

WATER SERVICES

Motion

MR F.M. LOGAN (Cockburn) [4.07 pm]: I move —

That this house condemns the Barnett government and Minister for Water for failing to —

- (1) deliver affordable water services to the households of Western Australia; and
- (2) control the excesses of the government-owned Water Corporation.

This motion condemns the Barnett government and the Minister for Water for the two issues that I have raised in this motion; first, the delivery of affordable water services to the households of Western Australia. No further and better example of the reasons I have moved this resolution can be found than in the information that has come to light as a result of the water tariffs inquiry by the Economic Regulation Authority. The report of that inquiry was tabled yesterday for the media and the general public by the authority's chairman, Mr Lyndon Rowe.

Everybody in Western Australia is fully aware of the size and scale of water price increases for the more than half a million households in Western Australia as a direct result of the decisions of the Barnett government. Everybody is aware of it. If someone is a householder who has water services, they are personally aware of the decisions of the Barnett government. If someone is not a householder, if they are simply an observer, they are aware of the decision to increase water services because the opposition has made the community aware of those decisions by continually reminding the community of the scale and outrageous size of those water price hikes.

There has been a 47 per cent increase in the cost of water services over the last three years. Some of the media have taken a different view of the way in which those costs are calculated and have determined the increase in those costs to be 51 per cent. We simply go off the budget figures provided by the government and compound those figures and accept that it is more likely to be 47 per cent. Regardless of which set of figures are correct, when taking them into account, families and households have had to pay even greater increases in electricity and gas prices, which means that some families have literally gone under from the scale of the utility price increases during the term of the Barnett government. No better example can be found than the figures released by the government after questioning by the opposition last year when we discovered that 84 000 households in metropolitan Perth had applied for more time to pay their water bills; that is 160 per cent over and above what it had been in 2008–09. The Water Corporation, showing the sort of mercy that it clearly has, has pursued consumers who failed to pay by using a significant number of means, including legal means. When it was asked what the increase was in the number of people who had been pursued by the Water Corp through legal avenues for the non-payment of their water bills, over 35 per cent more people had been pursued by the Water Corp last year for non-payment of bills than in the previous year. Those figures are illuminating because they show the real picture of the Barnett government's utility price increases in Western Australia; 84 000 struggling families and the Water Corp chasing down over 35 per cent more families by legal means in 2011 compared with 2010.

What have families and consumers got to show for these massive increases? The minister will say, "Well, over the last few years, including over the term of the Labor government, we have built two new desalination plants—the 2005–06 desalination plant in Kwinana that was initiated by the Gallop government and the 2008–09 southern seawater desalination plant that was initiated by the Carpenter government and its current expansion initiated by this government—and somebody has to pay." That is what the minister will argue. That is one argument, but if a person pays 50 per cent more for a product or service, he expects a slight improvement in that service after the extra payment than he might have had before. What have consumers and families got for their payment of 50 per cent more for water? Have they got better water services to the home? No. Water services have not improved. I do not know whether water services to your home, Mr Acting Speaker, have changed dramatically. They certainly have not changed in mine, and I am sure they have not changed in anybody else's home. Water services have not got better. Are water services more efficient now than before we paid the extra 50 per cent?

Mr W.R. Marmion: Yep.

Mr F.M. LOGAN: The minister argues that they are better—that the water services are more efficient. I cannot see where those water services are more efficient. The bill still comes through the door the same way as it did before. We can now get it online, but we could have got our bills online before the election of the Barnett Liberal government. I will be waiting with bated breath to see what other efficiencies the minister points us to because I cannot see any improvement in the efficiency of water services to the home. For example, the widespread rollout of smart meters could be one of those efficiencies whereby we can see a change in the way water services are delivered to the home, so we could at least say, "I pay 50 per cent more for my water, but at least I have a smart meter and a little more control over my water than I had before." Some homes have smart meters. I followed the

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progress of the minister's announcements of the introduction of smart meters in some homes in Western Australia, but there are very few compared with the nearly 600 000 water customers in Western Australia. We have not seen the types of efficiencies that we could point to and say, "Yep, I am paying a lot more for my water but I have got a better service". Have we seen any change in the nature of demand management in Western Australia, for example, with the purchase of discounted water saving equipment or services, like we used to have under the Labor government-initiated Waterwise program? No, that was scrapped by the previous water minister in 2009 and never replaced. All we got was a Target 60 campaign in February this year, which ended in a complete shambolic failure when the Water Corp, in newspaper advertisements, pleaded with and begged consumers to use less water because in February this year we were using more water than we were saving under the Target 60 program. To try to put the program back on track, the Water Corp advertised in the newspaper to say, "Help; the program has run off track and we need your help to bring it back on track because we are consuming more than we are saving."

In the nearly four years of the Barnett Liberal-National government, that is the only demand management program we have seen that is significantly different from that under the Carpenter and Gallop Labor governments. The other programs have always been in place—the ones that the minister may well point to—and they occur from time to time; for example, the schools programs and various other programs that tinker around the edges. Specific demand management programs that would help households reduce water prices by reducing water consumption, and thereby also help the state, are nowhere to be seen. Time and again I have raised in this house the reintroduction of demand management programs and water-saving programs as a sensible rollout to help consumers reduce water consumption and thereby save on their water bills. Nothing has been done. Despite the fact we have had nearly a 50 per cent increase in water prices, nothing has been done physically to help consumers reduce their water bills, apart from the pleading and begging campaign called the Target 60 campaign that was run by the Water Corporation.

For some consumers and households, their water services have gone backwards. On 21 June I raised with the minister the plight of residents in Kingston, Australind, in relation to the discoloured water from their taps. That was before the latest round of water increases. I pointed out that their water was highly discoloured. Not only was it damaging to the equipment in homes, including washing machines and dishwashers, but also, when they put clothes in the washing machine, they came out dirtier than when they were put in. I have photographs to show what are effectively iron oxides and various other organic elements in the water. That has ended up discolouring all the clothes in the washing machine. Clothes end up dirtier as a result of being washed in Water Corporation water than had they not been put in the washing machine. I would like to lay on the table for the rest of the day's sitting some examples of water from Kingston in Australind. Here are some examples of the nice brown stuff.

[The items were tabled for the information of members.]

Mr F.M. LOGAN: The minister is more than welcome to have a swig of that.

Mr W.R. Marmion: When were the water samples taken?

Mr F.M. LOGAN: Three weeks ago.

That is what residents have been paying 50 per cent more for since 2008. If the minister thinks that is quite acceptable, I would strongly encourage him to pour some of that into the glass he may have in front of him and show the rest of the house how he can swig it down without any fear or favour! For some residents in Western Australia, not only has there been no change to the services provided by the Water Corporation, but also their services are worse. They are paying 50 per cent more in water bills for water services, yet water supplied to them has got worse.

To follow up on the Kingston, Australind, water case, there is no doubt that work was done. After I raised this matter with the minister in this house on 21 June, a flushing was undertaken. The problem is that it has not worked. The water is now as bad as it was before. I think that is because of the extent of the problem further up the Water Corporation network itself within the outer Bunbury-Australind system of water supply. The member for Collie-Preston will say a few more words about the Australind situation, because he deals with complaints from constituents in that area.

In terms of the first point in the motion before the house about the delivery of affordable water services to the households of Western Australia, I have given two examples of why the Minister for Water and the Barnett government should stand condemned. The first is the massive increases in the cost of water services to the households of Western Australia. It is 50 per cent more than it was when the Barnett government took office. The consequence of that is that households are struggling. More and more households are applying for extra time to pay water bills. The second example is that nobody can see any improvement whatsoever in Water Corporation services to justify even part of the 50 per cent increase in water bills. The Minister for Water will

say that water bills have to go up because of the massive capital investment made—even through the Labor government period—and at some stage someone has to pay for it. That is acknowledged; there is no disagreement from this side of the house that ultimately water prices have to go up to pay for the investment. It is a question of how it is done and over what time. Should it be done in a way that causes major pain and suffering to those least able to afford water services in Western Australia? No, it should not, because it is uncaring and heartless. That is not a problem to the Liberal–National government—it does not care how hurtful these water price increases or electricity price increases are to Western Australian families. Nobody has seen any change to water services and what they are getting for the 50 per cent extra. In fact, for some—like the residents of Kingston in Australind and other residents around Australind—their services have declined and their water quality has declined. Sitting on the table in the middle of Parliament is a classic example of what I am talking about.

The second component of the motion before the house deals with the condemnation of the Barnett government and the Minister for Water for failing to control the excesses of the government-owned Water Corporation. Again, there are two parts to this argument. The first is the profitability of the Water Corporation. The minister will remember I asked a question about this on 13 September 2012—not very long ago at all; only a couple of weeks ago. I asked whether the minister agreed with the Water Corporation’s suggested price path for the average residential household, which promoted a further 25 per cent increase in the cost of water over the next three years based on the average weighted cost of capital of 6.2 per cent. The reason I brought that before the house was it was part of the Water Corporation’s submission to the Economic Regulation Authority inquiry into the proposed water tariffs for the Water Corporation, Aqwest and Busselton Water. The Water Corporation submission set out three specific price paths for the average residential customer. They were based on the weighted average cost of capital at 5.82 per cent, six per cent and 6.62 per cent for the years 2013–14 through the out years to 2015–16. The main driver of the increases in price for water in Western Australia is the average weighted cost of capital—that is, the borrowings of Water Corp and the formula that is structured for paying for those borrowings. There is a direct flowthrough into the tariff structure, and the price path the ERA adopted would depend on how much more was paid for water. The proposition put forward by Water Corp was that there would be anything from a minimum of a 4.7 per cent increase in 2013–14 to using the 6.62 per cent weighted average cost of capital scenario of 8.5 per cent over the years 2013–14 to the out years 2015–16. Remember that they are compounded increases, which means by compounding those, we are looking at an increase. If the ERA were to adopt the higher scenario, which was a proposal that Water Corp put forward, Water Corp would like that 6.62 per cent increase as a decision of the Economic Regulation Authority, because it would allow a significant increase on its rate of return. The only problem is that someone has to pay for it, and the people who pay for it are us, and we pay for it by 8.5 per cent increases in the price of water every year between 2013 and 2016. As a straight increase, that would be 25.5 per cent, but as a compounded increase it is more like a 28 per cent increase in the price of water between 2013 and 2016. Obviously, given the submission put forward by Water Corp, I asked the minister: which of these glide path and price paths would he choose? Of course, he fudged the answer, as ministers do, because obviously he did not want put his head in the noose as a result of the question put forward by his counterpart in the opposition, and the minister talked about the performance of Water Corp and the dividends of Water Corp. The minister will remember that he pulled out a very nice glossy chart with —

Mr W.R. Marmion: I’ve got it here!

