



Australian  
Competition &  
Consumer  
Commission

# Report on the Australian petroleum market —June quarter 2016

August 2016

ISBN 978 1 922145 90 1

Australian Competition and Consumer Commission  
23 Marcus Clarke Street, Canberra, Australian Capital Territory, 2601

© Commonwealth of Australia 2016

This work is copyright. In addition to any use permitted under the *Copyright Act 1968*, all material contained within this work is provided under a Creative Commons Attribution 3.0 Australia licence, with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration, diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright, but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 3.0 AU licence.

Requests and inquiries concerning reproduction and rights should be addressed to the Director, Corporate Communications, ACCC, GPO Box 3131, Canberra ACT 2601, or [publishing.unit@acc.gov.au](mailto:publishing.unit@acc.gov.au).

#### **Important notice**

The information in this publication is for general guidance only. It does not constitute legal or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. You should obtain professional advice if you have any specific concern.

The ACCC has made every reasonable effort to provide current and accurate information, but it does not make any guarantees regarding the accuracy, currency or completeness of that information.

Parties who wish to republish or otherwise use the information in this publication must check this information for currency and accuracy prior to publication. This should be done prior to each publication edition, as ACCC guidance and relevant transitional legislation frequently change. Any queries parties have should be addressed to the Director, Corporate Communications, ACCC, GPO Box 3131, Canberra ACT 2601, or [publishing.unit@acc.gov.au](mailto:publishing.unit@acc.gov.au).

ACCC 08/16\_1115

[www.accc.gov.au](http://www.accc.gov.au)

# Contents

<b>Key messages</b>	<b>1</b>
<b>1 Developments in the petroleum industry</b>	<b>5</b>
1.1 Near real time petrol pricing data is now available to consumers	5
1.2 NSW FuelCheck	5
1.3 NSW IPART review into wholesale ethanol pricing	5
1.4 Expansion of capacity at the Altona refinery	6
<b>2 ACCC activities</b>	<b>7</b>
2.1 ACCC and the petrol industry	7
2.2 Activities during the June quarter	7
2.3 Launceston petrol market study	8
<b>3 Retail petrol price movements—five largest cities</b>	<b>9</b>
3.1 Retail prices over the year to June 2016	9
3.2 Retail prices compared with Mogas 95 prices	10
3.3 Gross indicative retail differences over the year to June 2016	10
3.4 Retail prices in Brisbane remain the highest among the five largest cities	12
3.5 Price cycles	12
3.6 Prices in the three smaller capital cities	13
3.7 In the June quarter 2016 retail petrol prices in Darwin were lower than those in the five largest cities	14
3.8 Retail prices of the different petrol grades	15
3.9 Components of petrol prices in 2015–16	16
<b>4 Retail price movements—regional locations</b>	<b>17</b>
4.1 Influences on regional petrol prices	17
4.2 Regional petrol prices in aggregate	17
4.3 Prices in each of the states and the Northern Territory	18
<b>5 International price movements</b>	<b>22</b>
5.1 Crude oil and refined petrol	22
5.2 AUD–USD exchange rate	25
<b>6 Diesel and LPG prices</b>	<b>27</b>
6.1 Diesel price movements	27
6.2 Components of diesel prices in 2015–16	28
6.3 LPG price movements	28
6.4 Components of LPG prices in 2015–16	29
<b>Appendix A—Key points from the Launceston petrol market study</b>	<b>31</b>
<b>Appendix B—Fuel price data</b>	<b>35</b>

## Key messages

### **ACCC action on price signalling has led to near real time petrol price information being available for consumers**

On 20 May 2016 MotorMouth (a subsidiary of Informed Sources) updated its app to provide motorists with access to near real time petrol price information. This includes: site specific prices in the major cities and regional locations; maps showing the distribution of sites in the major cities and regional locations by price bands; price cycle charts over 60 days for all capital cities; and area averages for all major regional centres.

These changes to the MotorMouth app were a result of the Informed Sources undertaking in December 2015, which was given to resolve ACCC proceedings on petrol price information sharing.

The MotorMouth app joins a number of fuel price apps currently available to consumers. The 7-Eleven fuel app allows customers to find the cheapest price at nearby sites and lock in that price to redeem at any 7-Eleven store in Australia within seven days. The GasBuddy app is a crowdsourcing app that allows motorists to report fuel prices and find the cheapest fuel in their area. These recently introduced fuel price apps are in addition to the current fuel price apps from Woolworths and United.

More apps which provide petrol price information to consumers are expected to be developed in coming months.

The ACCC believes that, over time, the greater provision of price information to consumers will improve the functioning of retail petrol markets in a number of ways:

- it will enable motorists to more easily compare prices across retail sites
- it will reward more those companies that discount
- it will enable greater public scrutiny of the behaviour of petrol retailers
- it will better enable consumers to time their purchases of petrol towards the bottom of the price cycle.

By using the information provided by these new pricing apps to purchase fuel at those petrol retailers choosing to discount, consumers can have a role in driving the overall level of prices, and hence competitiveness, in their local petrol market.

### **ACCC's Launceston petrol market study finds that more competition and increased transparency are the keys to driving lower petrol prices**

The ACCC released its report on the Launceston petrol market on 20 July 2016. It found that prices in Launceston were around 12 cents per litre (cpl) higher than those in the five largest cities in Australia (i.e. Sydney, Melbourne, Brisbane, Adelaide and Perth) between 2012–13 and the first half of 2015–16. This was almost double the price difference for the previous five years: petrol prices in Launceston between 2007–08 and 2011–12 were on average around 7 cpl more than in the five largest cities.

The report concluded that the main reasons for the higher prices in Launceston were: higher transport costs; higher wholesale operating costs and margins; and higher retail operating costs and margins. The higher retail margins largely reflected a lack of effective price competition.

However, since the introduction of the discount arrangement between the Royal Automobile Club of Tasmania (RACT) and United in March 2016, the differential between petrol prices in Launceston and the five largest cities has narrowed. In the June quarter 2016, the differential decreased to around 7 cpl, which was 5 cpl below the average differential in recent years.

Although many of the factors contributing to higher retail prices in Launceston are unlikely to change, greater transparency through better price information to consumers should in time lead to more price competition.

The report concluded that if retailers in Launceston were more competitive, motorists could expect savings of 4–5 cpl on a sustainable basis.

## Retail prices in the five largest cities increased in the June quarter but average retail prices in 2015–16 were the lowest in 14 years

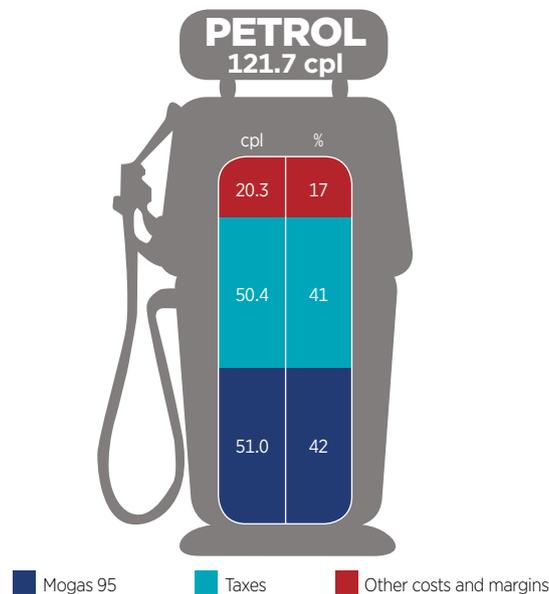
The quarterly average petrol price in the five largest cities in the June quarter 2016 was 118.0 cpl, an increase of 7.0 cpl from the previous quarter. Brisbane had the highest average prices in the quarter while Adelaide had the lowest. Seven-day rolling average prices reached 129 cpl in mid-June 2016—their highest level since October 2015.

Over the last 12 months consumers have enjoyed relatively low petrol prices. The annual average retail petrol price in the five largest cities in 2015–16 was 121.7 cpl. This was the lowest annual average price since 2006–07 in nominal terms, and since 2001–02 in inflation-adjusted (i.e. real) terms.

The low retail prices in 2015–16 were due to a substantial fall in international crude oil and refined petrol prices over the last 18 months. Crude oil prices decreased over the first half of 2015–16 and then remained relatively low for the rest of the year. The decline in crude oil prices from mid-2014 to early-2016 was influenced by weaker international economic conditions, and global oil production significantly exceeding consumption.

The chart below shows that in 2015–16 the international refined petrol price (Mogas 95) made up 51.0 cpl (or 42 per cent) of the pump price; taxes made up 50.4 cpl (41 per cent); and wholesale and retail costs and margins made up 20.3 cpl (17 per cent).

### Components of the annual average retail petrol price in the five largest cities in 2015–16



Source: ACCC calculations based on FUELtrac, Platts and Reserve Bank of Australia (RBA) data.

## Retail margins in 2015–16 were the highest since the ACCC began monitoring them

While retail prices were at historic lows in 2015–16, annual average gross retail margins were the highest since the ACCC began monitoring them in 2002. Gross indicative retail differences (GIRDs) are the difference between retail prices and published wholesale prices (or terminal gate prices). GIRDs are a broad indicator of gross retail margins.

Annual average GIRDs in 2015–16 in the five largest cities were 11.2 cpl, which was substantially higher than the average over the previous five years of 8.3 cpl (in real terms). In the June quarter 2016 average GIRDs were 11.0 cpl. They were particularly high in the month of June 2016 in Brisbane (17.1 cpl), Sydney (15.9 cpl) and Melbourne (14.9 cpl).

Responses from the major retailers to the ACCC noted that the high relative GIRDs in 2015–16 were influenced by significant and ongoing falls in wholesale prices in the first eight months of 2015–16, and higher operating and regulatory costs (particularly those associated with price board legislation, vapour recovery legislation and the biofuels mandates in NSW and Queensland). The ACCC is seeking further information from the major retailers about these increasing costs.

## **International crude oil and refined petrol prices in 2015–16 were at their lowest levels for over a decade**

The most widely used benchmark on global markets is Brent crude oil. The relevant international refined petrol price for Australia is Singapore Mogas 95 Unleaded (Mogas 95). In 2015–16 average annual Brent crude oil and Mogas 95 prices decreased significantly from the previous year.

The average Brent crude oil price in 2015–16 was USD 44 per barrel, a decrease of USD 31 per barrel from 2014–15. This was the lowest annual price in both nominal and real terms since 2003–04 (USD 31 per barrel and USD 40 per barrel respectively).

The average Mogas 95 price in 2015–16 was USD 59 per barrel, a decrease of USD 29 per barrel from 2014–15. This was the lowest nominal price since 2004–05 (USD 53 per barrel) and the lowest real price since 2003–04 (USD 52 per barrel).

## **Refiner margins weakened in the June quarter**

International refined petrol prices generally move in line with crude oil prices. This is because crude oil makes up the majority of the cost of refined petrol. However, like the prices of most internationally traded commodities, the price of refined petrol is also determined by global and regional supply and demand conditions.

The difference between crude oil prices and international refined petrol prices is known as the refiner margin. In recent times this has been relatively high. The average difference in 2015 was around USD 17 per barrel, compared with an annual average of around USD 8 per barrel over the last 20 years. In the June quarter 2016 the average refiner margin was around USD 12 per barrel.

## **The city-country price differential narrowed in the June quarter**

The average differential between prices in the regional locations monitored by the ACCC and prices in the five largest cities in the June quarter 2016 was 2.3 cpl. This was 5.5 cpl below the average differential in the March quarter (7.8 cpl). In June 2016 average prices in 77 regional locations (around 41 per cent of monitored locations) were lower than average prices in the five largest cities.

The annual average city-country differential in 2015–16 (5.5 cpl) was lower than in 2014–15 (7.9 cpl) and 2013–14 (6.7 cpl).

## **Retail prices in Darwin remain relatively low**

In March 2015 the ACCC announced that Darwin would be the first regional location for a petrol market study. The ACCC released its report on the Darwin petrol market on 23 November 2015. The report found that the increase in retail petrol margins in Darwin had imposed a significant cost on motorists. Prices in Darwin in recent years were around 10 cpl higher than would be expected in a competitive market. The report noted that higher prices and profits in Darwin were clear evidence of weak retail competition.

In the September 2014 quarter Darwin retail prices were on average 27.4 cpl higher than across the five largest cities. Since then, there has been a substantial overall downward trend in the difference. In the June quarter 2016 prices in Darwin were 2.0 cpl lower than those across the five largest cities. This is the lowest quarterly average Darwin price relative to the five largest cities since the March quarter 2000 (the earliest date for which the ACCC has data).

### **Retail prices in Brisbane remain the highest among the five largest cities**

In 2015–16 average retail petrol prices in Brisbane were 4.1 cpl higher than the other four largest cities. In the June quarter 2016 average retail prices in Brisbane were 122.2 cpl, which was 5.2 cpl higher than the other four largest cities.

Given that TGPs are broadly the same across the larger cities, and transport costs in Brisbane are likely to be similar to the other cities, the high relative retail prices in Brisbane are likely to reflect inadequate competition at the retail level.

### **Diesel and LPG prices were also comparatively low in 2015–16**

As with petrol prices, diesel and LPG prices were at relatively low levels in 2015–16.

The annual average retail diesel price in the five largest cities in 2015–16 was 121.0 cpl, which was 19.4 cpl lower than 2014–15. This was the lowest annual average price since 2004–05 in nominal terms, and since 1998–99 in real terms.

The annual average retail LPG price in the five largest in 2015–16 was 64.2 cpl. This was 6.5 cpl lower than 2014–15, and the lowest annual average price since 2010–11 in nominal terms, and since 2004–05 in real terms.

# 1 Developments in the petroleum industry

## 1.1 Near real time petrol pricing data is now available to consumers

On 20 May 2016 Informed Sources made petrol pricing data available to consumers on a near real time basis through its MotorMouth app. The pricing information is also available to third parties, including app developers and motoring and consumer organisations.

This was a result of the Informed Sources undertaking, which was given to resolve ACCC proceedings on petrol price information sharing. More detail is provided in section 2.2.1.

## 1.2 NSW FuelCheck

In March 2016 the NSW Parliament passed the Fair Trading Amendment (Fuel Price Transparency) Bill 2016 to establish FuelCheck—a fuel price monitoring website which will publish fuel prices provided by all fuel retailers across NSW in real time. The legislation received Royal Assent on 6 April 2016.

FuelCheck will be accessible on any device connected to the internet, including smartphones, tablets, desktop computers and laptops.<sup>1</sup> It will enable NSW motorists to: find the cheapest fuel being sold anywhere in NSW; get directions to any service station; and search for fuel by type or brand.

Service station operators will need to ensure that the price of a fuel in FuelCheck matches the standard price of the fuel at their service station. The standard price is the price per litre at which the fuel is available to retail customers without any discounts or special offers (such as shopper docket discounts). Penalty notices of \$550 can be issued for each offence.

FuelCheck is expected to commence in late August 2016.

## 1.3 NSW IPART review into wholesale ethanol pricing

On 20 June 2016 the NSW Independent Pricing and Regulatory Tribunal (IPART) announced its review of wholesale ethanol pricing for use in ethanol-blended fuel supplied to petrol stations in NSW.<sup>2</sup> The review will examine the efficient costs of producing ethanol, and the discount required to make E10 more attractive to consumers in place of regular and premium petrol.

