

PETROLEUM PRODUCTS PRICING AMENDMENT BILL 2019

Second Reading

Resumed from 16 October.

MR C.J. TALLENTIRE (Thornlie — Parliamentary Secretary) [10.52 am]: I am very pleased to talk to the Petroleum Products Pricing Amendment Bill 2019. The bill is essentially about ensuring that we have full transparency in petrol pricing in Western Australia. That transparency is extremely valuable to people who want to know where they can buy the cheapest fuel. The reason behind this particular amendment is that we have a new player coming into the market known as Costco. The way the Costco business model works is such that the present legislation would perhaps not capture its pricing, so in this desire to go as close as we can to achieving what the economists describe as a perfect market with perfect competition, we need to ensure that an entity such as Costco is subject to the same transparency regime as any other fuel retailer.

That is the story behind this amending bill, but I want to look at the issue of fuel pricing and the interest that it holds within the community. I have spoken to a number of constituents who are avid users of the FuelWatch website. They love it. They find that they achieve savings somewhere between \$5 a week and even as high as \$20 a week; of course, that depends on how much driving they are obliged to do. However, when I talk to them, I sometimes suggest that if they really want to reduce their annual fuel bill, perhaps one of the best things they can do is reduce the amount of personal vehicle use that they engage in. I say to them, “Have you thought about other options?” This is where we come to the issue of mobility. Ultimately, our job should be to ensure that Western Australians have efficiency in their mobility and are able to get around as cheaply, healthily and quickly as possible. I am inclined to see FuelWatch as a subset of the mobility issue. In a way, one could almost compare the FuelWatch concept to the issue of nutrition. We want to know about nutrition—where we can get food from and what the various dietary options might be—and there is such a broad range. I think, in a way, FuelWatch is the equivalent of asking where I can find the cheapest chocolate bar retailer. It is just a subset and does not take into consideration the broader issue of mobility. I can understand that; that is where we are as a society. There is, of course, a wonderful initiative that we are putting in place to make our public transport network far more accessible, with the rollout of Metronet and the planning decisions that go with transit-oriented developments, meaning that people are closer to train stations and better aware of bus routes so that they can use those options.

That leads me to thinking about some of the various apps that are available that are very much focused on mobility. Members in this chamber who use public transport to travel here will be quite familiar with the Transperth website and app, which are very useful and reasonably user-friendly as well. They take a little bit of familiarisation, but they are great for being able to see when the next train is or how many minutes it will take to walk to the train station. They are very good at helping people who find themselves visiting a relative somewhere and are not familiar with the local bus routes or that sort of thing. That website and app is focused on only local Perth public transport. The service I am most impressed by is the app and website known as TripGo, which I recommend to members. TripGo is fantastic because it looks at all the different transport options and is very easy to use. The app was developed by a company called SkedGo, which is based here in Australia. It has offices in South America, Europe and Asia, and its ethos is commendable. People who go to that website can look at not only what the cheapest fuel is, but also the cheapest transport option. In fact, the website and app are so well set up that a user can go through various criteria to work out what means the most to them. If their number one priority is travelling as cheaply as possible, then they can slide along a spectrum to say that they care a lot about saving money on their travels. If it is not such an issue, they can slide the other way and say they do not care so much about it. They can also factor in time. If time is the number one priority, they can slide up that time as the number one consideration. If it is about greenhouse gas emissions involved in their journey, they can slide one way or the other depending on their concern. As for convenience, they can slide again if they want something with minimal changes of mode of transport and find what the most efficient is. Most interestingly, people can also factor in which one gives the best exercise opportunity. That is how people assess their priorities on the TripGo app. They can also choose which mode of transport they want. The list is quite comprehensive. They can choose public transport, taxi, Uber—that is a separate option—shuttle, car, Swiftfleet, motorbike, bicycle or walking. I think this is a very exciting development because it means that the average consumer can see which cheapest, healthiest and most efficient transport is available to get them from A to B. I commend that initiative because it is the way to go.

To just look at one area of petrol seems to be locking us into the mentality that the only means of travelling around Perth and Western Australia is by personal motor car. I had cause to answer a question from one of the commercial TV networks recently. I was asked, “Chris, how many demerit points have you incurred?” I was a bit taken aback by the question because it seemed to assume that my only means of transport was the car. I asked why they were not asking me questions about how many journeys were registered on my SmartRider or how many commutes I had logged on my cycling websites. They were not interested in that. They wanted to know only about the demerit points that I had for my car. I was able to tell them that I had none because I try to minimise my car usage. But that

said, there is a mentality that car use is the number one thing for us. I realise that for many people that is unfortunately the case. I do say “unfortunately” because I think the other options are so much more efficient. Whether you consider it in terms of time, cost, energy inputs or exercise opportunity afforded, there are much better options than using personal vehicles if people are able to organise a little and scan the horizons for those options.

