

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 2012

15 – 17 February 2012

Question: **AET 1247**

Topic: **Gross Indicative Retail Differences**

Hansard Page: **15 Feb 2012, pg 130-131**

Senator RYAN asked:

Senator RYAN: Mr Pearson, we could ignore them. Where is the table you tabled earlier from? Is that internal?

Mr Pearson: That is a table that we produced. I got it today from our petrol staff. Before we begin, I would like to apologise to Senator Bishop, the committee members and Senator Arbib. My only excuse is that I have nine brothers and sisters and spent six years at boarding school.

Senator Arbib: No need to apologise in the Senate.

Mr Pearson: I did want to put that on the record. I apologise to the committee.

CHAIR: Thank you, Mr Pearson. Your sentiment is appreciated.

Mr Pearson: We produce these tables on a regular basis.

Senator RYAN: Is this part of a briefing note or something? It just says 'table 2'. It is obviously part of a large document.

Mr Pearson: Yes, it was part of a brief, and I did not bring the whole brief. I can get the whole briefing note for you. It is not confidential.

Senator RYAN: If you could take that on notice that would be handy.

Mr Pearson: Yes, I can take that on notice and get it to you, because it will need a little bit of description for you to appreciate it.

Senator RYAN: I appreciate that.

Answer:

The ACCC monitors fuel prices on an ongoing basis. Regular reports are prepared for Commissioners and senior staff.

The report referred to by Mr Pearson on 15 February 2012 was on gross indicative retail differences for regular unleaded petrol in the eight capital cities to 31 January 2012. A copy of the report is attached.

Note that gross indicative retail differences are calculated by deducting average retail prices from average terminal gate prices (TGP).

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Petrol gross indicative retail differences – January 2012

This report provides an update of gross indicative retail differences (i.e. average retail prices less average terminal gate prices) for regular unleaded petrol (RULP) in the eight capital cities to 31 January 2012.

Key points

Five largest cities

- The monthly average difference in January 2012 decreased by 1.9 cpl to 7.0 cpl.
- The average difference in 2011-12 YTD was 7.9 cpl, compared with 7.6 cpl in 2010-11.

By city

- Of the five largest cities, Brisbane had the highest average difference in 2011-12 YTD of 10.7 cpl, followed by Perth (7.7 cpl), Melbourne (7.1 cpl), Adelaide (7.0 cpl) and Sydney (6.9 cpl).
- Monthly average differences for January 2012 were:
 - Down in Canberra (by 4.5 cpl to 10.9 cpl),
 - Hobart (by 4.0 cpl to 11.9 cpl),
 - Darwin (by 2.6 cpl to 15.3 cpl),
 - Sydney (by 2.2 cpl to 5.8 cpl),
 - Adelaide (by 2.3 cpl to 5.9 cpl),
 - Perth (by 1.8 cpl to 6.8 cpl),
 - Melbourne (by 1.7 cpl to 5.7 cpl) and
 - Brisbane (by 1.4 cpl to 10.6 cpl).

Further details are at [Attachment 1A](#) and the methodology used is outlined in [Attachment 1B](#).

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Attachment 1A

Table 1: Gross indicative retail differences–RULP: Sydney, Melbourne and Brisbane

	Sydney			Melbourne			Brisbane		
Financial Year Average	Retail	TGP	Diff	Retail	TGP	Diff	Retail	TGP	Diff
2006-07	123.3	118.5	4.8	123.5	117.5	6.0	115.9	109.8	6.1
2007-08	136.3	131.3	5.0	136.3	130.7	5.6	128.4	122.0	6.4
2008-09	128.2	122.1	6.1	129.9	121.8	8.1	122.5	112.8	9.7
2009-10	123.4	117.0	6.4	125.3	116.7	8.6	126.3	116.9	9.4
2010-11	131.7	124.1	7.6	131.6	123.6	8.0	133.7	123.8	9.9
2011-12 YTD	140.4	133.5	6.9	140.0	132.9	7.1	143.8	133.1	10.7
Monthly Average									
Feb-11	135.9	127.1	8.8	135.0	126.5	8.5	138.4	126.5	11.9
Mar-11	142.3	134.6	7.7	142.0	134.1	7.9	145.2	134.1	11.1
Apr-11	144.3	136.4	7.9	142.7	135.7	7.0	144.4	136.0	8.4
May-11	144.2	134.7	9.5	143.2	134.1	9.1	145.7	134.4	11.3
Jun-11	136.8	131.1	5.7	138.5	130.5	8.0	140.2	130.7	9.5
Jul-11	139.3	132.2	7.1	139.3	131.6	7.7	141.2	131.9	9.3
Aug-11	139.3	132.8	6.5	138.9	132.3	6.6	141.7	132.5	9.2
Sep-11	142.0	136.2	5.8	142.2	135.6	6.6	145.0	135.9	9.1
Oct-11	143.4	137.3	6.1	143.1	136.7	6.4	148.2	137.0	11.2
Nov-11	139.9	130.8	9.1	139.2	130.2	9.0	143.7	130.2	13.5
Dec-11	138.5	130.5	8.0	137.4	130.0	7.4	141.9	129.9	12.0
Jan-12	140.5	134.7	5.8	139.8	134.1	5.7	144.7	134.1	10.6