Mr F.M. LOGAN: Bring it out again, because the ERA would love to see that chart! The ERA would love to see that chart, because it would give the ERA an indication of where the minister is coming from. The minister talked about me complaining. Does the minister remember that? I will quote him if he likes. The minister said —

The member for Cockburn is always going on the radio and saying that we are wasting money in the Water Corporation and having higher profits.

It is funny, minister, that that point of view was also shared by the Economic Regulation Authority when it had a very close look at Water Corp’s proposals and Water Corp’s books. It appears that I am not the only voice in the community saying that the figures that the minister put up on his chart and highlighted in this house were disgraceful. Basically, it was a water tax. The profits were so great that they were forming a significant income stream for the state government for other purposes.

Mr W.R. Marmion: It is based on the weighted average cost of capital.

Mr F.M. LOGAN: That is right; it is the weighted average cost of capital. What did the economic regulator say about that, minister? It is interesting the minister raised that. It is a lesson for ministers never to get too close to the organisations that they are responsible for, because sometimes they will bite the minister or bring the minister down as well. Water Corp put up three price path scenarios, as I said, between 5.28 per cent and 6.62

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per cent in terms of the weighted average cost of capital. I asked the minister the question because I wanted to know his opinion. That was the Water Corp's submission. Did the minister support it or did he not? Was it appropriate?

Mr W.R. Marmion: I think I might have responded that I was going to see what the ERA said.

Mr F.M. LOGAN: I know the minister did. That is what I said earlier: the minister ducked the question. One of the things the minister should do is lead from the front—not wait for somebody else to do the leading for him.

Mr W.R. Marmion: So you would have taken the Water Corp's answer.

Mr F.M. LOGAN: Lead from the front, minister. All he has to do to is say, “Yes, I agree with the Water Corp's scenario, that of the company I own”—after all, he is the minister responsible for it; there is one shareholder and the minister is it—“and I think a 5.28 per cent weighted average cost of capital is a healthy, but responsible rate of return.” The minister could have said that, but he failed to do that. He ducked the question. What did the Economic Regulation Authority come down with? It said that not only would the Water Corporation not get any one of the three price path scenarios that it put forward, but that it considers an estimate of 4.6 per cent appropriate, which is significantly below —

Mr W.R. Marmion: Is it 4.06 per cent or 4.6 per cent?

Mr F.M. LOGAN: It is 4.60 per cent. The ERA said that that is appropriate. It said that the main reason for the relatively low rates of return that were applied in this inquiry is that the nominal risk-free rate is currently at a low level. As I said, the weighted average cost of capital is the direct driver of the price of tariffs going forward. Whereas the Water Corp wanted to have anywhere between 5.28 per cent and 6.62 per cent increases, which would lead to anything between five per cent and 8.5 per cent increases in water prices, the ERA said that that was not acceptable and in fact that the risk rate, which is always part of the formula for the weighted average cost of capital, is significantly lower than what the Water Corporation is trying to claim, and therefore its weighted average cost of capital should be significantly lower. Following that line of argument, the ERA then said that prices for water going forward will be significantly lower as well. I asked those questions because I wanted to know exactly where the minister stood on this issue. Of course, as I said, the minister ducked the question, and that in itself is a failure of leadership and confirms the reason I brought this motion to the house. The Minister for Water, as the owner and leader of Water Corp—it has one shareholder and that shareholder sits over there—failed to control the excesses. When that submission came before the minister, I assume he read the submission cover to cover—he should not say he did not get it before it went to the Economic Regulation Authority, because every minister gets it. By allowing a submission to go to the ERA, there was in effect a de facto acceptance that water prices would have to go up between five per cent and 8.5 per cent. Of course that has to be so, because if what I say is not the case, the minister would have acted and he would have brought in the CEO of the Water Corporation, Sue Murphy, and the chief operating officer and said that the submission was not on. Putting this proposal to the Economic Regulation Authority will lead to further significant increases in water prices—up to nearly 30 per cent—taking the higher price path put forward by Water Corp —

Mr W.R. Marmion: Nonsense.

Mr F.M. LOGAN: That is exactly what the —

Mr W.R. Marmion: You're mixing it all up.

Mr F.M. LOGAN: I am not mixing it up at all. This is the reason why I have moved this motion. The minister has failed to recognise his responsibility as a minister. He is the owner of Water Corp on behalf of the people of Western Australia. If he thinks that he cannot pull in the chief executive officer and chief operating officer and tell them very clearly as the owner of the company and the spokesperson on behalf of the community of Western Australia that he thinks they are wrong, they are greedy, they are profiteering and they are gouging the people of Western Australia—if he thinks he cannot do that and he does not think that is his role—he should stand aside, resign and get someone else to do it.

Mr W.R. Marmion: What average weighted cost of capital would you have come up with, and how would you have come with it if you're so smart?

Mr F.M. LOGAN: I do not have to.

Mr W.R. Marmion: No, because the ERA comes up with it.

Mr F.M. LOGAN: That is right. Believe it or not, it is not my job. I do not get paid to do that. The minister gets paid double what I get paid. He gets that pay for the responsibility of answering these questions, taking Water Corp on and showing leadership, and he has failed miserably to do so. He allowed Water Corp to put forward a submission to the economic regulator that was going to further gouge the people of Western Australia. It is clear

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in this ERA document that it was profiteering. The minister accepted the fact that Water Corp was gouging the people of Western Australia and therefore he accepted that Water Corp, on behalf of the government, was going to continue to cause mayhem and misery for the poorest in our society. The 84 000 people who struggled to pay their water bills last year would have suffered a significant increase. Why? It is because the water bills would have gone up by 80 per cent by 2016. The minister failed to show any leadership at all on this issue. The economic regulator caught it out and clipped Water Corp's wings by saying, "No, you are not going to get the type of price path that you are looking for. It is far too much. The risk is far lower and therefore you are going to get a far lower price path and thereby return to your company's profitability." In doing so, if adopted by the government—that will be the interesting thing—it means a much lower tariff path for the families and the customers of Water Corp going forward. That is one area in which I believe the minister has failed in his responsibility to control the excesses of the corporation. He has failed because he failed to rein in the greed and the gouging by Water Corp that has been going on for the past three years in the name of the Barnett government.

The second element of the motion before the house relates to controlling the excesses of the corporation. Not only was Water Corp happy with a profit path when we added the dividend return to government plus the tax equivalent, both of which are basically income streams from Water Corp to government, but also when we added the dividend return and the tax equivalents and the local government rate equivalents together for the out years presented to this house in the budget this year, that company was heading for a return of nearly \$1 billion by 2016 in those three elements alone. The minister would have said, "Yes, but we have to take some of that money and we've got to pay it back. It goes into Treasury and it comes back as a CSO for subsidising country water." As I pointed out to the minister in estimates, it is \$220 million, not \$450 million. Some of that money comes back as a community service obligation for payment under the hardship utility grant scheme, which the government has been changing around, and other pensioner subsidies et cetera. There are elements of those CSOs that are way beyond the remit of the Water Corporation. Why they are being done is beyond me; nevertheless, somehow as part of the fix-up for its mates in the National Party, the government is using some of Water Corp's profitability to build infrastructure under the guise of a CSO payment in country and regional Western Australia—something that should have been investigated by the minister and pulled up.

The point I am making is that this was a greedy company, identified and pulled up by the economic regulator as part of its inquiry into tariffs in Western Australia. That culture of being able to do what it likes and the culture of greed were reflected in how much its executives paid themselves, which is the second point of my argument—that is, the minister's failure to control the excesses of the government-owned Water Corporation. The minister is more than well aware of this because I raised this in the media the week before last. The salaries that the executives of Water Corp have been paying themselves are unbelievable. For example, Water Corp has given the chief operating officer, Mr Moore, a 31 per cent increase from 2008 to this year. He has been paid an extra \$120 000. I know and the minister knows that the people who work for Water Corp—the poor hacks in the office down in Leederville—have received nowhere near a 31 per cent salary increase over that period. They would be lucky if they received a 15 per cent increase over that period. Most received between 10 and 12 per cent because of the policies of restraint initiated by the then Treasurer and the current Treasurer, who is back to his normal behaviour patterns of asking people to tighten their belts once again. When he was Treasurer before, those wage constraints that he placed on the public service and government employees ensured that their increases were between 10 and 12 per cent. That applies only to the poor old workers in the public service; it does not apply to the executives and it certainly does not apply to the executives of Water Corp. Over that same period, Mr Ferrari, in communications, received a 20 per cent increase, or \$43 000. Mr Hughes, the chief financial operating officer, received a 27.5 per cent increase over that period; that is, an \$86 000 wage increase. If we looked at how much all the Water Corp executives have earned across the board since 2008, we would see that they have received a 21 per cent salary increase since 2008; that is, they have paid themselves \$578 000 extra since 2008. My understanding is that only one executive in the Water Corporation hierarchy is on less than \$300 000; the rest of them are on between \$300 000 and over half a million dollars—\$511 000. It is unbelievable! How much does the Premier get? The Premier gets about, what, \$320 000? So, even the lowest executive in Water Corporation thinks so highly of him or herself that they get paid more than the Premier of Western Australia. Can members believe this? We are not talking about BHP Billiton, Lehman Brothers in New York or greedy foreign exchange dealers in the City of London; we are talking about a government-owned monopoly company here in Western Australia, the one shareholder of which sits in that chair on the other side of the chamber.

Mr P.B. Watson: Does he get a dividend?

Mr F.M. LOGAN: He wishes he had, he wishes he could! With these dividends, member for Albany, I bet he wishes he did!

Mr P. Papalia: Maybe they're all in the 500 Club!

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Mr F.M. LOGAN: They can certainly afford to be in the 500 Club and some of them are in the \$500 000-plus club! When Mr Moore came out to defend his wage increase on TV two Saturdays ago—not last Saturday, the Saturday before—he said, “It’s justifiable because it’s the industry standard.” Which industry?

Mr W.R. Marmion: Engineering!

Mr F.M. LOGAN: Which industry? It is a monopoly water supplier! Who is Water Corporation in competition with? Nobody! It is not in competition with Aqwest or Busselton Water; it is a monopoly supplier of water, yet its executives have such grandiose views of themselves, they believe that they should be paid —

Mr W.R. Marmion: They’re building a desalination plant that wins a world award.

Mr F.M. LOGAN: They are not building the desalination plant; they bring in the Spanish to build the desalination plant. The only thing the executives ever do is go down there and have a cup of tea and see how it is being built.

Mr W.R. Marmion: Sure!

Mr F.M. LOGAN: That is exactly what they do; the minister knows that and I know that. That operation was effectively completely financed and built by the Spanish. The minister knows that and I know that.

Mr W.R. Marmion: You know it’s an alliance!

Mr F.M. LOGAN: The same thing happened in Kwinana as well.

Mr W.R. Marmion: It’s an alliance with Water Corporation.