I am a little sceptical about the long-term viability of FuelWatch. The other aspect that is on the horizon, as we heard mentioned in grievances today, is the possibility of an electric bus trial in Joondalup. Colleagues have already started purchasing plug-in electric vehicles. As I walked up the front steps of Parliament this morning, I noticed in the carpark a plug-in electric Nissan LEAF that one of the regional council’s staff members —

Mr D.A. Templeman: Mandurah.

Mr C.J. TALLENTIRE: — from Mandurah had used to visit us. We are not particularly advanced when it comes to the penetration of electric vehicles into the Western Australian market. Elsewhere in the world I think things are moving along much more quickly. I am hearing that there are long waiting lists, certainly for Tesla vehicles. However, if people really are keen to get an electric vehicle, probably a Hyundai IONIQ would be an affordable and readily-available option, as well as the Nissan electric vehicles. This is happening very quickly, and we know how quickly Australians pick up new technologies. My prediction is that in the next 10 to 15 years, we will have that switchover to electric vehicles, such that FuelWatch and the various pricing options that are presented will not be of great relevance to us anymore.

Ms M.J. Davies: How do you see that in the regions? Obviously the distances are longer and so we are very heavily reliant on road transport. I am genuine, because a lot of people are concerned about it in our electorates but I do not think the reality is quite there.

Mr C.J. TALLENTIRE: Of course. There is an assumption that especially diesel will be the ideal means for getting us around on longer distances and for heavier vehicles, but I think it is only a matter of time because some trucks are also electric powered and there is hydrogen fuel cell technology as well. There are a couple of options and I think in time we will see that switch to those alternatives, too. It will be market driven, but we have to make sure that the pricing policies are in place. The member has reminded me of something: when I am travelling in regional WA, certainly in the south west, I see now not petrol bowsers but places for EVs to recharge. I urge a bit of caution, especially to metropolitan people, on this matter of charging stations because to my mind every suburban driveway is potentially a charging station because people can charge their cars overnight. We do not necessarily need an elaborate network of charging stations across the suburbs. That then raises the interesting point that the batteries in the cars of the future—the cars that are already here in fact—are potentially battery storage points and we will have a diffuse network of electricity stored around the place. In fact, it would be advantageous for cars in the members’ carpark to be connected and perhaps at certain times of the day discharging electricity into the grid, and then at other times they might take electricity out of the grid.

Mr V.A. Catania: Shopping centres are other classic spaces. You park your car there for hours. Shopping centres should be rechargeable stations for cars while you shop.

Mr C.J. TALLENTIRE: Yes, it will be very interesting when we have that full connectivity. It is something that American economist Jeremy Rifkin talks about as well. We have the internet of things, and he sees it as the internet of energy. He talks also about the internet of mobility—the ability to have us connected in many ways. He also picks up on the growing trend among younger people to not necessarily want to own a vehicle. I realise that for people in regional Western Australia, that would be very difficult at the moment. However, for people living in one of the bigger cities, or even the inner outer areas of Perth, such as the area I represent, it is getting more feasible to live life without a car. It takes just a little organisation, but the financial savings—the hip pocket savings—are enormous.

These are exciting developments for us. I guess that with the arrival of Costco—its main emporium, as I think it is called, will be at Perth Airport—it will have a network of fuel sale outlets and, of course, it will be subject to this regime of price transparency. That is a good thing to get us through these intervening years until we have a solid alternative to petrol in cars. Ten or 15 years ago there was a lot of talk about the Organization of the Petroleum Exporting Countries. OPEC as a collective group of countries was, and I think still is, the main exporter of petroleum. OPEC is very cautious about allowing competitors—I guess by that we mean competitor technologies—to come in, because if the world were to quickly convert to another form of energy for personal transport, it would kill off its business model quite quickly.

[Member’s time extended.]

