

**PETROL PRICING**

*Urgency Motion*

**THE PRESIDENT** (Hon George Cash): I received the following letter this morning -

Dear Mr President

At today's sitting it is my intention to move under SO72 that the House at its rising adjourn until 9am on 25 December 2000 for the purpose of discussing the State Government's response to the crisis in fuel prices.

HON TOM STEPHENS MLC

Leader of the Opposition in the Legislative Council

Labor Member for the Mining & Pastoral Region

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

**HON TOM STEPHENS** (Mining and Pastoral - Leader of the Opposition) [3.34 pm]: I move -

That the House at its rising adjourn until 9.00 am on 25 December.

A bipartisan committee of this Parliament delivered its report on this matter to the Parliament only last Thursday. It is a short report that takes about an hour to read. The report deserves the bipartisan support of the Government and the Opposition and the broad support of the Parliament and the community.

Hon Kim Chance: Hear, hear!

Hon TOM STEPHENS: The report responds to the reality with which Western Australia, and regional Western Australia in particular, is faced - that is, dramatically rising fuel prices and a disparity in those fuel prices between the metropolitan and country areas of Western Australia that is estimated by the committee to produce about \$2m a week in additional costs for country residents of this State. That fact alone is sufficient for this matter to be dealt with expeditiously. The backdrop to this debate is the report of the Select Committee on Petroleum Products Pricing in Western Australia. The report makes reference to the removal of price capping legislation that was passed in this Government's term in office in 1993, a move which has had a damaging negative impact upon this whole issue. The committee reports that the goods and services tax is having an adverse impact upon fuel prices, most especially in the country areas of Western Australia. That is in accord with the predictions of the Labor Party when that iniquitous tax was agreed to by the coalition Government and supported by the Australian Democrats in the Senate.

We are debating the issue against a backdrop in which the Federal Government is facing windfall gains as a result of the world parity pricing policy that it embraces. The Federal Government has not responded to calls to adjust its excise strategies in a way that will reduce the hardship that policy is imposing upon the people of Western Australia, and most harshly upon residents in regional Western Australia, in the face of this fuel crisis.

The report deserves to be dealt with expeditiously. The Government's response has been to articulate some support for the notion of self-regulation, despite the fact that self-regulation has been in operation and has failed the people of this State since 1993. In addition, the Government has indicated that it is now proposing to establish a committee to respond to this committee report, as though that were an excuse for inaction.

*Point of Order*

Hon SIMON O'BRIEN: I am sorry to interrupt the mover of the motion, but I ask you, Mr President, to consider and advise on Standing Order No 94. The substance of the member's remarks seems to be the business of a select committee in another place, and a report which has apparently been produced by that committee. Can you advise, Mr President, whether that is within our ambit, because that report has not been tabled in this House.

The PRESIDENT: Order! Standing Order No 94 reads -

No Member shall allude to any debate of the current session in the Assembly, or to any measure impending therein.

It would not be appropriate if the Leader of the Opposition were to recite at length debate in the Legislative Assembly. However, he is not doing that. He is commenting on a public document. That document just happened to be tabled in the Legislative Assembly last week, but is very much a public document.

*Debate Resumed*

Hon TOM STEPHENS: I thought another point of order was about to come from the other side. I can appreciate that government members are sensitive about my canvassing this issue, because I am canvassing the failure of the State Government to respond to the urgent need of this community in the face of spiralling fuel prices. All the predictions are that those prices will continue to rise, particularly if State and Federal Governments and the Legislatures of both jurisdictions do not react quickly to the crisis with which we are faced. It requires, for instance, a response to the calls of people like Mr Lauchlan McIntosh from the Australian Automobile Association about the excise arrangements that are anticipated in February. If the Federal Government declines to respond to that call and that date line, we can anticipate significant increased pressure on fuel prices across this State.

We also need to take on board the fact that this State has particular obligations and opportunities to respond to the committee's recommendations about liquefied petroleum gas and the transport fuel alternative that LPG represents. This bipartisan report provides that opportunity. The report was produced following calls in the community by people like the member for Pilbara, Larry Graham, and other Labor members.

