

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

MINISTER FOR CONSUMER AND EMPLOYMENT PROTECTION, ACTION ON FUEL PRICES

Matter of Public Interest

THE SPEAKER (Mr F. Riebeling): Today I received a letter from the Deputy Leader of the Opposition seeking to debate as a matter of public interest the following motion -

That this House demands that the Premier stand aside the Minister for Consumer and Employment Protection for failing to take effective action to honour Labor's election promise to reduce fuel prices.

If sufficient members agree to this motion, I will allow it.

[At least five members rose in their places.]

The SPEAKER: The matter shall proceed on the usual basis.

MR D.F. BARRON-SULLIVAN (Mitchell - Deputy Leader of the Opposition) [2.35 pm]: I move the motion.

The Government made a number of promises when in opposition in relation to fuel and liquefied petroleum gas prices, and in particular to the country people of Western Australia.

Point of Order

Mr R.F. JOHNSON: I am having great difficulty hearing the Deputy Leader of the Opposition. There are many conversations going on. I draw your attention to that, Mr Speaker, because we should be able to hear the member.

The **SPEAKER**: It is not a point of order; however, it is true. The level of conversation in this place often reaches such a level that we cannot hear the speaker. The Deputy Leader of the Opposition is the primary speaker on this matter.

Debate Resumed

Mr D.F. **BARRON-SULLIVAN**: When in opposition, the Labor Party promised greater competition in the fuel industry. It promised to bring down fuel prices. I will read from a newspaper article of 25 January which quoted the current Premier. The member for Albany will like this quote. It states -

Dr Gallop said a Labor government would reintroduce price controls for retail petrol, diesel and LPG products in regional WA and stimulate competition to bring fuel costs down.

The **SPEAKER**: It is not appropriate that the member for Perth view that document at the Table while the House is sitting. If he wishes to view the document, he can take it outside the Chamber and then bring it back. However, he is not supposed to sit at the Table during debate.

Mr J.N. Hyde: I apologise. I was advised that I had to look at the document here. I accept your advice, Mr Speaker.

Mr D.F. **BARRON-SULLIVAN**: I continue with my quote from the newspaper article. The Premier was quoted as saying -

The increased competition would produce significant cuts in petrol prices.

I will say that again in case the backbench did not hear: the increased competition would produce significant cuts in petrol prices. The Labor Party also promised to close the gap between country and Perth prices for petrol. All this was going to be achieved through a mechanism called the maximum wholesale price. That was a recommendation of a select committee of inquiry of this Parliament. It was supported on a bipartisan basis by every member of that committee. The Labor Party embraced that recommendation. The Government of the day, the coalition Government, supported it. The Liberal and National Parties to this day still support it. The Motor Trades Association and small retailers support it. The Independents support it. However, the Government has not got it to work. Despite bringing in the system in April 2001, to this day not one litre of petrol has been sold in accordance with the maximum wholesale price. Members should not take my word for it. None other than the Chairman of the Australian Competition and Consumer Commission, Professor Allan Fels, has reinforced exactly that point in a letter dated 9 August, in which he concluded that no fuel is being sold in this State in accordance with the maximum wholesale price arrangements.

Today one of the major independent fuel companies in Australia and in Western Australia, Liberty Oil Pty Ltd, has confirmed exactly the same point on the public record and has described what an absolute mess the fuel pricing arrangements are in Western Australia as a result of the gross mismanagement of the Minister for

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

Consumer and Employment Protection. Other oil company representatives, from major oil companies and independents alike, have met with me, and they have said precisely the same thing.

The problem, of course, has been compounded by the monopoly that BP Australia Ltd has been handed on a plate as a result of inaction by this Government. It is appropriate that I outline for members a bit of history. Under the previous coalition Government, new fuel specifications were introduced in this State. Under those specifications, Western Australians got fuel that was among the cleanest in the world - cleaner than that in California. Western Australia has no methyl tertiary butyl ether in its fuel; California does. I challenge the minister to name one country in Europe that has cleaner fuel than we have. At the time, the Government arranged this in such a way that the premium for introducing that clean fuel specification was one-third of a cent a litre. Again, members need not take my word for it. I have with me written notes from the industry task force that was established to assist the Government with those guidelines, and none other than BP's representative confirmed -

The reality was that it -

That is the new clean specification petrol -

is available elsewhere in the region and the premium actually amounted to about one-third of a cent per litre.

BP confirmed that we would pay about one-third of a cent a litre for the clean fuels. Importantly, that would enable the independent operators in this State to continue to be competitive and to continue to deliver the goods at the right price for WA motorists. I believe most people will agree that a one-third of a cent a litre premium for the cleanest fuel in the world is not a bad deal.

The Australian Competition and Consumer Commission has confirmed that BP is using its monopoly to prevent the independents from applying their competitive abilities in this State. We found out today that, under Labor, BP has profited from that monopoly, and Western Australian motorists are now being charged around 2c a litre over the odds because of the clean fuel specifications in this State. That is not the fault of the clean fuel specifications. Presumably, the cost to BP to produce fuel to meet those specifications is about one-third of a cent a litre. Undoubtedly, the minister will defend BP today because he does not have the guts to take on BP and get it back to the sort of figure that I have quoted from these minutes from BP - a figure that I add is widely understood in the industry to be the case. However, if the minister wants to defend BP's position later on, that is his prerogative. I would be delighted to hear the Premier defend the same company that he accused his predecessor of virtually being in bed with. The simple fact is that this Government does not have the guts to break that monopoly to assist the independent operators in this State.

The key point is that that 2c a litre is not chickenfeed. It amounts to about \$32 million a year extra that WA motorists must pay for their fuel as a result of this Government's inaction. Imagine if this Government introduced a new tax of \$32 million. Those are not my figures; they are from the industry. If the minister thinks they are incorrect, he should say so, because I will run them past the industry and we will compare the credibility ratings in this matter. The bottom line is that the Government is, in effect, writing a cheque for \$32 million that will go from WA motorists into the pockets of BP.