Mr C.J. TALLENTIRE: I caution members that when we talk about fuel pricing, we should not assume that is the only option available. In fact, we should ask the question: are there alternatives, and where are those alternatives at; and who is trying to convince us that we must stay with a petrol or diesel vehicle? Some very powerful interests would love to see us forever dependent upon petroleum-based products for our transport. I note that OPEC does not seem to hit the news headlines as much these days. I understand that at the last OPEC meeting—I think about

a year ago—the nation of Qatar left OPEC. All kinds of politics must be at play in that organisation. Some member countries do not see eye to eye at all on some geopolitical stages, and others are much more organised, especially when it comes to petroleum exporting, to ensure that there is a steady supply of petrol into the global market. They are also keen to ensure that the price does not get too high, because they know that if the pricing gets too high, people will move more quickly to alternative sources, and they do not want to lose their customer base. I hope that member countries like Algeria, the Congo, Ecuador, Equatorial Guinea and Gabon have the opportunity to gain some revenues from petroleum exports. However, I am unclear how much a country like Iran, which has all sorts of trade embargoes placed over it, gets out of the current arrangements. I am also unclear about the extent to which the economies of Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, the United Arab Emirates and Venezuela are reliant on the export of their petroleum resource, and that certainly merits closer attention.

The reality is that the savings that we are able to afford people through FuelWatch by providing price transparency in the retail market will be rather small if there are some major changes at the global fuel supply level. Yes, people may be able to save \$5, \$10 or even \$20 a week on their fuel bill. However, if the global market changes, that will be a big game changer. Fluctuations in international currency markets also play a big part. Therefore, anyone who thinks that our FuelWatch system in Western Australia will protect us from dramatic changes in fuel pricing should think again. The volatility of international markets, whether that is in currencies or the supply of fuel, is probably the biggest player. Therefore, we will be forced to look at alternatives.

I conclude by highlighting that we are entering WA Bike Month. This is a fantastic initiative. I am very pleased that the Parliament of Western Australia Bike Month group already has 14 members. I note that those members are predominantly members of staff at Parliament House. I commend them for signing up for WA Bike Month in November. A couple of electorate officers have also joined us as part of the Parliament of Western Australia team, along with the member for Cockburn and Hon Diane Evers. There is room for other members to sign up. It does not matter how many kilometres people ride—if they ride for more than 10 minutes, their ride can be registered. It is a nice way for members of Parliament to show that we are looking at alternatives. It is also an opportunity to explore the obstacles, such as a dangerous turn, a section of road that is particularly unsafe, or a piece of the principal shared path network that needs improvement, and bring them to the attention of the Department of Transport. I commend the work of the Minister for Transport and the well over \$150 million that has been spent on extending the PSP network. I also want to acknowledge—I have done this before—the role of the Minister for Police in bringing in the safe passing distance laws. That will enable cyclists to feel a little safer as we commute to work or engage in fitness activities. It is a good initiative. This is the first time that WA has had a Bike Month. In the past, we have had Bike Week or Ride2Work day. However, so many things are happening that it is worthy of a full month.

I need to be pragmatic about it. On some days, the weather is not ideal for bike riding. Today, I preferred to catch the train and avoid the hailstones. I enjoyed the walk to Parliament House from the train station. However, I found it frustrating, as a pedestrian, to cross William Street. About 100 pedestrians were gathered at the different corners of the intersection, and maybe a dozen cars, generally single-occupancy vehicles, had priority to go through the intersection. Where is the democracy in that? That needs to be addressed. I would certainly support the idea that in our city centre, pedestrians should be king and be given priority. It does not help the flow of traffic if 100-plus people are waiting for a couple of people who are stuck in a car. However, that is a matter for another discussion.

This legislation will mean a lot to the many people who religiously look at the FuelWatch website to see where they can buy the cheapest fuel. These people engage in what I find a very curious activity. They queue up for fuel for quite a long time. Other members have spoken about the traffic hazard that creates, especially on Monday afternoons. There are a couple of petrol stations in my electorate. One petrol station just outside my electorate, on Nicholson Road in the Southern River electorate, is quite dangerous because if no petrol bowsters are free, drivers have to queue, and that causes a tailback. Quite dramatic tailbacks also occur at the intersection of Albany Highway and Burslem Drive on Monday afternoons. I do not think that is a good thing for road safety. A lot of other motorists seem to be understanding about what is going on—they have an awareness about it—but it is not a good way for the road transport network to be blocked up. It does say something about people's priorities, I guess, when a \$5 to \$10 saving is worth spending at least 15 minutes on average—probably more—waiting to get to the bowser to buy cheaper fuel. I notice that tankers are also queuing up to replenish the supplies. There is such a demand on fuel that there has to be a delivery of fuel to meet that demand. I heard that it was not a good idea to fill up a car with fuel when a tanker arrived at the petrol station because if any dusty residue was at the bottom of the tank—the big cistern underneath the forecourt of the petrol station—that would be stirred up when the new load of fuel came in. I was always told that I would be better off driving to another petrol station to fill up so that I did not risk getting any dirty fuel in my car's tank. It is perhaps a personal preference of mine to avoid that and maybe some people can rely on the fuel filters in their cars to clean that sort of thing out.

