

Mr Julian Grill; Mr Fred Riebeling; Mr Bob Bloffwitch; Mr Ross Ainsworth; Mr Max Trenorden; Mr Larry Graham; Mr Hendy Cowan; Mr John Kobelke; Mr Doug Shave; Dr Geoff Gallop; Mr Dan Barron-Sullivan; Ms Alannah MacTiernan; Mr Mark McGowan; Dr Hilda Turnbull

PETROLEUM PRODUCTS PRICING AMENDMENT BILL 2000

Second Reading

Resumed from 15 November.

MR GRILL (Eyre) [10.27 am]: I am not the lead speaker for the Opposition on this issue; it is the Leader of the Opposition, who will arrive shortly. I wish to make a few remarks about this legislation because I had the privilege of being on the Select Committee on Petroleum Products Pricing in Western Australia. I have a real interest in this issue, largely because I represent a very far-flung country electorate that has suffered very badly from the effects of high petrol prices over the last 12 months. There is a growing and unsustainable differential between city and country prices. The Government has let us down on this issue. Notwithstanding the fact that this legislation before us is a significant step forward. The setting of wholesale prices for petrol in the major city terminals, and others to be designated in other areas, is a step forward. However, The major reason for setting up the select committee was to do something about the differential between prices in the city and those in the country. Those differentials have blown out, in an obscene way, to up to 40¢ in some places in the more remote parts of my electorate. I do not believe, and nor does the Opposition, that the measures contained in the legislation before us, although they have some merit, attack that problem.

When considering petrol prices in Western Australia today, one must concede a couple of basic facts. First, the cities of Australia and the metropolitan areas of Western Australia have some of the lowest petrol prices of Organisation for Economic Cooperation and Development countries. That fact has not had a great deal of publicity, but it is true. If taxes were removed from prices at city pumps in Australia, prices would be lower than those in other OECD countries - they would be lower than American prices. That situation does not apply in country areas because of the differential to which I have referred. The impetus and rationale for establishing the Select Committee on Petroleum Products Pricing in Western Australia was largely to consider that differential, although other ancillary targets were involved.

The centrepiece of the recommendation in that regard was to set maximum retail prices in country areas. This legislation does not touch on that very issue. The Government has indicated that it is not prepared to set maximum prices for petrol products at a retail level anywhere in the State. The clear recommendation of the committee was that retail prices be set outside the metropolitan area. In many respects prices for petroleum products in the metropolitan area are competitive, but that is not the case in country areas. That is not to say that prices in the city cannot come down, or that the Federal Government should not forgo its February round of excise increases. The committee was strongly of the view that the Commonwealth should forgo that increase; the State shares that view.

Although cities of Australia have some of the lowest petrol prices in the world, that does not mean that prices cannot come down. An unfortunate feature of petrol prices is that they vary on almost an hourly basis. A view shared by some people in the Government - it is certainly mine - is that the variation in the price of fuel in the metropolitan area was designed by the major oil companies to confuse motorists to such an extent that they are never sure where or how to get the cheapest petrol. There is some support for the following view: The major oil companies also designate the lower petrol prices in the city, and change them at will on a regular basis to put as much pressure as possible on the independent operators and retailers. The reforms of this legislation will do something about that problem. However, it will not do a lot to lower prices in country areas. The Government will counter that the new transparency in prices, the new reporting procedure and the new publicity procedure will allow motorists in country areas to make a judgment about prices of petrol, and to apply pressure to ensure that those prices come down. Frankly, that is a forlorn hope. It is a matter of history that the competitive pressure that has applied in city areas does not apply in the country. There are a number of reasons for that; mainly, that the rebates that have been a feature of retail petrol prices in the city area have never been applied in country areas.

When the committee on more than one occasion questioned the oil companies on why they were not prepared to supply a realistic rebate scheme in the country similar to that applied in the city, they either did not have an answer, begged off the question or indicated that they would look at it in the future. I have had independent, private discussions with an executive of an oil company since then who indicated his company might go down that track. However, no indication has been made that those words will be put into effect. We will not see realistic competitive petrol prices in the country without coercion. Pressure has not been applied. The centrepiece of the committee's recommendations in that respect is that retail prices in the country should be controlled. It is not a novel idea; it was tried by the Labor Government in 1983 when it came to power.

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However, the situation became confused because the Federal Government wanted to play a bigger role in monitoring fuel prices. We largely handed over the State's responsibilities to the federal bureaucracy, which is languishing in that role. Ultimately, the Federal Government took that role from the organisation that is now the Australian Competition and Consumer Commission. The setting of caps on retail prices in country areas of Western Australia has been applied before, and it was successful for several years. It can be successful again.

The Government has indicated that it is not prepared to take that step and take the coercive measure. It is wrong to not do so. I cannot understand why it is not doing so. It is either afraid of the oil companies because it believes they have too much clout and it is not prepared to take them on in this critical area, or it is philosophically opposed to price regulation. I do not see how that latter argument fits into the equation because pursuant to this legislation before us today, the Government will control wholesale prices. Therefore, it is not an effective argument.

Some National Party members have said that if prices in country areas were controlled, some small operators will be forced out of business. It was never a recommendation of the petrol pricing committee that those retail prices be controlled in every retail area. It was acknowledged that the controls take effect only in major areas, as applied with controls under the Labor Government. The controls applied in the city, which comprised about 80 per cent of the market, and the 10 major country areas. I am not sure about the 80 per cent figure, but the total area encompassed about 85 per cent of the market. All the small retailers in the small towns could charge what they liked, as was recommended by the select committee.

Coercion is needed. Very little, if any, competitive pressure would apply in certain arenas. Another committee recommendation concerning petrol prices in country areas was that retailers in all areas be able to take 50 per cent of their product from oil companies competing against the company with which they have an initial supply agreement. That would add competitive pressure in the country. It is clear that the State Government is not prepared to go down that track. The Government has abdicated any real responsibility to people living in country areas. City people were not badly dealt with at the beginning of this process, and they will be better dealt with as a result of this legislation. It is certainly a moot point whether country motorists will be better dealt with as a result of this legislation. Frankly, I doubt it, because, first, there will be no coercive mechanisms and, secondly, the mechanisms that will be put in place will not provide competitive pressures. All in all, I am disappointed, and the people in my electorate will also be disappointed. They were looking forward to a period of controlled petrol prices that could have brought down the petrol price by 6¢ or 7¢ a litre. That was a figure that I calculated during the committee's hearings and deliberations. That will not happen, and it is a great pity.

The legislation has some good elements, and the Labor Party will not reject this Bill; it will embrace it. There may be attempts to amend the legislation in the upper House, and I hope that those attempts will be successful. Even without this legislation, the Government has the option to control petrol prices in the country. It can do that without this legislation, and it should do that. The Government has indicated that it does not want to go down that road. I urge the minister, whom I suspect has some sympathy for what I am saying, to adopt that measure. In a political sense, the Government is mad if it does not.

When the Select Committee on Petroleum Products Pricing in Western Australia brought down its report a few weeks ago, I said it was a brave report and it would be a brave Government that implemented its recommendation. It would seem that one of the major recommendations for country people will not be implemented. However, that does not hinge upon this legislation. It hinges upon the will of the minister and the will of the Government at some future date - hopefully, a near future date - when it makes the decision to control those prices. It is a God-given opportunity for the Government to make some amends in country areas where there is a growing view that they have been neglected for some time. I would have thought the Government would grasp those recommendations and embrace them in a wholehearted way. It has not. It still has the opportunity to do so. I hope it will, in due course, take the opportunity to implement price controls in the country at a retail level by regulation and that it will accept some recommendations and amendments as they come forward from the upper House. The Opposition is prepared to deal with this legislation on an expedited basis, and to look at and to put forward amendments in the upper House to make it a better piece of legislation. The Opposition supports the legislation, as far as it goes. We strongly lament that the Government has not been prepared to bite the bullet on either capping petrol prices at a retail level or implementing the 50:50 rule.

MR RIEBELING (Burrup) [10.43 am]: The one good thing that has happened in relation to this legislation, and the city versus country debate, is that for the first time in many decades people in the city have started to realise the pain that people in the country have been experiencing for decades with petrol prices. When the fuel prices started to touch \$1 a litre in the metropolitan area, for the first time a cry rang out across the metropolitan area that petrol prices were too high, and it was an awful situation that people in the city must pay \$1 a litre.

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People in my electorate pay up to \$1.26 a litre. Prices of \$1 a litre and above have been country people's lot in life for a long time, and for a lot longer than in the city with its fiercely competitive pricing.

Without competition, country people are left to the mercy of whatever the companies want to charge. The recommendations of the Select Committee on Petroleum Products Pricing in Western Australia, that were the basis for the legislation, went to the heart of that lack of competition and the inability of country people to benefit from competition. The recommendations were eminently sensible. They said that because no competition existed in country areas, the Government needed to protect country people from the excesses of fuel companies. This legislation probably goes half way towards implementing the committee's recommendations. It ignores the most vital part of the recommendations, which is to reinstate the Petroleum Products Pricing Act that the Burke Government passed to set prices in key country locations. That Act was not enforced when this Government came to power. The net effect is that the fuel prices that are paid in the city compared with those paid in the country have drifted apart by several cents a litre. If the committee's recommendations were implemented, that gap would be reasonable, rather than what the fuel companies are able to charge.

