

PETROL PRICES — BUNBURY

Grievance

MR D.T. PUNCH (Bunbury) [9.33 am]: My grievance about the price of petrol in Bunbury is to the Minister for Commerce and Industrial Relations. Before I go into that, I refer the minister to a previous grievance I raised last year concerning Mr and Mrs Weymes and a problem with a faulty caravan. At the time, Mr Weymes was terminally ill and they were facing an immense amount of stress in dealing with a commercial dispute with a caravan supplier in the eastern states. Sadly, Mr Weymes has since passed away, but his wife has asked me to pass on her deep gratitude to the minister and to the department for the enormous amount of work and support that they provided.

I return to the matter of petrol pricing in Bunbury. I have been contacted by a constituent, Mrs Bernadette Butler, who raised concerns about consistently high fuel prices in Bunbury. Mrs Butler is not the first, and I am sure will not be the last, to raise this issue with me, but she does stand apart from many others in that she first tried to get an answer to the question of why prices are consistently higher in Bunbury. She rang retailers, franchisees and suppliers, and then in desperation called Coles and Woolworths seeking an answer. In every instance the person she spoke to pointed the finger at someone else being responsible for setting prices and would not come up with a reasonable explanation about why prices were consistently higher in Bunbury than down the road where they could be up to 5c a litre cheaper. Exasperated, Mrs Butler contacted my office. She would like cheaper fuel prices in Bunbury, but what she really wants is an answer as to why my community pays more for fuel than many other communities.

I have looked into this concern locally and was surprised to find that on that day, petrol was cheaper in Kalgoorlie, Manjimup, Busselton and Albany than it was in Bunbury, which is considerably closer to Kwinana. Just in the south west it was also cheaper in Harvey, Margaret River and Augusta. On Wednesday, 16 May, FuelWatch showed that the cheapest unleaded prices in the area were Bunbury, 147.9c a litre; Manjimup, 144.9c; Busselton, 143.9c—definitely the place to buy fuel; Albany, 143.9; and Kalgoorlie, 145c. On 15 August, Bunbury fuel was 146.9c and Busselton remained at 143.9c, so it is a consistent trend. When I looked at FuelWatch, I found that that was something that repeated itself consistently, with a few exceptions over the past three months.

The review that we undertook demonstrated that the cheapest petrol in Busselton is generally consistently between 3c and 5c cheaper than that available in Bunbury and that prices in Harvey, Margaret River and Augusta are also consistently cheaper than in Bunbury. A number of the large petrol retailers are also consistently offering cheaper prices in other regional towns besides Bunbury.

The people of Bunbury deserve an explanation for this price discrepancy. One would think it could not be transport costs, given that Bunbury is our second city and it is close to the main refinery at Kwinana.

Mr Z.R.F. Kirkup: There's Mandurah.

Mr D.T. PUNCH: It is the second city. Mandurah is part of the peri-urban network of Mandurah to Perth, and Bunbury stands alone, but we pay a high price for it with fuel prices. It is easier to transport to Bunbury than to Busselton or Albany. There would not be less demand as Bunbury has a bigger population base and a bigger industrial base, so demand is consistently high. Why, then, are Bunbury people paying more? How do those petrol retailers charging more for fuel in my electorate than they do in smaller centres further away justify this cost impost on my community? If there are valid reasons for the price discrepancy, so be it, but the people of Bunbury deserve an explanation and this price gouging has to stop.

Mrs Butler told my office that for her this is an issue of fairness. She believes that those charging more for fuel in Bunbury should be able to substantiate the higher prices, and I totally agree with her. Five cents a litre in an average 60-litre tank is \$3 more for a tank of fuel in Bunbury compared with the price in Busselton. It does not sound like much, but across the year that is an extra \$156 a year. For a person who is unemployed, dependent on their car to look for work, or an elderly person needing their car to get to medical appointments, this is money they cannot afford. These are people on fixed low incomes living in a regional area with limited public transport options. Average weekly incomes in Bunbury are \$285 a week below the state average. My electorate has the tenth highest social disadvantage score in Western Australia, yet it is being slugged far more for fuel than those in electorates with far more capacity to pay, with no understandable reason why. In the Australian Automobile Association transport affordability index of March 2018, Bunbury claimed the dubious title of the most expensive regional centre in Australia for transport costs, with an average cost of \$15 300 a year—more than Townsville, Launceston and even Alice Springs. The report states that Bunbury overtook Geelong as the most expensive region in Australia. This was largely due to fuel costs increasing significantly in Bunbury compared with those in Geelong. Bunbury households paid an average of \$294 a week for transport, and the cost of fuel increased in all jurisdictions examined in that report, but it rose by more in Bunbury. Over the course of one year to March 2018, fuel costs in Bunbury rose by \$7.52 per week. Bunbury people are paying almost \$11 per week more for fuel than people living in Alice

Springs. Fuel prices are driving up costs in Bunbury. Nobody will tell the people of my electorate why they are paying more for fuel than many others in the south west. The report indicates that Bunbury households now pay 12.67 per cent of their weekly income on transport costs. FuelWatch is a great asset to inform people of the cheapest options, but there seems to be a market problem in terms of fuel pricing in Bunbury. We would very much appreciate the advice of the minister on how to best get an explanation of why.

