

## FAMILY HOUSEHOLD COST INCREASES

### *Motion*

**MR E.S. RIPPER (Belmont — Leader of the Opposition)** [4.00 pm]: I move —

That this house condemns the Barnett government for its continued savage increases to family bills in Western Australia.

I can understand that the government is becoming increasingly aggravated by the opposition's continually raising the question of household bills, but there is a very good reason for our continually raising the question of household bills. That reason is that people outside this place in our community continually raise the issue with us. It is our job to come into this Parliament and to represent their needs and to represent their issues, so that decision makers have an understanding of the pain that they are inflicting. It is important that decision makers within government carefully consider financial and economic and managerial matters. These issues are significant for the long-term sustainability of services. But it is not good enough for someone to treat government as though that person were a managing director. It is not good enough for someone to treat government as though that person were in his previous role as an executive at Woodside and not the chief of staff of the Premier. It is not good enough for someone to treat government as though that person were an executive at Woodside and not in his role as an adviser to the Premier. It is not good enough for the Premier to act as though he were some sort of manager in the private sector when it comes to the question of household bills. Of course, we must use our mind when in government but it is also important to use our heart. It is also important to take account of what the experiences are for ordinary people in our community.

Western Australians right across this state are saying to us that these increases in family bills proposed by this government are really hurting them. Frightened pensioners, in the middle of a cold snap, are not turning on their heaters because they are worried about the size of the electricity bill that will come. Pensioners are not using hot water in showers because they are worried about the size of the gas bill that they will experience. A lot of people will not be in that dire position, but even families with what are considered to be average or good incomes in our community are feeling the pinch of these savage increases in family bills. If members go to any community event in their electorate, such as I did to a football match between Belmont and Carlisle, they will meet people. I met a woman at that football match who complained to me about a \$600 electricity bill. She asked, "What about these politicians getting paid for having a house in the country and a house in the city, while I have got a \$600 electricity bill?" That is what she said to me. I just recount to members exactly the nature of the conversation.

**Mr T.R. Buswell:** What did you say to her?

**Mr E.S. RIPPER:** I said to her that the government should be protecting families from these massive bills. That is what I said to her.

**Mr T.R. Buswell:** What about the issue, though?

**Mr E.S. RIPPER:** I certainly did not go into bat for you, my friend! I did go into bat for ordinary Western Australian families experiencing savage increases in their bills because the government does not have the heart to care about their circumstances, because the government does not put care of family living standards high enough up its list of priorities. It really comes down to a question of the emphasis that government gives to this issue. I have been the Treasurer in a Labor government, and I understand personally the necessity for strong economic and financial management. One of the constraints that Labor put on me as Treasurer was the constraint that I could not approve increases in the basket of household fees and charges beyond the inflation rate.

**Mr T.R. Buswell:** Which inflation rate?

**Mr E.S. RIPPER:** The reference inflation rate.

**Mr T.R. Buswell:** You changed it.

**Mr E.S. RIPPER:** This government does not care about which inflation rate. It breaks all inflation rates with its fees and charges, so the member should not talk to me about which inflation rate. The government does not care about any inflation rate when it comes to its decision making on this issue. One of the constraints that were put on me was that I could not as Treasurer approve an increase in the basket of household fees and charges beyond the reference inflation rate. That was sometimes very difficult, but it was a planning assumption for the budget. We went into the budget process with a whole lot of things we had to meet, and that was one of the things that had to be met. When we have that sort of approach, it starts to influence our decision making on all the other variables. The government, it appears, goes into the budget considerations with a different process. For the government, it is a default outcome after it has done everything else, by which I mean that for the government what happens to household fees and charges is the outcome of all its other decisions rather than being something

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that it starts with as an assumption and rather than there being an assumption that the government will first of all look after Western Australian families.

There is a real difference between the coalition and Labor governments on this issue. I know about that because we campaigned on this issue between 1996 and 2001 when Richard Court's government was in power. It was the campaigning of the state Parliamentary Labor Party during that period of opposition that forced Richard Court to include in his budget papers a household model and an analysis of the impact of his increases in fees and charges. We campaigned on this issue during that period of opposition. We forced the government to have Treasury analyse the impact of increases in household fees and charges. We went into government with a commitment that we were not going to increase fees for the basket of household charges beyond the reference inflation rate. In every budget for eight budgets we honoured that commitment. It was not easy, because there were big pressures on costs in the middle of an economic boom, but my colleague the member for Balcatta, who was a member of the Expenditure Review Committee for that period, will remember how hard we had to work on these issues to make sure that we looked after Western Australian families.

**Mr J.C. Kobelke:** You did, Leader, and you achieved your goal of protecting people in Western Australia.

**Mr J.M. Francis:** You took the soft option.

**Mr E.S. RIPPER:** We did achieve that goal of protecting Western Australian families. For the benefit of the member for Jandakot, it was not a soft option; it was in fact a hard option for a good purpose, which was the protection of the living standards of ordinary Western Australians. If he calls it a soft option to look after Western Australian families, he is already, despite his marginal seat, losing touch with the Western Australian community. The member for Victoria Park, the shadow Treasurer, might look at some of these figures. If the member for Jandakot refers back to our record during that period of government, he will see that in real terms the impact of household fees and charges levied by the government fell after a period during Richard Court's government when in real terms they rose. After we adjust for inflation, we see that charges were up in real terms under Richard Court, charges were down in real terms under Geoff Gallop and Alan Carpenter, and charges were up again, but this time savagely, under the current Liberal Premier. That is the record. We can go back now for 15 years and see the difference in approach between Labor and coalition governments in this state.

Let us have a quick look at some of the increases just so that members opposite can start to reflect on what they have been doing for two years in government.

**Mr T.R. Buswell** interjected.

**Mr E.S. RIPPER:** Is it boring, member for Vasse? I think we should tell the people in the community about who in this Parliament thinks it is boring when we talk about the impact of household fees and charges on ordinary families. We will tell them. It will add to the standing of the government if we tell them that the member for Vasse in particular thinks it is boring when we have a discussion about household fees and charges. Let us look at those household fees and charges. The Liberal Party has been in power now for two years. It has to take responsibility for what it is doing. The time has passed when members opposite could say that that responsibility was with the Labor government. They have been in power for two years and now they have to take responsibility.

Electricity charges are up by 45.6 per cent, water charges are up by 29.49 per cent, drainage charges are up by 43 per cent, and the emergency services levy is up by 25 per cent. These types of increases really do hurt. The government has a set of policies that complement in a negative way what it has been doing on household fees and charges. The two negative complementary policies that I refer to are, firstly, the withdrawal of family support. Families used to get money from the government to help them cope with the particular expenses that they experience as a result of their stage of family life. It is expensive to have children at school in years 11 and 12. Anyone who has children of that age knows just how much the family cost of living can grow. The fridge never seems to be full enough to deal with the appetites of young people of that age. We paid the It Pays to Learn allowance. It was not a huge amount; it was \$200 a year for every child in years 11 and 12 and \$400 for those at TAFE. That was not a huge amount of money, but it was some level of support from the state government and some recognition of the additional expense of having young adults at that stage of family life. That allowance has been withdrawn by this government. At the same time, the government has also withdrawn a subsidy that used to apply for school fees in government high schools. The \$100-a-year subsidy—we named it 100 good reasons to learn—has been withdrawn. The government should be explaining the impact of the policy to withdraw that subsidy. Has it meant a reduction in school budgets and therefore a lessening of schools' capacity to offer special education services, or have schools found ways to pass that cost on to families so that families have to pay more and consequently affecting their living standards?

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The second set of negative complementary policies has been the government's approach to wages in the public sector. The approach to wages in the public sector seems to be quite different for people whose name is Pontifex or Wedgwood from that for education assistants, school cleaners or gardeners. The Premier has been very indulgent with his own office by paying people more than \$340 000 a year in a salary package or more than \$1 500 a day in another case. He has been very indulgent with his own office while he has been very, very hard on the people of Western Australia. He has been particularly hard on some of the lowest paid workers in our community. Cleaners, gardeners and education assistants were offered a miserable wage offer of 2.5 per cent a year.

**Mr T.R. Buswell** interjected.

**Mr E.S. RIPPER:** The member for Vasse should take responsibility; he could have done better by those workers. He drove them to the commission, hired an expensive lawyer and contained their wage increase to around 2.5 per cent a year. That was a miserable outcome for those people that will not go anywhere near meeting the additional electricity and other charges that they will incur. That policy of low wage outcomes for low-paid workers in the public sector is adding to the pain that ordinary Western Australians feel as a result of the government's savage increases in family bills.

I turn now to the government's response. The first thing I note about the government's response is that the Premier personally seems incapable of emotionally grasping the difficulties that he is imposing on Western Australian families. He does not seem to have the capacity for the care and compassion that is required. It is about the question of heart and mind that I began my speech with. He is not demonstrating the heart that is required in the position of Premier. His response at question time today was to talk about a \$1 billion debt. It was almost as though he was John Howard in the middle of the 1990s, talking about an alleged poor inheritance. This government inherited the lowest level of debt ever in the state's history. The previous Labor government invested \$30 billion in infrastructure while cutting debt by about \$900 million. The government had an excellent financial inheritance. There was no reason for the government to say, "We have inherited a mess from Labor. We need to do these horrible things because of what Labor left us." There was no justification for that whatsoever. It was the lowest level of debt on record in the state; there was a huge surplus. That is what the Liberal Party inherited when it came to government. Not only did the government have that inheritance, but also, as I said at question time, \$780 million was set aside. That was not notional money or airy-fairy money; it was money that had been planned for and set aside to ease the transition as electricity prices had to start increasing for the first time since 1997-98. What the government did with that \$780 million is something that it still has not explained. Was it the case that that \$780 million had to be taken away from Western Australian families and put into the coffers of the National Party for the royalties for regions scheme? Was it the case that half that \$780 million went to fund the pet project of Oakajee that the Premier had in mind? That project was going to be funded by the private sector but the Premier thought, "No, no, no. I have to have my fingerprints on this. I have to have a plaque. It has to be government owned. I have to put taxpayers' money in. Here's \$780 million. Don't worry about the fact that it was set aside for WA families. I'll take this and put it into Oakajee. Then I can get the plaque and then I can be the Liberal successor to Sir Charles Court. I can be the great developer, using the money that should have been used to protect WA families." Perhaps that is what happened. The Premier talked about —

Several members interjected.

**The ACTING SPEAKER (Mrs L.M. Harvey):** Order, members! Please stop having conversations across the chamber. I have given the call to the Leader of the Opposition.

**Mr E.S. RIPPER:** The Premier talked about an alleged crisis in the electricity industry. His own actions show that he does not think that there is a crisis that needs rectification. If he genuinely thought there was a crisis in the electricity utilities, why did he put up the dividend payout ratio? Why would he take more of the electricity utilities' earnings into ordinary state revenue? The fact that the government has done that shows that the government does not believe its own rhetoric on the question of electricity utilities. The government is charging Western Australian families more and taking \$400 million extra over four years out of electricity utilities into general government revenue. That money has been taken out of family pockets; in one door, then out the back door into government revenues. That is what the Barnett government is doing. That tells me that even the government does not believe that there is some sort of crisis that has to be fixed at the expense of Western Australian families.

When people pay these high prices for their utility bills, they expect something back. They do not like the high prices and they wish that the government had shown more care and compassion, but they may at least think to themselves that they are getting something back. However, they are not. The government is underselling and neglecting the electricity network. If all the money that is being collected were to be put into the electricity

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network and we got a better, safer and more reliable service into the future as a result, some people—not all—might say, “At least we’re getting that”. But that is not happening. The government has decided to cut investment in the network from the required level by \$650 million over three years.

There is a mechanism in place now that makes the process much more open and transparent than it used to be when the Premier was the Minister for Energy, so he cannot get away with what he got away with in the 1990s. He underinvested in the network in the 1990s, and the Labor Party had to rectify that during our period in government. Now he is at it again, but this time there is more transparency in the system as a result of the electricity reform process, and we now have access to an independent assessment of the required level of investment. We know that there is a \$650 million gap between the assessment by the Economic Regulation Authority of efficient investment in the network and the amount this government is actually prepared to invest in the network over a three-year period.

There will be consequences for that lack of investment. There will not necessarily be immediate consequences, but, bit by bit, the electricity network will be degraded as a result of this lack of investment. There will be more blackouts, more poles falling over, more pole-top fires and more bushfires as a result of this government’s neglect. The appalling thing is that, due to the lead times in the electricity industry, it may not be this Premier who will have to answer for the state of the network; it may well be that it is the next Labor government that will once again have to deal with the consequences of this Premier’s lack of investment in the electricity network. He is repeating his trick of the 1990s, and eventually it will catch up with government as an institution. Someone will have to answer for it; someone will have to make the investment. In the short term, however, it is possible for an irresponsible Minister for Energy, an irresponsible Treasurer and an irresponsible Premier to get away with cutting investment in the electricity network.

During question time we talked about the impact on local government. People are now getting their local government rates bills and they are seeing very significant increases. The rates bills arrive at the same time as the water, electricity and gas bills. Families are therefore looking at these four huge bills and asking themselves how they can afford to pay them. It is a double whammy for many families—firstly, the amount the state government charges or allows other people to charge; and secondly, the amount local governments charge as a result, in part, of the impact of government fees and charges on them. All these increases have an effect on local government rates.

In each of the Barnett government’s two budgets so far, there has been a special additional poison for local government and ratepayers. In the first budget there was an increase in the waste levy to fund the budget of the Department of Environment and Conservation. In this budget there has been a huge increase in the emergency services levy. This is a double passing of the buck—financially, to Western Australian families, and politically, to local government. It is bad news for both ratepayers and for local government councillors, who have to wear the political pain of their own rates increases and the fact that domestic rates bills now include the waste levy and a sharp increase in the emergency services levy.

I will conclude with a few remarks on the way in which the Liberal Party behaved in opposition. The Liberal Party in opposition campaigned week after week on tax. It was aided by a number of peak business organisations that also joined the campaign on tax. The Liberal Party was trying to convince ordinary people that it was campaigning on their behalf and that the tax increases that they were complaining about were tax increases that would affect ordinary people. Through that campaign the Liberal Party led the people of Western Australia to believe that there would be lower taxes and charges if a Liberal government were in place. It never mentioned family bills, however, because if it had, its record would have been analysed and it would have been shown to be wanting. It is very interesting to compare the Liberal Party’s election campaign with what it has actually done in government. It has not only duded families with increases in family bills, but also completely duded the business organisations that it conned into joining the campaign on tax when the Labor Party was in government.