The reasonable approach says that about 6¢ a litre should be taken from the price of fuel in certain country areas. Even at that rate the fuel companies would make substantial profits. That price was built upon some of the cost structures that regional centres endure. The figure arrived at under the system introduced by the Burke Government was not plucked out of thin air; it was a figure that was used to determine the cost of running isolated service stations with lower turnovers. For instance, that legislation allowed a differential of about 7¢ a litre between Perth prices and Karratha prices. No-one is saying that people in that industry in country areas should go broke because of price fixing. However, there should be a realistic approach to the prices in place. Unfortunately, this legislation does not take that one extra step. It is clear from the comments of the Minister for Fair Trading and the Premier that the Government has no intention of heading down that path to force companies to give country people a fair go. Country people are heartily sick of the price they must pay for fuel. Enough members on the other side of the House will be aware of the real impact on country Western Australia of exceptionally high fuel prices. That impact is felt not only by people who live in the area and drive exceptionally long distances, as is the case in my area, but also by tourists. Tourism in the north of the State has been affected markedly this year. The same number of people are going away on holidays. However, instead of going to Broome, they terminate their travel in Carnarvon because they have a limited amount of money to spend on fuel and transport costs. People who travel to the north of the State from Perth are staggered at the prices that people in, say, Nanutarra are being asked to pay. The fuel price in Nanutarra is \$1.30 a litre.

I understand from the operators of service stations that it would be of great benefit to them if they could shop around or purchase from companies other than the company with which they are tied up so that they could get the best retail price; and that was also a recommendation of the committee. The Bill contains a number of the recommendations of the committee, and that is why we are supporting the Bill. However, the Bill is a great disappointment to all people in country Western Australia. The member for Geraldton, who, I think, is still in that industry in some way, shape or form, would know probably better than most members the problems that face small operators in the industry and the way the major fuel companies treat small operators. Most of the benefits of price manoeuvring end up not in the pockets of the operators of the service stations, but in the pockets of Shell Australia Ltd or one of the other major suppliers of fuel within Western Australia. As the member for Eyre said, the officials of these companies say that when they are competing in the metropolitan area, they need to give their service outlets some advantage so that they can keep selling volumes of fuel. However, no such advantage is given to small operators in country Western Australia.

Karratha has four service stations, and with the declining population of Karratha, which we all hope will change shortly, these businesses are not making large sums of money. I am sure they do not want to be at the sharp edge of the public's discontent and would welcome the transparent nature of what is attempted in this Bill. However, if they cannot have an impact on the amount that motorists are charged for petrol, regardless of whether this Bill is transparent in nature, it will not have a positive impact on the people who live in regional and remote Western Australia.

As the member for Eyre also said, and as I am sure the member for Pilbara will say, the public had the expectation and hope that when this report was tabled, some certainty would return to the price of fuel. I pre-empted the decision of the committee and said I thought the Burke-style legislation should be re-introduced in Western Australia and price changes should be gazetted so that the public would know the reasoning behind price fluctuations. The public does not want some glib, political solution to this issue. The public wants to know, from whatever may be the Government of the day, the reason for the fuel price going up or down. Without that certainty, scrutiny and transparency, the public will not believe that this Government is fair dinkum. Most of the public in country Western Australia, given not what is in this legislation but what is not in it, will say

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that this Government is not fair dinkum about finding a solution. I am sure that if the country members on the other side of the House look at this legislation and at what will happen in the next three months in the electorate, they will find it very difficult to convince their constituents that this Bill is the solution to this big problem in country Western Australia. I urge the Government to take note of the amendments that will be moved in the upper House, and hopefully we can make this legislation of benefit to Western Australia.

MR BLOFFWITCH (Geraldton) [10.54 am]: I have listened to the member for Burrup tell us how this Bill will not work. I believe this Bill will work. When we talk to the multinational oil companies, which have had a free run in Perth with their discounting, we need to tell them that if they do not give us a terminal gate price at a discount of 8¢ or 9¢ a litre, we will introduce divorce legislation. I have obtained a copy of the divorce legislation via the Internet. It is interesting that Maryland was the first State in America to introduce divorce legislation. Nine other States in America have now adopted that legislation, because it gives a fair go to all service stations, whether they be independent or franchise, by giving them the opportunity to form a buying group and tender to the jobbers. One thing that America has that we do not have is jobbers. Jobbers are people who operate a refinery and have a few service stations, and they want to sell as much petrol as they can, so they will advertise petrol at 3¢ or 4¢ a litre cheaper than the majors, and people will hire a tanker and get the jobbers to deliver petrol, and all of a sudden they can reduce their price by 3¢ or 4¢ a litre and still make a profit of 4¢ or 5¢ a litre and continue to operate.

There has been some talk about the 50 per cent legislation. I believe the 50 per cent legislation is absolutely essential to this Bill to ensure the industry can be competitive. I honestly believe it is no good our telling the multinational oil companies that they need to play the game, because they will just laugh. We need to threaten them by saying that if they do not play the game, we will introduce divorce legislation and they will be out of the retail market altogether.

One of the complications with introducing divorce legislation in Western Australia is that because we are still governed by the Petroleum Retail Marketing Sites Act, we would need to ask the Federal Government to exempt us from that legislation so that we could enact that divorce legislation. When the oil companies were told that under the sites Act they could have only six sites each, they got their lawyers and experts together and decided to have multi-site operators. Shell owns six of the biggest sites in Western Australia and pays the commission agencies the princely sum of about 0.2¢ a litre to operate those sites; and, in doing that, it can be extremely competitive. Shell now has one dealer who controls 70 sites in the Perth metropolitan area. That arrangement is exactly the same as for the commission agencies. The dealers get 0.2¢ a litre, and they also get rental subsidies and hand backs and kickbacks just to keep them profitable. Those sites also make massive sales from their shops, from which the dealers keep all the profits, so the enterprise is extremely profitable. However, where does that leave the remainder of the market? Even in the Perth market, the independents are going broke very quickly, because a multi-site operator site may be selling petrol at 89¢ a litre, but the independents, under the contract they have managed to negotiate, may be selling petrol at 95¢ a litre. The difference is 6¢ a litre; therefore, from where would we buy our petrol? We would buy it at the site that sells it for 89¢ a litre. That is exactly what the major oil companies do. They are not playing fair with the independent operators; they are not giving them a chance to enter the market on a level playing field.

The oil companies in Australia cry poor and claim that they are not making any money. That is a fallacy. I read the annual report of Shell Oil/Royal Dutch Shell via the Internet from Holland, which indicates that it is the best year the company has ever had. It made more money than it has ever made before. We have been criticising the Australian branches of the major oil companies. However, we should be studying the performance of the multinational groups who own them. Their profits are going through the roof. The multi-nationals own the wells, the refining companies and almost 90 per cent of the sites. Is that the type of market we want in Australia? I do not believe it is. Unless we threaten them with divorce to convince them to reduce their prices, they will do nothing.

We must be genuine in our threat to introduce divorce legislation in the first session of Parliament, unless they play the game. If we do that, I am sure they will reduce the wholesale price by 8¢ and 9¢ litre. The oil companies in America hate divorce legislation. Why do they hate it? It causes them to lose control of the retail market. That control goes back into the hands of the dealers, the franchisees and the site owners - the people who should control it by being able to shop around for the best price.

Why do we need the 50 per cent legislation? We need to avoid the situation of only one company reducing its prices. The 50 per cent legislation is necessary so that petrol retailers can buy fuel at, say, 89¢.

Mr Grill: Will you support an amendment to bring in the 50 per cent legislation?

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MR BLOFFWITCH: Yes, I will support it; it is essential. The original Bill will be redrafted with that provision included. If that is not done, the Government will not be treating the select committee report with the respect it deserves.

I have spoken much about divorcement, but I am sure many people do not understand what it means. It means that the oil companies cannot operate a site within a vertically-integrated system. Why should the major oil companies, in the light of their power and control, be able to operate retail sites? It would be the most unfair vertically-integrated industry in the world if they were to control every avenue from the wellhead to the refinery to the retail sites and to the trucks that deliver the fuel. We will achieve nothing unless we play hard ball with the major oil companies. The only way to play hard ball is to, first, threaten action such as divorcing them from the retail market. They must understand exactly what will happen to them.

The legislation is couched in simple terms. It provides that no oil company in this State can operate a petrol site; companies must lease all their sites to independent operators. Legislation to that effect in Maryland in the United States has worked very well. Operators in that State are probably the most profitable in America. They buy at cheap prices, they offer good prices to their customers and they make a good quid. That is why the public has not asked the Maryland Government to overturn the legislation. That is why the public supports this Bill.

Unless we support this proposal, the multinational companies will take no notice of us. They laugh at us when we tell them what they must do. They smile and say, "Yeah, dream on." However, they shudder when they are suddenly threatened with being divorced from the retail market. Why would Shell Australia Ltd, with its 70 multi-site operators and six commission agency sites from which it makes mega bucks, not be a little afraid of that possibility and, therefore, not play the game? If it does not play the game, the Government will introduce legislation, which will divorce it from the retail market. That will result in every service station owner in this State having an equal opportunity to buy fuel at the lowest price, to market it and to run a profitable business.

How will that help me in Geraldton? The major companies must be told that divorcement will not occur only in Perth. Shell Australia Ltd, BP Australia Ltd and Caltex Australia Ltd have depots in Geraldton. The cost of shipping fuel to Geraldton is 0.04¢ a litre. It is 0.04¢ a litre higher than the price in Perth. I pay \$1.14 for fuel in Geraldton; yet I can buy it in Perth for 89¢. Why is that the case? The market in Geraldton has no competition. The agents have been told that if they try to compete, they will lose their agencies. One company now has control of almost two-thirds of the State. They are big operators that toe the line of the multinational companies.

The Government must take action to put the fear of God into those companies and prompt them to reduce the cost of petrol. If they bring down their prices by 8¢ or 9¢ a litre and our 50 per cent legislation is successful, we will see a major reduction in fuel prices in country areas. I would be happy to pay 95¢ or 96¢ a litre in Geraldton in the knowledge that the service station and the agent must make a quid. Unless we take action, nothing will happen. We must, first, threaten the multinationals with divorcement, secondly, introduce 50 per cent legislation and, thirdly, pass this Bill as a warning to the oil companies to reduce the price of fuel or face a divorcement policy.

