

## COST OF LIVING

### *Motion*

Resumed from 12 March on the following motion moved by Ms L.L. Baker —

That the house condemns the Premier for misleading the people of Western Australia regarding increases to the cost of living and the impact his government's increases will have on homes and businesses.

**MS L.L. BAKER (Maylands)** [4.14 pm]: I pick up this debate from where we started last week when I spent almost the entire half-hour speaking about the costs of utilities and essential services increases to the Western Australian public. I am sure members were hanging onto my every word at that time. However, just to refresh everyone's memory, we have seen an 86 per cent increase in the cost of electricity in the life of the Barnett government. Given the Premier's commitment to achieving cost recovery in the electricity market, the WA consumer can look forward to a further 33 per cent increase!

**The ACTING SPEAKER (Mr P. Abetz)**: Members, can you drop the volume of discussions. Thanks.

**Ms L.L. BAKER**: I was just warming up to say that!

The consumers of Western Australia, when they turn on their electricity or turn on their kettle or lights, can look forward to paying an extra 33 per cent over the next three years. That means we will see a 120 per cent increase in electricity prices. Although that might be achieving one of this Liberal government's goals—that is, the cost recovery of electricity—it is certainly far from what we heard the Premier promise Western Australians 12 months ago. I am sure everyone in this house remembers him stating in a live television debate against the Leader of the Opposition that he would hold the price of electricity down to or around the consumer price index. That was 2.75 per cent. I suspect, given that he has raised it four per cent already this year, that was another broken promise. I should think that Western Australians are getting used to that now.

I turn to the cost of living —

Perth is Australia's most expensive city and one of the priciest in the world as the cost of living spirals higher.

I am reading from an article published in *The West Australian* of 12 February this year. Another article is titled, "Our verdict: Perth gets less liveable".

**The ACTING SPEAKER**: Members, can you please take your conversation outside. It is hard for Hansard to hear. It is also getting hard for me to hear.

**Ms L.L. BAKER**: I am speaking as loud as I can, too.

**The ACTING SPEAKER**: You are doing well.

**Ms L.L. BAKER**: Again, the title states, "Our verdict: Perth gets less liveable", and states —

Traffic congestion and expensive housing has taken its toll on Perth's liveability rating with the city falling to ninth place in a 10-city national survey by the Property Council of Australia.

The article goes on to point out that just four years ago, Perth was ranked fourth in the most liveable city ranking. The factors that contributed to Perth's failure or low score were traffic congestion, housing affordability and the cost of living, as well as safety and cultural entertainment. I think we have got a pretty clear indication. We only need to pick up our papers or listen to our television to find stories all the time referring to what Western Australians are having to suffer under this government. I am not looking forward to the Liberal federal government. The last time the Liberals were in power, I was running the Western Australian Council of Social Service, and in the middle of my tenure, towards the end of John Howard's reign over Australia, the conditionality that was placed on charities and not-for-profits that received their funding from him, was remarkable. They were gagged, basically. I would think something similar will be heading our way from our new Prince—sorry, I was about to call him "Prince Abbott", but it is actually Prime Minister Abbott. It was a slip of the tongue, Mr Acting Speaker; I am terribly sorry about that!

**Mr M. McGowan**: He is a royalist!

**Ms J.M. Freeman**: It is the priest in him that you've got confused with!

**Ms L.L. BAKER**: Yes, priest Abbott! No, no; I will keep to parliamentary language with Prime Minister Abbott. I am sure it will not be long before more conditionality hits our not-for-profits and they are told that they cannot speak publicly about unmet demand. That happened last time. If someone is running an emergency relief service and getting \$20 000 a year to hang out the back of the church to give food parcels to hungry people, that

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person cannot talk to the public or the media about the fact that they had to turn away 80 people today, because there was enough food only for the first 10 who came through the door. That was the gag that was put on community organisations the last time the conservatives got into power federally. That is what I am sure we will be looking at. We must ask ourselves where else it will be felt. If the conservative Liberal government will do that to the not-for-profit sector, when they express “silent dissent” at that level, what else will be conditional?

I used to know quite a bit about the national electricity market, and I know my knowledge is not as sharp anymore because I do not work in consumer advocacy in that area. However, I am very aware that it is very possible that reforms will be tied to funding, and that could be part of changes in the electricity market as well. If that is the case, if things like privatisation is being pushed by the federal government through not just the electricity market but any agenda that it might choose, that will increase the cost of living for Western Australians. Privatisation is probably my least favourite “isation” word in the whole of the American English language. It is not the way to secure Western Australia’s future; it is a way of selling Western Australia’s future. We are also facing that with the federal government and some of the privatisation agendas that I fear will be rolled out.

What about education in this state? What a massive job the government has done with that so far! This year my electorate has lost over \$1 million and still counting; next year it will be more. The government should hang its head in shame over this. Not only is the state government making these cuts, but Mr Abbott has picked up the barrel as well. He has taken \$500 million out of Western Australia, so I saw last week. Good on this government; chop the heart out of young people and do not fund education in this state. It has already put up the price of many TAFE courses, in particular those that help workers in the lower percentile of income qualifications. The government has put up the price of TAFE courses so much that those kids cannot afford to go there anymore. Where does that leave our young people? They cannot go to TAFE; the education system has been decimated by the first round of cuts. This will only get worse because the government cannot get its act together on its own budget priorities and we are looking at further cuts over the next few years. I am constantly amazed by the broken promises and by the way this government is letting down Western Australians.

The government should not let me stand in the way of the other reforms it is trying to put up. What about housing? The government has a state housing affordability strategy. I thought that was actually quite a good achievement; it was a promising initiative. The problem is that the targets are a bit shaky. I consulted with my colleagues at the Western Australian Council of Social Service on the pre-budget submission for 2014–15 entitled “What Really Counts”. The council recommends that the state government put resources into exploring the best cost pathways to achieving appropriate, affordable and secure outcomes for those on low incomes. It recommends that the government weigh up the options, consider economies of scale and be mindful of which strategies benefit vulnerable groups and overcome key barriers in the housing continuum. The council points out that the affordable housing strategy is meant to deliver 20 000 new units of affordable housing by 2020, but it then goes to point out that there are actually not targets around where they will be, how they will be and what type of affordable housing they will be. In the absence of the specific targets, we do not actually know how many affordable rentals there will be; how many other types of housing might be found available; what proportion will be social housing, affordable rental or shared equity; and what other options there are to be explored. However, the target of 20 000 is a good one and we will hold the government to achieving that.

Looking at housing in more detail—it is not as if there is not a lot of information about it as it is probably the main thing in essential services that has impacted on the cost of living of Western Australians—we can point at what is happening to older people in our state. Seniors are a specific group who need support with housing. What did this government do? It decided it would cut funding to the Seniors’ Housing Centre this year. Again, I find the lack of rationality in these decisions outstanding. More than 30 per cent of current public housing stock is occupied by seniors and the number of older people who own their own homes is rapidly decreasing, so it is very clear that the need in this area is growing rapidly, but the government has made cuts to the Seniors’ Housing Centre. What is that about? The government cut the efficiency grant and now it is talking about reviewing the hardship utility grant scheme; I get that, but where it will end we do not know. Will the government abolish those things? It has already abolished a major consumer advocacy service, in fact the only independent consumer advocacy service for essential services in Western Australia, and I will talk about that in a bit more detail in a minute. The government has now cut Seniors’ Housing Centre as well. I have had COTA and people working in that program in my electorate office several times over the last few years providing information to seniors. They did an outstanding job and we were always full of people interested in hearing tips on how to survive. That has now gone.

There are 15 000 homeless people in Western Australia and many people sleeping rough in cars, tents or insecure housing rely on social networks or temporary shelters. Of that 15 000, the estimate of WACOSS is that about 10 000 are children, but I am more conservative than that; I thought it may be 8 000. That is 8 000 children

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on the street under this government—8 000 children without a home. Let us look into that in more detail. The government sings the praises of the three-strikes policy. That policy discriminates directly against Aboriginal people in the state. There is no doubt that the government is putting more people on the street. I see that there were 32 000 complaints under the three-strikes policy in its first few years and about 3 200 evictions as a result. How many of those people are children? How many of us see young children on the streets now? It is an appalling indictment. I have written letters to the Minister for Housing on behalf of constituents having difficulty with tenants in public housing. We all have; that is our job. However, who is helping to keep tenancies in place? Who is filling that gap? There are Aboriginal liaison officers in Homeswest who do not have a hope with the demand in that area. There is an urgent need to look at the three-strikes policy and assess its impact on Aboriginal children in particular and on how they are surviving this government's reign.

Looking at homeownership, 45 000 WA homeowners are in the lowest two income quintiles and are estimated to be in housing stress, spending more than 30 per cent of their incomes on mortgage payments. Just to pick up a bit on that, again, there is plenty of information available on the housing crisis, particularly in Western Australia.

Professor Mary McComish says that the three-strikes policy is having a disproportionate impact on Indigenous families and suggests that if 500 Indigenous families were evicted as part of those 3 200, and each had four children, that would be 2 000 homeless Aboriginal children. We are trying to find the facts on this issue, but it is a bit difficult because we are having trouble getting that information released. The public needs to know this. It is integral to the way this government is seen as impacting on people's lives in this state.

Let us look at housing from a different light. Government subsidies for home ownership and property investment favour high-income earners. I will refer to two documents in talking about housing. The first is the report of the Bankwest Curtin Economics Centre at Curtin University, "Sharing the Boom in Western Australia ... but how equally?", which was published on 26 February 2014. I want to refer to some of the content of this report because I think it gives a good insight into the housing problems in this state. This report starts off by stating that the state's lowest income households are falling behind the rest of the WA population. The gap between the richest and the poorest households in WA rose consistently since the acceleration of the Western Australian boom back in 2003–04, and that is at a greater rate than for the rest of Australia. The highest income households are getting richer and medium-income households are earning substantially more, but the lowest income households in the state are falling further behind, which increases the gap between the poorest families and everyone else in the community. In 2003–04, the richest 10 per cent of households in Western Australia had around 3.8 times the income of the poorest 10 per cent of households. In 2009–10, it climbed to 4.8 times the income and in 2011–12, it fell to 4.5 times, but that is still a lot of difference.

The situation for the lowest income households has not been helped by the fact that overall price increases in Western Australia, as measured by the consumer price index—again, I reference the Curtin report—ran consistently ahead of those for Australia for much of the heart of the resource boom, especially in regional Western Australia. The wealthiest 20 per cent of households in WA own at least 62 per cent of the state's total household net wealth, with the top 40 per cent holding 83 per cent of that. Median household net worth for Perth residents increased by 37 per cent in real terms, which was fourth across all states and territories. But, again, the housing costs in WA increased at a rate consistently above the national average for a very long period, and housing costs continue to increase. Figures show that compared with high-income households in the rest of Australia, high-income households in WA are more likely to be owners with a mortgage—58 per cent—than mortgage-free. The proportion of renters in WA's high-income households has increased slightly, whereas outright homeownership has decreased. I will quote a final comment from the "Sharing the Boom" report media release —

"Low income families in WA have failed to share the benefits of the boom at the same rate as higher income households, which emphasises the need to support those people on low income who may not benefit from the same standard of living increases experienced by the rest of the population."

