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## **A FUELS GAME:**

### **2p FUEL DUTY INCREASE WILL COST DRIVERS £1 BILLION<sup>[1]</sup> EXTRA IN THE NEXT YEAR**

- **Next week's 2p fuel duty increase will force UK drivers to spend over £36 million<sup>[1]</sup> more on petrol in the next month alone, totalling £1 billion by September 2011**
- **This small tweak will cost every motorist around £29<sup>[1]</sup> more in the next year, an extra £1.16<sup>[1]</sup> for every tank of petrol**
- **In just six months petrol prices have already increased from just 90.6p<sup>[2]</sup> to today's average of 104.7p<sup>[1]</sup> – a rise of 15.6%<sup>[1]</sup>**
- **Motorists face a double blow as reports suggest petrol prices may soar by up to 3p a litre this summer due to the rising prices of oil and wholesale costs of fuel – resulting in a 5p price hike per litre in total<sup>[2]</sup>**
- **One in three (33%)<sup>[3]</sup> potential car buyers are planning to downsize from their current vehicle, with over a third (36%)<sup>[3]</sup> citing fuel efficiency as the most important consideration when buying a new vehicle**

As petrol prices spike at a six month high of 104.7p per litre<sup>[1]</sup>, Brits face the prospect of another 2p per litre rise in fuel duty on 1 September. New analysis from uSwitch.com, the independent price comparison and switching service, reveals that consumers will be forced to shell out an extra £29<sup>[1]</sup> per year as a result of the impending price hike – equating to an additional £1.16<sup>[1]</sup> for every tank of petrol they buy. In total, this will cost UK drivers over £36 million<sup>[1]</sup> in the next month alone as the cost of filling the average tank hits over £62<sup>[1]</sup>. This is a 26% (£12.99)<sup>[1]</sup> increase since 2007, when a full tank cost a more modest £49.22 (87.9p per litre)<sup>[1]</sup>.

Adding insult to injury for motorists, industry experts suggest that petrol prices are in fact set to soar by up to 3p a litre at the height of the holiday season this month, due to the rising prices of oil and an 8% rise in the wholesale cost of fuel<sup>[2]</sup>. Coupled with the double whammy of the 2p fuel duty increase, consumers could be subject to a 5p a litre rise in total<sup>[2]</sup>. Further

knocks to drivers include government plans to end the temporary cut in VAT on January 1, 2010 – just months after the fuel duty increase comes into force.

However, the research suggests that British motorists are not simply prepared to sit back and watch their petrol bills rocket! One in three drivers (33%)<sup>[3]</sup> are now planning to ditch their larger gas guzzlers and in favour of a smaller, more fuel efficient vehicle, with over a third (36%)<sup>[3]</sup> citing fuel efficiency as the most important consideration when buying a new vehicle.

<sup>[1]</sup>**Table one: average cost of petrol with a 2p fuel duty increase**

Petrol cars	Tank of Petrol	£ cost over a year
Ford Fiesta	£47.96	£1,274.78
Ford Focus	£58.13	£1,442.44
BMW 3 Series	£64.02	£1,482.91
Mercedes C Class	£78.96	£1,875.17
Honda CR-v	£62.01	£1,665.62
<b>Average</b>	<b>£62.21</b>	<b>£1,548.18</b>
Diesel	Tank of Diesel	£ cost over a year
Ford Fiesta 1.6 TDCi Zetec Climate 3dr	£48.18	£ 909.70
Ford Focus 1.8 TDCi Style 5dr	£56.46	£ 1,077.54
BMW 3 series 335d SE 4dr	£64.24	£ 1,383.95
Mercedes-Benz C-Class Saloon C320 CDI	£79.33	£ 1,509.11
Honda CR-V 4x4 2.2 i-CTDi EX(Advanced	£62.30	£ 1,342.59
<b>Average</b>	<b>£62.10</b>	<b>£1,244.58</b>

*Source: Analysis by uSwitch.com, petrol prices from www.petrolprices.com correct as at 21/9/09*

**Mark Monteiro, insurance expert uSwitch.com comments:** “As Chancellor Alistair Darling comes under increasing pressure to scrap next week’s fuel duty increase, the outlook for drivers remains bleak. With petrol prices rocketing 15.6% in just six months adding recessionary insult to injury, it is unsurprising that consumers are finding themselves financially squeezed. It was bad enough last year when petrol prices spiked at an all time high, but in the current climate, drivers are by no means in any position to absorb these spiralling costs.