Mr F.M. LOGAN: The minister can call it what he likes; the people we are talking about now who have paid themselves enormous salaries have nothing to do with that construction. As the Minister for Health said in this place last night—it is in *Hansard*; he wanted to make it clear in *Hansard*—when he was Minister for Water Resources, he put forward the idea of desalination here in Western Australia and the then CEO of Water Corporation knocked it back and did not want it. So, the Minister for Water should not run arguments in here that the executives —

Mr W.R. Marmion interjected.

Mr F.M. LOGAN: The minister should not run arguments in this place that the executives of Water Corporation deserve it because of their involvement in desalination —

Mr W.R. Marmion interjected.

Mr F.M. LOGAN: One of these executives was in the same role when the then Minister for Water Resources, the current Minister for Health, was there and that executive opposed the desalination plant. Therefore, the Minister for Water cannot use that as an argument to justify the executives’ 21 per cent increase in pay; the minister cannot do that.

There is a culture of greed within Water Corporation. It is reflected in the way in which it puts forward arguments to the Economic Regulation Authority for increases in the weighted average cost of capital, knowing that the flow-on effect of that application would lead to higher water prices and thereby higher profitability for Water Corporation. That is one reflection of the culture of greed within Water Corporation. The Economic Regulation Authority exposed and pulled that out for everyone to see. The second example of the culture of greed is in how much those executives pay themselves; what they think they are worth when they enviously look at their colleagues in the private sector and think, “I should be paid that amount of money. If that’s what they’re getting in the mining and construction industries, that’s the sort of money I should be paid because I’m worth it”. Do they face the risk of being sacked? No. Do they face the risk of being laid off—retrenched? No. Do they face the risk of losing their conditions of employment? No. I believe that one of those executives, I think it was Mr Moore, salary-sacrificed this year—I think it is within the agreement—\$400 000 of his pay into his Gold superannuation account. He salary-sacrificed 400 grand in one year! Seriously, minister, how many of us in this chamber could do that? None. Why is that? Because the Australian Taxation Office rules have been tightened up anyway, so people can salary-sacrifice only \$25 000, even if they have the type of money to do so. That is all people can do, apart from those who are covered by Gold Super in the state system. No problems—400 grand of his \$511 000 pay was salary-sacrificed into superannuation. God knows what his superannuation account must look like; he has been there since the 1970s, so he will have millions. The point I make is that if that is not a culture of greed, the minister can tell me what is. It is there in the annual report.

As I said, the minister is the single shareholder of that company. He has the capacity to rein the executives in. The minister has the capacity, even if he is not willing to give them a direct order, because he has to table that direction in Parliament, to bring in the CEO and the chief financial officer and read them the riot act, to give it to

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them right between the eyes and tell them, “This is not on”. If the minister does not think that is his role, then really, seriously, he should look for another job, because that is what the minister’s job is. When I did the same to the then head of Western Power, Mr Doug Aberle, and cut his bonus, I had people from the minister’s side of government criticise me and say that I should not have done it. Members opposite said that I should have let him be paid whatever he likes and let the chair and the board give him whatever they wanted.

Mr W.R. Marmion: Did you cut the chief financial officer’s salary?

Mr F.M. LOGAN: No, I did not; I cut only the CEO’s salary.

Mr W.R. Marmion: Why?

Mr F.M. LOGAN: Because he had not met his key performance indicators, and I know fudged KPIs when I see them! He did not meet his KPIs and as a result it was my job to lead from the front and show that CEO it was not on, and show the board and the chair that it is not on either. I was, just like the minister, the single shareholder of the company. As I said, in this case, despite the way the act is structured and despite the fact I recognise that the minister in giving a direction to the organisation has to table that direction—I understand all those issues—it still behoves the minister to tackle these issues head on. The minister has to tackle the culture of greed that has, over years, emerged in Water Corporation and is reflected in massive water price increases for the people of Western Australia and massive increases in the salaries of the executives—not the salaries of the general workers.

If we look at what is happening to the general workers, their jobs are also threatened because of the continuous contracting out of maintenance services, and now the contracting out of production services in our dams and our waste water treatment plants and our water extraction plants to the Transfield–Degrémont–Suez alliance. Do not tell me, minister, that people do not feel threatened. People do feel threatened, and they tell me they feel threatened. Even senior members of the Water Corporation tell me they feel threatened by that alliance. Some people know that ultimately those jobs in the Water Corporation will go and will not be replaced. The minister will remember that that was the question that I put to the chief executive officer of the Water Corporation during budget estimates. I gave the example of Mandurah, and I said to the CEO of the Water Corporation, “Are those Water Corporation jobs safe; will they replace future employees in the Water Corporation?”, and the answer was, “No”. The minister laughed! The minister laughed and said, “What do you expect?” I expect that the minister would do something about protecting jobs in the Water Corporation. That is what I expect. I expect that the minister would show some leadership and pull his CEO into line when she makes remarks like that.

But, instead, no problems; the minister continues to sign off on huge salary increases. The minister says, “It is not my fault. It is the chair and the board who recommend those increases. What can I do?” The minister can reject them. He can even issue the Water Corporation with a directive and say he rejects those increases, and he can table that in this place. Does the minister think I will get up and oppose it? Of course I will not—I will probably congratulate the minister for doing that. That is what the minister would do if he had guts and if he showed leadership as a minister. But the minister has failed to do that. It is easier for the minister to just go with the flow—excuse the pun—and manage his portfolio. It is easier for the minister to accept all the documentation that comes from the Water Corporation. It is easier for the minister to not challenge recommendations from the board and not challenge notes from the chief executive officer. It is easier for the minister to not take on the Water Corporation when it is seeking to increase water charges between five and eight per cent every year for the next three years. It is easier for the minister to not say to the Water Corporation, “You should not put that submission in to the ERA; it is far too great an increase, it is too greedy and it is inappropriate.” The minister does not do any of those things. It is easier for the minister to sit there and cop everything the Water Corporation gives him and act like a manager and not a leader.

That is the reason that this motion has come before the house. The purpose of this motion is to condemn the minister and the Barnett government for failing to deliver not only affordable water services to the households of Western Australia—I have shown clearly that that is exactly what has occurred in this state—but also any form of improvement in water services. Those two bottles that are sitting on the table in the middle of this chamber show that water services have gone backwards, yet people are paying 50 per cent more for their water.

The second component of the motion is that the government has failed to control the excesses of the government-owned Water Corporation—a monopoly—which has put forward arguments to the Economic Regulation Authority that propose increases in water rates of between five and eight per cent over the next three years, while the minister says nothing. He lets it go through to the keeper—the ERA—and the ERA then whacks the minister and the Water Corporation around the head with its report and says that the Water Corporation is greedy; it has been overcharging in waste water services.

Mr W.R. Marmion: That is not what it says.

Mr F.M. LOGAN: That is what it says. It has been overcharging in waste water services.

Extract from Hansard

[ASSEMBLY — Wednesday, 26 September 2012]

p6581b-6604a

Mr Fran Logan; Dr Tony Buti; Acting Speaker; Mr Chris Tallentire; Mr Mick Murray; Dr Graham Jacobs; Mr Bill Marmion; Mr Paul Miles; Mr Peter Abetz

Mr W.R. Marmion: No, it has not. It is putting in a price path for the next three years.

Mr F.M. LOGAN: It says that the Water Corporation is basically dreaming when it comes to its price path on the average weighted cost of capital. It says also that the Water Corporation's outrageous profitability needs to be pulled back into a more acceptable rate of return. That is what that document says, and the minister knows it.

Mr W.R. Marmion: No, I do not.

Mr F.M. LOGAN: If the minister does not know it, he should resign! That is what the minister should do! If the minister does not know that that is what it says, he should resign, because he does not know what he is doing. That is clearly what it says. It is written there, in English, in black and white. That is what it says.

The second part of the excesses is the greed that is shown by Water Corporation executives in lining their own pockets. Where does the money come from? It comes from our pockets. It comes from the money that we are paying through the increases in our water charges. Where does that money end up? A significant component of that money ends up in the bank accounts of Water Corporation executives. As I said, only one Water Corporation executive is on a salary of \$300 000; the remainder are on salaries of between \$300 000 and \$511 000. Only one executive is earning the same amount of money as the Premier; the remainder earn a lot more than the Premier. As I have pointed out, one of those executives has the audacity and the temerity to salary-sacrifice \$400 000 of his pay this year into his superannuation account. If that is not an example —

Dr M.D. Nahan interjected.

Mr F.M. LOGAN: Does the member for Riverton think that is funny? Tell the people of Riverton that! How many people in Riverton earn \$500 000 a year, let alone salary-sacrifice it?

Dr M.D. Nahan: You cannot salary-sacrifice more than \$25 000!

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Riverton, thank you!

Mr F.M. LOGAN: Mr PhD, "Oh, yes, I forgot about that!"

The ACTING SPEAKER: Member for Cockburn! Thank you, members! We will get back to a quiet debate.

Mr F.M. LOGAN: Thank you, Madam Acting Speaker. I will continue with the story that I was summarising about the salary-sacrifice component of one executive of the Water Corporation, before I was rudely interrupted by the member for Riverton, who clearly does not know what he is talking about. My advice to the member for Riverton is: if you do not know anything, do not interject. This executive is salary sacrificing \$400 000 a year. The point I was making is that is a classic example of the culture of greed within the Water Corporation. It is a culture of greed by the Water Corporation in trying to get more money than it needs for profits and return to government, and it is a culture of greed by executives in paying themselves more, and basically abusing their position within the public service—whether it is a government-owned company or not—to gain an advantage that no-one else in our community is able to access. This is a culture of greed and a culture of excess that this minister has failed to address, and that this minister will stand in Parliament and justify and defend; and the minister stands condemned for that.

DR A.D. BUTI (Armadale) [5.07 pm]: I also rise to contribute to the motion before the house, which condemns the Barnett government and the Minister for Water for failing to deliver affordable water services to the households of Western Australia, and for failing to control the excesses of the government-owned Water Corporation. The member for Cockburn has prosecuted the case very well, so I will not need to add too many remarks to that case.

As we all know, this is an incredibly serious issue. We all know that water is life—without water, we would have no life. We live in a city that is one of the driest in the world, and in a state that is becoming drier and drier as each year goes by. I think three of the driest seasons in Western Australian history have occurred in the last six years. It is imperative that we manage our water supplies in the most efficient manner and that we seek to increase our water supplies as best as we possibly can. Therefore, it is a real worry when we have a Minister for Water who is incompetent in his position. The minister was also incompetent in his interjections to the member for Cockburn, with additional support from the member for Riverton towards the end of the prosecution of the case by the member for Cockburn. That shows that this minister and this government do not care about the excesses of the Water Corporation. As the member for Cockburn said, the culture within the Water Corporation is a culture of greed. When the member for Cockburn mentioned that, the member for Riverton—the Milton Friedman of the house —

Dr M.D. Nahan: I take that as a compliment!