I am pleased to see that we are helping people with the transparency on the pricing of fuel and that the retailers are held to account, but people need to be aware of other things on the horizon when it comes to fuel prices. Fortunately,

not too far into the future we will be able to look at alternatives to petroleum. I look forward to the day. As I say, in 10 to 15 years we will find that the FuelWatch service is no longer needed. I look forward to that day.

MR P.J. RUNDLE (Roe) [11.21 am]: I rise to make a brief contribution to the Petroleum Products Pricing Amendment Bill 2019. The Nationals WA will be supporting the bill, but I have a few concerns that I would like to outline. I look forward to hearing the minister's response to those concerns. Firstly, I want to talk about FuelWatch. It started in 2001. It is generally accepted as a good thing for consumers. Approximately 80 per cent of regional locations are covered by FuelWatch and close to 100 per cent of metropolitan outlets are covered by it. Looking at the FuelWatch website, it empowers customers by abolishing the intra-daily price fluctuations, which I thought was one of its better points. It provides motorists with free price reports. FuelWatch implores retailers to put tomorrow's prices up today, and it supposedly warns of price hikes. It introduced mandatory price boards in country retail outlets. One thing I was surprised about was that the FuelWatch website averages a million hits a month. That is quite an interesting statistic.

In general, FuelWatch is a reasonably successful initiative. Driving to Perth on Monday last week, I noticed that the price of diesel in Narrogin and Katanning was 148.9¢. However, in Williams, which is closer to Perth, it was 156.9¢. They were all Caltex outlets. I am trying to understand the logic. Closer to Perth, the price is 8¢ higher. FuelWatch might report on that, but what does FuelWatch do to implement a lower or more even price? I think it should change its name to "FuelDoNothing". Instead of being called FuelWatch, it should be called "FuelDoNothing". The minister might be able to enlighten me on this. Although FuelWatch watches the fuel price, does the minister, the Australian Competition and Consumer Commission or other similar bodies have any ability to implore these retail outlets to change their price to something of a more even playing field? In one sense it is a transparent scenario, but it is actually not doing anything to change the price. As the member for Thornlie said, people fill up with fuel on Mondays. FuelWatch is having no effect. There is now a generally regarded scenario that if people buy their fuel on Monday, it will be up to 30¢ a litre cheaper. That has absolutely nothing to do with FuelWatch. Monday is now recognised as the day for cheap fuel. As the member for Thornlie said, cars are banked up to buy fuel. At a petrol station on Canning Highway in Como, cars are banked up 400 metres, blocking one lane of the highway, to get a 30¢ discount on a Monday. That has absolutely nothing to do with FuelWatch. I question the effectiveness of FuelWatch in that respect.

I want to put on the record a scenario in Ravensthorpe—one of 41 towns in the electorate of Roe. I was there on Sunday talking to Darren Chaytor, who owns the BP outlet there. He is very concerned. There are only two retail outlets in Ravensthorpe—the BP, which is owned by him, and the other one is owned by Eagle Petroleum in Kalgoorlie, which is a wholesaler. He is competing against a wholesaler. He puts his price out on the board and the wholesaler in Kalgoorlie drops the price. I do not see the purpose of FuelWatch in a place like Ravensthorpe, which has a retailer competing with a wholesaler. FuelWatch is a disadvantage to him because Eagle is using FuelWatch to manipulate the price. Eventually, he will close down because he is competing with a massive wholesaler, and Ravensthorpe will end up with one retailer and the price will go up. To me, there is no advantage to FuelWatch there. The two petrol stations are only one minute apart anyway; people can drive from one to the other. I see no need for FuelWatch in a small place such as Ravensthorpe. I just wanted to put that on the record.