Those findings are from the Curtin report. The report's conclusion states —

Our findings ... show that income does not necessarily translate into wealth in the form of home ownership, with those on high incomes in WA less likely to own their home outright compared with the rest of Australia.

I will refer to another report on housing. I refer specifically to current research because it is important to put this issue in the context of what is happening out there in all our electorates. The Grattan Institute's "Renovating housing policy" is a 2013 document. The Grattan Institute states —

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Government subsidy of home ownership and property investment is skewed in favour of high-income households ... Much more government assistance is provided to buy investment properties than to buy a first home.

...

Combined with rules that restrict development in established suburbs, higher prices force many households to buy on the city fringes, with poorer access to transport and jobs.

One of the great challenges in the community sector occurs when new developments open up in the outer suburbs because many people who buy homes in those areas are first home owners or are very minimal income earners. They go to those areas because they can afford a house there; they cannot afford to buy in Mt Lawley, Mt Hawthorn or close to the city. Of course, this means that they are faced with finding a job that they can get to and use to pay the mortgage. People move to Ellenbrook, but there is no railway. If people do not have a car and they cannot afford the cost of a car, how will they get to their job if it is in the city?

**Mrs G.J. Godfrey:** By bus.

**Ms L.L. BAKER:** If they can get to the bus, yes, they can do that. However, the cost is far greater for people who are in a fringe suburb on the outskirts of the city, paying a mortgage and trying to find a job. It is a well-known fact that it is very difficult for families who live in those fringe areas.

**Mrs M.H. Roberts:** It's hard to get a bus from some parts of my electorate.

**Ms L.L. BAKER:** Meanwhile, more people—one in four households—are renting, and renting for longer periods. The lack of encouragement for longer leases in our residential tenancy rules undermines stability for renters, many of whom have to move much more frequently than they would like. There is always a balancing act between protecting landlords and protecting tenants. I know that as well as everybody else. However, when the market is as fragile as ours is around supply, for everyone really, but particularly the low-income end of the market, we have to make sure that people can afford to keep their tenancy without having to constantly renew leases and pay new fees. The report states —

Greater security for renters, such as longer minimum lease periods and notice periods before a lease is terminated, would give this large and growing group a better deal, without materially reducing landlord returns.

I mentioned homeownership rates. It is well worth putting on the record that we need to be very careful about what is happening around Australia, particularly in Western Australia. Although homeownership rates have always been lower for young households, the largest decline in homeownership at the moment is in the 25–44 age bracket. That is hardly surprising given that housing costs have escalated. The amount of household income that went to pay a mortgage 10 or 15 years ago was maybe 30 per cent or even 20 per cent, but now it is more likely to be up around 70 per cent. Obviously, there will be a significant shift pushed by those kinds of changes in demand. There are now 25 per cent more homeowners in the highest income quintile compared with the lowest income quintile. That is quite a significant shift. How do people afford the deposit to buy a house? How do they go with that? It is not such a good story, given the affordability of housing in this state. The Grattan Institute states —

... all this is little consolation to households that cannot raise the deposit needed to buy a first home or cannot secure a large enough mortgage based on their current income. As house prices have increased, so has the absolute size of the deposit required to obtain a mortgage. Yates —

In 2011 —

... shows that for most of the 1980s, a home buyer needed to have saved around the equivalent of a full year's average income in order to secure a loan they could comfortably repay that was still large enough to purchase a median priced dwelling. By 2010, the median house price had gone up so much that the corresponding deposit size had increased to roughly four times average annual income.

I was aghast at that figure; it took my breath away. Four times the average annual income just to pay the deposit on a house is extraordinary! No wonder people's kids cannot buy houses. That was from page 15 of the Grattan Institute's report.

**Dr M.D. Nahan:** Is that across Australia or just here?

**Ms L.L. BAKER:** That is across Australia; it is not just here. This is an Australia-wide issue. Obviously, there is regression to the mean that will impact on that, but, yes —

**Dr M.D. Nahan:** That must assume 30 per cent or 40 per cent deposit rates.

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**Ms L.L. BAKER:** The Grattan Institute does not give a figure for the deposit, but I assume that the Treasurer would be exactly right on that, because 30 per cent to 40 per cent is about the standard.

Lower income households and single-income households therefore find it difficult to save a deposit without access to wealth from other sources, such as parents. We all know the pressure that parents are coming under more and more nowadays.

The Grattan Institute's comments on rental affordability are worth noting. The report states —

Many lower income renters struggle to afford their rent. In 2009–10, 67 per cent of capital city renters —

Perth is included in that —

in the bottom two income quintiles paid more than 30 per cent of their gross income in rent, and 31 per cent paid more than half their gross income in rent.

Finding a house is a very expensive business in Western Australia. For anyone who is trying to find a house in regional Western Australia, particularly in the north of the state, it is even more challenging. The regional cities program was going to do a lot for that, but I think that some brakes have been put on that program, if I am not mistaken. I thought some funding cuts were announced.

**Ms S.F. McGurk:** SuperTowns.

**Ms L.L. BAKER:** Yes, that is it.

**Ms S.F. McGurk:** They prioritised the media release rather than the SuperTowns.

**Ms L.L. BAKER:** There we go! I knew there was something about that that was worth commenting on.

In my final words on the topic of the escalating cost of living in Western Australia, I will go back to the essential services issue. I will talk again about the role of consumer advocacy. From my experience sitting on the Economic Regulation Authority Consumer Consultative Committee—where I learnt more about trains and essential services than I ever thought I would—it is very obvious that to leave consumer advocacy in the hands of the retailer or the provider is just too great a conflict of interest. As Western Australia is not connected to the national energy market, it does not benefit from the national analysis and national advocacy that is funded by a levy on energy producers within the NEM. The Western Australian Council of Social Service believes that Western Australian energy consumers deserve the same representation as energy consumers in other states.

What is lost without consumer advocacy? Clearly, it is the voice of the person who flicks the switch; that is, the person who uses the product by turning the power on and who suffers from hot water price increases and increases in the price of gas. That voice is lost from the process of setting tariffs or prices. Massive reforms have occurred in the energy market in this state. Consumer advocacy was funded from the consumer utilities project run out of WACOSS, but that project has been defunded. There is currently no independent consumer advocacy voice operating in Western Australia to protect the voice of consumers.

The absence of independent advocacy and analysis means no submissions are provided to the Economic Regulation Authority to counter the views of utility providers, which of course have a vested interest in price increases. Independent expert economic analysis and consumer advocacy could deliver significant savings to Western Australian consumers by achieving modest gains and price efficiency. I do not know how many members like the Productivity Commission, but I think it has done some remarkable work over the years. I will quote from the final report by Dr John Tamblyn and Mr John Ryan entitled “Proposal for a National Energy Consumer Advocacy Body”. It states in part —

In the absence of the presentation of objective, evidence-based analysis and reasoning about the cost, pricing and service implications of energy market operations and decisions for energy users, it is currently left to policy and market institution decision-makers to analyse and take account of any consumer impacts and interests in ad hoc and often uninformed ways. As a result, it is likely that those interests will be poorly understood, under weighted or overlooked in those decision processes, thus increasing the risk of undue influence in (or even capture of) those processes by the well resourced submissions and representations from energy suppliers.

When I dealt with Western Power and the like over eight or nine years negotiating consumer support from them, I asked, “Where in the organisation is the consumer voice?” It could also have been Synergy or Alinta. I asked, “Where is the consumer advocacy? Do you have a committee? Do you bring customers in? How are consumers involved in the business?” They replied that they had a division for customer management. I said no; customers are a different issue. We are talking about consumer voice in this process. They did not get it, or they chose not

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to. This is very problematic in these developing, changing and reforming energy markets. We need to find ways to ensure that consumers have a voice. The next paragraph from the report states —

As well as improving direct and indirect energy market outcomes for energy consumers, effective engagement and advocacy on their behalf ... by an appropriately resourced national advocacy body can be expected to improve the quality, balance and effectiveness of energy policy and regulatory decision-making. In turn this would contribute to improvements in the operation of national energy markets and in public understanding of and support for their performance and the outcomes they deliver for energy consumers.

I am sure my colleagues have a dizzying array of things that have been lost over the past five years. I have just mentioned three, starting with the hardship efficiency program that the government chose to cut. Remember, that program helped consumers manage their bills. It helped vulnerable or at-risk consumers manage their bills more effectively so they did not risk being in default. The government also cut the seniors' housing service. It has taken away the consumer advocacy service from WACOSS; it has gone. It does not exist anymore in the market. These reforms have started but the reforms have not settled and are not bedded in yet. The Treasurer is reviewing the electricity market and he is again reviewing tariffs. Will the consumer voice be represented as an independent consumer? It will not come from inside a government department and it certainly will not come from inside a trading organisation with a vested interest in setting the price of electricity.

There are some very glaring problems in how we protect our citizens. I am very sad that the cost of living is peaking at the moment and is bound to increase. There has been an 86 per cent increase in electricity prices in five years, with at least another 33 per cent increase to come. That is what the figures are showing. The price of water has risen by 60 per cent. Price is not the most effective regulator of water use. It has been proven time and again that putting up the price of water is not the best lever or the best mechanism on its own to lower the use of water. Where are the supporting programs that consumers and constituents can look forward to? They are gone. The government has taken them away, along with education cuts. A million dollars has been taken out of my electorate in education cuts. The government might not think that matters, but let me tell the government that the children and parents in my electorate think it matters. They think it matters a great deal that they were told stories, and those stories have proven to be mistruths. They have been misguided in what they can expect will be delivered by this government. The cost of living will only increase. I cannot see any relief for the citizens of our state. That is something for which the government will pay and it is something for which it should be deeply ashamed.

*Dangerous Sex Offenders — Release from Prison — Tabling of Paper*

**Mrs L.M. HARVEY:** I rise briefly under standing order 157 to table a document I referred to earlier in my speech. I apologise for not tabling it at the time. It is a publicly available document from the WA Supreme Court webpage.

[See paper 1471.]

[See page 1574.]

*Motion Resumed*

**MS J.M. FREEMAN (Mirrabooka)** [4:49 pm]: I also rise to speak to the cost of living motion before the house. I thank the member for Maylands for a very well constructed debate. I note her motion states —

That the house condemns the Premier for misleading the people of Western Australia regarding increases to the cost of living and the impact his government's increases will have on homes and businesses.