Hon Simon O'Brien: Former Labor members.

Hon TOM STEPHENS: The report deserves to be recognised as the product of considerable effort. The report provides a blueprint for a way forward. The Western Australian fuel industry sells 1.85 billion litres of fuel, estimated to be worth \$10b, annually, yet many motorists, particularly in country areas, pay a premium price for their fuel. The committee found variations of up to 20¢ a litre between fuel prices in the Perth metropolitan area and small regional towns. That amounts to a weekly differential of greater than \$2m between country and metropolitan petrol prices.

The report has proposed the most far-reaching reforms in the history of Western Australia's wholesale and retail petroleum industry, which are designed to create genuine and workable competition. The committee made some significant findings that indicate that the impact of high fuel prices is greater in the country than in the city; the gap between country and city fuel prices has widened since the deregulation strategies were embraced by this Government; the major oil companies are dictating and manipulating retail prices at franchisee sites; the way the goods and services tax is applied on fuel discriminates against country consumers; retail competition has been limited to the city; freight is not a major factor in the differential between city and country prices; oil companies do not generally discount in the country areas of the State; oil companies do not offer price support in the country areas of the State; and oil companies have made windfall gains from world parity pricing.

Hon N.F. Moore: From what you are quoting?

Hon TOM STEPHENS: The findings and recommendations in the report. The committee has made the following recommendations: Immediate price control to reduce diesel and petrol prices in country areas; the extension of price control legislation to cover liquefied petroleum gas; that extensive price monitoring and price transparency are essential in ensuring real consumer choice; and the need to have a coordinated strategy to encourage greater LPG use and to develop a plan to make Western Australia a world leader in the promotion of alternative fuels, particularly liquefied natural gas and compressed natural gas.

In my view, the first of those recommendations is the most significant. The Chairman of the Select Committee on Petroleum Products Pricing in Western Australia, Mr Barron-Sullivan, said that the solution hinges on one fundamental recommendation for far-reaching reform of the State's fuel pricing system, and that to foster genuine, transparent competition it is essential that all retailers and other purchasers of petroleum products can buy fuel at the same price and on the same terms; in other words, that there is price capping. Clearly, this report is a ringing endorsement of previous Labor Government practices and current Labor Party policy. Unlike this Government, we embrace the report and support all the recommendations that would immediately reduce the price of petrol, diesel and LPG in Western Australia. However, despite our offer of bipartisan support, the Premier has refused to endorse the committee's recommendations.

Hon Barry House: He has not.

Hon TOM STEPHENS: He has. The Premier cancelled a press conference that had been planned after the release of the report, and instead the Minister for Fair Trading simply announced that the Government's response would be another committee, although I was pleased to hear today that it will now be elevated at least to the status of an urgent cabinet meeting to be held next Thursday to discuss the select committee's recommendations and to produce a response. However, I say to the Government that beyond Thursday, the time is up. This crisis is now critical, and it is important that an action plan be implemented no later than Thursday. In fact, before Thursday the Opposition will present to this Parliament legislation that will provide this Parliament with the opportunity of embracing the strategies that are recommended in this report. That legislation will produce an action plan that responds positively to those recommendations.

Mr Tom Stephens; Hon Simon O'Brien; Hon Norman Moore; Hon Jim Scott; Hon Greg Smith; Hon Norm Kelly

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Hon Barry House: It is nice to hear something positive from your side of the House.

Hon TOM STEPHENS: Members will always hear something positive from this side of the House. All that is required on the part of government members is that they open their ears and model themselves on our positive approach to the needs of the community of Western Australia. The Government is clearly embarrassed about its decision to abolish the previous price-capping regime, because that has had a negative and deleterious impact upon the residents of this State, particularly in regional areas. What we know about fuel pricing issues in this State is legitimate cause for concern in the community. We know that the strategies that have been embarked upon by the major oil companies have effectively robbed the community of any of the advantages of competition. Predatory pricing practices have been put in place - site subsidies, as they are called in the metropolitan area - that have eroded the competition opportunities that were previously available in this State. That reality demands an urgent response. We also know that the price at the terminal gate should be the same for everyone, rather than the majors being able to charge different prices for different customers and to discriminate and effectively -

Hon Kim Chance: To steal.

