

Monday 7th August 2006.

Senator George Brandis
Chairman Senate Inquiry into Petrol Prices
Parliament House
Canberra ACT 2600.

Dear Sir,

I write to make a formal submission in relation to the retail price of unleaded petrol, particularly in regional Western Australia. In reality it is too late the horse has bolted however, there are some issues I wish to make in relation to the matter. I first began campaigning 8 years ago when ULP was 4 cents a litre dearer in Bunbury than Perth 180 kms away. At the time a state government consumer's affairs officer explained that there being no regulation, pricing depended entirely on what the market would bear.

Soon the difference went to 10 then 12 cents, even up to 15 cents more than Mandurah which is only 100 kms away. When the opportunity arose I made a submission to a state government inquiry – an attempted public relations exercise by the now defunct Court government prior to an election. At the public hearing I remember the positive attitude of those who attended and can now understand why people become disenchanted with governments at both a state and federal level. The upshot of it all was that absolutely nothing changed for the better.

I also wrote to the ACCC, the newspapers regularly and the then federal energy minister Joe Hockey. In spite of my efforts high fuel prices rarely became a news item so I was virtually fobbed off. The ACCC in particular gave detailed reason as to why there was nothing they could do. As far as they were concerned the fuel companies and their distributors were not contravening the trade practices act.

Nobody in the ACCC could understand plain English, we were being ripped off and they were loath to do anything about it. Even a phone call to a distributor would have meant a start.

Suffice to say I eventually gave up, accepted that we were mere pawns in a game where everybody had their backside covered, and just got on with life. On more than one occasion I again wrote to the ACCC about the wrought however my campaign for a more equitable system had been tagged "Done to death."

With a change in state government came Fuelwatch, confirmation that we were being ripped off, but again there has been no change to the system. In fact the only prosecution thus far has been in the metro area, for selling fuel too cheaply an absurd situation. Now at least we know that today ULP in Kunanurra is \$166.9 and in Newman the state's other hot spot its \$175.5 which is 45 cents a litre dearer than Perth.

As for Bunbury it has all changed, our Shell distributor has 2 retail outlets left out of 5 and is currently retailing for \$1.39, 8.5 cents dearer than Perth. As is the BP distributor a strange definition of competition, that two separate companies are retailing petrol for the same price. Because now there are new players on the block Coles Express/Shell – who have set up in one of the Shell distributor's relinquished outlets and is selling ULP for 5.5 cents a litre less.

Moreover, the new Shell Express price has remained unchanged virtually since it opened introducing real competition to the market place. Now the other new player Caltex/Woolworths has followed Coles price of \$1.33.5 plus 4 cents /litre discount for Coles/Woolworths customers which makes their price of \$1.29.5, 9.5 cents cheaper than the distributors and, 1 cent cheaper than Perth. So whoever said multi-nationals are a problem is grossly ill-informed.

Subsequently according to the locals, we've only lived here 18 years, petrol has always been dearer in Bunbury than in Perth, so I can't help but wonder now how many years this price fixing has been going on. To add 3 cents a litre on for transportation and administration costs is plenty, to add 8.5 cents a litre is highway robbery.

My apologies for this late submission but the truth is I gave up any hope of a fair and equitable system a long time ago. As I previously stated the horse has bolted, at \$US70 plus a barrel I honestly can't see the current economic climate remaining, @ \$US45 at least we were still in with a chance.

However with the pundits already talking \$US100 a barrel, I can see the doom and gloom squad just waiting to pounce. What has to happen is the introduction of a new system regulated by the government and not the ACCC, because frankly they aren't worth the paper they are written on.

Given the rise and rise of fuel prices I now wonder how much longer it will be before the current rescues boom starts to go pear shaped. My guess is within this financial year, even the Chinese will eventually have their limitations.

At the very least fuel distributors and anybody else who chooses to continue wroughting the system need the promise of prosecution hanging over their heads. Because so far some continue to operate without any regard for commercial ethics. I will continue to use Coles Express as long as they continue to be competitive.

I thank you for your consideration,

Yours Faithfully,

John Bain.
Bunbury WA.