MR W.J. JOHNSTON (Cannington — Minister for Commerce and Industrial Relations) [9.40 am]: I thank the member for Bunbury very much for this grievance. Everybody knows that the member for Bunbury is a passionate advocate for his community, and this is another example of that. I am sorry to hear about the member's constituent, Mr Weymes, passing away. Please pass on my condolences to his wife and family. I am sorry to hear of his passing. I will let David Hillyard, the Commissioner for Consumer Protection, know of the member's kind words on behalf of his family about the work of Consumer Protection, which tried to assist the family with the problems with that van. I am very pleased that that work was helpful to the family.

FuelWatch is run by the Commissioner for Consumer Protection and is an important part of Western Australia's market dynamic. It is a unique operation. Every retailer is required to notify FuelWatch by two o'clock each day of what their fuel price will be for the next day, and they have to sell it at that fixed price for the 24 hours from 6.00 am that day to 6.00 am the following day. That information is then available on the website so that people can keep track of fuel prices. It is important to emphasise that the state government does not set the fuel price; it is a market-determined price. The member talked about the issue in regional communities, which was interesting. Over the weekend my brother visited us from New South Wales, where he lives in a regional community. He said that the community had an established service station and then a new service station was set up. The established service station was a 24-hour operation, while the new one had only limited hours. The established one would drop its price below the new station's price while it was open, but the moment it closed, it would put up its price again. We can see the opportunities for rorting the system without FuelWatch.

I do not know why there is a price differential between Bunbury and surrounding communities. It was certainly very interesting to hear the issues that the member raised. It is actually the opposite of what one would expect; one would expect a regional city like Bunbury to have significant commercial pressure on the operators and that there would be more competition, which might have a bit of a price response, but the member outlined that surrounding communities, where freight costs would be arguably higher, have lower fuel prices, which would seem to indicate that the market is not working properly in Bunbury. The government of Western Australia does not administer the market rules. I apologise to the member's constituent, but this is another occasion on which I need to refer to other people. I have to make it clear that it is not the state government that regulates the market and the competition between one retailer and another; that is done by the commonwealth government through the Australian Competition and Consumer Commission. I think the ACCC should examine the reason that Bunbury has higher prices than surrounding communities. I know the ACCC has looked at questions of fuel pricing in many parts of Australia on a number of occasions and has always said that it is for this competition reason or that competition reason. Clearly, that cannot be the case when we have a larger city with arguably more competition and in closer proximity to the fuel source in Kwinana having higher fuel prices than surrounding communities that have less competition and greater transport costs. The ACCC needs to explain to people how this has occurred. I am happy to talk to the member offline about how the member and I can contact the ACCC. I am very happy to assist the member and his constituent with that to make sure that we can get the attention of the ACCC to explain why fuel prices are higher in Bunbury. As I said, the state government does not regulate the market or fuel prices; all it does is make sure that prices are publicly available, and competition is encouraged in that way.

As members would imagine, FuelWatch provides extensive reporting on the pattern of pricing. In Western Australia we have quite a dramatic weekly fuel price cycle, which is much shorter than in other states and lasts only a week; it can be longer in the other states. The reason that is important is that most people fill up only once a week. If people can take advantage of the price cycle once a week—in the metropolitan area the cheapest day is Monday but it can be a different day in some other communities—people can save quite a bit of money by buying petrol on just that one day. I have now taken up that practice myself; I buy petrol on Mondays because it is the cheapest day. People can also save themselves 4c a litre. I am paying for my own petrol.

Several members interjected.

Mr W.J. JOHNSTON: Obviously where there are fewer service stations, less competition means that there is a smaller cycle. If there is only one retailer, like in Kununurra or a remote community, there are not those market forces.

I am happy to talk to the member for Bunbury about the price cycle for Bunbury. The other thing is that we monitor the price differentials between the different towns and cities across Western Australia and we can find the difference. I can tell the member that the price gap between the metropolitan area and Bunbury in June was 6c a litre, whereas in Busselton the gap was only 3.5c and in Geraldton it was 5c. Mandurah, the other regional

city, had a gap of 0.2c. Clearly, the fact that both Geraldton and Busselton, which are further away from Perth than Bunbury, have a smaller price gap shows that something needs to be looked at.