

SOCIAL EMERGENCY LENDING SCHEME — ESTABLISHMENT

**742. Hon COLIN TINCKNELL to the minister representing the Treasurer:**

- (1) Is the government concerned that its increase in household charges and expenses has directly led to more families applying for the government's hardship utility grant scheme, known as HUGS, and to predatory payday lenders when their limited HUGS option has been exhausted?
- (2) Is the Treasurer aware of the report tabled by the McKell Institute in July this year, which proposes a federal social emergency lending scheme?  
  
Such a scheme would help struggling families to fend off financial distress. It would be financially neutral and would require only a one-off injection of funds from the government in order to kickstart the program.
- (3) Would the state government be willing to create a similar program at a state level in an effort to help households avoid the predatory payday lending industry and to relieve pressure on the already struggling hardship utility grant scheme?  
  
The McKell Institute estimates that a federal scheme could be set up for around \$400 million, so a statewide scheme could be established for considerably less.

**Hon STEPHEN DAWSON replied:**

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

- (1) Much of the growth in the hardship utility grant scheme occurred prior to the 1 July 2017 utility price increase. The HUGS grew from \$7.7 million in 2015–16 to \$17.5 million in 2016–17. Electricity costs increased by 90 per cent between 2006 and 2016. The McGowan government increased electricity costs by \$169 per annum as a budget repair measure. However, in recognition of the potential impact of the increased utility fees and charges, on 1 July 2017, the government increased the energy assistance payment by 28 per cent to \$300 per annum and reinstated \$5.6 million in funding for financial counselling. The McGowan government is aware of and continues to monitor the recent growth in HUGS applications and it is currently undertaking a holistic review of utility concessions for low-income households and the utility hardship framework in consultation with relevant consumer advocacy groups to ensure support is targeted to those who are most in need. At the same time, the government also increased the HUGS limit by eight per cent, and provided a budget of \$20 million in 2017–18, which was an increase of \$11.2 million.
- (2)–(3) I thank the honourable member for the information. The current review of concessions will consider relevant options for the utility hardship framework in Western Australia.