Since 1 October 2011, the NSW ethanol mandate has required that 6 per cent of the total volume of petrol sold in NSW be ethanol. In the March quarter 2016 the proportion was less than 3 per cent.<sup>3</sup>

In December 2015, the NSW Government announced a range of reforms to the state's ethanol mandate. These included amending the *Biofuels Act 2007* to extend the ethanol mandate to a wider range of fuel retailers and to provide for IPART to determine the maximum price of wholesale ethanol. A draft report is scheduled to be released in September 2016 and final recommendations on the maximum price will be made in December 2016.<sup>4</sup>

1 NSW Fair Trading, *FuelCheck*, [http://www.fairtrading.nsw.gov.au/ftw/About\\_us/Online\\_services/FuelCheck.page](http://www.fairtrading.nsw.gov.au/ftw/About_us/Online_services/FuelCheck.page), accessed on 3 August 2016.

2 Independent Pricing and Regulatory Tribunal (IPART), *Wholesale ethanol price under review*, media release, 20 June 2016, at: [http://www.ipart.nsw.gov.au/Home/Industries/Other/Reviews/Review\\_of\\_maximum\\_price\\_for\\_Wholesale\\_Ethanol\\_in\\_NSW/20\\_Jun\\_2016\\_-\\_Media\\_Release/Wholesale\\_ethanol\\_price\\_under\\_review\\_-\\_20\\_June\\_2016](http://www.ipart.nsw.gov.au/Home/Industries/Other/Reviews/Review_of_maximum_price_for_Wholesale_Ethanol_in_NSW/20_Jun_2016_-_Media_Release/Wholesale_ethanol_price_under_review_-_20_June_2016), accessed on 3 August 2016.

3 NSW Fair Trading, *Biofuels marketplace data*, [http://www.fairtrading.nsw.gov.au/ftw/Businesses/Specific\\_industries\\_and\\_businesses/Biofuels\\_industry/Biofuels\\_marketplace\\_data.page?](http://www.fairtrading.nsw.gov.au/ftw/Businesses/Specific_industries_and_businesses/Biofuels_industry/Biofuels_marketplace_data.page?), accessed on 3 August 2016.

4 IPART, *loc. cit.*

## 1.4 Expansion of capacity at the Altona refinery

On 12 May 2016 ExxonMobil Australia's subsidiary Mobil Refining Australia announced plans to expand capacity at the Altona refinery in Victoria utilising locally produced crude to meet the region's growing demand for refined products.<sup>5</sup>

The project will increase the production of diesel and jet fuel and is expected to increase overall production at the Altona refinery from 80 000 to 90 000 barrels per day. Construction began in May 2016 and is expected to be completed in 2017.

---

5 ExxonMobil Australia, *Mobil to expand Altona Refinery diesel and jet fuel production*, media release, 12 May 2016, at: <http://corporate.exxonmobil.com.au/en-au/company/news-and-updates/news-releases-and-alerts/mobil-to-expand-altona-refinery-diesel-and-jet-fuel-production>, accessed on 3 August 2016.

## 2 ACCC activities

### 2.1 ACCC and the petrol industry

The main role of the ACCC is to enforce the *Competition and Consumer Act 2010* (the Act) across the Australian economy, including the fuel industry. The ACCC's activities under the Act include enforcement and compliance, mergers and acquisitions assessments, authorisations and notifications, and administration of the Oilcode.

Wholesale and retail petrol prices in Australia are determined by market forces. Through its petrol monitoring reports, market studies and other information channels, the ACCC promotes transparency in the Australian petroleum industry and improved public awareness of the factors that determine retail petrol prices.

### 2.2 Activities during the June quarter

#### 2.2.1 Implementation of fuel price information sharing undertakings by Informed Sources

Informed Sources (Australia) Pty Ltd (Informed Sources) operates a petrol price information exchange service which allows for subscribing petrol retailers to exchange prices on a near real time basis. The ACCC was concerned that the highly frequent and private exchange of information had the effect or likely effect of substantially lessening competition.

In August 2014, the ACCC commenced Federal Court proceedings against Informed Sources, Coles Express, 7-Eleven, BP, Caltex and Woolworths and in December 2015, the ACCC resolved the proceedings by way of court enforceable undertakings.

Coles Express gave an undertaking to leave the Informed Sources service and terminated its contract on 15 April 2016.

Informed Sources and four petrol retailers (7-Eleven, BP, Caltex and Woolworths) gave undertakings to make the petrol price information available to consumers for free and to third party organisations on reasonable commercial terms. The purpose of the undertakings is to reduce the potential for adverse effects on competition arising from the exchange of retail price information between petrol retailers by assisting consumers to make more informed decisions about when and where to purchase petrol.

The undertakings came into effect on 20 May 2016. Since then the ACCC has been engaging extensively with Informed Sources, the petrol retailers and third party organisations to monitor the implementation of the undertakings. Site specific, near real time data is currently available to consumers on the MotorMouth app and more apps are expected to become available in the coming months.

#### 2.2.2 Announcement of fourth regional petrol market study in Cairns

On 19 April 2016 the ACCC announced that Cairns in north Queensland would be the location for the ACCC's fourth regional petrol market study.<sup>6</sup>

Cairns petrol prices are among the highest in Queensland considering its size and location. The annual average price of petrol in Cairns in 2015–16 was 132.6 cpl, which was 10.9 cpl higher than prices in the five largest cities. The ACCC considered a range of other factors before choosing Cairns including: the price differentials between regional locations and larger cities, price differentials between regional locations of similar size, and the variability of prices in regional locations.

<sup>6</sup> Australian Competition and Consumer Commission (ACCC), *ACCC announces fourth regional petrol market study in Cairns*, media release, 19 April 2016, at: <https://www.accc.gov.au/media-release/accc-announces-fourth-regional-petrol-market-study-in-cairns>, accessed on 3 August 2016.

The ACCC is currently undertaking a regional petrol market study in Armidale. The first two studies were Darwin (released in November 2015) and Launceston (see section 2.3).

These studies are part of the petrol monitoring arrangements introduced by the Australian Government in December 2014. They aim to explain each component of the prices paid at the bowser to understand why prices are higher in some regional locations. The ACCC is using its mandatory information gathering powers to obtain relevant information for the studies.

On conclusion of the four petrol market studies the ACCC will review the overall lessons learned and how they may apply in other areas.

### 2.2.3 Stakeholder engagement and communications activity

The ACCC hosted a meeting of the Fuel Consultative Committee (FuelCC) in May 2016, with participation from major fuel retailers, refiner-wholesalers, peak industry associations and motoring organisations. The information and views shared at the FuelCC increase the ACCC's understanding of fuel industry issues and assist it in undertaking its roles related to competition and consumer protection in the fuel industry.

Topics discussed at the meeting included: ACCC quarterly monitoring reports and petrol market studies; motoring groups' concerns relating to availability of fuel price data; factors influencing recent fuel price movements; policy developments in New South Wales and Queensland relating to ethanol mandates; and regulatory compliance.

The ACCC responded to fuel related media enquiries on price and competition issues, and prepared replies to Ministerial and other correspondence on fuel related matters, including fuel price movements in regional and metropolitan locations and the ACCC's current fuel monitoring activities.

In the June quarter 2016 the fuel related pages on the ACCC website received 92 809 page views. Of this total the petrol price cycle webpage received 75 798 page views, making it the third most viewed page on the ACCC website in the quarter.

In 2015–16 the fuel related pages on the ACCC website received 311 036 page views, with the petrol price cycle webpage receiving 242 449 page views, making it the fourth most viewed page on the ACCC website in the year.

The ACCC received around 950 contacts through the ACCC Infocentre on a wide range of fuel related issues in 2015–16. This was a decrease of around 26 per cent from 2014–15.

## 2.3 Launceston petrol market study

On 20 July 2016 the ACCC released its second regional petrol market study, examining the Launceston petrol market.<sup>7</sup> It was based on extensive analysis of a significant amount of data from the companies operating in Launceston obtained under the compulsory information gathering powers of the Act.

The key points of the Launceston petrol report are provided in appendix A.

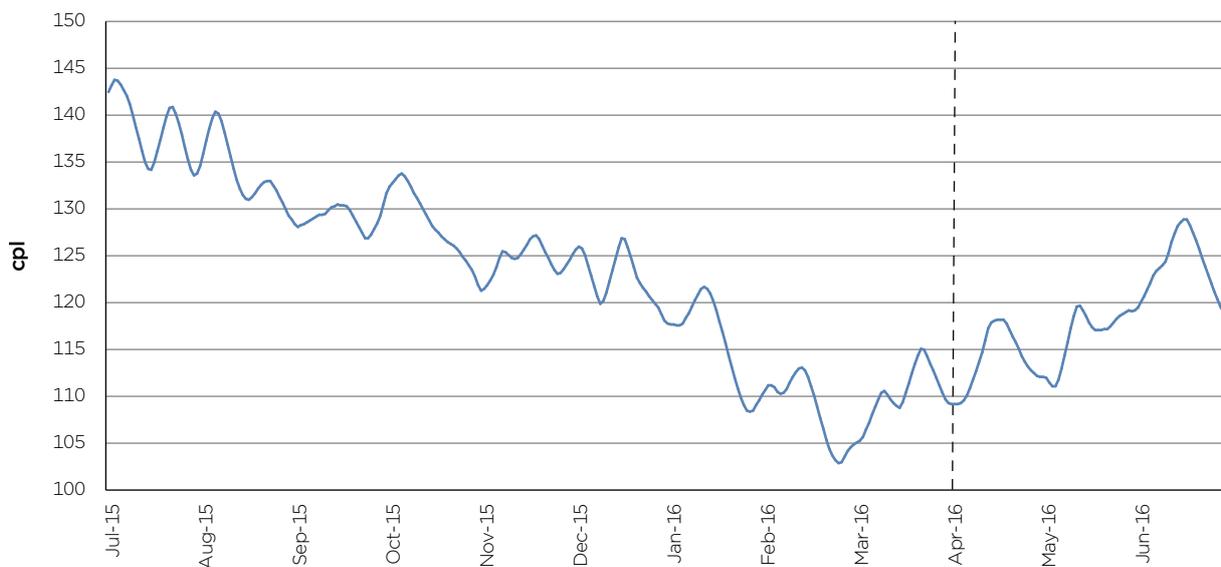
<sup>7</sup> ACCC, *More competition and increased transparency key to driving lower petrol prices in Launceston*, media release, 20 July 2016, at: <https://www.accc.gov.au/media-release/more-competition-and-increased-transparency-key-to-driving-lower-petrol-prices-in-launceston>, accessed on 3 August 2016.

## 3 Retail petrol price movements—five largest cities

This chapter focuses on petrol prices across the five largest cities (i.e. Sydney, Melbourne, Brisbane, Adelaide and Perth).<sup>8</sup> It also examines retail prices in the three smaller capital cities (Canberra, Hobart and Darwin). Petrol prices in regional locations across Australia are discussed in chapter 4.

### 3.1 Retail prices over the year to June 2016

Chart 3.1: Seven-day rolling average retail petrol prices in the five largest cities: 1 July 2015 to 30 June 2016<sup>9</sup>



Source: ACCC calculations based on FUELtrac data.

Note: The area to the right of the dotted vertical line in this and subsequent charts represents the June quarter 2016.

Chart 3.1 shows that from July 2015 seven-day rolling average retail petrol prices in the five largest cities decreased steadily, from a high of around 144 cpl in early July 2015 to a low of around 103 cpl in late February 2016. Prices then increased by around 16 cpl to the end of June 2016.

In the June quarter 2016 seven-day rolling average retail petrol prices in the five largest cities ranged from a low of 108.9 cpl in early-April 2016 to a high of 128.6 cpl in mid-June 2016. By 30 June 2016 prices had decreased to 118.7 cpl.

The average petrol price in the five largest cities in the June quarter 2016 was 118.0 cpl. This was 7.0 cpl higher than in the March quarter 2016 (111.0 cpl).

In 2015–16 the annual average retail petrol price in the five largest cities was 121.7 cpl. This was 12.4 cpl (or 9 per cent) lower than in the previous year (134.1 cpl). It was the lowest annual average retail price in the five largest cities since 2006–07 in nominal terms and the lowest since 2001–02 in real terms.

<sup>8</sup> In this report references to petrol are to regular unleaded petrol (RULP) unless otherwise specified. From 1 July 2014 the average price for the five largest cities includes E10 prices instead of RULP prices for Sydney. From 1 July 2014 the ACCC has obtained its fuel price data from FUELtrac. Prior to that date it obtained data from Informed Sources.

<sup>9</sup> A seven-day rolling average price is the average of the current day's price and prices on the six previous days. Traditionally, the ACCC has used a seven-day rolling average to smooth out the influence of petrol price cycles in the larger capital cities on price movements. This has been less effective in recent years because the duration of price cycles in most of the larger capital cities has become greater than seven days.

## 3.2 Retail prices compared with Mogas 95 prices

Retail petrol prices in Australia are primarily determined by international refined petrol prices. The relevant benchmark is the price of Singapore Mogas 95 Unleaded (Mogas 95).

Chart 3.2 shows that retail petrol prices and Mogas 95 prices moved in a broadly similar pattern in the year to June 2016.

**Chart 3.2: Monthly average retail petrol prices and Mogas 95 prices in the five largest cities: July 2015 to June 2016**



Source: ACCC calculations based on FUELtrac, Platts and RBA data.

In July 2015 the monthly average Mogas 95 price in Australian cents per litre was around 65 cpl and by February 2016 it had decreased to around 39 cpl—a decrease of 26 cpl. Over the same period retail prices in the five largest cities decreased by 29.8 cpl—from 137.5 cpl to 107.7 cpl

Mogas 95 prices subsequently increased to around 51 cpl in May 2016, an increase of around 12 cpl. Over the same period, average retail prices in the five largest cities increased by 9.0 cpl to 116.7 cpl. However, in June 2016 while Mogas 95 prices changed little from the previous month, retail prices increased to 123.6 cpl.

## 3.3 Gross indicative retail differences over the year to June 2016

Gross indicative retail differences (GIRDs) are calculated by subtracting average terminal gate prices (TGPs) from average retail petrol prices.

TGPs are the prices at which petrol can be purchased from wholesalers in the spot market and are posted on a regular basis on the websites of the major wholesalers. While not many wholesale transactions occur at TGP, they can be regarded as indicative wholesale prices. TGPs reflect the price of petrol only, and exclude other retail operating costs (such as branding, transportation, and labour). While GIRDs should not be confused with actual retail profits, they are a broad indicator of gross retail margins.

Table 3.1 shows that, in the five largest cities over the four quarters to June 2016:

- Average GIRDs increased by 1.2 cpl to 11.0 cpl in the June quarter 2016.
  - This quarterly average was 1.4 cpl lower than average GIRDs in the December quarter 2015 (which was the highest quarterly average since the ACCC began monitoring GIRDs in 2002).
- Average GIRDs in the June quarter 2016 were highest in Brisbane (14.8 cpl) and lowest in Adelaide (8.1 cpl).

- Quarterly average GIRDs varied significantly over the period and across cities, ranging from a high of 14.8 cpl (in Brisbane in the June quarter 2016) to a low of 7.2 cpl (in Adelaide in the March quarter 2016).
- The annual average GIRD in 2015–16 across the five largest cities was 11.2 cpl, an increase of 2.6 cpl from 2014–15 (8.6 cpl).
  - In addition, annual average GIRDs in each of the five largest cities were higher than in 2014–15.

