

PETROLEUM LEGISLATION AMENDMENT (LPG) BILL 2000

Second Reading

Resumed from 18 October.

MR BLOFFWITCH (Geraldton) [6.24 pm]: The Government will not support this Bill as it will introduce its own legislation concerning an operator's right to purchase 50 per cent of his fuel from any company. We will amend the Petroleum Retailers Rights and Liabilities Act so that this right cannot be challenged in court. The Government will give service station operators an opportunity to survive. The advantage of the Petroleum Retailers Rights and Liabilities Act, when amended, is that it will prevent oil companies from jacking up the rent and throwing operators off a site. The provisions in the Bill will be very good.

I was delivering the fuel when the petroleum retailers Act was first introduced. I remember doing a lot of deliveries to the Shell, Ampol and Caltex service stations and could sell the fuel at 5¢ or 6¢ a litre less than operators were paying their oil companies for fuel. We hope this situation will prevail under the Government's amendments. If oil companies choose not to post a realistic board price, the operator will have an opportunity to order fuel from a tanker delivering at a realistic price. This will ensure that prices fall, and the service station industry will be a lot better off. The independent operators are being driven out of business by multi-site operators and commission-agency sites, which sell fuel for 3¢ or 4¢ a litre less than do the independents. When one sells at 4¢ more than one's competitors, not much product is sold. Operators will have the opportunity to buy from the cheaper source, and will compete in a market from which they have been precluded.

This is the way the oil companies operate. They could not get around the Petroleum Retail Marketing Sites Act. Shell can have only six sites in this State. Therefore, Shell made 70 of its best stations into what it calls multi-site operators. Shell puts up the money, it dictates the price, and it pays these operators 0.2¢ a litre as commission. Shell gives other incentives, such as paying monthly retainers and making reductions in the operators' rent. Shell makes it attractive for these people. As the Shell franchise owns 70 stations, it need not make much from each station to be very profitable. Most of the operators make a very good quid. What is it doing to the industry? How is it helping? It is squeezing the independents to death. My service station at one stage was worth \$1.2m, but I would be lucky to get \$300 000 for it now. That is how the oil companies have depleted the value of the independent sites. They have absolutely screwed the independents into the ground. Oil companies should not operate in that way.

I look forward to the important amendments to the Petroleum Retailers Rights and Liabilities Act. It is all right to say that operators can buy 50 per cent of their fuel from anywhere; however, it will not achieve much unless provisions stop a rental explosion and stop the oil companies making operators pay for the use of pumps.

Mr McGowan: You were on the committee, weren't you?

Mr BLOFFWITCH: Yes.

Mr McGowan: Why did you not recommend it?

Mr BLOFFWITCH: If the member had read the report, he would know that the committee recommended it.

Mr McGowan: Why not do it?

Mr BLOFFWITCH: The member did not listen. I said the Government will amend the Petroleum Retailers Rights and Liabilities Act, which gives operators the chance to buy 50 per cent of their fuel from anyone. The Government will close the loophole that was challenged in court and found not to work. We are re-engineering the Act so it will work well, and this will free up the market. Much will depend on how oil companies react in their terminal gate price. If they tell us to get knotted, which they probably will, the Government will have to threaten them with divorcement. I have copies of the United States divorcement legislation. Initially, one State in America had divorcement legislation, and now nine States in America have adopted this legislation. They have seen how well it works, how it is a market equaliser for participants, and how it gives everyone an opportunity to participate at a fair price. It will not be the case that a multi-site operator can sell fuel for 4¢ or 5¢ a litre less than an independent can sell fuel, because everyone will have opportunities. America has many jobbers, from whom retailers can buy fuel for 6¢ or 7¢ a litre off.

Debate interrupted, pursuant to standing orders.

Sitting suspended from 6.30 to 7.00 pm.