MR AINSWORTH (Roe) [11.08 am]: I strongly support the legislation as the first step to returning sanity to the oil industry, if there ever was sanity in that industry. It is the first step to achieving more equitable fuel prices throughout the State, particularly in country areas. I think the highest price I have paid in my electorate was 111.9¢ for unleaded petrol. However, since I last bought fuel from that operator, the price has increased by 2¢ or 3¢. It is selling for a high price. Anything we can do to redress that price rise will be welcome.

I will not cover ground already canvassed by you, Mr Deputy Speaker, but I will raise some other issues that are pertinent to fuel pricing and the misconceptions people have about fuel quality in this country. Some of these events have been brought about by a campaign by the oil companies to mislead the community in areas other than pricing. The Commonwealth Government brought in a program to change fuel from leaded to unleaded. It introduced a 2¢ a litre differential so that people who were using leaded fuel in their vehicles were given an incentive to change to vehicles that would take unleaded fuel. In Western Australia there has been a move from leaded petrol to leaded replacement petrol and the 2¢ differential remains. As I understand it, there is no justification for that any more. That is a federal government issue but one which needs to be addressed fairly quickly.

As to the content of petrol, I believe that Australia has been led down the garden path when it comes to the so-called major effects of lead in leaded petrol. Statistics are used to prove all sorts of things. Air quality samples were taken from the area of the Sydney Harbour Bridge some 20 years ago. Later figures show that the airborne lead near Sydney Harbour Bridge, an area where one must say the amount of traffic has increased significantly in

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20 years, has decreased dramatically. That is not because of changes in fuel usage but because of changes in other sources of lead contamination, particularly paint.

Unleaded petrol has its own problems for vehicle mechanics, but I believe it has more problems because of its constituent components. An increase in aromatic fractions making up that petrol, including benzene, xylene and toluene, to name but three, have some quite serious side-effects, as we well know. A front page article in *The Australian* of 22 August referred to Aboriginal communities in central Australia in which petrol sniffing has become a major problem. Some of those communities were being supplied only with Avgas, which is still a leaded fuel. Now they have switched from Avgas to unleaded petrol, the incidence of petrol sniffing has increased dramatically, because the effect of benzene, xylene and toluene is such that it has much greater hallucinatory effects on the people sniffing the fuel. It also has the greater long-term physical effects of brain wasting and nerve damage. When one sees that happening in remote Aboriginal communities, one must say that fumes from such fuel emanating in great bulk around the city, even though the average pedestrian or city dweller does not necessarily indulge in petrol sniffing, must affect city dwellers who are forced to inhale such fumes which contain these contaminants and have detrimental effects.

I believe the industry wanted to switch to unleaded petrol for reasons other than to get away from leaded petrol because of its effect on the health of the community. I cannot prove this because I am not sure of the science behind it. However, from what I am told anecdotally, companies gain some financial benefits by producing unleaded petrol as opposed to leaded. I believe that is the major reason for the change rather than some altruistic motive of helping to reduce lead pollution in the atmosphere and therefore reducing blood lead levels, particularly in young children. Not only the pricing structure but also the other components of the industry deserve to have greater attention paid to them in the future. It is not in the scope of this legislation, nor in the scope of the Parliament in the short time it has had to deal with pricing problems, to go into the broader problem of the content of the fuel and the long-term effect of the changes in its constituent components. However, I believe that the State and the Commonwealth should be taking it up.

Mr Trenorden: Scientific papers are saying that ULP is carcinogenic.

Mr AINSWORTH: Certainly some of the components in ULP are known carcinogens; there is no doubt about that. I believe we must look much more closely at the true facts associated with leaded fuel, which was supposedly so bad for us, and look extremely closely at its replacements. I believe we are being conned. As we have been on price, we are being conned on the physical content of the fuel. If we can overcome the price differential problem for Western Australia as a starting point, we need to go in much greater depth into the quality of the fuel and get rid of some of the myths about how bad leaded petrol is for us and how unleaded fuel is much better. I believe the reverse will prove to be true.

MR GRAHAM (Pilbara) [11.15 am]: In April of this year when I moved for an inquiry into the price of petroleum products in Western Australia, Perth had the second most expensive fuel in mainland Australia, and remote and rural Western Australia had the most expensive fuel in the nation. The north-west prices in this State topped the list, thereby giving it the most expensive fuel in the nation. Huge anomalies existed in the pricing arrangements between centres, towns and outlets, even to the curious point where Kalgoorlie, an inland town in Western Australia, had cheaper fuel than Port Hedland with bulk-handling facilities on the coast. Major fluctuations were occurring in the price of fuel in metropolitan Perth. I was extremely pleased when the Government supported my call for an inquiry. I was also extremely pleased when the Minister for Fair Trading changed it from an internal inquiry to a parliamentary inquiry. The inquiry sat for some time. As you know, Mr Deputy Speaker, because you were on the committee, we had some violent and vicious disagreements and arguments about how, when and where and what we should do. It is fair to say that we had an extraordinarily complex task.

Mr Trenorden: It was an outstanding committee.

Mr GRAHAM: Yes, it was a good committee. I have argued that it was one of the most difficult committees of which I have been a member but it had a very difficult task. Did I handle that diplomatically enough for the member?

The committee put forward a mix of measures for the Parliament to consider and hopefully to implement. Some compounding factors impinge on the State being able to deal with the price of fuel, and difficult questions arise. One is the involvement of the Federal Government. Some areas are clearly a federal government responsibility. The current Federal Government has vacated the playing field. It is not a deregulator or regulator but is simply not playing in the game.

Mr Cowan: Yes, it is.

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Mr GRAHAM: No, it is not. It has federal Acts of which clearly companies are in breach.

Mr Cowan: You have missed my point. The Federal Government is definitely a player in the game, and it is a winner.

Mr GRAHAM: Yes, indeed. I was about to come to who is winning and who is losing. The Federal Government has Acts of which petroleum companies are clearly in breach, yet the federal minister has taken no action and no interest.

Mr Cowan: Neither does the Australian Competition and Consumer Commission.

Mr GRAHAM: Yes, it is an extension of the Government in my view.

The committee visited Canberra and met with researchers and politicians. I came away with my normal view, which was reinforced by the Deputy Prime Minister's comments yesterday reported in the newspaper, that they understand the statistics but do not understand the effect of their decisions on Australia.

Mr Cowan: Does this mean that there is no truth in the rumour that you will be the next Labor Party candidate for Kalgoorlie?

Mr GRAHAM: I knocked that back 10 years ago. I do not meet the fundamental requirement for that seat because of the insanity clause. I have continuously passed the sanity test.

Mr Kobelke: Does that mean you have a certificate to prove it?

Mr GRAHAM: Yes.

Mr Deputy Speaker, there are breaches of the sites Act that you and I know about. If ever there were any doubt about where the Federal Government stood on petroleum matters and the effect of its decisions, it would be its refusal to pass on excise cuts; its refusal to deal sensibly with the problems its goods and services tax have caused in the bush; and its unwillingness to accept that Australia does not meet the formula Canberra has put in place. Each of those factors has had a major impact in the bush. International factors affect the price of fuel and they vary from the movement of the Australian dollar, to world parity pricing regimes and international manipulation of internal cash flows by fuel companies. They are all matters of fact, but they are not matters that the Western Australian Parliament can overtly influence. It is interesting that Europe, the United Kingdom and the United States of America have all jettisoned the view that world parity pricing and world markets should determine their domestic price of fuel. Coincidentally, they joined up with the Organisation of Petroleum Exporting Countries, and none of the countries in that organisation allows the international market price for fuel to affect their bowser prices. However, Australia stands alone as one of the few countries that allow those on the other side of world to set the price at which we buy our fuel. It is a bizarre situation. Having said all that, if the Federal and State Governments did their jobs, it is demonstrable that the price of fuel in Western Australia would fall significantly. Analysts have put that figure between 6¢ and 15¢ a litre simply by rearranging the regulations and the legislation that applies.

The select committee report contained a series of short-term, medium-term and long-term recommendations. The long-term recommendation, which was to switch to alternative fuels, predominantly gas, has been acted upon by the Government. The Opposition will claim that it instigated the action, but I am not getting into that debate. However, it is fair to say that the long-term alternative fuel questions have been addressed. The Government's response is interesting. The Bill we are debating is a very competent piece of legislation. As I stated publicly during the debate on petrol prices, no one measure will deal with the continuing rise in petrol prices. However, if the State acts it has the ability to influence a whole range of measures that fall within its jurisdiction. The first thing it must do is ensure that there is genuine competition within the industry. The select committee found that fuel companies manipulate the price of fuel, so it is not open to people to say that competition exists at every level of the industry. Not even the fuel companies can genuinely claim that right. They say it with their tongues firmly in their cheeks, but they have all kinds of orchestrated and administrative measures that affect the outcome price of fuel at the bowser. These measures exist so that oil companies can maximise their returns through the Western Australian divisions of their Australian companies which, in turn, flow onto their international parent companies. This is neither a good nor a bad thing; it is simply a statement of fact that it happens.

This legislation will add to the Petroleum Products Pricing Act 1983. It does not, as earlier members said, reintroduce it; it will simply add to the current provisions. The legislation gives the Prices Commissioner significant powers to set the wholesale price of fuel. That is a difficult task and the committee understood that when it recommended a true terminal gate pricing policy. I do not know if the two are the same. This morning I had an extensive briefing with the Prices Commissioner and I will not argue against setting a wholesale price,

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because if the Prices Commissioner can get the information, and the Bill gives him the power to do so, it is another matter whether the fuel companies quickly squirrel away that information outside his jurisdiction. The legislation also gives the commissioner the power to declare the wholesale price at terminals.

Mr Shave: That is important for country people.

Mr GRAHAM: I was about to say that. In his briefing this morning, the Prices Commissioner said that he sees his power coming from the ability to set regional wholesale prices, and I will return to that matter later.

Dr Gallop: Where is the terminal gate in the State from your point of view?