This government has made decisions that will cost small and medium businesses \$500 million over the next four years. Given everything that the Premier and his colleagues said when they were in opposition, who would have thought that they would be slugging business with an extra \$500 million in tax? The Liberal Party actually abandoned the tax concessions that were put into the financial plan by the Labor Party. Members should think about the lack of integrity of people who would do that—namely, campaign for tax cuts, then when in government, abandon the tax cuts that the Labor Party had put into the financial plan. What sort of integrity is that?

The government has duded business on tax and it has duded individual Western Australians on family bills. It has not governed with heart; it says it is governing with mind, but that is a subject that would require another speech and another analysis. It has not governed with heart, it has not governed with care and it has not governed

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with compassion, and it will see Western Australian families respond in kind when they get the chance to judge the performance of the Barnett government.

**MR T.R. BUSWELL (Vasse)** [4.30 pm]: In making a contribution to this debate, I want to deal first with some of the issues that were raised by the Leader of the Opposition. I want to then look at the composition of the increase in household fees and charges this year, and examine in some detail, as I am sure other speakers will do, the significant component of that increase that is related to electricity fees and charges.

The Leader of the Opposition touched on taxation reform in Western Australia. It is ironic that he would do so at a time when tens of thousands of small businesses in Western Australia are receiving a full or partial rebate on their payroll tax. That money is being refunded to them as we speak. Those cheques are not in the mail; I suspect they are already in their bank accounts.

**Mr E.S. Ripper:** What about the concessions that you abolished? There was \$100 million given and \$500 million taken!

**Mr T.R. BUSWELL:** I will give the Leader of the Opposition a tip. How about we find one of those small businesses in the electorate of Belmont, and we have a chat with the owner of that business? How about we find a person who is paying \$1.6 million in payroll tax, and who has just received a cheque from the state government for \$47 500? How about we say to that person, "Do you appreciate the cheque that you have just received for \$47 500?" I do not know. Maybe I am losing touch with the small business sector. But I suspect small businesses would be pretty pleased with that cheque. I think they would say, "We have been asking for payroll tax relief forever, and for eight years under the former government, with multibillion-dollar surpluses, we got nothing. Thank you for this cheque for \$47 500." Maybe I am wrong, but I suspect that is what they would say.

I want to look now at the issue of local government. There is one thing that the Leader of the Opposition has ignored. The impact of electricity prices, and of waste charges and levies, even with fluctuations for usage differences between local governments, is fairly consistent across all local governments. The Shire of Busselton would have had a similar proportionate impact on its electricity bill as would the City of Stirling and as would the City of Rockingham.

**Mr W.J. Johnston:** Absolute rubbish!

**Mr T.R. BUSWELL:** If the power bill goes up in the Shire of Busselton, I reckon it would go up in the City of Stirling. I do not know, member for Cannington. Maybe the member for Cannington is going out on his bike and generating his own power out there in Cannington! Maybe he is using the hot air that he puts out to get some biomass plant off the ground out there in Cannington! Maybe he is reflecting some of his forehead onto some solar energy plant out there in Cannington! I do not know, but that is what I think.

**Mr W.J. Johnston** interjected.

**The ACTING SPEAKER (Mrs L.M. Harvey):** Order, members! Member for Cannington, I call you to order.

**Mr T.R. BUSWELL:** If we accept that—I think that is a relatively accurate assumption—how can we explain how the Shire of Busselton had a rate increase that was at, or near, the rate of increase in the consumer price index—I cannot remember the exact amount—but the City of Stirling had a rate increase of seven per cent or eight per cent? There are similar discrepancies in local governments across Western Australia. One member opposite—I think it was the member for Warnbro—raised an interesting question about the City of Stirling. It is interesting to look at what has happened in the City of Stirling. To give one example, in 2007, the wages bill in the City of Stirling—Madam Acting Speaker, your electorate is part of that—was \$46 million. This year, it is \$72.4 million. One of the main reasons that ratepayers are facing significant increases in local government rates is the increase in the number of people working in local government and the increase in the amount of money they are being paid. That may or may not be a good thing. I will leave that up to individual communities to determine. But it is a fact that the increase in the wages bill, driven by increased staff numbers and increased salaries, is a major cost impost on local communities right around Western Australia. The Leader of the Opposition's argument about local government is therefore fundamentally flawed, because not all local governments are putting up their rates to such high levels; and, even for those that are, when we dig into it, we see that wages growth is a big part of that.

The Leader of the Opposition touched also on the issue of how much we offered in the recent wage negotiation to various members of the miscellaneous workers union. As the Leader of the Opposition knows, that matter went to arbitration. The independent umpire made a determination. That determination was, we would have to say, closer to what the government had offered than what the union had asked for. I suggest that that is perhaps a reflection of the failure of the miscellaneous workers union, once again, to represent its workers. If the union had

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spent some money on providing a decent case to the commission, it might have achieved a better outcome. But what did the people in that union do? They drove trailers around the southern suburbs —

**Mr J.M. Francis:** They parked them outside my house!

**Mr T.R. BUSWELL:** Yes. They parked them outside the member for Jandakot's house. They engaged in all sorts of whacky campaigning. But they did not deliver a result, yet again!

Several members interjected.

**The ACTING SPEAKER:** Members! Member for Jandakot and member for Cockburn, please stop your conversations across the chamber. I have given the call to the member for Vasse.

**Mr T.R. BUSWELL:** I now want to turn to fees and charges. If we look at the representative household model that is contained in this year's budget papers, we will see that there has been a \$367 increase per annum in the household model. I am pretty sure that is right. If we break that down into its components, we see that \$194 of that increase can be accounted for by the increase in electricity prices. So, in other words, the increase in electricity prices comprised almost 53 per cent of that increase in the household model. That is indeed unfortunate, but it is inevitable. It is very difficult for the government to walk away from our responsibility to fix the mess in electricity. If we take electricity prices out, the increase in the household model for fees and charges is 4.2 per cent. So, the nub of the issue here is not the movement towards cost reflectivity in water. It is not a range of other changes, including the emergency services levy. The issue is electricity.

Indeed, while I am on the point of electricity, we need to spend a bit of time examining why we have had to do what we have had to do with electricity. A number of the members of this house were not members of this house when electricity reform was debated in this place originally and, indeed, subsequently. That legislation took a long time to get through, as I recall. It was the centrepiece of the reform of the former government. But one thing that did happen was that, as the former government moved through this process, it commissioned some research on the financial impact of the proposed market reforms. As I understand it, that research was commissioned from Deloitte. That report from Deloitte said to the then government, as it contemplated making changes to the then Western Power, that there was a very strong probability that there would be a reduction in the profitability of the disaggregated entities of between \$318 million and \$401 million over a 10-year period. The report said that there was also a very strong probability that that would reduce the enterprise value of those entities by between \$415 million and \$500 million—that is, it would decrease the value of that taxpayer asset—and that it would reduce the profits paid to government. It said also that that would raise significant concerns about the long-term viability of those entities.

That report was presented to the former government. When we look at a report like that, we might think, "There is a bit of a red light here. There are some issues here that we might need to deal with." But what did the former ministers in that government say about that information that was available to them? I will give members a couple of quotes from the member for Belmont, who was then serving as Treasurer. He also served, as I understand it, as energy minister during some of this period. He said things like, while he had that report, "These reforms will deliver substantial and sustainable benefits to Western Australian consumers and the economy through greater competition and lower electricity prices." He said on 25 November 2003, "In other words, compared with what would happen if we were to stay with the status quo, electricity prices will fall by 8.5 per cent by 2010". The member for Belmont is on the record as saying, despite being advised differently, that electricity prices would fall under the government's reform agenda. We now know that that was a complete and absolute disaster. I am not going to go through all the detail to the nth degree; suffice to say that what we had anticipated from the disaggregated Western Power never eventuated, and we have had to deal with that issue.

**Mr E.S. Ripper:** Will you place on record what the Liberal Party did at that time?

**Mr T.R. BUSWELL:** Yes. We supported it. We were not privy to the Deloitte report. The member for Belmont knew about that. But he did not share that with the opposition. He did not share with the opposition the fact that concerns had been raised by Deloitte. We could not have anticipated the incompetence —

**Mr E.S. Ripper:** It was the subject of public debate!

**Mr T.R. BUSWELL:** That was significantly after—ex post—the event. We could not have anticipated the incompetence of some of the subsequent—not the member for Belmont, of course—Ministers for Energy, including the member for Cockburn. We could not have anticipated the way in which that reform unravelled, and the huge bill that it left for Western Australian taxpayers.

**Mr E.S. Ripper:** I think the competence of the member for Cockburn is causing the government some considerable suffering at the moment!

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**Mr T.R. BUSWELL:** I remember sitting on that side of the house when the member for Cockburn came back from Varanus Island, my friend! It was an absolute embarrassment!

**Mr F.M. Logan:** Do you think I blew it up myself! Don't be such an idiot!

**Mr T.R. BUSWELL:** No! I remember it vividly! The then minister came back, and I said, "What is the problem at Varanus?", and he said, "There has been an explosion", and I said, "What are you going to do about it?", and he said, "There is a big hole. I am a fitter and turner, and I will go and get my welding kit. I will get on the tools and patch up the pipe"!

**Mr F.M. Logan:** And what have you done since? Nothing!

**Mr T.R. BUSWELL:** We have done a lot.

**Mr F.M. Logan:** In relation to what?

**Mr T.R. BUSWELL:** Security of energy supply.

**Mr F.M. Logan:** You have done absolutely nothing!

**Mr T.R. BUSWELL:** Is that right?

**Mr F.M. Logan:** You are all mouth!

**The ACTING SPEAKER:** Member for Vasse—to the matter before the house.

**Mr T.R. BUSWELL:** Thank you, Madam Acting Speaker, for that protection. When the Macedon gas flows down and increases the sources of gas for the pipeline —

**Mr F.M. Logan:** He did that—the member for Vasse did that.

**Mr T.R. BUSWELL:** We changed the regulation. Anyhow, I think it is all history, but let me just touch on a couple of things that happened while the member for Cockburn was in charge. After the creation of four corporate entities, board sitting fees went up from \$400 000 to \$1.1 million a year. Executive salaries went up from \$1.9 million to \$10.5 million. The number of full-time equivalents went up from 2 915 to 4 041—an increase of 1 122 FTEs to do exactly the same thing. The reforms went off track. They started to lose money hand over fist. In 2007–08 how much did Verve lose? It lost \$150 million. In 2008–09 how much did it lose? It lost \$183 million. The Liberal government left the Labor government a \$2.1 billion asset and it ran it into the ground, ruined it and sent it broke. Who has had to pick up the bill for that? The taxpayers and the people of Western Australia. One of the reasons energy prices have risen is that there is a bill that we have had to meet. Ultimately, this government has had to make decisions to fix up Labor's mistakes—mistakes that required a massive bailout of Verve. I remember asking the then Premier, Alan Carpenter, how much the bailout would be. In one of his usual colourful answers he said, "At least \$1 billion and heading north."

I would just like to raise a couple of other points. A lot has been said about the —

**Mr P. Papalia:** As bad as the rest of them are, I don't think they will bring him back.

**Mr T.R. BUSWELL:** Well, I do not think the member will be challenging for leader in a few weeks' time.

**Mr W.J. Johnston:** Nor will you.

**Mr T.R. BUSWELL:** I know a bit about that. I do not think that the member for Cannington will be challenging for leader though. I have had a look at the field.

**Mr W.J. Johnston:** And nor will you, for the rest of your career.

**Mr T.R. BUSWELL:** The member for Cannington has no chance! However, his friend Joe Bullock will have a say in it! I feel a bit sorry for the Leader of the Opposition; he is a bit like the old political piñata swinging in the breeze. Once the Armadale by-election is out of the way, Dave Kelly and Joe Bullock will hoist him up on the old Hills hoist and all of the Opposition will have a bash at him! The member for Cannington will not do it! Who will fall out of that political piñata as the next leader? Will it be the member for Victoria Park?

**The ACTING SPEAKER:** Member for Cannington, all interjections are disorderly in this house.

**Mr T.R. BUSWELL:** Will it be the member for Victoria Park? Everyone likes him—he is a good fellow—but some say he does not have the appetite for hard work! Will it be the member for Rockingham? He has an incredible appetite for hard work, perfectly built for opposition; he is a good shadow minister, but no-one likes him! Will it be the member for Kwinana? No! Will it be the great new arrival, the member for Willagee? He was the great hope until he opened his mouth when he first came into this place! Or will it be the member for Midland?

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**Mr J.M. Francis:** The member for Mindarie?

**Mr T.R. BUSWELL:** No! Will it be the last contender in the field, the member for Midland? I think she is factionally challenged. That is right, member for Girrawheen, she joined the new right. The new right was okay when it was in with the left. The new right is now out with the left, the right is with the left and the new right is left right out! That is going to be her problem. She is left right out. But someone will fall out of that political piñata. And the person who determines who that will be, fortunately, is not in this place. It is the member for Cannington's mate Joe Bullock, and it is the member for Nollamara's mate Dave Kelly—and in their hands we trust!

Energy glide path —

**Mr W.J. Johnston:** What were you doing in car parks?

**Mr T.R. BUSWELL:** I have done a lot of things in car parks. If the member for Cannington would like a few lessons—I know he has had a fairly quiet life in the eastern suburbs—he can come and see me after.

Energy glide path: a lot is said about what the government has put in place in terms of how much the price of electricity has had to go up. It has been high. The former government claimed that it would only ever put the price of energy up by 10 per cent per annum, for the non-contestable sector. In the 2008 budget—I will just touch on this—this is what it says —

In response to the ERMR Draft Recommendations Paper, the Government has announced a transition to cost reflective tariffs from 2009–10 for non-contestable customers, which includes households and small businesses. This involves a 10% increase in 2009–10, with further annual increases to be phased in over a 6 to 8-year period.

Now this is the important bit —

Annual increases in these tariffs beyond 2009–10 are not expected to be less than 10%.