Mr J.J.M. Bowler interjected.

Mr D.F. BARRON-SULLIVAN: The member for Eyre might be happy. His constituents are paying a very high premium for fuel. Does the member know what we heard today? We heard today from one of the major independent corporations in this country that if the member's Government could get the maximum wholesale price to work, there would be a reduction in the price of fuel in country WA of around 5c a litre, on average - probably a damned sight more in the member for Eyre's electorate. I suggest that the member should get behind this motion and support the independent operators and competition in this industry.

Under the current minister, there has been an absolute failure to attempt to get the maximum wholesale price to work. We know now that the so-called 50-50 regulations that the Government introduced and that the Premier said would result in significant cuts in petrol prices have not been effective. Not one retailer has been able to obtain fuel under the Government's 50-50 laws. There is now less competition. Independent operators have gone broke in their droves. I was at a former independent fuel station site the other day, and do members know whom the former operators of that site blame for the fact that their business has gone broke? They blame the minister. They know what is happening in this industry and who has let them down. All the minister's squealing in this Chamber will not prevent them from forming that perception.

Mr M.P. Whitely: What did you do?

Mr D.F. BARRON-SULLIVAN: The member should ask his Premier about the \$20 million promise to subsidise liquefied petroleum gas prices. By interjection, will the Premier tell me when he will introduce his

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

\$20 million subsidy on LPG conversions? It is another broken promise by this Government, and we found out today that we are not paying lower fuel prices; we are paying higher fuel prices - \$32 million a year higher. It is time this Government got tough on BP and broke the monopoly. I know that the minister and the Premier will defend BP later on. This Government inherited from the previous Government the toughest petrol pricing laws in Australia. It just has not made them work. I say to the minister and the Premier that all we want is a level playing field for the independents in this State.

Dr G.I. Gallop: You represent them, do you?

Mr D.F. **BARRON-SULLIVAN**: We represent Western Australian motorists, and we know that it is in their interests to get competition back into the industry. The former Government introduced the most powerful legislation in the nation, and this Government has not been able to make it work. We could have the best of both worlds; we could have cheaper fuel and the cleanest fuel in the world. The differential should be brought down to a third of a cent a litre, and the independents should be allowed to compete again. People will still have MTBE-free fuel in their vehicles, there will be no need to change the fuel specifications, and the price of fuel will drop by almost 2c a litre.

Time and again in this Chamber the minister has given us excuses for what he is doing, but nobody believes him - not the country motorists, not the retailers, not the independents, not the Motor Trade Association of Western Australia, not the Liberal or National Parties it goes without saying, and now not even the Chairman of the ACCC. The minister is like a catherine-wheel that sits on a fence, is lit, fizzles around for a while, makes a bit of noise - as he does in this Chamber - burns out and sits there, utterly useless. It is time the Premier replaced this man and put someone in the job who can sort out the fuel pricing system in this State. The Premier has a weak and ineffective minister. He has been in office for about a year and a half. The fuel pricing system has been in place since April, and the ACCC has confirmed that it is not working. Country motorists are paying \$2 million extra for their fuel while the Government fritters around on the issue, and WA motorists are now paying \$32 million through the nose.

The Premier personally made commitments to the people of Western Australia. He went around the State telling people what he would deliver for them on fuel prices. The minister has not delivered. He has now backed down on the way in which he said he would reduce country fuel prices. He has come up with no other solutions. I believe the Premier has no option but to sack the minister.

MR J.P.D. EDWARDS (Greenough) [2.48 pm]: I add my support to this matter of public interest.

Dr G.I. Gallop: That was a pretty pathetic performance from your deputy leader, member for Greenough. We want a bit of content. I hope we get content from you - an argument that we can respond to. We have not heard one yet.

Mr J.P.D. EDWARDS: The Premier will get some content. The price today in Geraldton - the Premier's birthplace - is 102.6c a litre; in the Premier's electorate it is 91.9c a litre; and in the minister's electorate it is 86.9c a litre. I remind the Premier of a statement he made that was reported in *The West Australian* on Thursday, 25 January 2001. The people in Geraldton and surrounding regions are still waiting on this. The article reads -

Country motorists would be the big winners from a petrol price promise by Opposition Leader Geoff Gallop . . .

Dr Gallop and a Labor government would reintroduce price controls for retail petrol, diesel and LPG products in regional WA and stimulate competition to bring fuel costs down.

He went on to say -

. . . the Petroleum Retailer Rights and Liabilities Act should be amended to give petrol retailers the right to buy up to half their petrol from a supplier of their choice.

The increased competition would produce significant cuts in petrol prices.

He said putting a ceiling on petrol prices would reduce the margin between metropolitan and regional costs.

“There is no rational reason why there should be such a gap,” Dr Gallop said. “It is a major problem and regional motorists should be getting a fair go. We want to make sure country people are protected by strong government action and we’re convinced we can make a real difference.

I am sorry, but I have to throw that back in the Premier's face. The people of Geraldton and surrounding districts have seen no significant decrease in fuel prices.

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

Mr J.C. Kobelke: It has decreased and I will give you the figures.

Mr J.P.D. EDWARDS: I am sorry, but I must tell the Minister for Consumer and Employment Protection that that is not the way those people see it.

Mr J.C. Kobelke: I accept that is the way they may perceive it but that is the reality.

Mr J.P.D. EDWARDS: They were paying over \$1 a litre when the Labor Party came into power, and the price is still over \$1 a litre, but when they travel down to the metropolitan area, it is under \$1 a litre.

The Select Committee on Petroleum Products Pricing in Western Australia recommended the establishment of a maximum wholesale price, and the minister criticised -

Several government members interjected.

