

# Petrol Prices

June 2006

## Summary

### Average Petrol Prices

Darwin	143.4 cpl	↑ 1.2 cpl (0.8%)
Eight Capitals	136.4 cpl	↑ 3.3 cpl (2.5%)

## Analysis

In June 2006 the Australian Automobile Association reported an increase in average retail unleaded petrol prices across all capital cities except Perth.

In Darwin, prices increased by 1.2 cpl (0.8%) to 143.4 cpl, while nationally the eight capital cities weighted average price increased by 3.3 cpl (2.5%) to 136.4 cpl. Compared to June 2005, Darwin prices are 29.8 cpl higher (26.2%), while the eight capital cities weighted average price has increased by 30.7 cpl (29.1%) over the same period (see top chart).

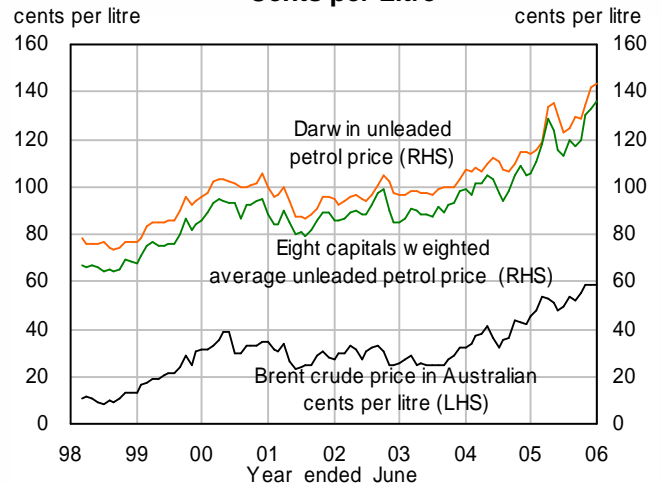
Crude oil is the major input cost in petroleum production. In A\$ terms, crude oil prices increased by 1.1% to A\$93.72 per barrel in June 2006, despite a slight fall in US\$ terms. Compared to June 2005, crude oil prices have increased by 29.0% in A\$ terms and by 25.5% in US\$ terms. The depreciation of the A\$ by 2.7% against the US\$ from June 2005 to June 2006 explains the difference in the rate of increase in oil prices in A\$ and US\$ terms (see middle chart).

In US\$ terms, the average price of crude oil decreased by 1.6% to US \$69.66 a barrel in June 2006. Despite the fall, strong global demand and geopolitical uncertainty, particularly in relation to Iran's nuclear ambitions, continue to place upward pressure on crude oil prices (see bottom chart).

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 aggressive price competition between retail outlets.

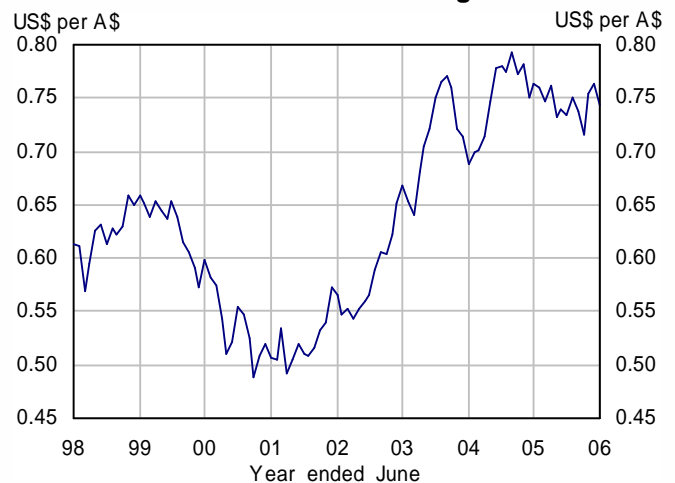
The Australian Government's Fuel Sales Grants Scheme is scheduled to cease from 1 July 2006. The Scheme was introduced to compensate regional and remote motorists for fuel price increases associated with the introduction of the GST. The grant is 1 cpl in Darwin, 2 cpl elsewhere in the Territory and 3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