I note that this goes to the sorts of undertakings made by the Premier before the last election; that is, that increases to fees and charges would be kept to a minimum and around CPI. That is not what happened. They were above CPI in the last round. Total increases in government charges in 2008–09 when the last Labor government was in power were around \$3 686. Now, in 2013–14, they are \$5 004.

It was interesting for me during the term of the last government to sit on the Standing Committee on Delegated Legislation; I was always interested to see how many of the agencies increased their fees and charges at the shopfront. Fees and charges were already being increased for utility bills and so on, but when people wanted to access a service—for example, a motor vehicle service—those fee increases were also quite substantial. I understand that there have been motor vehicle licence fee increases of around 20 per cent over the last year or so. These are quite massive increases that have an impact on our community.

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I would like to restrict my comments today to a couple of areas in which an increase in fees for government services have impacted on people, particularly the use of 1300 numbers, and also the impact of increasing fees and charges as a result of the new credit laws that came into operation last week. Before I do that, I would like to provide some context for the increased costs of living. We all know that there has been an increase in the cost of living, and if people can afford that, they are lucky; there are many sections of the community in Western Australia that have been able to afford those increases. However, I recommend that members read the Western Australian Council of Social Service's "2013 Cost of Living Report". It reveals that there are sections within the community that cannot keep pace with that increase in the cost of living, and it is those most vulnerable sections of the community that we need to focus on. Without that focus, all the other issues around disadvantage in civic society will come to the fore and begin to play out.

On 12 February 2014, *The West Australian* ran an article titled "High-cost Perth" and cited an international breakdown of prices from bread to coffee and beer that showed Perth to be the most expensive Australian capital. The figures were based on data from the Numbeo website, which collates real-time prices around the world and has the biggest collection of data of its type. It showed that Perth's average milk price is \$1.63 a litre, which is well above Sydney's \$1.47 and Melbourne's \$1.48. The point for us is that when the cost of everyday basics exceeds people's capacity to pay, it makes things more difficult. It means that people will start to have fewer nutritious products in their homes because they do not have the capacity to pay. We then start having problems with health, nutrition and obesity in our community, and that is the context within which we have to conduct this debate. It is really important for us as policymakers, when we look at the cost of living, to understand that we are not raising issues simply to make political points, even though the political points are there to make, because this government has certainly misled the community in what it said it was going to do about the cost of living. The real issue here is about how we want to see community welfare grow. The cost of living is about ensuring that people can afford to have a sustainable lifestyle, and that is what we all want the communities we represent to be able to achieve.

I ask members to imagine they are a low-income worker trying to manage this high cost of living that we keep talking about. The minimum wage is \$622.20 per week, or \$88.90 per day. I ask members to remind themselves that, in this place, we are all on about \$400 per day. We are talking about the minimum wage being \$88.90 per day, and just to be clear about where we are at, a minimum-wage worker, working a 38-hour week, earns massively less than we do. That is if they are lucky enough to have a job; in Mirrabooka, the unemployment rate runs at about two per cent higher than the average. Last year, the rate was 6.3 per cent compared with the state median average of 4.6 per cent. The median family income in Mirrabooka was \$183 per day, versus the state median of \$246. Those figures are quite close to the minimum wage; they are about \$100 better off than the minimum wage.

That is the median family income. The median individual income is \$73.43 per day, which is less than the minimum wage. We are talking about communities that are doing it tough and are struggling to meet those increased costs. We are particularly talking about the sorts of communities of which there is a high concentration in Mirrabooka—newly arrived migrants who have come here with their families to find opportunities, and who often have responsibilities to their families in their countries of origin. They are living on minimal incomes, trying to pay high costs and high rentals. As the member for Maylands pointed out, the rental situation is extremely difficult for many people and it leaves them very vulnerable, and we have situations in which people are trying to make ends meet and to make a life in Western Australia that will benefit not only themselves and their families, but also the economy of Western Australia generally. That is the minimum wage; what about people on a pension or who are unemployed? People on an age pension get \$53.70 per day; a parenting pension, \$49.99 per day; the Newstart allowance basic rate with a child over seven, \$38.72 per day; and Newstart allowance with no kids, \$35.78 per day. These people are doing it tough.

I suggest that members have a look at the WACOSS report; it clearly shows that those are the base rates, and there are other subsidies available. WACOSS has done an exceptionally good job of modelling families' expenditure and showing, through three different cases, that their expenditure is greater than their income. It is not doing it through the real base rates, which I am doing; it is adding in the fact that they will have healthcare cards and other subsidies. However, even with those things, the key findings of this report—which we really need to take into account, to focus on and to address—is that, in each of the three model families, their basic expenditure is greater than their income. That means that they have no discretionary savings for sickness, for the kids to go on school camps, or for car breakdowns, domestic emergencies or rent increases. These are real issues that we have to address.

The report states, at page 4 —

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The focus of public policy concerning the cost of living should be on households on low and fixed incomes who are at increased risk of poverty and financial hardship, not middle income households.

The report acknowledges the substantial change by the previous federal Labor government to the income tax-free threshold from \$6 000 to \$18 200, which was a great reform. However, it also makes the point that that reform was in concert with reductions in the low income tax offset. Again, that is for people who are employed. In each model, the report highlights that the cost of utilities represents the largest percentage increase in people's expenditure, at an average of 12 per cent, but it is acknowledged that it is a low part of that expenditure and that the most significant increases were in rents.

I commend the member for Maylands for her advocacy of moving away from the way in which rents are set in our community. If we are going to say that private rentals are an alternative to the public rental market, we need to be having conversations with our private rental businesses, the owners of private rentals, and moving them from a mindset of it being their house to a mindset of it being a business that needs to provide long, secure and affordable tenancies for people.

Currently, we have a culture that basically says, "I am doing this because it is my retirement income", and not, "I am doing this because I have decided that I am going to be in the business of providing private rentals." That has come about because of negative gearing and various other things. However, that is a debate that we need to have in our community because, without that debate, we will continue to have these problems.

I want to talk also about the insidious nature of some of these increases in fees and charges. A constituent came to my office to complain about the fact that the cost for her to ring a 131 or 1300 number from her home was not the 22c that is charged for a local call, but 35c, or an additional 13c. She complained in particular about the 131 or 1300 service being used by WA Police for non-emergency calls. I thought that could not be right, because it should be based on local call rates. However, the information that I have received from Telstra—to paraphrase my notes—is that the 131 and 1300 numbers provide a virtual answering point. When the calling party rings one of these numbers, the call is diverted to one or a range of answering points, either fixed-line or mobile, as nominated by the business, government department or agency receiving the call—the B party. Therefore, although calls to 131 and 1300 numbers are referred to as being local rate, that does not necessarily mean that they are charged the same as a local call, for many reasons. As I have said, the call is sent to an answering point nominated by the B party—in this case, the government—and the calling party pays a fixed amount, which is now 35c, and the B party pays an amount to the carrier. Therefore, because calls to the police are made through a 1300 number, it costs people an extra 13c every time they call that number. It is insidious the way we do these sorts of things.

I also want to raise the great work that is being done by agencies in my area and the issues they have raised with me about the increasing cost of living. Uniting Aid, which is funded by the City of Stirling and donations from churches, is doing a great job. It estimates there will be a 30 per cent increase in people seeking help this year, with many people struggling to pay for food and utilities, including those who are working. Uniting Aid believes that a major component of the cost of living is the lack of affordable housing, which we have been talking about today. I also note the great work that is being done by the Edmund Rice Centre. It is facing the continuous issue of people being unable to pay bills, especially for electricity. The centre tells me that families are struggling to pay rent and bills, and that means that often they cannot afford to buy food and have to buy in bulk from markets or travel considerable distances to buy cheap food. They also want me to put on the record that people on bridging visas are really struggling. These families receive about 80 per cent of the usual welfare benefit, and they have no health care card, which means they are not entitled to concession-priced public transport. After meeting the costs of private rental and bills, they often find it very difficult to afford to buy food. It is not uncommon for one of the workers at the centre to give these people money so that they meet their essential needs.

**Dr M.D. Nahan:** For how long do they get a bridging visa?

**Ms J.M. FREEMAN:** I am happy to come back to the Treasurer on that. Part of the problem is that even when these people get a temporary visa, they are not paid the full social security benefit, and they are not allowed to work. In addition, a number of these people have had their bridging visa lapse without a second visa being offered. That means that these people are no longer entitled to a temporary Medicare card, and that makes them even more marginalised. One of the impacts is that if people need new glasses, and even if they are happy to pay for the frames and lenses, they are ineligible for a free preliminary eye check, because their visa has expired. One of the biggest problems with bridging visas and temporary visas is the restrictions on work and study. That is causing workers to be exploited, because these people want to work to supplement their Centrelink payments, and they are told that they are allowed to work for cash, but they then run the risk of breaching their visa. I know



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of the case of a father and son who have no education. The father cannot work because of his visa type, and that is causing great strain in the family relationships, when they are in this country to re-establish their lives.

I want to talk also about the Northern Suburbs Community Legal Centre. The centre notes that it is contacted by 15 to 20 people a day seeking assistance with rent arrears. It notes also that the Perth median house price has climbed significantly, which I have already talked about, and there is a difficulty with the large waiting list for public housing. It notes that, on a personal level, a small business owner in Welshpool who is dealing in special tool supplies has to work in the dark and the heat because the business cannot afford the power costs. The owner is trying to establish this new business during a downturn in the engineering industry. Apparently this is a common problem for many small businesses in the Perth metropolitan area.

[Member's time extended.]

**Ms J.M. FREEMAN:** I am glad the Treasurer is in the chamber, because I want to mention that last week, on 12 March, the new credit reporting reforms came into operation. The Treasurer would be aware that changes have been made to the Privacy Act to simplify, clarify and update the credit reporting provisions and to reflect the information flows in the credit reporting system. In effect, the changes are supposed to make it easier for people who have a bad credit rating to get rid of that rating from their records. It is supposed to be a positive reform, because it will enable positive credit data to be included on an individual's credit report.

**Dr M.D. Nahan:** That is commonwealth legislation.

**Ms J.M. FREEMAN:** It is indeed. But I want to make the Treasurer aware of how it can have an impact on people in this state because of the way our utility charges are structured. The new legislation will effectively cause people to get a bad credit rating if they are only five days late in paying their utility bills. I would be interested if the Treasurer could investigate that. Obviously I will need to check that and write to the Treasurer about it, but it is a concern of mine.

**Dr M.D. Nahan:** Please write to me about that, member.

**Ms J.M. FREEMAN:** Yes.

It will also impact on people who have ongoing problems in meeting the increased costs for power, water and gas. Prior to these reforms, only negative information on defaults and bankruptcies was placed on the credit report. However, because of the increased number of areas that will be covered on the credit record, it will now effectively discriminate against consumers who have a slight blemish on their credit record. People will have the capacity to show that they are a reliable credit risk. However, the reality for some borrowers is that the increased information held on their credit files will include minor credit issues such as the late payment of household bills. Richard Symes, chief executive officer at Credit Repair Australia, is quoted in *The Adviser* as saying —

“Some consumers may see an increase in their credit score if, for example, they are good at paying bills on time or even earlier. However those who are habitual late payers of five days or more may find themselves being declined or even paying a higher interest rate,” he says.