“It is not surprising that, for drivers looking to buy a new or second-hand vehicle, size increasingly matters. Flash Harry’s are becoming well and truly flushed, with more and more motorists prioritising fuel efficiency over ‘forecourt flashiness’ by downsizing their cars to preempt the increasing expense of filling up the tank. Getting from A to B is more about MPG than ever before, and, with further petrol price increases in the offing, drivers are right to think about the total running costs of a vehicle before making a final decision on the forecourt.”

### **Top Tips for fuel efficiency**

- **Use your gears wisely** - driving in the highest gear possible without labouring the engine is a fuel-efficient way of driving. A vehicle travelling at 37mph in third gear uses 25% more fuel than at the same speed in fifth gear
- **Drive smoothly** - think ahead! By applying light throttle and avoiding heavy braking, you can reduce both fuel consumption and wear and tear. Try to predict traffic at junctions and when queuing avoid accelerating and then braking. Research suggests driving techniques can influence car fuel efficiency by as much as 30%.
- **Lighten your load** - think carefully about what you need on a journey. If you do not need something, do not pack it. Remove roof racks if not needed. The lighter the load, the lower the fuel consumption and emissions - and the higher the fuel efficiency.
- **Check your tyre pressure** - it is estimated that about 50% of tyres on the road are under inflated. Aside from increasing the rate of wear, this wastes fuel and decreases your fuel efficiency
- **Leave the car at home** - probably the best way to decrease the amount of petrol you burn, is to leave the car at home, and take a bike, bus, train, or to walk. A quarter of all car journeys in Britain are less than two miles long, and walking or cycling are cheap, clean alternatives, and healthy too!
- **Invest in a new fuel efficient car** - new cars come in all shapes and sizes, and it's possible to pick a new car that can greatly reduce your fuel bill, and your fuel emissions.

**ENDS**

**For more information visit [www.uSwitch.com](http://www.uSwitch.com) or call 0800 093 06 07**

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#### **Note to editors**

1. uSwitch.com analysis based on prices from petrolprices.com

**Table two: All fuel price (£) calculations based on the bestselling car in each of the following classes – source SMMT.**

	<b>Type</b>	<b>model</b>	<b>fuel</b>	<b>Mpg</b>	<b>tank size/litre</b>
Supermini	Ford Fiesta	1.4 duratec	petrol	45.6	45
Small Family	Ford Focus	1.6 duratec (100ps) 2008	petrol	37.2	55
Family	BMW 3 series	335i saloon A6	petrol	30.7	60
4x4	Honda CRV	EX 2.0	petrol	34.9	58
Executive	Mercedes C Class	CLS 63 AMG 6.2	petrol	19.5	62

- See Table One – for cost of a tank and cost over a year from 1988 – 2009. Figures are calculated as follows, for example Ford Fiesta 1.4:

**To calculate the cost of a tank of petrol:**

- The Ford Fiesta has a tank size of 45 litres
- 45 litres x cost per litre = cost of a full tank of petrol. For example, in 1988 petrol prices stood at 34.7p per litre.  $34.7 \times 45 = \text{£}15.62$ .

**To calculate the annual cost of petrol based on average mileage of 12,000 miles:**

- Ford Fiesta uses 45.6 miles per gallon (MPG) – see table two
- To calculate the annual cost of petrol for this car we must use miles per litre as oppose to miles per gallon (MPG) as petrol is priced by the litre not the gallon. The following calculation was carried out:
  - There are 4.54 litres in a gallon
  - Ford Fiesta uses 45.6 MPG divided by 4.54 = 10.044052 miles per litre
  - The average driver clocks up 12,000 miles per year. 12,000 divided by 10.044052 = 1194.7369 - number of litres used in one year
  - $1194.7369 \times 34.7\text{p}$  (cost per litre in 1988) =  $\text{£}414.57$

The average net salary in the UK in 2007 was  $\text{£}18,083$  (source ONS).

- The predicted net and gross salary has been calculated by applying 3% inflation each year to the 2007 ONS figures. E.G: With a rate of inflation of 3% each year it is expected this salary will rise to  $\text{£}19,167.98$  by 2009. 6% increase to 2009 =  **$\text{£}19,167.98$**  ( $0.06 \times \text{£}18,083 = \text{£}1,084.98$ )  $\text{£}1,084.98 + \text{£}18,083 = \text{£}19,167.98$ )
- The annual petrol bill in 2009 is expected to be  $\text{£}2,636$ .
- $\text{£}2,636$  is 14% of  $\text{£}19,167.98$

2. AA report, August 2009
3. Research conducted by Survey Monkey on behalf of uSwitch.com amongst a total sample size of 570 UK motorists. The fieldwork was undertaken between 14<sup>th</sup> and 17<sup>th</sup> April 2009. The survey was carried out online.

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