

Petrol Prices

December 2005

Summary

Average Petrol Prices

Darwin	123.1 cpl	↓ 7.2 cpl (5.5%)
Eight Capitals	113.2 cpl	↓ 2.2 cpl (1.9%)

Analysis

The Australian Automobile Association reports average retail unleaded petrol prices decreased across all Australia in December 2005 (see chart opposite and table on next page).

In Darwin, prices fell by 7.2 cpl (5.5%) to 123.1 cpl, while nationally the eight capital cities weighted average price decreased by 2.2 cpl (1.9%) to 113.2 cpl. Compared to December 2004, Darwin prices are 12.3 cpl higher (11.1%), while the eight capital cities weighted average price increased by 15.9 cpl (16.3%).

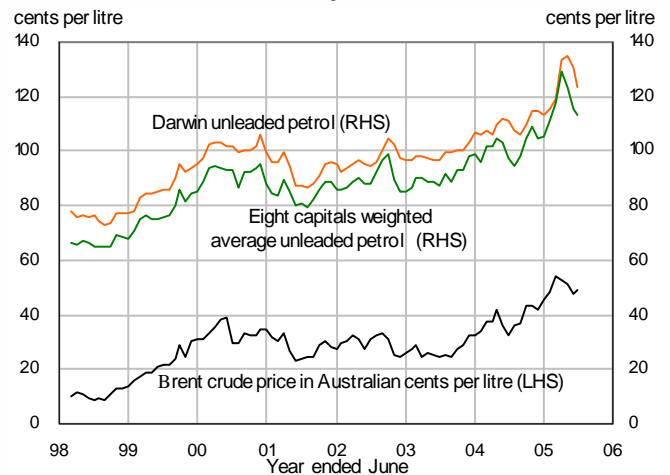
Crude oil is the major input cost in petroleum production. In A\$ terms, crude oil prices increased by 3.1% to A\$78.38 per barrel in December 2005. Compared to December 2004, crude oil prices have increased by 51.9% in A\$ terms and by 43.0% in US\$ terms. The depreciation of the A\$ by 5.8% against the US\$ from December 2004 to December 2005 explains the difference in the rate of increase in oil prices in A\$ and US\$ terms.

In US\$ terms, the average price of crude oil increased by 2.4% to US\$57.51 a barrel in December 2005. The rise in crude oil prices in the month is mainly attributable to a colder than usual northern hemisphere December and growth in US petrol demand outstripping output growth-reflected in falling inventories in the month.

Darwin retail fuel prices tend to be higher than other capital cities, due to distance from refineries and other competitive factors. Over the long term, movements in Darwin retail fuel prices closely mirror national trends but in the short term can be highly volatile (primarily due to supply side factors and lags in the distribution chain). In the larger cities, though not evident in Darwin, there can also be significant daily price fluctuations reflecting discounting wars and price cycles.

The Australian Government's Fuel Sales Grants Scheme is scheduled to cease from 1 July 2006. The Scheme was introduced to compensate regional and remote motorists for fuel price increases associated with the introduction of the GST. The grant is 1 cpl in Darwin, 2 cpl elsewhere in the Territory and 3 cpl in exceptional circumstances. The Northern Territory Government continues to rebate retail fuel at 1.1 cpl. Shell data for December 2005 report that taxation on unleaded petrol in Darwin is the third lowest of the capital cities, behind Brisbane and Hobart.

Petrol and Crude Oil Prices in Australian Cents per Litre



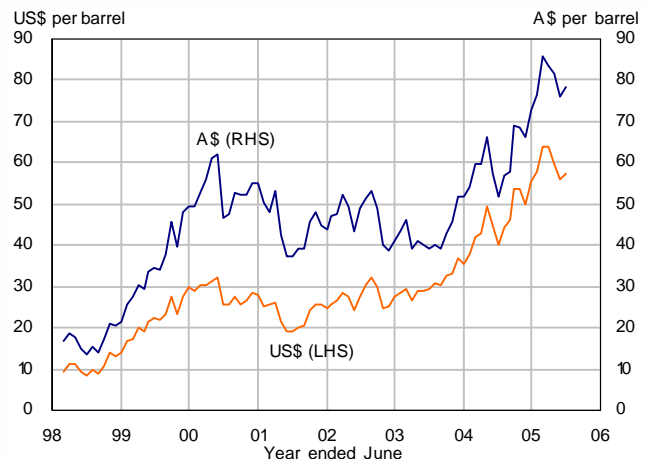
Source: Australian Automobile Association, Reserve Bank of Australia, Oilergy