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Mr Fran Logan; Dr Tony Buti; Acting Speaker; Mr Chris Tallentire; Mr Mick Murray; Dr Graham Jacobs; Mr Bill Marmion; Mr Paul Miles; Mr Peter Abetz

Dr A.D. BUTI: The member for Riverton would, because he would be heading the Tea Party if it was in Australia. Mitt Romney would love you, as I am sure the Premier loves you, as you keep putting your foot in your mouth!

Members opposite laugh when we talk about the excesses of Water Corporation executives, because the Liberal Party is a party of greed. We had the former Treasurer, the member for Bateman, talking about getting rid of penalty rates, but members opposite laugh when we have these corporate executives earning \$300 000, \$400 000 and \$500 000. They have no problems with that; they can earn that money without any performance indicators. The Milton Friedman of the house believes in the discredited trickle-down effect; the problem is there is not much water trickling down, especially with the minister who is in charge.

The Minister for Water holds one of the most important portfolios in Western Australia due to the climatic situation we find ourselves in but he is incompetent in his portfolio; more so because he shows no leadership. The member for Cockburn said that the minister is a manager. The member for Cockburn was being a bit soft on the minister. He may be a manager, but he is not a very good manager. He needs to show initiative—policy initiative and policy reform. Because the minister is not confident in his portfolio, he sits back and allows the Water Corporation to dominate him, rather than taking control of the Water Corporation. I can assure the minister that the Water Corporation has one of the worst reputations among government departments. The minister only has to ask agencies that have had to deal with the Water Corporation. We have had this discussion in this house before. The Armadale Redevelopment Authority had numerous problems with the Water Corporation in trying to advance its Wungong urban waterfront project. I am sure the member for Darling Range would know about the Wungong urban waterfront project in the Armadale region. One of the greatest stumbling blocks was the Water Corporation. I asked the minister about half a year ago whether he was going to do anything about that. The minister nodded his head, as he does often, without anything coming out of his mouth. I took that nod to mean that he would try to ensure that the Water Corporation does advance the projects in the Armadale region. But, as far as I am aware, nothing at all has happened. I would like the minister to show leadership and tell us what he thinks about the Economic Regulation Authority report that came out yesterday. Is he in agreement with its recommendations about how the Water Corporation should be charging for water? The current position is that there is a fixed water rate and a varied rate, which varies according to the volume of water that is consumed. It is based on property gross rental values.

Mr W.R. Marmion: That is the waste water component, not water.

Dr A.D. BUTI: Yes; it is the waste water proposal. The ERA's recommendation, of course, will reduce the price for some people but increase the price for others. I wonder whether the minister agrees with the proposal by the ERA that the people in Bunbury will be paying 11.8 per cent more a year. If he does agree that should be the position, has he told his colleague the Minister for Local Government who happens to be the member for Bunbury? From my analysis of the ERA report—it came out only yesterday—it would seem to be an incredibly inequitable series of recommendations whereby many people who are on low incomes will pay a greater percentage rise in charges than people on higher incomes. I may have that wrong but —

Mr W.R. Marmion: That is only if we adopt that part of the recommendations for the way we treat waste water.

Dr A.D. BUTI: Will the minister adopt that?

Mr W.R. Marmion: I haven't got a position on that particular thing.

Dr A.D. BUTI: Does the minister have a position on anything?

Mr W.R. Marmion: Wait till I get up!

Dr A.D. BUTI: As the member for Cockburn was prosecuting, the minister does not seem to have a position on anything! The minister is the leader in Western Australia, the minister in Western Australia dealing with water management issues: delivery, quality and cost of water. As we previously established, water is an incredibly precious commodity in Western Australia; it is a precious commodity worldwide. There is an argument that the next major war will not be over oil; it will be over water. At least in Western Australia we do not face that problem —

Mr I.C. Blayney: We are just about out!

Dr A.D. BUTI: It is an incredibly desperate situation, and I am sure it is more desperate in certain regional and agricultural areas. This is why the minister has to show leadership. The minister cannot keep saying that he is considering matters; he has to take control of his portfolio.

Mr W.R. Marmion: I have created water security in Perth.

Extract from Hansard

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Mr Fran Logan; Dr Tony Buti; Acting Speaker; Mr Chris Tallentire; Mr Mick Murray; Dr Graham Jacobs; Mr Bill Marmion; Mr Paul Miles; Mr Peter Abetz

Dr A.D. BUTI: The minister has to bring the Water Corporation under control and ensure that it is managing this precious resource in the most efficient and appropriate way for all Western Australians. The minister must put his mind to how we can improve the supply of water in Western Australia. What is the minister doing?

Mr W.R. Marmion: You wait! Sit down and listen when I get up!

Dr A.D. BUTI: This always happens with the Minister for Water. Whenever a motion is brought before this house, he says, “You sit down and I’ll tell you!” The minister should tell us before we bring in a motion. Why do we need to bring a motion before the house before we can get any information from the minister?

Mr W.R. Marmion: You want to look good!

Dr A.D. BUTI: Do not worry about us looking good; you are the minister; you are the one who should be looking good!

The minister does not want to see another opinion piece on page 5 or 6 of the newspaper, does he?

Mr W.R. Marmion: I don’t care!

Dr A.D. BUTI: That is not what the minister told me; come on!

The ACTING SPEAKER (Ms A.R. Mitchell): Member for Armadale, could I suggest that the minister will have a chance to respond to your questions, so in the meantime you should keep to the particular areas.

Dr A.D. BUTI: It is hard, Madam Acting Speaker; if the minister interjects and asks me a question, I surely have the right to respond.

The ACTING SPEAKER: Member for Armadale, it did not occur that way last time, so that argument probably does not stand at this stage. Can I ask you to return to what you are talking about.

Dr A.D. BUTI: As I said, the member for Cockburn has prosecuted the case for the opposition extremely well. I am very concerned that this incredibly precious resource that we have, which is water—the basis of life and of what we do—is being administered under the minister’s portfolio, but he has not shown leadership and he has not controlled the Water Corporation. The excessive salaries that the executives are receiving do not seem to bother the minister—or the Milton Friedman of the house! However, it is a major concern for this side of the house because we are in favour of equity and a more efficient water supply system that the minister has shown no ability or inclination to get on top of. The minister stands condemned, as the member for Cockburn prosecuted, and, hopefully, at the end of this motion, the strong evidentiary case that we have presented will be shown in the vote.

MR C.J. TALLENTIRE (Gosnells) [5.18 pm]: I rise to support this motion put forward by the member for Cockburn. It gives us a chance to look at this issue of where those profits from the Water Corporation go and how that money can be used to help our water supply situation. Unfortunately, we see big profits being made and big investment being made, but it is all going towards developing a supply system that in many cases is probably not a sustainable one and one that will make for a more costly water supply as well.

We know from the budget papers that the government is talking about an investment in water infrastructure of \$3.6 billion over the forward estimates. On the face of it that sounds good: we are going to protect ourselves from drought and things by investing in water infrastructure. But the downside is that such a big investment will mean that at some point we will have to share the cost of that level of investment. It is going to lead to an increase in water prices for consumers when there is an alternative. Given that the Water Corporation seems to be in the happy situation of making very large profits, I would have thought that more than ever this was the time for us to be investing in not just engineering solutions to water supply, but also demand management solutions. Then we would have the double benefit of actually helping people to meet their water needs with the water supply that is available, while at the same time helping them reduce their bills. That would be a much better situation than this constant view of finding a new resource.

I heard the Premier on the radio this morning talk about new water sources for Western Australia. I fully support a couple of the ones he was talking about. He touched on the aquifer recharge program and the idea of waste water re-use through that sort of scheme. That is excellent. I know the member for Cockburn and others on this side have supported that. When the member for Balcatta was Minister for Water Resources, he was one of the initiators of that whole research project, which has now been proven. We are getting to different scales of trial, and it is looking very promising. Managed aquifer recharge and aquifer recharge in general is looking quite good as a potential source of water for us in the future. I think about 100 gegalitres of water a year could be added to our scheme system through that. At the same time, though, the Premier was talking about revisiting the south west Yarragadee aquifer option. We know that that was talked about during the time of the Carpenter government. The Carpenter government made the wise decision to not go for the south west Yarragadee and

instead went for the desalination plant at Binningup. Around \$450 million in 2007–08 dollars for the south west Yarragadee was instead applied to the Binningup desalination plant, which had similar results in the delivery of water. It was a much better decision. The Premier is considering revisiting this idea. He will have to answer to the people in this place who represent those electorates in the south west that would be adversely impacted by the south west Yarragadee proposal. The people whose agricultural livelihoods depend upon a reliable south west Yarragadee would not want huge amounts of water to be taken from their farming and horticultural operations and brought up to Perth. They would be very concerned about that. I think it is interesting that the Premier is just flagging that as an idea at this stage. Members may recall how significant the campaign was to save the Yarragadee and how people from south west shires, conservation-minded people, horticulturalists and agriculturalists—a whole range of people—were involved in that south west Yarragadee campaign. The Premier needs to be very careful about what he is saying on that point and to be clear about it as well.

I was amazed to hear the Premier go on to say that possibly he would also look at dams in the south west. With declining annual rainfall, it is remarkable that he would contemplate building more dams in the south west. Maybe it was an off-the-cuff comment, but it was one that I heard him make this morning. I hope the minister can clarify that there is no serious intention of looking at major dams in the south west to provide for water supply to south west towns or to the Perth water supply scheme, which is the scheme system we rely on in the Perth metropolitan area.

This issue of making sure we invest in demand management is one that we really have to keep hammering home. I know the minister is going to talk about his Save 60 campaign. That is something, but it is very small bickies. How much of the \$6.3 billion going into infrastructure is going in to help people be more waterwise? The minister will be able to tell me how much he has put into the promotion, education, awareness raising and website development of the Save 60 campaign. He will be able to tell me how much money he has put into the showerhead swap program as well. It will be a tiny amount. I cannot recall the exact figure. I think we have seen it in the past; I am sure the minister will be able to refresh my memory on those things. They are tiny amounts when we compare them with the \$6.3 billion going into actual hard infrastructure. Why can we not put similar amounts into demand management initiatives?

When I got home last night, I opened up my bills that are always in the letterbox. I got my Water Corporation bill for the water supply to my home in Thornlie. I think these bills have improved. They show my home's consumption for the period relative to the homes of other people in my suburb. That is useful information.

Dr K.D. Hames: Was it higher or lower?

Mr C.J. TALLENTIRE: It was substantially lower. I would not be bringing it up if it was embarrassing, I can assure the minister. My home's water use is significantly below the level of the typical Thornlie home. One of the reasons is that I have a waterwise garden. I see that the water bill actually refers to that. It states —

Choose waterwise plants for your garden as they are perfectly adapted for our climate and require a lot less water than other plants. Visit our Waterwise plants for WA directory at watercorporation.com.au to find the plants best suited for your region.