Mr GRAHAM: If I said it was in Port Hedland, for example, I would argue that the bulk terminal there is where the terminal gate price should be set and I would ask the Prices Commissioner to do that. I would argue with him that the price should not be significantly different from the wholesale price in Perth, because the only components in the wholesale price that should be added on are the operating costs from Port Hedland and maybe freight costs. In the case of Port Hedland, the Prices Commissioner may reduce the price of fuel at the wholesale level, and the same could apply in Karratha and Dampier. There is provision for fuel to come in directly from Singapore to Port Hedland and in that case no freight component should be taken into account. In that instance, the wholesale price of fuel in Port Hedland should be lower than the wholesale price in Perth, given that all the other costs are the same.

Mr Shave: It will be an interesting change, won't it.

Mr GRAHAM: It will be a lovely change. The Bill also provides for the Prices Commissioner to access information and puts the responsibility to provide the information back onto the companies, the franchisees, the retailers and all of the various outlets and operatives in the petroleum industry. The provision in the legislation that I believe requires the strongest support is that which gives the Prices Commissioner the power to publish any or all of the information on pricing. It is an enormous tool to be able to publish, for the first time in this State, the costs that relate to the production of fuel in Western Australia. I know that you, Mr Deputy Speaker, have spent something like 30 to 40 years seeking that information. For the first time in this State, this legislation gives someone, independent of the petroleum industry, the power to obtain that information, and that is an extraordinarily powerful tool. Based on that information, the Prices Commissioner can make judgments that have legal standing. This is an important part of the legislation.

The legislation also creates some new offences. It raises various other points, both moderate and minor, including the provision of signboards, not only at retail outlets but also at terminals. The signboards at terminals are required to display the moving monthly average of the price of fuel sold so that people wanting to access wholesale prices are able to see where the current price sits in relation to the last month of trading.

Mr Shave: That is based on all the oil the companies sell with discounting.

Mr GRAHAM: That is correct; it is not based on individual trading but on the trading from the terminal. Again, that exposes one of the significant secrets of the industry.

The effectiveness of this legislation depends very much on the performance of the Prices Commissioner. This legislation gives the commissioner the tools required to assist him in overseeing the industry. I made the point to him this morning that, while he may think that that power has been given to him as the Prices Commissioner, I expect that during the next Parliament one of the standing committees will use its power to oversee him. That would provide a direct link from him to the Parliament, and that is how I hope and envisage that this process will work.

I was impressed by Commissioner Walker and his team at the meeting this morning. The commissioner knows the industry and he is a competent operator. I have every confidence that, if he is properly resourced, the measures in this legislation and the accompanying package will go some way towards allowing him to deal with the price of petrol. I am not having a foot in both camps, but I reiterate that no single measure will lower the price of petrol.

The next question confronting me as the member for Pilbara is whether I have any concerns about the Government's response. I do; in fact, I have three concerns: First, that this legislation and the mechanisms established in it will have little immediate impact on the bush. This inquiry was established and pressure to deal with fuel prices was applied because of the situation in the bush, not the situation in the city. We made that plain at the outset and we have made it plain throughout the committee's deliberations. This parliamentary committee was not established to investigate city fuel prices and, as an add-on, country fuel prices. It was established to investigate country fuel prices and, as an extra, city fuel prices.

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I will refer later to the resolution of my concerns about the delay between the implementation of this legislation and its impact on the bush. My comments should be heard in the context that I believe this legislation will in the long term be the answer to these problems and that it will provide the forces necessary to lower fuel prices. My second concern is the delay between the initial expressions of concern about country fuel prices and the introduction of this legislation. I must apply a small caveat and say that the Government and the committee have acted quickly. However, I was able to raise rural concerns about increased fuel prices only after I had collected statistics over a year to demonstrate that the problem existed. I came into the Parliament a year after the problem started to bite in the bush. Now even the best reading of this situation suggests that a further year will pass since that time before the appropriate mechanisms become effective in the marketplace. That is no-one's fault; it is a symptom of our system. Nonetheless, it concerns me.

My third concern is the absence of what is known as the "50 per cent legislation". I understand that legislation will be introduced in the not too distant future. It is important because retailers in the north west of the State say that, if it were in place today, the price of fuel at their outlets would fall by between 3¢ and 6¢ a litre. One company operates a terminal in one of the major centres in the Pilbara and another company operates a terminal in another major centre, and they transfer fuel by truck over the 200 kilometres between the two terminals. The local Ampol dealer cannot buy fuel from the Shell terminal and vice versa because their franchise agreements will not allow it.

I sought from and received an undertaking from the Prices Commissioner that he will act expeditiously in the bush. I do not think I am breaching a confidence by telling the House that the commissioner told me he regards dealing with the problems in the bush as his greatest challenge, and that is where he wants to focus his attention.

I have some concerns about the short and medium term. The picture I painted at the start of this speech and when I spoke to the motion in March and April this year remains the same: Perth still has the second highest fuel price of all mainland capital cities. The bush fuel price has increased, and the committee made a factual finding that the price disparity between city and country has increased. The committee also found that competition has failed in the bush. We still have the extraordinary anomalies I have previously drawn to the attention of the House, and they have been compounded by the actions of the Federal Government. We have the stupidity of Western Australia's only oil refinery receiving a federal remote area subsidy for petrol stations at the same level as that given to stations in Kalgoorlie. That is bizarre. Allowing for that discounting, fuel is still cheaper in Kalgoorlie than it is in Port Hedland.

While there has been a great deal of political and parliamentary drafting activity, the situation in the bush and in the area that I represent has not changed. The committee debated the issue at length. Members discussed it, argued about it, and spoke privately and socially about it. I have spent most of my political life arguing for deregulation.

Mr Trenorden: Your true colours come through!

Mr GRAHAM: I found myself as the lead protagonist in the argument for regulation. Huge forces are at work - Governments and oil companies - and the victims are country consumers, and they need protection.

The committee had many arguments about the power of regulation versus deregulation. One member pointed out that it was like Karl Marx meets Gordon Gecko, because we could not work out whether we wanted total regulation or deregulation, or something in between. The committee spent hours debating how best to deal with the problems in the bush. At the end of the day, it handed down its findings and recommendations. A major recommendation was that the Minister for Fair Trading immediately convene a prices committee. He did that on the day the committee reported and he deserves credit for doing so. I am happy to do that - I congratulate him.

The committee went one step further and said that, because the market had failed in the bush, and because the competitive forces present in the city were not present in the bush, the Government should regulate the retail price of fuel in country Western Australia.

I do not understand why the Government has not done that. I will be asking for a meeting with both the Premier and the Minister for Fair Trading to argue for regulation of fuel prices in the bush. At best, the measures and procedures contained in this legislation will not be in force until March or April next year. There will be an election and other disruptions in the intervening period. It will be January before a wholesale price is set. A price can be set today, but a real and meaningful wholesale price will take a lot of work, and most people are saying that January or February will be the earliest that will happen. After that, terminal prices in remote and rural areas will have to be set. In the year since the problem was first raised, prices in the bush have gone up. It is not fair to say that nothing has happened, but on the ground, at the bowser, nothing has changed. The market controls I am talking about are available to the minister under the 1983 Act, and do not need any action from the

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Parliament. The minister can act on that legislation on advice from the committee. I am not by nature a regulator, but market forces have failed in country Western Australia. The committee made a finding of fact, that since deregulation the gap between country and city prices has grown. The sort of controls I am referring to are at best temporary, but consumers in country Western Australia require protection from some of the biggest companies in the world. The only thing at this level of authority that can stand between the multinational oil companies and the consumer is the State Government. The only person in the State Government with the power to make that decision is the Minister for Fair Trading. I am happy to say that on this issue the Minister for Fair Trading has done a good job. There is a huge amount of evidence, including findings of fact, that country people are significantly disadvantaged on this issue, and all there is on the other side of the scale is either ideology or political will. We do not need Governments interfering in the daily lives of people, or being over-bureaucratic, but we do need protection from some of the best plunderers the world has ever seen. It is hard for me to say that I say that with the utmost respect for oil company executives, but it is quite amazing how these people operate. Country people need the protection of the State Government, and I urge the Government to give it.

DR GALLOP (Victoria Park - Leader of the Opposition) [11.45 am]: Finally the Government has relented and is moving on the issue of petrol prices. It has taken eight years, massive public pressure, a select committee report and Labor's own legislation to spur the Government into action on this vital issue. The Government did act on petrol prices within its first few months of taking office. One of the first actions of the coalition was to abolish price controls on fuel. Retail prices in Western Australia were controlled in the metropolitan area and specified regional locations from April 1983 to April 1993. The retail price determination took into account wholesale price endorsement and freight rate determinations by the federal Prices Surveillance Authority. The authority calculated indicator wholesale prices, referred to as the maximum endorsed wholesale price, or MEWP. Oil companies were entitled to post wholesale prices to levels not exceeding those price determinations. In effect we had price capping at both the wholesale and retail level in Western Australia. That was abandoned within a few months of the coalition Government taking office. It is interesting to hear the reasons put forward for that decision. The Minister for Fair Trading said in this House yesterday -

On being elected, this Government discovered these regulations were largely irrelevant to price control.

That claim echoes what the Premier has said in the Press. However, it is completely contradicted by the report on petrol pricing released last month by the coalition-dominated select committee. The report makes it clear that the capping of wholesale and retail prices did contain the price differential between country and city prices. In fact a key finding of the report was that -

The gap between country and city prices has widened since controls were deregulated.

The report found that since price controls were abandoned in 1993, the gap between country and city petrol prices had widened. For instance, in 1993 the price differential for petrol between Bunbury and the metropolitan area was capped at 2.6¢ per litre. The price differential as at September 2000 had increased to 5.6¢ per litre. In Karratha the price differential was 7.4¢ per litre in 1993, but is now 11.2¢. Despite the growing price differential the Government has not used the existing legislation, which allows for the price capping of fuel at the wholesale and retail level. The Government could not admit it was wrong, and continues to refuse to accept that reality.