### Petrol and Crude Oil Prices in Australian Cents per Litre



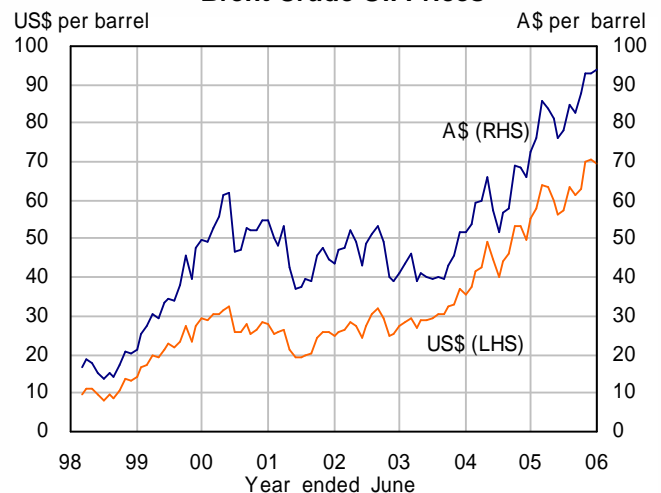
Source: Australian Automobile Association, Reserve Bank of Australia, Oilnergy

### Australian Dollar Exchange Rate



Source: Reserve Bank of Australia

### Brent Crude Oil Prices



Source: Reserve Bank of Australia, Oilnergy

Released: 12 July 2006

Next Release: Mid-August 2006

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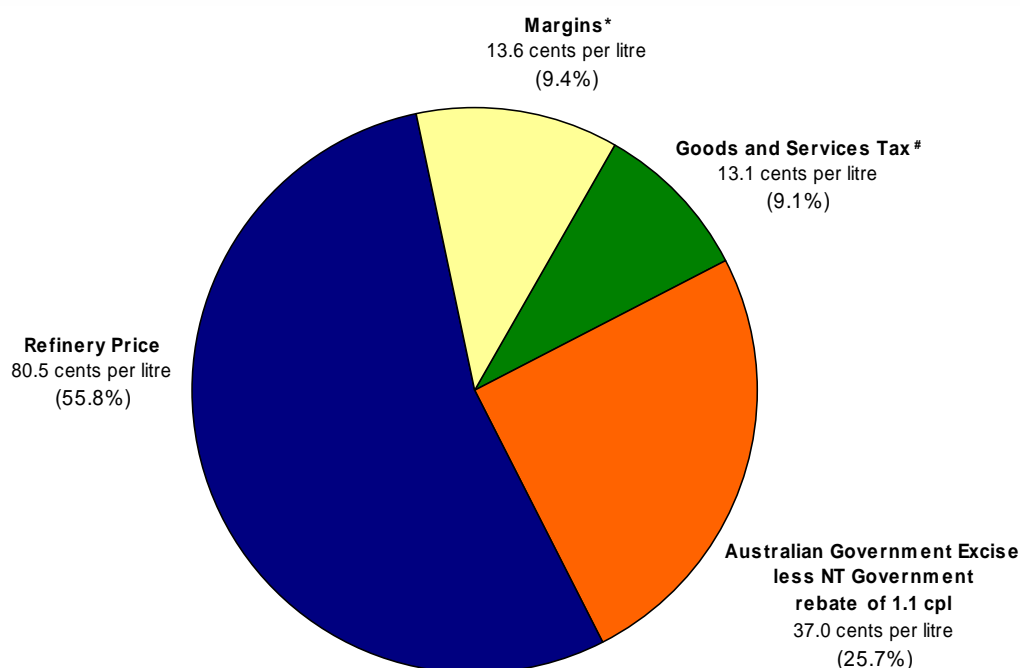
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## Unleaded Petrol Prices June 2006

	Jun 05	May 06	Jun 06	% Change	
				Month	Year
<b>Retail petrol price (cpl)</b>					
Darwin	113.6	142.2	<b>143.4</b>	0.8%	26.2%
Alice Springs	119.1	144.9	<b>147.4</b>	1.7%	23.8%
Katherine	110.0	138.8	<b>144.3</b>	4.0%	31.2%
Tennant Creek	121.9	149.9	<b>152.5</b>	1.7%	25.1%
8 Capitals weighted average	105.7	133.1	<b>136.4</b>	2.5%	29.1%
<b>Brent Crude price in A\$ per barrel</b>	72.67	92.73	<b>93.72</b>	1.1%	29.0%
<b>Brent Crude price (A\$ cpl)</b>	45.71	58.32	<b>58.94</b>		

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

## Cost Components of Darwin Shell Unleaded Petrol at 11 July 2006 (based on retail price of 144.2 cents per litre)



Source: Shell Australia

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

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

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Northern Territory Government  
Northern Territory Treasury