Hon TOM STEPHENS: Yes, to steal from regional Western Australia. Mine site operators pay less than the wholesale price charged to service stations in remote regions. No-one can run from the reality that the prices paid by country residents have been inflated by strategies which have been implemented by the majors and which are working to the disadvantage of all Western Australians, especially regional Western Australians. People in country towns - not only the consumers but also the retailers, transport company operators and others - point out the need for an urgent response to anyone prepared to listen. They want the Government to desist from the strategies it embarked upon in 1993 and to recognise that that policy has been found wanting by the coalition members who served on this committee in the other place. This Government must embrace the strategies outlined by the Labor Government and more recently identified by the Labor Opposition as appropriate to respond to the current realities. The Government should recognise that strategies such as the goods and services tax have played havoc in regional Western Australia and that it must put pressure on the Federal Government to respond to the excise realities that are disadvantaging fuel consumers. The Government must also acknowledge that sites in regional areas are being hurt badly by the policies implemented by the majors. Independent sites are being discriminated against by those policies. The majors are trying to tie up retail marketing of fuel across this State in a vertically-integrated business. That will result in monopoly control of the industry and it will lead to enormous disadvantage. Members opposite must accept that people who go to refineries in search of fuel at a fair price are searching in vain. Those people have a right, and that right should be enshrined in statute, to fair pricing through the majors at the refinery and through other suppliers.

Government members in the other place will have the opportunity this week to respond to the Labor Party's positive agenda by embracing its strategies and accepting that the crisis facing us can be addressed.

**HON N.F. MOORE** (Mining and Pastoral - Leader of the House) [3.52 pm]: It is interesting that the Leader of the Opposition began his contribution by congratulating the bipartisan committee that produced this report - a committee set up at the Government's instigation.

Hon Tom Stephens: After we pressured you.

Hon N.F. MOORE: The Leader of the Opposition began his speech by saying that he thought this was a good report produced in a bipartisan way by at least two sides of politics in this State. However, he then spent the rest of his time pouring a bucket over the Government for not responding to it immediately. A while ago I spent some time looking at how the Labor Party determines its policies and I quoted a statement in this place issued by John Halden explaining how policies are formulated. Apparently the party goes through a process and policies are signed off by Caucus. I find it extraordinary that the Labor Party can so rapidly adopt as its policy the recommendations of this report, which - to use the Leader of the Opposition's words - contains the most far-reaching recommendations in the history of Western Australia. I wonder how that fits in with the Labor Party's normal policy-making process.

Hon Kim Chance: That is because the report is in accord with our policy.

Hon N.F. MOORE: Perhaps the party had prior knowledge of the report, but I will not cast aspersions about that. I find it extraordinary that members opposite can accept something one hour after they have seen it when it is of such magnitude.

Hon Kim Chance: Because it fits the policy we already have.

Hon N.F. MOORE: Okay. It is important that Governments take an appropriate time to look at recommendations.

Hon Tom Stephens: How long?

Mr Tom Stephens; Hon Simon O'Brien; Hon Norman Moore; Hon Jim Scott; Hon Greg Smith; Hon Norm Kelly

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Hon N.F. MOORE: I would like to make my speech. I have eight minutes to conclude my contribution. The Leader of the Opposition had 15 minutes in which to make his speech.

It is important that Governments look carefully at reports of such magnitude. Someone once told me that Oppositions can afford to be extravagant. They can, because no-one cares about what they say they will do if they win office; they can make whatever promises they like in opposition knowing full well that they will never be called upon to deliver. Governments have a responsibility to assess issues properly and to respond quickly, but on the best advice. This report will be very thoroughly assessed by the Government.

