



# Press Statement

## ERB DIRECTS OMCs HOLDING ON TO SRF RECEIPTS TO REMIT THEM

The Energy Regulation Board (ERB) has directed some Oil Marketing Companies (OMCs) which have not been remitting the Strategic Reserve Fund (SRF) Receipts to pay the outstanding moneys within specified periods of time, failure to which they risk having their licences suspended or revoked.

The OMCs which have not been consistently remitting the SRF Receipts are KAFCO Oil Corporation, Zambezi Oil & Transport Company and Petrotech Oil Corporation. The directive was issued last Friday, May 10 2007, after the companies were summoned to the ERB for a meeting on the matter. The said OMCs have all admitted irregularly holding on to the SRF Receipts.

The amounts of SRF Receipts unremitting by the said OMCs are as follows:

- **Petrotech Oil Corporation**

The amount outstanding as at 31<sup>st</sup> December 2006 was **K278, 463, 287.30**. The company has not remitted any SRF Receipts since June 2006.

- **KAFCO Oil**

The company has not remitted any SRF Receipt since the SRF was established. As at December 2006, the amount owing was **K24, 683,863.00**.

- **Zamezi Oil and Transport Company**

The company has not remitted any SRF Receipts since March 2006. As at November 2006, the company was owing **K1, 396,609,420.00**.

All OMCs have been authorised to collect monies for the SRF on behalf of Government, which has assigned the ERB to manage the Fund. These Receipts are supposed to be paid to the ERB by the OMCs on the 21<sup>st</sup> of each month. All disbursements from the SRF are only made with authorisation from the Government.

It will be recalled that the SRF has lately been used to stabilise petroleum product prices to cushion the impact of rising prices on the international market. Most recently, K6.09 billion was used to cushion consumers against high petroleum products prices at the 11<sup>th</sup> May 2007 Import Parity Pricing review.

Meanwhile, another OMC, SGC Investments Limited has been advised that, unless the shortcomings at its Mungwi Service Station are immediately rectified,

the ERB may be left with no option but to close that particular service station. SGC Investments Limited was summoned for failing to adhere to specified standards regarding the infrastructure at its Mungwi Service Station.

The ERB would also like to advise that it will in the medium to long term consider suspending or revoking licences for all OMCs operating in breach of any licence conditions. These measures will be taken to ensure that only those utilities able to abide by the set standards and guidelines are allowed to operate for the benefit of energy consumers.

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