

Petrol Prices

May 2006

Summary

Average Petrol Prices

Darwin	142.2 cpl	↑ 7.5 cpl (5.6%)
Eight Capitals	133.1 cpl	↑ 3.1 cpl (2.4%)

Analysis

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

In Darwin, prices increased by 7.5 cpl (5.6%) to 142.2 cpl, while nationally the eight capital cities weighted average price increased by 3.1 cpl (2.4%) to 133.1 cpl. Compared to May 2005, Darwin prices are 27.6 cpl higher (24.1%), while the eight capital cities weighted average price has increased by 28.6 cpl (27.4%) over the same period (see top chart).

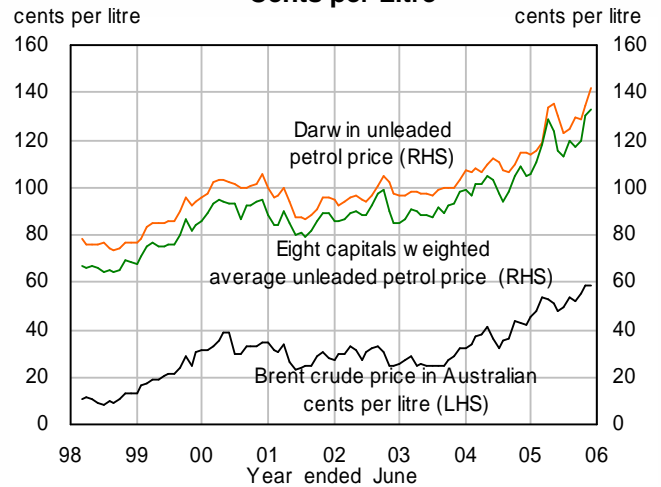
Crude oil is the major input cost in petroleum production. In A\$ terms, crude oil prices decreased by 0.4% to A\$92.73 per barrel in May 2006. Compared to May 2005, crude oil prices have increased by 40.0% in A\$ terms and by 42.3% in US\$ terms. The appreciation of the A\$ by 1.6% against the US\$ from May 2005 to May 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 increased by 0.8% to US \$70.81 a barrel in May 2006. 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.

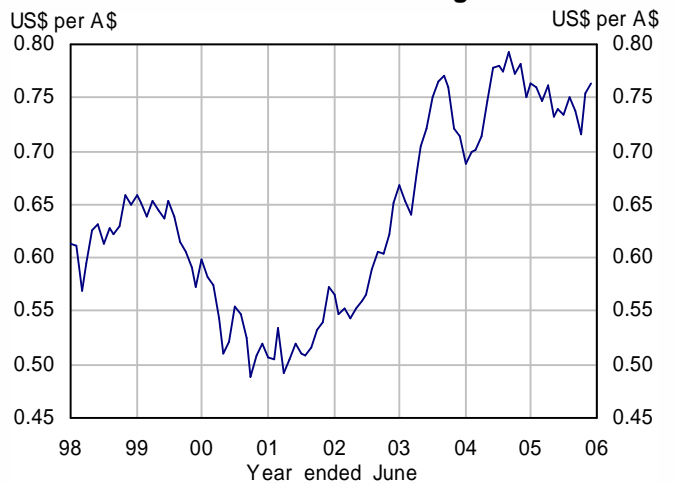
The Australian Government's Fuel Sales Grants Scheme is scheduled to cease from 1 July 2006. The Scheme was introduced to compensate regional and remote motorists for fuel price increases associated with the introduction of the GST. The grant is 1 cpl in Darwin, 2 cpl elsewhere in the Territory and 3 cpl in exceptional circumstances. The Northern Territory Government continues to rebate retail fuel at 1.1 cpl. Shell data for May 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