It is good advice, but the fact is that this is exactly the initiative that the government could be investing in. The government should not just be talking it up with a few lines on a bill and a few pages on its website; it should invest in this and provide an incentive program. If the government had a \$100 million investment program in waterwise gardens, it would produce a very big water saving. Let us do the sums on it. It would still be tiny in comparison with this infrastructure spend of \$6.3 billion that the corporation is going to make over the forward estimates. I am saying that the minister can really do a lot more with waterwise initiatives, but he has to actually spend on those things and not just talk them up and use them in advertising and have green frogs talking about being waterwise. It has to be backed up with dollars. That is the future. That would make a huge difference. I think my property is a demonstration of it.

Turning to other aspects of the bill, it states that I paid \$1.19 for the 41 kilolitres that I used. In fact, that was the total amount applied to me.

Dr K.D. Hames: Per kilolitre.

Mr C.J. TALLENTIRE: Forty-one kilolitres at \$1.19. My daily usage is rather high—230 litres a day. I am amazed. In fact, I suspect there is a leak somewhere in the house. I think 230 litres a day sounds like quite a lot. The point is that I compare these tariffs with those in the Economic Regulation Authority report, which has received a lot of media attention in the last 24 hours. I heard Lyndon Rowe from the ERA say that if his recommended water charges for Water Corporation metropolitan residential customers are implemented, people will have a saving. I do not think that is right when I compare it with the tariffs that I am looking at here, if I am paying \$1.19 per kilolitre and the report states that it is \$1.36 for every kilolitre up to 150 kilolitres under the

current tariff regime. But from 2013–14 it will be \$1.39, in 2014–15 it will go up to \$1.44, and in 2015–16 it will go up to \$1.49. Obviously, that is significantly more than the \$1.19 that I am paying.

Mr W.R. Marmion: They do recommend that it will create a slight increase in the water charges and a decrease in the waste water charge.

Mr C.J. TALLENTIRE: So there has not been a recommendation of a decrease in the price of water. I think that people were being a bit misled in some of the media commentary on that then. That is interesting.

With regard to sewerage charges, I heard some discussion that the gross rental value system currently being used is perhaps unfair in that it charges people more if they own a property with a higher gross rental value. The gross rental value charge is a useful policy basis because although the gross rental value will be higher for people with bigger houses, if they have a bigger house then they probably have more people staying in it and, therefore, it seems fair that they should pay more. There is probably an argument against this, and perhaps this is more prevalent in the minister's electorate than mine, when only one or two people live in a big house.

Mr W.R. Marmion: I was not around years ago, but my understanding is that the ERA has had this view all the time, and it might have come up as a recommendation when you were in government and you chose not to do it. It is something you look at when the budget comes up.

Mr C.J. TALLENTIRE: Yes. If only one or two people live in a bigger house and they have to pay more in charges, then that is their choice to live in a big house. That policy message says that people can downsize to a property with a lower rental value and one of the rewards for making that decision is that they will end up paying less for water rates, especially sewerage charges.

In the past we have referred to documents like the residential water use study and some of the information—

THE ACTING SPEAKER (Ms A.R. Mitchell): Members, a lot of extra conversations are going on in the chamber and the volume of those conversations is increasing greatly. Could I ask that if you wish to have a conversation to go outside? Thank you.

Mr C.J. TALLENTIRE: Thank you, Madam Acting Speaker. I referred to the residential water use study and the initiatives. One initiative that the minister had in place—I know his predecessor brought it in—was the winter sprinkler ban. If it is raining this evening—I noticed this travelling home last night—I ask members to keep an eye out for how many people are watering even though we have a frontal system moving through over the course of this week. The minister needs to revisit this issue because it seems that the little rain we are getting now is coming later, so the whole winter sprinkler ban perhaps needs to be extended. It just seems crazy that people, just because they can water, are watering, and obviously there would be further savings to be made through the extension of that ban.

Mr W.R. Marmion: You would be pleased to know that I have not got my sprinkler system on.

Mr C.J. TALLENTIRE: Very good. One thing I want to highlight is that it is often said that domestic users do not account for that much water use in the state, but it is important to remind the house that when it comes to the scheme water—this very expensive water supplied to us by the Water Corporation—71 per cent of water used is residential. That point needs to be highlighted because it underlines the need for us to implement those demand management options at the household level and to fund them. As I said, things like the Waterwise plants scheme is a perfect example of where people can make some huge savings.

I will say a little about the issue of salaries people receive at the Water Corporation. Obviously, if there is a problem there with people receiving excessively large salaries that must be investigated. I know a number of people who work at perhaps a more middle management to lower level within the Water Corporation. I can attest that they are hardworking individuals and their dedication to their cause is very strong. In fact, they see their role through the Water Corporation as being part of a cause, and they are passionate about things like water efficiency. I have no doubt that they are also aggrieved when they hear that some of the executives there are paid these exorbitant salaries, and they would be as worried as anyone else about that.

I will touch on the important issue of waste water re-use and the need for us to develop programs that use water that is fit for use. The idea that we must have drinking quality water available through every single tap—it costs a considerable amount to provide—and that it has to be provided for things like watering lawns, football ovals, sporting grounds and parks seems very strange. We can do much better in providing water that is fit for use. Finally, on this issue of waste water re-use, we need to further investigate not just the managed aquifer scheme in which we are dealing with gigalitres of water, but also waste water re-use on a neighbourhood scale—almost a cul-de-sac scale—where water re-use is available to people to perhaps use on their gardens, but it is water

collected at that small scale that the individual cul-de-sac or street has the responsibility to maintain and look after.

I support the motion put forward by the member for Cockburn. We have so much to do in this area, and there are so many improvements that can be made on how we use our budget of \$3.6 billion. That so little is spent on demand management is a real shame.

MR M.P. MURRAY (Collie–Preston) [5.36 pm]: I, too, would like to add a few comments, probably more at a local level. I do not quite understand the high salaries being paid and the service and water quality that people in the Australind–Eaton area are getting. I also have one of these bottles filled with water from that area and although it does not look too bad from a distance, if I were to pour it out into a cup I would probably have to use a knife and fork to drink it because the lumps in there would certainly jam in my teeth or probably catch on my tonsils, and that really concerns me. The harder I shake the bottle, the bigger the lumps become. Most times this sort of water does not come from a tap but out the back end of the toilet, and that is exactly what this water looks like. That is what concerns me about water supply in that area. The really concerning part is that I have brought this bottle in here before—we have talked about it before—and the problem continues.

I suggest to the minister that he gets onto Facebook—most people thought that I could not use Facebook, but I am just showing off. Seriously, every night on Facebook mothers from different areas ask each other whether they have a problem with the water. Some of the photos that go on there show a white bath filled with water that is very similar in colour to this timber bench here—a coffee-coloured bath! It certainly concerns me that at night people sometimes take their children to other people’s houses or their grandparent’s place to have their baths; that is just not on. Also women are not able to wash their hair and those sorts of things—we cannot keep using the excuse that there is no problem—but if they ring the Water Corp, it will bring around some special soap. It is one of the most insulting things possible. “It stinks, it is lumpy and it hurts when it comes out of the shower but don’t worry about it because we have some special soap for you to use!” I do not know what the special soap does. People have problems and they blame it on the water, but it is not always the water that is the problem. Cleaning showerheads and the rings around the toilet, where the water sits in the bowl, is continuous in those areas. People are getting sick of it. They have been very patient. It has been brought up previously, but my sources tell me it is not going to change. There is some problem with the bores. There are some problems with the system that separates the iron out, and it accumulates in different areas of the pipes. If one area is flushed, it pushes it into another, so there is an ongoing problem of it hopping down the line. People have said, “Now it is in my area.” It is like a lurgy; it is moving around. People do not know how to deal with it and are getting very frustrated. From an electoral point of view, it is quite good because I blame the minister! But I think it is about time it was fixed. Any candidate who stands there will be asked exactly the same thing.

In the south west, there are not only water pricing anomalies but also structural problems. One area pays a higher water price than another, even on different sides of the street. That has to be addressed. I suggest the price should be lowered on the high side. The Economic Regulation Authority has said people are being overcharged in these areas. Why would the minister not give himself some room to lower water prices on the Australind side to match the Eaton side, or allow Aqwest to expand its area and put its price out into that area? It would stop the arguments, which are putting splinters in the community. It is unfair to many. When one thinks about it, all water comes out of the same bores.

The aquifers are very shallow. The infrastructure is there; the same with Busselton. Over time both departments, Aqwest and Busselton Water, have done a very good job in their investment profiles. Are people down there being rewarded for that? No. The ERA says that Aqwest will increase the water charges 38 per cent by the year 2015. That is a huge increase by anyone’s thinking. Over three years, prices will rise 38 per cent, if it is adopted. The profile is already written. It is very different from what I was told when I had a briefing in their office down there.

Mr W.R. Marmion: Who—Busselton Water or ERA?

Mr M.P. MURRAY: ERA. Aqwest told me it would not do that. Who has put the pressure on them? Who has said, “Get out there and lift those prices higher to get a bigger return for government, at the cost of the householders within those areas”? It concerns me immensely that these costs will be ongoing.

Mr W.R. Marmion: Can I explain how the ERA did that?

Mr M.P. MURRAY: No. I attended a briefing some months back, about the same time I released a press release saying it will increase. The ERA told me water prices would not increase. Now the proof is in the pudding because it is requesting different increases. The ERA is telling the Water Corporation not to go that high.

Mr Fran Logan; Dr Tony Buti; Acting Speaker; Mr Chris Tallentire; Mr Mick Murray; Dr Graham Jacobs; Mr Bill Marmion; Mr Paul Miles; Mr Peter Abetz

Mr W.R. Marmion: The ERA analyses the water licensing authority, which is the Water Corporation, Busselton Water and Bunbury. It looks at the operational costs and also sets a price which is the average weighted cost of capital. It comes up with a price —

Mr M.P. MURRAY: Then they send it off; I understand that.

Mr W.R. Marmion: They recommend a price that reflects the cost of providing that service.

Mr M.P. MURRAY: I understand that. But the ERA's recommendation is 38 per cent over that period. It says "nominal". It says "Aqwest residential customers' water charges nominal, to be increased over that time from 2015–16 by 38 per cent." That is there, and that is where it is headed. It is far too high when we look at the infrastructure the water comes from—the sand flats! The bores are shallow at this stage, with this orange water. They will try to deepen one bore. Sure, that is part of maintenance and the upgrading of systems. Why should we look at those sorts of increases when there have already been increases in many other areas? People come through my door on a regular basis asking how they are going to pay their water or electricity bills, and asking whether any assistance is available. The numbers seeking assistance have gone through the roof. It is very disappointing that there is no cap or real effort from the government to cap executives' wages. It is different from what happened in Parliament over the last few years when both leaders said, "Let's cap our wage to some degree"—not actually cap it, but restrict our wage increases along these lines. We do not seem to have that in the public service. It is about, "No. I will write out my own cheque; thank you very much." It is much higher than the average in many areas. They work hard, as has been said, and they do a good job, but they are being overpaid at this stage.