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Table 2: Gross indicative retail differences–RULP: Adelaide, Perth and 5 city average

	Adelaide			Perth			Five largest cities		
Financial Year Average	Retail	TGP	Diff	Retail	TGP	Diff	Retail	TGP	Diff
2006-07	122.4	119.1	3.3	122.8	118.9	3.9	121.6	116.8	4.8
2007-08	135.6	131.4	4.2	135.8	131.6	4.2	134.5	129.4	5.1
2008-09	128.7	122.6	6.1	126.2	122.7	3.5	127.1	120.4	6.7
2009-10	123.6	117.4	6.2	122.3	118.2	4.1	124.2	117.2	7.1
2010-11	130.0	124.1	5.9	131.5	124.8	6.7	131.7	124.1	7.6
2011-12 YTD	140.4	133.4	7.0	141.4	133.7	7.7	141.2	133.3	7.9
Monthly Average									
Feb-11	134.1	126.7	7.4	134.8	127.4	7.4	135.7	126.9	8.8
Mar-11	137.2	134.3	2.9	142.1	135.0	7.1	141.7	134.4	7.3
Apr-11	140.8	136.2	4.6	143.9	136.9	7.0	143.2	136.2	7.0
May-11	144.0	134.6	9.4	143.5	135.4	8.1	144.1	134.6	9.5
Jun-11	138.5	131.0	7.5	138.9	131.8	7.1	138.6	131.0	7.6
Jul-11	139.7	132.1	7.6	139.9	132.7	7.2	139.9	132.1	7.8
Aug-11	137.5	132.8	4.7	139.9	133.2	6.7	139.4	132.7	6.7
Sep-11	142.5	136.2	6.3	143.6	136.5	7.1	143.0	136.1	6.9
Oct-11	144.2	137.3	6.9	145.6	137.6	8.0	144.9	137.2	7.7
Nov-11	140.1	130.5	9.6	140.5	131.0	9.5	140.7	130.5	10.2
Dec-11	138.5	130.3	8.2	139.1	130.5	8.6	139.1	130.2	8.9
Jan-12	140.4	134.5	5.9	141.4	134.6	6.8	141.4	134.4	7.0

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Table 3: Gross indicative retail differences–RULP: Canberra, Darwin and Hobart

	Canberra*			Darwin			Hobart		
Financial Year Average	Retail	TGP	Diff	Retail	TGP	Diff	Retail	TGP	Diff
2006-07	127.4	118.5	8.9	132.3	123.4	8.9	126.4	120.0	6.4
2007-08	138.8	131.3	7.5	144.6	135.7	8.9	139.7	133.5	6.2
2008-09	130.6	122.1	8.5	139.8	126.2	13.6	133.3	125.4	7.9
2009-10	127.6	117.0	10.6	132.0	122.8	9.2	129.7	120.8	8.9
2010-11	132.9	124.1	8.8	139.3	127.7	11.6	138.0	128.0	10.0
2011-12 YTD	145.0	133.5	11.5	151.5	137.0	14.5	148.2	137.4	10.8
Monthly Average									
Feb-11	136.0	127.1	8.9	141.4	130.4	11.0	140.7	131.0	9.7
Mar-11	142.7	134.6	8.1	147.2	138.0	9.2	146.4	138.5	7.9
Apr-11	146.4	136.4	10.0	152.0	139.9	12.1	149.1	140.4	8.7
May-11	143.3	134.7	8.6	153.9	138.0	15.9	149.1	138.5	10.6
Jun-11	138.9	131.1	7.8	151.8	134.5	17.3	145.8	135.1	10.7
Jul-11	139.4	132.2	7.2	150.5	135.8	14.7	145.2	136.3	8.9
Aug-11	142.1	132.8	9.3	149.7	136.5	13.2	145.8	136.8	9.0
Sep-11	144.1	136.2	7.9	150.4	139.9	10.5	146.8	140.3	6.5
Oct-11	148.6	137.3	11.3	152.8	140.9	11.9	148.5	141.3	7.2
Nov-11	149.4	130.8	18.6	152.1	134.1	18.0	150.3	134.4	15.9
Dec-11	145.9	130.5	15.4	151.8	133.9	17.9	150.2	134.3	15.9
Jan-12	145.6	134.7	10.9	153.5	138.2	15.3	150.5	138.6	11.9

