

Summary

(average price in the month, annual % change)

Darwin	125.0 cpl	↑ 1.5%
Eight Capitals	116.5 cpl	↑ 2.9%

Monthly

In December 2006, the Australian Automobile Association reported an increase in average retail unleaded petrol prices across most capital cities, with the exception of Darwin and Hobart which both recorded decreases of 0.5%.

In Darwin, fuel prices decreased by 0.6 cpl (0.5%) to 125.0 cpl, while nationally the eight capital cities weighted average price increased by 3.6 cpl (3.2%) to 116.5 cpl (see chart 1).

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 A\$ terms, crude oil prices increased by 4.3% to A\$83.28 per barrel in December 2006. In US\$ terms, the average price of crude oil increased by 6.2% to US\$65.47 per barrel.

Annual

In annual terms, Darwin fuel prices increased by 1.9 cpl (1.5%) to 125.0 cpl, while nationally the eight capital cities weighted average price increased by 3.3 cpl (2.9%) to 116.5 cpl.

Crude oil is the major input cost in petroleum production. In A\$ terms, crude oil prices decreased by 1.0%, while increasing by 6.1% in US\$ terms since December 2005 (see chart 3).

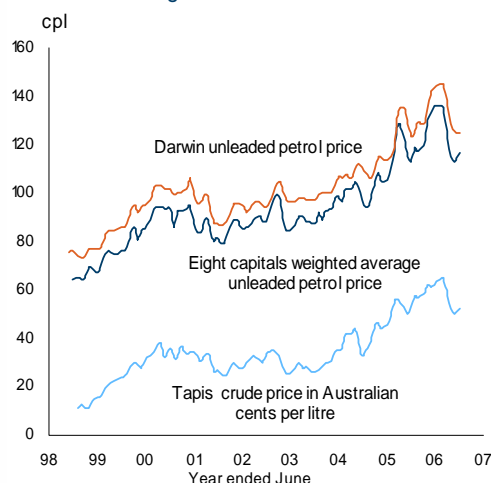
Context

Recent upward pressure on crude oil prices reflects the decision by OPEC to reduce production by 1.2 million barrels per day as of 1 November 2006. Further moderate rises are possible in the short term due to the impact of a second production cut of 500 thousand barrels per day commencing 1 February 2007, as agreed by OPEC in December 2006.

Crude oil prices continue to be driven by growth in world demand, modest growth in world surplus oil production capacity, and the continuing risks of geopolitical instability.

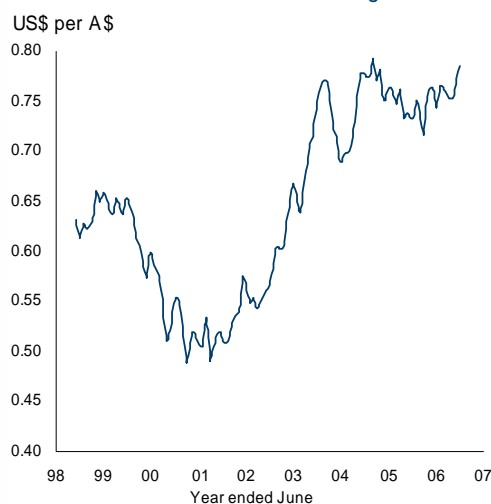
The Australian Government's Fuel Sales Grants Scheme ceased on 1 July 2006. A new fuel tax credit system was introduced on 1 July 2006 which is available to eligible businesses.

Chart 1: Average Unleaded Petrol Prices



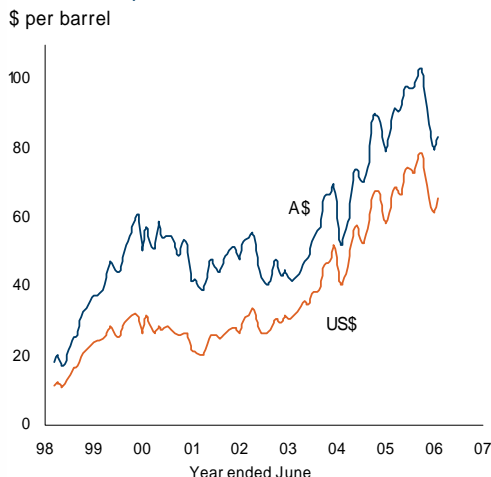
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

Chart 2: Australian Dollar Exchange Rate



Source: Reserve Bank of Australia

Chart 3: Tapis Crude Oil Prices



Source: Reserve Bank of Australia, Energy Information Administration

Unleaded Petrol Prices

	November month	December month	change		
			monthly ¹	annual ²	year on year ³
Northern Territory					
retail petrol price (cpl)					
<i>Darwin</i>	125.6	125.0	-0.5%	1.5%	13.0%
<i>Alice Springs</i>	128.9	125.7	-2.5%	-3.6%	10.1%
<i>Katherine</i>	127.1	125.2	-1.5%	0.8%	14.5%
<i>Tennant Creek</i>	133.0	129.7	-2.5%	-0.7%	11.5%
Australia					
retail petrol price (cpl)	112.9	116.5	3.2%	2.9%	12.7%
Tapis crude price in \$A per barrel	79.83	83.28	4.3%	-1.0%	21.9%

¹ compares the latest month with the previous month

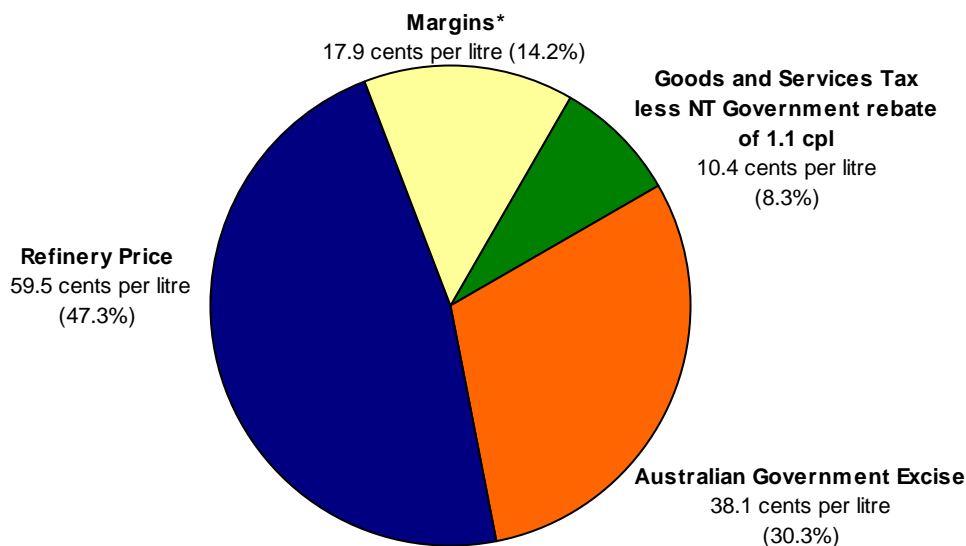
² compares the latest month with the same month last year

³ compares the 12 months up to and including the latest month with the previous 12 month period

Caution is advised when using monthly data for the Territory, which is often derived from small samples and highly volatile.

Source: Australian Automobile Association, Energy Information Administration, Reserve Bank of Australia

Chart 4: Cost Components of Darwin Shell Unleaded petrol at 15 January 2007
(based on retail price of 125.9 cents per litre)



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

Source: Shell Australia

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

Released: 15 January 2007

Next Release: Mid-February 2007