The committee was established as a result of considerable community concern about the price of petroleum products. The report's executive summary points out that world oil prices have strongly influenced the price of petroleum products in Western Australia. I hope the Opposition recognises that there has been an increase in the world price of oil as a result of a range of factors outside the capacity of the Federal Government and the State Government to influence. That is the major reason for increased fuel prices around the world. It is not happening only in Australia. Members might have read about what has happened in the United Kingdom, France and elsewhere - the price of fuel has gone up everywhere, not only in Western Australia. If members opposite were fair, they would acknowledge that the price we are paying - even \$1 a litre, which is too high - compares favourably with the \$2 a litre being paid in the United Kingdom. If this is a crisis in Western Australia, what is it in the United Kingdom under Tony Blair's New Labour Government? Let us have some perspective.

Those comments are not intended to suggest that the price should remain as high as it is. The Government is looking carefully at what the report has recommended and it will look seriously at addressing those major areas of concern, such as the wild daily swings in retail prices, the high prices paid in regional Western Australia and the lack of transparency of terminal wholesale prices charged by oil companies. The Government wants an industry that allows full transparency in terminal gate prices, cartage rates and import parity pricing.

The Government has agreed this week to implement two of the committee's recommendations that do not require legislative change: First, to finalise details with vehicle manufacturers and liquefied petroleum gas producers on a suitable financial incentive for motorists to convert their vehicles to gas; and, second, to convert 25 per cent of replacement six-cylinder vehicles in the government fleet in the first 12 months of the program.

Hon J.A. Scott: What about the bus fleet?

Hon N.F. MOORE: We will come to that. The Government is also seeking legal advice about whether the Ministry of Fair Trading can direct the petroleum industry to provide petroleum pricing information on a regular basis for publication. That would go a long way towards letting people know who is making money out of fuel.

The Government has set up the Petroleum Products Prices Advisory Committee. Its terms of reference are -

1. To advise the Minister and the Prices Commissioner (Commissioner for Fair Trading) whether or not petroleum products should be declared under section 10 of the *Petroleum Products Pricing Act 1983*;

I remember that legislation well; we were dragged back to Parliament about three minutes after the 1983 election by the Burke Government in a flurry of price control mania to pass legislation in a hurry.

Hon Kim Chance: It was well worth it.

Hon N.F. MOORE: The Government got rid of most of it very quickly. It was seen to be increasing the price of petrol.

The terms of reference continue -

2. To provide the Minister with advice on the recommendations of the select committee's report, *Getting A Fair Deal for Western Australian Motorists*; and
3. The advisory committee to submit its report to the Minister by 27 October, 2000.

The committee met for the first time yesterday. It consists of the chairman, Mr Allen Tenger, who is a former director of the Ministry of Fair Trading; Mr Colin Carle; Mr Mike Upton; Mr Peter Fitzpatrick; Mr Gordon Gray, a legal adviser from the Ministry of Fair Trading; a further industry representative and a further consumer representative. These people have a wide range of experience and understanding of the petroleum industry, and they are required to report quickly on those matters.

The Premier has also very clearly and forcefully indicated his views about what might happen in February next year regarding the increase in price that is expected at that time. He has taken a leading role nationally to encourage the other Premiers of Australia to get behind the push to try to encourage the Federal Government - in fact, to lean on it very heavily - not to go ahead with that price increase in February.

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I do not have much time to talk about the issues because, regrettably, in this debate the Government is given 10 minutes to respond to the Opposition's 15 minutes.

Hon Tom Stephens: No, you can extend beyond 4.30 pm.

Hon N.F. MOORE: No, there are no extensions of individual speeches.

The Government is very concerned about the price of fuel in Western Australia, particularly the disparity between city and metropolitan prices. It believes that in trying to solve these problems, much will be gained by making the pricing structures transparent, by making sure that people in the community know what each stage of the distribution cycle costs, and by making sure that the people who are involved know that the public is aware of that, so that once and for all we will be able to determine what the margins are at the various stages of the distribution process, from the purchase of the fuel in the first place to the sale to the consumer at the bowser. Therefore, as I said, we have taken these actions very quickly to make sure that we can respond to this report in a positive way.