The Government has introduced legislation which goes only part of the way to address the issues involved. Its main thrust is to improve transparency in the pricing of petroleum products. Although transparency is a good thing, so is competition, yet this legislation does little to improve competition in the fuel industry. Although the legislation addresses a part of the pricing jigsaw, the most important pieces are still missing. It is therefore hard to see how this legislation will do anything to bring down the price of fuel across the State.

This legislation raises many questions, which I will detail in my speech today. I would welcome a quick response from the Minister for Fair Trading, to ensure the passage of the legislation is not unduly delayed. The legislation empowers the Prices Commissioner to declare fuel terminals, and fix a maximum price at which petroleum companies will be able to wholesale motor fuel from these terminals. While the existing legislation allows for the declaration of the product - that is, petrol - this legislation allows for the declaration of terminals. The Government will have the power to declare certain terminals and, when the declaration is made, the Prices Commissioner can fix a maximum wholesale price at which fuel products can be sold from that terminal. Suppliers from declared terminals will be required to display at their terminal the price at which they will supply wholesale customers who take delivery there and who are not subject to prior arrangements or agreements with the supplier. I seek clarification from the minister on that issue. Would this still allow terminals to sell fuel at different rates to different customers on the same day? If this is the case, it appears to contradict page 44 of the select committee report, which defines a true terminal gate pricing policy as follows -

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This system would be designed to ensure that, on any day, each major petroleum company engaged in wholesaling fuel from the refinery or storage depot must provide and advertise one open and accountable price which will be available to all market participants engaged in reselling.

Will the minister clarify that situation and provide an estimate of the number of wholesale customers with prior arrangements or agreements with suppliers, who therefore will not be bound by the displayed price?

The legislation also provides that those companies selling from terminals that are not declared will be able to add to the maximum wholesale price amounts to reflect additional transportation and operational costs. Why would one choose to declare some terminals and not others? The Opposition would like a key question answered by the Government: On what occasions and on what basis will the Government choose which terminals to declare?

Mr Cowan: You did not apply the cap to certain retail companies in the country. Why did you do that?

Dr GALLOP: I think the Deputy Premier knows the reason for that decision. As I recall - I was not in government at the time - the legislation was for the major regional areas where a degree of competition applied to protect the smaller retailers.

Mr Cowan: That is not the answer at all.

Dr GALLOP: Why was it then?

Mr Cowan: It was a purely political decision to determine where a cap to retail prices applied in the country.

Mr Grill: You can't control them in every spot.

Mr Cowan: Dead right.

Dr GALLOP: It related to the size of the market.

Mr Cowan: The member for Eyre is right.

Dr GALLOP: I said that.

Mr Cowan: It was a political decision.

Dr GALLOP: It was not a political decision.

Mr Cowan: Of course it was!

Dr GALLOP: Grumpy, grumpy.

We would like the Minister for Fair Trading to tell us when the declaration of terminals will be made and price capping instituted. The legislation empowers the Price Commissioner, but the Labor Party would like to know when he will take action.

The Bill also seeks to respond to recommendation 8 of the select committee to allow the price monitoring and control powers to extend to autogas and LPG bottle gas. This is similar to the Opposition's proposed legislative change; therefore, Labor supports the initiative. The ALP has argued for a long time that the price of LPG is too high given that Western Australia is a net exporter of the product. We have put forward numerous submissions to the Australian Competition and Consumer Commission and the state parliamentary select committee asking that price monitoring of LPG be invoked and that price control be considered. We were pleased to see the select committee report make recommendations in that regard, and that the Government has included provisions to that end in the legislation. The Labor Party certainly supports that part of the Bill.

This legislation also seeks to require all retailers to fix the price of each type and grade of motor fuel the day before it is applied and notify the commissioner of those prices in the manner and form to be prescribed by regulations. It also provides that it will be an offence for a retailer of motor fuel to change the standard price at which the motor fuel is offered for sale unless the retailer has first notified the Prices Commissioner on the preceding day of the new price. The amendment will remove the fluctuations in the retail price that sometimes occur in the same day. The Bill addresses recommendation two of the select committee report.

I now raise some concerns about this proposal. Is it possible under this legislation to have a situation in which the wholesaler of petrol can vary the price of fuel within the same day yet the retailer cannot do so? What provisions exist to protect retailers from such a scenario? It would appear on the surface that retailers will be prevented from changing their price in any day, but the same restriction will not apply to wholesalers. I seek clarification.

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Lastly, I refer to what this legislation does not provide for. A number of findings are not addressed by the legislation. A key finding relates to the level of competition in the fuel industry. The committee found, as outlined on page xx of the report, that -

The petrol market in Western Australia is not characterised by healthy processes of market competition at all levels.

Genuine competition will deliver the lowest possible prices into the future.

Both the wholesale and retail levels in the industry require a greater degree of genuine competition.

To help address this situation, the report recommended -

That the *Petroleum Retailers Rights and Liabilities Act* be amended to ensure that the discretionary 50 per cent purchasing objectives are met.

This would allow retailers to purchase a substantial proportion of their stock from the supplier of their choice. The coalition Government has baulked at the implementation of the recommendation, even though it simply requires that the current legislation be amended to enable it to operate effectively. I am sure many members in this House representing country constituencies could explain better than I can the importance of that legislation, and why this Bill should strengthen that measure.

Mr Cowan: Did the person who wrote that speech for you also put the submission to the committee on behalf of the Labor Party?

Dr GALLOP: My staff do a very good job.

Mr Cowan: I ask the question again.

Dr GALLOP: Why does the Deputy Premier ask?

Mr Cowan: I have read the submission from the ALP to the select committee, and listening to you sounds very much like the same words as found in that submission. They are both very much substandard.

Dr GALLOP: The Deputy Premier is very nasty today. Interestingly, the Labor Party has introduced legislation on this issue. In what way is my speech substandard?

Mr Cowan: It is wrong.

Dr GALLOP: Where am I wrong - on which issue?

Mr Cowan: You're wrong about a range of issues. You're wrong about the impact that retail capping had on petrol prices.

Dr GALLOP: I quoted the report of the government-dominated select committee. Does the Deputy Premier say that the member for Avon is wrong on that, as I quoted him?

Mr Trenorden: It is a good thing to do!

Dr GALLOP: The member was right, I am right and the Deputy Premier is wrong. Does the member for Avon agree?

Mr Cowan: The content of this speech is very ordinary.

Dr GALLOP: Which other part is wrong?

Mr Cowan: The part about the Labor Party taking all sorts of actions to deal with petrol prices is also wrong.

Dr GALLOP: What is wrong about that?

Mr Cowan: You have never done a thing.

Dr GALLOP: We are in opposition; we can only make submissions, and press the Government.

Mr Cowan: I refer to the time since 1983 when the Petroleum Products Pricing Act came into being. It has had no impact whatsoever since then on the margin between the country and the city.

Dr GALLOP: That is not what the committee report said. The Deputy Premier is wrong and the member for Avon is right.

Mr Cowan: Since this legislation came into being, it capped the retail price and set clear margins at 4¢ a litre for those people retailing petrol. It did nothing else. It has had no impact on petrol prices in the country - none whatsoever.

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Dr GALLOP: I am afraid the Deputy Premier is being very party political and petty on this point, because his colleagues have said the opposite. Where else does the Deputy Premier think the speech is wrong?

Mr Cowan: Just about everywhere else, so why not leave it at that?

Dr GALLOP: The Labor Party is fundamentally right on the key issues, yet the Deputy Premier, who is obviously not in a good mood today, introduces a petulant and petty interjection into the debate. The reluctance of the Government to deal with the Petroleum Retailers Rights and Liabilities Act is even more surprising given that that Act was introduced by its predecessor in 1982. The Act intended to give retailers the right to purchase up to 50 per cent of fuel supplies from sources other than contracted petroleum company franchisees or landlords. The provision was intended to give retailers otherwise committed to exclusive supply contracts the flexibility to purchase up to 50 per cent of their stock from the supplier of their choice. This would give retailers greater bargaining capacity and consequently promote competition. Many of my country colleagues in this Parliament, including the member for Eyre, could give some good examples of how that legislation could bite by increasing competition, if that was clarified by this Parliament. However, following legal action by BP Australia Ltd in 1991, the Western Australian Supreme Court identified drafting deficiencies in the Act. The Government has done nothing in this legislation to address those drafting deficiencies and has left the Petroleum Retailers Rights and Liabilities Act worthless.

Mr Cowan: You got as far as the second reading speech and never took it further, so do not talk about opportunities for the Government to do something.

Dr GALLOP: The coalition has been in government for eight years.

Mr Cowan: Yvonne Henderson introduced legislation that never got past the second reading speech. That is how much you think about this issue.

Dr GALLOP: At least we brought some legislation into the Parliament. The coalition has been in government for eight years and has done absolutely nothing. What good is transparency of prices if retailers cannot act on the information? The ability for retailers to shop around is the key to driving prices down. The absence of provisions in this Bill to allow retailers choice of supply is a major shortcoming and will seriously undermine its capacity to provide greater competition in the marketplace. It is a critical issue if the legislation is to have a practical effect on the price paid by motorists across the State. Without this provision, no incentive exists for wholesalers to reduce their prices if all it will lead to is a drop in profit margins and no extra business for them. The Opposition calls on the Government to amend this legislation to at least include provision to allow choice of supply in all new contract arrangements between retailers and suppliers for up to 50 per cent of their supply. Given the prospective application of that proposal, there is no good reason for the Government to reject that initiative. I call on the minister to move that amendment. In the event that the Government fails to move that amendment, Labor will move such an amendment in the upper House and will seek support from the other parties.

Mr Barron-Sullivan: Would that be similar to the private member's Bill?

Dr GALLOP: As I said, member for Mitchell, the Opposition calls on the Government to at least include a provision to allow choice of supply in all new contract arrangements. We are calling on the Government to do that. If it does not, we will do it in the upper House.

