

Petroleum (Petroleum Products Pricing) Regulations, 2018

It is hereby notified that the Minister of Energy and Power Development after consultation with the Authority has, in terms of section 57 of the Petroleum Act [Chapter 13:22] made the following regulations:—

Title

1. These Regulations may be cited as the Petroleum (Petroleum Products Pricing) Regulations, 2019.

Interpretation

2. In these Regulations—

“Authority” means the Zimbabwe Energy Regulatory Authority established in terms of section 3 of the Energy Regulatory Authority Act [Chapter 13:23];

“FOB” means the lower free on board fuel prices based on Platts Mediterranean or Arab Gulf markets plus premium ex-Betra and shall be the average price obtaining in the third and fourth weeks preceding the implementation week as referred to in the First Schedule;

“implementation week” means seven (7) days starting Monday to Sunday in which the average FOB price shall be implemented by all licensees as shown in the First Schedule;

“retail price” means the price of a petroleum product to the final consumer which may include any levies;

“landed cost” means the price of the petroleum product in Zimbabwe including freight charges;

“main depots” means the main fuel storage facilities in Zimbabwe, including Harare and Mutema Feruka depots;

“oil company” means a wholesale or procurement licensee;

“premium” means the total cost of the shipment of fuel products to the port of destination including freight, maritime insurance, financing costs, docking fees, ocean losses, and demurrage”

“petrol” means unleaded petrol or blended petrol including any substitute thereof derived from a non fossil fuel source;

“petroleum products” shall mean petroleum products as defined in the Petroleum Act [Chapter 13:22];

“retail outlet” means a place or premises in Zimbabwe where a retail licensee sells one or more petroleum products which are dispensed through vending equipment for sale to the public.

Application

3. These regulations shall apply to petroleum products prices in relation to wholesaling and retailing activities.

Petroleum Products Pricing

4. (1) The Authority shall, prescribe and by notification in the *Gazette* or national newspaper or the Authority’s website, notify all operators of the maximum petroleum prices wholesale and retailing price applicable during the implementation period.

(2) Subject to subsection (1), the Authority shall issue the notification during the week preceding the implementation period.

(3) The maximum wholesale prices and the maximum retail prices shall be determined by the Authority in accordance with the formula set out in section 5.

(4) The prices determined in terms of section 5 shall be the maximum wholesale or retail prices of petroleum products which a person carrying out the business of selling petroleum products shall sell their petroleum product.

(5) The price of petroleum products upon which a person shall sell their products shall —

- (a) in the case of a procurement licensee, not exceed procurement licensee purchase price plus ten United States cents (US\$0.10) profit margin per litre;

- (b) in the case of a retailing licensee, be fifteen United States cents (US\$0.15) above the procurement licensee’s selling price per litre being the retailing licensee profit margin.

(6) Every retailing licensee shall display in a prominent place at the retail outlet at which they operate and in clearly legible letters and figures the current prescribed prices at which he or she sells petroleum products and the price should correspond with the one appearing on the dispensing unit.

(7) Any person who —

- (a) is found selling petroleum products above the prescribed wholesale price or retailing price as prescribed by the Authority; or
- (b) fails to display the current and corresponding prescribed prices of petroleum products in a prominent place and on the dispensing unit at their retail outlet;

shall be guilty of an offence and liable to a fine not exceeding level nine or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment.

Provided that where a person is found guilty in terms of this subsection, the petroleum products may be forfeited to the State.

(8) Where a person is found retailing petroleum products above the prescribed price, the Authority shall immediately close down the premises to avoid further retailing of petroleum prices above the prescribed price, pending prosecution in terms of subsection 7 above.

Petroleum Products Pricing Formulae

5. (1) The Authority shall calculate the price of each petroleum product in terms of the pricing model as specified in the Second Schedule.

(2) The Government taxes, as shown in rows 5-9 in the Second Schedule, will be subject to pronouncements by the Ministry responsible for finance and will be aligned accordingly after each pronouncement.

Regional Petroleum Products Prices

6. (1) All retailing licensees who receive petroleum products outside the main depots shall be allowed to add transportation cost as detailed in the Third schedule over and above the Authority prescribed price per 100 km or part thereof.

(2) Any person found retailing petroleum products above the prescribed regional price shall be guilty of an offence and shall be liable to pay a fine of up to level nine or imprisonment for a period not exceeding five years or both such fine and such imprisonment:

Provided that where a person is found guilty in terms of this subsection, the petroleum products may be forfeited to the State.

(3) Where a person is found retailing petroleum products above the prescribed price plus transportation costs, the Authority shall immediately close down the premises to avoid further retailing of petroleum prices above the prescribed price, pending prosecution in terms of subsection 2 above.

Miscellaneous

7. (1) Any person retailing petroleum products shall be required to provide a receipt as proof of payment upon request, showing the price at which the petroleum product was sold, the quantity sold and total sale.

(2) Any person who refuses to issue a receipt upon request after a purchase of petroleum products shall be guilty of an offence and shall be liable to pay a fine of up to level five or imprisonment for a period not exceeding two years or both such fine and such imprisonment.

Withholding of Petroleum Products

8. (1) No person shall withhold petroleum products which ordinarily is meant for sale without good reason.