**Table 3.1: Quarterly average retail petrol prices, TGPs and GIRDs in the five largest cities: September quarter 2015 to June quarter 2016**

Location	Quarter	Retail prices cpl	TGPs cpl	GIRDs cpl
<b>Five largest cities</b>	Sep-15	133.2	121.4	11.8
	Dec-15	124.4	112.0	12.4
	Mar-16	111.0	101.2	9.8
	Jun-16	118.0	107.0	11.0
	<b>2015–16</b>	<b>121.7</b>	<b>110.5</b>	<b>11.2</b>
<b>Sydney</b>	Sep-15	133.8	119.8	14.0
	Dec-15	123.7	110.7	13.0
	Mar-16	108.0	100.5	7.5
	Jun-16	117.4	106.1	11.3
	<b>2015–16</b>	<b>120.8</b>	<b>109.3</b>	<b>11.5</b>
<b>Melbourne</b>	Sep-15	130.1	121.8	8.3
	Dec-15	123.4	112.4	11.0
	Mar-16	110.3	101.2	9.1
	Jun-16	119.2	107.0	12.2
	<b>2015–16</b>	<b>120.8</b>	<b>110.6</b>	<b>10.2</b>
<b>Brisbane</b>	Sep-15	136.1	122.2	13.9
	Dec-15	125.6	112.6	13.0
	Mar-16	114.8	101.6	13.2
	Jun-16	122.2	107.4	14.8
	<b>2015–16</b>	<b>124.7</b>	<b>111.0</b>	<b>13.7</b>
<b>Adelaide</b>	Sep-15	132.1	121.7	10.4
	Dec-15	124.9	112.2	12.7
	Mar-16	108.5	101.3	7.2
	Jun-16	115.2	107.1	8.1
	<b>2015–16</b>	<b>120.3</b>	<b>110.6</b>	<b>9.7</b>
<b>Perth</b>	Sep-15	133.8	121.5	12.3
	Dec-15	124.5	112.3	12.2
	Mar-16	113.3	101.6	11.7
	Jun-16	116.0	107.4	8.6
	<b>2015–16</b>	<b>122.0</b>	<b>110.7</b>	<b>11.3</b>

Source: ACCC calculations based on data from FUELtrac, Fuelwatch and information provided by the monitored companies.

Responses from the major retailers to the ACCC noted that the high relative GIRDs in 2015–16 were influenced by significant and ongoing falls in wholesale prices in the first eight months of 2015–16, and higher operating and regulatory costs (particularly those associated with price board legislation, vapour recovery legislation and the biofuels mandates in NSW and Queensland).

### 3.4 Retail prices in Brisbane remain the highest among the five largest cities

Table 3.1 shows that retail prices in Brisbane are regularly higher than those in Sydney, Melbourne, Adelaide and Perth.

Chart 3.3 shows quarterly average retail prices in Brisbane and average prices across Sydney, Melbourne, Adelaide and Perth from the September quarter 2014 to the June quarter 2016. Over that period Brisbane retail prices were on average 4.1 cpl higher than the other four cities (ranging from a high of 5.6 cpl in the December quarter 2014 to a low of 1.5 cpl in the December quarter 2015). In the June quarter 2016 average retail prices in Brisbane were 122.2 cpl, which was 5.2 cpl higher than the other four largest cities.

**Chart 3.3: Quarterly average retail prices in Brisbane and the other four largest cities: September quarter 2014 to June quarter 2016**



Source: ACCC calculations based on FUELtrac data.

Given that TGPs are broadly the same across the larger cities, and transport costs in Brisbane are likely to be similar to the other cities, the high relative retail prices in Brisbane are likely to reflect inadequate competition at the retail level.

### 3.5 Price cycles

Retail petrol prices in the five largest cities in Australia move in cycles. These price cycles do not generally occur in Canberra, Hobart and Darwin, nor in most regional locations. Price cycles arise as a result of the pricing policies of fuel retailers and only at the retail level. Wholesale prices do not exhibit similar cyclical movements.

Table 3.2 indicates that over the last two years the number of petrol price cycles per quarter in the five largest cities other than Perth has varied substantially.

In 2015–16 the average length of prices cycles in Sydney and Adelaide was appreciably shorter than in 2014–15—18 days compared with 28 days in Sydney, and 19 days compared with 34 days in Adelaide—resulting in a significantly higher number of price cycles in these cities during 2015–16.

**Table 3.2 Number of price cycles per quarter in the five largest cities: September quarter 2014 to June quarter 2016<sup>10</sup>**

Quarter	Sydney	Melbourne	Brisbane	Adelaide	Perth
Sep-14	3	3	3	3	13
Dec-14	2	1	2	2	13
Mar-15	3	3	2	1	13
Jun-15	5	4	4	5	13
<b>2014-15</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>52</b>
Sep-15	7	3	5	5	13
Dec-15	5	3	2	6	13
Mar-16	5	2	3	4	13
Jun-16	4	3	3	4	13
<b>2015-16</b>	<b>21</b>	<b>11</b>	<b>13</b>	<b>19</b>	<b>52</b>

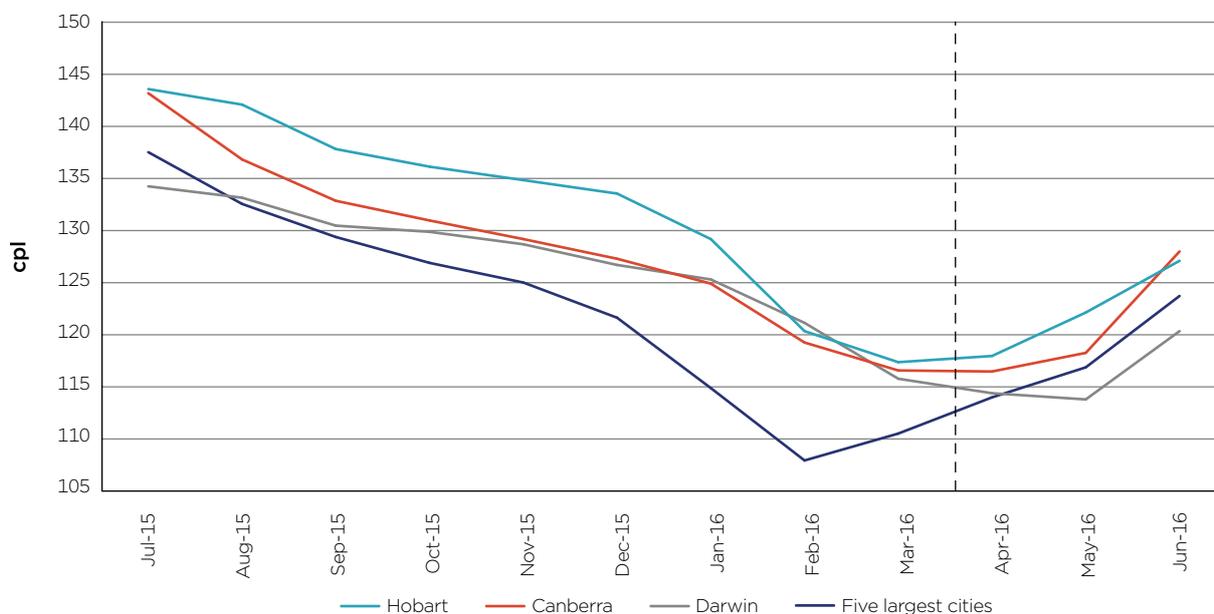
Source: ACCC calculations based on FUELtrac data.

### 3.6 Prices in the three smaller capital cities

Chart 3.4 shows that in the year to June 2016 monthly average retail petrol prices:

- in Hobart and Canberra were always higher than in the five largest cities
- in Darwin were generally higher than those in the five largest cities
  - in July 2015, May 2016 and June 2016, they were lower in Darwin than in the five largest cities
- increased in each of the smaller capital cities in the June quarter 2016 but remained low relative to the earlier months of 2015-16.

**Chart 3.4: Monthly average retail petrol prices in Canberra, Hobart and Darwin and the five largest cities: July 2015 to June 2016**



Source: ACCC calculations based on FUELtrac data.

In the June quarter 2016 average retail prices in Hobart were 122.3 cpl, or 4.3 cpl higher than in the five largest cities (118.0 cpl). In Canberra (120.7 cpl) they were 2.7 cpl higher than in the five largest cities and in Darwin (116.0 cpl) they were 2.0 cpl lower.

<sup>10</sup> The number of price cycles in a period is defined as the number of peaks that occurred in that period. Sydney prices are E10 rather than RULP prices.

In 2015–16 annual average retail prices in Hobart, Canberra and Darwin were 8.5 cpl (130.2 cpl), 5.2 cpl (126.9 cpl) and 2.7 cpl (124.4 cpl) higher respectively than in the five largest cities (121.7 cpl).

Factors that may lead to relatively higher prices in Canberra, Hobart and Darwin are similar to those factors influencing prices in regional locations outlined in section 4.1.

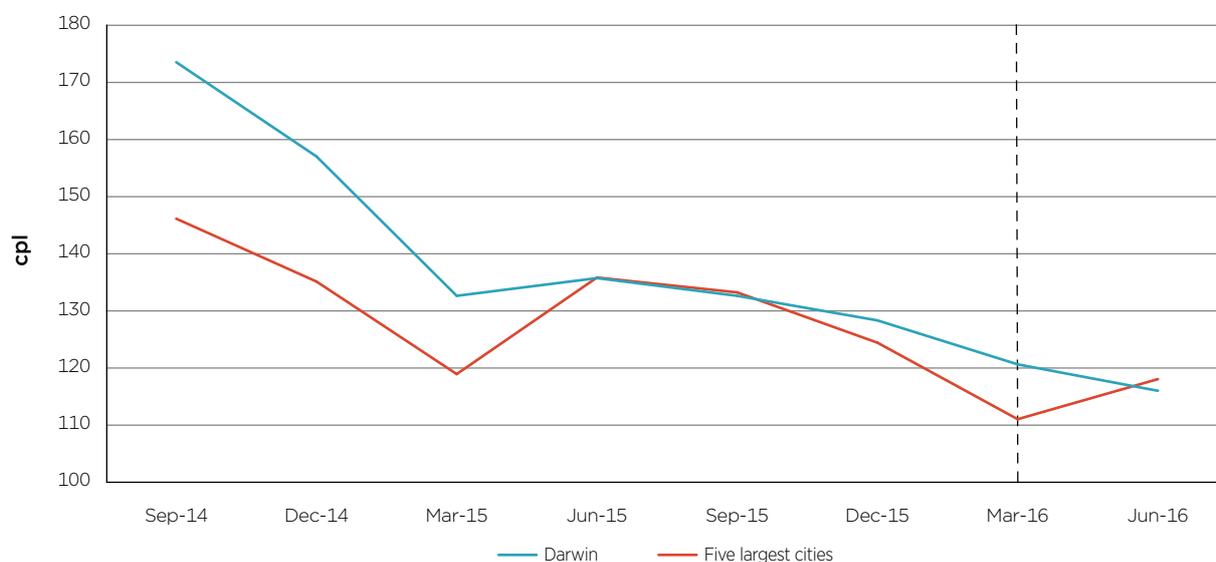
### 3.7 In the June quarter 2016 retail petrol prices in Darwin were lower than those in the five largest cities

In March 2015 the ACCC announced that Darwin would be the first regional location for a petrol market study. The report on the Darwin petrol market was released in November 2015.<sup>11</sup> The report found that the increase in retail petrol margins in Darwin in recent years had imposed a significant cost on motorists. Prices in Darwin were around 10 cpl higher than would be expected in a competitive market. The report noted that higher prices and profits in Darwin were clear evidence of weak retail competition.

Chart 3.5 shows quarterly average retail petrol prices in Darwin and the five largest cities from the September quarter 2014 to the June quarter 2016. In the September 2014 quarter Darwin retail prices were on average 27.4 cpl higher than in the five largest cities. Since then, there has been a substantial decrease in the difference.

In the June quarter 2016 prices in Darwin were 2.0 cpl lower than those across the five largest cities. This is the lowest quarterly average difference since the September quarter 2000 (the earliest date for which the ACCC has data).

**Chart 3.5: Quarterly average retail petrol prices in Darwin and the five largest cities: September quarter 2014 to June quarter 2016**



Source: ACCC calculations based on FUELtrac data.

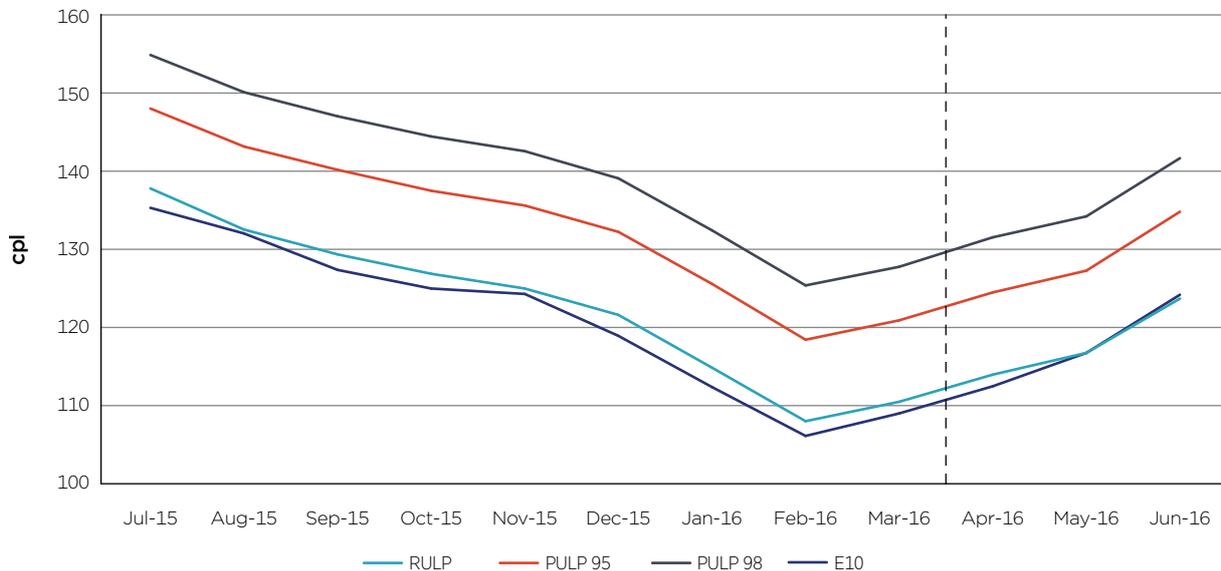
The ACCC's recent regional study into Darwin prices, along with the Northern Territory Government's fuel summit in October 2014, may have contributed to the lower Darwin prices through more scrutiny and better transparency.

<sup>11</sup> ACCC, *Report on the Darwin petrol market*, November 2015, at: <https://www.accc.gov.au/publications/petrol-market-studies/report-on-the-darwin-petrol-market>.

### 3.8 Retail prices of the different petrol grades

Chart 3.6 shows that retail prices of the different grades of unleaded petrol—RULP, PULP 95, PULP 98, and E10—moved in a similar manner in the year to June 2016.

**Chart 3.6: Monthly average retail prices of RULP, PULP 95, PULP 98 and E10 in the five largest cities: July 2015 to June 2016**



Source: ACCC calculations based on FUELtrac data.

During this period in the five largest cities the average differential between:

- RULP and PULP 95 prices was:
  - 10.8 cpl in the June quarter 2016
  - 10.7 cpl in 2015–16 (an increase of 0.1 cpl from 2014–15)
- RULP and PULP 98 prices was:
  - 17.8 cpl in the June quarter 2016
  - 17.6 cpl in 2015–16 (an increase of 0.9 cpl from 2014–15)
- E10 and RULP prices was:<sup>12</sup>
  - 0.3 cpl in the June quarter 2016
  - 1.4 cpl in 2015–16 (a decrease of 0.5 cpl from 2014–15).