What does “not expected to be less than 10 per cent” mean? It does not mean that they will be 10 per cent. I was interested when I read that, and in a previous life I asked Treasury what its figures were. I was told: 2009–10, 10 per cent; 2011–12, 10 per cent. I asked these great protectors of Western Australian families about 2010–11. By how much did they want to put up electricity in 2010–11? The answer was 24.1 per cent. It was never reported in a budget paper that the Labor government had a secret plan to put up electricity prices by 24.1 per cent.

Several members interjected.

**Mr T.R. BUSWELL:** I got it out. I am happy to let members have a look. It is a Department of Treasury and Finance briefing note. I am happy to share it. The secret plan was to put up the price of energy for households in Western Australia by 24.1 per cent. That was the form of the Labor government—never mention it in the budget. It never had the courage to go out and tell the people of Western Australia that it was going to slug them 24.1 per cent the following year. It just kept it secret. That is what members opposite were going to do. Why? Because they knew that they had to move the price of energy towards cost reflectivity or taxpayers, through the community service obligation, would be paying an enormous amount. There is one thing we have to understand: either the consumers pay or taxpayers pay via the CSO subsidy. That is a fair assumption. I suppose the question is: if we had stayed at or near the 10 per cent glide path, how much would taxpayers have to pay? How much would taxpayers have to pay by 2019–20? The answer is \$8 billion. The Labor government would have handed the taxpayers of Western Australia, on its plans, even with its secret, hidden 24 per cent, an \$8 billion liability.

**Mr E.S. Ripper** interjected.

**Mr T.R. BUSWELL:** That is the accumulative sum of the CSOs, member for Belmont, on the Labor government's glide path, based on information provided by the former Minister for Energy and his department—\$8 billion. Now what could taxpayers do with \$8 billion?

[Member's time extended.]

**Mr T.R. BUSWELL:** Maybe four Fiona Stanley Hospitals. If members accept that a high school might cost \$50 million, 160 high schools; significant reductions in state debt. And, yes, people have been asked to pay more, but we will not be creating this massive accumulative \$8 billion liability for the taxpayers of Western Australia; that is an important point. Is there an issue for households? Of course there is. That is why the hardship utility grant scheme has been increased by \$19 million. That is why the standard HUGS payment has increased from \$380 to \$450 south of the twenty-sixth parallel, and from \$633 to \$750 north of the twenty-sixth parallel. That is why the government has provided cost-of-living rebates for seniors. That is why the government has provided free transport for seniors; country fuel cards in my electorate; and positive initiatives to help people

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overcome the real impact of these increases in fees and charges. For the opposition to say that we make decisions without any reflection on the impact on households in this state, in particular pensioners, is quite simply not reflective of the actions that this government has taken. We had to fix a \$1 billion-plus black hole that the Labor government's mismanagement had created in the disaggregated Western Power entities. We refused to create an \$8 billion liability for the people of Western Australia, and whilst we acknowledge the impact of increased electricity prices on households, we have done a lot—an enormous amount—to help soften the necessary blows.

**MR B.S. WYATT (Victoria Park)** [4.50 pm]: I always enjoy the contributions from the member for Vasse these days. He is much more entertaining now that he sits high on the back bench, credibility intact and having a lot of fun at the expense of the seniors and families of Western Australia. He talked about a secret 24 per cent rise in electricity prices under the Labor Party. It was so secret that it was not in the budget papers! I will tell members what is in the budget papers—a 23 per cent rise in electricity charges next year certainly is in the budget papers. The disgraced member for Vasse scampers out of the chamber and bolts away before we can deal with some of his record. That is what is in the budget papers. The Premier is already backing away at a rate of knots from the 23 per cent electricity increase next financial year.

The member for Vasse made a point and reflected on a few members on this side of the chamber, including me, saying that perhaps some members do not work that hard. I must say that the member for Vasse is right on one point: while I sit over on this side of the chamber, perhaps I am not as active as the member for Vasse once was in the sort of extracurricular activities that he got up to. Perhaps I like to spend my time being focused on the issues of the day, such as the finances of the state.

**Mr J.M. Francis** interjected.

**Mr B.S. WYATT:** For a man who has missed 20 per cent of his Public Accounts Committee meetings, the member for Jandakot should not be sitting there throwing gunk around the place. He has not attended 20 per cent of the Public Accounts Committee's meetings. The question I have for the member for Jandakot is whether he should pay back 20 per cent of his allowance. Perhaps he should. That is something I am just throwing out there by way of speculation. If the member does not turn up to the parliamentary committee's obligations but draws the extra pay for sitting on the Public Accounts Committee, perhaps the people of Western Australia can expect a return. However, I digress.

The member for Vasse also made the point, when he got stuck into the City of Stirling, that the major cost impost at the City of Stirling was the increase in salaries. That is not a bad assessment. Perhaps the City of Stirling has increased its salaries. Let us look at what has happened to the state budget between 2009–10 and 2010–11. There has been a 15 per cent increase in salaries expenditure; that is more than \$1 billion, and assumes that the government will keep expenses growth to 3.9 per cent in 2010–11. The member for Vasse, during his short but entertaining career as a Treasurer of Western Australia, delivered 13.5 per cent expense growth in 2008–09 and the estimated actual for 2009–10 is 12.5 per cent. That is a major impost on the people of Western Australia. The City of Stirling need not fear the member for Vasse and the lessons he has to teach Western Australians about financial management. The member for Vasse is good at entering into contracts with lawyers and consultants, provided it is done by email, that no figures are given and that he does not have to deliver any outcomes. The member for Vasse has delivered nothing but disgrace during his time as Treasurer of this state, and he has no capacity to come in here and have a crack at members on this side of the house. This is a serious motion focusing on the increase in fees and charges and their impact. Colin Barnett is the Premier of Western Australia and the Treasurer now that he has had to pick up the cudgels that were dropped in quite entertaining fashion by the member for Vasse. The member for Vasse still cannot deliver a speech or contribute to the debate with any maturity at all. When it comes to the prohibited behaviour orders legislation, although I will be voting against it, I could perhaps be persuaded to vote for it because of one person in Western Australia—the member for Vasse, who may find himself prohibited from the parliamentary precinct!

Questions on notice occasionally deliver an answer from this government, but only occasionally. We put them in but do not normally get much back. However, in an interesting response to a question on notice from me to the Premier and Treasurer, I asked for the nominal and real expenditure growth in household expenditure and fees and charges between 1992–93 to 2010–11. I have a graph. What has happened over the past two years since Colin Barnett became Premier certainly has not happened since I have been able to vote. I will hold up the graph so that members opposite can see. I have even done it in red so that the member for Swan Hills, who is right at the back, can see it. The members for Swan Hills, Ocean Reef, South Perth and Kingsley can see these real figures. Under the Court government there was a \$292 increase in fees and charges; that is, the basket of household goods. Under the Gallop–Carpenter government there was a \$510 decrease—a real \$510 decrease. Already under Colin Barnett as the Premier of Western Australia, and under the interesting but brief career of the member for Vasse as Treasurer, we have had a \$546 increase in that figure. That is why the member for Swan

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Hills is seeing—look; focus—that red arrow go up dramatically. They are the government's figures. I dare say that the government is shooting at the low end. The fact of the matter is that Colin Barnett, the Liberal Party and the Nationals—there are no Nationals in here at the moment—have used the households of Western Australia as a cash cow. When the member for Vasse sat on this side of the house and was still burning his way down that impressive parliamentary career, he referred to fees and charges as backdoor taxes. This government has kicked down the front door. It is raiding every household in Western Australia. Not only the seniors who were here today during question time, but also the broad middle class of Western Australia are now funnelling more and more money to fund that 13.5 per cent and 12.5 per cent expense growth, and now we are expected to believe that the expense growth in 2010–11 will be 3.6 per cent. That is the reality of the decisions made by Colin Barnett.

The Leader of the Opposition has already outlined a couple of those increases, but I will go through a few more. These fall under the category of household fees and charges. I will then move on to some other fees and charges that show how the government is gorging itself on perhaps some of the biggest rises Western Australia has seen. We have seen motor vehicle licence fees rise by six per cent and the recording fee rise by 7.5 per cent. Electricity has increased by a lazy 45.63 per cent and water has increased by 29.5 per cent. Yesterday the member for Cockburn outlined some further increases. No doubt the Minister for Water—assuming he is the Minister for Water by the end of the week—will have a few more questions to answer in that regard. Sewerage fees have increased by 8.5 per cent and drainage by 43.3 per cent. Public transport is an interesting one because when we look at the global figures, it does not look that bad, but when we break it down to the public transport zones, we can see that the concession card holders are hit the hardest. The government has not pretended for a minute to spread it evenly. The government has hit those with the Seniors Card and student cards the hardest. The cost of using public transport increased by 16.7 per cent for people travelling in the first two zones; 11.1 per cent for those travelling in the first zone; and 11.1 per cent for people coming from the sixth zone, rising to 13 per cent.

As Hon Ken Travers outlined in his media release on 30 May 2010, students and concession card holders, including seniors, are being hit the hardest. The Leader of the Opposition has already said that the It Pays to Learn allowance has been cut, the secondary school subsidy was cut and the seniors cost-of-living rebate in 2009–10 was cut. I do not suppose that the government will be paying it twice in 2010–11, so the seniors can say goodbye to that for the 2009–10 financial year. That was introduced at the time to save the financial credibility of the member for Vasse. Thankfully, he saw fit to remove any credibility himself without any help from the opposition. The landfill levy went up by 300 per cent. The childcare licence fee is up \$4.60. The member for Rockingham outlined the additional cost for some of those people who predominantly, I daresay, live in the Premier's electorate and who like to get over to Rottnest Island on a regular basis. It is up by 24 per cent if people want to go to Rotto and have a few beers at the pub. Boat registration is up 20 per cent. We know that if the legislation comes on for debate this week—we know that it will come on before the end of the year—the government will want to take a little pinch from people every time they go to a concert; they will pay a bit more to pay for the police officers who come out. It is never going to end!

Perhaps one of the biggest offenders when it comes to these charges is the Department of Transport. Although these figures do not fall into the basket of household goods, they are just as deadly for Western Australians. I will run through these figures because they are noteworthy in that some of these rises are not small by any stretch of the imagination. If a person has a tinnie of up to five metres, the marine safety business unit boat registration has gone up 12.5 per cent. If the vessel is a bit bigger than a tinnie, up to 10 metres, registration has gone up 12.3 per cent. If the vessel is bigger still, up to 20 metres—this is falling in the Premier's electorate now—registration has gone up 22.3 per cent. For vessels that are 20 metres and more, boat registration has increased by just a lazy 27.3 per cent. The fee for a further examination for a certificate of competency—that is, for people who will go out and get a certificate so that they can drive one of these tubs—has increased by 112.7 per cent. The fee for an oral examination conducted outside the normal time is up five per cent. The fee for an application for revalidation of a boat licence is up 54.6 per cent. The fee for a reapplication for revalidation is up 112.7 per cent. The fee for application for acceptance of a certificate of competency issued by another marine authority is up 71.8 per cent. The taxi industry is not immune from this government gorging itself on fees and charges. The taxi industry development fund fee is up 27.3 per cent. The rail safety business unit annual fee, including variations, fee per kilometres of track, is up 10 per cent for an owner and is up 11.2 per cent for an operator. The application for accreditation fee for an owner—that is, separate from annual fees—is up 10 per cent and for an operator it is up 11.4 per cent. Then come the motor vehicle plate fees! The ordinary plate fee is up 30.7 per cent. The plate fee for dealers—in Victoria Park I have a few of these—is up 33.4 per cent. The plate remake ordinary fee is up 35.4 per cent.

These increases are not one-off increases and they are not isolated to electricity. We have a government that is completely addicted to the revenue it is generating by way of these backdoor taxes. It is no longer cost recovery;

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it is no longer sending price signals to the market: this is all about getting money out of Western Australians and into consolidated revenue. The Leader of the Opposition has already outlined the impact that is having on some of our utilities. He went through the increased amounts that the utilities will now pay to the Barnett Liberal government by way of increases to the dividend payout ratios that will generate just over \$400 million extra revenue over the forward estimates. One would assume that if the government is hitting the utilities to bring more revenue in, the utilities are in a pretty good position financially; that is, Western Power's electricity grids are running well, the poles are not falling down and causing fires and Verve Energy's debt levels are fine. One would assume that that is probably the case if Colin Barnett is making the decision to hit the utilities hard. I put that question to Verve during budget estimates. My question to Ms In't Veld, via the minister of course, was —

If the increased dividend payout ratio stayed at 50 per cent and did not move to 65 per cent, would that form part of the internal funds and balances? Am I correct in assuming that it would then be spent on the asset investment program or whatever?

Ms In't Veld referred my question to Mr Borovac, who said —

I guess that is right. There was the opportunity to either reduce debt or to internally fund our capital expenditure. In this instance, if we had the additional dividend, we would apply it to reduction of debt because our net cash flows are in excess of our cap ex requirements going forward.

Verve Energy representatives said on the record, sitting in this chamber, that Verve has too much debt, its debt levels are too high and it actually needs the revenue, the profits it is making, to do one of two things—pay down that debt or increase its capital expenditure. Verve cannot do that. Why can it not do that? Because Colin Barnett has increased the dividend ratio payout for Verve from 50 to 65 per cent, for Synergy from 50 to 75 per cent, and then 15 per cent across Western Power and Horizon Power. On 10 August, EnergySafety submitted its final report into the Toodyay fires, and from that we see that the performance of Western Power leaves a lot to be desired. I do not think anyone can doubt that Western Power is not in a position to send money into consolidated revenue for Colin Barnett to spend in other areas of the private sector to buttress its financial position. That is not the role of the utilities, particularly given the situation whereby people in Toodyay expect answers. They want to know why their houses burned down, and now that it has been indicated that Western Power has some responsibility in that regard, surely Western Australians, not just the people of Toodyay, could expect that that extra revenue would go into ensuring that this does not happen again. Surely, that extra \$404 million that Colin Barnett is generating from increased dividend payout ratios on the utilities will go into securing a safe energy supply. It is not at all.

[Member's time extended.]