* Sydney TGPs are used as a proxy for Canberra wholesale prices

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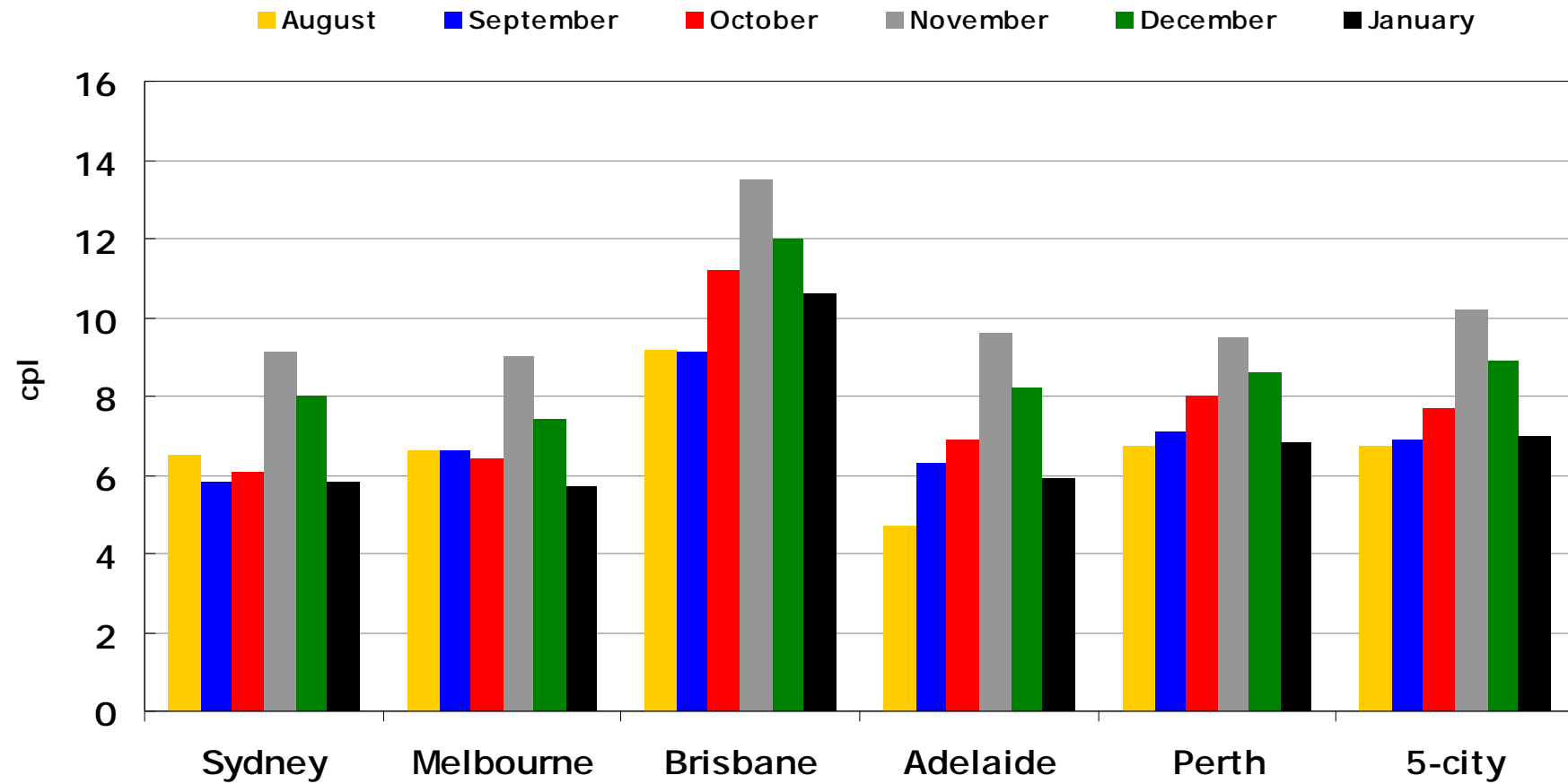
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Chart 1: Gross indicative retail differences (cpl)–RULP, five largest cities–last 6 months