Retail prices of the different grades of petrol move in a similar manner because they are all influenced by international refined petrol benchmark prices (which in turn predominantly move in line with changes in the price of crude oil).

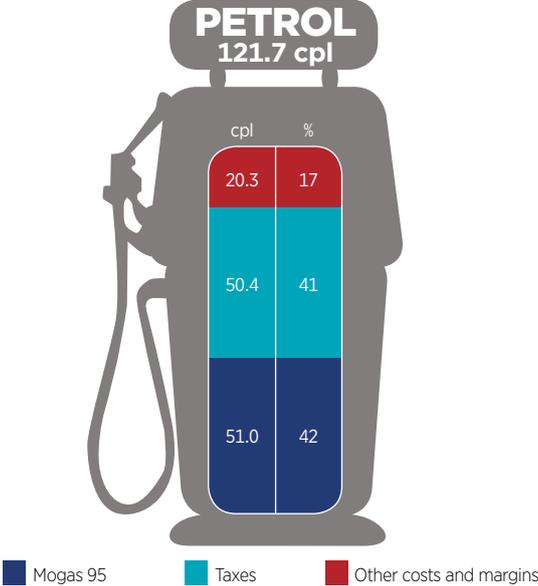
However, the price differentials between the various types of petrol vary over time. For example, retailers will generally set the price of PULP at a fixed premium to RULP. Premiums are adjusted from time to time in response to factors such as in international benchmark differentials and local supply and demand conditions.

<sup>12</sup> E10 prices are for Sydney, Melbourne and Brisbane only. The small E10-RULP differential in the June quarter 2016 is influenced by relatively low RULP prices in Adelaide.

### 3.9 Components of petrol prices in 2015–16

There are three broad components of the retail price of petrol: the international price of refined petrol (i.e. Mogas 95), domestic taxes (excise and the GST), and other costs and margins at the wholesale and retail levels.

**Chart 3.7: Components of the annual average retail petrol price in the five largest cities in 2015–16**



Source: ACCC calculations based on FUELtrac, Platts and RBA data.

Chart 3.7 shows that the two largest components of the pump price—Mogas 95 and taxes—accounted for 83 per cent of the price of petrol in 2015–16. These components are largely outside the control of the local petrol retailers.

Mogas 95 as a proportion of the annual average price decreased from 49 per cent in 2014–15 to 42 per cent in 2015–16, and taxes increased from 38 per cent to 41 per cent. There was an increase in petrol excise of around 0.6 cpl in 2015–16. The contribution of other costs and margins also increased—from 13 per cent to 17 per cent of the annual average price. This reflects the increase in GIRDs in 2015–16.

## 4 Retail price movements—regional locations

The ACCC monitors fuel prices in all capital cities and around 190 regional locations across Australia. These locations are identified in appendix B.

### 4.1 Influences on regional petrol prices

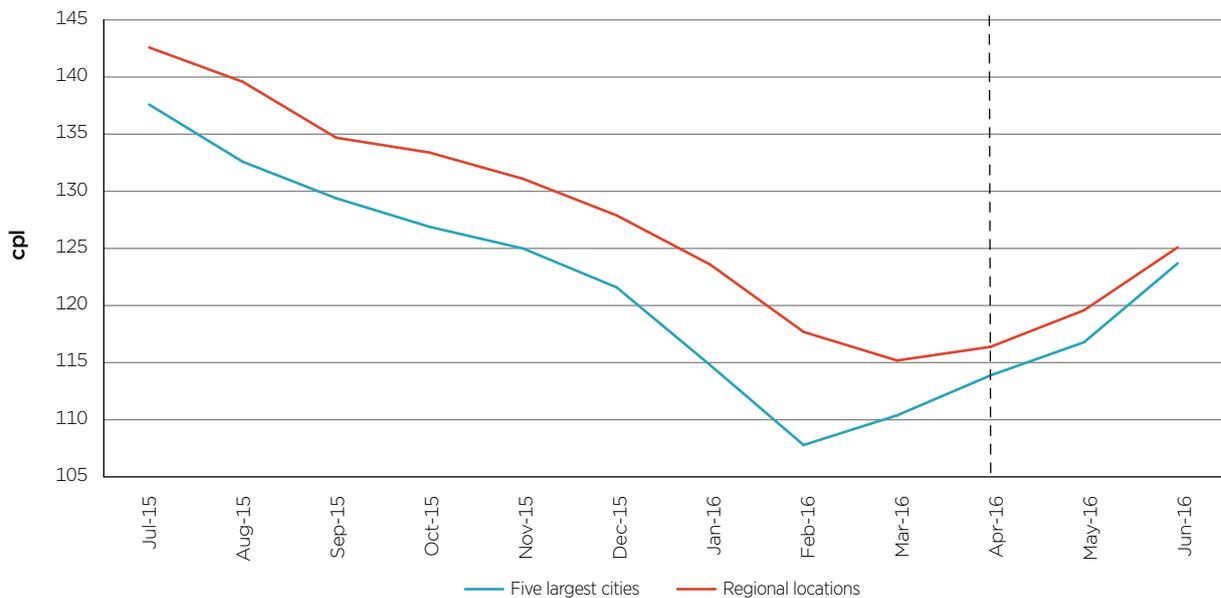
Movements in retail petrol prices in regional locations are largely driven by changes in international refined petrol prices and the AUD–USD exchange rate, as they are in the five largest cities.

However, prices are generally higher in regional locations. A number of factors may contribute to these higher prices: a lower level of local competition; lower volumes of fuel sold; distance/location factors; and lower convenience store sales. The influence of these factors varies significantly from location to location. This means that there may be substantial differences in prices between specific regional locations.

### 4.2 Regional petrol prices in aggregate

Chart 4.1 shows that monthly average prices in the regional locations in aggregate (regional prices) increased by 9.9 cpl—from 115.1 cpl in March to 125.0 cpl in June. The increase in regional prices was lower than the increase in the five largest cities over the quarter (13.3 cpl).

**Chart 4.1: Monthly average retail petrol prices in regional locations in aggregate and the five largest cities: July 2015 to June 2016**



Source: ACCC calculations based on FUELtrac data.

The average differential between regional prices and prices in the five largest cities in the June quarter 2016 was 2.3 cpl. This was significantly lower than the average differential in the March quarter 2016 (7.8 cpl). The annual average differential between regional prices and those in the five largest cities in 2015–16 was 5.5 cpl, a decrease of 2.4 cpl from 2014–15 (7.9 cpl).

The monthly average differential between regional prices and prices in the five largest cities varied over 2015–16, ranging from a high of 9.9 cpl in February 2016 to a low of 1.4 cpl in June 2016. In June 2016 average prices in 77 regional locations (around 41 per cent of monitored locations) were lower than average prices in the five largest cities.

While retail petrol prices in regional locations generally follow movements in the international price of refined petrol, they often do not respond as quickly—either up or down—as prices in the five largest cities. For example, in March 2016 monthly average petrol prices in the five largest cities increased in response to international refined petrol prices, while monthly average regional prices continued to decrease.

Further information on petrol price movements in the June quarter 2016 in all locations monitored by the ACCC is presented in appendix B.

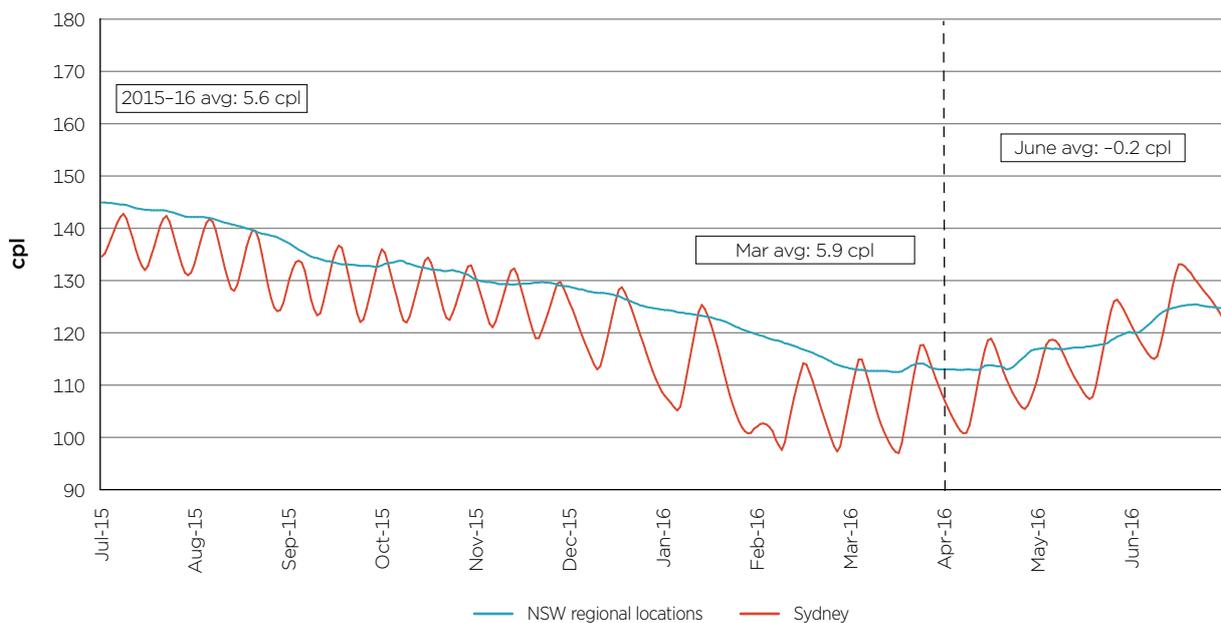
### 4.3 Prices in each of the states and the Northern Territory

Charts 4.2 to 4.8 show seven-day rolling average retail petrol prices in regional locations in each state and the Northern Territory, along with those of the relevant capital city, from 1 July 2015 to 30 June 2016.<sup>13</sup> The charts also show the differential between prices in regional locations in the state/territory and the respective capital city in the months of March and June 2016, and in 2015–16.

In June 2016 monthly average regional prices were lower than average capital city prices in New South Wales, Victoria and Queensland, and in Tasmania they were equal.

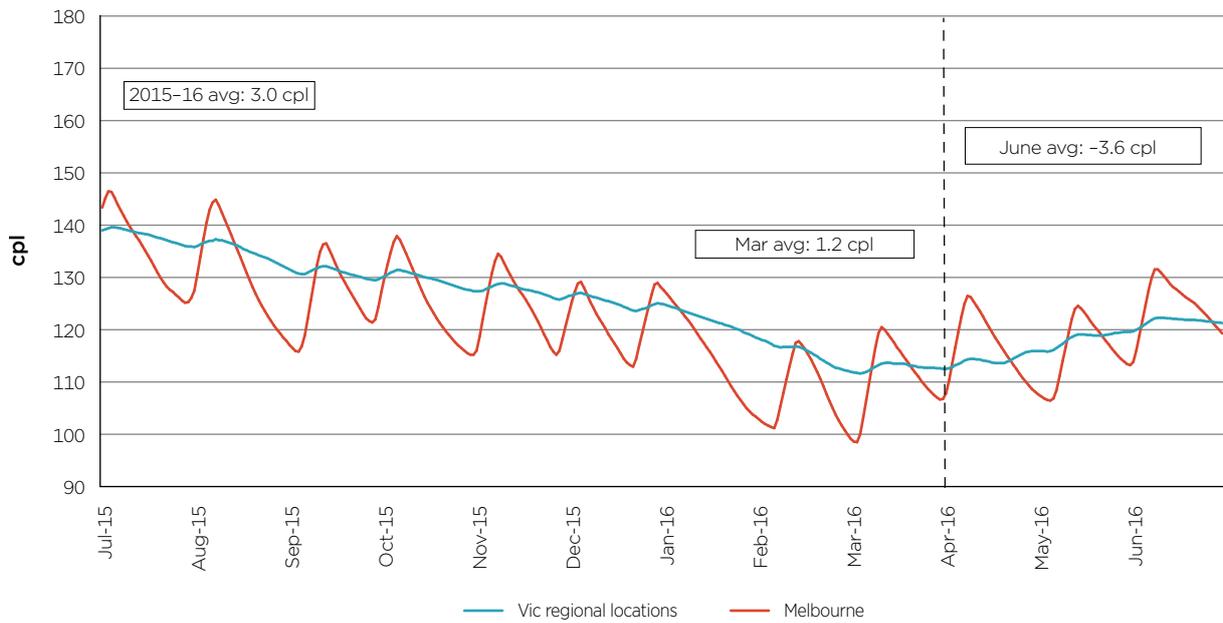
The charts show that price comparisons between capital cities and regional locations are significantly influenced by price cycles in a number of the capital cities over the short term.

**Chart 4.2: Seven-day rolling average petrol prices in Sydney and New South Wales regional locations, and the differential: 1 July 2015 to 30 June 2016**

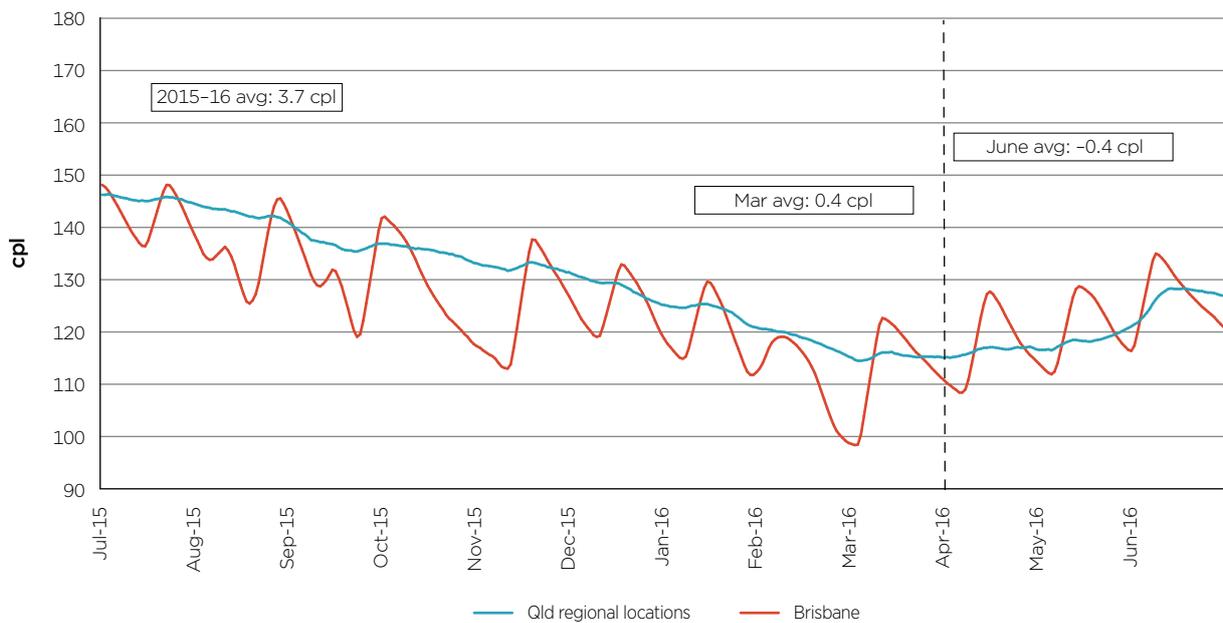


<sup>13</sup> There are no prices available for locations in the Australian Capital Territory other than Canberra. The source for charts 4.2 to 4.8 is ACCC calculations based on FUELtrac data.