As I said, the Government instigated the setting up of the committee. That was done in response to the concerns of the community in Western Australia about the high fuel prices and, equally importantly, the unpredictability of the volatility of the prices that people within the community are required to pay. The Government will work flat out to sort things out. As the Leader of the Opposition has already indicated, a cabinet meeting this week will consider a range of issues that will be brought forward by the Ministry of Fair Trading. The Government is going through the select committee's recommendations. It will consider them properly and respond to them properly. Having read a report, it will not go straight to the community and say that it agrees with everything in it. That is totally irresponsible.

Hon Tom Stephens: Your committee members would not be irresponsible. You should not accuse your colleagues of that.

Hon N.F. MOORE: The committee members made their recommendations based upon their understanding of the circumstances. It is a responsibility of government to read, understand and assess the recommendations, and to make sure that they are recommendations which should be implemented. As I said, we have already begun that task. It is a responsible Government that looks at a report over a couple of days and not over a couple of minutes. It is an irresponsible Opposition that simply accepts something at face value, after it has been tabled for one hour.

**HON J.A. SCOTT** (South Metropolitan) [4.03 pm]: The Greens (WA) also agree that there is a fuel crisis, and that the price of fuel in country areas and the impact that has on a number of industries in this State, particularly farming, transport and mining, are very significant. What disturbs me is that I do not believe the Opposition, or the Government probably to a lesser extent, understands the real point of the crisis. It is not that the price per se is a crisis but that we have a problem with supply and demand in the world today. Insufficient oil is being produced to supply the market. That is partly as a result of a decade of very low prices, which left the oil extraction and refinery infrastructure unable to cope with an upswing in demand. The quantities of oil are also declining. If we rush off on the basis of dealing just with price, we will make a terrible mistake. We should take concrete steps to deal with a transition to a time when there will be a permanent decline in the supply of oil in this State and in the world.

Hon Derrick Tomlinson: Do you think this decline is only temporary?

Hon J.A. SCOTT: No, I do not think it is.

Hon Derrick Tomlinson: Why do you say a permanent decline?

Hon J.A. SCOTT: I am saying that we need to take steps to deal with a permanent problem - not something that will last for a while, so that we reduce taxes or artificially play around with prices. That will not solve anything. We must take strategic steps to change the whole basis of our economy. We must look at the way we do things in this State. Unfortunately, a knee-jerk reaction such as capping prices will achieve nothing. In fact, it will be a retrograde step, because if we cap fuel prices, including those for metropolitan users, it will encourage the wasteful use of a resource at a pace faster than the artificial subsidy would otherwise allow. We should take concrete steps. Instead of artificially reducing fuel costs, we should deal quickly with the problem of the continuing reduction in oil supplies.

In this State, we need a strategic energy use policy. The first part of that is to have a transition plan in place that identifies not only the most important and valuable uses of oil in this State but also the most wasteful and least beneficial uses. It should also identify where energy can be used more efficiently. In a country like Japan, for instance, its production out of each unit of oil is four times more than Western Australia's. That is partly because of the nature of our economy and the nature of our industries. However, we should look at that too. We

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should look at our industry policies and start thinking about whether we need to continue to expand the aluminium industry, for instance, because maybe that is a bad idea. We must start thinking about encouraging energy efficient industries in this State.

We should also start to target where each type of fuel is used in this State. There are areas in which we must use mobile-type fuels, such as in transport and agriculture, for instance. However, in other areas we do not need to use that type of fuel. Therefore, we should look at where we use each type of energy in this State, use it more efficiently than we are at the moment, and allocate non-mobile fuels to stationary tasks.

We should also support research and development into alternative and renewable energy. The so-called plan to encourage alternative energy use in this State is pathetic, to say the least. We need a reduction in road building and an increase in public transport. There should be better urban planning to reduce the need to travel. We must find and use renewable alternatives for a whole range of petrochemicals and plastics for which we now use oil.

We need to change our economic policies to encourage bio-regional economic principles and to get much more happening within regions rather than carting produce over huge distances. It is not always possible, but we must look at maximising what can be done. We need to take a close look at our industrial development policy, which currently actively encourages high energy use industries and does very little for low energy use industries. The Greens call on the Government and the Opposition not to talk about dealing with the crisis of price but to deal with the crisis of energy use. That is the real crisis that faces us in this century.

