

COST OF LIVING — FEES AND CHARGES

392. Hon COLIN TINCKNELL to the minister representing the Treasurer:

The McGowan government's second budget will see the cost of living for ordinary Western Australian households increase by an average of \$300 a year.

- (1) With the government recently receiving several unexpected windfalls in the form of increased iron ore royalties and a larger than expected share of GST, to the tune of \$150 million, will the government guarantee that no further increases will be imposed on already struggling households in any future budgets?
- (2) Is the government concerned that this increased pressure on households is causing financial distress for many Western Australian families and households as is reflected in increased patronage of institutions such as payday lenders?
- (3) What measures has the government taken to help those in real financial distress?

Hon STEPHEN DAWSON replied:

I thank the honourable member for some notice of the question.

- (1) The household model fees and charges changes in the 2018–19 budget are broadly in line with those assumed by the former government, although the fixed water charge increase has been halved. The Department of Treasury forecast that freezing fees and charges in 2018–19 would reduce state revenue by around \$1 billion over four years, which would directly increase state debt. The debt position left to the government by the Liberal–National alliance means this government cannot responsibly commit to freezing fees and charges that are already under–cost recovered. Small increases in revenue—in this case a \$150 million increase in GST revenue, representing a 0.5 per cent increase in total general government revenue—have no bearing on the setting of fees and charges. Responding to iron ore or GST revenue changes by adjusting household fees and charges to make up lost or offset increased revenue would lead to wild swings in utilities pricing for Western Australian households. In July 2017 about \$2 billion in GST revenue was wiped out overnight by a small WA population forecast change. It would not be reasonable to drastically increase utilities prices to offset this change.
- (2) The 2016–17 year saw a contraction of some 17 000 jobs in Western Australia. The McGowan Labor government recognises the impact that this has on the community. The McGowan Labor government is investing in job-creating infrastructure and projects.
- (3) In 2018–19 alone, the McGowan Labor government will spend around \$2.4 billion on social concessions. These are listed in appendix 6 of budget paper No 3.