Fuel from Costco is generally substantially cheaper. As many members have said, motorists have to be members to have that arrangement with it. The transaction must be preauthorised with a credit card. It will probably be an unattended fuel station. Is it in the member for Belmont's electorate out there in the airport precinct?

Ms C.M. Rowe: Yes.

Mr P.J. RUNDLE: That will be part of Direct Factory Outlet and other larger outlets near the Perth Airport precinct. Costco is partnering with Perth Airport and sourcing its fuel from Mobil. The project being built will cost \$55 million. During construction, 200-odd jobs will be created. Costco is a big player. It has plenty of influence. Several speakers have said that Costco is comfortable with this bill. I think it should be. It needs to be a level playing field. This legislation is about changing the scenario when there is an existing agreement or arrangement between the customer and the retailer. I certainly agree that Costco should be subject to a level playing field and subject to FuelWatch, despite what I consider to be some deficiencies in FuelWatch.

I would like the minister to provide some clarity on my concerns about some issues, including one raised by the member for Hillarys involving hire car arrangements. If someone has an arrangement with a hire car outlet, before the car is returned, the tank has to be filled with fuel. Potentially, that outlet can charge 20¢, 30¢ or 40¢ above the normal price of fuel to refill the tank. I would like to hear what the minister has to say about some of the existing arrangements for corporate customers who use a fuel card. These customers may have a novated lease and Caltex, BP and Shell fuel cards. How do those arrangements with novated leases fit into this scenario? Large mining companies in the north west such as BHP, Rio and FMG would have arrangements with fuel companies, and provide cards for their employees. How do they fit into it all? Is that similar to the arrangement that Costco has with its members? The other companies that I can think of that offer discounted fuel are the RAC, Woolworths and Coles. How do they fit in? I am looking forward to the minister's response.

In conclusion, I return to my remarks about FuelWatch and the ACCC. When driving to Perth from Esperance the other day, I was very interested to hear on the radio that after the drone attack in the Middle East recently, the oil price settled down within the space of a week. Everyone thought that it would be a massive problem, but the price of fuel has taken six to eight weeks to settle down. Fuel companies are taking the opportunity to price gouge, keeping prices up. After the drone attacks occurred, the fuel companies thought they would take advantage of it. Even though the oil price settled down within a week, the fuel price stayed up. What is the ACCC doing? Where does FuelWatch fit into this? FuelWatch is watching. Perhaps the minister can also explain how the ACCC works, or does not work in this case. I do not think FuelWatch has any teeth. As I said, it receives one million-odd hits a month, but this issue is about the ability to influence fuel prices, and I do not think FuelWatch does that. The operative word is fuel watch—FuelWatch watches but it does nothing. I would like to hear the minister's comments on that. We need to look at the bigger picture. What is FuelWatch doing in certain regional areas? I mentioned Ravensthorpe. I do not think it is necessary in certain regional locations. Maybe that should be reviewed. I wanted to put that on the record. As I said, the Nationals WA will not be opposing the legislation. I think it is a valid proposition when it comes to Costco.

MS C.M. ROWE (Belmont) [11.33 am]: I rise to make a few comments on the Petroleum Products Pricing Amendment Bill 2019. I agree with the member for Thornlie that this bill is about increased transparency and the cost of fuel. I note what the member for Roe just mentioned. FuelWatch is mostly a tool for people to identify price differentials in fuel. Members of my community very much depend upon that tool from a budgeting perspective. Fuel is such a big part of their weekly expenditure; it is something that they really value. I have noticed that sometimes there are queues around certain service stations, which can be problematic from a traffic point of view.

In commenting on this bill, I would like to focus on the importance of FuelWatch and its website and the information distributed right across the metropolitan community as it relates to this bill. Many consumers in my electorate rely on FuelWatch, as I just identified, to find the cheapest fuel in their locality. When the cost of living is a really significant issue right across WA, particularly for many people in my community, this is a really critical tool. For those on low or fixed incomes who want to get the best deal available to help manage their budget, FuelWatch is a vital tool. The FuelWatch scheme requires fuel retailers to notify it of the price of their fuels, which are then fixed for a 24-hour period. This provides consumers with certainty around the fuel cost for a set period and, critically, for that transparency, which I believe leads to greater competition. It is not an ideal fix to manage what fuel companies charge but it generally leads to greater competition within the fuel industry, and that is a really good thing for consumers. Consumers can access the FuelWatch website and compare prices to assist them in making an informed decision on where to get the best deal that day. Prices for the next day can be accessed from 2.00 pm. I also wanted to note, as other members have, the popularity of the FuelWatch site. When carrying out a bit of research for my speech today, I was quite surprised to learn that last month the website recorded over one million visits. It usually averages about 800 000 visits a month. That just speaks of the important role that it plays in helping people on low incomes, as I mentioned, manage their weekly budget. I support the FuelWatch website. Despite some of its potential shortcomings, I think it is very important for many people right across the community.