The **SPEAKER**: Order! The interjections reached the stage where the member for Greenough had to cease his address. It is always difficult, when a member's speech is flowing, to have to break it.

Mr J.P.D. EDWARDS: The Minister for Consumer and Employment Protection criticised the recommendations contained in the select committee's report. However, at the time, the then Leader of the Opposition said that Labor embraced the report and supported its recommendations. That is sending mixed messages. I suggest that the minister is in a state of denial. He has been minister for some 19 months. The minister can make the decision to stop the monopoly that BP enjoys now. However, he has failed to take on BP and enforce the maximum wholesale price provisions. I think the minister has even conceded that BP has a monopoly. The Opposition supports the clean fuel specifications that the former Minister for the Environment put in place. The member for Mitchell has already said that BP said it would cost 0.3c a litre to provide super clean petrol with no methyl tertiary butyl ethers. However, BP has blown this out to 2c a litre, with further increases likely. The minister stood by and allowed BP to retain its monopoly, which has forced many of those smaller independent retailers out of business; there are plenty of them. Retailers are looking for nothing more than a level playing field, whether it be with BP, Caltex, Gull, Liberty, Mobil, Shell or the small independents. The independents in my region are struggling. They need support, and a retail price cap is not the way to go. All that will do is drive them out of business.

MR M.G. HOUSE (Stirling) [2.53 pm]: Fuel is a fundamental issue for country people. It is the vehicle by which we transport our product to and from the places in which we live. On the meter of what is important to us, it rates in the top three or four. The price of fuel affects everybody who lives in the country, particularly small business, the people who work for small business and the little people who need fuel to get to hospitals and doctors and to access the fundamental services that city people take for granted. The issue for country people is the difference in the price of fuel paid by city and country people. That is the problem and the issue that members of Parliament ought to be working to try to fix.

Prior to the last election, the current Government promised that it would lower fuel costs by capping the price. As a consequence of that promise, it brought to this Parliament legislation that was based on some of the recommendations of the Select Committee on Petroleum Products Pricing in Western Australia, which was an all-party select committee that reported prior to the last election. Most members in the Parliament supported that legislation. Although we had a few reservations about it, we thought it was worth a try.

Before I continue in that vein, I will go back to 1993 when the then Government deregulated the price of fuel. It was deregulated because our view at the time was that a free flowing, free enterprise system would deliver a better price for the whole of Western Australia. In the finish that was not the case for country people. Once again, I come back to the point that this Government campaigned against the coalition on the basis that it would fix that problem. I admit that, to some extent, the coalition Government had created the problem by deregulating and not thinking about what would happen after that. I accept that responsibility. However, the legislation that the Government brought in was deficient in a number of areas, particularly in that it did not implement a terminal gate price, which was one of the major recommendations of that committee.

The terminal gate price is important because it would stop the fluctuation of prices in the city. It would stop city retailers being able to buy, deliver and sell fuel at a much cheaper price within a matter of hours of its purchase. That is not possible in the country because we cannot get that product from the terminal gate and deliver it to a small country town in the same time frame. The major companies are able to dramatically fluctuate the price of fuel in the city by 7c to 9c a litre. In the past two days there has been a fluctuation of 9c a litre at the Shell service station in Hay Street where I buy my fuel. That does not occur in the country. In my home town of Gnowangerup, last Friday I filled up with fuel for just over \$1 a litre. At the same time, it was 79c a litre in the city. There are two ways to stop that fluctuation. One is to implement a terminal gate price and to ensure that we put the whole State on a level playing field. In other words, the city retailers will not be able to cause the

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

price to fluctuate as they do now to the detriment of country people. If the large fuel companies offer a rebate to people in the city, we must ensure they are forced to offer that same rebate to those in the country. That will sting with a few people, and the big fuel companies will not like it. I can bet they will be on the phone as soon as this debate is finished to threaten all sorts of things. I know that because that is what they threatened us with when we were in government, including closing down the outlets at Kwinana.

We can no longer allow this price differentiation between city and country to occur. It is fixable if we set a terminal gate price and force the larger companies to allow the same discount across all of their outlets and stop the fluctuation of the price. All they are doing in Perth is playing a game with people from one end of the city to the other, which is not to the advantage of either city or country people. Unless we stop them doing that, we will continue to have this problem for years to come. The fundamental issue is that fuel is one of the key products used in the country; it sets the price of a lot of other products. It is beholden on members of Parliament to attempt to tackle this issue in a better way than we have. It would be fair if the minister responded to this debate by admitting he did not go far enough in the original legislation. It would be fair if we supported the introduction of new legislation to set a terminal gate price, and in addition made it beholden on companies to offer the same discount across all their outlets in Western Australia on any one day. In that way a different price could not be offered in the city from that offered anywhere in the country.

The Select Committee on Petroleum Products Pricing in Western Australia clearly indicated that the freight component of fuel was about 1c a litre. It is a little more in some places and a little less in others, but it is negligible. There are other issues in country areas that affect the price of fuel; for example, the service that is offered. In some cases people charge their fuel to a monthly account and they are prepared to pay a little more for it. Regulating the price of fuel at country outlets is not only unfair to individual retailers but also would be an impost on country people. I have some serious concerns about capping the price in rural Western Australia, because I think it will diminish the service, it will certainly reduce the number of outlets, and it will not create the competition or equality we need across the State. I am concerned about equality across the State.

Just to recap: we support a terminal gate price and we support legislation that forces fuel companies to offer the same discount on any one day at any of their outlets across the State.

DR G.I. GALLOP (Victoria Park - Premier) [3.00 pm]: I support my Minister for Consumer and Employment Protection. First, he has initiated action where there was inaction by the previous State Government; secondly, he has sorted out some of the problems that were in the system when we came to government; thirdly, he has taken some important new initiatives which are assisting consumers throughout Western Australia; and, fourthly, he is constantly monitoring the situation with a view to improving it.