**Mr B.S. WYATT:** It is even more disturbing that the government is increasing fees and charges to historic record levels. Never before have we seen these sorts of rises imposed over a short time on Western Australians, yet at the same time the state debt level has increased to more than 10 per cent of gross state product. Let us reflect on that for a minute. The size of the economy is a good measure of debt. The member for Riverton, the Premier, and the member for Vasse, back in the days when he was credible, all used to make the point that the federal government debt level was getting to 6.9 per cent of gross domestic product, of the national economy, and that that was way too large! At a state level, our debt is getting to more than 10 per cent of our state economy. This is not a sustainable position to be in, particularly at the same time that Western Australians are being gouged, absolutely attacked, by Colin Barnett to pay for more and more of his financial mismanagement. It always perplexes me why it is that the Liberal Party, particularly the Liberal Party in Western Australia, touts itself on its financial management when all the evidence is clearly to the contrary.

I will conclude with one more point in particular—namely, seniors. We focus on seniors a lot because they are people on a fixed income. Seniors are not the only people on a fixed income, but many seniors are on a fixed income. Kevin Rudd increased their pension but Colin Barnett has taken that away—plus more. Why do we focus on seniors? It is because they cannot handle a real increase over three years of \$546 a year; seniors cannot manage that on their income. That is why we focus on seniors. Seniors do not get the capacity to come in and speak to the Premier. They are not members of the 500 Club so they do not get to come in and make those sorts of donations and get the commitments in return. We saw that in the lead-up to the last election. The 500 Club promised \$400 000 to the Liberal Party in return for \$250 million in tax cuts. We saw that —

**Mr E.S. Ripper:** It got dudded, too!

**Mr B.S. WYATT:** It looks as though it has been dudded; it has been reversed out of the budget. However, we saw that shady little deal on the news—\$250 million in tax cuts for a \$400 000 donation from the 500 Club in Western Australia. The seniors in Victoria Park do not get that sort of access to the Premier. We know that next

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week the Five Hundred Club in Victoria will be hosting none other than the member for Cottesloe, the Premier of Western Australia, at the Savoy Ballroom of the Grand Hyatt. We know that Mr Baillieu is in trouble when he has to look west to bring in the member for Cottesloe to save his political skin.

**Mr E.S. Ripper:** Are Western Australian families paying for the trip?

**Mr B.S. WYATT:** That is a good question from the Leader of the Opposition. We know that Colin Barnett is speaking to the Committee for Economic Development of Australia on 27 August in Melbourne on the topic "Western Australia: More than China's Quarry". The overview suggests Colin Barnett's key policy priorities for Western Australia. I daresay the fees and charges will not form part of this particular speech. I think it may be a lunch, but that morning Jeff Kennett, Ted Baillieu and Colin Barnett have the pleasure of speaking to the faithful at the Five Hundred Club in Victoria about Colin Barnett and the deal he did a few years back to get his \$400 000 donation. The people of Victoria better worry and keep an eye on Mr Baillieu and what sort of commitments he makes when it comes to getting a donation out of the Five Hundred Club in Victoria.

I want to come back again to the point I was making at the beginning of my contribution. The member for Vasse has been quiet of late. He has risen to his feet on a couple of occasions and, as per usual, he considers everything in this chamber suitable for his personal punchline. Today we are talking about fees and charges and about a real \$546 increase imposed on Western Australian households. We are talking about senior citizens in Western Australia being unable to pay their heating charges and unable to pay the bills that keep coming in more and more. The member for Vasse comes in here and makes wisecracks about that for 25 minutes. I do not find that particularly funny. The member for Vasse's economic record in this state is not particularly impressive enough for him to come in and make jokes at the expense of the people of Western Australia who are suffering with these sorts of bills.

In conclusion, ours is a rich state. All members know that. The state makes a lot of money, not just to be retained in Western Australia but also to go to the rest of the country. In our rich state, we can do much better than this government is doing. The priorities of this government are fundamentally wrong. It has diverted \$800 million into Oakajee port away from the subsidy that was in the budget provided by the Leader of the Opposition when he was Treasurer and transparently brought to book as a community service obligation. The Premier has taken that away and set it in Oakajee port. It is the Premier's right to re-prioritise funding, but he needs to come into this place and be honest with the people of Western Australia. If he is going to do that, he can no longer blame it on this side of the house. He has been in the job for two years and is nearly halfway through his term of government. He cannot continue to blame the Labor opposition for his own decisions to impose a \$546 real increase on the people of Western Australia. Until he starts standing up and accepting those responsibilities, he will never really understand the impact that it is having on the people of Western Australia.

**MS R. SAFFIOTI (West Swan)** [5.13 pm]: I rise to speak to this motion. The motion states that we condemn the Barnett government for savage increases in fees and charges. Every member in this house must realise what impact the Barnett government's decisions are having on families, pensioners and seniors throughout the state. This is an out-of-touch, arrogant government whacking Western Australian families with massive increases in fees and charges. It is doing it at a time when there is revenue rolling through the door through increased royalties. There is no need to tax Western Australian families and pensioners for the essentials of life. This is an out-of-touch and arrogant decision being made by an out-of-touch and arrogant government. With millions of dollars coming to the state through increased royalties, there is no need to place this heavy burden on families throughout Western Australia. Every member on this side of the house knows the impact that these increases in fees and charges are having on Western Australians. When we meet people in our communities and talk to people in our communities, they all ask why the government is expending so much energy on and putting so much passion into defending the big miners of the state while at the same time increasing fees and charges for families and pensioners at record rates. If the Premier put some of the passion that he has for defending the big miners into protecting Western Australian families, Western Australian families would be much better off.

The government is increasing power charges by over 40 per cent, water charges by 29 per cent, drainage charges by 43 per cent and the Fire and Emergency Services Authority levy by 25 per cent. Of course, all this is flowing through to rates and charges throughout the community. For example, the City of Swan, in describing the 7.5 per cent increase in its rates, attributed one of the key factors to be the massive increase in energy costs. This government did not need to do it. It did it because it is out of touch and it has no regard for families. It ripped out the subsidy of \$780 million that was in the forward estimates of the budget. The previous government made the decision to subsidise households. This government chose to take that subsidy away and subsidise part of the business sector—for example, by subsidising the cost of a port at Oakajee. These are the priorities of the government. The government is taking away a subsidy from a pensioner and providing a subsidy to international mining companies. It is as clear as that.

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Several members interjected.

**Ms R. SAFFIOTI:** If the member for Geraldton does not care about Western Australian families and increases in energy prices, that is a matter he will have to face in the next election.

As I have said before in this place, the previous government had to face year in, year out the challenge of managing the budget. In the initial years of that government, it was very difficult because there were no boom times. However, it always made sure that Western Australian families were protected in respect of fees and charges. I remember raising this issue with the Minister for Water, and I know that he took it seriously. The previous government made the decision each year to protect Western Australian households. It was not an easy decision but it was made each year after careful consideration because Western Australian families and pensioners do not have the ability to absorb 30 and 40 per cent increases in key utility charges. We have seen pensioners having to resort to massive sacrifices, whether it be with access to heating or hot water in showers, to try to cope with the massive increases that this government has imposed.

The Carpenter and Gallop governments did not increase electricity prices above the consumer price index during their terms. The Richard Court government did. Of course, we have now seen the Barnett government in just two years impose a \$546 massive increase on a standard representative household. The government did not need to do it. I know that members of the Senate are nervous about how this will impact on their electorates. They should be, because people in their electorates and in their communities know that they are part of the government and they have actively gone about increasing key charges. They did not have to do it. As the member for the Victoria Park said, this government is more interested in the big end of town. The priorities of the big end of town are the priorities of the government, so it is losing focus on families and pensioners throughout Western Australia. Families and pensioners need essential services. Families and pensioners are trying to balance their budget week in and week out, and sometimes on fixed incomes or with very modest pay increases to absorb these massive increases. The government could have made these price rises over a longer period. It could have kept the subsidy for families, but it has taken away the subsidy for families and given it to big business in this state.

**MR J.M. FRANCIS (Jandakot)** [5.19 pm]: One thing I will commit to doing during my contribution to this debate is to not belittle other members. I will not deliberately provoke members.

Several members interjected.

**Mr J.M. FRANCIS:** I will stick to the issue that was raised by the Leader of the Opposition, which is obviously increases in utility prices in Western Australia. I think it is important. I think it is a good thing that he has raised this issue because it is healthy that we have this debate. Like any healthy debate, there are two sides to this story. The Leader of the Opposition may not agree with me, and that is fine, but, as I have said, I am not going to belittle individuals during this debate, as other speakers have done.

It is a fact that utility prices have obviously increased under this government. I will even concede that they have increased quite substantially in some cases. But it is also a fact that this had to happen. It had to happen due to the lack of action and foresight by the previous government. When the Barnett government came to power in 2008, we inherited the state-owned energy company Verve Energy, which was losing almost \$1 billion.

Several members interjected.

**Mr J.M. FRANCIS:** If this situation had not been addressed, the state's electricity supply would have been brought into question and, quite simply, would have been at risk. The Labor Party is on record as stating that it was going to phase in the necessary increases over a few years. There is a phrase for that; it is called "gunna". It did not happen, and it did not happen for a number of reasons. The truth is—I honestly believe this; I am not trying to provoke anyone—that I do not think the Labor Party had the political guts to bring in the price rises when they were needed, knowing that it was going to an election in 2008. Labor members condemn this government for acting upon the decisions that they did not take. I condemn those members for not taking those decisions and for, in fact, taking the easy option. The easy option, which we saw happen in Western Australia in 2008, was to do nothing until after the state election. The Leader of the Opposition is well aware of the pressures that were on his government to increase prices over the six years that the Labor Party was in government. Increasing utility charges certainly is not a popular decision, but like any difference that we have in this house between political parties, be it name-and-shame legislation or bash a cop and go to jail laws, the one thing I will always say is that I do not really care whether decisions are popular; I will do the right thing by the people of Western Australia.

**Mr W.J. Johnston** interjected.

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**Mr J.M. FRANCIS:** No, because it is not the right thing to do. As I have said, although increasing utility charges is not a popular decision, it was simply the right thing to do. I mentioned earlier that the Labor government said that it was going to phase in price reflectivity in electricity prices. I did a bit of research, as most members in this place do when they speak on issues, and I looked at the increases in the cost of electricity from 2003 to 2004, from 2004 to 2005, from 2005 to 2006, from 2006 to 2007 and from 2007 to 2008, and there were no price rises at all—nothing. That is not really a great example of phasing-in.

**Mr F.M. Logan:** What are you talking about?

**Mr J.M. FRANCIS:** I am talking about the price of electricity in this state.

**Mr F.M. Logan:** Why don't you go back to 1993 and have a look at the price increases?

**Mr J.M. FRANCIS:** I could go back to 1901 but that would be a pointless exercise!

**Mr F.M. Logan:** If you want to talk on something, do a bit more research.

**Mr J.M. FRANCIS:** The member for Cockburn was the energy minister. I will give him credit; he knew what had to be done. I bet that he marched into every cabinet meeting with the Economic Regulation Authority's report under his arm and the Treasurer probably would not listen. I honestly think that the member for Cockburn tried to do the right thing; he knew what had to be done.

In April 2008, the then Premier, Alan Carpenter, stated that the Labor government would keep electricity prices on hold in 2008–09, but he did warn that prices would rise the following year. The then Premier acknowledged that rising fuel prices and the high cost of renewable energy made this increase inevitable. It illustrates that the Liberal Party inherited an energy company that had been running at a huge loss for an extended period. Something had to be done. This government, as unpopular as it may be, at least had the guts to get it done. The former Treasurer, the now Leader of the Opposition, knows that he should have done it but he did not. The cost of these price rises is a Labor-induced problem.

I want to go back briefly to 28 March 2008. I have said that the Leader of the Opposition knew that this was the right thing to do, so I will quote a comment that he is reported as making in an article in *The West Australian* of 28 March 2008. The article states —

... the Government continued to soften up WA householders for a sharp rise in their electricity bills once a freeze on the residential tariff expires after the State election, with Treasurer Eric Ripper claiming it was environmentally irresponsible to continue subsidising electricity generated from fossil fuels.

“No-one likes price increases but we haven't had a price increase in electricity for a decade and everything else in the economy has gone up substantially,” Mr Ripper said. “Price increases are unfortunately inevitable because it's wrong financially and environmentally to subsidise fossil fuel-generated electricity.”

The Leader of the Opposition knows that what we are doing had to be done.

**Mr F.M. Logan:** Member for Jandakot, do you know why prices did not go up until 2009? Why didn't electricity prices go up until 2009?

**Mr J.M. FRANCIS:** The cost of fuel went up.

**Mr F.M. Logan:** But why weren't prices moved? Did you research that?

**Mr J.M. FRANCIS:** My honest belief is that the reason that the Labor Party did not increase prices is that it did not have the guts to do it going into an election. The Labor Party knew it had to happen.

**Mr F.M. Logan:** Can I tell you why they weren't increased? You put it in the legislation.

Several members interjected.

**Mr J.M. FRANCIS:** I want to move on to another issue.

**Mr F.M. Logan:** Why didn't you research that, you boofhead?

**The ACTING SPEAKER (Ms L.L. Baker):** Members, parliamentary language, please.

**Mr J.M. FRANCIS:** I want to move on to water. When the former Treasurer, the member for Belmont, handed down his final budget for the Labor government in May 2007, he increased water charges by almost 17 per cent. He knew then that the amount that this state charged for water was far too low and it had to change. Media articles from as far back as January 2008 were bracing Western Australian householders for increases of up to 50 per cent in water bills over the 2008–14 period. The then Labor government knew it had to happen. It was

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bracing itself for it, but it basically sat on its hands in the lead-up to the state election, knowing that it was not going to be popular, even though it knew in its heart of hearts that it was the right thing to do. Water prices had to be increased. This was acknowledged by the previous government, it was foreshadowed by the previous government, and it was being implemented by the previous government, yet now the members of that very government are trying to condemn us for doing what they should have done years earlier. The only difference in all this is that we have made the tough decisions to implement these utility charges when the previous government simply did not have the political ticker to do it. I have always believed that a fundamental role of any government is to make tough political decisions when they are needed, not with an eye to the next election.