Many other issues that are related to petrol prices are not directly related to this Bill, but have major implications for the price of petrol and diesel. If the member for Mitchell had problems with the Opposition's Bill, why did he not suggest amendments?

Mr Shave: It was just a negative Bill.

Dr GALLOP: The coalition is not entering into the spirit of this Parliament on any of the issues that come before it. If there was a problem with the Opposition's Bill, members opposite could have moved an amendment.

Mr Shave: You did it in five minutes.

Dr GALLOP: We did it in five minutes to get it on the agenda!

Mr Shave: You know I have introduced a Bill, and you do not like it. The member for Pilbara knows it is a good Bill.

Dr GALLOP: Does the member for Pilbara think this Bill should include a section dealing with the Petroleum Retailers Rights and Liabilities Act?

Mr Graham: When I have been fully briefed, and in the fullness of time, I will be completely happy.

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Dr GALLOP: That is a politician's answer, member for Pilbara.

Mr Cowan: It is a separate Act.

Dr GALLOP: Is the Deputy Premier saying that we cannot have an Act amendment that will deal with all of these issues?

Mr Cowan: It is a separate Act and needs to be dealt with separately.

Dr GALLOP: Will the Government deal with it separately?

Mr Cowan: It will be dealt with separately.

Dr GALLOP: Will the Deputy Premier give a commitment today to introduce such legislation?

Mr Cowan: It is not my responsibility to give that commitment. However, as a senior member of the Government, I can say that that issue is being addressed.

Dr GALLOP: Will it come into the Parliament by way of legislation?

Mr Cowan: If you stay here long enough you will find out.

Dr GALLOP: I will ask the Minister for Fair Trading: Will it come into Parliament by way of legislation?

Mr Shave: The Deputy Premier has given a complete answer.

Dr GALLOP: In other words, the Government has not made up its mind.

Mr Cowan: That is not the case.

Dr GALLOP: If the Deputy Premier has made up his mind, will he tell us the answer?

Mr Cowan: I have just given you the answer.

Dr GALLOP: The Deputy Premier has not.

Mr Cowan: The problem with the Leader of the Opposition is that his listening skills are poor. I will explain it to him again. A separate Act deals with the capacity of people to have access to a multiple number of suppliers. It is called the Petroleum Retailers Rights and Liabilities Act. The opposition amendment would impact on common law contracts. There would be an enormous number of legal challenges to it.

Dr GALLOP: The interjection by the Deputy Premier is an insult. The Labor Party is only too happy to consider amendments, as it did with its nuclear waste legislation; however, the Government must put forward amendments. The Opposition put the issue on the agenda and brought it into the Parliament. We are happy to consider amendments. The important point is the principle: Does the Government want to bring it in or not? That is the question the Deputy Premier will not answer. That is because there is deep division within the coalition ranks on this issue.

Mr Cowan: You are wrong again.

Dr GALLOP: Will the Government introduce legislation to ensure that the rights of retailers will be protected under the Petroleum Retailers Rights and Liabilities Act?

Mr Shave: The Leader of the Opposition should address the Bill. The Labor Party made a mess of it the first time. He should let me do my job, and in the fullness of time, like the member for Pilbara, you will be very happy.

Mr Cowan: Can the Leader of the Opposition give me a guarantee that if I give him some advice by way of interjection he will not, before I get one-tenth of the way through that advice, start screeching? Is the Leader of the Opposition prepared to listen until I have finished, or does he want to go off half-cocked?

Dr GALLOP: What does the Deputy Premier want to tell me?

Mr Cowan: I will complete what I was telling you.

Dr GALLOP: I am listening.

Mr Cowan: There are two separate Acts. The Petroleum Retailers Rights and Liabilities Act must be examined for a number of reasons. The amendments that the Opposition has put forward - most people would already have told the Leader of the Opposition this - would cause conflict between a whole lot of people who have existing contracts. Just about every person involved in the petroleum industry would be outraged by that legislation, because it could not work. It would be challenged in a range of places.

Dr GALLOP: We would consider an amendment.

Mr Julian Grill; Mr Fred Riebeling; Mr Bob Bloffwitch; Mr Ross Ainsworth; Mr Max Trenorden; Mr Larry Graham; Mr Hendy Cowan; Mr John Kobelke; Mr Doug Shave; Dr Geoff Gallop; Mr Dan Barron-Sullivan; Ms Alannah MacTiernan; Mr Mark McGowan; Dr Hilda Turnbull

Mr Cowan: The Leader of the Opposition has already violated his commitment to keep his mouth shut. The PRRL legislation covers only those people who are prescribed by definition under federal legislation on franchises. The legislation must be examined for the purpose of considering to what extent we will cover those people and to what extent we will look at new contracts as opposed to old contracts. All of those issues must be examined. Under no circumstances will we be responsible - as the Labor Government was irresponsible - for introducing legislation that would create more conflict than it would resolve and cause more disruption than satisfaction. We will do it carefully and slowly, but we will do it.

Dr GALLOP: Will the Government of Western Australia introduce an amendment to the Petroleum Retailers Rights and Liabilities Act to ensure that retailers have the right to purchase up to 50 per cent of fuel supplies from sources other than contracted petroleum company franchisors or landlords?

Mr Cowan: A range of issues must be clarified and resolved. I am speaking now for the Minister for Fair Trading. We are already looking at ways and means of getting the right amendments to that legislation, so that we know precisely how we will go about it.

Dr GALLOP: Is the Deputy Premier now the responsible minister?

Mr Cowan: I am speaking for the Government. The Minister for Fair Trading has carriage of this. He and his department are examining all of the ramifications of the Petroleum Retailers Rights and Liabilities Act and those issues about which I have spoken. When we get the report on that, we will know the extent and detail of any legislation; and that will go back to the joint party room.

Mr Shave: It would be very silly of me as the minister to give you such an undertaking without having all the facts in front of me -

Dr GALLOP: So the minister is not committed to it.

Mr Shave: Listen to me - and to have the oil companies between tomorrow and next week write up all of those people on long-term contracts, on the basis that something may or may not happen. When the gentleman in the eastern States brought in his legislation and proposed all these changes, the oil companies went around and changed all the contracts; so they made the proposed legislation ineffective.

Ms MacTiernan: You can make it retrospective.

Mr Shave: We can make legislation retrospective, but as a rule Governments shy away from making legislation retrospective.

Ms MacTiernan: You have not shied away from it in terms of workers compensation. Why not do it with the oil companies?

Mr Shave: Do not be rude. I am trying to make members understand that if the Government makes a decision to go down that line, it will do it in a responsible manner, after it has considered all the facts. I will not be saying that we will be doing this, this and this and thereby be allowing wholesale changes to be made to contracts.

Dr GALLOP: Does the Government of Western Australia agree in principle with the recommendation in the select committee report that deals with the Petroleum Retailers Rights and Liabilities Act?

Mr Shave: The Government of Western Australia believes the committee has done a very good job.

Dr GALLOP: That is not the question. Does it agree in principle with that recommendation?

Mr Shave: The Government has not agreed with all of the recommendations. We are still getting Crown Solicitor's advice on that recommendation, and on the technicalities and implications if changes are made.

Dr GALLOP: So the Government agrees with it?

Mr Shave: I did not say that.

Dr GALLOP: The Government does not agree with it? It does not have a position on it?

Mr Shave: I did not say that either. I said we are examining it.

Dr GALLOP: The Government either agrees, disagrees or does not have a position. They are the only options.

Mr Cowan: There are other options. Let me put it this way: The ability for re-sellers to have access to multiple suppliers is a fine principle, and we are looking at ways and means of ensuring that is the case, without creating legislation that will cause greater difficulties and problems.

Dr GALLOP: So the Government does agree with it in principle?

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Mr Cowan: Yes. That is what competition is all about.

Dr GALLOP: The Government of Western Australia agrees with that recommendation in principle?

Mr Cowan: This Government is about competition and the maintenance of competition; and giving re-sellers of fuel products access to multiple suppliers is about competition. Under no circumstances will this Government enter into legislation that will in some way or another break common contracts.

Mr Shave: Which is what you have suggested in your legislation.

Dr GALLOP: I think this issue is causing a lot of division in the Government.

Mr Cowan: No it is not.

Dr GALLOP: I think this issue is causing the Government a lot of pain, because if it is not, why not come out and say what the position is?

Mr Cowan: I just did.

Dr GALLOP: The Deputy Premier has given his position, but it is not the same as the minister's position. The Deputy Premier is saying the Government agrees in principle, but the minister is saying the Government does not have a position.

Mr Shave: You are twisting the truth.

Dr GALLOP: I am not twisting the truth. I ask again: Does the Government agree with that recommendation in principle?

Mr Shave: You have raised the issue of trying to interfere in common law contracts. We are totally opposed to what you are trying to do.

Dr GALLOP: I have answered that and said we would consider amendments.

Mr Shave: We are looking at the issue. Do you not think you would have been a bit more responsible if you had realised, before you introduced your ridiculous amendments, what you were actually doing?

Dr GALLOP: No. It is important to get these things on the agenda.

Mr Shave: Are the people who advise you as incompetent as you?

Dr GALLOP: As it did with graffiti, street prostitution and nuclear waste, the Labor Party is setting the agenda, and the Government is responding. That is exactly what happened.

Mr Shave: I will tell you the agenda you would set if we agreed to your proposal. You would be saying to people who had invested \$500 000 in a petrol station site, "Sorry, mate; we will take your investment away from you."

Dr GALLOP: Why do we have the Parliament?

Mr Shave: To keep controls on irresponsible people like you.

Dr GALLOP: Our record is there for all to see.

Mr Shave: We know that!