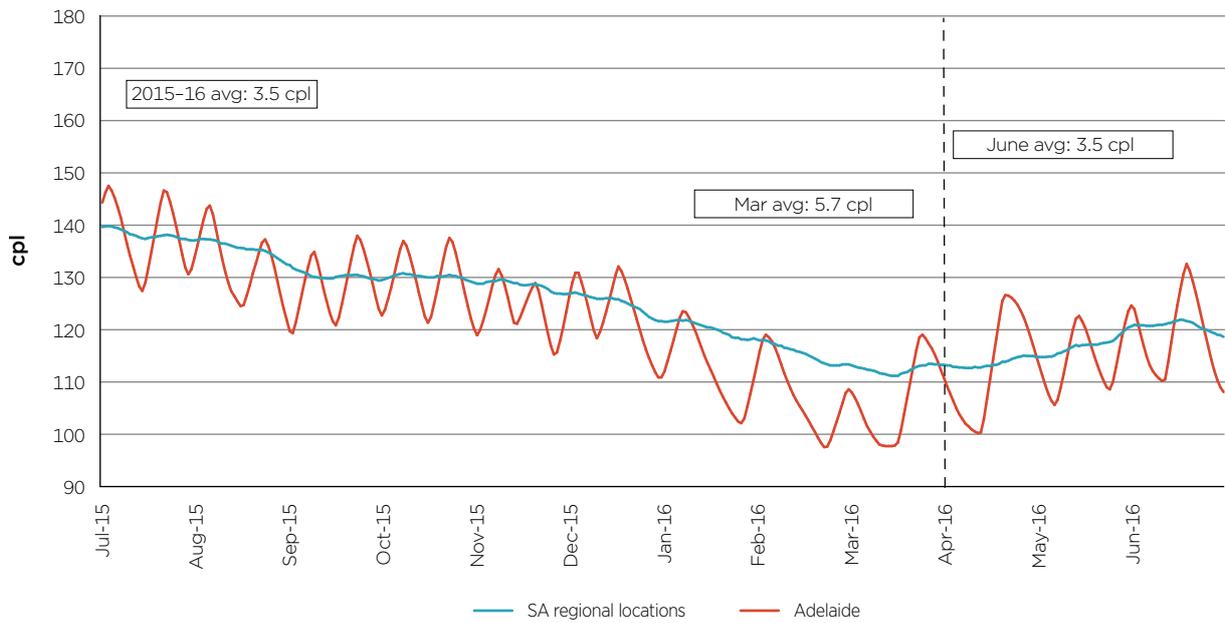
**Chart 4.3: Seven-day rolling average petrol prices in Melbourne and Victorian regional locations, and the differential: 1 July 2015 to 30 June 2016**



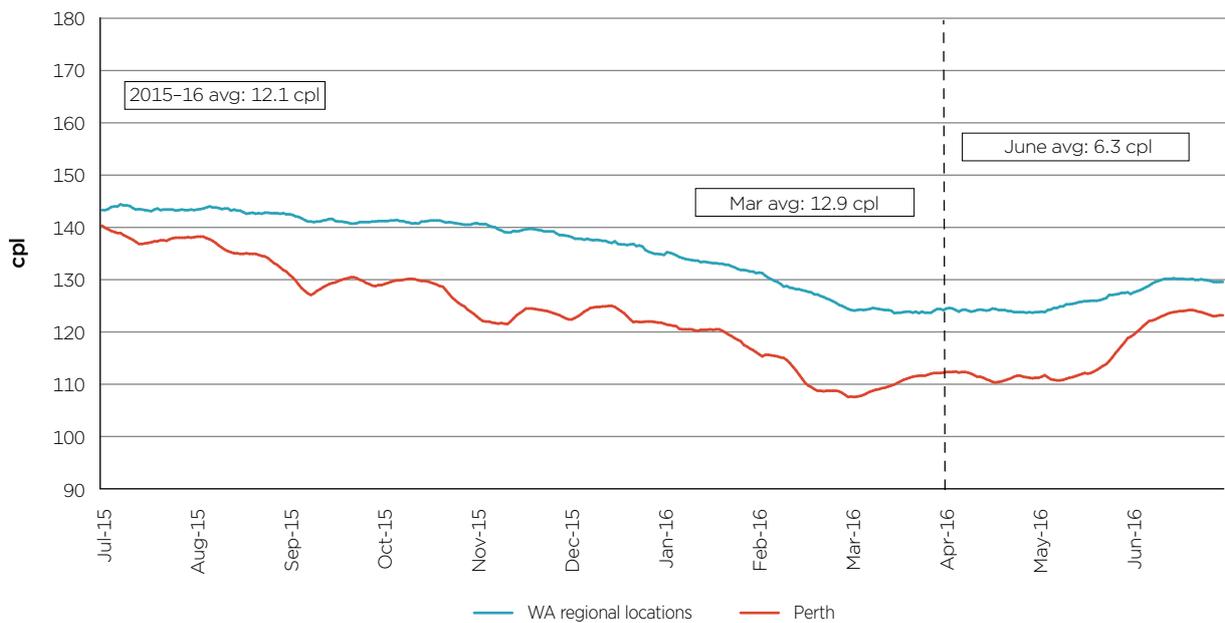
**Chart 4.4: Seven-day rolling average petrol prices in Brisbane and Queensland regional locations, and the differential: 1 July 2015 to 30 June 2016**



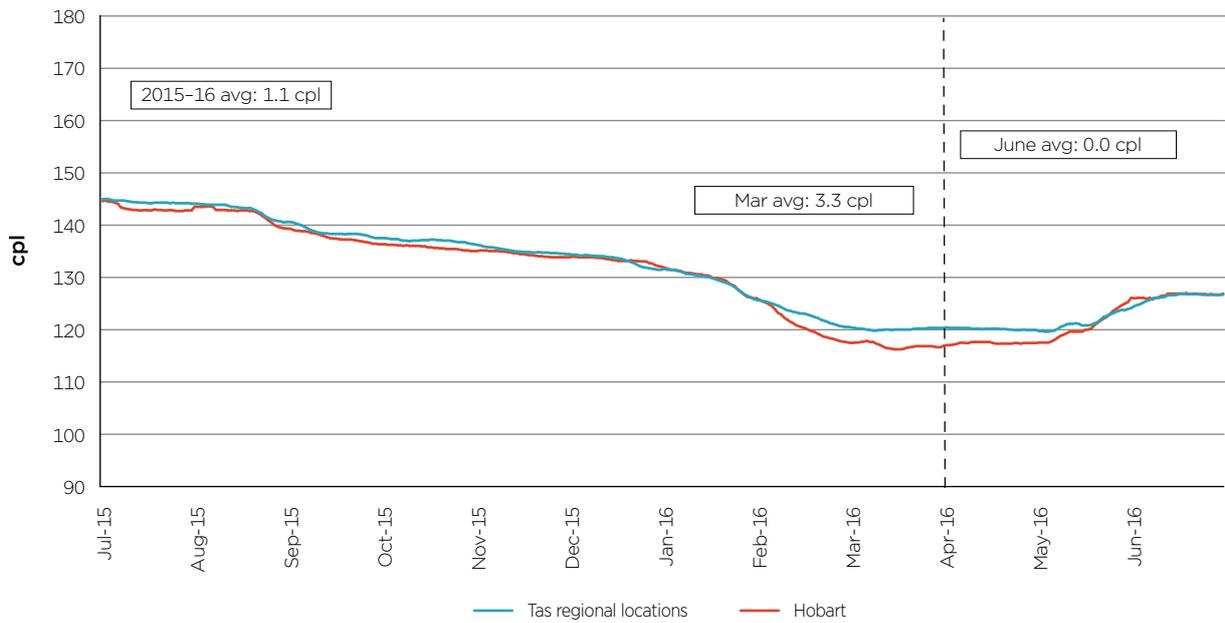
**Chart 4.5: Seven-day rolling average petrol prices in Adelaide and South Australian regional locations, and the differential: 1 July 2015 to 30 June 2016**



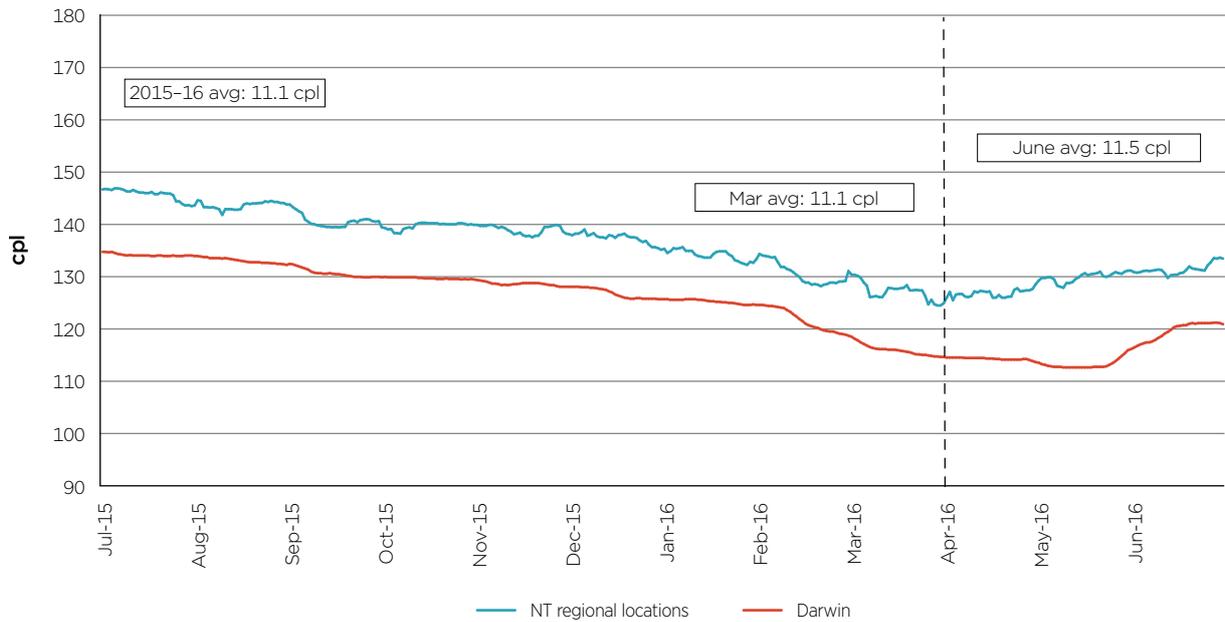
**Chart 4.6: Seven-day rolling average petrol prices in Perth and Western Australian regional locations, and the differential: 1 July 2015 to 30 June 2016**



**Chart 4.7: Seven-day rolling average petrol prices in Hobart and Tasmanian regional locations, and the differential: 1 July 2015 to 30 June 2016**



**Chart 4.8: Seven-day rolling average petrol prices in Darwin and Northern Territory regional locations, and the differential: 1 July 2015 to 30 June 2016**



## 5 International price movements

The main influences on movements in retail petrol prices in Australia are the international price of refined petrol (which is influenced in turn by the price of crude oil) and the AUD-USD exchange rate.

### 5.1 Crude oil and refined petrol

Crude oil prices are an important influence on movements in refined petrol prices around the world. There are a number of international benchmarks used for pricing crude oil, including West Texas Intermediate (WTI), Brent, Tapis and Dubai. The most widely used benchmark on global markets is Brent crude oil.

The relevant international benchmark price for petrol in Australia is the price of refined petrol in the Asia-Pacific region—Singapore Mogas 95 Unleaded (Mogas 95). This benchmark is used for pricing petrol in Australia due to Australia's proximity to Singapore, which is one of the world's most important trading and refining centres.

#### 5.1.1 Price movements over the last two years

Chart 5.1 shows that international crude oil and refined petrol prices decreased substantially over the last two years.

Chart 5.1: Weekly average Brent crude oil and Mogas 95 prices: 1 July 2014 to 30 June 2016



Source: ACCC calculations based on Platts data.

Weekly average Brent crude oil prices fell by USD 65 per barrel (or 58 per cent) in the second half of 2014, from around USD 112 per barrel in July 2014 to around USD 47 per barrel in January 2015. After rebounding to around USD 66 per barrel in May 2015, Brent crude oil prices decreased by USD 38 per barrel (or 58 per cent) to around USD 28 per barrel in mid-January 2016.

The large decline in crude oil prices from mid-2014 to early-2016 was influenced by weaker international economic conditions, and global oil production significantly exceeding consumption.

From late-January 2016, Brent prices increased by USD 21 per barrel to around USD 49 per barrel at the end of June 2016. The increase was influenced by improved economic sentiment, disruptions to supply in Canada, Venezuela and Nigeria, and a decline in US production.<sup>14</sup>

Similar movements occurred in Mogas 95 prices over the two year period. Weekly average Mogas 95 prices decreased from a high of around USD 128 per barrel in July 2014 to around USD 55 per barrel in January 2015, and then rebounded to around USD 86 per barrel in June 2015. Prices subsequently decreased to USD 41 per barrel in February 2016—a decrease of USD 45 per barrel (or 52 per cent). Mogas 95 prices increased by USD 19 per barrel to around USD 60 per barrel by the end of June 2016.

In the June quarter 2016 both Brent crude oil and Mogas 95 prices increased from the record lows in the previous quarter:

- weekly average Brent crude oil prices increased by USD 9 per barrel (A 7 cpl), from USD 39 per barrel (A 32 cpl) at the start of April 2016 to USD 48 per barrel (A 39 cpl) at the end of June 2016
- weekly average Mogas 95 prices increased by USD 4 per barrel (A 2 cpl), from USD 54 per barrel (A 45 cpl) at the start of April 2016 to USD 58 per barrel (A 47 cpl) at the end of June 2016.

In 2015–16 average annual Brent crude oil and Mogas 95 prices decreased from the previous year to be at their lowest levels in over a decade:

- the average Brent crude oil price in 2015–16 was USD 44 per barrel, which was the lowest price in both nominal and real terms since 2003–04 (USD 31 per barrel and USD 40 per barrel respectively)
  - it decreased by USD 31 per barrel from USD 75 per barrel in 2014–15
- the average Mogas 95 price in 2015–16 was USD 59 per barrel, which was the lowest nominal price since 2004–05 (USD 53 per barrel) and the lowest real price since 2003–04 (USD 52 per barrel)
  - it decreased by USD 29 per barrel from USD 88 per barrel in 2014–15.

### 5.1.2 Refiner margin decreased in the June quarter 2016

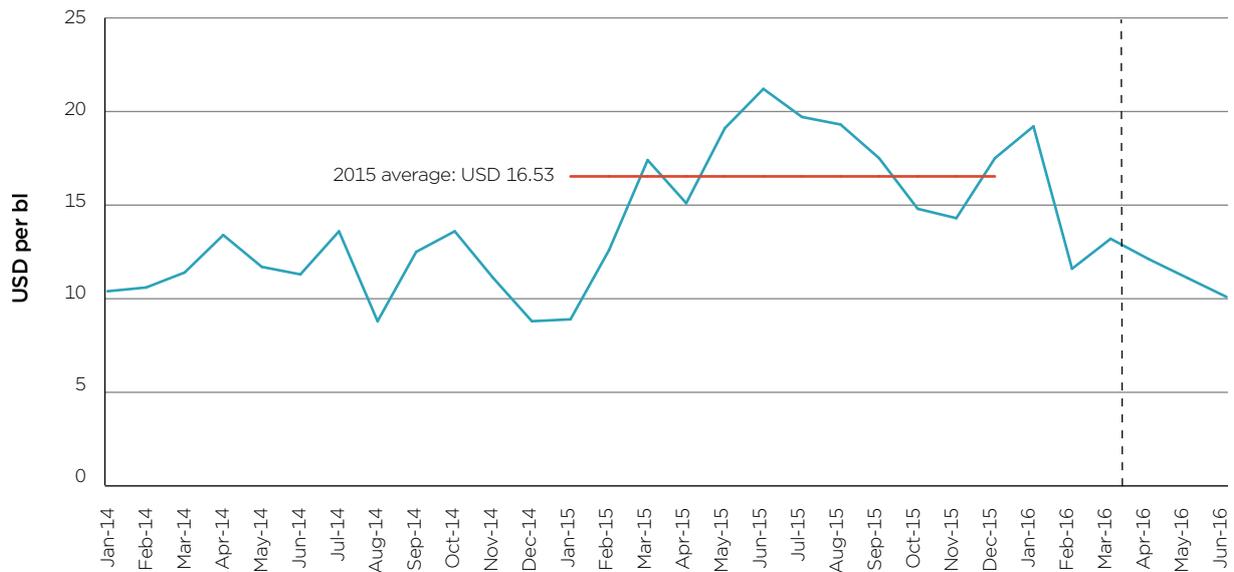
International refined petrol prices generally move in line with crude oil prices. This is because crude oil makes up the majority of the cost of refined petrol. However, like the prices of most internationally traded commodities, the price of Mogas 95 is also determined by global and regional supply and demand conditions.