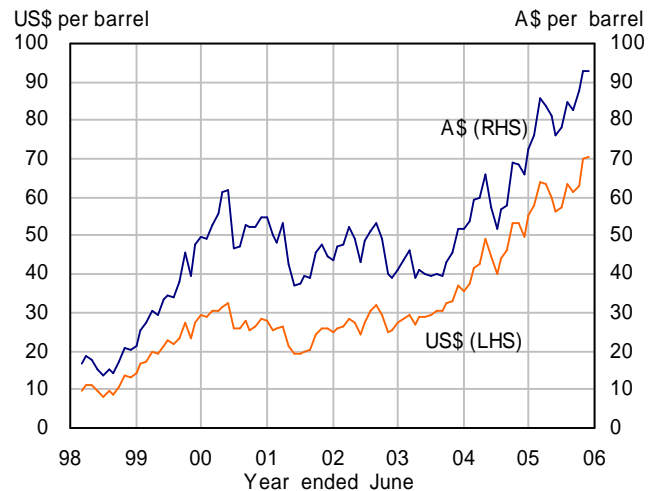
Source: Australian Automobile Association, Reserve Bank of Australia, Oilergy

Australian Dollar Exchange Rate



Source: Reserve Bank of Australia

Brent Crude Oil Prices



Source: Reserve Bank of Australia, Oilergy

Released: 15 June 2006
Next Release: Mid-July 2006

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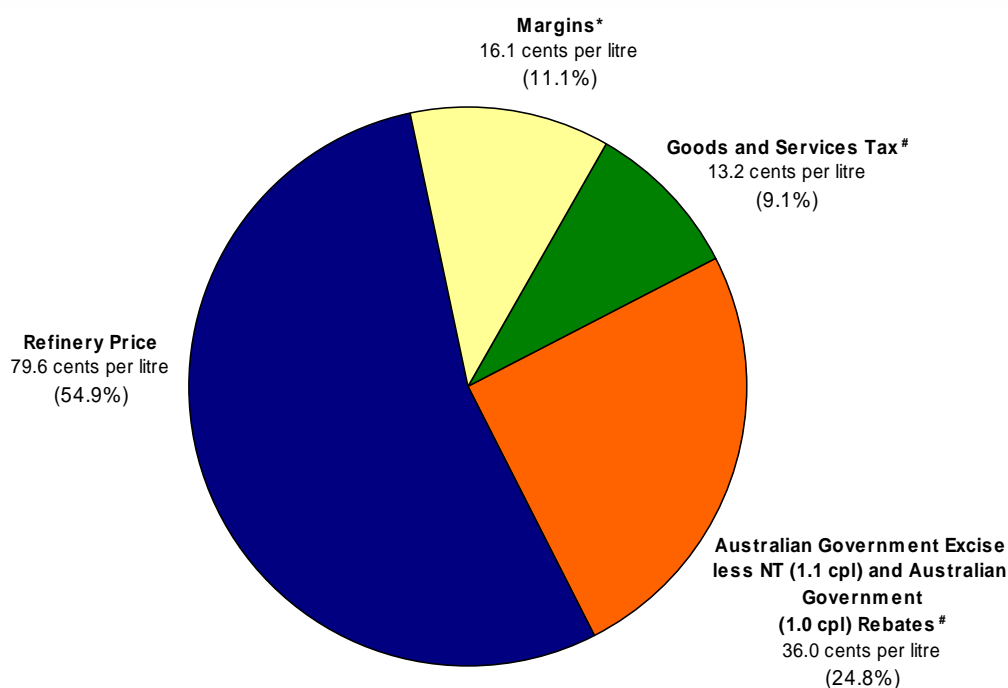
May 2006

Unleaded Petrol Prices May 2006

	May 05	Apr 06	May 06	% Change	
				Month	Year
Retail petrol price (cpl)					
Darwin	114.6	134.7	142.2	5.6%	24.1%
Alice Springs	120.9	135.9	144.9	6.6%	19.9%
Katherine	111.7	132.8	138.8	4.5%	24.3%
Tennant Creek	124.2	140.8	149.9	6.5%	20.7%
8 Capitals weighted average	104.5	129.9	133.1	2.4%	27.4%
Brent Crude price in A\$ per barrel					
	66.23	93.12	92.73	-0.4%	40.0%
Brent Crude price (A\$ cpl)					
	41.66	58.57	58.32		

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

Cost Components of Darwin Shell Unleaded Petrol at 15 June 2006 (based on retail price of 144.9 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.

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Northern Territory Government
Northern Territory Treasury