I commence by going back to February 2001 when we came to government. During the build-up to the election we heard a lot of rhetoric from the other side about the select committee report. Upon taking over the machinery of government we found that absolutely no progress had been made within the department to deal with this issue, none of the important administrative and bureaucratic work that should have been undertaken to introduce changes for the 50-50 legislation had been done nor had anything been done about some of the issues that were raised in the select committee report; for example, the maximum wholesale price of fuel. The Minister for Consumer and Employment Protection inherited this total inaction. The minister is now actively working on behalf of the people of Western Australia.

Mr W.J. McNee: Tell us why the price is so high.

The **SPEAKER**: Member for Moore!

Dr G.I. GALLOP: I will move to the second issue. A major problem with FuelWatch was exposed following the failure of the previous Government to get this system in order. The loophole was that in the initial 24-hour rule legislation -

Mr W.J. McNee interjected.

The **SPEAKER**: Thank you, member for Moore.

Dr G.I. GALLOP: The initial 24-hour rule legislation introduced by the previous Government contained a loophole that allowed retailers to either nominate a price for the following day and not move to it or to go backwards and forwards between the two prices. This major loophole in the system had been exposed; it was a weakness in the legislation of the previous Government, and a small number of retailers were taking advantage of it. That loophole was closed in 2001 following an initiative of the current minister. Compliance with the 24-hour rule has been extremely high since. There is no doubt that the minister has covered that issue very well.

I now move to the initiatives that this Government has undertaken since it came to power. This is a very difficult issue. Fuel pricing is a complex equation. Ultimate responsibility for the competitiveness of our economy lies with the Australian Competition and Consumer Commission and that body has not been very successful in this

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

area. Obviously the State Government had to work in an area in which it did not have traditional responsibility and administrative support. We acknowledge that it has been very difficult, but we have done what we said we would do: we have introduced the 50-50 legislation, which the previous Government would not do; we have introduced a maximum wholesale price arrangement; and we have introduced the price boards.

There is no doubt that the 50-50 legislation was never going to lead to a dramatic change in the marketplace. We acknowledged that when we introduced the legislation. Nevertheless, we have introduced it and it is available. The previous Government lacked the will or the capacity to do that. The maximum wholesale price has been a very difficult issue for this Government. The assumption could be made that the maximum wholesale price could be determined on a fairly easy, scientific and objective basis, but as it turns out this issue is always heavily contested. Because there is no overall agreement about what the maximum wholesale price should be, there has been a lot of contention. Nevertheless, some retailers have taken advantage of that legislation and, as members know, court action is proceeding with BP and some of the other majors concerning the retail price legislation. The notion that the Government has been inactive is totally false.

I turn now to this Government's other initiative of price boards. Mandatory price boards were introduced into Albany as a trial in August 2001, despite strong opposition from retailers. Albany was chosen because no retailers in Albany were using price boards. Three months after implementation, the Albany-Perth differential had reduced by 2c a litre. The mandatory price boards were introduced into all regional areas by FuelWatch in December 2001. Three months after the price boards were introduced, in 23 out of the 24 towns, the differential had reduced by up to 3.85c a litre. The minister will go through that in more detail.

Mr W.J. McNee: Do you know how much extra the cost of petrol is in Harvey? It is 10c or 12c a litre.

Dr G.I. GALLOP: I will refer the member to the difference between the prices in his electorate and city prices in 1993, when his Government came to power, through to 2002 -

Mr W.J. McNee: You said you would reduce the price.

Dr G.I. GALLOP: Unless the member is not interested in the facts -

Mr W.J. McNee: I am interested in the facts, all right: 112c a litre is the highest they have ever paid.

Dr G.I. GALLOP: The member should wait until he hears the figures from the minister.

[Quorum formed.]

Dr G.I. GALLOP: The introduction of price boards was an initiative of this Government. The minister will present the facts about the impact that initiative has had on prices.

To summarise, we are now seeing action from a minister where previously there was inaction. That is most aptly represented by the minister's response to the select committee report as opposed to the response by the previous Government. Then we have the initiatives we have taken since we have been in government. The maximum wholesale price issue has proved to be much more complex and difficult than we anticipated and we are still -

Mr W.J. McNee: You said you would reduce the price.

Dr G.I. GALLOP: I know life is very simple for the member for Moore.

Mr W.J. McNee: I know. I am paying the bills.

The **ACTING SPEAKER** (Mr A.J. Dean): I call the member for Moore to order for the first time.

Dr G.I. GALLOP: We know that life for the member for Moore is very simple, but this matter is a little more complicated. The Government of Western Australia is sticking by the fuel specifications that were agreed to by the previous Government. Of course, they are very good for the health of the West Australian people and for the environment. It is interesting that the political party that introduced those specifications is now turning against them. I will quote from a press release of the Deputy Leader of the Liberal Party, which he made earlier this year and in which he said -

These fuel specifications were introduced by the previous government on the understanding that they may need to be amended in the event they caused financial hardship.

There is absolutely no evidence for that claim. What is his evidence?

Mr D.F. Barron-Sullivan: I thought you had been in government for the past 18 months.

Dr G.I. GALLOP: He said that his party introduced fuel specifications on the understanding that they would be amended.

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

Mr D.F. Barron-Sullivan: Are you condoning a 2c premium on the cost of that fuel?

Dr G.I. GALLOP: I am supporting fuel specifications that improve the health and welfare of the people of Western Australia and protect the water supplies of Western Australia.

Mr D.F. Barron-Sullivan: You have done a deal with BP. That is why it is getting 2c instead of the one-third of a cent that it got under us.

Dr G.I. GALLOP: The Deputy Leader of the Liberal Party -

Mr D.F. Barron-Sullivan: You are not denying it; you have done a deal with BP.

Dr G.I. GALLOP: What deal with BP?

Mr D.F. Barron-Sullivan: Deny that you have done any deal or made any arrangement with BP.