Hon Greg Smith: Which Government put a gas pipeline from Bunbury to the goldfields?

Hon J.A. SCOTT: That did not deal with the problem. The very same Government put in place policies which encourage the sale of that gas as quickly as possible. That is not clever. We should be treating our energy resources in the same way as we treat water, because it is a vital and strategic resource. I said that at the time the gas distribution Bills were in this place. It is time that we started recognising that it is not what we need, because it is wrong to treat energy as a quick sale commodity. We must look on energy as a precious resource and make sure that our essential industries and transport infrastructure are able to continue to cope. Those are the real, concrete issues we need to deal with. We must not run around like a whole lot of chooks with a fox in the pen, trying to get out as quickly as possible and making as much noise as possible. We must put in place real change that deals with the real crisis of supply. Certainly not enough was done in the past.

The Leader of the House pointed out that this was not a local crisis but an international crisis. He is quite right because prices for fuel overseas are higher than they are here in most cases. The reason is the same as it is here: Demand is outstripping supply. We must use less oil, put in place alternative industries and be more efficient. We can do that in a hundred ways. Energy efficient housing is available but we have no real regulations to control what happens with housing. We could have better suburb design. All those sorts of things could save a huge amount of energy use. We must go in that direction if we want to do the best we can for this State. We should not try to put in place artificial constructs which may be good for six months or a year but will force larger costs on the community in future.

**HON GREG SMITH** (Mining and Pastoral) [4.13 pm]: It has taken the Leader of the Opposition a while to realise that fuel prices have been going up. My notes show that when Hon Mark Nevill was leaving the Australian Labor Party he said -

... our policies seem to be what the newspaper headlines are that day ... we just jump on the bandwagon ... there does not seem to be any focus of where we are going.

This motion has proved that to be correct. An article by Mark Mallabone in *The West Australian* of 5 February 2000 reads -

High petrol prices in WA - especially in remote and regional parts of the State - are set to come under the spotlight this year from a specially formed parliamentary committee.

Liberal MLC Greg Smith said yesterday he suspected country motorists were being used by the major oil companies to subsidise price wars in Perth.

He would be seeking to establish an Upper House select committee, hopefully with Labor's support, to examine how petrol prices were calculated and establish why they varied throughout the State.

Though there were many good reasons why country motorists paid more than those in Perth, he did not believe they were sufficient to explain the often gross discrepancies in price.

As I said, that article was from *The West Australian* of 5 February this year. We recognised there was a problem and thought we must do something about it.

Hon Bob Thomas: Six years ago I got the Australian Competition and Consumer Commission to conduct an inquiry in Albany.

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Hon GREG SMITH: The ALP realised this morning that there was something on fuel prices last night.

Hon Bob Thomas: It is to do with the report of last Thursday.

Hon GREG SMITH: There is no reference in the motion whatsoever to the report. Going through due process, as we do in our organisation, I talked to the Minister for Fair Trading and others. We took the matter to the party room and we discussed it. It was decided that we would have an inquiry into fuel prices. On 6 April 2000, on the motion of Hon Doug Shave MLA, Minister for Fair Trading, a select committee of the Legislative Assembly was appointed to inquire into fuel prices. I believe everyone knows the select committee's terms of reference. The Government recognised there was a problem, took the initiative and took steps to identify the problem through a bipartisan committee. I have already praised its report.

Hon Simon O'Brien: Who were its members?

Hon GREG SMITH: They were all country members, which is significant and something members should note. They were Dan Sullivan, member for Mitchell; Larry Graham, member for Pilbara, whom Hon Tom Stephens was praising a few minutes ago. It is a pity he was not at Larry Graham's preselection when it was decided to dump him. He is so good that the Labor Party did not want him. It is funny how the ALP will claim good people as its own when it wants them and get rid of them when it does not want them. Another member was Bob Bloffwitch, the member for Geraldton - another country member who knows a lot about the motor industry; Hon Julian Grill, who is from Boulder, and who represents an electorate affected by fuel prices as much as any in Western Australia. He has also given up on the Labor Party. The other member was Max Trenorden, the member for Avon.