(2) Any person who withholds any petroleum product shall

be guilty of an offence and shall be liable to pay a fine of up to level nine or imprisonment for a period not exceeding five years or both such fine and such imprisonment.

Repeal

9. The following regulations shall be repealed:

Petroleum (Fuel Pricing) Regulations, 2014, published in Statutory Instrument 80 of 2014;

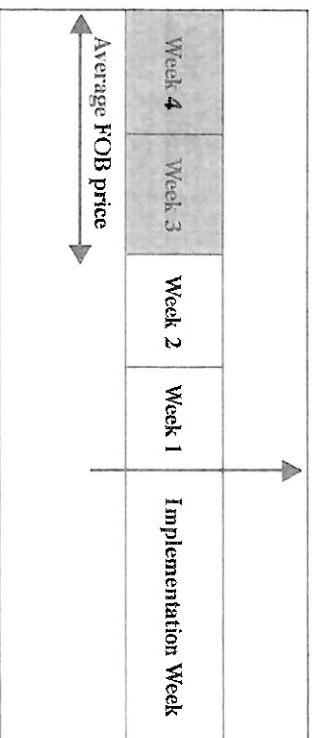
Petroleum (Fuel Pricing) Regulations, 2015 (No. 1), published in Statutory Instrument 20 of 2015;

Petroleum (Fuel Pricing) Regulations, 2015 (No. 2), published in Statutory Instrument 100 of 2015.

THIRD SCHEDULE

PETROLEUM PRICING STRUCTURE

FOB shall be the average price obtaining in the third and fourth weeks preceding the implementation week.



SECOND SCHEDULE
PETROLEUM PRICING MODEL

| | Diesel Formula | Diesel 50 | Blend Formula | Unblended Petrol | Blended Petrol |
|--------------------------------------|-----------------|-----------|-----------------|------------------|----------------|
| 1. FOB Price | a | | a | | |
| 2. Freight (Pipeline) | b | 0.105 | b | 0.105 | 0.105 |
| 3. Total Landed Cost | (a+b) = C | | (a+b) = C | | |
| 4. TAXES & LEVIES | | | | | |
| 5. Duty | d | 2.050 | d | 2.310 | 2.310 |
| 6. Zinara road levy | e | 0.020 | e | 0.060 | 0.060 |
| 7. Carbon tax | f | 0.013 | f | 0.040 | 0.040 |
| 8. Debt redemption | g | 0.013 | g | 0.057 | 0.057 |
| 9. Strategic Reserve Levy | h | 0.015 | h | 0.015 | 0.015 |
| 10. Total taxes & levies | (d+e+f+g+h) = I | 2.110 | (d+e+f+g+h) = I | 2.482 | 2.482 |
| 11. ADMINISTRATIVE COSTS | | | | | |
| 12. Storage and Handling | j | 0.020 | j | 0.020 | 0.020 |
| 13. Clearing Agency fee | k | 0.001 | k | 0.001 | 0.001 |
| 14. Financing cost | l | 0.01 | l | 0.01 | 0.01 |
| 15. Total administrative costs | (j+k+l) = M | 0.031 | (j+k+l) = M | 0.031 | 0.031 |
| 16. Total product cost landed at sea | C + I + M | | C + I + M | | |
| 17. BLENDING COSTS | | | | | |
| 18. Ethanol Cost | | | n | | 1.10 |

| | | | | | |
|--------------------------------|-------------------|-----------|---|------------------|----------------|
| 19. Blend ratio | Diesel Formula | Diesel 50 | Blend Formula | Unblended Petrol | Blended Petrol |
| | | | 0 | | **% |
| 20. DISTRIBUTION COSTS | | | | | |
| 21. Inland bridging cost | n | 0.038 | p | 0.038 | 0.038 |
| 22. Storage and handling costs | o | - | q | - | - |
| 23. Secondary transport cost | p | 0.050 | r | 0.050 | 0.050 |
| 24. Total distribution costs | (n+o+p) = Q | 0.088 | (p+r) = S | 0.088 | 0.088 |
| 25. Total Costs | C + I + M + Q = R | | ((C + I + M) * (1 - 0)) + (n * 0) + S = T | | |
| 26. Oil Company margin | S | 0.100 | T + 0.10 = U | 0.100 | 0.100 |
| 27. Oil Company Gross proceeds | R + S = T | | T + U = V | | |
| 28. Dealer Margin | U | 0.150 | V + 0.15 = W | 0.150 | 0.150 |
| 29. Final Pump Price | T + U = V | | V + W = X | | |

THIRD SCHEDULE
TRANSPORTATION RATES

| KM BAND | RATE (cents per litre) |
|-----------|------------------------|
| 0 - 100 | 0.0149 |
| 101 - 200 | 0.0249 |
| 201 - 300 | 0.0349 |
| 301 - 400 | 0.0444 |
| 401 - 500 | 0.0499 |
| 501 - 600 | 0.0540 |
| 601 - 700 | 0.0595 |
| 701 - 800 | 0.0645 |

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| KM BAND | RATE (cents per litre) |
|------------|------------------------|
| 801 - 900 | 0.0695 |
| 901 - 1000 | 0.0745 |
| Above 1000 | 0.0795 |

*The transport rates are added to the final pump price.