Some people are able to manage their bills by making the payment a few days beyond the due date. They pay when they can manage to pay, and often that means it is a late payment. My understanding of things such as the hardship utilities grants scheme is that a person has to show their incapacity to pay, so they actually have to go into arrears. Constant arrears to be able to gain assistance may end up impacting upon a person's credit rating. We need to be clear that minor indiscretions could have a big impact on the consumer credit score, and we need to know that so that people are not put at risk. I agree with the member for Maylands that the loss of a consumer advocacy agency is a great loss. That is what is needed when we go through the sorts of changes that are currently being undertaken by the government.

**DR M.D. NAHAN (Riverton — Treasurer)** [5.11 pm]: Thank you, Madam Acting Speaker, for starting this debate. It is always important to have debates on this matter and to particularly focus on people who are perhaps on lower incomes and on the associated government policies. It has also given me the chance to go through some data and studies that I had not known about or looked at. Anecdotal information indicates that Perth is a very expensive place. When I first came here all those years ago, it was a great place for a person on a middle income to buy a house in which to settle and live very nicely. Relative to Sydney and Melbourne, it was a very low-cost place. That is not necessarily the case now. I will go through some data that is quite surprising. Other speakers have focused on the lower income groups and I will refer to them, but first I have some interesting facts that the National Centre for Social and Economic Modelling—a social research group based at the University of Canberra—has done some work on. Firstly, it looked at a cost-of-living comparison across the cities and also the income levels and came up with a standard of living index. These figures are based on averages and, surprisingly, Perth is not the most high-cost place; it is the traditional areas of Sydney and then Melbourne. The two rapidly growing cities are Canberra and Darwin. Canberra has by far the highest income of any city in

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Australia, but the differentials are not large. The average cost of living in Perth is \$70 893 per year, and Sydney is \$2 000 per year more, which is not much. The cheapest is Adelaide at about \$2 500 less than Perth. Perth is not the highest but aspects of it are. Using its index, NATSEM looked at income levels, and this data is surprising. I guess many occupations in Western Australia have not had large wage increases, but some have, so that is a distributional issue. However, Perth has experienced phenomenal average wage growth across the board over the past five to eight years. That growth is not due to the large incomes in the mining sector or those related to it. As I mentioned in another debate, in my electorate in Riverton there are two McDonald's stores and the owner has shown me data that compares wage rates in McDonalds with those around the world, and those in Perth are the highest.

**Mr C.J. Barnett:** What about the price of burgers?

**Dr M.D. NAHAN:** I have not done the burger index. I will leave that to *The Economist*, but it is interesting. Wage rates have gone up significantly. Wage rates or incomes in Perth are 17 per cent above New South Wales and 13 per cent above the national average, and little old South Australia is at 25 per cent higher. When income and the cost of living are factored together—NATSEM defines this as the standard of living—it does not surprise us that Perth is way ahead. Perth is 25 per cent above Sydney, which is the index. It is 25 per cent above Melbourne, Brisbane and Adelaide, and a whopping 45 per cent above Hobart. The Australian Capital Territory is the highest at 40 per cent above the highest. Canberra pulls in a lot of money and redistributes it to other places including Tasmania, but a lot gets stuck in Canberra, which has pretty high wages. This data shows that overall wages in Western Australia have more than compensated for the growth in the cost of living. I might add that the Western Australian Council of Social Service study essentially found the same thing. It takes the average household and estimates its cost of living over a period and then the wage or household income and finds that over the same period. WACOSS says that the average household in Western Australia is 25 per cent better off than it was a short time ago. That does not surprise us—we actually know this. I might add that is why 50 000 to 60 000 people have been migrating to Western Australia every year for quite a few years. Therefore, things are doing pretty well on average, but we must look beyond that.

Since 2008, households in Western Australia have gained in income versus cost of living almost \$10 000 compared with \$4 000 in the other major cities. That is not bad at all. As the member for Maylands, the now Acting Speaker, said, WACOSS indicates that it supports this but that particularly people on fixed incomes or unemployment benefits, single parents with children and others have not done as well. That is a statement of fact and the data is clear. WACOSS does some interesting work on this and I also applaud its work, just as the member for Maylands did. It is important that we look at this because I want to get to the point that is really the cause of this. As one example, WACOSS looks at the weekly expenditure for a single parent and it sees some very large increases. Utilities between 2010–11 and 2012–13 have gone up by large percentage terms, and that is the truth. The cost of housing has also, but the utility consumption in this type of household is \$35 per week, which is sizable but not huge. It is less than transport, one-tenth of what food is, and much lower than rent, which is \$362.31 per week. Rent went up by 86 per cent during that period. When we look at this data, utilities are an issue and they have gone up but from a very, very small base. The real issue is housing, which is overwhelming; nothing else essential counts. Food and beverage during this three-year period actually has not changed. Transport has gone down according to this data and others have been basically stagnant. In terms of the absolute growth, it is overwhelmingly a \$54 increase in rent and a \$7 increase in utilities.

Let us get to the issue in Western Australia—housing. About 20 or 30 years ago, Western Australia's real comparative advantage was low housing costs and accessible housing costs, which is the real issue. What can we do about it? I am not running away from utilities. We have increased utility prices over our term of government by 80 per cent—a bit more if we include the passing of the carbon tax. To be honest, it has been pretty disappointing for us because not only did we not want to increase electricity prices and we did, but also when we came into government in 2008 there was a study that said, with cost reflectivity, we had to increase electricity prices by 72 per cent and, essentially, we did that. However, the cost of generating that electricity had more than overwhelmed that price increase, so we are further behind the cost reflectivity price now than when we started. That is really painful, for not only low-cost housing and general consumers but also business. I might add that on top of that we subsidise an average household by about \$400 a year. We have increased electricity prices sharply and we still subsidise the average household by \$400 a year. If members look at households that receive the hardship utility grant scheme payment, the subsidy is higher, because they are large users of electricity on average. We have some real problems in the electricity industry.

The thing the government lost track of is that electricity is an essential service. It represents a very large percentage of the low-income household's budget, and if we do not get the market right, and because we rely on the market to generate this, we could hurt those who can least afford it. That is what the government's energy

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policy has done over the last six years. It is not something to be proud of. I know it was not the intention, but that is what has happened. It is also an error, in quite rightly thinking that we could give people a correct incentive to economise on energy, to be subsidising the energy prices to the tune of \$500 million a year. We are in a policy position on energy that we should not be in.

I will return to the real issue in housing. I am not going to score points here, but in the early part of the last decade, the housing markets around Australia, including Perth, went out of whack between 2002 and 2008.

**Ms J.M. Freeman:** Wasn't it worldwide?

**Dr M.D. NAHAN:** No, it varied. It was the case in some places, but I will concentrate on Australia. During the six-year period between 2002 and 2008, there was a 250 per cent increase in both rental prices and average median house prices. It was all land; it was not houses. Once that happens, it percolates through the whole system. Landlords must charge higher rents. It affected low-income and high-income suburbs. There was a differential, but the increase in prices in low-income suburbs was probably larger, except for some of the riverside properties and Cottesloe, and there was averaging out. It percolates slowly throughout the economy. It is one of the major fixed factors in production: rents go up and the cost of using businesses and whatnot go up. It is the government's major problem. Between 2008 and 2012—I am not saying it is because of our policy—house prices have been relatively stagnant, with some variation, but from what I read in the paper and see on TV the head of the Reserve Bank of Australia has said that he is worried we are going to see another spike in house prices, largely because of investors coming in, particularly overseas investors. Even though investors are not a large proportion of the market, they drive the market to a large extent. We need them, because someone has to buy the rental properties. It comes down to housing and housing policy. When we are locked in to these large increases in values in properties, it is hard to shake it up. We need a long period of slow, sustained, low growth. We need some growth for liquidity in the market and getting people to build rental properties, but we have to have a long period of little growth to compensate for it. Housing affordability has improved over the last five years, but we still have a long way to go. In the situation in which we have inflation in the necessary input of rent and housing, low-income earners struggle.

There is also another aspect of our housing market, which the member for Mirrabooka and member for Maylands hinted at; that is, in our housing market, most investors are not focusing on being professional landlords, but are actually speculating on capital gains. The reason is that the gross rental yield from housing is only about three per cent. If someone wanted to be a landlord, they would need gross rental yields of above eight per cent. Back in 1982, when I first came to Western Australia, that was the rental yield. We have shifted around.

**Mr P.B. Watson:** Minister, do you think that negative gearing is a good thing for the economy?

**Dr M.D. NAHAN:** First, there is negative gearing outside housing. People can negative gear with shares and other investments.

**Mr P.B. Watson:** I am referring to housing.

**Dr M.D. NAHAN:** I believe we should treat investments evenly. Has it led to too much speculative investment in housing? Yes, it has. How do we get out of there? Every member in this place knows that people who invest in properties often use negative gearing. I remember when Paul Keating—I think, in the late 1980s—removed negative gearing. His policy lasted as long as our feed-in tariff policy did—for similar reasons. The hit on those who had negative-gear investment property was too large to be sustained. Once we have a policy that works wrong, how do we get out of it? We have to work our way out of our energy policy. What do we do about this situation? As a government, we can do a number of things. We have to get land on the market. We have to get greater flexibility in the housing market particularly, as the member for Maylands said, we can get a greater variety of housing stock that fits the needs of low-income renters and owners. We have not got there yet. Members can talk to the people who are building flats in the city and they will tell them that they cannot build a two-bedroom flat for below the median house price. Flats are not going to be the solution. A great Western Australian passed away a week ago, Mr Buckeridge. One of his great contributions to Western Australia was to build quite a bit of boring-looking flats in various places in the 60s and 70s. That construction has come to a halt. We have to be more flexible in our zoning arrangements and costing. We need innovations in the type of housing that we build, so we can get lower cost flats onto the market. That is our aim. All people who have children know that it is very hard for them to enter the housing market because of the cost of a house, especially if a young person has a higher education contribution scheme debt, and they have high entertainment costs nowadays. That is something that members of Parliament, as leaders of community and as parents, have to address. What did the government do? It substantially invested in social housing, with 5 300 units of housing to date over our term in government. I might add that during the early part of the last decade when house prices were going up, the waiting list in social housing, Department of Housing homes, in 2002–03 went from fewer

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than 13 000 to 21 726 in 2008–09. That is a large increase in the waiting list. When prices were going up, obviously rents were going up and people were struggling to afford private housing, so they went over to the government side and there simply was not the capacity for them to be grown in. We did not build enough housing in that period through the Department of Housing—end of story. In 2013, the housing waiting list was about what it was in 2008. It has not grown; it has gone down slightly. The government has stabilised the waiting list. We built a large number of properties, 5 300, but that is just treading water.