Another important element of FuelWatch is media statements warning consumers in advance of really significant price hikes caused by the fuel price cycle, so they can save money at the bowser when possible. When reviewing the historical *Hansard* of speeches made by members in this place, I came across some comments made by Hon Paul Miles, the Parliamentary Secretary to the Minister for Commerce. When speaking about FuelWatch on 25 September 2014, he said —

Fuel Watch, for instance, is probably one of the most successful parts of our agency. Each nightly news bulletin publishes and explains the fuel prices for the next day. I cannot see that ever being removed.

It is for good reason that the FuelWatch program is supported by both sides of this place—because of the great community benefits that it delivers to all our communities. I read with interest that FuelWatch was developed to monitor and report on WA wholesale and retail prices and enacted under the Petroleum Products Pricing Act 1983. Back in 2000–01, the act was substantially amended following a report by the Select Committee on Petroleum Products Pricing in Western Australia titled “Getting a Fair Deal for Western Australian Motorists”. The report was produced in response to WA motorists’ frustration at price fluctuations and the significant difference between city and country fuel prices, as noted by the member for Roe. The act requires fuel providers to adhere to many requirements to deliver transparency to Western Australians at the fuel bowser. Fuel retailers must set prices for a minimum of 24 hours from 6.00 am, noting that before this act came about, retailers could change fuel prices throughout the day. At its inception, FuelWatch launched a website and phone service and, for the first time, Western Australians had access to fuel price information to make informed decisions to help balance their household budgets. Today, FuelWatch extends over the metropolitan area and 64 regional locations, equating to approximately 80 per cent of regional retail outlets and 100 per cent of metropolitan retail outlets in WA, and that is the only service of its kind right across Australia. The information on the website paints a real picture of what FuelWatch can deliver for families across the state. In the most recent reporting year, the summarised data indicates

that the average difference between the cheapest and most expensive fuel retailers is 27¢ a litre, and the weekly savings, based on a 60-litre tank, are \$16.52 a week, which totals \$861 a year. We know that many families are two-car households, so there is an annual saving of potentially double that amount. That is not an insignificant amount for most householders.

Costco, a new entrant to the WA fuel retail market, will open in 2020 in my electorate of Belmont. Among other goods, it will sell fuel to consumers and motorists who have purchased a Costco membership. This new entrant to the fuel market needs to be playing, as others have said, on a level playing field with existing market participants, which is only fair. As such, we need to make the amendments to the act to ensure that this is the case, and to maintain the integrity of the FuelWatch system. Costco will operate primarily in the consumer market rather than business market, but the current terminology in the act means that it would be excluded from complying with the provisions of the FuelWatch scheme. It is important to note that Costco is not opposed to joining the FuelWatch scheme. Such an outcome would create an anomaly and an uneven playing field, which would place other fuel retailers at a competitive disadvantage, which is why these changes are needed.

Importantly, I want to note the importance of FuelWatch for so many people in my community who use it regularly as a way to secure the best deal for their fuel and to balance their weekly household budget. FuelWatch is a great example of good public policy. I commend this bill to the house.

The ACTING SPEAKER (Ms S.E. Winton): Attorney General.

MR J.R. QUIGLEY (Butler — Minister for Commerce) [11.41 am] — in reply: I rise in my capacity, of course, as the Minister for Commerce —

The ACTING SPEAKER: Apologies.

Mr J.R. QUIGLEY: —to respond to the second reading debate. The member for Hillarys was the principal speaker for the opposition on this bill, and he asked about the consultation undertaken with Costco around its proposed incorporation into FuelWatch and, in particular, what had been received from Costco in reply to the correspondence that had been sent to it. I am advised by the Department of Mines, Industry Regulation and Safety's Consumer Protection division that Costco executives met with the Commissioner for Consumer Protection at departmental offices on 24 August 2019 and discussed the bill and the state laws that will apply to Costco. Costco advised—I interpolate here: as every other retailer in the country would advise—that its philosophy is to have no regulations, and the liquor industry would be the same; its philosophy would be to have no regulations, as would the retail trade. As a good corporate citizen, Costco said that it has no objection to complying with state laws in general and the Petroleum Products Pricing Act requirements in particular, which includes FuelWatch notification and price-fixing requirements. Costco reported that in other Australian jurisdictions that already have fuel monitoring and reporting arrangements, Costco is happy to comply with those laws.