They are the issues I have in my electorate. Minister, the main reason I am on my feet is about getting something done for these poor people whose good clothes—including everyone's favourite jumper—have to be thrown out because they have gone through the washing machine. I am sure the minister has seen some photographs of that because I believe they were sent to his office. I do not know what they did. We have to be respectful about what is happening and ensure it does not continue.

The extension of infrastructure in some country areas has meant that prices are beyond belief. If a person wants to subdivide a small block and it involves a pipe being extended, the Water Corporation says that person has to go to the far end of the block and not the short end. I have some concerns about how that pricing is done. I also have concerns about preferred contractors. "Preferred contractors" probably equates to "how to print money"! The preferred contractor is rung up to do a job, but at what cost? It is not quoted properly. It does not give other people the chance to put pressure on the price quoted. If there is only one contractor, of course it will be done on a good hourly rate or a quote, knowing no-one else will quote against them. The minister should open that a lot further to allow competition in order to push those prices down so people can increase density in country areas—I am talking about from 20 acres down to five-acre lots—so small towns can survive. That is one of the problems. It costs \$70 000 to put a water main on. Straightaway, that has to go onto the price of the block. It means people do not buy it—it is quite simple. Blocks that were cheap at one stage are not anymore due to the service requirements and the cost of those requirements. I ask the minister to also look at that

I do not know whether the minister is aware that this Sunday, 30 September, is World Rivers Day. I wonder whether the minister has brought that to the attention of the general public. Our river ways, which we rely on in some areas for our water, and certainly many other things that —

Mr P.B. Watson: Marron!

Mr M.P. MURRAY: Many other animals also live in there.

Seriously, I do not think our rivers have as high a regard in this state as they should. Money is not being put aside. The part of the Collie River that runs through Collie is just a drain. Further down there is one of the most hidden, pristine bits of river below the Wellington Dam that comes out at Burekup. For anyone interested in walking trails who wants to do a great walk, they should look at that. We must keep those rivers in that state. We need money put back in.

It was very disappointing to see the \$35 million that was going to go towards the desalination plant taken out of the budget, and that project was put back. There is also the third study of the river in three years, which will be \$250 000, to try to keep people quiet and to stop them from making a noise about the issue. But I will certainly make sure that the people of Collie are aware of the social benefits of our river and on Sunday I will run a function with the help of some other people out there and some of the Nyoongah people as well to celebrate. I just wonder whether the minister has put any money aside to try to lift the profile of looking after our rivers, which in many areas run into dams used for drinking water, especially in the Perth region. We need to work through that issue to make sure that we go out there and look after a vital part of our environment. I think he should do that, because he wears hats both for both portfolios and he has some functions to acknowledge. In

early times the Swan River played a part in the development of Perth and now it is in a mess because we have not looked after it enough and we have not put enough back into it over many years. It is with concern that I talk about the rivers, but I think worldwide—Sunday is World Rivers Day—people are starting to acknowledge that we cannot just keep going on the way we are and we must do something about the problems rivers face. Just finishing off, I ask that the minister please—pretty please—do something for the people of Kingston. Enough is enough and sooner or later the minister will pay for it in the ballot box if he does not do anything.

DR G.G. JACOBS (Eyre) [5.31 pm]: I take the opportunity of the few minutes left before the meal break to make a few comments on this motion moved by the member for Cockburn. I would just like to introduce a bit of balance to the debate and pursue a little less negativity, and recognise that there are some good things happening in the water space. Before I share information about a project that is happening in my area, I would like to reflect on some of the comments made that nothing new is happening with water delivery; it is just the same and nothing has changed. That shows a total lack of recognition of the fact that we have an ever-increasing population faced with a drying climate and of the challenges we have in supplying water to the residences and residents of Western Australia. I am sure the member for Cockburn understands those challenges in the water space.

I want to touch on a little project, if you like, in the Kalgoorlie–Boulder area that I am au fait with. I would like to share with the house some features of a program that, member for Cockburn, is showing some change, is delivering things differently and for which there are positives in demand management and monitoring, which is a really important issue. In the time I spent close to the water portfolio and the water ministry, I found that if something cannot be measured, we find it very difficult to manage. The smart metering project provides information on water consumption, leak detection, demand management, tampering and backflow monitoring, and there is a technology that allows us to do that better and it has been introduced and is working in Kalgoorlie–Boulder. For the benefit of the house I explain that this technology automatically collects consumption data by use of—the minister might correct my pronunciation—a cyble sensor located on each meter, which transfers the water consumption data to a central database for billing and other functions. Over the past seven years the Water Corporation has carried out a number of trials to better understand the reliability of the different smart metering technologies that are available and how they can best be used —

Mr F.M. Logan: I acknowledge that.

Dr G.G. JACOBS: The member for Cockburn commented earlier that everything was bad and that nothing had changed, that the government delivers things just as they were delivered five or 10 years ago and that basically there is no improvement or movement in the water space. Of course, a cyble sensor does not cost any money, does it? It does not take people to run it, does it? It does not take people with knowledge of technology to make it work, does it? These cybles just float on to people's metres and they just work! So, we do not need the knowledge base, intellectual property or people to manage this project such as the very good person we have in the regional office in my area—an absolutely outstanding man with knowledge and the ability to get things done. The trials undertaken showed that cybles really reduce physical risk, because a person to read water meters is no longer needed. I surmise there are two reasons that Kalgoorlie–Boulder was chosen for this trial. One of course is that we transport the water a very, very long way via the O'Connor pipeline—650 kilometres. I have to tell members that that is expensive. There are probably a couple reasons that in the goldfields—historically and now—water is gold. The second reason I believe the region was chosen for cyble technology and the smart meter program is that fences are tall and the dogs are big and angry, and I can attest to this because I have done a bit of doorknocking in the region!

Mr P.B. Watson: You should have been a postman!

Dr G.G. JACOBS: A person has to be very careful doorknocking in Kalgoorlie–Boulder because a lot of the men and women are shift workers in the mining industry and if someone disturbs them during the day when they are off shift and trying to get some sleep before the evening shifts—watch out! With cybles we do not need meter readers and this reduces the issue of dog attacks, manual handling and the entering of backyards. In fact, there are some truly operational efficiencies. Of course, the member for Cockburn is not in this place, so he does not want to hear about operational efficiencies in Water Corp; he does not want to know from where we have come and where we are going in the water space. It is all just the same. He has no idea from a regional perspective where the water for a lot of my region in Boulder comes from, how far it comes, the fact that the water has to be pumped and the infrastructure of the O'Connor pipeline. Yes, it was built more than 100 years ago, but it needs constant upgrade and that does not happen on its own; it comes with a cost. These are enormous challenges and they come under the auspices of the Water Corporation. The operational efficiencies for smart meter water readings are that they are quicker and easier than manual readings, and of course, they are done in real time. The fact that they are done in real time provides an increased leak-detection functionality—excuse the

term—and the ability to educate customers about consumption patterns. That is extremely important if a person gets a bill every three months.

Sitting suspended from 6.00 to 7.00 pm

Dr G.G. JACOBS: Before the dinner break I referred to some of the comments made by the member for Cockburn, who suggested that nothing has changed in the water space over a number of years; nothing has changed in how we deliver water; and nothing has changed in water demand management. Essentially, nothing has changed, so why are the costs involved in delivering water to the people of Western Australia so high? Of course, he totally discounted the issue of the drying climate, our ever-increasing population and, of course, the demands on infrastructure, particularly for such a disparate state that has to deliver water over large distances. I referred to the delivery of water to a part of my electorate—namely, Boulder—and I talked about the fact very good Kalgoorlie–Boulder smart metering trial. Before the dinner break I talked about the safety issues; operational efficiency; water efficiency, particularly as leak-detection functionality is improved; and the ability to educate customers on consumption patterns, particularly as this technology shows real-time consumption.

With the entire Kalgoorlie–Boulder water reticulation scheme, a total of 13 500 cybles have been installed on all property connections in the city. Before dinner, I basically asked with some levity why Kalgoorlie–Boulder was chosen for a trial. Yes, the fences are tall, the dogs are big and the water is precious. Water is precious everywhere, but at the end of a 650-kilometre pipeline into the goldfields, water is gold. Kalgoorlie–Boulder was the site of a trial, and that trial was seeking to show that significant water savings could be made by providing customers with more information about their water use and the resultant costs. If you can reflect on your own bill, Mr Acting Speaker (Mr I.M. Britza), you will know that we get one every quarter, or every third. Essentially, what happens early in that time frame is not really evident until we get the bill, which shows us our water consumption and our water bill. If there has been a leakage or overconsumption during that time—whoops—we do not detect it until three or four months have gone by. This smart metering real-time program is a way of detecting those losses early, increasing the ability to identify and repair leaks in the corporation's assets, and, indeed, on the customers' side, in their water meters.

We had issues with that when I was sitting where Hon Bill Marmion is sitting, and the member for Cockburn absolutely castigated me on the issue of people who had leaks in the system and who had monstrous water bills. Those leaks were often on the consumer's side of the meter and had been going on for some time, particularly at houses which had not been occupied full time and at which the water had not been turned off at the mains. The customer may go away or may basically use the residence as a holiday house. During that time the leakage continues, and there is obviously a significant wastage of water and significant costs.

In Kalgoorlie–Boulder, a reduction in total potable water use is obviously one of the goals of this smart metering program. This will be achieved by the early detection of leaks in the systems and on customers' properties, followed by behavioural change. Retrofitting programs bring about water efficiencies, as do water efficiency audits and water efficiency management plans for large commercial and industrial customers. This is in fact a good program, and this is where the Water Corporation is going. Work is underway now in the Kalgoorlie–Boulder area to enable customers to, via a website, access and monitor their account, water usage and other information to drive water use reduction across the community. This is due to be released very soon; as the minister knows, it will be in January next year. This will commence the next stage of behavioural change programs.

I want to give a little example of how this system works in practical terms. In December, a leak was detected at a property that was unoccupied, and the owner was notified. The property was unoccupied, and a leak was detected by the cyble detection unit. The leak was subsequently fixed. However, had the leak continued until the meter was read at the end of March 2012—the leak was detected in December—it would have resulted in approximately 3 700 kilolitres of water being lost; that is, 37 kilolitres a day for those 100 days. This would have amounted to \$21 000 in water use charges.

Water Corp has currently identified, member for Cockburn, over 2 000 potential leaks on properties since the project started, and it is releasing 50 leak advice letters a day—it has done so for the month of September, which is almost at its end. The Water Corporation—that organisation that the member maligned for at least half an hour earlier —

Mr F.M. Logan: No, it was a bit longer than that; it was nearly an hour.