I compliment the Department of Housing, which has been very innovative in terms of the mix of services it provides, how it provides them and in how it works with the government and the private sector. The department has been extremely good and it has been positive for people. I congratulate the various ministers and the Department of Housing on that. Do we have a long way to go?

**Mr R.H. Cook:** And the Rudd government—they paid for it!

**Dr M.D. NAHAN:** And the Liberal–National state government, too. First home buyers assistance is also provided to people. In the end, people do not generally want to be renters; they realise and expect that the way to get an asset base in the future is to buy a house, and I support that. The assistance to get into the housing market has been significant. The previous Labor government introduced a policy of basically exempting stamp duties on first home purchases for houses below \$500 000, which was phased up to \$600 000. That provides a benefit to first home buyers in the vicinity of \$27 000 to purchase a house and that is substantial—much higher than in any other state; no other state has that.

Another area of much discussion in which the government has assisted is on the various rates and charges for utilities—water and all sorts of things. Again, when we look at the data on this, a couple of things jump out. We have a representative household model that was done by Treasury to be able to estimate the impact on our households and it is also a household model applied to all other states. The information relates to things such as motor vehicles, taxes and charges, recurring fees, utility charges such as electricity and water, public transport—student fees and full fees—stamp duty, insurance and whatnot. The model takes a characteristic household, applies an agreed set of state taxes, charges and imposts on that household and estimates the aggregate. In 2013–14 Western Australia’s aggregate is \$4 828. Compared with New South Wales at \$6 800, we are \$2 000 below. For this basket of goods we are the lowest impost state in the country. I will put it differently: we have the highest income and we have a very robust economy, and the state government imposes the lowest impost on households of any state. This does not include the subsidies we provide to households that other states do not provide in some of these areas. For instance, it does not include the \$400 of utility subsidies we give by providing electricity tariffs below cost; it is the same with water. New South Wales, Victoria, Queensland, South Australia and the ACT have fully priced electricity, but we subsidise households to the tune of \$400. The impact on household charges would be lower than that of any other state by a large margin. We have measured that.

We also have a whole raft of assistance measures to try to accommodate utility charges, such as the cost-of-living assistance payments. We pay over \$1 billion in social concessions a year, which is exceedingly large. There is also the hardship utility grant scheme and other things. As a government we have helped to grow the state. We have done well in assisting and facilitating the growth of wages so that even though the cost of living has gone up over the last few years, on average in Western Australia income levels have more than compensated and they have improved relative to 2008 when we came into government. More importantly, they are 25 per cent higher above other states, when income and the cost of living are considered. Also, we are the lowest by far regarding basket-of-goods imposts on households. We also have a range of assistance measures that we provide to people on lower incomes both to target specific utility charges and other things. There is also the Seniors Card that provides benefits of about \$1 400 per family per year, which is quite good. That does not mean that people on the lowest incomes are not struggling nor does it mean that we have fully compensated people for even the state increases in costs. As the Minister for Energy, it is with great lament that I say we have had to increase prices as much as we have done and it is with even more lament that I say that costs have gone up higher. However, to wash it out, we have done a remarkably good job of making Western Australia, again, the most comfortable place to live for most people who choose to live here. If anyone wants an indication of that, they can look at the 50 000 to 60 000 people who migrate here a year, many of whom, of course, go to my electorate. They say that it is frightfully expensive but that they are lucky they live here and they will never go back.

**MR C.J. TALLENTIRE (Gosnells)** [5.36 pm]: I rise to speak in support of the motion before the house. It condemns the Premier for misleading the people of Western Australia about the increases in the cost of living and the impact his government’s increases will have on homes and businesses. I believe that in my electorate we are seeing the creation of a two-speed economy. A small number of people are doing reasonably well. Some are engaged in the fly in, fly out operations of the resources sector, and some work with companies that provide services to the resources sector or are involved in a professional activity such as clerical work or other skilled

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work. That is a group in my electorate. However, I also see a group of people whose lifestyle is defined by the poverty in which they live and that is so sad to see because those people become all-consumed by that poverty-stricken lifestyle they are condemned to. Why are they in that situation? It is because they have a fixed income and a very low income. In the excellent speeches from the members for Maylands and Mirrabooka we heard about the levels of revenue that people are living on. When I realise that the minimum wage is around \$88.90 a day and contemplate living on that, and that some people on the Newstart allowance might be on \$35.70 a day, it is almost impossible to imagine how people would be able to live on that. That is why I say that every waking moment of those people is dominated by the concerns about how they will get through the day on that level of revenue. That is very sad for those people. Poverty becomes all-consuming and it means that the outlook on life is shaped by that situation.

I want to come back to a few issues around that poverty-stricken lifestyle and discuss some of the causes of it. I also want to say that although the quality of life of people in Western Australia has been eroded by rising electricity prices, water prices and gas prices, there is another kind of erosion going on—that is, the value of people's assets, especially when people's properties and neighbouring properties are suffering the consequences of some form of contamination. I have seen cases of this through my portfolio and I have mentioned in this place before that I have talked to people who are absolutely struck with fear about the consequences of contamination getting onto a neighbour's property and then getting onto their property from a property where the owner has sought to make money out of taking waste with all kinds noxious materials. That is a very bad situation indeed.

I refer to the people of Oakford. Hon Alanna Clohesy asked a question in the other place about a property, lot 6, owned by J. and N. Avila, the entry of which is off King Road, Oakford. It is in an easement where there had been electric powerlines, on which materials have been dumped. I heard from a former employee of the company that operated on the site, ATA Constructions Pty Ltd, that all kinds of dreadful materials have been buried on this property. I call on the contaminated sites branch of the Department of Environment Regulation to conduct an investigation into this. Things dumped at the site include toxic substances; tar, oil drums, batteries, sump and other oils and, at the less damaging end of the spectrum, motor vehicle tyres. All of these things would render a site contaminated. These are dreadful materials that are leaching into the groundwater supply; the Jandakot mound. I note in the response to Hon Alanna Clohesy's question that the Department of Environment Regulation was unclear whether this property was located on the Jandakot mound, but I have information that shows very clearly that it is. This is another kind of cost-of-living pressure that people are facing; they are suffering the consequences of the value of their asset being eroded, because the government has failed to properly tackle the issue of land contamination. I look to the government to investigate this issue. There should be independent testing, yet the government is happy to let the property owners of the site commission their friends to undertake that testing. We need independent testing done. The information from the former worker, who claims to know what is buried at the property, needs to be fully tested as well.

The issue of poverty in our community is frightening. There is so much wealth in our society and there is the potential for that wealth to be shared, but we see so many people missing out. That is a huge injustice that all of us in this place should put our minds to solving. Poverty is an issue that the Gosnells Community Legal Centre finds itself constantly tackling. I have mentioned the work of the South East Metropolitan Emergency Relief Forum in the past. It is seeing constant growth in demand for its services. For example, when children go back to school, their families and carers have to meet the extra charges they did not know they would face, because they thought Western Australia had a free, good-quality state education system. These people want the best education for their children but suddenly they find that there are additional charges. They do not want to see their children missing out or being ostracised from the other kids in their classes, so they do their best to ensure that they can pay that little bit extra to allow their children to access excursions and special courses, and have the right gear for school so they can truly fit in and be part of the school group. That forces people into situations of great financial difficulty. We really need to be able to provide assistance when people are trying to do their very best but still find that the bills are piling up and they are struggling to pay them. It is sad that programs such as the hardship efficiency program have been done away with; we no longer have those services. I mentioned the Gosnells Community Legal Centre, and there is some capacity for financial counselling at that centre but the services it is providing are stretched. Some people do not realise how a financial counselling service could benefit them. People hear the term "financial counselling" and imagine that it is not for them; that it is for people interested in acquiring property or shareholding portfolios. Some people do not realise that the time when they have very little is the most important time to get good financial advice. Good financial advice is something that people need to access. The reports I have received are that the demand for these services far outstrips the ability of groups such as the Gosnells Community Legal Centre to provide them. The latest statistics on access to the hardship utility grant scheme—HUGS—show how much demand for the scheme has grown from 2011–12 to 2012–13. There are suburbs where a lot of people are doing quite well, but there are pockets of poverty. From 2011–12 to 2012–

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13, the demand for HUGS in Thornlie grew from 199 to 238 applications. In Gosnells, during that same period, demand went up from 295 applications to 359. That is just an indication of the extent of the problem.

The opposition knows that this government's view is that there should be cost reflectivity and movement towards a user-pays system. I think it is curious that we are seeing the user-pays system applied inequitably. The pastime of one of my constituents, Ms Christine Hornby, is breeding finches. Ms Hornby lives in Thornlie and is involved in saving native finch species. She also breeds exotic finch species. Ms Hornby imports and trades finches, which keeps the gene pool of finches as wide as possible. Each time she imports an animal, she is required to go through a quarantine inspection by the Department of Agriculture and Food. I think that is necessary; quarantine is an important aspect of animal husbandry. Ms Hornby accepts the need for quarantine inspections, but the hourly rate she is charged for the inspection of a couple of finches in a cage is the same as the rate the Department of Agriculture and Food charges for looking at animals worth many thousands of dollars or for disease inspections in far-flung parts of the state. These are very different matters. I imagine an inspection of thoroughbred livestock could involve animals worth millions of dollars, yet the hourly rate for an inspection applied to thoroughbred livestock is \$43 an hour, which is the same as that applied to a cage of finches flown in from the eastern states. I do not think the government either understands or cares about the inequities involved; it is a one-size-fits-all approach. That is a mistake that we can all so easily make. Just because members in this place have the financial means to pay slightly higher electricity bills does not mean the rest of the community will be able to pay as easily. We are in a rarefied atmosphere in this place. There is no doubt that many Western Australians are doing quite nicely, thank you very much. But for a section of the community—I see a number of them in my electorate—poverty dominates their day and shapes their outlook on life, and that is extremely sad. I support this motion. I want to see an end to poverty at all kinds of levels. The Close the Gap campaign has provided valuable work; however, in our suburbs, we have a less visible style of poverty that people can overlook, because on the surface these people generally have a home to go to, but they are often struggling in a very great way. I have not touched on those people who are desperate for accommodation, who are in a crisis situation, and have nowhere to live at all. As the Treasurer himself said, the cost of —

**Mr D.A. Templeman:** Where is he?

**Mr C.J. TALLENTIRE:** He has disappeared. He has given his speech and he has wandered off.

[Quorum formed.]

*Debate Resumed*

**Mr C.J. TALLENTIRE:** In concluding my support for this motion, I say again that there is an injustice in our community. It is unfair that people should have their lives dominated by the constant prospect of facing a poverty situation that is not of their making, but has been thrust upon them, so that they are victims. That is a great unfairness.

