICCC's statutory role is limited to determining and enforcing maximum indicative fuel prices in accordance with the *Prices Regulation Act (Ch 320)*. It does not make fiscal policy, legislate tax exemptions, or source subsidy funding.

Where the Government directs that fuel prices be maintained below full cost recovery levels, the resulting shortfall is compensated through the Government's fuel subsidy arrangement. The regulated fuel prices published by ICCC reflect:

1. The market-based cost of fuel as per the Import Parity Price (**IPP**) formula under the Napanapa Project Agreement;
2. The domestic shipping and cartage costs, allowable wholesale and retail margins and applicable taxes under existing laws; and
3. Less the Government subsidy, as determined externally by the Government through its fiscal policy.

The ICCC has direct regulatory oversight on the allowable margins for Petrol, Diesel, and Kerosene, which are declared petroleum products under the Prices Regulation

Act (Chapter 320), pursuant to **National Gazette No. G548 dated 8 August 2016** issued by the Minister for Treasury

This means, under this framework, the ICCC strictly regulates and controls the maximum allowable profit margins applicable to these declared fuel products. The Commission determines and publishes the maximum wholesale, retail, and drum-filling margins through the National Gazette. The applicable maximum margins for 2026 were published under **National Gazette No. G1310 of 19th December 2025**.

In determining the monthly retail fuel prices, the ICCC verifies and allows the pass-through of legitimate costs associated with the supply of fuel products. These include the Import Parity Price (**IPP**), domestic shipping and cartage costs, applicable regulated margins, and statutory taxes and duties. It is important to note that the ICCC does not set the prices for Jet A1 nor does it set the prices for Zoom or Premix. The ICCC only monitors Jet A1 prices, which is a light-handed regulatory approach. Similarly, the ICCC does not set maximum wholesale fuel prices; rather, it only regulates the maximum wholesale margins used in determining the retail prices.

The ICCC also does not determine the prices for fuel sold in drums, it only determines the maximum drum-filing margins for wholesalers to apply in their pricing. Furthermore, the ICCC does not regulate prices for fuel products sold to commercial customers such as power generation, mining, manufacturing, or agriculture. It only sets prices for the declared fuel products sold at the retail service stations.

In short, the Government pays subsidies to fuel importers. The ICCC determines the impact of those subsidies on retail prices. It then determines monthly retail prices for the declared fuel products. This includes the maximum profit margin.

The purpose of the ICCC statutory price regulatory power is to address competition concerns including market concentration in fuel supply, lack of substitutability for other products and countervailing market power in relation to specific fuel products. Reflecting these feature of fuel markets, some of the products and costs are not regulated, while others are either strictly regulated or lightly regulated. These arguments formed the basis of the ICCC's Determinations as contained in the Final Report for the **2024 Petroleum Industry Pricing Review**, which can be accessed online at www.iccc.gov.pg.

Any queries on this should be directed to the Prices Regulation Division on telephone number **312 4600** or via email: prd@iccc.gov.pg or info@iccc.gov.pg, respectively.

Authorised by



.....
Mr. Roy Daggy

Commissioner and Chief Executive Officer

18th May 2026