Dr G.G. JACOBS: That organisation that the member maligned for nearly an hour has demonstrated that that technology has helped to reduce metered water use in Kalgoorlie–Boulder by more than 6.6 per cent over the course of the trial, or more than 500 million litres a year. The vast majority of these savings have been in the residential sector. The total cost of this project is \$4 million, which is a combination of moneys from Water Corp and also federal grant funding.

Mr Fran Logan; Dr Tony Buti; Acting Speaker; Mr Chris Tallentire; Mr Mick Murray; Dr Graham Jacobs; Mr Bill Marmion; Mr Paul Miles; Mr Peter Abetz

Mr C.J. Tallentire: From the federal government. It is all our money.

Dr G.G. JACOBS: We give credit where it is due. We say it how it is. This is a program utilises technology. Things have changed.

[Member's time extended.]

Mr F.M. Logan interjected.

Dr G.G. JACOBS: The member for Cockburn may well moan but I had to listen to him maligning the Water Corporation for over an hour, saying that nothing had changed in the water space and we deliver water like we always used to deliver water, obviously discounting the effect of technology. He discounted the people who drive that technology—the people within Water Corp who implement that technology. It is really important to recognise the positives in delivering this very precious commodity to the residents of Western Australia. There are more and more of them, of course, because we are a growing state. We are a state whose population centres are generally separated by vast distances. No better person knows that than me, who essentially lives in the south east corner of Western Australia. As I have said, Boulder water comes some 650 kilometres from Mundaring Weir along the O'Connor pipeline.

I want to touch a little on a couple of things because it is important to introduce a bit of balance. It is really a case of “you're damned if you do and you're damned if you don't”. If the Economic Regulation Authority suggests in the work that it does that the price of water and the delivery of sewerage and drainage services is nowhere near cost reflectivity—the cost of delivering and providing a service—it suggests some increases in price towards that cost reflectivity concept. Yesterday Lyndon Rowe was seen in the media releasing a report that suggested that that did not need to occur in this cycle. We should keep in mind that he is not the government, that that is not necessarily government policy, and that decisions on that will be made by the minister, the cabinet and the government of Western Australia. However, what does the opposition do when the ERA makes its analysis and says, “We believe you're somewhere near it. We believe that there may be some reductions in the sewerage component of that bill, which may mean the average total water service—that is, the water that is delivered, the sewerage service and the drainage issue are a component in the water space in charges to residences—might go down”? That is the ERA's analysis. What does the opposition say? It says that the government has been over-scalping this for years; it was dragging money in when it did not need to, so it has overcharged all those poor residents of Western Australia.

We cannot win with this mob. If we put the prices up, the opposition says, “Why did you put the prices up?” If we hold the prices to where they are or there is a suggestion that the prices should come down, it says we have been over-recovering on water. What we know and what the opposition knows if it was honest is that water is precious, water is scarce —

Dr A.D. Buti: You said that already.

Dr G.G. JACOBS: I am going to go over it for members again, if they do not mind. It is my time. The member had his time. Western Australia covers a very large area, we have an increasing population and we need to deliver this essential product and this essential service to people. There is the significant cost of infrastructure. That infrastructure not only obviously requires a lot of outlay but it also requires good people to run it. Just as we need a good person and good staff to run the smart meter program in Kalgoorlie-Boulder, we need good and smart people to run the Water Corporation, to look after the infrastructure and to deliver the product to every household in Western Australia. We have heard from the opposition that its staff and the executive are overpaid. We have a multibillion-dollar organisation and it has a big task to complete. We have seen the technologies involved in just delivering the smart meter program in my little patch. Area-wise, it is a big patch but it is a small patch of Western Australia. We cannot do that for nothing. If we try to run organisations in private —

Mr F.M. Logan: They're not in the private sector; they're a publicly owned monopoly with no competitor.

Dr G.G. JACOBS: I am saying that we should compare apples with apples. We should consider the magnitude of the job being done and the magnitude of the organisation. There is a price for that. We are not only buying the technological and engineering skills, but we are also buying the management skills to operate and run an organisation that can deliver what we all expect and what we all deserve, but that comes at a price. Essentially, that is the job of the Water Corporation. I have given members local examples of how well that is delivered in a new technological program to deliver better outcomes in Western Australia.

MR W.R. MARMION (Nedlands — Minister for Water) [7.18 pm]: I thank all members who have contributed so far to this debate. I particularly thank the member for Eyre for his very supportive comments on the great work that the Water Corporation and this government is doing in delivering secure water to Western Australia. I know that a couple of other members wish to speak. We want to get a vote on this motion so I will try to refrain from making my complete speech.

I want to set the scene. We have been going through an interesting period in the past 30 years in Western Australia. Thirty years ago we were in a situation in which we would get about 300 gegalitres of water in our dams. That was equivalent to what we are using today. A famous chart has been used by many water ministers, going back a couple of generations, I think. The Leader of the House might even remember this chart. It has probably got a bit worse since his time.

Several members interjected.

Mr W.R. MARMION: Unfortunately, I am the minister in the time represented by the yellow bit of this chart. Being a minister in the yellow bit puts a lot more pressure on the delivery of water to people in Western Australia, particularly in the Perth, Kalgoorlie and Mandurah regions. As members can see, we had in our dams an average of over 300 gegalitres per year from 1911 to 1975. In the period from 1975 to 2000, the average dropped to 177 gegalitres per year. From 2001 to 2005, the average dropped to just below 100 gegalitres a year. In the last couple of years of the Labor government and during our regime, the average has been 64 gegalitres a year. We can really rely on only about 100 gegalitres. Indeed, this year has been particularly dry; only 19 gegalitres have flowed into Perth's dams so far this year. As I said before, on a 10-year average we would expect 100 gegalitres. As we close in on another hot long summer, this has probably been one of my biggest challenges, and the graph shows that with the yellow line.

What are we doing to meet this shortfall? The population in Western Australia is growing and will soon double. I think in about 2060 our population will have doubled. I will give some statistics. As of June 2012, there were 1 148 692 residential and non-residential properties connected to water compared with 1 066 964 properties connected in 2008—that is an increase of about 81 700 properties, or 7.6 per cent. I will not go through the actual calculations, but the amount of water supplied has increased by 5.345 gegalitres. To facilitate this increase in demand for water, we have built 1 000 kilometres of additional mains water pipe, with 33 560 kilometres now, compared with 32 635 in 2008. Therefore, we have certainly provided a lot more water mains! It is clear from the figures that there are a lot of people to supply water to in this growing state in the current climate. Our community requires good government, good education and good health services and that cannot happen without water.

I refer to the motion's statement to "deliver affordable water services to the households of Western Australia". In order to continue delivering water services to the households of Western Australia, we have to ensure that there are adequate water sources and adequate waste water services. I am sure the member for Cockburn supports the state's continued growth, which means planning so that Perth does not run out of water. Therefore, I am very proud to show the chart of our capital expenditure, which the member for Cockburn has mentioned before. This chart shows our program of capital expenditure over the last four years and the out years. It also shows four years during the Labor government. If members look at the difference—I will be quick —

Mr C.J. Tallentire: So that's the \$3.6 billion?

Mr W.R. MARMION: Yes, it is the \$3.6 billion —

Mr C.J. Tallentire: So you're talking about the demand management?

Mr W.R. MARMION: No, that is the future; these columns are the past. Basically, I am pointing to the capital expenditure I am speaking of. That is what we are delivering in better services—more waste water treatment plants and more desalination plants—to make sure that in a growing economy the people of Western Australia have sufficient water and waste water services.

Mr F.M. Logan: What about the rate of return on that?

Mr W.R. MARMION: I will get to that in a minute.

Mr C.J. Tallentire: And where are the demand management graphs?

Mr W.R. MARMION: I will get to that, if I have time.

We have to strike a balance. Water Corporation obviously wants to get as high a revenue as it can and we have to strike a balance between that and making sure that the consumer does not pay too much. There is a balance and at the same time we need the capital to provide the services. That is where we come in; the government makes a decision on what the actual charges are. I will get to the Economic Regulation Authority report in a minute.

Last November, I launched the "Water Forever Whatever the weather" plan that addresses Water Corporation's plan for the next 10 years to meet all the challenges of the demand for water supply. The aim of the plan is to make sure, obviously, that we do not run out of water and to drought-proof the metropolitan, Kalgoorlie and Mandurah areas. The plan outlines the different methods that we will use, which is a combination of a number of things. First of all, we will invest in more deeper underground aquifers. Currently, in the Gngangara and Jandakot

mounds there are bores that go into the superficial aquifers. In the next 10 years, we will put bores into the Leederville and Yarragadee aquifers and reduce our draw from the superficial aquifers. That is one part of the strategy.

Mr C.J. Tallentire: That will still drop the aquifers, though.

Mr W.R. MARMION: We will also be looking at, as the member for Gosnells quite correctly pointed out and supports, the evolution of groundwater replenishment. The trials will be completed in December. That is a potential major new water source. The member for Gosnells suggested 100 gegalitres. That is true; certainly 100 gegalitres plus goes out as waste water into the oceans at the moment. The plan will be to do it in seven-gegalitre tranches. So if we get the tick and agree to progress the plan, we will go from seven gegalitres to 14 gegalitres to 21 gegalitres to 28 gegalitres in the next, say, 10 years. But certainly there is potential to go to 100 gegalitres in the future.

On 1 August last year, the Premier and I announced the decision to press ahead with the next stage of the construction of the southern seawater desalination plant. By the end of this year, we will have the capability to supply Perth with about half of its water from desalination, which is a source completely independent of rainfall.

Mr P. Abetz: Well done, minister!

Mr W.R. MARMION: I must say that I give credit to the Gallop government for being the first government to agree to build a desalination plant.

Mr W.J. Johnston: What do you think about the Premier's view that that was a mistake?

Mr W.R. MARMION: The Leader of the House has suggested on more than one occasion in this house that it was his idea in the first place, but I give Geoff Gallop the credit.

Mr F.M. Logan: The Premier still said it was a wrong decision; we should have brought water down from the north.

Mr W.R. MARMION: I quote from the press release that then Premier Geoff Gallop put out in 2004, which states —

The Premier said the State Government would be playing Russian roulette with our future if the project did not proceed.

“The threat of a drying climate is with us now and desalination is a proven technology capable of delivering large quantities of water independent of the weather,” ...

That is what I am continuing to do.

Mr W.J. Johnston: What was the date of that?

Mr W.R. MARMION: The exact date was 29 July 2004.

As I said, obviously a place such as Western Australia with a big shoreline of salt water always has the capacity to bring on more desalination, if necessary. We are spending \$500 million on the transition from the superficial aquifer to the Yarragadee and Leederville aquifers. That is a program we have committed to.

Mr C.J. Tallentire: Minister, do you have information to show that there's no connection between those aquifers? Are you convinced that it won't lead to a dropping of the water table?

