



Speech by

GEOFF WILSON

MEMBER FOR FERNY GROVE

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FUEL SUBSIDY AMENDMENT BILL

Mr WILSON (Ferry Grove—ALP) (10.31 p.m.): It is my great pleasure to support this excellent piece of legislation that has been brought into this House by the Treasurer. Fuel prices have an impact on everyone in the community. They have an impact on people trying to get to work, particularly those who do casual work. They often have to make many more trips to the workplace than they would if they were permanent employees. Fuel prices also impact upon part-time workers, especially women, who are often principally engaged in part-time or casual employment.

Mr Robertson: Do you notice how they laugh?

Mr WILSON: I do notice how they laugh. One thing that Opposition members manage to be very consistent about is having no care or regard for what happens to ordinary working people in the community. All they do is deride the impact that petrol prices have on the ordinary workers in the community.

Mrs Pratt interjected.

Mr DEPUTY SPEAKER (Mr Reeves): Order! The member for Barambah!

Mr WILSON: When I have talked to people on the streets of Ferry Grove, Arana Hills, Mitchelton and other suburbs in my electorate in the past 12 months, fuel prices have been one of the most important issues that people are concerned about. The lot across the other side of this Chamber are so out of touch. People understand that fuel prices have a direct and—the double whammy—an indirect impact upon everyone. They have a direct impact because of everyone's need for fuel to go about their daily lives, and they have an additional indirect impact because the cost of fuel feeds into the entire cost structure for goods and services across the community. Now we have Mr Howard's "brilliant" idea of building an automatic CPI increase into the excise on fuel in February! So we have the double compounding effect on the CPI, which then feeds into the prices of goods and services throughout the community.

Admittedly the fuel price is affected by a range of factors, some within the control of the State Government or the Federal Government and some outside of their control. Of course, the international price of crude oil affects the retail price of petrol in Australia. The exchange rate for the Australian dollar does as well. But so, too, does the Federal Government excise on fuel and the profit levels that the oil companies seek to extract from trading this commodity. They affect the petrol price. So, too, does the system of price support that the oil companies provide to the petrol retailers and the extent to which the Federal Government subsidy to the State Government is passed on to the consumer, the motorist. That, too, affects the fuel price.

One of the key things that affects the fuel price is the lack of competition within the oil industry—the oligopoly of oil companies that is operating in Australia. The oil companies are the ones who are manipulating the retail price. Even if we accept that none of the other factors affecting fuel price has any ability to be controlled, be it by the State or Federal Government—assume that for the moment—punters out there in the street want to know why the fuel price varies by about 9c per litre in a cyclical fashion week after week after week. We can have a big disagreement about all of the other things that affect fuel prices and who may be able to influence those things, but I can tell honourable members that the one thing the punters out there do see is the cynical exploitation by the oil

companies—the oligopoly—the manipulation of the consumer, the motorist, whose purchasing pattern and need for fuel is pretty fixed week by week. So they manipulate the fuel price to maximise the price when people most need fuel but have the least cash flow to purchase that fuel.

If honourable members look at the trends in Brisbane and also outside of Brisbane over the past few weeks on the Fuelwatch web site, they will see that it shows a sawtooth pattern week after week after week. During virtually every week that Parliament has not been sitting, I have driven around my electorate and looked at the prices of the five oil companies—Mobil, Caltex, Shell, BP and the so-called independent Liberty—morning and night. I saw totally unexplained changes in the fuel price within an hour. I could arrive at work, look out the window, see the Caltex price, and within an hour it would be up by 9c. I could then get in the car and do the circuit of the fuel companies in my electorate, and I noticed that within two hours everyone else was up by the same 9c.

I know that competition—at least in the Adam Smith theory of perfect competition—is supposed to produce the cheapest price for the commodity in the marketplace. So we would expect that, if one competitor lowers the price, the other competitors would follow because we assume it is a competitive marketplace. All of the other retailers would reduce their price to stay competitive and to keep their market share. That is how the theory works.

