

Petroleum (Liquid Petroleum Gas Pricing) Regulations, 2021

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 (Liquid Petroleum Gas Pricing) Regulations, 2021.

Interpretation

2. In these regulations—

“FOB” means the maximum refinery gate price as prescribed by the Department of Mineral Resources and Energy (DMRE) of South Africa on a monthly basis;

“landed cost” means the cost of the petroleum product in Zimbabwe;

“licence” means a tax agents’ licence and “licensee” shall be construed accordingly;

“LPG procurement company” means a company licensed in terms of section 30 of the Act to procure LPG;

“LPG” means liquid petroleum gas as defined in the Petroleum Act [*Chapter 13:22*];

“LPG retail outlet” means a place or premises where a retail licensee sells LPG dispensed through vending equipment for sale to the public;

“implementation month” means the month in which the average FOB price shall be implemented by all licensees;

“retail price” means the price of a liquid petroleum gas product.

Application

3. These regulations shall apply to LPG prices in relation to procurement and retailing activities.

LPG prices

4. (1) The authority shall fix and by notification in the *Gazette* or national newspaper or the authority website, notify all operators of the maximum price at which LPG procurement licensees and LPG retail licensees shall sell LPG.

(2) Subject to subsection (1), the authority shall issue the notification within seven days into implementation month.

(3) The maximum prices at which LPG will be sold by procurement and retail licensees shall be determined by the authority in accordance with the formula set out in the First Schedule.

(4) The prices determined in terms of the First Schedule shall be the maximum procurement and retail prices of LPG which a licensee shall sell their LPG.

(5) The price of LPG upon which a licensee, shall sell their products shall—

- (a) in the case of a procurement licensee, not exceed procurement licensee total cost plus eight *per centum* (8%) margin per kilogram;
- (b) in the case of a retailing licensee, shall be the procurement licensee's selling price per kilogram plus twelve *per centum* (12%) margin per kilogram.

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

(7) Any person who—

- (a) is found selling LPG above the fixed procurement price or retailing price as prescribed by the authority;
- (b) fails to display the current and corresponding fixed prices of LPG in a prominent place and on the measuring unit at their retail outlet;

shall be guilty of an offence and liable to a fine not exceeding level 9 or to imprisonment for a period not exceeding five years or to both such fine and imprisonment:

Provided that where a person is found guilty in terms of this subsection, the LPG and equipment may be forfeited to the state.

(8) Where a person is found retailing LPG above the fixed price, the authority shall immediately close down the premises to avoid further retailing of petroleum prices above the fixed price, pending prosecution in terms of subsection (7) above:

Provided that, were the premises cannot be closed, the authority shall collect the apparatus and submit to the ZRP as an exhibit pending prosecution.

LPG pricing formulas

5. (1) The authority shall calculate the price of LPG in terms of the pricing model as specified in the First Schedule.

(2) The government taxes and levies, as shown in the First Schedule, will be subject to pronouncements by the Ministry responsible for Finance and will be aligned accordingly after each pronouncement.

Requirement to issue receipts

6. (1) LPG procurement and retailing licenses shall be required to provide receipts as proof of payment 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 after a purchase of LPG shall be guilty of an offence and liable to pay a fine of up to level 5 or imprisonment for a period not exceeding two years or both such fine and such imprisonment.

Withholding of LPG

7. (1) No person shall withhold LPG which ordinarily is meant for sale without good reason.

(2) Where any person is found withholding LPG without good reason, the authority shall immediately close down the premises pending submission of documentation to the authority in support of the good reason.

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(3) Any person who withholds any petroleum product or does not provide supporting documentation 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 both such fine and such imprisonment:

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

FIRST SCHEDULE (Section 4(4), 5(2))

LIQUID PETROLEUM GAS (LPG) PRICING MODEL

LPG Price Model	USD/KG
FOB Price (Maximum refinery gate price (SA))	A
Freight	B
Total Landed Cost	$a + b = c$
TAXES & LEVIES	
Duty	d
Clearing Agency fee	e
Total taxes & levies	$d + e = f$
ADMINISTRATIVE COSTS	
Storage and Handling	g
Distribution	h
Financing Cost	i
Cylinder Maintenance	j
Filling charge	k
Total administrative costs	$g + h + i + j + k = l$
Total Cost	$c + f + l = m$
Procurement margin	n
Procurement gross proceeds	$m + n = o$
Retail margin	p
Final Price	$o + p = q$
Value Added Tax (VAT)	r
Retail Price	$q + r = s$

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