I want to go through some pretty basic stuff about the state budget. We all know that the state budget is worth roughly \$28 billion. Our job as a government—in fact, our job almost as a Parliament—is to collect fees and taxes for the state budget as fairly as possible. I appreciate that nobody likes paying tax, nobody likes paying fees, and nobody likes paying to catch the train or to park at the station or whatever it might be. Our job is to collect those fees and taxes as fairly as possible. Our job also is to spend it where it is most needed—on hospitals, schools, roads, police, public housing, transport, infrastructure, helping the less fortunate in society, and giving people a hand up but not a handout. That is the basic role of government. Of course, political parties all disagree on the priorities. That is fine and that is healthy. But our job basically is to collect money as fairly as possible and to spend it where the community most needs it. I know that there are more people who want money spent on them than there are people who are willing to pay tax. Every government, regardless of political persuasion, will always have this problem.

**Ms J.M. Freeman:** Just ask the mining sector.

**Mr J.M. FRANCIS:** The member for Nollamara is right! Nobody wants to pay tax, but everybody wants money spent on them. However, governments do not have unlimited buckets of money; it is not a bottomless pit. It has to be paid for somehow, someday, and this is the great philosophical difference between our two parties. I am sure that members know where we all stand on the issue of taxation. The Liberal–National government inherited a situation in which the taxpayers of Western Australia were paying \$1 billion to subsidise their own electricity bills. It will all end up in the same bucket of money, no matter what line of the budget it is put in. The taxpayers of Western Australia were subsidising their own electricity bills to the tune of \$1 billion, in a great big bureaucratic money-go-round in which taxes and fees came in, they were paid to Verve, and the amount was taken off domestic electricity bills. That is the net result of the situation that the government inherited. Some might say, “Well, that’s great; rich people are paying more tax and therefore they are subsidising the electricity bills of poorer people and people on lower incomes.” I do not intend to in any way belittle anyone on this issue, but that is just the situation. It has also left us with a situation in which people who pay a lot of money in taxes and fees but use only small amounts of electricity are subsidising the bills of people who pay little tax but recklessly waste electricity. That is a great contradiction and it is not really fair. The problem I have with the ALP on this issue is that it talks the talk on emissions reduction, but it does not walk the walk. If the ALP really believed that governments should do everything they can to reduce emissions, it would move towards price-reflective charging of utilities.

**Ms J.M. Freeman** interjected.

**Mr J.M. FRANCIS:** The previous government was always “gunna” do it.

**Mr F.M. Logan:** Prices were frozen by the Liberal member for Leschenault as part of the disaggregation agreement. That’s what happened.

**Mr E.S. Ripper:** Remarkably, the Liberal Party would not support a competitive market for electricity and private sector investment in generation unless the Labor government agreed to a price freeze.

**Mr J.M. FRANCIS:** I am not necessarily agreeing that what the Leader of the Opposition is saying is exactly right, but —

**Mr F.M. Logan:** Just go back to *Hansard*!

**Mr J.M. FRANCIS:** This is where the problem is. If what the Leader of the Opposition is saying is 100 per cent correct—for the sake of debate, I will accept that it is—he still knew, in his heart of hearts, that come 2009, after the state election, what the Liberal–National government is now doing would have to be done.

**Mr E.S. Ripper:** And we told the people; we told the people what our plan was.

**Mr J.M. FRANCIS:** The Labor Party told the people it was going to do it. I have read out some quotes; I could go through hundreds of them, but I am not going to waste Parliament’s time, because the Leader of the Opposition knows the words that he used back then. If he told the people that the fees would have to be

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increased because there had been a price freeze for eight years—or a decade, in his words—why is he today condemning the government for doing exactly the same thing that he was going to do?

**Mr E.S. Ripper:** Because of the way it's been done. You've gone over the top.

**Mr J.M. FRANCIS:** The Leader of the Opposition knew it had to be done.

**Mr E.S. Ripper:** You've gone over the top. You've been too savage, too sudden. You haven't taken enough care.

**Mr J.M. FRANCIS:** Does the Leader of the Opposition honestly support the idea that the taxpayers of Western Australia should subsidise their own electricity bills?

**Mr E.S. Ripper:** That's what I put into my budget.

**Mr J.M. FRANCIS:** The proposition that we should subsidise our own electricity bills is just ridiculous.

**Mr E.S. Ripper:** Why—when we were delivering a benefit from our prosperity to Western Australian families? Business paid the tax and families got the benefits.

**Mr J.M. FRANCIS:** Does the Leader of the Opposition know what we do with the money? We spend it on hospitals and police stations. We are building a police station within the next couple of years down in Cockburn.

**Mr A.J. Waddell:** All of it's going on hospitals?

**Mr J.M. FRANCIS:** Not all of it. The member needs to do more research. It certainly does not pay for police stations and all the schools. It does not pay the incomes of the people the Labor Party claims to represent.

We got to a ridiculous situation in which the people of Western Australia were subsidising their own electricity bills. The government has moved towards cost-reflective pricing; it is a step towards user pays. I know that those are swear words in Labor Party philosophy, but it is a fairer way of doing business and a fairer way of making people realise that electricity has a price; it is not free. Water is not free and gas is not free. There are delivery and generation costs. Members opposite know that, and they know that what we are doing had to be done, and that it is the right thing to do. For them to come in here and condemn us for something they know, in their heart of hearts, that they would have been doing as well if they were in government is a ridiculous proposition. That is why I obviously cannot support the motion.

I say to the people of Western Australia, as I say to all members of this house, that there are two sides to every story. If the opposition wanted to be completely open and frank with the people of Western Australia, it would repeat its claim before the election and say, "If we'd got elected, it would have happened under us. It had to happen, and it is the fair thing to do." As painful as it is for prices to go up, the government is still doing the right thing, and that is why we have financial assistance for people who cannot quite manage.

**Mr W.J. Johnston:** What financial assistance?

**Mr J.M. FRANCIS:** The member knows this government has programs to give people assistance.

**Mr W.J. Johnston:** Name one.

**Mr J.M. FRANCIS:** I am not going to go into details. Other people can go into this.

As I said, the government's role is to give people a hand up, not a handout. Subsidising electricity with taxpayers' money was giving people a handout, and some of those people did not deserve to have their electricity subsidised. I do not deserve to have mine subsidised; I should be paying for what electricity I use. I think that that is a fair principle.

**Ms J.M. Freeman:** You'll have to turn off the fish tank!

**Mr J.M. FRANCIS:** That is right!

This is the right thing to do, as unpopular as it may be. I stand by the government's decision to do it because we are moving towards a user-pays principle, and the opposition knows, in its heart of hearts, that it would have done it as well.

**MR W.J. JOHNSTON (Cannington) [5.36 pm]:** I thank the member for Cockburn for being so agreeable tonight: he has now been bumped twice by different members!

Before I go into a few things in detail, I want to expose the absolute hypocrisy of the Liberal Party on this matter. It is all very nice for government members to now stand and say, "Well, of course we need cost-reflective pricing for electricity", but it is a pity that they did not mention it to the people of Western Australia

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before the election. I will quote one of the radio ads that was run by the Liberal Party during the election campaign. According to my notes, it ran —

Strange, but I haven't seen Alan Carpenter running ads talking about how the cost of electricity will increase by 72%.

72%!

My power bill will almost double, how does he expect us to pay for that?

That was the radio ad run by the Liberal Party. It did not tell the truth to the people of Western Australia. It implied that a vote for Labor would mean that the power bill would go up, and by implication that a vote for the Liberal Party would mean that the power bill would not go up. That is what the Liberal Party said to the people of this state. It should have been honest. It is just like trading hours, the emergency services levy, and the cost of water—all these issues on which the Liberal Party just lied to the people of this state. It was not honest with the people of Western Australia and it did not say, “Actually, we are going to take \$1 000 out of your pockets.”

I have stolen the member for Victoria Park's chart, and I want to make a comment about it. Of course we can have cost reflectivity for power prices, but why not reduce other charges imposed on the people of this state? I tell members opposite that this is about choice. The government has a choice. It is interesting, in this debate, that not one minister has the guts to defend what happens in the budget. The disgraced member for Vasse was the government's lead speaker. He did not debate any of the policies involved in this issue, but instead simply hurled abuse across the chamber. I am one of the members he hurled abuse at. He often says, “What does Robert Ray say about you?”, and all those sorts of things. I will remind the chamber what Robert Ray said about Troy Buswell. He said —

All public opinion polls and ALP research demonstrated that Troy Buswell was regarded with contempt by the electorate; with many long-time Liberal voters refusing to vote for him.

**Mr J.M. Francis** interjected.

**Mr W.J. JOHNSTON:** The member for Jandakot says that I cannot keep out of the gutter. I am just reminding the chamber that this is one of the issues raised by the member for Vasse in his personal attack on a number of members on this side of the chamber, including me. Robert Ray had more to say about the member for Vasse.

*Point of Order*

**Mr J.M. FRANCIS:** Madam Acting Speaker, the motion moved by the Leader of the Opposition is very clear. I managed to keep to the issue in my speech, and I would ask you to direct the member for Cannington to do the same.

**Mr W.J. JOHNSTON:** I just remind you, Madam Acting Speaker, that in the member for Vasse's contribution on this issue, he went around the room and made personal remarks about a number of members on this side of the chamber, including me.

**The ACTING SPEAKER (Ms L.L. Baker):** Member for Jandakot, there is no point of order. But would you please return to the subject, member for Cannington. I am giving you a bit of latitude for an introductory, but you need to get back to the motion.

*Debate Resumed*

**Mr W.J. JOHNSTON:** Certainly, Madam Acting Speaker.

As we address the motion that this house condemns the Barnett government for its continued savage increases to family bills in Western Australia, it is important to look at the character of the members opposite who have contributed to this debate. Members opposite will not defend the policy agenda of this government. They will only heap personal abuse on members on this side. It is very interesting to look at the character of members opposite. There are members opposite who as ministers have on their website that they are motivated by passion for the family unit. That is the sort of thing that members opposite talked about. Robert Ray made a comment about the member for Vasse. He said this about the member for Vasse —

Had an election been called with Buswell as leader the Liberals would have faced a horrible choice—spend the first week of the campaign getting rid of him or suffering the consequences of an unelectable leader.

I will conclude my comments on this issue with this point. The member for Vasse said that I would never be the Leader of the Labor Party. It is very interesting. I will never be the Leader of the Labor Party. That is not my ambition. But I can tell members that the member for Vasse will never be the Leader of the Liberal Party! The

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member for Vasse has that ambition, but he has failed! When he was given the opportunity to lead the Liberal Party—a great and noble opportunity—he squandered it! He was not capable of doing the job that he had sought. The member for Vasse now sits forlornly on the back bench, and gets to be the lead speaker when there is no brave minister in the house. That is the best he can do. No wonder he feels so bitter and twisted towards the members of the Labor Party! It is because the Labor Party, unlike the Liberal Party, stands up for ordinary folk. We stand up for the ordinary people of this state. When we make a choice, as we did when we were in government, our choice is to make things easier for the people of this state. The Liberal Party's choice is to make things harder for the people of this state.

Cannington is a fabulous electorate to represent. I represent people in the suburbs of Langford, Cannington and Ferndale, and in the other great suburbs that form part of my electorate. I recently spoke to a pensioner from Langford. This woman told me about the impact upon her of the massively increased power bills—these power bills that the Liberal Party lied about at the time of the election. She explained to me that when she watches television at night, she has to turn off her heater, except for two hours, and put a blanket over her knees so that she can keep warm—in the middle of the coldest winter we have ever had in Western Australia—because she cannot afford to pay the power bill that she is delivered by the Premier of this state, Colin Barnett. It is interesting that Colin Barnett, the Premier of this state, is prepared to go to a factory and hand over a cheque from the Commissioner for Taxation, but he is not prepared to come to Langford and hand over a power bill to a pensioner. Why is it that the Premier is prepared to hobnob with the captains of industry, but he is not prepared to talk to pensioners? These are the things that the Premier has to explain.

**Mrs L.M. Harvey:** To save apprenticeships.

**Mr W.J. JOHNSTON:** The member for Scarborough interjects and says, “To save apprenticeships”. Well, there are fewer apprenticeships today than there were when we were in power. This government has no plan for apprenticeships. I am happy for the member for Scarborough to make this inane and ill thought out interjection, because it demonstrates the point that I make. The point I make is that the Liberal Party lied to the people of this state at the time of the election. It was not honest. The Liberal Party said to the people of this state that if they vote Labor, their power bill will go up.

I now want to make a couple of other points. It is very interesting that when the Premier talked today in question time about the rates increases of the various councils around the state, he talked about how some of those rates increases—I quote from the notes that I took—are twice the rate of inflation. Well, the increase in power bills has been 45 per cent! Give me a break! The Premier is complaining about how a council has put up its rates at double the rate of inflation! It could have been worse, said the member for Jandakot in his contribution. The Liberal Party's agenda is to increase power bills by more than the rate of inflation. The other thing that the member for Jandakot contributed in this debate was to talk about—I notice the member for Southern River talked about this as well—how people are being reckless in using electricity! People are being reckless in using electricity! They are turning on their heater at night to keep warm! What an outrage! In a debate earlier this year, the member for Southern River said—I do not have the particular *Hansard* in front of me—that he understood that some people on low incomes would suffer some hardship, but that is the way things happen. Well, that is not the way things happen. We can choose to be a compassionate government and stand up for the people of this state, or we can choose to do what the Liberals did and lie to the people of this state.

I turn now to the fire and emergency services levy. It is interesting to quote the *Hansard* of 22 October 2002 —

The figures that I have been given show that up until this year—one can assume that it will go on further than this year, but there will be some clawback—just over \$40 million has been paid by the Government for the fire and emergency services. The rest has been collected through insurance levies and by local authorities. The total cost of running the fire and emergency services was \$115 million.

I am quoting the member for Hillarys, the now Minister for Police and Emergency Services. It is interesting to calculate that out. That means that 34.8 per cent of the cost of operating FESA was paid for by taxpayers and not by the levy. When the now minister came to power in 2009, if we go to page 39 of this year's budget paper No 3 it shows that in the 2008–09 budget, 34.5 per cent of the cost of operating FESA was paid for by the taxpayers. It used to be 34.8 per cent, and at that time it was 34.5 per cent. But what do we find in the out years? In 2009–10, 22 per cent of the cost of operating FESA was paid for by the taxpayers. In 2010–11, nine per cent of the cost will be paid for by the taxpayers; and in 2011–12 it will be 8.7 per cent; in 2012–13 it will be 8.3 per cent; and in 2013–14 it will be 8.1 per cent. There will be a \$234 million cut by the Minister for Police and Emergency Services to the budget of FESA.

