



**MINISTRY OF AGRICULTURE, TRADE, LANDS, HOUSING AND THE ENVIRONMENT**

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**MEDIA RELEASE**

**Brades, Montserrat – 26 May 2016: Revision of the Retailers Margin on Gasoline and Diesel**

The Government of Montserrat has approved a new Retailers Margin for local retail of gasoline and diesel provided by Delta Petroleum (Montserrat) Ltd to cover inflation; a franchise fee; and insurance risk cover for petrol stations on Montserrat. There is no increase calculated for the profit or mark-up allowed to petrol operators. The Retailers' Margin increase was built up from \$0.55c to \$0.75c as follows:

Adjustment for Inflation at 20%	= \$0.11c
Franchise fee erosion	= \$0.06c
Insurance cover	= <u>\$0.03c</u>
Total Adjustment	= + <u>\$0.20c</u>

After the deduction of current contracted expenses with Delta Petroleum (Montserrat) Ltd (\$0.06c for pump and ancillary rentals) plus (\$0.06c for the Delta Franchise fee), retailers will have a new margin of \$0.63c to cover operations expenses, fees, and other unavoidable cost. This amount also includes the retailers profit or mark-up as recommended by a GoM Consultancy Report, which was discussed with Delta Petroleum (Montserrat) Ltd.

The GoM notes that Fuel Stations are low profit earners internationally and therefore usually operates alongside another business. The GoM acknowledges that Montserrat was not meeting industry average or standards.

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The \$0.63c now available to retailers, after Delta contractual deductions, now compare favourably with other regional retail margins as below:

- British Virgin Island - \$1.08c,
- Nevis - \$0.58c,
- St. Kitts - \$0.70c,
- Anguilla - \$0.99c
- Montserrat - \$0.63c

Delta Petroleum (Montserrat) Ltd has welcomed the retailers' margin adjustment as "allowing it to continue to provide service to the best of its ability." The current two Delta petrol retailers in Montserrat are A & F Service Station at Sweeney's and Osborne Petrol Station in St Peter's. As at Friday 26<sup>th</sup> May 2016, the current prices for fuel inclusive of the new Retailers Margin are:

	<u>Gasoline:</u>	<u>Diesel:</u>
Duty Free	\$8.36	\$6.96
Wholesale	\$10.66	\$8.00
Retail	\$11.41	\$8.75

These prices remain lower than the lowest prices of 2014 which was \$13.79 per gallon for gasoline and \$12.99 per gallon for diesel. It is further noted that this increase in retailers' margin would not affect the price at which Montserrat Utilities Ltd (MUL) purchases its diesel for electricity generation. MUL purchases diesel from Delta on a different pricing arrangement. Certain GoM premises (Gov HQ etc.) will continue to purchase duty free fuel from Delta. In the meantime, a new 6,000 gallon tank has been proposed to be erected at the Delta Bulk Station at Carr's Bay. This tank is to offer a new Ultra Low Sulphur Diesel for use by Public Works and certain vehicles that perform at their optimum with this type of fuel.

ENDS.

For further information, please inquire at the Department of Trade, P O Box 272, Brades High Road, Montserrat/ Tel: (664) 491-2075/2546/ Email: [trade@gov.ms](mailto:trade@gov.ms) or [matlhe@gov.ms](mailto:matlhe@gov.ms)