Dr GALLOP: We introduced the nuclear waste Bill, the Government suggested amendments, and we agreed to them. We introduced the street prostitution Bill, the Government introduced some of its changes, and we agreed to them. We introduced the graffiti Bill, the Government introduced its version, and we agreed to it. We are the parliamentarians, and members opposite are the arrogant Government. That is the difference. This is an arrogant and out-of-touch Government that is not interested in discussing these matters with the Opposition. There are many other issues with regard to petrol prices which are not directly related to this Bill but which have major implications for the price of petrol and diesel.

Mr Cowan interjected.

Point of Order

Mr KOBELKE: I think the Deputy Premier is having another one of his fits, and perhaps if he left the Chamber and took his medication, he would not disrupt the proceedings of this Chamber.

Mr Julian Grill; Mr Fred Riebeling; Mr Bob Bloffwitch; Mr Ross Ainsworth; Mr Max Trenorden; Mr Larry Graham; Mr Hendy Cowan; Mr John Kobelke; Mr Doug Shave; Dr Geoff Gallop; Mr Dan Barron-Sullivan; Ms Alannah MacTiernan; Mr Mark McGowan; Dr Hilda Turnbull

The ACTING SPEAKER (Mr Sweetman): Order! I view that as a frivolous point of order, and perhaps it is time that as the Chair I took some control of this Chamber. If the general discussion can cease and the Leader of the Opposition can get on with his presentation in this debate, we will have a happier Chamber.

Debate Resumed

Dr GALLOP: One key issue is the federal coalition Government's refusal to abolish the February indexation, which will lead to an increase in the price of petrol of between 2¢ and 3¢ a litre. The Federal Government persists with this position despite massive revenue windfalls, and with a budget surplus of \$4.3b this year compared with a forecast surplus of \$2.8b. In addition, the coalition continues to refuse to honour its promise that the price of petrol would not rise as a result of the goods and services tax. It has steadfastly refused to cut its excise by the amount required to ensure that the GST does not cause petrol prices to rise. It is clear that that promise has been broken, at the cost of motorists everywhere, particularly those who live in the regional areas of this State.

Labor will support this Bill, as a means of starting the process of dealing with the petrol price issue. This Bill is a positive first step, because it improves transparency in what has always been a closed market; it incorporates liquefied petroleum gas within the price capping and monitoring regime; and it improves security of access for retailers. However, important elements are missing, most notably the absence of recommendation 9 from the select committee, which deals with the Petroleum Retailers Rights and Liabilities Act. We note that we have only one week of the Parliament to go, and the Government has baulked at that issue, which is vital to improve competition in the marketplace. It is a serious deficiency in the proposals that have been put by the Government to the Parliament today not to include that issue.

I conclude by reiterating the questions that I have asked of the minister today. I seek clarification on these issues: In what circumstances and for what reasons can wholesalers vary the price for different customers on the same day? On what basis will terminals be chosen to be declared sites? Can this legislation create a situation in which wholesalers can vary their price within the same day while retailers cannot? When will the Government move to declare terminals and cap the wholesale price from those terminals? Can the minister explain why he has not chosen to implement recommendation 9 and provide for more choice for retailers?

During this debate the minister clarified that question to some extent by saying that the issue involves many complexities. That is fair enough. However, he has not told this Parliament that the Government has an in-principle commitment to that recommendation. The Opposition seeks that commitment.

The Opposition is disappointed that the Government has not dealt with the recommendation in relation to the gap between city and country prices that has grown since the capping regime of the 1980s was withdrawn. On behalf of our many country constituents, we regard that as a disappointment.

This Bill is a positive first step, but we still have some way to go.

MR TRENORDEN (Avon) [12.20 pm]: As reflected in this debate, this is obviously a very serious issue. The Leader of the Opposition referred to the important issue of the terminal gate price. The members of the Select Committee on Petroleum Products Pricing in Western Australia debated it at length. The difference in the price of fuel between my hometown of Northam and the City of Bunbury is amazing. In submissions to the committee and in telephone calls to ABC radio, many people said that Northam has the cheapest fuel prices in the State. What is the difference between Northam and Bunbury? The difference is competition. The only reason that the sale of fuel in Northam is highly competitive is a company called Gull Petroleum (WA) Pty Ltd. Gull's competitive attitude has helped to drive down the price of fuel in a town that, historically, sold fuel at high prices.

A common, rigid terminal gate price would wipe out not only Gull but also Liberty Oil Pty Ltd and a number of other operators that need space to be competitive. They would have to operate on the same basis as all the multi-national companies. A terminal gate price - under this legislation the Government is referring to a wholesale price - is a maximum price; it is not a minimum price. The intention of that is clear. Any logical argument will not include a fixed price; it will include a maximum price. It will allow the Gulls of this world to survive. I do not think anyone in this Chamber will argue that companies like Gull and Liberty Oil should not be able to compete. That is why the terminal gate price is not a fixed price.

As you know as a regional representative, Mr Acting Speaker (Mr Sweetman), fuel costs impact on our quality of life. One of my constituents, a nurse, whom I see regularly due to our representation on committees, drives some distance to her place of work and home. The cost of fuel involved in all the driving she does is impacting seriously on her quality of life. That is replicated thousands of times among residents in country areas. We must act on this issue.

Mr Julian Grill; Mr Fred Riebeling; Mr Bob Bloffwitch; Mr Ross Ainsworth; Mr Max Trenorden; Mr Larry Graham; Mr Hendy Cowan; Mr John Kobelke; Mr Doug Shave; Dr Geoff Gallop; Mr Dan Barron-Sullivan; Ms Alannah MacTiernan; Mr Mark McGowan; Dr Hilda Turnbull

The member for Pilbara who first moved the motion to form the select committee, and the Minister for Fair Trading, who adopted the idea and moved an amended motion to form the committee, deserve credit. I admit that I hesitated to accept nomination onto the committee because the Clerk of the House glances reproachfully at me from time to time for being on more committees than I can poke a stick at. I am afraid it makes me feel somewhat hypocritical because I criticise other members for doing just that.

Mr Shave: You were a very good man to have on this committee.

Mr TRENORDEN: Although I was keen to be involved, I cannot honestly say that it has not impacted on my other duties.

Ms MacTiernan: That is so that you can continue the "Larry and Max show"!

Mr TRENORDEN: The Larry and Max show has occasionally drifted out to include a third person!

Ms MacTiernan: We didn't make it to Cuba!

Mr TRENORDEN: No, I have not made it to Cuba, but I will not digress down that road.

As I am sure everyone will appreciate, taking on fuel companies was not a simple task for the select committee. The member for Eyre said at a press conference held by the select committee that the committee was very brave in writing its report. If that is the case, we must say that the Government's action in introducing this Bill is brave. This legislation will stand alone in Australia. Even the Act recently passed in Victoria has nowhere near the effective measures that this Bill contains, and which I hope will be enacted. Western Australia's legislation will be unequivocally on its own. Many people will take keen interest in it.

The key issue in the fuel debate is discounting in the metropolitan area. It has very heavily aggrieved country people, who, yet again, have been left out of benefits by major industry. The major fuel companies can line up with the banks, Telstra and other large industries in Australia, which are now arguing that they do not have any moral responsibility to the community. As I drive around my electorate and elsewhere, I hear on ABC radio representatives of those organisations arguing that they do not have that moral responsibility. I am sure many Australians will disagree with them.

The fuel industry has deliberately excluded rural populations from paying lower prices. No wonder country people are angry. The role of government is to do something about that inequality. That is what this Government is doing; it is acting to redress a clear inequity among country people. As I said earlier, with this legislation, the Government will not only allow retailers and distributors access to the terminal gate on the basis of price but also the terms under which fuel can be accessed will be spelt out. Even at the current terminal gate price - terminal gate prices exist now - people can be turned away by the fuel majors, which offer a range of excuses if they do not want to load a truck. That has occurred, according to people who have made submissions to the select committee.

The Bill will address the vertically integrated nature of the industry. Much has been said about it, so I will not go over old ground. However, when an industry refuses to be even-handed with people, it is the role of the Government to act and we are doing that right now. Many of these issues require action by the Federal Government, as has been alluded to in this debate. However, this is not federal Parliament so I will not speak about its responsibilities. When this Bill is passed it will stand alone in Australia.

Rural Western Australia faces a range of issues, including price and access - not only access to the terminal gate price, as I spelled out earlier, but also access to fuel. A very likely prospect is that country towns consisting of a few hundred people will not have fuel retail sites.

Not far along the turn-off from Albany Highway on the way to Wandering and Narrogin a sign has been erected bearing the words "No fuel for 100 kilometres". It is fewer than 100 kilometres outside Perth, relatively close to the metropolitan border; it is not in the deep recesses of the State. The town of Wandering does not have a fuel outlet. Many towns will follow suit unless we act to ensure that does not occur.

We need to talk about quality, particularly of diesel, because summer and winter diesel prices cause great pain in the agricultural region. I have mentioned the question of equity. The very important question of the cost of transport impacts on everyone in rural Western Australia, whether it be the cost of an ambulance from Northam hospital to Royal Perth Hospital, the purchase of an ice-cream from a Four Square store in Beacon or the cost of carting grain or produce. Competition is also a very critical issue because in rural Western Australia, competition has gone.

Mr Julian Grill; Mr Fred Riebeling; Mr Bob Bloffwitch; Mr Ross Ainsworth; Mr Max Trenorden; Mr Larry Graham; Mr Hendy Cowan; Mr John Kobelke; Mr Doug Shave; Dr Geoff Gallop; Mr Dan Barron-Sullivan; Ms Alannah MacTiernan; Mr Mark McGowan; Dr Hilda Turnbull

I want to return to what the Leader of the Opposition said. I have in front of me the Labor Party's submission to the committee. Nowhere does it refer to competition. It refers to differentials in the city and country. What about the wholesale price? The Leader of the Opposition spoke in great detail about the terminal gate price and the wholesale price, but there is no reference to them in the submission.

Ms MacTiernan: We obviously were not covering everything in the submission. We had our people as members of the committee. When the committee had gone through it, we looked at it and said that it is correct.