It is interesting again to reflect on that same *Hansard*, in which the now minister said, referring to the then Minister for Emergency Services, Hon Michelle Roberts —

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She has denied that, as a result of this Bill, the \$40 million funding allocated to the Fire and Emergency Services Authority will be ripped out of the budget.

Well, what the member for Hillarys did not know at that time was that he was going to be the minister who would be doing that very thing. The very thing that the now minister railed against when in opposition is the very same thing that he is now delivering to this state. He is the one who has cut the budget of FESA. In 2008–09, the budget from taxpayers to FESA was \$76.852 million. In 2009–10, it was \$52.357 million, a cut of \$24.5 million. In the 2010–11 budget, there is a cut of \$24.544 million. Eight years later than the minister's comments in this chamber, he is allocating \$16 million less to FESA than was being allocated by the former government at that time. So, yes, the fear of the member for Hillarys, the now Minister for Police and Emergency Services, has come true. But it was not a fear that was delivered by the Labor Party. It did not come true when we were in power. It came true at his own hand. He is the one who has ripped a quarter of a billion dollars, in round figures, from the people of this state by removing the taxpayer funding of FESA and replacing it with the emergency services levy. This is the sort of government that we have. This is a government that makes the choice to put an extra \$1 000 levy onto ordinary folk in this state, and that makes the choice to remove \$234.181 million from the budget of the Fire and Emergency Services Authority.

**Mr R.F. Johnson:** You really do not understand the finances of FESA, do you, and what has been happening!

**Mr W.J. JOHNSTON:** We know exactly what this government has done.

**Mr R.F. Johnson:** I have been listening. I have been watching and listening to you.

**Mr W.J. JOHNSTON:** The minister has no idea. The minister is a joke. Do not get involved. It is not worth it. This is the way it is. The minister is the one who has removed a quarter of a billion dollars from the budget of FESA. The minister has done that not, not me.

**Mr R.F. Johnson:** When?

**Mr W.J. JOHNSTON:** In this year's budget, minister. Why does the minister not read his budget papers? I refer the minister to them.

**Mr R.F. Johnson:** I do.

**Mr W.J. JOHNSTON:** Read page 39 of budget paper No 3. Tell me what it means when the payments that are being made by the taxpayer have been reduced. Tell me why the budget papers show that the minister has reduced the funding for that organisation by \$234 million. Tell me why that has occurred and why the minister has cut funding for that organisation while at the same time this government is ripping out \$1 000 from ordinary householders in this state. This is about the choice to be honest and to be on the side of ordinary folk—the people in Cannington, East Cannington and Beckenham. They are the people I am proud to represent. I will continue to do my best to point out the dishonesty and deceit of the Liberal Party and the Liberal government.

**MR P. ABETZ (Southern River) [5.50 pm]:** I will make a brief contribution to this debate. As a matter of course in my electorate, I meet regularly with retirees. I often put on morning tea. Since the major increases in electricity prices, I have had two meetings with different groups. About 50 people attended one meeting and about 70 people attended the other. The issue of the increased electricity prices was raised at both those gatherings. It was interesting when I explained to those people why we have had a 45 per cent increase roughly in the price of electricity. I asked them whether they thought it was prudent for the government to spend \$250, or thereabouts, of taxpayers' money to subsidise someone who owns a double-storey house in Southern River on a beautiful estate with a big heated swimming pool and whose electricity bill is \$500 or \$600 a year. No-one thought that was a good idea. At those gatherings there were a number of self-funded retirees and many people who depend on the pension, and they saw the wisdom of that. I told them that the government had a choice to make. It could either keep subsidising the price of electricity or use the money that it saves to build Fiona Stanley Hospital and schools and provide better facilities and roads. There is a choice to make because every dollar can be spent only once. The issue is how we can help lower income earners. I explained to the group that the government put an extra \$18.8 million into the hardship utility grant scheme for those people who have difficulty paying their electricity bills. The increase in costs was not a huge increase for most of those people who were having difficulty paying.

**Ms J.M. Freeman:** Have you helped any people get HUGS?

**Mr P. ABETZ:** Yes, I have helped people get HUGS. One of the criticisms of HUGS is that people must be in arrears before they can get it. That is one of the disappointing aspects of the program. Many people have sufficient pride and want to stay up to date with their payments. I accept that that is an issue for some of those people, but help is available for those people who are genuinely struggling.

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Another thing must be borne in mind. I think the member for Cannington said that these poor pensioners sit wrapped in a blanket while watching television on a cold night. To save electricity, my wife and I—not that I often get to watch television—put a blanket over our feet if it is not that cold. Now that the kids have grown up it is just Jenny and I at home. Our electricity bill was about \$90 or \$100 each time, but since we have put solar panels on the roof it rarely hits the \$50 mark. Even if people do not have solar panels installed, the fact is that if the average pensioner's electricity bill is around \$100, it has increased by \$40, which, spread over two months, means that the increase in the cost of electricity is about \$5 a week. The government also has put in place a scheme for those who have old fridges, which are very big consumers of electricity. People can get assistance with that. That scheme is a real-world program that we have put in place.

**Mr A.P. O'Gorman** interjected.

**The DEPUTY SPEAKER:** Member for Joondalup!

**Mr P. ABETZ:** I said it was a \$5 increase a week. If the member listened carefully instead of interjecting all the time, he might have understood what I said.

The point is that we need to set before the people the fact that we must cover our costs. Every citizen in this state has a responsibility, as much as possible, to cover their costs. If we subsidise electricity significantly, it will actually encourage the use of electricity. It is like the Soviet Union. When the communists took over, they made bread free for a while and the result was that there was a shortage of bread. People thought, "Hey, bread is free. We will feed it to our chooks instead of wheat." From an environmental perspective we ought to encourage people to reduce their electricity use as much as possible.

One of the greatest incentives for reducing consumption is to increase the price. When we increase the price of cigarettes, the consumption goes down somewhat. When we increase the price of liquor, the consumption goes down. We know that; it is the law of supply and demand. If we can encourage people to use less electricity, there certainly is a baseline below which one cannot go. There is that cost factor.

In brief, other speakers have covered some of the other areas about costs and so on. This government certainly has put in place an enormous amount of support for low-income earners. For example, the full rebate on the electricity supply charge for pensioners is an average of \$86 per annum. Public transport has been talked about. There is a 100 per cent concession on a motor vehicle licence for invalid pensioners and a 50 per cent concession for pensioners and seniors. I could keep rattling off the list, but the point is that a lot of benefits have been put in place to help the lower income earners, particularly seniors. I commend the government for making the right economic decision to not subsidise the cost of electricity and water and to move towards cost reflectivity while at the same time putting in place schemes to help those who genuinely need help.

**MR F.M. LOGAN (Cockburn)** [5.59 pm]: This is a very serious issue that has been brought to the house. It is about the rising cost of fees and charges that are levied and controlled by the government. That is having a severe impact on the residents of Western Australia. Everybody in this house knows that. Government members know; they have constituents who go and see them and tell them about the impact of the increase in fees and charges. Members have people coming to their electorate offices to talk about the pain and suffering that they are going through because of the increases in these fees and charges. What do we get in response from the government? Not even the B team; we get the C team who leads the debate! We get the disgraced former Treasurer, the member for Vasse, as the lead speaker; the member for Jandakot; and the member for Southern River —

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Mr F.M. LOGAN:** That is the government's team to respond to a very important issue. Not one minister has addressed this issue—not one minister! In fact, there has hardly been a minister in this chamber throughout the whole debate. That is okay. If that is the dismissive and arrogant way in which the government wants to deal with this issue, that is fine because we will tell the people of Western Australia what contempt all the government members have for their own constituents and the pain that they are causing them because of the increase in fees and charges. We will tell them that the government could not even respond to these issues because it did not care and it put up a bunch of backbenchers to lead the debate, which is an absolute disgrace!

Another disgrace that I experienced in part of this debate was the ridiculous and childish spin that the member for Vasse put on the issue of electricity price increases in Western Australia and the reason for those increases, as well as the failure of the member for Jandakot to understand what went on over a decade and what led to the current decision by the Liberal–National government to increase electricity prices in Western Australia. Let us

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just go back and revisit what happened. Between 1993 and 2009 electricity prices went up twice. They went up once in 1997 with a very small increase under the Court government and once in 2000 with the introduction of GST—that was it. Why did electricity prices not go up more often? Because both the Court administration and the Gallop administration argued, “We’re all good blokes and we’re not going to increase fees and charges.” That is what they said; they would not increase fees and charges. Both governments wanted to maintain fees and charges at a very low rate because those charges hit families. The Court government said that and the Labor government said that.

**Dr M.D. Nahan** interjected.

**Mr F.M. LOGAN:** The member for Riverton should please not interject because his contributions are always ridiculous.

The decision was made not to increase electricity prices between 1993 and 2009. Just think about it: what happened over that period to oil prices, gas prices, labour costs and materials?

**Dr M.D. Nahan:** They went up.

**Mr F.M. LOGAN:** They all went up; of course they went up. But did prices increase to cover those costs? They did not and political decisions were made to that end. We could say that they were completely wrong and that they should not have done that. As energy minister I actually said that. If members look at *Hansard*, they can see that I said that I thought those decisions made by both Liberal and Labor governments were wrong; they should not have done that. We should have gradually increased electricity prices so that the government would not need to increase them by such large amounts. That is what I said.

The billion-dollar debt that the government was left with is supposedly the justification for this increase in electricity prices, but that is simply not true. It was not a billion-dollar debt. When we disaggregated Western Power, which the Liberal Party voted for, Verve Energy got all the debt. The reason for that is Verve was acting in a competitive environment, unlike Synergy and Western Power, which are both monopolies. That is the reason why Verve was loaded up with nearly \$500 million worth of debt. It had already started operating with half a billion dollars of debt, something that is forgotten, or was probably not even known, by the member for Vasse, the former Treasurer, or the member for Jandakot because they never mentioned it. Verve Energy’s operating costs were significant from day one because it was carrying a significant interest bill. However, that was done deliberately because Verve was going into a competitive environment and would face new companies that probably would have had the same issue to deal with. That is the reason that was done. Another point that was missed in the debate was the fact that the then Liberal member for Leschenault demanded that power prices be frozen until 2009 in return for Liberal Party support for the disaggregation and break-up of Western Power. It was agreed to. There is no seat of Leschenault now, but it was held by Mr Dan Sullivan. That is the reason—these are all reasons behind it.

What did the Labor Party say in 2008? We were up-front before the election. As the Minister for Energy, I was required to be absolutely crystal clear with voters before the 2008 election about what was going to happen with electricity prices. We had a report from the Office of Energy, which we endorsed, that said electricity prices should go up by 72 per cent. I went public and stated that, and I stated it in this place on numerous occasions. However, we said that a Labor government would increase prices in 2009, which would be the first year following the freeze from the disaggregation agreement, by 10 per cent and would look at smaller increments in the out years. Verve Energy would still need to be subsidised. We worked out exactly what that subsidy would be over a spread of seven years. It worked out to be \$1 billion over seven years, not \$1 billion of debt; Verve would need to be subsidised over seven years to the tune of \$1 billion if we were to keep electricity price increases within the 10 to 15 per cent range. That is exactly what Labor intended to do. Why were we agreeable to carrying the cost of subsidising electricity? Because we did not want to inflict further pain on families who would struggle to pay increases of more than 15 per cent. The Liberal–National government was elected. It did not say to people, “By the way, vote for us and we’ll put electricity prices up by 72 per cent.” It did not say that.

**Mr J.M. Francis:** That’s not quite true.

**Mr F.M. LOGAN:** It did not say that it would put electricity prices up by 72 per cent. When the government was elected, it did not need to look at the books; it knew the situation. It was all on the public record; I had been quite open in telling people what the issue was. The member for Eyre for knows that; he criticised me many times about it. I was quite open in telling people what the issue was. When the government came into power, it said, “Right, prices are going to go up if we’re going to meet cost reflectivity.” The government never said that before the election; we did. The Labor Party said that it would subsidise Verve Energy and that prices would have to rise by 72 per cent, starting with 10 per cent in 2009 and following with smallish increments of between

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10 and 15 per cent in the out years. Okay, that meant we would have subsidised Verve, but we were willing to do that. The Liberal Party never mentioned a word of it. It said, “We’re going to have to reach cost reflectivity”, but the Liberal Party never said how, as a government, it would achieve cost reflectivity. What have we seen in the first two years of this government? Whack—families get a 45 per cent increase in electricity prices. Whack—families get a 27.7 per cent increase in water prices. Whack—household bills increase by \$546 across the mix of government fees and charges. Were the people of Western Australia ever told in August 2008 that this would occur? No. What is disgraceful about this debate is that people were misled. Not only has this house been misled by spin from the member for Vasse about what exactly happened with electricity price increases and disaggregation, but the people of Western Australia were misled by the political parties now in government. That is disgraceful. This government has increased fees and charges over and above the level it believed was going to happen when it went to the ballot box. That is what is disgraceful about this debate. It was an act of treachery and misleading behaviour by the now Liberal–National government.

**Dr G.G. Jacobs:** The member has used those words a lot today.

**Mr F.M. LOGAN:** It is true.

**Mr J.M. Francis:** I wrote to every person in my electorate before the election to say fees would go up regardless of who won the election.

**Mr F.M. LOGAN:** Nobody takes any notice of what candidates say. What they take notice of —

**Mr J.M. Francis** interjected.

**Mr F.M. LOGAN:** I know the member for Jandakot has a high opinion of himself, but they do not take any notice of what a “nobody” candidate says. People take notice of, not people like the member for Jandakot, but the party—when the leader of that party speaks. With all due respect, people do not take notice of struggling candidates like the member for Jandakot.

The minister knows what I am going to deal with next—water.

**Dr G.G. Jacobs:** I would be disappointed if you did not!

**Mr F.M. LOGAN:** I know. I would spoil the party if I did not mention water. I was not going to go to electricity, minister; I was only going to deal with water. However, as a result of the inaccuracies by the member for Jandakot and the spin from the member for Vasse, I got sidetracked. Here I am back with the Minister for Water! When discussing fees and charges and we compare water with electricity, members can understand the situation with electricity. We disaggregated, we gave Verve Energy a significant debt, there were massive increases in the prices of gas and oil, and there were massive increases in the price of labour; therefore, members can understand how costs rise and that a subsidy was needed if we were to keep prices low. I am not so sure on the situation with water.

