

# E10 petrol price monitoring – March 2007 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.

The first report was released on 24 January 2007. This is the second report which covers the three month period January to March 2007.

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.

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.

There are currently over 500 service stations in Australia selling E10 petrol.

## Summary

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

- in each of the three months **January, February and March 2007** the monthly average price for E10 petrol was 3.0 cents per litre (cpl) lower than the average price for RULP.
- As a result, on average over the **March quarter 2007** the average price for E10 petrol was 3.0 cpl lower than the average price for RULP.
- This represents a slight increase on the **December quarter 2006** when 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 January, February and March 2007.

Table 2 shows the same data for 16 locations across Australia. Two new towns – Grafton and Lismore – have been added to the locations included in the monitoring report.

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 – January to March 2007 – broad aggregates**

<b>Location</b>	<b>Month</b>	<b>E10</b>	<b>RULP</b>	<b>Diff</b>
		cpl	cpl	cpl
Capital cities	January 2007	107.8	110.6	2.8
	February 2007	107.9	110.8	2.9
	March 2007	117.1	120.0	2.9
	Average	110.9	113.8	2.9
Regional towns	January 2007	110.2	113.2	3.0
	February 2007	111.1	114.1	3.0
	March 2007	118.6	121.6	3.0
	Average	113.3	116.3	3.0

Source: Informed Sources and ACCC

**Table 2: E10 petrol prices and regular unleaded petrol prices – January to March 2007 – specific locations**

<b>Location</b>	<b>Month</b>	<b>E10</b>	<b>RULP</b>	<b>Diff</b>
		cpl	cpl	cpl
Sydney	January 2007	110.3	113.1	2.8
	February 2007	111.7	114.7	3.0
	March 2007	120.0	123.0	3.0
	Average	114.0	116.9	2.9
Melbourne	January 2007	109.2	112.9	3.7
	February 2007	109.4	113.1	3.7
	March 2007	118.3	122.0	3.7
	Average	112.3	116.0	3.7
Brisbane*	January 2007	105.7	108.3	2.6
	February 2007	104.5	107.1	2.6
	March 2007	114.1	116.7	2.6
	Average	108.1	110.7	2.6
Adelaide	January 2007	106.8	109.4	2.6
	February 2007	111.8	114.5	2.7
	March 2007	120.6	123.0	2.4
	Average	113.1	115.6	2.6
Canberra*	January 2007	112.6	115.4	2.8
	February 2007	115.1	118.1	3.0
	March 2007	124.0	127.1	3.1
	Average	117.2	120.2	3.0
Armidale	January 2007	117.9	120.9	3.0
	February 2007	115.2	118.2	3.0
	March 2007	119.9	123.0	3.1
	Average	117.7	120.7	3.0
Grafton	January 2007	110.0	113.2	3.2
	February 2007	110.1	113.2	3.1
	March 2007	116.3	119.4	3.1
	Average	112.1	115.3	3.1
Lismore	January 2007	109.3	112.3	3.0
	February 2007	109.4	112.5	3.1
	March 2007	115.9	118.9	3.0
	Average	111.5	114.6	3.0

<b>Location</b>	<b>Month</b>	<b>E10</b>	<b>RULP</b>	<b>Diff</b>
		Cpl	cpl	cpl
Newcastle	January 2007	112.0	115.0	3.0
	February 2007	113.5	116.4	2.9
	March 2007	123.3	126.3	3.0
	Average	116.3	119.2	3.0
Tamworth	January 2007	118.7	121.5	2.8
	February 2007	120.2	123.2	3.0
	March 2007	126.1	129.1	3.0
	Average	121.7	124.6	2.9
Taree	January 2007	116.1	119.1	3.0
	February 2007	110.6	113.6	3.0
	March 2007	122.3	125.4	3.1
	Average	116.3	119.4	3.0
Wollongong	January 2007	113.1	116.4	3.3
	February 2007	113.5	116.8	3.3
	March 2007	122.7	125.8	3.1
	Average	116.4	119.7	3.2
Cairns	January 2007	110.9	113.9	3.0
	February 2007	109.9	112.9	3.0
	March 2007	115.5	118.5	3.0
	Average	112.1	115.1	3.0
Mackay*	January 2007	106.4	109.4	3.0
	February 2007	108.9	111.5	2.6
	March 2007	113.8	116.6	2.8
	Average	109.7	112.5	2.8
Toowoomba*	January 2007	104.4	107.4	3.0
	February 2007	105.3	108.3	3.0
	March 2007	114.1	117.1	3.0
	Average	107.9	110.9	3.0
Townsville	January 2007	104.5	107.5	3.0
	February 2007	108.3	111.3	3.0
	March 2007	113.7	116.8	3.1
	Average	108.8	111.9	3.0

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.

11 May 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 early April 2007 Informed Sources collected E10 petrol prices from around 290 service stations across Australia. Of this total, around 90 per cent of these service stations are included in the 16 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 is increasing over time.

### Data collection

- Informed Sources obtains daily average E10 petrol and RULP prices for the 16 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 eleven 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.