Those five country members investigated fuel prices in a bipartisan way. They conducted a very thorough investigation and analysis of why prices can be higher from bowser to bowser, service station to service station and town to town. They came up with some recommendations. However, as the Leader of the House said, one cannot table a report on Thursday and get a Bill through Parliament the following Tuesday. I am sure the Leader of the House would be very pleased if he thought we could get legislation through this place that quickly; in fact, I am sure he would be ecstatic.

Hon Tom Stephens: We have done that when there has been good cause for it to happen.

Hon N.F. Moore: Will you give us the same guarantee on law and order issues?

The PRESIDENT: Order! The Leader of the Opposition and the Leader of the House, I am listening to Hon Greg Smith. House management is something for discussion outside.

Hon GREG SMITH: Many the recommendations involve action being taken by the Federal Government and by the State Government. The first recommendation relates to parity pricing in the indexation that is due in February. Nobody in Western Australia can say that our Premier has not publicly made efforts to have the rise in February, due to the consumer price index increase, which everyone knows will be inflated because of the one-off effect of the introduction of the goods and services tax -

Hon Tom Stephens: How much will it be in February?

Hon GREG SMITH: We do not yet know. The Federal Government will look at the consumer price index increase and then add that cost on. However, that is not one of the things that the Premier of Western Australia has been doing. It is not as though he has erred on that side of the recommendation.

Hon J.A. Scott: That should make half a cent difference.

Hon GREG SMITH: The price of fuel goes up by half a cent and by one cent and keeps creeping up and up. All members know that the Government - whether it is an Australian Labor Party Government or a coalition Government - cannot control world fuel prices. That is something that is totally beyond our control. I suppose the Australian Labor Party could come up with a policy to have state-run oil wells and refineries and have the product distributed by the State.

Hon Kim Chance: Internal import parity pricing is entirely a domestic decision. The Fraser Government made that decision.

Hon GREG SMITH: Crude oil is an international commodity and it is sold everywhere in the world at a very similar price. However, there is a question that everyone wants answered. For example, people in Karratha know that diesel is landed from Singapore at a price in their storage tanks at the Burrup Peninsula. I cannot quote the current price as I am unsure of it; however, it is about one-third of the price we buy it for. Yet, at the petrol bowzers in Karratha the price is \$1.06 or \$1.07 a litre. People are clever enough to know that someone is making a lot of money out of it. One of the immediate initiatives to be taken by the Government is to publicly post the terminal gate price so that it is transparent, and people will at least know, if someone is ripping them off,

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who is getting the money, be it the distributor, the fuel company or the Government. To an extent Governments will always be held accountable for the price of fuel. Therefore, we must all take responsibility for that, because if members opposite were in government now, I doubt that anything different would be happening with fuel prices. I believe there would be no denial in that respect from the Opposition and in fact there would be agreement because when the world oil price goes up, the price at the bowser goes up.

Hon Ljiljana Ravlich: That must be the most profound thing we have ever heard.

Hon GREG SMITH: Members opposite have finally understood it; that is great! They have finally understood that if the world price of oil and fuel goes up, the price at the bowser will go up. Hon Tom Stephens stood opposite and carried on as if it were the Government's fault and it had done nothing about it.

Hon Tom Stephens: You can't have it both ways, you dill!

Hon GREG SMITH: Yes, we can. Members opposite cannot have it both ways. As I said, in February it was recognised that the discrepancy between city and country prices needed to be analysed and identified. Prices have escalated since then due to the price of crude oil. The Select Committee on Petroleum Products Pricing in WA has made its recommendations and members opposite will be surprised at the initiatives that the Government will implement without having to go down the legislative path.