Australian Dollar Exchange Rate



Source: Reserve Bank of Australia

Brent Crude Oil Prices



Source: Reserve Bank of Australia, Oilergy

Petrol Prices

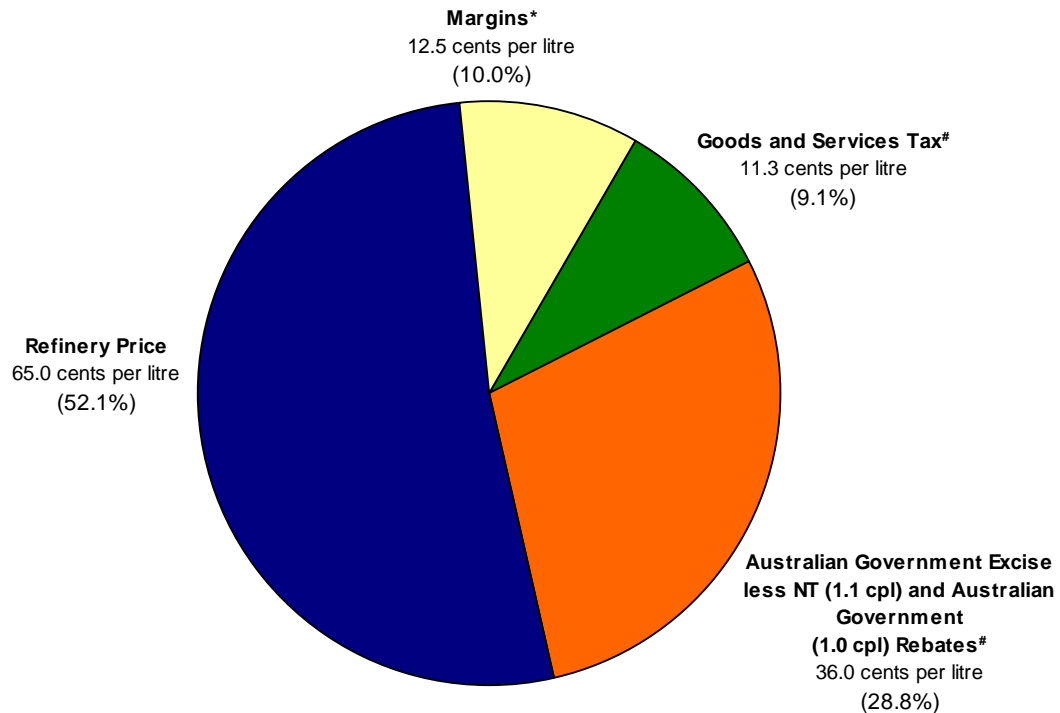
December 2005

Unleaded Petrol Prices December 2005

	Dec 04	Nov 05	Dec 05	% Change	
				Month	Year
Retail petrol price (cpl)					
Darwin	110.8	130.3	123.1	-5.5%	11.1%
Alice Springs	118.3	136.5	130.4	-4.5%	10.2%
Katherine	110.1	126.7	124.2	-2.0%	12.8%
Tennant Creek	118.1	135.3	130.6	-3.5%	10.6%
8 Capitals weighted average	97.3	115.4	113.2	-1.9%	16.3%
Brent Crude price in A\$ per barrel	51.62	76.03	78.38	3.1%	51.9%
Brent Crude price (A\$ cpl)	32.46	47.82	49.30		

Source: Australian Automobile Association, Oilnergy, Reserve Bank of Australia

Cost Components of Darwin Shell Unleaded Petrol at 13 January 2006 (based on retail price of 124.8 cents per litre)



Source: Shell Australia

* Margins includes transport / distribution costs and wholesale and retail margins.

The tax component is not the same as that listed on the Shell website. Shell calculations exclude the 1.0cpl Commonwealth rebate.

Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omission.

For further information contact: Economic Group
(t) 08 8999 6801 or www.nt.gov.au/ntt