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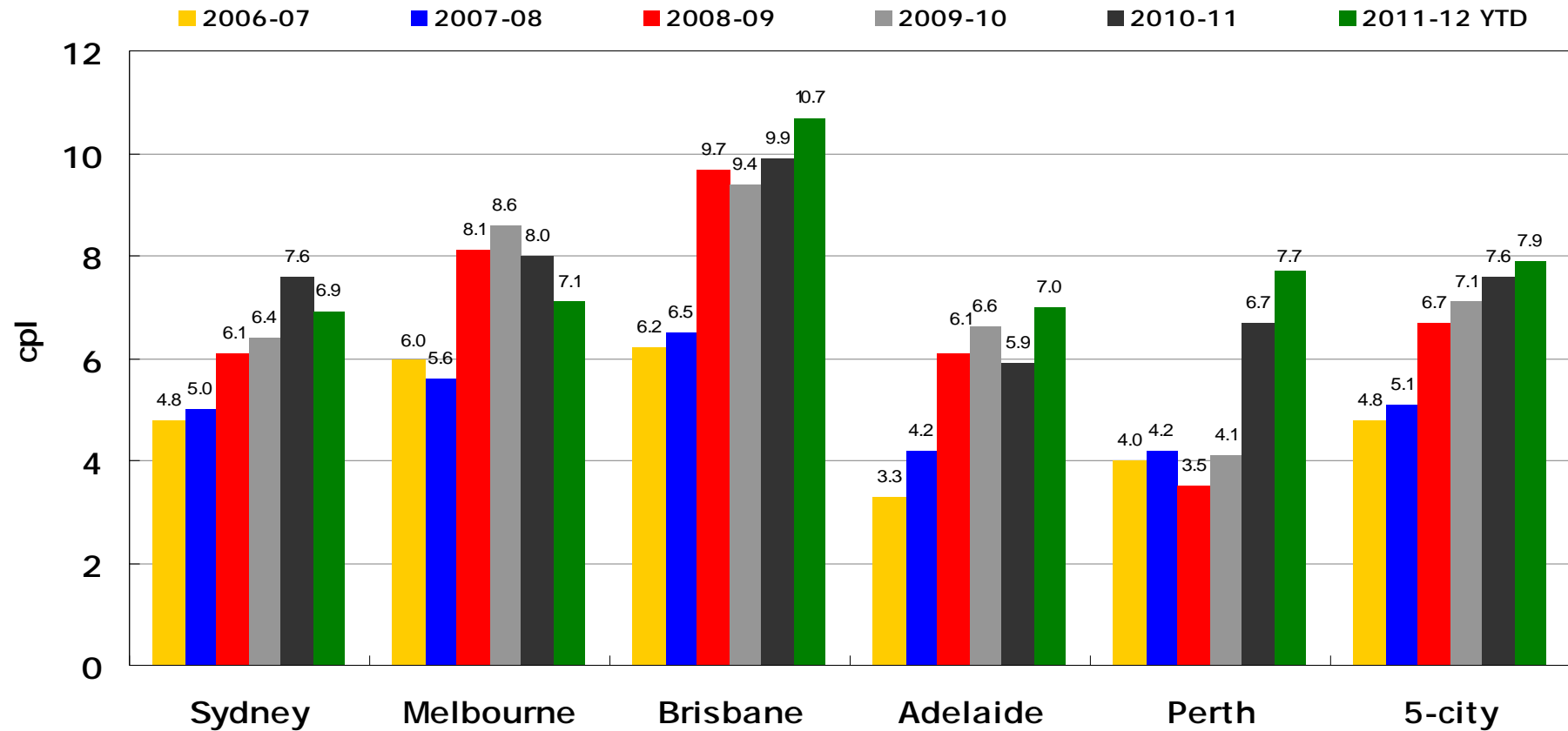
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Chart 2: Nominal gross indicative retail differences (cpl)–RULP, five largest cities, 2006-07 to 2011-12 YTD



