

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 3-5 June 2008

Question: bet 91

Topic: Petrol Price Rise

Hansard Page: E94-E95

Senator Coonan asked:

Senator COONAN—I have a couple of further questions on the point that I was on before the break, and then I want to go on to a couple of other issues. Given the nature of the weekly price cycle, how often would a 10c jump in the price of petrol occur in the same day? Wouldn't it only be likely to occur on the most expensive day of the week, which we know to be Thursday?

Mr French—I do not think we can answer that.

Mr Murphy—If we can go back and look at the papers we will provide you with a written answer on that. But we cannot answer that.

Senator COONAN—You cannot answer that now?

Mr Murphy—No, not tonight.

Senator COONAN—I am interested to know whether or not the situation has changed. If you would not mind taking—

Mr Murphy—Are you referring to some—

Senator COONAN—The earlier report—the report that I was on before.

Mr Murphy—The 2001 report?

Senator COONAN—Yes.

Mr Murphy—Certainly.

Answer:

The 2007 *Report of the ACCC inquiry into the price of unleaded petrol* examined petrol price cycles in some detail. It noted that regular price cycles predominantly occur in the five major metropolitan cities. The shape of price cycles is asymmetric — that is, prices increase rapidly over a short period and then steadily decrease. Generally these cycles are weekly in nature (Perth is an exception) with peaks commonly on Thursday and troughs commonly on Tuesday in recent years.

Data for the first half of 2007 on price cycles in the five major metropolitan cities indicates that the most common day for prices to peak was Thursday in all five cities. It also indicates that in four out of the five cities the most common amplitude (that is, the increase in price from trough to peak) was between nine to ten cents per litre.

However, peaks and troughs do not always occur on these days.

Furthermore, the days on which prices peak and trough in various cities have changed over time. For example, a comparison of the most common day on which prices peaked in the first half of 2001 (in the ACCC's 2001 report on *Reducing Fuel Price*

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Variability) with similar data for the first half of 2007 (in the 2007 *Report of the ACCC inquiry into the price of unleaded petrol*) indicates that only one of the five major metropolitan cities had the same day in both time periods.