Dr G.I. GALLOP: I am saying that on behalf of the people of Western Australia, I am supporting the fuel specifications -

Mr D.F. Barron-Sullivan: You are not denying it. You have done a deal!

Dr G.I. GALLOP: Of course I have not done a deal. That is an absolutely ridiculous claim.

Mr D.F. Barron-Sullivan: Why is BP charging a premium of 2c a litre?

The ACTING SPEAKER (Mr A.J. Dean): Order!

Dr G.I. GALLOP: Where is the member for Kingsley? Where is the former Minister for the Environment?

The point I was making is that the member for Mitchell is quite often happy to say things, but he usually has no evidence for them. The claim that he has made is that the previous Government had an understanding with BP that it would amend the fuel specifications if necessary. We have looked. There is no correspondence and nothing in the records. What is more, I direct the member to the press release issued by the former Premier on 1 August 1999, I think made at the time of the Liberal Party conference in Western Australia. It makes no reference to any caveats nor states that the fuel specifications might be changed. There is a reference, of course, to the cleaner environment and the health improvements that would result. Interestingly, there is also a reference to the fact that the Royal Automobile Club and the Motor Traders Association had been involved in the preparation of those fuel specifications. That is what the former Premier said. I would be very interested to hear from the Deputy Leader of the Liberal Party evidence for his claim that there was a caveat on that commitment that led to the upgrading of standards in Western Australia at the refinery in Kwinana.

Mr D.F. Barron-Sullivan: The premium was one-third of a cent per litre and it is now 2c per litre.

Dr G.I. GALLOP: The member can run away, as he always does, from an accountability requirement. The accountability requirement is this: where is the evidence that the previous Government had a caveat?

Mr D.F. Barron-Sullivan: Here is my evidence that the premium was one-third of a cent per litre.

Dr G.I. GALLOP: He will not answer the question. That is typical of his approach.

Mr D.F. Barron-Sullivan: Here it is. I will lay it on the Table of the House if you ask me to. Your minister should already have it on file.

Dr G.I. GALLOP: We went to the public with proposals for retail price capping in our regional centres. The select committee made that recommendation. We found very strong opposition to that proposal when we went to the regional centres. There were not very many supporters of that proposal in regional Western Australia. Obviously, we will have to reassess our position on that issue.

Mr D.F. Barron-Sullivan: A backdown?

Dr G.I. GALLOP: It is not a backdown at all. We said that we would go to the marketplace on that issue. We have done that and we have got feedback from the community which we are currently assessing.

I find it extraordinary that the Deputy Leader of the Liberal Party is willing to say anything. He has no policy framework for dealing with a very difficult issue. The minister has taken action when there had been inaction. The minister has sorted out problems that existed in the FuelWatch scheme that he inherited. He has taken new initiatives with the 50-50 legislation, the price boards and the maximum wholesale price arrangements. The minister also is looking at the situation with a view to making further improvements in how it operates.

As opposed to the empty rhetoric that we get from the Deputy Leader of the Liberal Party, the minister is taking action on behalf of the people of Western Australia. It is a difficult area. Unfortunately, we do not get the level

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

of support that we think we should get from the Australian Competition and Consumer Commission. We think the ACCC should be much more active in this market. We are happy to support changes to the trade practices legislation. I refer members to a very good press release put out by the minister in July last year which called upon the federal Government to give more power to the ACCC to prevent abuses of market power by major companies.

Mr C.J. Barnett: You were going to fix it. That was your election promise. What a useless Premier.

Dr G.I. GALLOP: The Leader of the Opposition can carry on with that old rhetoric as long as he likes. No-one is listening to him because it is rhetoric.

Mr C.J. Barnett: Where is the promise?

Dr G.I. GALLOP: Does the Leader of the Opposition know what people want? They want real solutions. They do not want rhetoric. I have outlined all the measures that we have introduced.

I reaffirm my support for the minister and say to all members of this Parliament and all members of the public that when the Deputy Leader of the Liberal Party says something, they should be very, very careful and subject it to close examination, because when it is subjected to the accountability test, one usually finds that it is either untrue or not based on any evidence whatsoever. A good example of that is the motion put forward to the Parliament today.

MR R.N. SWEETMAN (Ningaloo) [3.17 pm]: I have only a short time in which to make a contribution to this debate. It is interesting that I should follow the Premier, because in the lead-up to the last election the Premier vowed to reintroduce price control to reduce the price of fuel for everybody, particularly for those in regional Western Australia. During the same election campaign, fliers went out telling people to kill the gap and vote Labor. They said that Carnarvon deserved better and that we should decrease the difference between metropolitan and country prices. Obviously, the internal polling of the Labor Party showed that it was making inroads into the buffer that I had as a local member, because they sent out another one saying exactly the same thing.

Mr W.J. McNee: What does it say? Does it say that it will drop the price?

Mr R.N. SWEETMAN: It said that the Labor Party would bridge the gap of 23c. The prices given in those pamphlets were not accurate. If averages are applied to the difference in prices between Carnarvon and Perth, they used to be 16c or 17c. No thanks to the minister, but thanks to Shell - one of the multinationals - heavy discounting and price support has occurred in Carnarvon, and one of its outlets has reduced the price in Carnarvon by about two or three cents; so it is down to Shell, not down to the minister at all.