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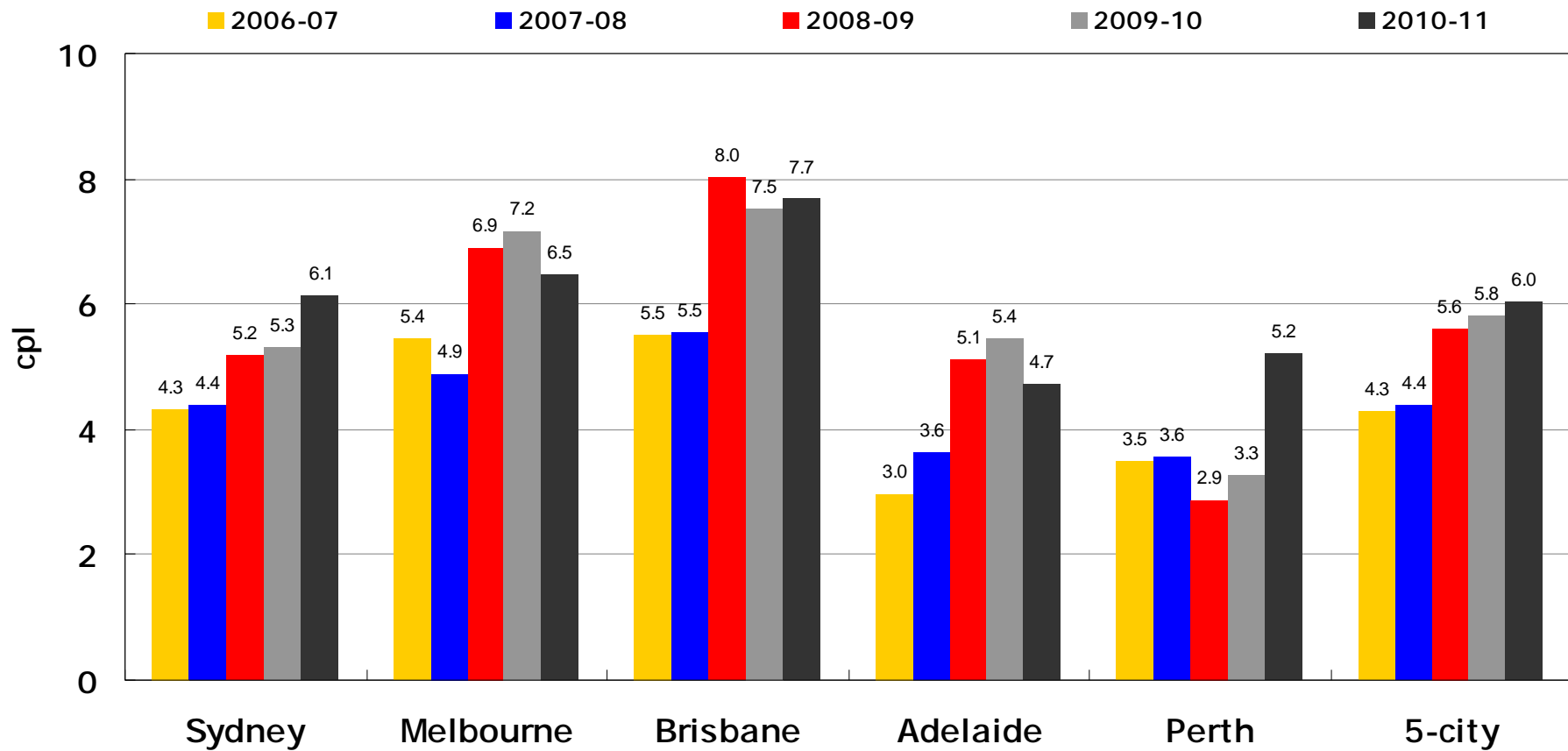
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Chart 3: Real gross indicative retail differences (cpl)–RULP, five largest cities, 2006-07 to 2010-11[^]



[^] To deflate the retail differences we use the five city average of the All Groups Consumer Price Index (CPI). The base year is 2002–03.