**HON NORM KELLY** (East Metropolitan) [4.23 pm]: I want to add another point to this debate. One of my favourite bugbears, which I have raised a number of times in this place, is the use and price of liquid petroleum gas. In the past few days the Premier has said that the Government must assess how it can increase the use of LPG in its light vehicle fleet; yet, a so-called trial was initiated in April 1998 by the Government to assess the viability of converting a significant part of the fleet to LPG. Recent answers to questions I asked in this place about that trial indicated that only 52 vehicles had been brought into it. If the Government had been true to its word and had added vehicles to the trial until the target of 300 vehicles was reached, it would have been in a position to say that it had conducted the trial and could move a significant part of its light vehicle fleet to LPG use.

When I met with LPG retailers in this State I was told that one-third of the Government's light vehicle fleet could be converted to LPG use. That would have a significant impact on the overall consumption of LPG. The report that has been referred to indicates that Western Australia consumes the smallest amount of LP gas products in Australia, yet we have a large manufacturing industry producing LP gas. It is a pity that we do not use the products we produce in our own State.

Hon J.A. Scott: Do you know the Government also knocked back the compressed natural gas refuelling stations here?

Hon NORM KELLY: Exactly. Another point to which I refer is the use of CNG in this State as it is an issue we should address. The Minister for Transport should look at this matter because he appears to like leapfrogging better and available technology for something that will be available only in the future. In the same way, he bypassed gas buses and opted for diesel buses, because he is waiting for fuel cell buses in the future. Gas buses should be utilised as they are in other Australian States that have capitalised on their benefits. We should get those gas buses into the private sector and multiply the benefits in that way.

Hon M.J. Criddle: We have as many gas buses per capita as other states have. There are only 402 gas buses in the fleets around Australia.

Hon NORM KELLY: How many gas buses does this State have?

Hon M.J. Criddle: More than 50.

Hon NORM KELLY: Are there 48 CNG buses and a couple of LPG buses?

Hon M.J. Criddle: Yes. We will trial the LPG buses through the Australian Environment Council.

Hon NORM KELLY: It is interesting once again to hear the Government talking about trialling its gas buses, which is probably why only five gas buses were included in the initial purchase order for 118 diesel buses for the new government bus fleet. The Minister for Transport's position is consistent with the Premier's. Irrespective of all the evidence available, the Premier is now saying that the Government needs to look into it. It had the opportunity to introduce a trial a couple of years ago, and it did not mind advertising that fact then.

I ask government members to look at the history of the questions I have asked and the issues I have raised in various speeches in this place. I ask them to go back to their ministers and ask why this is not happening. The previous Minister for Works, the current Minister for Works and the Minister for the Environment all say they are committed to the trial.



Mr Tom Stephens; Hon Simon O'Brien; Hon Norman Moore; Hon Jim Scott; Hon Greg Smith; Hon Norm Kelly

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Hon M.J. Criddle: I will give you a full briefing on the comparison of gas and diesel buses.

Hon NORM KELLY: I advise government members to go back to their ministers to seriously look at the small amount of LP gas use in the government light vehicle fleet. Close to an election both the Premier and the Leader of the Opposition are saying they will have gas vehicles. I am glad to see that they are doing that now. Some people would probably be more cynical than I am and say that it is just a stunt for the election. However, I advise members on the government benches seriously to take advantage of the now available gas-only light vehicles being produced by Ford.

**HON SIMON O'BRIEN** (South Metropolitan) [4.29 pm]: In the brief time available to me I shall respond to the mover, who appears to believe that the State Government is responsible for any increase in petrol prices.

Hon Tom Stephens: I didn't say that; don't misrepresent me.

Hon SIMON O'BRIEN: That is what the Leader of the Opposition is alluding to because he appears to believe that all could be made right with the introduction of legislation in this place and that the failure of the State Government to decrease petrol prices could be rectified by introducing legislation. Apparently we will see this legislation on Thursday. The House will have the pleasure tomorrow of hearing the Leader of the Opposition give notice of his intention to move that Bill, which, presumably, has been drafted. I imagine the Leader of the Opposition will have a fair bit of egg on his face if war breaks out in the Middle East this afternoon, and he finds that affects the price of petroleum products in Western Australia.

Motion lapsed, pursuant to standing orders.