The price of fuel in Geraldton is \$1.26 a litre. Most of the fuel that is sold at Carnarvon retail outlets comes from Geraldton. People are paying \$1.26 a litre in Geraldton and today in Carnarvon the price at the bowser is \$1.09. However, at Exmouth it is \$1.15, some 29c above the lowest price available today in the metropolitan area. The minister does not need to explain to me, but perhaps he might explain to my constituents how he is closing the gap. It is absolutely scandalous that he pontificated in the lead-up to the last election, got elected and has now found how difficult it is to be in government. For some of the then opposition members, even those at the top, to have made some of the commitments they made, they must have believed that they would not win the last election. Even as late as today, I understand that meetings have been held between petroleum companies and the Department of Consumer and Employment Protection. I understand that some of the information disseminated at that meeting concluded that the Department of Consumer and Employment Protection needed some direction from the Government. It seems to be a little lost as to how it can achieve the objectives and outcomes that the Government has suggested to the community are achievable. I understand that the meeting was concluded today and that the department asked for advice on how it may play its part in reducing fuel prices in the metropolitan and regional areas.

Mr D.F. Barron-Sullivan: Are you saying that the department is asking the oil companies what to do about this problem because it does not know what to do?

Mr R.N. SWEETMAN: Yes. We know that it does not know what to do. However, this is the clearest evidence yet that the agency that is supposed to be underpinning what the Government has said it is trying to achieve does not have the slightest idea about how to do that. I do not have much more time, because my colleague the Leader of the National Party wants to make a few points. It is interesting that an article that appeared in *The West Australian* in the lead-up to the last election is headed "Gallop vows to reintroduce price controls", and that on election night Hon Geoff Gallop said that the Labor Party had emerged victorious through the politics of principle, eschewing cynicism and fighting for the people of Western Australia. Perhaps with the benefit of hindsight the Premier would concede that he should have said inducing cynicism and misleading the people of

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

Western Australia. That would have been a more accurate statement at that time, considering the information that the Premier has allowed to be disseminated in my electorate and electorates like mine.

MR M.W. TRENORDEN (Avon - Leader of the National Party) [3.21 pm]: It is amazing to see how the Government is running this House and to see that during this matter of public interest only five Labor Party members are in the Chamber. In the days of Brian Burke, all of the seats on the government side of the Chamber would have been filled during debate on an MPI. It is the responsibility of the Government to respond to MPIs; and to treat this MPI with contempt is very ordinary.

The Premier said that he has sorted this out.

Dr G.I. Gallop: Who said that?

Mr M.W. TRENORDEN: The Premier said five minutes ago that he has sorted this out.

Dr G.I. Gallop: I did not say that.

Mr M.W. TRENORDEN: The Premier did say that. The only thing the Premier can point to is FuelWatch. As usual, FuelWatch is a totally city-centric answer to dealing with increases in the price of fuel. It takes no notice of country areas at all. This whole debate going right back to two years ago has been about the differential between country and city fuel prices.

Mr J.C. Kobelke: What are you talking about? FuelWatch is in regional WA.

Mr P.B. Watson: What about Albany?

Mr M.W. TRENORDEN: That is a good point. Albany is still suffering a differential, and Bunbury and Geraldton are also still suffering a differential. No matter how hard members on my left want to shout, those are the facts. The Premier said on 25 January 2001 that "There is no rational reason why there should be such a gap." The Premier gave no rational reason today for why there should be such a gap. The gap is still there and is still approximately the same as it was when the Premier came into office two years ago and made these promises. This Government has done absolutely nothing for the people of rural and regional Western Australia. The member for Stirling put the problem clearly. Nearly every service that is provided in regional and rural Western Australia is governed by fuel. The fact that the Premier and the Minister for Consumer and Employment Protection do not care about that is a serious problem for rural and regional Western Australia. We need look only at the Government's record. Where does it stand on the 50-50 legislation? How many litres of fuel have gone into Western Australia under the 50-50 arrangement?

Mr J.C. Kobelke: I will answer when I get up.

Mr M.W. TRENORDEN: Exactly. It has been not a little failure but an abject, total failure. How many litres of fuel did Allan Fels say have gone through the terminal gate? Nil. After 18 months of operation of the 50-50 legislation, the result has been nil.

[The member's time expired.]

MR J.C. KOBELKE (Nollamara - Minister for Consumer and Employment Protection) [3.24 pm]: I am a little disappointed with this motion and with my friends on the other side of the Chamber. I thought they would at least do me justice by mounting an argument against me. However, we have had no argument. All we have had is a range of utterances that are either without foundation or not true.

Mr M.G. House interjected.

Mr J.C. KOBELKE: I accept that the member for Stirling did address the issues of substance rather than just throw abuse -

Mr M.G. House: And I gave you two alternatives.

Mr J.C. KOBELKE: Yes. He also made suggestions that I will take up. I do not think they are workable, but they are concrete suggestions. However, the general argument by members opposite had no substance and simply was not true. I will start with the motion. The motion is critical of me as the Minister for Consumer and Employment Protection for failing to take effective action to honour Labor's election promise to reduce fuel prices. Our election promise was to do a range of things to keep fuel prices down. We were not so bold and stupid as to promise to reduce fuel prices. We know that we pay international prices for fuel.

Mr D.F. Barron-Sullivan: You said you would bring down fuel costs.

Mr J.C. KOBELKE: The Deputy Leader of the Opposition is again quoting things out of context. For the Deputy Leader of the Opposition to put those words in the motion just shows that he is totally without substance and integrity. The wording of the motion shows just how totally incompetent members opposite are. We were

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

not so stupid as to say that we could unilaterally, irrespective of world oil prices, lower the price of fuel in Western Australia. We never said that. We said we would take a range of steps to get a better deal for motorists and reduce prices. We have delivered on that promise and will continue to deliver on it. I have one word of advice for the Leader of the National Party. He should take the time to get out of Perth and go bush. The Leader of the National Party made the absolutely ludicrous statement that the regional centres do not have FuelWatch. Does the member for Geraldton have FuelWatch in Geraldton?

Mr S.R. Hill: We certainly do.

Mr J.C. KOBELKE: Does the member for Albany have FuelWatch in Albany?

Mr P.B. Watson: We certainly do.

Mr J.C. KOBELKE: Does the member for Kimberley have FuelWatch in the Kimberley?

Mrs C.A. Martin: We certainly do.