The huge fall in global crude oil prices from July 2014 was largely reflected in international refined petrol prices. However, demand for petrol was relatively strong in 2015, particularly in the US, India and Indonesia. This strong demand contributed to Mogas 95 prices being significantly higher than Brent crude oil prices in 2015.

The difference between the prices of refined petrol and crude oil—which is called the refiner margin (and also referred to as the gasoline crack)—is shown in chart 5.2.

<sup>14</sup> Reuters, *Oil hits six-month highs on supply outages, Goldman forecast*, 16 May 2016, at: <http://www.reuters.com/article/us-global-oil-idUSKCN0Y703M>, accessed on 3 August 2016.

**Chart 5.2: Monthly average refiner margins: January 2014 to June 2016**



Source: ACCC calculations based on Platts data.

The average refiner margin in the June quarter 2016 was around USD 11 per barrel, a decrease of USD 4 per barrel (or 27 per cent) from the previous quarter (USD 15 per barrel). Over the last two quarters the refiner margin has decreased from the 2015 average of USD 16.53 per barrel, which was around USD 8 per barrel higher than the average over the last 20 years.

### 5.1.3 Crude oil prices in the long term

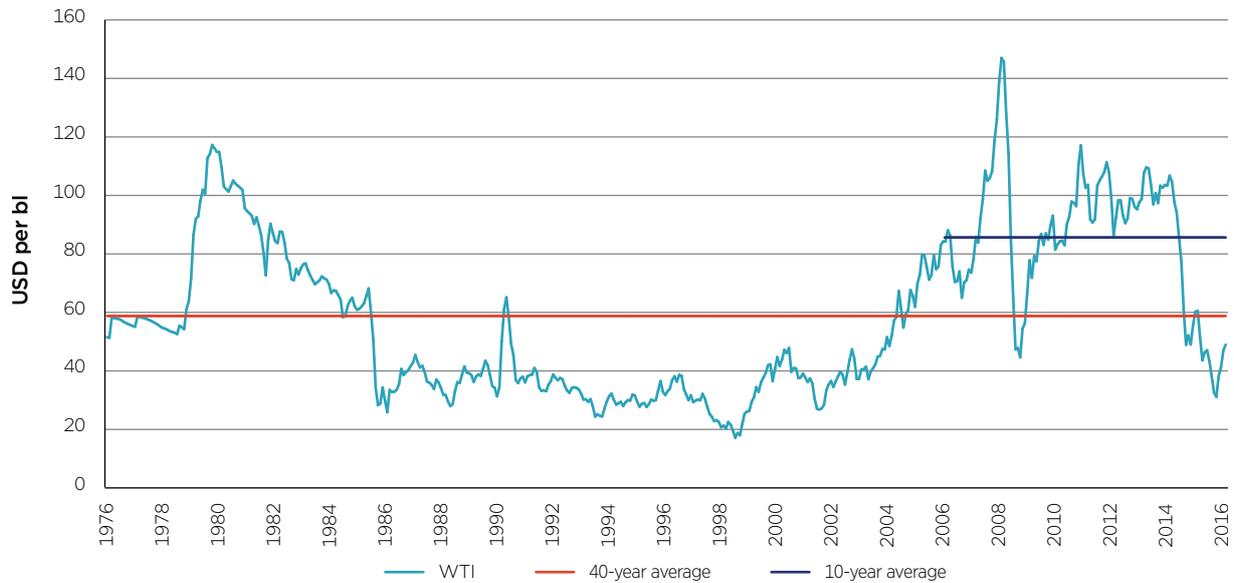
As with many commodities, crude oil prices fluctuate greatly. In the short run, market sentiment about economic conditions and geo-political events can drive rapid movements in crude oil prices. Over the medium to longer term, prices are driven by supply and demand factors, with periods of high or low prices lasting several years.

Extended periods of high oil prices provide an incentive for oil producers to invest in exploration and expansion. This leads to an increase in supply which in turn puts downward pressure on prices. Conversely, when oil prices are low, oil producers tend not to invest, which puts upward pressure on prices as growth in demand is not met by supply.

Chart 5.3 shows that over the 40 years to June 2016 WTI crude oil prices in real terms were on average around USD 59 per barrel. Over the last 10 years prices were historically high, with the average around USD 86 per barrel.

Real WTI prices were on average USD 46 per barrel in the June quarter 2016, which was USD 12 per barrel higher than in the March quarter 2016, and USD 13 per barrel lower than the 40-year average.

**Chart 5.3: Monthly average real WTI crude oil prices: July 1976 to June 2016**



Source: ACCC calculations based on data used with permission from *The Wall Street Journal*, WSJ.com, Copyright 2015 Dow Jones & Company, Inc. all rights reserved, Reuters and U.S. Department of Labor, Bureau of Labor Statistics, *Consumer Price Index for all urban consumers*, <http://www.dlt.ri.gov/lmi/pdf/cpi.pdf>, accessed on 3 August 2016.

Note: Real (inflation adjusted) values in June 2016 dollars.

## 5.2 AUD-USD exchange rate

The AUD-USD exchange rate is a significant determinant of Australian retail petrol prices because international refined petrol is bought and sold in United States dollars in global markets.

Chart 5.4 shows that in the two years to June 2016 the AUD-USD exchange rate decreased steadily from a high of USD 0.95 in July 2014 to a low of USD 0.69 in January 2016. It subsequently increased to a peak of USD 0.78 in late April 2016, before ending the June quarter lower at USD 0.74.

**Chart 5.4: Daily AUD-USD exchange rates: 1 July 2014 to 30 June 2016**



Source: RBA data.

Note: Exchange rates are the daily RBA 4 pm closing rates. See: <http://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

The average AUD-USD exchange rate in the June quarter 2016 was USD 0.75. This was USD 0.03 higher than the March quarter 2016.

In 2015-16 the annual average AUD-USD exchange rate was USD 0.73, which was USD 0.11 (or 13 per cent) lower than in 2014-15 (USD 0.84).

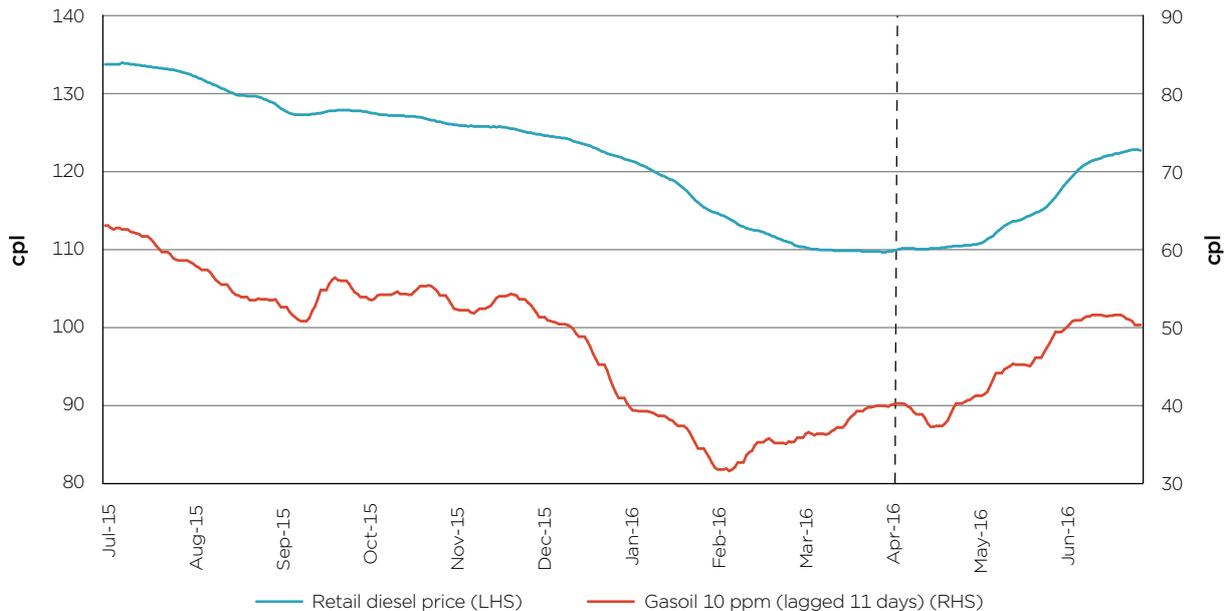
Despite the quarter-on-quarter increase in the June quarter 2016, the AUD-USD exchange rate was still USD 0.20 (21 per cent) lower than the high exchange rate of USD 0.95 in early July 2014. Had the AUD-USD exchange rate remained at USD 0.95, retail petrol prices in the June quarter 2016 would have been around 10 cpl lower (everything else being equal).

## 6 Diesel and LPG prices

### 6.1 Diesel price movements

Over 2015–16 retail diesel prices (on a seven day rolling average basis) decreased from 134.0 cpl in early July 2015 to a low of 110.0 cpl in early March 2016—a decrease of 24.0 cpl (18 per cent). They subsequently increased to 122.7 cpl on 30 June 2016—an increase of 12.7 cpl (12 per cent) (see chart 6.1).

**Chart 6.1: Seven-day rolling average retail diesel prices in the five largest cities and Gasoil 10 ppm prices: 1 July 2015 to 30 June 2016**



Source: ACCC calculations based on FUELtrac, Platts and RBA data.

The appropriate international benchmark price for refined diesel is the price of Singapore Gasoil with 10 parts per million sulphur content (Gasoil 10 ppm). International demand for diesel is different from that for petrol, in part because of diesel's off-road, industrial and electricity generation uses. However, both petrol and diesel are refined from crude oil and their prices will tend to follow broadly similar movements over the long term.

Gasoil 10 ppm prices, in Australian cents per litre, decreased from 62.9 cpl in early July 2015 to a low of 31.3 cpl in early February 2016—a decrease of 31.6 cpl (50 per cent). They subsequently increased to 50.1 cpl on 30 June 2016—an increase of 18.8 cpl (60 per cent). This increase was influenced by hot weather in South Asia boosting diesel demand, especially for power generation.

In the short term, retail diesel prices in the five largest cities tend to be less responsive to movements in Gasoil 10 ppm prices, both up and down, than retail petrol prices are to movements in Mogas 95 prices. There are fewer passenger vehicles that use diesel than use petrol.<sup>15</sup> Furthermore, diesel also tends to be used by less price-sensitive consumers than petrol; diesel use is high in European cars, SUVs, and commercial vehicles. Retail diesel prices tend to be less volatile and do not have price cycles.

Chart 6.1 shows that between July 2015 and June 2016 retail diesel prices in the five largest cities broadly followed movements in Gasoil 10 ppm prices.

<sup>15</sup> Australasian Association of Convenience Stores, *State of the Industry report 2015*, <http://www.aacs.org.au/wp-content/uploads/2016/05/AACS-report-2015.pdf>, accessed on 3 August 2016. Page 23 notes that of the total fuel consumed by motor vehicles in 2014, 54 per cent was petrol and around 41 per cent was diesel. For passenger vehicles 80.6 per cent of 18 893 million litres consumed was petrol. Diesel accounted for 55.7 per cent of the 5525 million litres of fuel consumed by light commercial vehicles, while petrol accounted for 37.7 per cent. Diesel was overwhelmingly the leading fuel type (99.5 per cent) for trucks.

Monthly average diesel GIRDs in the five largest cities increased from around 14 cpl in July 2015 to around 26 cpl in January 2016. They reached a low of around 8 cpl in May 2016 before increasing to around 12 cpl in June 2016. In 2015–16 annual average GIRDs in the five largest cities were around 15 cpl—an increase of 1 cpl from 2014–15.

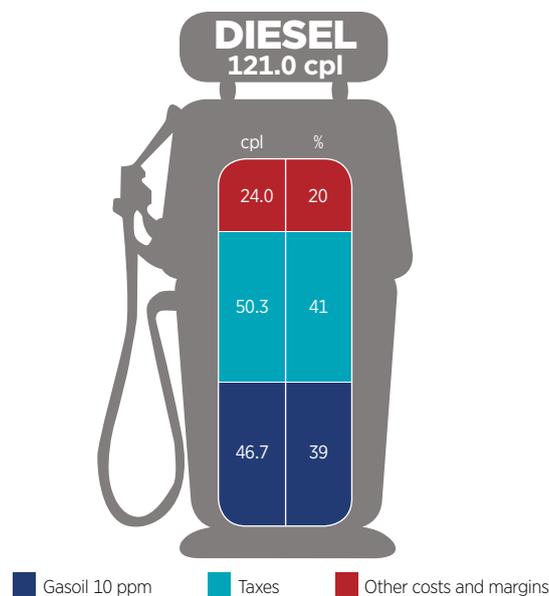
## 6.2 Components of diesel prices in 2015–16

In 2015–16 the annual average retail price of diesel in the five largest cities was 121.0 cpl, which was 19.4 cpl lower than 2014–15. This was the lowest annual average price since 2004–05 in nominal terms, and since 1998–99 in real terms.

Chart 6.2 shows that the international price of refined diesel (Gasoil 10 ppm) accounted for 39 per cent of the average pump price of diesel in 2015–16. This was eight percentage points lower than in 2014–15. The proportion of the average pump price represented by other costs and margins in 2015–16 (20 per cent) was higher than in 2014–15 (16 per cent).

There was an increase in diesel excise of around 0.6 cpl in 2015–16. Taxes accounted for the largest proportion of the diesel pump price in 2015–16 (41 per cent). This was the first year since 2004–05 when taxes was the largest component of the pump price.