**MR P. ABETZ (Southern River)** [5.52 pm]: I will make a short contribution to this debate. One of the things we so often hear is that the poor are getting poorer and the rich are getting richer. The reality is—the figures show very clearly—that we are all getting richer. The Organisation for Economic Cooperation and Development found in its report titled, “An Overview of Growing Income Inequalities in OECD Countries: Main Findings”, that in Australia, from 1985 to 2008, the bottom decile had their incomes increased, in real terms, each year on average by three per cent. In real terms, the bottom 10 per cent's income was increasing at three per cent a year. The income in the top decile in that time period—that is, 1985 to 2008—increased by 4.5 per cent. Therefore, the income growth in the top decile was faster than the bottom decile. Nonetheless, the bottom decile is increasing its income in real terms. From 1985 to 2008, the real income, in real terms, of the bottom 10 per cent has gone up three per cent every single year, on average. I do not have the figures for 2008 to 2014, but I suspect that it would not be very much different.

**Mr D.A. Templeman:** That's five years.

**Mr P. ABETZ:** Sure.

**Mr D.A. Templeman:** Isn't that convenient! That's five years of your government!

**Mr P. ABETZ:** That is right.

**Mr D.A. Templeman:** You haven't got the figures for the five years of your government.

**Mr P. ABETZ:** This is for Australia.

**Mr D.A. Templeman:** How convenient is that!

**The ACTING SPEAKER:** Member for Mandurah!

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**Mr P. ABETZ:** I could not quickly find any documentation for those figures. That is why I do not have any later figures available. When we look at what is happening across the country using Treasury's interjurisdictional representative household model that includes the cost of owning a motor vehicle; utility charges—that is, electricity and water—public transport; stamp duty insurance and compulsory third party insurance, we can see that the very latest figures for Western Australia for that total expenditure basket comes to \$4 828.69. The only state that is lower is Tasmania at \$4 843.25. In terms of the actual costs, we are not doing too badly in comparison with the other states.

One of the things we need to look at is so-called poverty; it is a very complex issue. Having previously worked with people who are, if you like, down-and-out, I have seen many faces of poverty. Unfortunately, the greatest cause of poverty in Australia today is family breakdown. That is the biggest cause of poverty, and it is a tragedy. When a couple breaks up, their costs increase. There are two houses or two places of accommodation that are needed and both spouses need a motor vehicle, and so on. There is plenty of data out there indicating that the greatest cause of poverty is, in fact, relationship or family breakdown. The difficulty is to what extent the government takes responsibility for that. Ultimately, people need to take responsibility. Certainly, there are very genuine reasons for the breakup of relationships, such as domestic violence. Nobody would want people to continue in that kind of relationship, and I really feel for those people who are in that situation and find themselves in real serious poverty.

The greatest cost factor for any individual, or even a household, is generally the cost of housing. I was talking to a gentleman on the weekend who earns \$900 a week. His rental property costs \$300 a week, and the only place he could find rent at that price was a small place out at Armadale, which is way out of the city. In Southern River, for example, it is very difficult to find any rental property under \$500 a week, and for many it is closer to \$550. Certainly, housing is a very significant cost. For the average person in our community, as far as the cost-of-living pressures are concerned, given that incomes in real terms have been increasing steadily for so long, when people say that the cost of living is getting out of hand, we need to ask ourselves whether it is the cost of living or the cost of the lifestyle that we are aspiring to live. When my wife and I lived in Geelong when I was attending theological college, our income for that four-year period was, according to the figures that were being used at that time, way below the poverty line. We were supposed to be starving or something, but we look back at those four years in Geelong as really fun years. We had to turn over every dollar before we spent it—that was for sure, but it was probably a pretty healthy time because we never bought takeaways; we could not afford it. Other students at the theological college knew a bakery where somebody could go each night to get the leftover bread, so that we all got free bread the next day.

Sure, it was a day old, but beggars cannot be choosers. There are lots of things that people can do, even though they have very low incomes, to maintain a healthy lifestyle and get on with life. We did not end up going on a cruise or anything like that, but we still enjoyed holidays because we could camp very cheaply in a tent on someone's farm. There are ways that people can get by, even if they have a very low income. The biggest —

**Mr D.J. Kelly:** Did you have any kids at that stage?

**Mr P. ABETZ:** We had four children at that stage, and the first one was going to school. Incidentally, on that score, she went to the local Lutheran kindergarten and we had to pay fees for her to go there. We managed to do that, even though, supposedly, we were living way below the poverty line.

My dear wife would get the so-called junk mail, which was very welcome in our letterbox, and do her shopping list looking at where the specials were. She would do the rounds of the three supermarkets in Geelong West and very frugally shop. We managed to live quite comfortably. Similarly, although it was hot, we did not turn on the air conditioning. We had one little air conditioner in the window, but we did without it. In winter Geelong can get quite cold, but we were very frugal with turning on the heater. We would put on a jumper and perhaps a jacket rather than turn on the heater.

People can get by, but I think one of the great things about living in Australia today is the fact that the income of the poorest 10 per cent of people has increased on average by three per cent every year in real terms. That indicates, if we think we are so poor, that we need to ask ourselves: what are our expectations? It is too easy to look across the fence and see someone who is earning 100 grand and say, "Wow! I wish I could have what they have." That is understandable, but we should accept that we need to live within our means and make do with that. Certainly, if people aspire to a higher income, a better education or a promotion, that is all good, but overall we really need to ask ourselves: what is the main driver of poverty? I ran a drug rehabilitation support group in Willetton for a number of years and saw the poverty of people struggling with drug or alcohol addiction. The poverty for their families was massive. Many people I dealt with were behind in the rent, not because they could not afford it but they had the wrong priorities. That was a tragedy for their families. Often it was the children

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who were caught up in that without in any way being responsible for it because their parents' habits created that poverty.

**Mr R.H. Cook:** So it's their fault!

**Mr P. ABETZ:** If a person spends their income on illicit drugs and excessive amounts of alcohol, I definitely say it is their fault, yes, because nobody is forcing them to do that. It is different if a person leaves their partner because of domestic violence and has no money. That is a very different type of scenario.

One of the issues that we need to address is the cost of housing. I am pleased to say that the government has continued the Keystart program, which gives many young couples the opportunity to get into their first home at a rate that they can afford. It is good to see that the housing industry is starting to offer more small units on cottage blocks. My electorate of Southern River is now a comparatively expensive area, but one can buy small house-and-land packages on what I refer to as cottage blocks for \$300 000-odd. It provides a lower entry point than a normal house on a normal-sized block that would sell for \$500 000 to \$600 000 in Southern River. Creating diversity in the housing market is certainly a great way to make it easier for people to get into appropriate housing.

The issues of electricity prices, water prices and cost reflectivity have also been raised in the debate. My view is that the bulk of people, surely, would want to pay what their electricity actually costs. I do not want other people to subsidise my electricity, given the income that I am on today. I believe that is immoral. I believe that it is important that governments charge what it costs to provide electricity so that people know what it costs and can then make choices based on that. People would think that electricity is expensive, so it is worth putting in low-energy light globes et cetera to reduce their consumption. We provide assistance, such as the supply rebate and the hardship utility grant, for people who are on very low incomes.

**Mr D.J. Kelly:** You do that only for the dirt poor. There's a whole bunch of people who are earning a wage who can't afford what you can afford. You're doing nothing for them.

**Mr P. ABETZ:** I believe that people who are really poor, for whatever reason, and cannot pay their electricity bill should get assistance. I do not have an issue with that. However, I believe that people who are on average incomes should pay what it actually costs. If we do not charge what electricity costs, we take tax dollars to pay for it, which ultimately comes out of the wider community's tax base and means that there is less money for education, roads and everything else. I am a firm believer that people should pay what it costs. If we do not charge what it costs, we distort demand. If electricity in reality costs, say, 30c a kilowatt hour but we charge only 23c a kilowatt hour, there is no incentive for people to make adjustments to their electricity usage to reflect the real cost to the community. It is a little like after the Russian Revolution when the communists in Russia decided that bread should be free, which resulted in everyone feeding bread to their chooks and pigs because it was free, and the government could not provide enough bread. If we pay what it really costs for bread, bread is used to feed humans and grain or skim milk or whatever is used to feed pigs. I do not believe it is appropriate to distort the market.

**Mr R.H. Cook:** So, no-one should be subsidised. There should be no industry assistance. There should be no subsidies for anyone because they have to understand the true value of it.

**Mr P. ABETZ:** I totally oppose a broad subsidy for rich and poor alike, but I have no objection at all to assistance for the poor, such as HUGS, and the supply rebate for people on the age pension and healthcare card holders. I fully support that.

**Mr D.J. Kelly:** That only helps so few. There is a huge gap. A huge bunch of people at the bottom end of the income scale get no subsidies and they still pay these massive increases in the price of electricity and water.

**Mr P. ABETZ:** Sure, there are people who some of us refer to as the working poor in the sense that they are not on a pension, they are working, and life for them is much more difficult. However, I remind members that back in 1985, people on a similar income were doing it even tougher because, in real terms, incomes have increased by three per cent a year since then.

People who were described as poor back in 1985, or the bottom 10 per cent, are much better off today in real terms than they were back in 1985. With that, I conclude my remarks.

**MR R.H. COOK (Kwinana — Deputy Leader of the Opposition)** [6.10 pm]: I will not keep the house for long but I will make some brief comments this evening in this very important debate. In the unfolding political events of 2014, whether it be sharks, prisoners leaving jail or other events that have taken our attention of late, we have lost track of a very important issue in our community; that is, the cost of living and the impact of the Barnett government's policies in relation to that. I remind members of the wording of this motion moved by the member for Maylands —



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That the house condemns the Premier for misleading the people of Western Australia regarding increases to the cost of living and the impact his government's increases will have on homes and businesses.

It is very important for members to be reminded of that. We have learnt that this government, certainly since the last election, will say one thing before an election and entirely another thing after it. Time and again this government and its ministers will do anything and say anything before an election to capture the votes to make sure it stays in power, but after an election it comes up with a completely different story to repudiate what it has said. It is around the issue of utility costs, particularly electricity, that we see this dishonesty writ large, and the people of Western Australia are being damaged by that.

Members may remember that debate before the last election centred around electricity prices and how the increases that the Barnett government had imposed were crippling the Western Australian public. Between 2008–09 and 2012–13, for instance, total government charges rose from \$3 686 to \$4 748. That was a significant increase. If we factor in the increases that have come in since then, total government charges have risen to \$5 004 per average household bill. That is a 35 per cent increase, which is a significant increase.

**Mr P. Abetz:** Does that include gas and electricity?

**Mr R.H. COOK:** That is correct, member. These are significant imposts and that is what this motion is about. Members will remember that electricity prices and other price hikes were very current at the time of the election debate. There was a great deal of concern about them, as were the issues of rail lines out to Ellenbrook and the airport, member for Swan Hills. Alisha O'Flaherty, one of the journalists on the panel during the leaders' debate, asked —

Premier power prices have jumped by more than 60 per cent under your watch and the budget forecasts further hikes of 25 per cent over three years. Is that what you are planning?

