

E10 petrol price monitoring – quarterly report

Background

In August 2006 the Treasurer announced that the Australian Competition and Consumer Commission (ACCC) would extend its monitoring of fuel prices to include E10 petrol and provide a report on the price differential between E10 petrol and unleaded petrol on a quarterly basis. This is the first of those reports.

E10 petrol is unleaded petrol which includes 10 per cent ethanol. The prices monitored in this report are for regular unleaded petrol (RULP) and regular E10 unleaded petrol (E10). It therefore excludes premium E10 petrol and E5 petrol.

There are currently over 475 service stations in Australia selling E10 petrol and the number is increasing over time.

In this report E10 petrol prices have been collected from various service stations in a particular city or town and compared with the RULP prices at those service stations.

Summary

December quarter 2006

Across all of the locations reported in the E10 petrol price monitoring:

- in **October 2006** the average price for E10 petrol was 2.8 cents per litre (cpl) lower than the average price for RULP;
- in **November 2006** the average price for E10 petrol was 2.9 cpl lower than the average price for RULP; and
- in **December 2006** the average price for E10 petrol was 2.9 cpl lower than the average price for RULP.

On average over the December quarter 2006 the average price for E10 petrol was 2.9 cpl lower than the average price for RULP.

August and September 2006

The ACCC began receiving E10 petrol price data in August 2006. However, because of concerns about the reliability and robustness of the price data from some locations, location-specific data is not presented for August and September 2006.

However, on an aggregate basis, across all of the locations reported in the E10 petrol price monitoring:

- in **August 2006** the average price for E10 petrol was 2.8 cpl lower than the average price for RULP; and
- in **September 2006** the average price for E10 petrol was 2.9 cpl lower than the average price for RULP.

Price data

Table 1 shows, for the capital cities and regional towns across Australia in aggregate, average monthly prices for E10 petrol, RULP and the difference between the two prices for the three months October, November and December 2006.

Table 2 shows the same data for 14 locations across Australia.

Methodological issues relating to the collection and reporting of this price data are outlined in [Attachment A](#).

Table 1: E10 petrol prices and regular unleaded petrol prices – October to December 2006 – broad aggregates

Location	Month	E10 cpl	RULP cpl	Diff cpl
Capital cities	October 2006	111.7	114.3	2.6
	November 2006	110.2	112.7	2.5
	December 2006	113.6	116.5	2.9
	Average	111.9	114.5	2.6
Regional towns	October 2006	112.3	115.5	3.2
	November 2006	108.4	111.5	3.1
	December 2006	113.4	116.5	3.1
	Average	111.3	114.5	3.1

Source: Informed Sources and ACCC

Table 2: E10 petrol prices and regular unleaded petrol prices – October to December 2006 – specific locations

Location	Month	E10	RULP	Diff
		cpl	cpl	cpl
Sydney	October 2006	114.6	116.7	2.1
	November 2006	110.8	113.2	2.4
	December 2006	114.6	117.5	2.9
	Average	113.3	115.8	2.5
Melbourne	October 2006	112.5	116.2	3.7
	November 2006	109.7	113.5	3.8
	December 2006	113.0	116.8	3.8
	Average	111.7	115.5	3.8
Brisbane*	October 2006	102.1	104.4	2.3
	November 2006	105.4	107.7	2.3
	December 2006	110.7	113.1	2.4
	Average	106.1	108.4	2.3
Adelaide	October 2006	110.5	113.1	2.6
	November 2006	111.0	113.0	2.0
	December 2006	111.9	113.8	1.9
	Average	111.1	113.3	2.2
Canberra*	October 2006	118.6	121.1	2.5
	November 2006	113.4	116.3	2.9
	December 2006	118.3	121.2	2.9
	Average	116.7	119.5	2.8
Armidale	October 2006	n/a	n/a	n/a
	November 2006	112.8	115.9	3.1
	December 2006	117.5	120.5	3.0
	Average	115.2	118.2	3.1
Newcastle	October 2006	n/a	n/a	n/a
	November 2006	112.6	115.9	3.3
	December 2006	115.7	118.7	3.0
	Average	114.2	117.3	3.2
Tamworth	October 2006	120.4	122.4	2.0
	November 2006	104.4	107.4	3.0
	December 2006	118.9	122.0	3.1
	Average	114.6	117.3	2.7