**Dr G.G. Jacobs:** Water is a finite resource; it is scarce and there are difficulties delivering water to people in distant places.

**Mr F.M. LOGAN:** It is not an issue about it being a finite resource. There is no way the minister can apply that same argument to water that applies to electricity. We then have to ask: why has water gone up so much? People can understand with electricity. I do not agree with what the government has done. There was an alternative. We put that alternative to the electorate but we were not successful. The government decided to bite the bullet, to go hard and to increase electricity prices by 45 per cent. But why the 27.7 per cent increase in water? There is no clear justification for it. I have asked the minister on many occasions for justification for those increases. He will not give any justification, apart from advice that he received from the Economic Regulation Authority about reaching the true cost of water. We remember that only yesterday the Minister for Water and the Premier were quite happy to dismiss this advice: “Look; the ERA is just one form of advice we get when we’re setting fees and charges —

**Dr G.G. Jacobs:** Who started the ERA process in water?

**Mr F.M. LOGAN:** I am going on what the minister told this house yesterday. The minister said it during the estimates hearings as well: “Look; the ERA is just one form of advice. We’re not bound to do what they tell us to do.” That is what the minister said to the house. Nevertheless, in justifying the 10 per cent increase in the 2009–10 budget and the 17.7 per cent increase in the 2010–11 budget for water usage charges, the minister fell back on the ERA and said, “We’re only increasing it because the ERA told us to.” That view is also in the budget speech of the Premier—the government is increasing those fees and charges “following the recommendations of the Economic Regulation Authority”. When it suits the minister, he excuses the increases in fees and charges by blaming the Economic Regulation Authority, but when he gets “outed” by the Economic Regulation Authority

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on what the likely future increases for water will be over the next three years—that is, possibly between 14 and 15 per cent if we take into account CPI every year for three years—his response is, “We don’t have to take any notice of the ERA; they’re just one form of recommendation to government.” When the minister does take notice next year, when he slugs the general public again, in his attempt to reach cost reflectivity, I bet he walks into this house and says, “We’re doing it because of the ERA recommendations.” That is what the minister will say, just like he did this year. Again, I find that disgraceful and dishonest. If the minister is going to cause pain to the Western Australian public because of his economic rationalist approach to meeting cost reflectivity, just say so. Just say, “Hey, I know it hurts, but hard luck.” That is all the minister has to say: “I know it’s going to hurt families but hard luck because that’s what we believe in and you’re going to pay”, rather than the mealy-mouthed approach of blaming the former government, blaming the Economic Regulation Authority —

**Dr G.G. Jacobs:** Did I ever blame the former government?

**Mr F.M. LOGAN:** We have just spent the whole afternoon blaming the former government for the current round of cost increases in electricity! If the minister, as part of the government, wishes to meet cost reflectivity, as the member for Jandakot says, he should go out and tell people. He should say, “We’re not subsidising people. Why should we subsidise people? People should pay the true cost of government fees and charges? It will bring about pain and suffering for families.” The minister should be honest and say, “I know it’s hurting. I know you won’t be able to pay these bills, but hard luck. That’s what we believe in because we’re economic rationalists.” That is what the minister should do. As “men of principle”, as the member for Jandakot said, go and say it. If that is what the minister believes in, stand and say it, and stand and say it before the next election and see what happens. The minister should not come in here and blame the previous government over its decision making and blame bodies like the Economic Regulation Authority.

**MR A.P. O’GORMAN (Joondalup)** [6.19 pm]: I would also like to make a contribution to this motion. We have heard all afternoon about our finances with one side blaming the other, and all those sorts of things. I would like to take the debate down to what it is really about—fees and charges on a household budget. I have examples here, which I will go through later, of how it is hurting people. Firstly, I would like to address the issue of the emergency services levy. Members who were in the house at the time that the emergency services levy went from being collected through insurance companies and a contribution from council to the system we have now will remember that the then opposition harped on about this being a cash cow for the Gallop Labor government to milk the people of this state to pay for the job that the Fire and Emergency Services Authority does. If I remember correctly, the then minister, Michelle Roberts, gave guarantees that the emergency services levy would fund FESA only to the same degree that it had been funded previously. If I remember rightly, at the time Rob Johnson was shouting across the chamber, saying that this was another slug to households. The emergency services levy, to a degree, spread the cost of FESA over all the households in Western Australia. Households not covered by a career firefighting service pay a base rate of, I believe, \$50.

After the last budget was announced, I put a statement in the local media telling people in the City of Joondalup that their next rates bill would show an increase of approximately \$28. I am going to use my rates bill as an example because I do not think it is appropriate to use anybody else’s rates bill in this place to show exact figures. The emergency services levy went up from \$169.49 last year to \$199.81. Earlier today the member for Warnbro asked a question of the Premier about council rates going up, and he mentioned the City of Joondalup, where rates went up 7.9 per cent. The Premier was quite critical that places such as the City of Joondalup, the City of Stirling and, I think, the City of Rockingham had increased rates by just about double the consumer price index. But members can see that the emergency services levy has increased by 17 per cent in my particular case, which is four times the CPI. I am just using the figures that the Premier used today, so I hope he had them right. That was by how much that went up.

The member for Vasse then castigated the City of Stirling by saying that most of its increase was due to increased staffing, and he quoted figures on that. The Mayor of the City of Joondalup has been quoted in the newspaper as saying that a large part of the 7.9 per cent increase in rates for people living in the City of Joondalup is attributable to state government charges, such as utility charges for water and electricity. I heard him say that at a briefing he gave to stakeholders from the City of Joondalup a couple of weeks ago. But my rates bill is the proof that the ESL has gone up by \$30—a 17 per cent increase—in my case, and I assume it to be similar across all households. The intention of the ESL was not to reduce the government’s contribution to FESA and slug people throughout the state with those extra charges.

Members have spoken globally about the large figures and the extra amounts that people are being slugged. When the Premier was answering questions about fees and charges earlier today he said that the government had introduced the cost-of-living rebate for pensioners. It needs to be said that that is a very limited rebate, and it does not go to all seniors. Holders of a Seniors Card are eligible to apply for it, which is the first problem; most

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of the seniors out there probably need that communicated to them face to face, especially if they are well over 65 years of age. I am talking about 80-odd—old old. They need it communicated to them, and having to put an application in to get it confuses some people sometimes. A couple should automatically receive their \$150, and singles should automatically get their \$100-odd.

The Office for Seniors and Carers has all that information on hand, so why do people have to apply for it? It is a bit outrageous and confusing for them. I will go to some specifics. I had my office ring these people today to ask if I could use their names and their examples, and one of them said yes, but most of them said, “Hmmm, we’re not too sure”, and I can understand that, so I will not use their names. But I will use the name of the person who gave permission, because I just want to bring home to this house how it personally affects these people. It is not about \$10 million or \$1 billion or the half a million dollars that we talk about in this place; we bandy those figures around like they are small figures and they mean nothing. They mean nothing to people out there in the community because they cannot get their heads around them. However, I would like to bring this debate to an individual household to see how it affects those people. These are the people we deal with every day.

Mrs Scott of Heathridge rang my office to complain about the cost-of-living rebate. I find this example particularly difficult, cold hearted and stony faced of the government, because this lady is 87 years of age and her husband is 88 years of age. They realised they had to put the application in and did so, and they waited for that money so that they could pay their electricity bill and some of their other bills; they went to the bank and checked it every day. Then one day they went to the bank and saw an amount of \$78 for the cost-of-living rebate. I believe that for a couple the amount is \$150-odd and for a single it is slightly over \$100, so they were really confused about why \$78 had been deposited into their account. They asked the bank about it, because they did not know where else to go, and the bank told them that it was the cost-of-living rebate, but only half.

Mrs Scott was given the Office for Seniors Interests and Carers’ phone number from a bank officer and she rang it. Mrs Scott was told that she had not applied for the rebate; she had been sent only one form and she had thought it was for both of them. This is an 87-year-old lady, and her husband is 88 years of age. I again ask why they need to apply for the rebate. The Office for Seniors Interests and Carers has that information, and I will demonstrate how I know that when I explain how they got \$78.

Mrs Scott then thought: “Well, if only one of us applied for it, I should have got the \$100-odd applicable to a single.” She thought she had filled out the form correctly for her husband and herself, but she obviously had not, and they received only a half-payment, not the full single rate. That happened because the Office for Seniors Interests and Carers knew two pensioners were living in the house. Instead of sending something out to explain to Mr and Mrs Scott that it knew two of them were living in the house but the office had received only one form, could it not have—even better still—filled the form out for them, sent it and asked them to sign it and send it back? It would have been much better if they had not had to apply for it in the first place.

The Office for Seniors Interests and Carers offered to send them out a form for next year because Mrs Scott was too late to apply for this year. This year is when this couple have the problem; next year they will have the problem as well, and so they will both have to fill in the form next year. Mrs Scott would like to know why they did not get the full single rate if only one had applied for it; and if the Office for Seniors Interests and Carers knew that a couple was living there, why would it not pay the rebate to both, or just pay the single rate, and if there was a subsequent application that qualified and got there on time, that could have been deducted from what was paid out?

Mr N from Craigie is a gentleman who is not quite so senior; he is 62 years of age. He came into my office requesting help to get financial assistance to pay his energy bill. He said that he has a lot of bills right now and cannot pay this one in full. He asked if something was available under a financial hardship scheme. He works part time and has just scraped by in the past, but now he cannot pay because of all the increases coming in. He has reduced his heating as much as he can even though it is very cold at night.

He also rang my office back in January to ask about assistance with bills, as the costs for power and water had gone up. He then said that he knew of other people finding it hard. This is the core; this is where it is really hurting. This government is hard and faceless to these people with fees and charges, and it makes them apply for rebates. I have said before, and I will say it many times, that the Office for Seniors Interests and Carers has all the details of these people. However, in a miserly attempt not to pay some money, this government expects all these seniors to get the forms, to fill the forms in properly and to send them back in before they get the money. Why not do what is done in many other instances and just send them out? I am not sure whether it is done for fuel cards or whether people have to apply for them. Again, it may be the case that if they are in the country, they get the fuel card.

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I will keep going through a number of examples. These are real, living people in our suburbs. They are all in my electorate, because obviously I do not gather information from other electorates. Mr W of Edgewater phoned in because he was having trouble paying his gas bill, electricity bill and bills in general. He wanted to know whether a subsidy was available. He did not know about the cost-of-living rebate; he was unaware of it. This is one of the seniors we are talking about who should have just received the rebate in the mail. The federal government did it when it paid the \$950 subsidy last year: it was able to do that based on information that it had in its system. I cannot understand why the state government cannot do that, because it has that information. We sent out the information, but, again, to get the payment through the home and community care scheme, this 79-year-old gentleman has to take his hat and pen, go down to one of a number of organisations, such as the Salvation Army, the Spiers Centre or the City of Joondalup, and go through financial counselling. This man is 79 years of age and has lived his life. He has done very well. Does he need to go to financial counselling? Is it going to be of huge benefit to him in the future? Will he be able to do it the next time he gets a bill? The HACC scheme covers a period of time, and people can receive support only once during a year. Is that actually going to help? The Premier keeps flapping his gums about the government giving the HACC scheme extra money, but the government has provided it for only this year and has not given that extra money for the out years. We then expect these people to go cap in hand. How demoralising is that for a 79-year-old gentleman who is probably very proud and has served this state very well as a worker and paid his taxes?

I turn to an 82-year-old, Mr C of Edgewater, who phoned in July to inquire about the cost-of-living rebate. He said that the money was promised last November and that he was told that it would be in the bank in March. He had not received anything and wondered where it was. He had bills to pay, and with the cost of power going up, he needed help. He did the right thing, but the money was slow in getting to him. Several phone calls later he was told it would be coming. That was the case even when people do the right thing and fill the forms out, get them signed, get them sent in on time, meet the deadlines and all that stuff. I know that all that is happening while they are also worrying about their bills, keeping warm and feeding themselves. They have to do all that sort of thing to get a miserly \$100 for a single person and \$157 for a couple.

This next one is an interesting example for me, because most of the other ones that I have spoken about come from what I would call reasonably strong Labor suburbs. This one is from Connolly, which is one of those suburbs in the Joondalup electorate that have always had a slightly higher average income than others. Mrs G from Connolly called about the cost-of-living rebate. She is 76 years of age. She had not received the full amount. When we called the Office for Seniors Interests and Carers card centre, we found that only one application had been processed—this was for the husband—and that the other, for the wife, would be processed at the end of the month. This couple filled out their applications together and sent them in together. Why were they not processed together? Why does it not work out so that the \$157 allowance arrives in the bank together? It seems just ridiculous.

There is another issue here: why do we discriminate against people who are married? We give singles \$105 and we give couples \$157. I know that members will say it is because they are living in one house and it all works towards that, but realistically there are two taxpayers who are in their autumn years at 76 years of age. Why should we not treat them all equally? They are still people who are relying on a fixed income and finding it tough. If they find it necessary to ring my office because they are missing out on \$157, then they are doing it tough. Many years ago when I was living in Ireland, this issue was raised taken to the European Commission.

[Member's time extended.]

**Mr A.P. O'GORMAN:** The issue was that a single person had a tax-free allowance of, for argument's sake, €5 000, and a couple had a tax-free allowance of €7 500. The case was taken to the European Court of Human Rights. The European Court said that they should all be treated the same and that it should be €10 000 combined. Why can the same principle not be applied here? We have elderly people who should be looked after.

I have another example from Connolly. Mrs S of Connolly is 85 years of age. Again, these things only arise because the Office for Seniors Interests and Carers, by direction of this government, will pay the cost-of-living rebate only to people who apply for it. Those unfortunate people who do not actually read the newspaper or do not get information miss out. Again I will say that the Office for Seniors Interests and Carers has all that information. It takes nothing for it to process the payment and send it through to a person's bank account, so that each and every person who has a Seniors Card in this state would get the cost-of-living rebate. I do not think it is that difficult. Mrs S of Connolly is like many others who have phoned my office and many others who have not because they do not know that they have to apply for the cost-of-living rebate form. She asked for the form. My office had to argue with the Office for Seniors Interests and Carers to send a copy of the form so that we could post it. The Office for Seniors Interests and Carers will not even send the forms out to members of Parliament's electorate offices. We know who are seniors in our electorates. We could get the forms out to them. However,

again, it is probably government policy that it does not want too many people to know so that it can save a few dollars. It is just mean-spirited, miserly and downright wrong.