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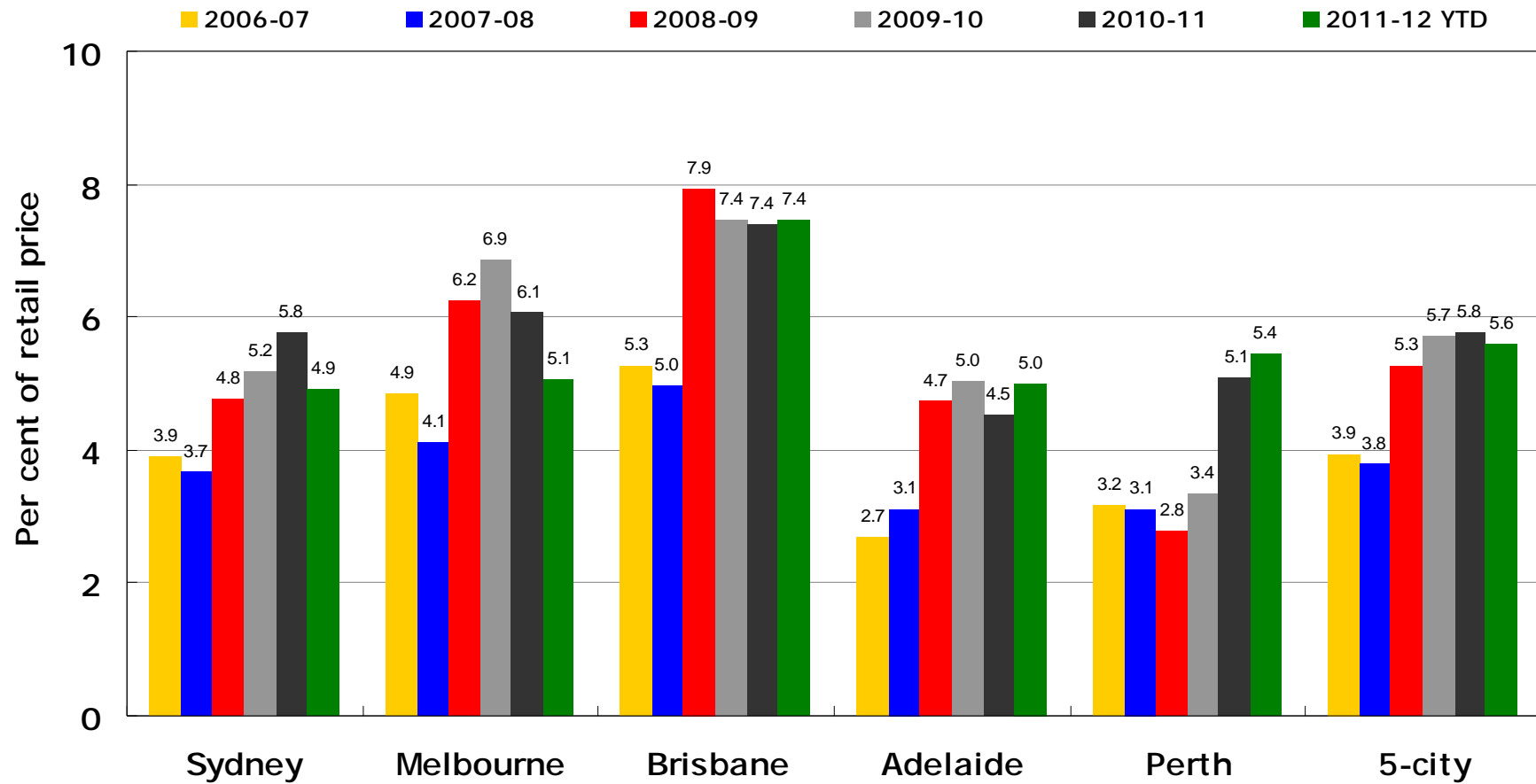
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Chart 4: Gross indicative retail differences (per cent of retail price)—RULP, five largest cities, 2006-07 to 2011-12 YTD



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Attachment 1B

Methodology

- Gross indicative retail differences in this paper are calculated by subtracting the period average terminal gate prices (TGP) from the period average retail prices.
- Retail prices are from Informed Sources and are collected for each day of the week.
- TGPs in Sydney, Melbourne, Brisbane, Adelaide and Perth are calculated from data provided by the four refiner-marketers plus data for Gull and (historically) Trafigura, for each day of the week.
- This is the same methodology that is used in the Petrol Monitoring Report.
- In Canberra the TGP for Sydney is used as there is no separate TGP available for Canberra.
- In Hobart and Darwin the TGP data is collected from the Australian Institute of Petroleum, which does not publish TGPs for weekends. Monday TGP prices have been carried backwards to Saturdays and Sundays. This methodology is used to best reflect the pricing policies of the companies.
- The Queensland state fuel subsidy of 8.35 cpl (around 9.2 cpl including GST) at the retail level was abolished on 1 July 2009. The TGPs in Brisbane prior to 1 July 2009 were reduced by 9.2 cpl to enable comparison of gross indicative retail differences on a consistent basis.