Mr J.C. KOBELKE: The Leader of the National Party has never stayed in the bush overnight, so he does not realise that FuelWatch is broadcast on television in regional Western Australia. The Leader of the National Party should go and visit his supposed constituency so that he can get his facts right.

Mr W.J. McNee: Come on! Tell us why the price of fuel has gone up!

The ACTING SPEAKER (Mr A.J. Dean): Order! I call the member for Moore to order for the second time.

Mr J.C. KOBELKE: The situation is that fuel prices move around a lot. The marketing of fuel is quite complex. People see a sign one day and the price is over the top and it sticks in their minds that the price is far too expensive, and they are right. However, they drive past the same service station during the next three weeks when the price is lower and it does not register with them. People's perception of petrol prices does not necessarily match the reality. FuelWatch gives us detailed figures of what happens with fuel prices. I will give one example. One of the achievements of the Gallop Government was to make price boards mandatory in regional Western Australia. We took this measure with the best of intentions, and if it does not work, we will reconsider and modify it if need be. In order to see whether this measure was effective, we recorded fuel prices at the service stations in those regional centres for three months before the introduction of mandatory price boards and for three months after their introduction. Therefore, we have comprehensive and detailed figures on what happened in regional centres to the retail price of fuel both before and after the introduction of mandatory price boards. Those figures indicate that the differential between Perth and Albany fell by an average of 2c a litre, between Perth and Bunbury by 3.3c a litre, between Perth and Capel by 3.85c a litre, and between Perth and Carnarvon by 3.5c a litre.

Mr R.N. Sweetman: You are using rubbery figures!

Mr J.C. KOBELKE: That is the difference between the Government and members opposite. Members opposite use rubbery figures or simply do not know what they are talking about. We know that most of the time when the Deputy Leader of the Opposition speaks he does not know what he is talking about. It is either that or I would have to accuse the Deputy Leader of the Opposition of saying something quite untruthful, because he always gets it wrong. Every day for three months before and three months after commencement of the price boards we monitored fuel outlets in Carnarvon and found that the price differential between Carnarvon and Perth on average fell by 3.5c a litre.

Several members interjected.

The ACTING SPEAKER (Mr A.J. Dean): Member for Avon! There is too much private conversation going on across the back of the Chamber. The minister has indicated that he will not take interjections.

Mr J.C. KOBELKE: I will take an interjection but I cannot take 10 at once. The price of fuel in Dardanup fell by 1.94c a litre on average; in Greenough by 1.62c a litre; in Harvey by 2.51c a litre; in Kalgoorlie by 3.6c a litre; and so it went on and on.

We have irrefutable evidence that just one part of the regulatory program and positive action taken by the Gallop Government has delivered for regional motorists. However, all we get from members opposite is noise. A testosterone-driven nonsense comes from members opposite who appear to believe that making a lot of noise by shouting and yelling is a substitute for rational debate.

The Deputy Leader of the Opposition said earlier that the Government did not have the guts to take on BP and that we had done a deal with it. That indicates the mode of operation of the Deputy Leader of the Opposition. He has no track record in this area from when the coalition was in government and he has made these wild, nasty assertions - some people might believe them - but that is all they are. Let us look at some of the facts relating to

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

the matter. What happened when we urged the last Liberal Government, of which the Deputy Leader of the Opposition was a member, late in its term to bring in a 50-50 system? BP said, "You do that and we will close our refinery." The Liberal Government said, "How high do you want us to jump? We won't do it." That was the previous Government's track record - it did not do it. When BP huffed and puffed, members opposite, who now claim to be the champion of motorists, said, "What do you want, BP? We will do what you like." What has this Government done? When we said that we would introduce the 50-50 regulation, BP said to the Premier, "We will close Kwinana." The Labor Premier called BP's bluff. He said that the Gallop Government would take up the fight for motorists, and BP apologised and backed down. This Government was not like those running dogs and wimps opposite who said, when BP put on the pressure, "Yes sir, no sir, three bags full, sir." That is what we have in the Liberal and National Parties. They simply will not stand up to multinational oil companies, as this Government has done, to try to get a decent deal for motorists.

I will refer to another total misrepresentation by the Deputy Leader of the Opposition.

Mr D.F. Barron-Sullivan: Have you made any arrangements with BP on the margin on clean fuels?

Mr J.C. KOBELKE: No. Does the Deputy Leader of the Opposition understand? No.

Mr D.F. Barron-Sullivan: Why is it 2c?

Mr J.C. KOBELKE: The Deputy Leader of the Opposition has made this scurrilous innuendo suggesting a deal has been done. The answer is no, but he will not accept it. He will not accept a direct, honest answer because the Deputy Leader of the Opposition is a man without integrity. He does not speak the truth and he cannot accept it when other people give him honest, straight and direct answers because that is not the way in which he works. He is a man of slur, innuendo, half and total untruths and he cannot handle facts. That is the problem we have with the Deputy Leader of the Opposition. I will refer to one of his examples. The last Liberal Government did a deal with BP for cleaner fuels. As the Premier pointed out, there were no caveats; it was a straight deal to phase in a cleaner specification for fuels over time. There was a premium price -

Mr D.F. Barron-Sullivan: What was the premium?

Mr J.C. KOBELKE: I made it clear to the Deputy Leader of the Opposition that because of his position, I will take his interjections from time to time. However, he really speaks nonsense.

Mr D.F. Barron-Sullivan: I am asking you a question.

