



Fast Facts from Shell

New Zealand Petrol Prices

**based on the recently released Government inquiry into fuel prices¹*

- The pump price of petrol comprises (*approximately*): government excise and taxes (36%), product cost (57%) and importer margin² (7%)
- Petrol prices are affected primarily by the price of crude oil and the impost of taxes
- Analysis shows that the price increases from January 2007 to June 2008 are due to increases in the price of crude oil (85%) and increases in taxes (15%)
- Contrary to consumer perceptions prices go down as quickly as they go up
- The price of crude oil is primarily affected by geopolitical influences, supply and demand, seasonality and exchange rate fluctuations
- Retail margins appear to be small with gross margins around 4.2 cents per litre
- Like Australia, New Zealand has one of the cheaper petrol prices in the OECD – fifth cheapest
- Directly imported petrol or petrol components make up nearly 50% of all the petrol sold in NZ
- NZ has some of the world's most stringent and high quality fuel specification standards – these have incurred additional costs for oil companies in relation to the price of petrol

For a full copy of the report go to: www.med.govt.nz/nzpetrolreview

Other fuels

- Diesel in NZ is less expensive than petrol as diesel has lower direct tax and excise component, applied to the pump price of the fuel
- While it is true that there is no direct link between the price of oil and the price of liquefied petroleum gas (LPG), it's subject to some of the same factors that affect the price of oil – such as supply and demand; international contracts; fluctuating currency market etc
- The Royal Dutch Shell group is continually investing in alternate and more efficient technologies around new fuel sources such as bio fuels, oil sands, hydrogen, etc
- Globally, we are in the middle of the largest investment programme in Shell's history, and the largest in our industry, investing over \$US26-27 billion, and building over 50 large projects³
- The world will need vast amounts of extra energy in the coming decades to support economic growth and reduce poverty. Put simply, we need to invest in order to produce more energy
- By 2050, energy demand could more than double as the world's population rises and developing countries expand their economies
- Globally, we increased our R&D spending from \$500 million in 2004 to \$1.2 billion in 2007⁴

Oil companies

- There are approximately 3,500 oil companies in the world
- The 'Big 5' oil companies produce approximately 15% of world's oil
- Shell produces approximately 2.5% world's crude oil
- The majority of oil is produced by nationally owned oil companies, that is mainly the governments of oil rich countries - Shell therefore buys oil at the world market price

¹ 2007 ACCC report into Australian petrol prices; Review of applicability to the New Zealand petrol market

² Importer margin: This is the difference between the retail price of petrol (excluding taxes and GST) and the landed cost of petrol

³ Times online interview with Jeroen van der Veer, chief executive of Shell, May 2008

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