If honourable members watch this sawtooth cycle of fuel prices week by week in my electorate—and I am sure it happens elsewhere—at least they would see that, when the fuel price is reduced by one company, the other fuel companies follow suit within a two or three-hour period. The funny thing is that, when the fuel price goes up by 6c to 9c at one outlet and I do the circuit of my electorate to see what happens to the other fuel prices, within a three-hour period the rest will end up as high as the first company that raised the price by 6c to 9c. It seems to me a little bit odd, to say the least, that this so-called competitive marketplace produces a situation in which when one competitor increases its price all the others coincidentally, spontaneously, without prior arrangement, all increase their price to follow.

An honourable member interjected.

Mr WILSON: Exactly, because it is a manipulated marketplace at the retail end because there is no competition in the oligopoly of oil companies. That makes people angry, and they are damn angry about how they are being exploited by the oil companies. Motorists know that they are virtually defenceless with little power to take any action to remedy their grievance. Even if they try to shop around for cheap petrol, prices change so rapidly that before they get to the petrol station with the lowest price, the price has already been increased.

There is a compounding effect when one takes into consideration concerns as to how effective the fuel subsidy has been in passing on cheaper fuel to motorists. Since this topic became so publicly noticeable, people have approached me and said that they do not believe that the subsidy the State Government gives to oil companies is getting into the retailer's pocket.

No-one wants an excise on fuel in Queensland. The Government does not want it. This excise is applied in Queensland due to complications of the Australian Constitution and a High Court decision, which determined that the excise duties levied by the other States were unconstitutional. It was believed that the revenue stream generated by the excise in other States was so fundamental to the revenue base of those States that the Federal Government introduced a national and uniform excise across the country. It had to be uniform, because the Constitution provides that the Federal Government cannot discriminate between the States in the application of burdens such as this. Therefore, this created the need for the mechanism of the round robin. The motorists are supposed to get back in their pockets the excise extracted from them through the retail purchase of fuel.

People need to be reassured that the money they are paying in Federal Government excise is, in fact, ending up back in their pockets. They are entitled to have the middle person removed from the equation. If the Federal Government provides the Queensland Government with the revenue take from the excise and the State pays it to the oil companies, who is prepared to stand up in this place, put their hand on their heart and say, "We can guarantee that the oil companies are passing on every single cent to"—

Mr Horan: You!

Mr WILSON: No, I cannot, and I will not. It is totally unreasonable to expect the ordinary motorist to accept an assurance from the five oil companies in Australia, especially when the motorist believes that they are manipulating the retail price of fuel on a weekly basis. How can members opposite expect motorists to accept a guarantee that oil companies are passing on this subsidy? We cannot fairly ask them to, and they would neither accept nor believe it. On a daily basis, ordinary motorists see how crudely manipulative the oil companies are in relation to the price of fuel to maximise their revenue at a time when motorists are most vulnerable—when they have the least money in their pockets but the greatest demand to buy fuel because the pattern of their lives is systematic. They are being exploited. Those opposite would not say to their constituents, "You must accept and believe that

the oil companies are passing on the subsidy." They have not done that because their constituents would laugh in their faces. People may not believe much of what a politician says, but they would not believe an alleged guarantee that oil companies may give.

Therefore, the only fair thing to do is to take the middle person out of the equation and create an arrangement whereby the money goes straight to the retailer and straight into the pocket of the motorist. That occurs with the scheme being created by this Bill. If the motorist does not see the subsidy at the bowser now, it is because of what is happening at the point of sale. The consumer can then vote with their feet.

One of the difficulties explained to me by a petrol station proprietor in my electorate is that he has received many calls of abuse from the community because the public sees petrol retailers as the problem when it is, in fact, the oil companies. People take out their grievances towards the oil companies on the poor old retailer when the retailer has nothing to do with it. They, too, are very much in the hands of the oil companies. This new subsidy system puts petrol retailers in the strongest position that they have ever been in. Likewise, it also puts motorists in the strongest position that they have ever been in. For those reasons, this legislation is well overdue. None of my constituents is telling the Government to change our arrangements this time.

In relation to the rort the oil companies have been perpetrating for so long and getting away with and which the Federal Government has refused to do anything about—it has stripped the ACCC of any powers to investigate price arrangements the oil companies have made over many years—the public sees this new system as a practical, concrete step to empower the motorist by putting the subsidy into their pockets directly through the retailer. It is excellent legislation. It is a shame that those on the other side of the House are so blinded by their Right Wing ideological view that they cannot see merit when it is staring them in the face.