**Premier:** Ah no, it is true that electricity prices have gone up significantly but Western Australia still has some of the lowest electricity prices in the country ...

The Premier went on to say —

It wasn't a decision I enjoyed making, but it was a decision that had to be made. In the last two years electricity prices have gone up 5 per cent and 3.5 per cent and we will keep electricity prices at or around the rate of inflation.

I repeat: "at or around the rate of inflation". The Premier admittedly was not looking down the barrel of the camera; he seemed to look everywhere but, but he said to the people of Western Australia in very clear words that further increases would stay "at or around the rate of inflation".

On 9 May the government issued a press release outlining increases to a range of household fees and charges. This was ahead of the budget. Electricity was to rise by four per cent when the current inflation rate was only 2.75 per cent. There were a number of other charges as well. This goes to the issue of honesty—the honesty of this government and its capacity to keep its promises to the people of Western Australia. Time and again we hear Liberal Party lies prior to an election. It repudiates the promises once it gets the votes in the back pocket and runs off and does the exact opposite. The important part of the member for Maylands' motion is about the honesty of this government. We have seen increases in electricity charges. In 2008–09, the average household electricity charge was \$963. Today it is \$1 630. In 2008–09, the water charge was \$401; today it is \$654. The emergency service levy has risen from around \$144 in 2008–09 to over \$220. The average gas bill has gone from \$390 in 2008–09 to \$651. These are significant increases.

I take the point that the member for Southern River makes that people have to understand the price of these things, but we on this side contend that we do not necessarily have to treat everything like a private commodity. Some things are public goods, and it is important that we ensure people can afford these public goods. The Labor Party contends that certain things such as water and electricity—basic services to the household—should not be part of the crippling costs that people are experiencing. The member for Southern River is quite right: we have a safety net for people who are dirt poor. The Liberal Party seems to view poverty as someone wearing a hessian sack to the church to beg for a bit of cheese or bread—it is not. Today, a lot of people in our society are struggling to make ends meet. They might have a part-time job because they cannot find a full-time job, they might be working in a job that has extremely low wages and therefore they are being exploited, or they might simply have a range of medical or other issues that impact upon their ability to afford basic goods in our community. This is what we are concerned about. The government wrings its hands and says that the price of land has gone up and that is really difficult to deal with, even though this government has seen a dramatic reduction in the amount of land coming onto the market. Lo and behold, we have a spike in the cost of land. The

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government looks at the economy and the general impact of higher prices and says, “Isn’t this a shame? Isn’t this a pity?” It is entirely another thing, however, to add to the misery of people’s cost of living woes by lumping them with increases to electricity bills, emergency services levies and water bills. That is what we have such a problem with.

This motion is not about global elements that bring about the cost of a basket of goods impacting upon people’s lives, which the good Treasurer alluded to; it is about their day-to-day living. We might be able to draw broad policy perspectives around the cost of living and wage growth, but we also have increasing inequality in wages and income levels. Although some people do very well, a lot of other people—the working poor—are really struggling to make ends meet. These are the people who come to our offices on a day-to-day basis saying they cannot afford the private rental market and therefore they are being tipped into the public housing market.

These are the people who are putting pressure on community services. These are the people who might present as having a job and whose kids go to school wearing uniforms, but they still have to get food hampers from the local charities because they are struggling to make ends meet.

Tonight I want to relay to the house a range of comments that have been made to me by people in my community in Kwinana. As many people will be aware, Kwinana is not one of those parts of the metropolitan area that necessarily has residents with high incomes. There are not a lot of people in this area who those opposite can point to as being part of Western Australian wages growth. A lot of these people are doing it really tough; they are hurting. One person has said that they are receiving a carer’s payment, so they are unable to work, but the cost of everything is rising. They said —

In between increasing rent, electric, gas, water and phone I can barely afford to feed and clothe my family. I didn’t choose to have to live on benefits but my daughters helps means no working.

I refer to a very pertinent case in terms of the impact that the cost of living has on our health system because people have to go to hospital more often as they are unable to care for their health. A member in my community has said —

With the increase in everything my families lives are just harder and harder to get by. Even with my husband having such a good wage. My health has suffered as I can’t always afford my insulin supplies and have to stretch what I have further, causing a higher risk of illness and death.

These are the other social costs associated with these increases in the cost of living. Another person says —

My experience is that the side effect of so many people making good money on hard working fifo jobs is driving up the cost of living for the rest of the people in Perth. The problem being that their wages have not grown to keep up with local inflation. There are two good examples where you can see this; 1. Tradies have been lured to work up north driving up prices for local tradies in Perth. 2. Real estate has boomed due to more people being able to afford more expensive houses with as result rent and mortgages have become less and less affordable.

Although the government may be correct in pointing to an increase in overall incomes of a lot of people in Western Australia, many are being left behind. They are struggling to cope with the increased cost of living as a result of this government increasing household fees and charges. This is the same government that said prior to the election that it would put up fees and charges only at or about the rate of inflation. This was a direct lie to the people of Western Australia to get their votes. This government is dishonest. This is the best example I have seen of not only how dishonest it is but the impact and hurt that this dishonesty is having on the people of Western Australia. When I asked another constituent how they were faring with the cost of living, they said —

Not coping! Call it poor management, whatever, but bills keep increasing, wages don’t, and when you stretch yourself to the limit to live your dream, you fight ... as wages get higher so does the cost of living because the mentality is ‘Perth is a mining town therefore you’re rolling in it’ ... not always the case.

That underpins the point I was making: yes, some people are doing well in Western Australia, but many are not. Another person has said —

With electricity close to being a human right these days, —

I do not think the person means it is a right, but it is a social good. It is not a private commodity that we can do without, because so much of our lives depend upon having electricity —

how bout making it illegal to cut off the electricity of anyone over 50 and also where there is an under 18 year old residing at the place.

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People are thinking about these issues and the fact that their bills continue to roll in and the cost of living is increasing. They are continuing to think about the fact that they are struggling to cope, and this is having an impact upon them, their health and their capacity to participate in society. As a result, they are looking at the promises that were made by the government prior to the election that were broken. The people of Western Australia have to live with the fact that this government lied to them prior to the election, saying that it would increase their fees and charges only at or around the rate of inflation. The fact is that it did the exact opposite. The government is continuing to increase fees and charges, it is continuing to slug WA taxpayers and it is continuing to hurt people in my community and other communities in Western Australia because they are struggling to cope with the cost of living.

**MR D.J. KELLY (Bassendean)** [6.26 pm]: I want to contribute to the debate on this motion. While he is still here and before I forget, I will make a few comments about some of the issues raised by the member for Southern River. He started by saying that we are often told that the rich are getting richer and the poor are getting poorer but, in fact, we are all getting richer. He quoted figures from 1985 to 2008, which said that the bottom 10 per cent of people in Australia have, year on year, increased their real incomes by three per cent. That was proof that the poor are getting richer and somehow that negates some of the other things that have been raised in this debate.

I wish to say a couple of things in response. Measurement of income and cost of living in real terms is basically measuring people's incomes against the inflation rate. The inflation rate is a very poor measure of real cost-of-living increases for low income earners because it is measured on a basket of goods, from overseas holidays to a loaf of bread. One of the things that we discovered at the union that I worked for, United Voice—we represented many low income workers—is that these workers were spending much more of their income on things such as food, rent and medicines and less of their income on overseas holidays, new cars and the like. One of the things that has kept inflation down in Australia, certainly in recent years, is the high Australian dollar, which has meant that imported goods, new cars and overseas holidays are much cheaper. That has kept the overall cost of living—the overall inflation rate—down, but if we are not spending our income on those items but spending it on domestic goods and they are increasing at much higher rates —

**Mr P. Abetz:** Groceries aren't.

**Mr D.J. KELLY:** Things like groceries have increased significantly. Poor people spend most of their money on food, medical costs and housing. Many of those items have increased at much higher than the average rate of inflation. To simply look at the average inflation rate does not really give us a true measure of the cost-of-living increases. The member for Southern River should be careful about relying on those global figures because they do not really show the full impact on low income earners. The other flaw in his argument was that the figures he gave go only to 2008. Of course, 2008 was the year that his government was elected. He might want to go back and look at how the decisions of his government have impacted on low income earners in Western Australia. The figures he gave were for Australia; thankfully, his government does not run the country.

I want to comment on another point he made. He said that the greatest cause of poverty in Australia was family breakdown. Of course, when families separate there is an additional housing cost, but I think it is a quite extraordinary thing to say that that is the greatest cause of poverty in Australia. If the primary breadwinner in a family is a childcare worker who, despite being in a full-time job, still earns only \$35 000, they will be struggling regardless of whether there is one or two breadwinners in the family. It is the wage of the breadwinner that is important, not whether they are separated from their partner. It is, in fact, whether there is a breadwinner at all. If someone loses their main source of income, they become unemployed. In my view that, or people becoming sick or elderly, outstrips family breakdown as a cause of poverty by a long stretch.

Before I talk specifically about some of the cost-of-living measures, I want to touch on something that I know some other speakers from this side have already talked about, which is the report released recently by the Bankwest Curtin Economics Centre at Curtin University titled "Sharing the Boom: The distribution of income and wealth in WA". It provides some Western Australian-specific figures and basically reveals that it is high income earners who have benefited most from the boom. The member for Southern River might say, "Well, that might be okay, but if the people at the bottom are still getting richer, that's still a good thing". To me, the most startling figures revealed in that report were the figures for net wealth in Western Australia. The figures show that the bottom 20 per cent of Western Australians own 0.9 per cent of the accumulated wealth in WA. That is all that the bottom 20 per cent of people in WA have to feed their families. People might say, "Oh well, if that bottom 20 per cent own 0.9 per cent of overall wealth, that might still be okay if that 0.9 per cent represents a reasonable income to live on." However, 0.9 per cent basically means that accumulated household wealth is under \$100 000 a year.

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**Mr P. Abetz** interjected.

**Mr D.J. KELLY:** That includes all their assets; everything they have. It is not their weekly income; it is the value of their accumulated assets. If someone is in a household that has accumulated assets of less than \$100 000 a year, they are clearly a long way off ever being able to own their own home; they would probably be struggling to even raise a deposit. So people in that situation in Western Australia really are doing it tough.

The next 20 per cent up from the bottom 20 per cent own only 5.3 per cent of the accumulated wealth in WA, so the bottom 40 per cent of Western Australians collectively own only 6.2 per cent of the accumulated wealth in Western Australia. That is a pretty staggering figure. One might ask how the top 20 per cent are doing. According to the report, the top 20 per cent of Western Australians own 61.6 per cent of the wealth in WA, and their average household net wealth was \$2.5 million.