My last example is Mr M of Heathridge who is 66 years of age. He rang to ask where his cost-of-living rebate application form was. He had rung the Office for Seniors Interests and Carers the month before and had not received one. The office was very slow in sending out the application forms to needy people. Therefore, not only are we expecting them to apply for the form and get it filled out appropriately and lodged on time, but the Office for Seniors Interests and Carers is slow in sending the forms out. It is more bureaucracy that just slows things down. It is what we call the red tape that all of us hate. This government came to power saying that it was going to get rid of red tape, but what has it done here? It has actually made it more difficult for people who are entitled to receive cost-of-living rebates from the government because of their age. The government has tied it up in red tape. It is just outrageous that this miserly government seeks to do this rather than to stand up and say that it recognises and values the seniors in this state. It should say that the cost-of-living rebate it offers is not huge but it is a help. It should ensure that all people with a Seniors Card who are living in this state will get that cost-of-living rebate in their bank account on 1 January, 1 April or whatever day the government decides to do it, rather than this miserly, mealy-mouthed way of going about it; that is, making these seniors find out the information, fill out a form and send it in. It is a mean-spirited and miserly government. I support this condemnation motion because the government is shameful and all government members should hang their heads in shame.

**DR M.D. NAHAN (Riverton)** [6.39 pm]: I would like to make some comments in this debate and try to add value to it. It is not the first time that we have dealt with this issue, and I am not knocking members opposite for raising it because it is important and should be thoroughly debated. But I would like to take a different route, and be positive on this.

The Leader of the Opposition stated that it has long been Labor Party policy to restrain growth in the price of the basket of goods for utilities, defined broadly but not including all utilities, to the inflation rate or lower. The member for Victoria Park showed a graph—I did not see it to confirm its accuracy—but he implied at least that the Labor Party had achieved that through the period of the Gallop and Carpenter governments. I take that as a stated aim, and I take the member for Victoria Park's data as accurate. That is a very good aim. We would want to restrain all cost rises to the inflation rate or lower. However, what really relates is: what are the underlying costs? The member for Jandakot quite clearly made the point that the cost of electricity, water or a hospital service has to be borne somehow. That is the problem. The essential decision we had here—or one that has been missing—is, firstly, have we restrained the growth of cost adequately? That has not been raised very much; secondly, how should we fund these things? Let us look at energy. We have debated this, but I think I should go through a little bit of history, as the member for Cockburn was rewriting it.

It is true that the Court government implemented a policy of basically keeping the price of electricity more or less constant. I think there was one increase in one of its years in government. That was a very logical policy back then. At the same time, Western Power—even despite the fixed price of electricity—was able to expand, invest and achieve an adequate rate of return. Anybody looking at the oil prices and the prices of gas and coal during that period would have noticed that it was a period in which energy costs were declining. Indeed, for the total period of the Court government, the oil price, which is the market price for all fuel and energy, declined in real terms by 20 per cent. All the Court government had to do was fix the price of electricity in real terms, and it led to a real lower price and gave a benefit. That was the thing to do. It was a good model, and the rational thing to do. When the Gallop government came to power in 2001 it continued that; and up until 2001 that was the right thing to do.

The Labor government then decided to debate and finally to proceed with a disaggregation of the electricity industry. At that time, in order to get the disaggregation through, it agreed to continue to fix the electricity price for, I think, about five years—I cannot remember the exact dates. It was also forced to concede that after that period and before the last election it would have a review of the underlying costs and the price rises. That was okay. It agreed to the fixing of electricity prices for three reasons: one, in order get the bill through, it had to agree to it; two, it fought for and promised that its disaggregation was going to lead to substantial reductions in the underlying costs of electricity production. That was the whole purpose of the disaggregation. That is what their claim was. That is what their promise was. And, third, it obviously hoped that the electricity price would not rise, as had been the case in the previous 10 years.

Its hopes did not come to pass. First, the disaggregation simply did not lead to the expected cost reductions; indeed, it led to virtually no cost reductions and it had significant underlying costs because the electricity industry had to compete with the mining industry for labour and other factors, so its costs started going up. Then, the underlying price for gas and coal increased but, most importantly, oil went from \$11 a barrel in 2001 to \$225 a barrel in 2008; that is, the underlying fuel cost for electric energy skyrocketed; it went up exponentially. What

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happened? The Labor government had a fixed price, rising fuel costs and rising costs, and Verve started haemorrhaging. Every year when Verve was haemorrhaging, the Gallop and Carpenter governments went out and said, "Aren't we good? We're delivering low utility prices to the public of Western Australia." They did—the prices did not go up very much. The only reason, by the way, it was able to achieve price rises lower than the inflation rate was because it kept electricity prices down. If we took electricity prices out of the equation, it would have gone up above that because of water—but I will get to water later.

The Labor government fixed the price of electricity and Verve was haemorrhaging. Eventually, before the last election, the Labor government was forced to come clean—because of the agreement it had to have a study, which said the price needed to go up 72 per cent. That is the story. The Labor government then went to the election; it said that the member for Vasse was very waffly. The Labor government said something like, "We will increase the price of electricity by at least 10 per cent a year, and we will worry about it after the election." That was not enough. If we had kept it to the 10 per cent increase, Verve would have been a billion dollars in debt—or, we would have had to subsidise Verve from taxes. This is the important thing. We have heard about the issue of imposing charges on pensioners. I am a local member, just like members opposite. We all have friends and relatives who are on fixed incomes, whether they are unemployed or pensioners, and getting hit with these big, sudden rises is hard. What I would say is: what was the Labor government thinking back in 2005, 2006, 2007 and 2008 when underlying costs were skyrocketing and they were not giving a signal to the consumers that the price was going up? I know what the Labor Party was thinking. If members remember, at that time, they were having \$2 billion surpluses, so they had plenty of money to pay for this. But let us go back. How were they paying for it? It was with either debt or, in their case, taxes. What taxes does the state levy? One is payroll tax. The Labor government would rather subsidise and give incorrect signals to electricity users and subsidise energy costs by taxing jobs. The biggest tax growth was to tax people when they moved homes—that is, conveyancing. It thought, "We will tax new homebuyers!" Members may remember that during this period the experience of the home market was that the price of homes was skyrocketing. That led to record levels of unaffordability of housing. Part of that was higher conveyancing fees and revenue.

What the Labor government was saying was that it would like to give the appearance of having things under control and of being nice to utility consumers, but it was actually subsidising this by homebuyers and jobs. There is an equity issue here. Is it better to price and charge utility consumers, people looking for jobs, or those buying new homes? I do not know what it is. What I can tell members is that there are two factors here. One is that subsidising across-the-board electricity prices, no matter the income or circumstances of the consumer, is dumb and, I might add, inequitable. I remember 20 years ago when we decided to get into this debate as bureaucrats that we decided to look at who were the major consumers of electricity in Western Australia. The largest consumers were pubs; the second largest were supermarkets. They are often on different tariffs, but a blanket, across-the-board subsidy of electricity is not equitable. At this time in the mid-2000s we were also discussing a little thing called global warming. The commonwealth government of the day was arguing that it should introduce a carbon tax or a carbon-trade system. The argument was that we needed to put a price on carbon, we needed to make electricity prices reflective of pollution and energy costs, and we needed to derive efficiency. No matter how we looked at it, that was going to lead to substantial increases in electricity costs and prices.

**Mr C.J. Tallentire:** Member, will you take an interjection?

**Dr M.D. NAHAN:** No. I usually would from the member for Gosnells, but given the track record of his colleagues on this debate today, I am sorry; no.

I think we will, no matter who is elected, put a price on carbon some day, or at least when the world reacts generally. We therefore need to move towards cost-reflective pricing. What was the task with electricity when we came to government? Clearly, whoever came to government would have been faced with a huge need to increase the price or to get more revenue into Verve Energy. The price of electricity needed to be moved towards more cost-reflective pricing. That was the policy of the previous government. That was basically the consensus all around the world. The question was: how fast do we go and when do we do it? It was about timing and pace. I think that the previous government was hoping that the \$2 billion surpluses would go on forever. In the pre-election data, it was going to be diminished, but large budget surpluses were to be expected in the forward estimates. I am not criticising that; I think that was the legitimate forecast at the time. As we know, that was not the case. We, as a responsible government, simply could not continue to pump in \$1 billion, as is estimated. If those subsidies were kept for a long period over two terms, it would have been more like \$7 billion to \$8 billion in subsidising electricity prices. That would have been pure madness and fiscally irresponsible. How would we get \$7 billion to \$8 billion out of our taxpayers? How many jobs would that cost? I do not think Mr Rudd would have come up with a fiscal stimulus and given us billions of dollars to subsidise our electricity industry, given that he was promoting cost-reflective pricing. We made the difficult decision to take the data that we received and increase electricity prices. Increasing electricity prices was the fiscally responsible thing to do; it was the

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equitable thing to do. If we want to help the people on fixed incomes who are impacted by these hefty increases—that is true—we need to identify them and give them compensation through various mechanisms, and that is what we have done. We can argue whether it is adequate and we can argue whether there is red tape, but that is what we did, and that was the right thing to do. It is easy to say, “Shock, horror; under us, electricity prices and other utility prices were constant, and these bad Liberals came in and they shot up.” That is what Joan Kirner did in the 1990s and, in pursuing that policy, she made the Victorian government into a basket case. She did not have the benefit of large surpluses. It is irresponsible to do that.

Let me turn to water. Water is a very interesting issue. The Economic Regulation Authority came out with a report. Lyndon Rowe, the chairman of the ERA, gave an articulate, dispassionate, objective assessment of what the ERA says is driving our costs. He was quite clear on ABC radio the other day. The Leader of the Opposition stated this very nicely in 2007 when he announced an eight per cent increase in water charges. He said that the rate increase was really to cover the increased cost of providing water; for example, the new desalination plant. That was the first desalination plant, I think. The Leader of the Opposition also said that it produces good water but it is more costly than water that used to be available from dams, and that it is the expectation that water prices will continue to rise as more and more expensive sources come onto the system. What the Leader of the Opposition and then Treasurer was hinting at, and what Lyndon Rowe stated quite clearly, was that the recommended rise in the cost of water was due to the fact that the previous government made a choice; it went with the second desalination plant, rather than the Yarragadee aquifer.

**Mr E.S. Ripper:** You might also accept responsibility for the fact that the Liberal opposition campaigned very strongly against using Yarragadee.

**Dr M.D. NAHAN:** My memory is a bit hazy. I am being honest. I was not in this house then. The choice was to go with the desalination plant. The desalination plant had a couple of attributes. Firstly, it was larger and more costly, because everybody was going to desalination plants. The first desalination plant in Western Australia was remarkably cheap. The cost of the second one was, as they are elsewhere, greatly inflated. I might add that Victoria is building one at a cost of \$5 billion.

**Dr G.G. Jacobs:** In Wonthaggi.

**Dr M.D. NAHAN:** Yes, in Wonthaggi. These things are hellishly expensive. It is not just the capital cost; it is the electricity costs. As the price of electricity goes up, the price of water goes up. Also, this plant is located such that it needs a long pipeline. The Yarragadee option was estimated to cost—I might be a little off here—about 80c to 85c a kilolitre, whereas the second desalination plant will cost in the vicinity of \$2 to \$2.10 a kilolitre.

**Mr C.J. Tallentire:** What is the capital cost of those two projects?

**Dr M.D. NAHAN:** Roughly, the first one was about \$350 million.

**Mr C.J. Tallentire:** I think it was \$450 million.

**Dr M.D. NAHAN:** Yes, something like that.

**Mr C.J. Tallentire:** And the same for the second one.

**Dr M.D. NAHAN:** The second one?

**Mr C.J. Tallentire:** Desal plant 1 was \$450 million as well.

**Dr M.D. NAHAN:** I read that the first one was about \$353 million. The other one is over \$1 billion.

**Mr J.C. Kobelke:** If you use the dollar of the day, they are about the same.

**Dr M.D. NAHAN:** I do not think so. Inflation has not been that bad.

**Mr J.C. Kobelke** interjected.

**Dr M.D. NAHAN:** Yes, and other infrastructure. I am not criticising this; it is just that there is a huge demand for desalination plants around the world. This is a problem. That was a choice. I readily admit that both sides of politics came to the same conclusion that it was better to go with the second desalination plant than the Yarragadee aquifer. As an economist, I argued for Yarragadee because I had read arguments for it. Generally, my colleagues of longer standing would agree to that. We went for the desalination plant. It cost more. The member for Gosnells, when in his previous role, also argued strongly in support of a desalination plant because of its convenience, but with some concerns about effluent. He argued that it should be considered. He had concerns about the Yarragadee.

[Member's time extended.]

**Dr M.D. NAHAN:** Nonetheless, he argued strongly for cost-reflective pricing.

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**Mr C.J. Tallentire:** So long as people are given the means to become more water efficient so that their overall bill stays the same.

**Dr M.D. NAHAN:** The member should let me finish. I am not putting words in his mouth.

What did Lyndon Rowe say? What was the recommended price? We invested in this big lumpy asset. Natural water supplies are going down. The expectation of the Commonwealth Scientific and Industrial Research Organisation is for further reductions in water supply from natural sources. Water costs are going up. During the 2000s, under the Labor government, water prices continued to increase faster than inflation. I might be wrong, but in its last two years in government, the increases were quite large. The Labor government was going towards cost-reflective prices for water.

**Mr E.S. Ripper:** What we did was look at fees and charges as a basket.

**Dr M.D. NAHAN:** But the only reason the basket was kept low was electricity.

**Mr E.S. Ripper:** And compulsory motor vehicle third party insurance and some other things.

**Dr M.D. NAHAN:** But electricity was the key to the success of keeping it low. The Treasurer and others made a choice to move water prices up sharply in its last two years in government. We have moved towards cost-reflective pricing for both electricity and water. We recognise that they were large increases, but we are holding back, as did the previous government, and asking, "What should we do in the future?" That is a decision that we are going to make.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

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