Location	Month	E10	RULP	Diff
		cpl	cpl	cpl
Taree	October 2006	116.6	119.6	3.0
	November 2006	111.3	114.4	3.1
	December 2006	116.5	119.5	3.0
	Average	114.8	117.8	3.0
Wollongong	October 2006	114.7	118.8	4.1
	November 2006	111.3	115.1	3.8
	December 2006	115.5	118.9	3.4
	Average	113.8	117.6	3.8
Cairns	October 2006	114.2	117.2	3.0
	November 2006	109.8	112.8	3.0
	December 2006	111.3	114.2	2.9
	Average	111.8	114.7	3.0
Mackay*	October 2006	109.6	112.1	2.5
	November 2006	105.5	108.3	2.8
	December 2006	108.4	111.3	2.9
	Average	107.8	110.6	2.7
Toowoomba*	October 2006	103.0	106.3	3.3
	November 2006	104.4	107.5	3.1
	December 2006	106.4	109.4	3.0
	Average	104.6	107.7	3.1
Townsville	October 2006	110.3	112.3	2.0
	November 2006	106.2	108.4	2.2
	December 2006	111.8	114.6	2.8
	Average	109.4	111.8	2.3

Source: Informed Sources and ACCC

* These towns have BP service stations and the average monthly prices for E10 petrol have been adjusted downwards by the ACCC to reflect the fact that consumers may be obtaining a discount of 3.0 cpl off the board price of E10 petrol through the use of a BP 'biorewards' card.

24 January 2007

Methodology

Coverage

- The ACCC obtains its petrol price data from Informed Sources.
- Informed Sources price monitoring involves sampling. Informed Sources currently monitors fuel prices at around 4,600 service stations in Australia. There are currently around 6,500 service stations in Australia. Therefore, the Informed Sources monitoring covers around 70 per cent of the total number of service stations. All of the capital cities and most of the major metropolitan towns are included in the monitoring programme, as are a representative sample of country towns.
- As at the end of December 2006 Informed Sources collected E10 petrol prices from around 250 service stations across Australia. Of this total, over eighty per cent of these service stations are included in the 14 locations covered in this report.
- Informed Sources collects E10 petrol price data from all states and the Northern Territory, except Western Australia where E10 petrol is not commercially available.
- The number of service stations selling E10 petrol (and their locations) included in this report will increase over time.

Data collection

- Informed Sources obtains daily average E10 petrol and RULP prices for the 14 locations included in this report. The monthly averages are derived from the daily average prices.
- E10 petrol prices collected are for regular E10 unleaded petrol. They do not include premium E10 petrol (such as Boost 98 from United) or E5 petrol (such as Shell V-Power Racing).
- The daily E10 petrol price for these locations is the average price at service stations selling E10 petrol that are monitored by Informed Sources. The daily RULP price is the average price at those service stations. Therefore, the average RULP price for a particular location included in this report may be different from the overall average RULP price in that location.
- Locations are only included in the tables where Informed Sources obtains daily E10 petrol prices from two or more services stations in that location. This is to ensure the robustness of the price data.

- Daily price data is only included in the monthly average where both E10 petrol and RULP prices for that day are available.
- To derive a monthly average price, daily average prices need to be available for at least 14 days in that month.
- In Table 1 the average monthly price in the 'capital cities' aggregate is the average of all prices from service stations selling E10 petrol in the five capital cities; and similarly the average monthly price in the 'regional towns' aggregate is the average of all prices from service stations selling E10 petrol in the nine regional towns in New South Wales and Queensland.
 - Note that some of the capital cities and regional towns receive state government subsidies at the wholesale or retail level. As a result, these average monthly prices will not be typical for any particular capital city or regional town.

Adjustment for BP service stations

- E10 petrol at BP service stations is generally sold at the same price as RULP but consumers can receive a 3.0 cpl discount if they use a BP 'biorewards' card.
- Informed Sources collects the board price for E10 petrol, which will not include the 'biorewards' discount. This means that the price of E10 petrol collected by Informed Sources for BP service stations may not reflect the **actual** price paid by consumers for E10 petrol at these service stations.
- There are four towns with BP service stations selling E10 petrol included in this report. They are: Brisbane, Canberra, Mackay and Toowoomba.
- To take account of this issue, the ACCC has adjusted the average monthly E10 petrol price data in those towns on the assumption that the full 3.0 cpl discount is passed on at all BP service stations.
 - That is, the average monthly prices for E10 petrol in those towns were adjusted downwards by an amount of 3.0 cpl multiplied by the proportion of BP service stations selling E10 petrol monitored by Informed Sources in each town to the total number of service stations selling E10 petrol monitored by Informed Sources in the town.