Mr J.C. KOBELKE: I am about to explain his absolute nonsense, if he would listen for a minute. I have the facts with me and I will point out the absolutely misleading, errant nonsense that he has been speaking. He suggested that the premium for cleaner fuels was a third of a cent. He was close; it was 0.35c a litre. However, he did not mention that that was for the 2000 specifications. The last Government had locked in a change of specs at the start of 2001, so there was an increase again under its plan and the premium price went up also. The Deputy Leader of the Opposition therefore does not even know what he is talking about. He gives half of the truth, leads us down the garden path and has us thinking something that is totally wrong. That is how he works. He does not want to tell us that the Liberals did a deal with BP. The Government accepts that there are real benefits from that deal but the Liberals did the deal and did not put any caveats or conditions on the deal to get extra benefits for motorists. They simply did a deal for cleaner fuels. The initial premium was 0.35c a litre in 2000 but it was then stepped up with higher standards and no arrangement was put in place to ensure the premium would not increase; the premium has increased from there. The only party that has done deals with BP is the Liberal Party. We are trying to make sure that, within the constraints of the deals done by the Liberals, we can get the best possible deal for Western Australian motorists.

We have now heard the Liberals say that they will lower those specifications to the national standard. That means that we could have methyl tertiary butyl ether in fuel. The current specifications do not permit more than 0.1 per cent MTBE. MTBE is a fuel additive that is put into up to 15 per cent of fuel for a cleaner burn and less air pollution. Some major cities in Europe require MTBE to be added to fuel. The problem we have is that MTBE is a serious contaminant of ground water, not because of its poisonous nature but because it is detectable at very low levels; therefore, there may be a turpentine smell to water although there is only 40 parts per billion. There is therefore a risk to the taste of water if MTBE is allowed in fuel. The specification to protect our ground water was 0.1 per cent. The Deputy Leader of the Opposition is now saying we should get rid of that because we do not need it any more. That is what he said in his press release on Monday this week.

Mr D.F. Barron-Sullivan interjected.

Mr J.C. KOBELKE: Is the Deputy Leader of the Opposition not saying that now? He has backflipped already in two days. His press release on Monday this week stated that he said the Government should change the

Extract from Hansard
[ASSEMBLY - Thursday, 12 September 2002]
p919c-930a

Speaker; Mr Dan Barron-Sullivan; Mr Rob Johnson; Mr Jeremy Edwards; Mr Monty House; Dr Geoff Gallop;
Acting Speaker; Mr Rod Sweetman; Mr Max Trenorden; Mr John Kobelke

regulations at the stroke of a pen, bringing them in line with national fuel standards. He is now saying that he really does not mean that. Is he standing by that press release?

Mr D.F. Barron-Sullivan: Will you listen to what I am saying about fuel specifications?

Mr J.C. KOBELKE: Is the Deputy Leader of the Opposition standing by his statement on Monday?

Mr D.F. Barron-Sullivan: Will you listen to me?

Mr J.C. KOBELKE: Is the Deputy Leader of the Opposition standing by his statement on Monday?

Mr D.F. Barron-Sullivan: Are you aware that BP did not put MTBEs in its fuel anyway?

Mr J.C. KOBELKE: On Monday the Deputy Leader of the Opposition issued a statement saying that we should drop the specifications to the national standard and now he is saying it has nothing to do with it.

Mr D.F. Barron-Sullivan: It has nothing to do with MTBEs.

Mr J.C. KOBELKE: He commits himself on paper, faxing out a statement on Monday of this week. By Thursday he no longer believes in it anymore. How can we deal with an Opposition with a total lack of integrity?

Mr A.D. McRae: He could not even get to Friday.

Mr J.C. KOBELKE: He could not even get to the end of the week, and now he has backflipped. He does not believe that we should go to the Australian standard. A week is a long time in politics. Did the Deputy Leader of the Opposition change his mind on Monday or Tuesday?

Mr D.F. Barron-Sullivan: Why don't you answer the question about the premium?

Mr J.C. KOBELKE: I have answered the member's questions. The trouble with the Deputy Leader of the Liberal Party is that when we catch him out for total irrelevance or for making wrong statements, he simply tries to duck the issue.

Mr D.F. Barron-Sullivan: You are trying to avoid the main question.

Mr J.C. KOBELKE: I repeat: I am most disappointed that there was no argument in the debate to support the motion. There was debate on petrol prices, which is an important issue, but the motion before the House has not received any substantial debate to support it. On that basis we will clearly defeat the motion.

Question put and a division taken with the following result -

Ayes (19)

Mr C.J. Barnett	Mr J.P.D. Edwards	Mr B.K. Masters	Mr M.W. Trenorden
Mr M.F. Board	Mr B.J. Grylls	Mr P.D. Omodei	Ms S.E. Walker
Dr E. Constable	Mr M.G. House	Mr P.G. Pandal	Dr J.M. Woollard
Mr J.H.D. Day	Mr R.F. Johnson	Mr D.F. Barron-Sullivan	Mr J.L. Bradshaw (<i>Teller</i>)
Mrs C.L. Edwardes	Mr W.J. McNee	Mr R.N. Sweetman	

Noes (26)

Mr P.W. Andrews	Mr J.C. Kobelke	Mr A.D. McRae	Mrs M.H. Roberts
Mr J.J.M. Bowler	Mr R.C. Kucera	Mr N.R. Marlborough	Mr D.A. Templeman
Mr C.M. Brown	Mr F.M. Logan	Mrs C.A. Martin	Mr P.B. Watson
Dr J.M. Edwards	Ms A.J. MacTiernan	Mr M.P. Murray	Mr M.P. Whitely
Dr G.I. Gallop	Mr J.A. McGinty	Mr A.P. O'Gorman	Ms M.M. Quirk (<i>Teller</i>)
Mr S.R. Hill	Mr M. McGowan	Mr J.R. Quigley	
Mr J.N. Hyde	Ms S.M. McHale	Mr E.S. Ripper	

Pairs

Mr R.A. Ainsworth	Mr A.J. Carpenter
Mr T.K. Waldron	Mrs D.J. Guise
Ms K. Hodson-Thomas	Ms J.A. Radisich
Mr M.J. Birney	Mr J.B. D'Orazio

Question thus negatived.