**Chart 6.2: Components of the annual average retail diesel price in the five largest cities in 2015–16**

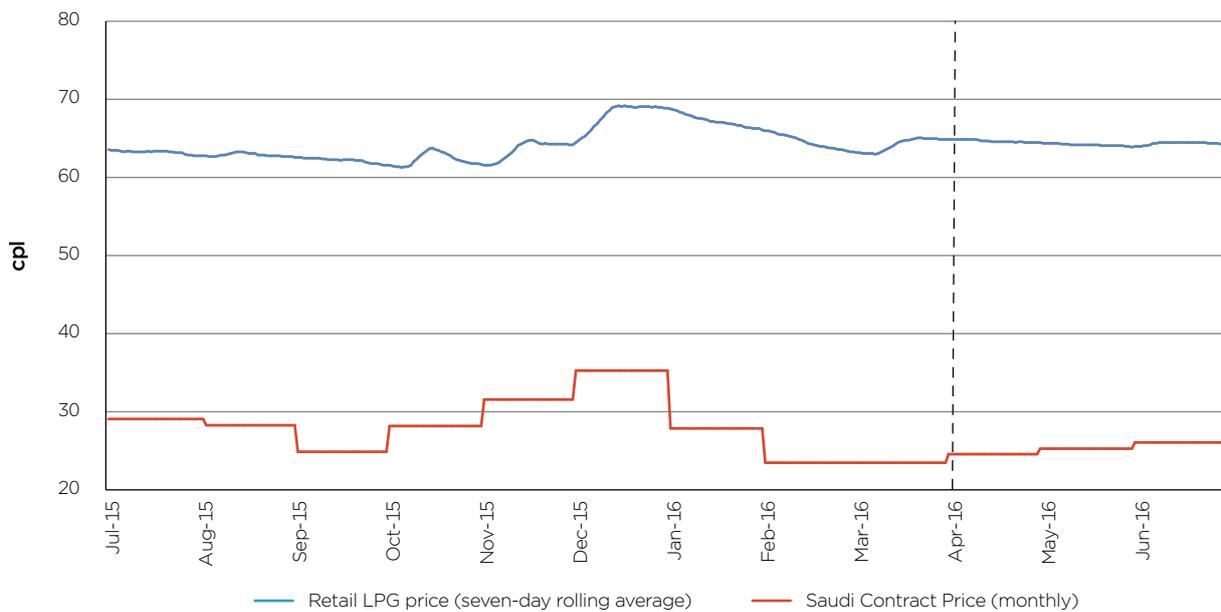


Source: ACCC calculations based on FUELtrac, Platts and RBA data.

## 6.3 LPG price movements

In the June quarter 2016 retail LPG prices (on a seven day rolling average basis) remained stable at around 64 cpl (see chart 6.3). Retail LPG prices over the year to June 2016 were also relatively stable, ranging between 61 cpl and 69 cpl.

**Chart 6.3: Seven-day rolling average retail LPG prices in the five largest cities and monthly average Saudi CP benchmarks: 1 July 2015 to 30 June 2016**



Source: ACCC calculations based on FUELtrac, RBA and Gas Energy Australia data.

The appropriate benchmark for LPG is the average of the Saudi Aramco Contract Prices for propane and butane (Saudi CP benchmarks). International LPG prices are influenced by non-transport factors such as demand for heating, particularly in the northern hemisphere.

As they only change at the start of each month, the relationship between movements in the Saudi CP benchmarks and retail prices for LPG is somewhat different from petrol and diesel.

In the June quarter 2016 the Saudi CP benchmarks increased by 2.6 cpl—from 23.4 cpl in March 2016 to 26.0 cpl in June 2016. The increase in the Saudi CP was influenced by increased seasonal demand from Asia.

The increase in benchmark prices in the June quarter 2016 was not reflected in retail LPG prices. However, there was a slight increase in retail prices in March 2016 when the benchmarks remained stable. Australian retail LPG prices, like diesel prices, tend to be less volatile than petrol prices and do not have price cycles. LPG usage in Australia is significantly less than petrol and diesel usage, and there are fewer retailers of LPG, particularly outside Victoria (where around half of Australia’s LPG usage occurs).

## 6.4 Components of LPG prices in 2015–16

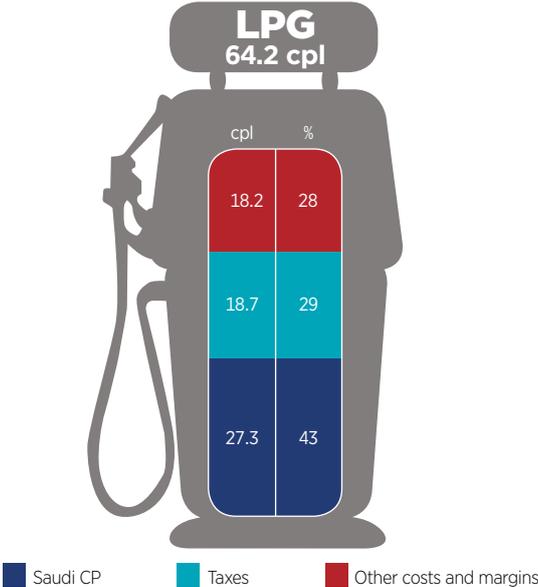
In 2015–16, the annual average retail price of automotive LPG in the five largest cities was 64.2 cpl—a decrease of 6.5 cpl from 2014–15. This was the lowest annual average price since 2010–11 in nominal terms, and since 2004–05 in real terms.

On 1 July 2015 the rate of excise on automotive LPG increased by 2.5 cpl to 12.7 cpl. There were two further increases in excise of 0.1 cpl each in August 2015 and February 2016.

Chart 6.4 shows that the Saudi CP benchmarks accounted for 43 per cent of the average pump price of LPG in 2015–16. This was 10 percentage points lower than in 2014–15. Other costs and margins accounted for 28 per cent of the average pump price in 2015–16, compared with 24 per cent in 2014–15.

Other costs and margins make up a relatively large proportion of the retail price for LPG compared with those for petrol and diesel, because of higher transportation and storage costs for LPG, and the low rate of excise.

Chart 6.4: Components of the annual average retail LPG price in the five largest cities in 2015-16



Source: ACCC calculations based on FUELtrac, RBA and Gas Energy Australia data.

# Appendix A—Key points from the Launceston petrol market study

## **Petrol prices in Launceston have been significantly higher than in the five largest cities in Australia and this difference has increased in recent years**

Between 2012–13 and the first half of 2015–16 Launceston motorists paid on average around 12 cents per litre (cpl) more for petrol than motorists in the five largest cities (i.e. Sydney, Melbourne, Brisbane, Adelaide and Perth).

This was almost double the price difference for the previous five years: petrol prices in Launceston between 2007–08 and 2011–12 were on average around 7 cpl more than in the five largest cities.

## **The differential between petrol prices in Launceston and the five largest cities has narrowed in recent months following increased competitive pressure from United**

On 23 February 2016 the Royal Automobile Club of Tasmania (RACT) announced that it had established a partnership with United Petroleum to offer an 8 cpl discount commencing on 15 March 2016 for two months at nearly 40 United and associated sites across the state.<sup>16</sup> In response to this offer, the supermarket chains (Coles Express and Woolworths) introduced their own increased shopper docket offers.

The RACT/United discounts and the supermarket shopper docket schemes appear to be leading to lower prices for motorists in Launceston. Since these offers became available, monthly average retail petrol prices (i.e. board prices not including discounts) in Launceston decreased by 2.0 cpl between February and April 2016, while retail prices in the five largest cities increased by 6.1 cpl.

Gross indicative retail differences (GIRDs) in Launceston also decreased relative to those in the five largest cities. GIRDs are the difference between retail prices and published wholesale prices (or terminal gate prices (TGPs)). GIRDs are a broad indicator of gross retail margins.

Between 2007–08 and 2011–12 GIRDs were around 10 cpl in Launceston, which was around 3 cpl higher than in the five largest cities. GIRDs in Launceston increased to around 16 cpl between 2012–13 and 2014–15, around 8 cpl higher than in the five largest cities.

GIRDs in Launceston decreased substantially following the introduction of the RACT/United discount scheme to around 13 cpl in April 2016. Between February and April 2016 monthly average GIRDs in Launceston decreased by 6.8 cpl. Over the same period, GIRDs in the five largest cities increased by 1.4 cpl.

## **There are three main influences which explain the higher prices in Launceston in recent years**

In 2014–15 average retail petrol prices in Launceston were around 14 cpl higher than in Adelaide.

Adelaide was chosen as a comparator because, of the five largest cities in Australia, it is the smallest and does not have a refinery. However, retail and wholesale prices in each of the largest cities are broadly similar and therefore the results would not be materially different if another of these cities instead of Adelaide was used for comparison purposes.

The three main influences on higher prices in Launceston are that it had:

- higher transport costs (accounting for around 3 cpl)
- higher operating costs at both the wholesale and retail level, and higher wholesale margins (together around 7 cpl) and
- higher retail margins and profits (around 4 cpl).

<sup>16</sup> Royal Automobile Club of Tasmania (RACT), media release, *RACT-UNITED partnership to combat high fuel prices*, 23 February 2016, at: <http://www.ract.com.au/SiteCollectionDocuments/MediaRelease42016RACTUnitedpartnershiptocombathighfuelprices.pdf>, accessed on 14 April 2016.

These influences are explained in more detail below.

### **It costs more to get petrol to Launceston**

Petrol comes into Tasmania from refineries and terminals in other Australian cities, or from overseas refineries. Regardless of the source, the price of refined petrol across Australia is based on import parity. This is because Australia is a net importer of refined petrol and domestic prices must reflect international prices to attract sufficient petrol into the Australian market.

In 2014–15 the cost of bringing petrol into Tasmania was around 2 cpl higher than bringing petrol into the five largest cities. Shipping costs to Tasmania are higher than to mainland Australian ports because of its distance from Singapore (the major export hub in the Asia-Pacific region). Other importing costs also tend to be higher, reflecting relatively lower volumes in Tasmania.

In addition, Launceston does not have its own fuel terminal. Fuel is transported to Launceston from five terminals around Tasmania (Bell Bay, Devonport, Burnie and two in Hobart).<sup>17</sup> The average cost to transport petrol from these terminals to retail sites in Launceston was around 2 cpl in 2014–15. This was 1 cpl higher than the freight cost in Adelaide, where the distance between terminals and retail sites is much shorter.

### **Wholesale operating costs and margins are higher because of the relatively small size of the Launceston and Tasmanian markets**

Operating costs per litre sold are higher in Launceston at both the wholesale and retail level because of the smaller size of the Launceston and Tasmanian markets, and the smaller volumes sold at most retail sites.

At the wholesale level, some companies reported that terminal operating costs per litre were higher in Tasmania compared with Adelaide as a result of the lower throughput of petrol in Tasmanian terminals. In 2013–14 average throughput of terminals operated by the refiner-wholesalers in Tasmania was only around one-quarter of the average throughput of terminals operated by the refiner-wholesalers in Adelaide.<sup>18</sup>

Launceston TGPs were on average around 5 cpl higher than those in Adelaide in 2014–15. The higher operating costs in Launceston compared with Adelaide, and higher wholesale margins, account for around 3 cpl of this difference. The remaining 2 cpl is due to the higher shipping and importing costs noted earlier.

### **Operating costs are also higher at the retail level**

At the retail level, operating costs per litre of petrol sold are also relatively higher in Launceston than in Adelaide. This is because lower volumes of petrol are sold on average at retail sites in Launceston. In 2014–15, retail sites in Launceston sold over 40 per cent less petrol than sites in Adelaide (around 2.6 million litres per site compared with 4.4 million litres per site).

In addition, gross profits made on convenience sales are significantly lower in Launceston than in Adelaide. This means that a greater proportion of operating costs are allocated to petrol sales. In 2014–15, operating costs per litre of petrol at the retail level in Launceston were on average around 7 cpl, which was 4 cpl higher than average operating costs per litre in Adelaide.

The combined impact on Launceston petrol prices of higher operating costs at both the wholesale and retail level, and higher wholesale margins, is around 7 cpl.

Given the relatively small volumes of petrol sold in Launceston, if there were fewer retail sites in Launceston selling larger volumes, this would lead to lower costs per litre and potentially lower retail prices for motorists.

<sup>17</sup> For this reason, this study considers that the appropriate wholesale price benchmark for Launceston is the average of all TGPs in Tasmania.

<sup>18</sup> A refiner-wholesaler is a company that refines, imports and wholesales fuel in Australia. It includes BP, Caltex, Mobil and Viva Energy.

### **Scale is important at the retail level in Launceston**

The higher volume of petrol sold by the supermarket sites in Launceston has allowed them to be significantly more profitable than the non-supermarket sites.

The supermarket chains make up only a quarter of the retail market in Launceston by number of retail sites, but they represent over half of all petrol sold to motorists in Launceston. The high sales volumes are likely due to motorists taking advantage of the shopper docket discounts, as well as sites being in prominent locations such as shopping centre car parks. Independent retailers represent around two-thirds of the Launceston retail market in terms of site numbers, but account for only a third of the market by volume.

The ability of the supermarket chains to purchase very large volumes allows them to negotiate better prices from wholesalers, relative to smaller retailers. Higher volumes per site also mean that a smaller share of operating costs is allocated to each litre of petrol sold. Therefore, the net retail margin made on each litre of petrol is higher than if overall sales volumes were lower (all else being equal).

### **Until very recently retailers in Launceston achieved higher margins and profits because of weaker retail competition**

Relatively weak retail competition in Launceston, reflected by a lack of aggressive price discounting, led to an increase in retail margins and profits in recent years.

In 2014–15 retail margins in Launceston were around 4 cpl higher than those in Adelaide.

The number of retail sites in Launceston has decreased since 2007, which may have influenced the extent of price competition. However, the current retailers in Launceston told the ACCC that they were not aware of any changes to market structure or in the pricing strategies of their competitors during this time.

Petrol retailers in Launceston have passed on more of the increases than decreases in TGPs, which led to the significant growth in GIRDs from 2012–13. In the three years to October 2014 only around 25 per cent of the aggregate decreases in TGPs were passed on by retailers, compared with around 35 per cent of the aggregate increases in TGPs. This reflects the absence of a sufficient number of retailers in Launceston willing to ‘chase volumes’ by discounting their prices.

In 2014–15 the average net profit for retail sites in Launceston was around \$276 000 per site.<sup>19</sup> Over the five years to 2014–15 average net profit per site in Launceston was considerably higher than in Adelaide, and across Australia. However, profitability varied greatly between retailers. The supermarket chains achieved much higher profits per site than the market average for Launceston, while many of the smaller independents saw substantially lower net profit per site.<sup>20</sup>

### **The story of weak competition and higher prices in Launceston was seen across Tasmania**

Motorists in Launceston, Hobart and Tasmanian regional locations have paid more for petrol in recent years relative to motorists in the five largest cities. Over the past seven years, Launceston petrol prices have moved closely in line with prices in the four other largest cities in Tasmania based on population (i.e. Hobart, Devonport, Burnie and Ulverstone). However, since 2012–13 Launceston has had the highest prices among these cities.

Analysis of retail petrol price data in both Launceston and Hobart indicates that United is a strong price competitor. In both cities United tended to be on average the cheapest brand or among the cheapest brands. The relatively small size of United in terms of market share, and a lack of other aggressive discounters to lead prices down, appears to have resulted in weaker responses to decreases in TGPs in Launceston and Hobart than otherwise may have been the case.

<sup>19</sup> Net profit per site broadly equates to earnings before interest and tax, and does not take into account head office costs.

<sup>20</sup> Independent retail sites in this report are generally sites which: (a) are not owned or operated by the supermarket chains or refiner-wholesalers, and (b) whose retail prices are not determined by the supermarket chains or refiner-wholesalers. These sites may or may not trade under a major brand (e.g. BP).

While the supermarkets and the refiner-wholesaler controlled sites offer prices with an eye to one another, it appears necessary for other retailers to be present to drive prices down. While United plays this role to a degree, to the benefit of consumers, it has not been sufficient to prevent increases in retail margins in Launceston and Hobart until very recently.

### **Increased price competition and transparency are the way forward**

There are several steps that could be taken to promote effective price competition and increase transparency in Launceston. These include:

- promotion of discount schemes that enhance price competition
- providing current retail prices to motorists, including through new apps
- regular publication of GIRDs and benchmarking against other locations
- continued monitoring by the ACCC of future merger activity in the Launceston petrol market.

