



Press Statement

ERB SUSPENDS KAFCO OIL COMPANY LICENCE

26th November 2008

The Energy Regulation Board (ERB) has suspended the license for Kafco Oil Company, to distribute Petroleum products for failure to submit information on quantities of petroleum products sold and non remittance of Strategic Reserve Fund receipts.

The suspension follows failure by Kafco Oil Corporation to comply with an ERB directive issued on 30th June, 2008 to provide information as per prescribed remittance format for K334, 734,385.30 paid to ERB and to remit all Strategic Reserve Fund collections.

Under Clause 4.2(e) of Kafco's Licence to distribute Petroleum Products, payments to ERB should be accompanied by prescribed remittance forms, which indicate quantities sold, to support the payment. It is only through the relevant information, which Kafco failed to provide, that ERB could ascertain the correct amounts owed by Kafco. However, Kafco Oil Corporation failed to provide the information, although it paid money without supporting information.

Kafco Oil Corporation has further failed to comply with a directive to undertake a reconciliation exercise with ERB to determine outstanding remittances for the Strategic Reserve Fund and Licence fees owing and verification of information relating to the two.

Kafco appeared before ERB on 26th June 2008 at which hearing, it was ordered that it complies with the above stated requirements failure to which the license would be suspended. Kafco failed to appear at three subsequent hearings where it was summoned by the Board to explain its failure to comply with the Board Order of 30th June 2008. At the last meeting where Kafco again failed to appear, on 14th Novemeber 2008, the Board decided to suspend the licence.

The suspension will remain in force until Kafco Oil Corporation complies with the board directive of 30th June 2008 within the three months, failure to which the licence may be revoked.

Lukonde T. Mfula
Acting Executive Director
Energy Regulation Board