The member for Hillarys went on to ask about fuel card sales, as did the member for Roe, and whether these would be captured by FuelWatch requirements as a result of removing the exemption that covers existing arrangements or arrangements with a customer. I can say, definitively, that these sales will not be captured by FuelWatch requirements under the proposed changes to the legislation. The member will note that the power to make fuel-pricing regulations applies only to the standard retail price at which the retailer offers fuel—that is the proposed amendment to section 22J. It applies only to the standard price.

In a vibrant, capitalist society, which the Labor Party supports and promotes, traders should be allowed to sell, on contract, to whomever they like at whatever price they like. That is part of commerce. The Liberal Party has difficulty with that, but we say, on this occasion, as we do on all occasions, that we promote a free and vibrant economy.

Discounted fuel sales and fuel card sales are expressly excluded under the new definition of “standard retail price” in the proposed amendment to section 22H. Furthermore, fuel cards that involve sales that are business to business, will be excluded because they are wholesalers of fuel, not retailers of fuel. The member for Bunbury noted a discrepancy in regional areas—for example, between the City of Perth and its regions and regions such as Bunbury and Manjimup—which cannot be due to transport costs and cannot be easily explained. The member wanted to know the reasons for that. I am advised by Consumer Protection that petrol prices in regional locations are generally higher than in capital cities. Fuel prices are generally higher in regional Australia due to lower population, lower demand, fewer outlets, less competition and higher costs. For transportation and storage, less demand for drinks and food means less profit to keep the fuel prices lower. The location of the outlet is also an important factor; whether it is on a highway and likely to get a high number of customers can influence price.

Movement in retail petrol prices in regional locations is largely driven by exchanges in international refined prices and the Australian dollar and US dollar exchange rate, just like in the five largest cities. Prices are also more stable as only a few regional locations have petrol price cycles. Petrol prices in regional Australia change more slowly than in the five largest cities, and they move up and down because retailers in many regional areas tend to have

lower stock turnover than at city sites. According to FuelWatch reports, the standard retail price of fuel sold in Bunbury over the last three months has often been lower than the fuel prices in the Perth metropolitan area.

The member for Bunbury also asked why pensioners using a Country Age Pension Fuel Card are not able to use a Shop A Docket to claim a further 4¢ discount. I am advised that the Country Age Pension Fuel Card is administered by the Department of Transport; however, the individual fuel retailers may stipulate terms and conditions for the use of a Country Age Pension Fuel Card at their sites, including whether Shop A Dockets can be used in conjunction. The Department of Transport runs a website that lists all retailers in many different industries, including fuel retailers, that choose to participate in the scheme. That is where the Country Age Pension Fuel Card can be used.

The member for Mirrabooka asked about fuel retailers only displaying discounted fuel prices and whether FuelWatch does anything about this. Consumer Protection advises me that fuel retailers in WA generally display both prices—the standard retail price and the discounted price, which apply for Shop A Dockets. When discount prices are displayed, they are clearly marked as discounted. In October 2013, the department released an options paper to gauge consumer and industry views about Western Australian and national signage regulation. In broad terms, industry stakeholders suggested that there was little or no evidence of market failure to warrant regulation of fuel price boards and expressed concerns in varying degrees about the high cost of implementing changes to price boards. One stakeholder described the ban on displaying discount prices as anti-competitive and of no benefit to consumers who actively seek out fuel discounts. At the national level, consideration was given to standardising the advertising of fuel prices on fuel price boards, but this did not proceed.

If retailers engage in advertising that is misleading and deceptive, the Australian Consumer Law will apply. For example, if the fuel price displayed on a price board is not the same as the price charged at the fuel bowser, action can be taken under the Australian Consumer Law. If the prices charged by the fuel retailer at the bowser do not accord with the prices notified to FuelWatch, action can also be taken under the Petroleum Products Pricing Act. I hope that answers the member for Hillarys' questions.