Mr TRENORDEN: That is right. I thank the member for Armadale for recognising that the ALP came into the picture after the committee had recognised the situation. It did not have a clue before that day. The member has just admitted that.

Mr Barron-Sullivan: Did the Labor Party's submission have anything to do with the 50 per cent legislation?

Mr TRENORDEN: Not a bit. I shall speak about that in a moment.

The Australian Labor Party candidate for my seat is putting out press releases which say what glorious achievements the 1983 legislation gave to people. It pegged the maximum retail price in 10 towns and cities, but nowhere near the wheatbelt - not within 100 kilometres. That turkey is travelling around my electorate saying that the ALP did that in the wheatbelt.

Mr McGowan: Aren't you a bit sensitive?

Mr TRENORDEN: Yes, I am sensitive.

Ms MacTiernan: You are hopping like the Premier.

Mr TRENORDEN: I care about the people who live in my electorate. I do not claim that the member does not care about the people in her electorate.

Mr Cowan: You have upset him.

Mr TRENORDEN: This is a really critical issue for people from the pensioner to the millionaire.

Ms MacTiernan: You have just said that it is not an issue in your electorate because you had the lowest petrol prices.

Mr TRENORDEN: I said in the Town of Northam.

Dr Turnbull: Don't you know how big our electorates are? They are enormous.

Mr TRENORDEN: I have more to my electorate than the Town of Northam. People can drive 18 kilometres to Toodyay and find the petrol price is 12¢ different.

To get back to the ALP candidate in my electorate, he is saying that the Act did great things for rural people. It did nothing for rural people. All it ever did was establish a maximum retail price that was never acted upon. To my knowledge, no penalties were imposed in the wheatbelt during the time that the Act was in force - not one. I have been unable to find one single case. What did it do for the people of the wheatbelt? It did nothing.

Another point the Leader of the Opposition was going on about was the differential. He is right; since 1993 the differential has increased. However, one must ask oneself why. It has nothing whatsoever to do with the legislation; it is because the industry of its own volition decided to go for discounting, which impacted very heavily on country people. Country people were deliberately excluded from the discounting processes that happened in the metropolitan area.

Ms MacTiernan: What was done by the National Party which was so passionately interested?

Mr TRENORDEN: I will give the member papers if she wants.

Ms MacTiernan: All it did was talk about it. We did more than talk about it. Until about 18 months ago, the price of fuel was reasonable. You admitted that the differential started in 1993. You just said that.

Mr TRENORDEN: The member for Armadale should listen for a moment. In September last year, we put out to our constituency a paper that covered those issues, which the Labor Party's paper did not cover. The Labor Party's submission referred to gas, taxes and the goods and services tax, and that is it. Its wonderful conclusion is to urge the committee to consider those matters in the submission, including autogas, GST, state and federal levies - there are no state levies left - and the differential. Where in that submission is there one skerrick of benefit for rural people? There is not a single, solitary one - absolutely nothing. It contains a major benefit for city people because it links into gas. How many outlets for gas do I have in my electorate? There may be two or three, if I am lucky. The ALP as its standard operation has linked in with the city people, pushed hard and

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argued about gas for the benefit of city people. What about country and city diesel? What about the 50:50 legislation? What about competition? I am pleased that the Leader of the Opposition has recognised that what I have to say is important and has read the committee's report. He has only recently discovered there is a problem. I thank him for coming on board, but the problem has been around for longer than that.

Ms MacTiernan: It has been around since 1993. You have just said it. You have been in government for eight years and wrote a paper.

Mr TRENORDEN: If the Labor Party members had any roots in rural Western Australia, they would have known there was a problem and some of these issues are crucial. We need some consideration for the future.

Ms MacTiernan: If your roots in the country are so strong, how come the National Party is down to 1 per cent of the vote? The National Party's polling has gone from 3 per cent to 1 per cent.

Mr TRENORDEN: I like a bit of a wager and flutter from time to time. I shall have a little flutter with the member for Armadale. I bet I get more than 1 per cent in my seat in a few months' time. We will make it a bottle of wine.

I want to get on to the future. We should act on other issues as well. I would like to see the capacity of rural industry, both agricultural and non-agricultural, look at compressed natural gas or other types of gas. To the Government's credit, it has talked about a pipeline from Bunbury to Albany. Consideration is being given to taking it further into the seat of Roe. I am pushing hard to have it go into the central wheatbelt. It would mean that agricultural and major transport operators would have the capacity to start using compressed natural gas in heavy vehicles. As you would know, Mr Acting Speaker (Mr Sweetman), and as other members in the Chamber would know, that is already happening in other places in the world. It has major advantages, for not only the environment but also the cleanliness of motors and the efficiency of transport. From the reading I have done, I would say that would be very good, but I instantly admit that I am not an expert. Infrastructure problems exist for farmers and major transport operators because they do not have high-pressure vessels on their premises.

My memory is not flash in this area, so I will defer to the chairman of the committee and ask him to confirm the price of compressed natural gas overseas. Was it 33¢ a litre?

Mr Barron-Sullivan: It is a bit lower than that.

Mr TRENORDEN: Whatever it is, it is certainly lower than the 102¢ being paid for diesel. I have had many calls about the price of diesel. People understand that it costs less to process than liquefied petroleum gas and they want to know why they are paying 10¢ more a litre for it. The answer is that there is huge competition in the world market for diesel and other people are prepared to pay more. We should compare diesel with compressed natural gas. The transport industry throughout rural Western Australia and the mining sector could get access to a much cheaper energy source. We cannot keep asking the farming industry to be more efficient - that gets harder and harder to achieve - but we can have an impact on transport costs.

This is an important Bill. I am pleased that I have been able to play a part in this process and that the Government has acted on the committee's recommendations. More important than my opinion is the fact that other members of the committee have indicated that the Government is taking up the issues that the committee bravely addressed in its report.

MR MCGOWAN (Rockingham) [12.43 pm]: I have a few remarks to make about this Bill. However, before I address the issue of substance, I will make a few observations about this debate. The Government has displayed a great deal of sensitivity on this issue and the Opposition is willing to take a bipartisan approach, which hopefully will reduce the price of petrol in country Western Australia. However, the only response from government members has been abuse. The abuse from the Deputy Premier has been most unbecoming. He has carped and whined and attacked members on this side, particularly the Leader of the Opposition and the member for Armadale.

Mr Cowan: I have not yet begun!

Mr MCGOWAN: At one point this morning I heard him say something along the lines of putting the member for Armadale on a leash.

Mr Cowan: I certainly did.

Mr MCGOWAN: Yesterday he said that she is a two-faced hypocrite.

Mr Cowan interjected.

Mr MCGOWAN: He referred to the member for Nollamara as a dog.

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Mr Cowan: Too right!

Mr McGOWAN: It is very unbecoming.

Mr Cowan: It is a very accurate description of him.

Mr McGOWAN: His grumpiness is out of all accord with reality and unbecoming of a member whom everyone purports to respect, as I do to some extent. His behaviour in the final two weeks of parliamentary sittings before the election does not become him. He reminds me of the characters in the film *Grumpy Old Men*. I think of him as either Jack Lemmon or Walter Matthau. The Deputy Premier looks very like Matthau, but unfortunately Walter is dead. The Deputy Premier's treatment of members opposite is inappropriate given that we have done nothing to provoke that response. He should consider the way he is behaving because it does him no credit.

Mr Cowan: I am not looking for any credit from you.

Mr McGOWAN: I would not think so. His under-the-breath remarks do him no credit. It also does not reflect well on him to abuse the member for Armadale.

Mr Cowan: I have not started on the member for Armadale.

Mr McGOWAN: I will make a few remarks about the petrol industry and, in particular, the BP Pty Ltd refinery on the border of my electorate. That refinery has been a major, stable employer on the Kwinana strip. Construction of the refinery commenced in 1952, and the first sod was turned by Sir Duncan Ross McLarty. It is the largest oil refinery in Australia. Its initial workforce comprised immigrants from the United Kingdom who had moved to Rockingham. As is the case in many organisations, the refinery management has decided to reduce the size of its operations, and the number of employees has consequently declined. About 10 to 15 years ago it employed 1 500 or 1 600 people. Since then, it has undergone substantial downsizing and it now employs only 400 people throughout the refinery. Most of them live in my electorate; in fact, one of my neighbours is a refinery employee. BP has always been a big employer. However, it appears that it is undergoing a major downsizing exercise - the number of employees will be reduced by 50 per cent; that is, it will have a workforce of only 200 people. It is the biggest refinery in Australia and covers a massive area and produces a range of petroleum products.

The plans to dramatically reduce the size of the workforce are counterproductive and dangerous. Apparently, instead of having staff on hand in the evening, the refinery will be run online and monitored from a plant in America. There will be no-one at the refinery, apart from a few security guards. We all know that globalisation is happening and that the world is getting smaller. However, it is globalisation gone mad to run a major refinery in close proximity to residential housing estates from a plant in America using the Internet. That must be stopped. Apart from the major safety concerns, 200 people who live in the south metropolitan area will lose their jobs. That is causing a great deal of consternation in the local community, and it is causing me great concern as the local member.

Members will recall the problems experienced in 1998 in plants in Melbourne. I am sure I do not need to remind the House of the Longford gas explosion, which resulted in the deaths of three people. That incident caused a major disruption to the Victorian economy and severely compromised the lifestyles of that State's residents. That occurred because the number of employees had been cut too close to the bone. One cannot run a ship, a plant, a mine or a factory without people to ensure everything is happening properly. At some point we must draw the line and say that we will do our best to preserve a safe environment and employee numbers. We must maintain a happy work force because, if we do not, morale will plummet - if that has not happened already at the BP refinery. We must maintain this substantial investment in our country. I would like to see BP take this up, stop the plans that it is undertaking at the moment and make sure that it does something decent for the local community. I will be raising this matter with the management of the BP refinery. I would like to make sure that this does happen in the near future.

Debate adjourned, pursuant to standing orders.