**Mr P. Abetz** interjected.

**Mr D.J. KELLY:** The top 20 per cent have 61.6 per cent of the wealth, and that represents, on average, a household net wealth of \$2.5 million, compared with the bottom 20 per cent net wealth of less than \$100 000. That is a huge disparity of wealth here in Western Australia. We like to think that we are an egalitarian society that looks after people who are struggling, and that we are not a country with a huge disparity between rich and poor; but when the top 20 per cent own 61 per cent of the wealth in Western Australia, we are indeed on the path towards being, if we are not already there, a society with a huge disparity between rich and poor. That worries me immensely.

One might ask, “Well, who are the poor?” It used to be the case that if people were poor, they generally were either unemployed, an age or disability pensioner or homeless and the like. They were the common categories of people who might be classed as poor. Now we have in Western Australia people who are better classed as the “working poor”. There are many people in Western Australia who have jobs but who still struggle every day to pay their bills, and these are the people who occupy the bottom 20 per cent or even the bottom 40 per cent of wealth in Western Australia. They are the people who do some of the most difficult work in Western Australia. Someone who is an aged-care worker or working in the disability services sector will be struggling to earn \$20 an hour. That equates to an income of around \$30 000 to \$40 000 a year. Many people in those industries do not have the benefit of a 38-hour week job. Cleaners, security guards—those people who stand out the front of a chemist late at night—they are really struggling. They are among the people in our community who unfortunately can properly be referred to as the working poor. It is not, if you like, the usual suspects; it is not only the unemployed or pensioners of one kind or another. There is now a growing section of our community who work every day, some of whom have more than one job; I have met people while working at the union who have held down three jobs. They are working hard, but they are not earning enough to be able to fully care for their families and participate in our community.

Those figures put this debate into context, but this debate is really about the dishonesty of this government in the way that it has made it more difficult for people to make ends meet through the impact that it has had on the cost of living. During the last election campaign, this government was extremely forthright on the promises it made to people. The Liberal Party sent out pamphlets to all the seats in which it wanted to make an impact that said that its program was fully costed and fully funded. We all know now that that was a monumental lie, because straight after the election the government began to dishonour that commitment by doing a range of things. It looked for opportunities to save money by cutting programs that it had committed to, or it looked at increasing fees and charges by more than it had promised to do. As we now know, its program was not fully costed or fully funded.

It is no wonder that there are not many members of the government sitting in the chamber for these sorts of debates, because I wonder how they come in here every day.

Several members interjected.

**Mr D.J. KELLY:** Do members opposite want me to get a few more in? I am happy to, if they like. I can understand —

Several members interjected.

**Mr D.J. KELLY:** Members opposite are getting antsy. I was about to say that I do not know how they can come to work each day. They were all happy to get elected, but they all know that they got elected on a fundamental Liberal Party lie that the government’s program was fully costed and fully funded.

**Mr S.K. L’Estrange:** Like that spaghetti net of yours!

**Mr D.J. KELLY:** Let us go to the first aspect of it.

**Mr S.K. L’Estrange:** The fully funded, fully costed spaghetti net—do you remember that one?

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**Mr D.J. KELLY:** We were told that the member for Churchlands was a man of integrity—not by the Premier, because he did not want him; he wanted a well-known restaurateur, remember! But other people said that the member for Churchlands was a man of integrity. So how does he feel when the Premier stood in this place and said that he would increase electricity charges only at or about the rate of inflation? The Premier came into this place with the Treasurer on budget day and announced an increase not at the rate of inflation but at four per cent. We all know—even the member for Swan Hills knows—that the rate of inflation is not four per cent. It was one of the commitments that the government made to members of the public of Western Australia in order to get their votes, and it broke that commitment.

Several members interjected.

**Mr D.J. KELLY:** Members opposite are all upset now that they have been called on it.

*Point of Order*

**Mr W.J. JOHNSTON:** I am interested in listening to the member for Bassendean, but there appears to be constant interjections from the members for Churchlands, Perth and Wanneroo, and others. I wonder whether you, Madam Acting Speaker, could direct them to the standing order that all interjections are disorderly.

**The ACTING SPEAKER (Ms J.M. Freeman):** Thank you, member for Cannington. I suggest that we all probably do not make interjections, but that would probably mean that the member for Bassendean also not invite interjections. The member for Bassendean has the floor.

*Debate Resumed*

**Mr D.J. KELLY:** As I was saying —

**Mr P.T. Miles** interjected.

**The ACTING SPEAKER:** Member for Wanneroo, I call you for the first or second time, as the case may be. I made a decision and then you continued, so you are called.

**Mr D.J. KELLY:** As I said, it must be difficult for a person of integrity to come into this place and know that their party got them elected based on not one but also a series of huge dishonest statements, as is the case. The electricity price increase of four per cent in the budget is just one of many. I therefore wonder, knowing the string of broken commitments that we have seen in this place from this government, how people can comfortably come into this place and continue as though nothing has gone wrong. Electricity price increases have had a significant impact on people's ability to feed their families. It might be uncomfortable for members opposite, but they have caused real genuine pain —

**Ms E. Evangel** interjected.

**The ACTING SPEAKER:** Member for Perth, I call you for the first time.

**Mr D.J. KELLY:** People in this community are struggling to pay their electricity bills. I am sure some are in the electorate of Perth. I certainly know some are in the electorate of Wanneroo. The electricity price increases under this government and condoned and supported by members opposite are quite staggering. The cost of electricity under Labor —

**Ms E. Evangel** interjected.

**The ACTING SPEAKER:** Members, really! I have called you. Do you want me to call you again? The member has four more minutes. Let him have his time on the floor. Members who get the call to the floor can make their comments.

**Mr D.J. KELLY:** I might ask for an extension, if that is possible.

[Member's time extended.]

**Mr D.J. KELLY:** Annual electricity charges were \$963 in 2008–09 and \$1 631 in 2013–14. That is a massive increase by any standard. The government has done the same in the area of water. The increase in water charges under this government is 63 per cent; and the budget papers show another six per cent next year and another six per cent the year after. Members opposite may not like to hear it and it may annoy them because it is coming from this side of the chamber, but if they asked people in their electorates, they would know that they are absolutely hurting. Members opposite might say, "Well, if people are struggling, why don't they go out, get themselves a better job, get themselves a higher income, step up the ladder, improve themselves and take responsibility for their own position in life?" We often hear that from those opposite. I will talk about the things that this government has done to make it even harder for people to do that.

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The TAFE costs that the government has increased make it so much more difficult for people to move up that ladder by getting a qualification to help them into a better job where they can potentially earn some additional income. I have mentioned one area of the working poor, that being people who work in aged care. The cost of a TAFE course to get certificate III in aged care went up from \$621 in 2013 to \$1 585 in 2014—a 155 per cent increase. That is how much it costs people to get that qualification to work in aged care. For people already working in aged care with certificate I or certificate II and who want to go to certificate III so that they can get a few more dollars an hour, the government has significantly increased the TAFE charges to a point that those fees are absolutely prohibitive. That does not make any sense when we are desperate to get people to work in the aged-care sector. I know from personal experience at United Voice, as a union that represents aged-care staff, that the sector cannot get people to work in aged care. The hours are very unsociable. People have to work at times when many of us would like to be home with our family. The work that they do is heavy. For a direct-care worker it involves lifting. It is mentally taxing. Obviously they have to treat the residents as friends and family, so they form bonds with them and then, because of the nature of the work, many of the people they have bonded with pass away. It is therefore incredibly emotionally taxing. But the money is very low. An aged-care worker earning 20 bucks an hour is doing well. The sector cannot get people readily these days to go into that work, and to make it more difficult the government has now increased TAFE fees by 155 per cent.

The government made a similar decision to increase TAFE fees for qualifications in the disability services sector. For heaven's sake! What does the government think it is doing? The Premier says that one of his great achievements was to increase funding in the community sector to make some of organisations in the disability services sector more sustainable. The last time I looked at the number of organisation in this sector it was 107, so 107 organisations in the disability services sector received money from the state government. One of the major things that they have said to the state government is that they just cannot get staff to work in that industry, yet the government has put massive barriers in the way of people who do want to work in that industry by increasing TAFE charges. I just do not understand it. Again, there was no mention of those TAFE increases prior to the election. That was another hidden goodie that the government had for people once they accepted its fully costed, fully funded commitment prior to the election. The government went out, realising that it could not pay for its commitments, and looked at areas to increase fees, and one of the areas it chose to increase was TAFE fees. There was no evidence whatsoever that it had anything to do with improving the TAFE sector. It was all about increasing government revenue.

The other thing the government has done to make it more difficult for people to get ahead in their education is the cuts to school budgets. The \$183 million that the government has taken out of school budgets will make it much more difficult for students, particularly those who are struggling, to get a better chance in life. I urge the house to support this motion.

*Division*

Question put and a division taken, the Acting Speaker (Ms J.M. Freeman) casting her vote with the ayes, with the following result —

Ayes (14)

Ms L.L. Baker	Mr W.J. Johnston	Ms S.F. McGurk	Mr P.B. Watson
Dr A.D. Buti	Mr D.J. Kelly	Mr P. Papalia	Mr D.A. Templeman ( <i>Teller</i> )
Mr R.H. Cook	Mr F.M. Logan	Ms R. Saffioti	
Ms J.M. Freeman	Mr M. McGowan	Mr C.J. Tallentire	

Noes (29)

Mr P. Abetz	Ms M.J. Davies	Dr G.G. Jacobs	Mr J. Norberger
Mr F.A. Alban	Mr J.H.D. Day	Mr S.K. L'Estrange	Mr D.T. Redman
Mr C.J. Barnett	Ms E. Evangel	Mr R.S. Love	Mr M.H. Taylor
Mr I.C. Blayney	Mr J.M. Francis	Mr P.T. Miles	Mr T.K. Waldron
Mr I.M. Britza	Mrs G.J. Godfrey	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )
Mr G.M. Castrilli	Mr B.J. Grylls	Mr N.W. Morton	
Mr V.A. Catania	Dr K.D. Hames	Dr M.D. Nahan	
Mr M.J. Cowper	Mr C.D. Hatton	Mr D.C. Nalder	

Pairs

Mrs M.H. Roberts	Mr T.R. Buswell
Mr J.R. Quigley	Ms W.M. Duncan
Ms M.M. Quirk	Mr J.E. McGrath
Mr B.S. Wyatt	Mr A.P. Jacob
Mr M.P. Murray	Mr A.J. Simpson

Question thus negatived.

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 19 March 2014]

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Ms Lisa Baker; Acting Speaker; Mrs Liza Harvey; Ms Janine Freeman; Dr Mike Nahan; Mr Chris Tallentire; Mr Peter Abetz; Mr Roger Cook; Mr Dave Kelly; Mr Bill Johnston

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*House adjourned at 6.55 pm*

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