

# Petrol price jump 'unjustified'

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The Automobile Association says the latest rise in petrol prices - pushing them to a record high - is unjustified.

The news was unwelcome in the transport industry, which warned that customers would bear the brunt.

BP and Z Energy raised petrol prices by 4 cents a litre yesterday, and diesel prices rose 3c.

This took BP's price for non-discounted 91-octane petrol to 226.9c a litre, topping the previous high reached last week.

Its diesel prices hit 157.9c a litre.

Chevron said prices at its Caltex stations would remain the same, although it would be reviewing them daily.

Independent retailer Gull also said it was holding prices until at least after the weekend.

Over the past month petrol prices have risen 11c a litre, if a 3c tax increase is included.

AA spokesman Mark Stockdale said recent rises in refined fuel prices, while large, had already been passed on in increases last week.

He did not think yesterday's rise was justified, particularly for diesel which had seen no noticeable increase in commodity prices.

The waning New Zealand dollar was also showing signs of recovery "so it's definitely premature".

At worst, it could explain a 2c increase, which "fuel companies could well afford to absorb within their margin".

However, Z Energy spokesman Jonathan Hill defended the rises, saying that since last week, "the price of refined fuel on international markets has increased by close to another US\$10 a barrel".

As a general rule of thumb, every cent the dollar dropped in US dollar terms added a cent at the pump, he said.

"For a company that makes less than 3c of profit for every litre we sell - and we're buying this stuff on the international market in order to sell it to our customers - there's not a hell of a lot of room to move."

Fuel companies have attributed the latest rises to a sharp uplift in the cost of refined fuel and the weaker buying power of the New Zealand dollar.

A spokesperson for Road Transport Forum New Zealand said any movements in diesel prices would have an impact on the road freight industry, and the costs would have to be passed on.

Taxi Federation communications manager John Hart said although taxi companies would try to absorb the price rises, there was a limit. "Eventually cost increases have to be passed on to customers."