Where there are high profits, as in the Launceston market, there is usually a competitive response. This might include retailers aggressively discounting to gain market share. While in recent years price competition has been weak, there have very recently been more encouraging signs, as discussed earlier.

The recently introduced RACT/United discount scheme appears to be leading to lower prices in Launceston. The success of this scheme depends on the discounter benefiting through increased sales volumes and higher convenience store sales.

If petrol price information is readily available to consumers, motorists in Launceston can support those discounters offering lower prices.

Increased transparency will be assisted by the resolution in December 2015 of ACCC court proceedings against Informed Sources and a number of petrol retailers, which will lead to petrol price information being available to consumers and third parties on a near real-time basis.

Over time, the greater provision of price information to consumers will improve the functioning of retail petrol markets in a number of ways. It will:

- enable motorists to more easily compare prices across retail sites (particularly through well-tailored apps)
- reward more those companies that discount
- enable greater public scrutiny of the behaviour of petrol retailers.

The more information on petrol prices which is available to the public, the better informed motorists will be about when to buy petrol and from whom.

Launceston consumers, with the new information provided by the apps, will have a key role in driving the overall competitiveness on the Launceston petrol market, and therefore the prices they pay for fuel.

If retailers in Launceston were more competitive, the ACCC would expect GIRDs in the future to be much closer to the level that they were over the period 2007–08 to 2011–12 (around 10 cpl), and in April 2016. If this were the case, then motorists could expect savings of around 4 to 5 cpl on retail petrol prices.

## Appendix B—Fuel price data

The ACCC monitors fuel prices in all capital cities and around 190 regional locations across Australia.

Monthly average retail petrol prices for March 2016 and June 2016, and the change between the two, are shown in table B1 below.<sup>21</sup> It also shows the differential between average petrol prices in the five largest cities and each regional location in June 2016 and in 2015–16.<sup>22</sup>

**Table B1: Monthly average petrol prices in March 2016 and June 2016 and the city–country differential in June 2016 and 2015–16**

Location	March 2016	June 2016	Change Mar to Jun	Differential Jun-16	Differential 2015–16
Sydney	107.5	125.0	17.5		
Melbourne	111.3	125.1	13.8		
Brisbane	115.0	127.7	12.7		
Adelaide	106.6	116.9	10.3		
Perth	111.1	123.4	12.3		
<b>Five largest cities</b>	<b>110.3</b>	<b>123.6</b>	<b>13.3</b>		
Hobart	117.2	127.0	9.8	3.4	8.5
Canberra	116.4	127.9	11.5	4.3	5.2
Darwin	115.6	120.2	4.6	-3.4	2.7
<b>New South Wales</b>					
Albury	101.8	122.7	20.9	-0.9	-0.5
Armidale	108.5	128.0	19.5	4.4	8.1
Ballina	117.3	123.9	6.6	0.3	6.3
Batemans Bay	111.6	127.2	15.6	3.6	6.9
Bathurst	114.7	125.3	10.6	1.7	2.4
Bega	107.4	128.9	21.5	5.3	2.0
Broken Hill	123.5	123.1	-0.4	-0.5	10.7
Bulahdelah	119.7	129.6	9.9	6.0	10.0
Casino	103.2	118.8	15.6	-4.8	-3.4
Central Coast	107.0	125.5	18.5	1.9	3.1
Coffs Harbour	113.7	116.0	2.3	-7.6	1.2
Cooma	116.9	127.1	10.2	3.5	6.1
Coonabarabran	118.1	123.7	5.6	0.1	9.9
Cootamundra	116.2	124.9	8.7	1.3	5.1
Cowra	112.7	114.9	2.2	-8.7	-0.8
Deniliquin	119.8	127.5	7.7	3.9	7.1
Dubbo	117.6	121.0	3.4	-2.6	6.8
Forbes	110.6	118.1	7.5	-5.5	-2.0
Forster	118.0	128.5	10.5	4.9	10.2
Gilgandra	117.9	122.3	4.4	-1.3	9.2
Glen Innes	97.2	120.7	23.5	-2.9	-3.3
Goulburn	103.1	126.0	22.9	2.4	0.3

21 For a price to be included in the table there had to be a price observation on at least 75 per cent of days in the month/year. Twelve locations—Buronga, Gundagai, Oberon, Ulladulla, Blackall, Charleville, Normanton, Weipa, Coober Pedy, Orbst, Boulder and Waroona—did not have sufficient data for March 2016 and/or June 2016. E10 prices instead of RULP prices are reported in Sydney, Coonabarabran, Cowra, Gilgandra, Glen Innes, Gunnedah, Murwillumbah, Wellington and West Wyalong.

22 The source for all prices in this appendix is ACCC calculations based on FUELtrac data.

Location	March 2016	June 2016	Change Mar to Jun	Differential Jun-16	Differential 2015-16
Grafton	106.9	123.6	16.7	0.0	0.5
Griffith	119.7	126.1	6.4	2.5	6.3
Gunnedah	111.0	122.2	11.2	-1.4	5.6
Hay	115.2	123.3	8.1	-0.3	4.9
Inverell	112.6	125.2	12.6	1.6	2.2
Jerilderie	115.4	125.4	10.0	1.8	6.5
Kempsey	112.2	122.9	10.7	-0.7	3.2
Leeton	107.2	118.8	11.6	-4.8	-1.2
Lismore	114.8	119.9	5.1	-3.7	2.9
Lithgow	102.4	129.1	26.7	5.5	n/a
Merimbula	105.8	125.8	20.0	2.2	3.2
Mittagong	119.2	125.7	6.5	2.1	7.3
Moama	117.1	118.1	1.0	-5.5	1.0
Moree	116.2	125.1	8.9	1.5	6.1
Moruya	117.2	128.6	11.4	5.0	6.6
Moss Vale	116.7	120.0	3.3	-3.6	9.6
Mudgee	117.8	128.5	10.7	4.9	9.0
Murwillumbah	103.7	122.8	19.7	-0.8	-1.3
Muswellbrook	109.2	124.4	15.2	0.8	4.4
Narrabri	121.6	128.7	7.1	5.1	8.8
Newcastle	105.3	124.0	18.7	0.4	-0.4
Nowra	101.1	126.8	25.7	3.2	1.5
Nyngan	119.2	123.4	4.2	-0.2	7.2
Orange	115.9	128.1	12.2	4.5	3.6
Parkes	110.9	122.8	11.9	-0.8	0.8
Port Macquarie	114.1	128.2	14.1	4.6	8.0
Queanbeyan	113.0	126.8	13.8	3.2	3.3
Singleton	114.7	126.2	11.5	2.6	8.0
Tamworth	110.1	125.3	15.2	1.7	5.6
Taree	112.4	128.3	15.9	4.7	6.4
Temora	115.8	123.7	7.9	0.1	3.5
Tumut	117.2	125.2	8.0	1.6	8.2
Tweed Heads South	112.8	130.8	18.0	7.2	1.3
Wagga Wagga	111.2	122.7	11.5	-0.9	2.3
Wauchope	116.1	127.9	11.8	4.3	7.5
Wellington	101.6	112.9	11.3	-10.7	-1.5
West Wyalong	114.5	120.5	6.0	-3.1	4.2
Wollongong	105.7	124.0	18.3	0.4	-3.3
Woolgoolga	116.8	116.8	0.0	-6.8	2.6
Yass	113.8	127.5	13.7	3.9	6.4
<b>Northern Territory</b>					
Alice Springs	127.1	129.9	2.8	6.3	13.2
Katherine	113.2	122.7	9.5	-0.9	3.0
Tennant Creek	142.0	143.3	1.3	19.7	26.1

Location	March 2016	June 2016	Change Mar to Jun	Differential Jun-16	Differential 2015-16
<b>Queensland</b>					
Atherton	119.8	128.7	8.9	5.1	10.7
Ayr	104.7	128.8	24.1	5.2	-4.4
Biloela	118.1	128.2	10.1	4.6	10.6
Blackwater	126.9	129.2	2.3	5.6	10.9
Bowen	108.2	129.5	21.3	5.9	7.1
Bundaberg	115.3	124.1	8.8	0.5	2.0
Caboolture	116.6	128.4	11.8	4.8	3.8
Cairns	120.9	129.3	8.4	5.7	10.9
Charters Towers	117.8	129.3	11.5	5.7	8.5
Childers	113.2	125.2	12.0	1.6	3.2
Cloncurry	128.2	132.3	4.1	8.7	18.3
Cunnamulla	119.9	129.1	9.2	5.5	10.8
Dalby	118.8	120.8	2.0	-2.8	5.6
Emerald	127.0	129.0	2.0	5.4	10.3
Gladstone	108.9	125.7	16.8	2.1	2.1
Gold Coast	113.8	127.9	14.1	4.3	2.4
Goondiwindi	124.8	121.4	-3.4	-2.2	9.7
Gympie	110.3	126.0	15.7	2.4	0.6
Hervey Bay	115.4	127.5	12.1	3.9	5.0
Ingham	113.8	128.0	14.2	4.4	8.2
Innisfail	98.6	127.9	29.3	4.3	7.9
Ipswich	112.3	126.1	13.8	2.5	0.0
Kingaroy	116.9	127.9	11.0	4.3	7.5
Longreach	125.0	129.9	4.9	6.3	13.6
Mackay	101.1	128.9	27.8	5.3	2.5
Mareeba	117.0	127.1	10.1	3.5	9.2
Maryborough	113.5	124.2	10.7	0.6	2.5
Miles	120.4	119.4	-1.0	-4.2	8.4
Moranbah	101.8	122.2	20.4	-1.4	1.4
Mt Isa	119.3	128.1	8.8	4.5	12.0
Rockhampton	113.6	129.1	15.5	5.5	4.4
Roma	122.9	127.7	4.8	4.1	10.9
Sunshine Coast	115.4	127.5	12.1	3.9	3.9
Toowoomba	106.6	126.6	20.0	3.0	3.6
Townsville	117.8	128.9	11.1	5.3	7.7
Tully	110.5	125.3	14.8	1.7	9.1
Warwick	107.6	127.9	20.3	4.3	2.0
Whitsunday	100.9	119.6	18.7	-4.0	-3.1
Yeppoon	113.9	128.7	14.8	5.1	4.7

Location	March 2016	June 2016	Change Mar to Jun	Differential Jun-16	Differential 2015-16
<b>South Australia</b>					
Bordertown	110.9	120.6	9.7	-3.0	-0.3
Ceduna	117.6	123.3	5.7	-0.3	5.3
Clare	107.1	118.2	11.1	-5.4	-0.4
Gawler	108.1	117.9	9.8	-5.7	0.7
Kadina	108.8	119.9	11.1	-3.7	0.0
Keith	112.9	122.3	9.4	-1.3	3.0
Loxton	111.2	117.8	6.6	-5.8	-2.3
Mt Gambier	113.4	118.5	5.1	-5.1	1.3
Murray Bridge	104.6	117.5	12.9	-6.1	0.1
Naracoorte	118.7	122.6	3.9	-1.0	6.4
Port Augusta	111.5	117.4	5.9	-6.2	5.0
Port Lincoln	116.2	120.6	4.4	-3.0	1.7
Port Pirie	109.4	120.3	10.9	-3.3	0.9
Renmark	109.5	116.8	7.3	-6.8	-4.5
Tailem Bend	110.5	119.7	9.2	-3.9	1.6
Victor Harbour	109.7	119.7	10.0	-3.9	0.6
Whyalla	115.1	119.8	4.7	-3.8	-0.8
<b>Tasmania</b>					
Burnie	119.0	125.5	6.5	1.9	8.4
Campbell Town	118.9	126.6	7.7	3.0	8.4
Devonport	118.6	124.6	6.0	1.0	8.2
Huonville	119.9	125.9	6.0	2.3	9.6
Launceston	120.7	129.6	8.9	6.0	10.6
New Norfolk	123.9	125.9	2.0	2.3	10.7
Queenstown	123.2	133.9	10.7	10.3	13.7
Smithton	122.2	131.4	9.2	7.8	11.6
Sorell	117.9	123.5	5.6	-0.1	7.0
Ulverstone	119.1	124.5	5.4	0.9	8.5
Wynyard	120.7	126.2	5.5	2.6	8.4
<b>Victoria</b>					
Ararat	103.8	118.7	14.9	-4.9	-1.6
Bairnsdale	101.7	118.6	16.9	-5.0	-4.5
Ballarat	101.2	119.9	18.7	-3.7	-3.3
Benalla	118.2	121.1	2.9	-2.5	5.6
Bendigo	100.6	120.3	19.7	-3.3	-0.7
Cobram	111.9	123.6	11.7	0.0	2.0
Colac	117.2	120.1	2.9	-3.5	4.3
Corryong	121.2	130.0	8.8	6.4	9.6
Echuca	117.9	119.0	1.1	-4.6	1.9
Euroa	118.8	119.9	1.1	-3.7	4.3
Geelong	110.4	124.9	14.5	1.3	-1.7
Hamilton	114.7	120.0	5.3	-3.6	6.2
Horsham	116.4	123.2	6.8	-0.4	6.7
Koo Wee Rup	114.1	124.0	9.9	0.4	0.0

Location	March 2016	June 2016	Change Mar to Jun	Differential Jun-16	Differential 2015-16
Kyabram	115.0	118.6	3.6	-5.0	2.4
Lakes Entrance	114.0	120.6	6.6	-3.0	3.9
Leongatha	116.9	125.5	8.6	1.9	4.1
Mansfield	117.2	127.9	10.7	4.3	6.7
Mildura	104.6	121.7	17.1	-1.9	2.7
Moe	119.0	119.6	0.6	-4.0	0.9
Morwell	115.7	115.6	-0.1	-8.0	3.1
Portland	117.6	120.6	3.0	-3.0	3.5
Sale	115.2	119.9	4.7	-3.7	5.2
Seymour	111.9	126.9	15.0	3.3	0.7
Shepparton	106.6	119.6	13.0	-4.0	-0.5
Swan Hill	118.1	120.9	2.8	-2.7	5.7
Traralgon	119.4	120.6	1.2	-3.0	2.7
Wallan	110.6	125.3	14.7	1.7	-1.5
Wangaratta	106.2	119.1	12.9	-4.5	-2.4
Warrnambool	114.2	119.9	5.7	-3.7	1.0
Wonthaggi	116.8	124.1	7.3	0.5	3.7
Wodonga	102.1	120.2	18.1	-3.4	-1.9
Yarrawonga	104.7	119.8	15.1	-3.8	0.9
<b>Western Australia</b>					
Albany	112.8	120.3	7.5	-3.3	4.0
Bridgetown	120.5	128.4	7.9	4.8	9.4
Broome	134.0	138.6	4.6	15.0	20.9
Bunbury	114.0	120.0	6.0	-3.6	5.5
Busselton	117.0	120.5	3.5	-3.1	5.2
Carnarvon	138.4	141.3	2.9	17.7	23.1
Collie	110.9	121.6	10.7	-2.0	6.0
Dongara	121.5	132.0	10.5	8.4	14.8
Esperance	125.1	130.9	5.8	7.3	11.0
Eucla	141.4	147.0	5.6	23.4	29.7
Geraldton	119.3	129.3	10.0	5.7	10.6
Kalgoorlie	123.9	125.6	1.7	2.0	9.6
Karratha	141.9	142.9	1.0	19.3	23.5
Manjimup	108.8	120.5	11.7	-3.1	1.9
Mount Barker	114.9	120.9	6.0	-2.7	1.6
Port Hedland	136.7	135.9	-0.8	12.3	20.8