



# RESEARCH NOTE

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## Petrol Prices—The Statistics

In August 2000 retail petrol prices in some parts of the country moved over the dollar a litre mark for the first time. This triggered widespread concern and questioning of oil company and government policies.

This Research Note provides some of the statistical background to show why retail petrol prices have risen to their current level. An accompanying Research Note *Petrol Price Rises: Causes and Consequences* provides an explanation of the petrol price rises.

### World Oil Prices (US\$)

Since 1978–79 Australia has been fully exposed to world oil prices—the so-called *import parity pricing*.

Graph 1 shows for the period since 1990 the monthly price in US dollars of West Texas Intermediate crude oil—commonly used as an indicator of world oil prices.

### Exchange Rates

Oil contracts are usually denominated in US dollars. The Australian price of oil used as a refinery input thus depends not only on world oil prices but also on the value of the Australian dollar against the US dollar.

Table 1 and Graph 2 show the value of an Australian dollar in US cents since the beginning of 2000; by 23 August the dollar had fallen to a low of 0.5705 US cents.

The decline in the value of the Australian dollar can thus also be seen to contribute to the increase in the price of fuel. It is estimated that a one US cent deterioration in the

value of the Australian dollar adds 0.6 cents to a litre of petrol.

**Table 1: Exchange Rate**

End of Month 2000	US Cents per Australian Dollar
January	0.63686
February	0.61874
March	0.60702
April	0.58394
May	0.57307
June	0.59684
July	0.58025

### World Oil Prices (A\$)

Combining the effects of increasing world oil prices and declining value of the Australian dollar gives the dramatic increase seen over recent months in oil prices denoted in Australian dollars. Graph 3 shows the Australian dollar price of oil since the end of 1998. For comparative purposes the US dollar price is shown on the same graph.

**Table 2: Price of West Texas Intermediate Crude**

2000	US\$/bbl	A\$/bbl
1 Aug	27.78	48.02
2 Aug	28.28	48.47
3 Aug	28.68	48.95
4 Aug	29.98	51.20
7 Aug	28.93	49.35
8 Aug	29.13	49.67
9 Aug	30.35	52.46
10 Aug	31.33	53.88
11 Aug	31.03	53.56
14 Aug	31.93	54.94
15 Aug	31.68	54.32
16 Aug	31.80	53.89
17 Aug	31.93	53.77
18 Aug	31.98	54.16
21 Aug	32.48	55.13

Table 2 shows the US dollar and Australian dollar prices since the beginning of August 2000.

### Excise Rates

Excises are taxes paid by petrol refiners and passed on to consumers; they are levied per litre of output. Excise rates have been indexed to movements in the Consumer Price Index since 1983–84. Excise on unleaded petrol currently stands at 38.118 cents per litre; excise on leaded petrol is 40.400 cents per litre. Excise rates since 1990 are shown in Table 3. The imposition of GST in July 2000 was accompanied by a reduction in the excise rate.

**Table 3: Excise Rates on Unleaded Petrol**

Date of Change	Cents per Litre
5 Feb 90	24.124
6 Aug 90	24.920
18 Feb 91	25.767
3 Feb 92	26.154
2 Feb 93	26.232
2 Aug 93	26.537
17 Aug 93	29.537
2 Feb 94	30.750
1 Aug 94	32.088
1 Feb 95	32.537
1 Aug 95	33.513
1 Feb 96	34.183
1 Aug 96	34.559
3 Feb 97	34.697
6 Aug 97	42.797
1 Aug 98	43.054
1 Feb 99	43.355
1 Aug 99	43.485
1 Feb 00	44.137
1 Jul 00	37.481
1 Aug 00	38.118

Total excise collected on petrol amounted to an estimated \$6.5 billion in 1999–2000.

### Petrol Prices

Petrol prices at the pump are of necessity affected by the cost of oil and excise duties. It is generally agreed that a one US dollar increase in the price of oil translates to a one cent rise in petrol at the retail level. Table 4 shows the annual average pump price of petrol since 1994. Graph 4 shows the average capital city price of petrol in the period since 1980. Figures for unleaded petrol are only available since 1993.

**Table 4: Average City Retail Price of Petrol Cents per litre**

Year	Leaded	Unleaded
1994–95	71.1	69.1
1995–96	74.3	72.2
1996–97	75.8	73.6
1997–98	74.8	72.6
1998–99	71.3	69.1
1999–00	82.9	80.4

#### Sources:

- Datastream (Tables 1, 2; Graphs 1, 2, 3)
- Budget Paper No. 1 various (Table 3)
- ABS 6403.0 (Table 4; Graph 4)

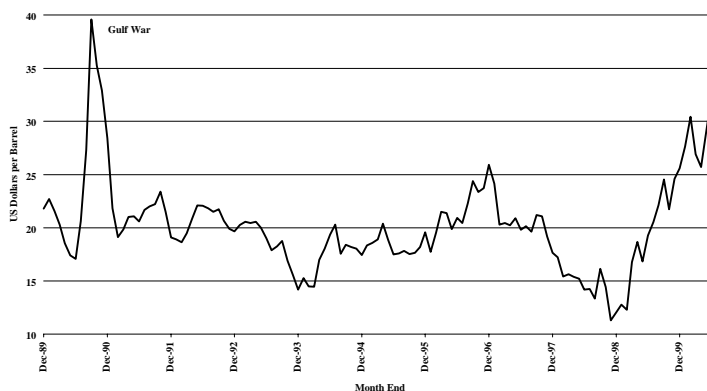
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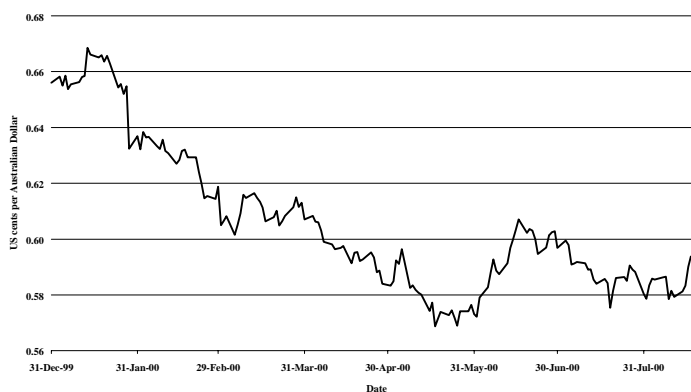
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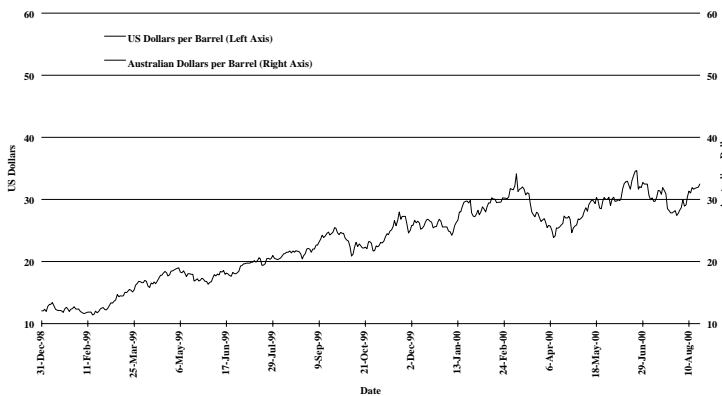
Graph 1: West Texas Intermediate Crude Oil Price



Graph 2: Daily Exchange Rate Against the US Dollar



Graph 3: West Texas Intermediate Crude



Graph 4: Average Capital City Petrol Prices