The member for Roe asked why the FuelWatch scheme does not apply to all regional areas. In 2000, when the scheme was devised, it was considered that imposing price notification requirements on regional fuel sellers would impose unnecessary regulation, because at that stage they did not all have access to the internet. Some regions have only a small population and one service station, with no other fuel sellers in close proximity, therefore imposing FuelWatch's notification requirements served no useful purpose and added to the regulatory burden placed on small business in regional areas.

In 2003, the government extended the FuelWatch boundaries to include selected towns and shires in regional areas. Criteria for selecting potential shire and town sites included the size of the residential population and population during peak holiday periods, the number of fuel retail outlets, location of fuel retailers in towns or on major country roads and whether the local government supported inclusion in FuelWatch. Following a successful trial in Albany and consultations with the community, local governments and industry stakeholders, the government extended FuelWatch's boundaries to include 24 new town sites and five local government districts in regional Western Australia in May 2003. All retailers within these areas are required to comply with FuelWatch regulations. Thirteen towns were dropped from the original list of proposed additions to FuelWatch. All but three—Eneabba, Mt Magnet and Toodyay—were excluded due to opposition by the local government. However, these towns may be reconsidered for inclusion if there is strong representation from the community to appeal that decision. In October 2006, at the request of the Shire of Yilgarn, Southern Cross was removed from the FuelWatch boundaries. The shire conducted community consultation and received no opposition to the proposed removal of Southern Cross from FuelWatch. Since then, a number of localities and towns have been included.

The member for Roe asked about what affects fuel prices. The biggest effect on the fuel price is from changes in international benchmark prices, the value of the Australian dollar relative to the United States dollar, the levels of competition in different areas and pricing decisions made by wholesalers and retailers. The largest component of the price for petrol, diesel and automotive LPG is the international benchmark price. The current benchmark price for regular unleaded petrol is Singapore Mogas 95 unleaded; for diesel, it is Singapore Gasoil 10 parts per million sulphur; and for LPG, it is the Saudi contract prices for butane and propane. Changes in international prices can take around two weeks to work their way through the supply chain in Australia.

In respect of petrol pricing in regional areas, it is important to note that the Australian Competition and Consumer Commission investigated regional petrol prices as part of its annual monitoring of the Australian petroleum industry. In its 2008–14 annual industry reports, the ACCC stated petrol prices can vary between different regional locations due to a number of factors. I have touched upon these before, but for completeness I will repeat the ACCC's list of factors. Firstly, it is the number of retail sites; fewer retailers tend to lead to lower levels of competition. Secondly, it is sales volumes; lower sales volumes will result in higher prices per litre to cover costs. Thirdly, it is distance or location; delivering fuel further from the terminal results in higher freight costs, however retailers located on major highways may have higher sales volumes, which offsets this. Fourthly, it is non-fuel profits; high

non-fuel profits such as from attached convenience stores gives retailers the opportunity to offer fuel at a discounted price. One can think of the several service stations that have opened on Forrest Highway that have all sorts of fast food outlets, obviously leased to Red Rooster, Chicken Treat or whatever, on their premises. In those big retail outlets, as we see on Forrest Highway, there is a multiplicity of opportunities for the proprietor to diversify and get income from sources other than just fuel. Getting people in the door to buy the finger lickin' chicken means that they can drop their prices so that mum and dad will hit the brakes and turn in and by the kids a drumstick. They do that to attract more business.

I will just check the last of my notes. The member for Roe asked about hire car arrangements. Of course, when one fills up a hire car from Budget, Avis or whatever that is on a contract with the hire car company. They are not a fuel retailer and do not have to display a standard contract price. They are not be covered by FuelWatch because they do not sell to the public. It would be misleading to include such sales in the FuelWatch scheme as they are not available to the general public and the limited sales would be only in the context of car hire transactions. Member for Roe, as I advised in my response to the member for Hillarys, discounted fuel sales are excluded from the new definition of the standard retail price in new section 22H. Business to business sales are also excluded under the definition of an exempt sale in new section 22H.

This legislation comes before Parliament prior to Christmas, because very soon, Costco will open adjacent to the DFO Perth site at Perth Airport. Because it has a different marketing model, in which people join Costco, it would be a disservice to all other small businesses in Western Australia that retail fuel to not bring Costco into the tent, as it were. Costco, as a good corporate citizen, has said it is happy to comply with fuel pricing regulations and it does so in other jurisdictions where like legislation exists. With those words, I conclude my remarks, and thank members for their participation in the second reading debate.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Mr J.R. Quigley (Minister for Commerce)**, and transmitted to the Council.