Mr W.R. MARMION: I do not have time to go into that. This is looking at a three-dimensional model of all the different aspects, but certainly the Department of Water has modelled the aquifer, and there may be some connection.

I want to go into some of the other things the government has been doing in terms of community research alongside the desalination plant. In respect of the water replenishment trial, community acceptance is currently around 70 per cent; we are hoping that by December community acceptance will be higher than that. As other members have mentioned, we ran a sprinkler ban over winter and we will retain the two-day sprinkler ban over summer. That is mainly because of planning with desalination, and I take the point raised by the member for Gosnells that the month of September, which is one month after the end of winter, is a month during which, if we have the odd shower of rain, we probably do not need to put our sprinklers on. Indeed, I have been encouraging people to not put their sprinklers back on.

Amongst other things we have done is the Target 60 program. Following the very dry winter of 2010, when people got the message that we had not had a lot of rain, Target 60 worked very well; we saved about 16 gegalitres that year. Last year, following a reasonable winter, Target 60 was not as successful but it nevertheless still saved money. Over two years, it added up to the equivalent of 22 Patersons Stadiums, which is not a bad

effort. I think the community embraces the program more following a dry winter, so maybe that is something we can work on in terms of marketing after a wet winter.

Mr C.J. Tallentire: What about real investment in demand management, minister?

Mr W.R. MARMION: We are investing in both. The return on the Target 60 campaign is a very good return. My aim is to work with and assist the community to save another 15 per cent of water use by 2030. This will ensure that we sustain adequate long-term water supplies in Perth's ongoing drying climate and also provide a financial reward because we will be using less water. At the end of the day, the less water we use, the less treatment maintenance and new infrastructure we will require, which means that customers will save money in the long run, which is something that we are all trying to do.

In respect of the per person reduction in water use, in 2000–01 the average consumption per person in Western Australia was 191 kilolitres; last year, the average was 135 kilolitres, which is a saving of 95 billion litres of water. Again, the demand management that the member for Gosnells talked about in terms of use by each consumer has been reduced by 95 billion litres. That is nearly the same output as what the Binningup desalination plant's output will be when both stage 1 and stage 2 are completed. On the demand management side of the equation, the reduction between 2001 and today is 95 billion litres. Indeed, the last three years have been very good as well; it has reduced from 144 kilolitres per person to 140 and 135, so it is still on a downward path.

Mr C.J. Tallentire: So invest more in demand management and get bang for your buck there.

Mr W.R. MARMION: Certainly we are investing in that area already.

I want to talk about the Economic Regulation Authority report, but before I do, I note that the process the government goes through for setting water prices is exactly the same process that the Labor government followed during its term in office. The ERA goes to the Water Corporation every three years, looks at its operational costs, sets a figure for the average weighted cost of capital and comes up with what Water Corp should be charging so that there is cost reflectivity. It has been doing that for some time and, indeed, three years ago it set a price range and the government has been looking at that. We have not yet met full cost reflectivity. We certainly increased prices by a little more than the Labor government did, but we actually seriously considered the ERA report and at the end of the day the minister makes the call on what actual price the consumer will pay. The ERA is currently going through the same process of looking at the operational costs of Water Corp for the next three years and it released a draft report yesterday. It has decided that the risk of capital is less than it was three years ago and has lowered the average weighted cost of capital in terms of the calculation. That means that the return that the ERA suggests we need on our capital over time is a bit less, and that could be for a whole range of reasons, including that the infrastructure may last longer. It could also be related to the cost of capital in the world markets in that interest rates are also low, so there are a whole lot of variables looked at. At the end of the day, that can go up and down every three years. The draft report has gone out to public consultation and when the report is finalised in November the government will seriously look at it, if we are still in government, for next year's budget.

The inquiry also looked at the operational costs of Aqwest and Busselton Water. As the member for Cockburn said, the draft recommendations for Water Corporation in the metropolitan area are for an increase in water bills by about \$10 on average, and a decrease in waste water charges of about \$138 on average. I welcome the ERA's draft report because it is very good news for consumers, even though I acknowledge it is only a draft report. I am also glad that the ERA has not recommended major price hikes because I acknowledge that it has been tough on Western Australian householders over the last few years.

The opposition has today accused the government of overcharging; that is actually incorrect, because as I mentioned before, the costs the ERA put into its model are made up of two components: operating costs and the weighted average cost of capital, which is referred to as the WACC. I understand that the proposed price path for 2013 to 2016 includes a substantially reduced WACC, from 6.6 per cent to 4.6 per cent. This readjustment of the WACC largely drives the price path for the future. I am not going to talk about the specifics of the draft report because I understand that the member for Cockburn is against the ERA recommendation on waste water charges as a flat rate. I also understand that he is probably concerned about the 100 000 householders who would be worse off under that model. However, it seems mildly inconsistent for the member for Cockburn to support the ERA recommendation for drainage being a flat rate, but not sewerage rates. As I have said before, the government will wait until the final report is handed down and it will be something that we will consider in our budget deliberations.

I want to jump to another matter. Two other government members want to speak but I understand they will not speak for very long and then we can vote on the motion. As has been mentioned before about where we are going in the future—the member for Gosnells also mentioned it—we will be spending \$3.6 billion over the

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forward estimates period on both major water and waste water infrastructure. That is essential in a state like Western Australia, particularly in areas like the Pilbara, which is growing very strongly. Both Port Hedland and Karratha need upgrades to their waste water treatment plants. They certainly need more water infrastructure and more bores on the rivers either side of the towns, including at Bungaroo Creek in Karratha, and they need piping to deliver more water to the growing towns. Of course that is a major part of our investment of \$3.6 billion. Also embedded in that \$3.6 billion is the last part of the expenditure on stage 2 of the desalination plant at Binningup.

In terms of the cost of delivering water, it is fair to say that desalination is not cheap. That is one of the reasons that costs are going up, of course. There are reduced inflows of dam water. Dam water costs approximately 70c per kilolitre to supply to customers, which is one of our cheapest sources of water; groundwater is approximately 50c per kilolitre; and desalination water ranges from \$1.40 to \$2.40 per kilolitre. Even recycled water, which we hope will be a major source of water in the future, will produce water at a cost of approximately \$1.85 per kilolitre—still more expensive than our traditional sources.

The ACTING SPEAKER (Mr I.M. Britza): The level of noise in the chamber is rising. Can members be just a little quieter, please.

Mr W.R. MARMION: As we move forward with more desalination, even with recycled water, there will be more cost pressures on water. I will paraphrase my notes. The cost of water that we supply in Western Australia is comparable with, if not cheaper than, most of the other water suppliers throughout Australia. I will not go through the figures, but I will indicate the median figure in the graph I am holding up to show members. The annual water bill from the Water Corporation compared with other Australian water utilities of a similar size is right in the median across Australia, which is \$974 per customer. Over the past five years, annual service charges for waste water, water and drainage have increased only marginally more than the consumer price index. A greater increase was applied to the volumetric water usage charge and to the water service charge. That means it reflects customers' usage so that bigger water users obviously pay more because they use more water. An important point that I made a few weeks ago is that whilst the Water Corporation appears on the surface to make a large profit, the net return to government is nowhere near that because of the operating subsidy that is returned to both pensioners and people who live in the country.

I have two more charts to show members. The actual returns that the Water Corporation makes to government are then returned by the government to people through an operating subsidy. The amount of operating subsidy that has been returned to the Water Corporation over the last four to five years is up over \$400 million, which is higher than the amount returned in the last four years of the Labor government. We are therefore concerned about the price that pensioners and people in the regions pay and that is why we have been delivering higher operating subsidies. What does that mean? The net returns by the Water Corporation to the government under our government are shown in the blue columns on the graph I am holding up. Indeed, it is a fallacy to think that under the Liberal government the Water Corporation has been gouging customers.

Mr F.M. Logan interjected.

Mr W.R. MARMION: The net returns when the Labor government was in power are shown in the red columns in the graph. The net returns indicate that they were over \$200 million every year.

Mr F.M. Logan interjected.

Dr M.D. Nahan: What's he been talking about?

Mr W.R. MARMION: I do not know.

Several members interjected.

Mr W.R. MARMION: The net return to the Western Australian government from Water Corp in 2011–12 was \$169 million—it was a big one. Therefore, the Liberal government is far from gouging the people of Western Australia. In fact the Labor government was gouging more out of the Water Corporation than we are. Indeed, our return is quite a small net return.

Dr M.D. Nahan: Minister, given the investment, the rate of return could be more.

Mr W.R. MARMION: In fact, that is right, given the rate of return.

Several members interjected.

The ACTING SPEAKER: The noise in the chamber is rising a little. Member for Warnbro, I remind you that you are on three strikes, so be a bit more careful as there is not long to go.

Mr W.R. MARMION: In conclusion, on the motion put forward by the member for Cockburn, I will rest my case with a final chart.

Several members interjected.

Extract from Hansard

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Mr W.R. MARMION: The Labor government was gouging more out of the Water Corporation than this Liberal–National government is.

MR P.T. MILES (Wanneroo) [7.46 pm]: Mr Speaker —

Several members interjected.

Mr P.T. MILES: The member for Morley sat next to me for four years!

The ACTING SPEAKER: I suggest you get on with it, member!

Mr P.T. MILES: I rise to say a couple of words about water and the replenishment that is going on in my electorate of Wanneroo. I am conscious of the time as well and I know that the member for Southern River also wants to say a few words. I believe that the Liberal–National government has been doing an excellent job on the delivery of water and on providing the delivery of future water services to the households of Western Australia. More importantly, this minister has had a plan for the future support of ongoing development and growth for the northern corridor. The Water Corporation’s plan titled “Water Forever: Whatever the weather” states that it aims to drought-proof Perth over the next decade with more ongoing efficiency measures, reduced demand through investing in deeper and secure groundwater and increasing recharge through groundwater replenishment. That is what I want to talk about. The groundwater replenishment trial at the Binningup waste water plant in Craigie has been running now for some time—since November 2010. It has had quite a few positive results from people. I want to talk more about acceptance by people in the corridor of the system for the replenishment of water. It is treated to the level of drinking-water use and then it is injected into the ground. The people at the plant have actually injected just over two gigalitres of recycled water to recharge the ground. It is interesting to note the figures on people who have visited the site. More than 6 000 people have visited the site since it started. It is interesting to note that, excluding the school groups and some technical people who have visited, the results from community members in attendance who were polled indicated that 90 per cent supported the continuation of the recharge. They also supported increasing the recharge. That is something the government is looking at doing with part of the \$500 million worth of investment in water for our future needs. Also a telephone survey was conducted in July 2011. Basically the question was: if the trial was successful, how would you feel about recycled water becoming part of your drinking water supply? Sixty-seven per cent of those supported that, 21 per cent were opposed and 11 per cent were unsure. I think that shows us that over the past few years, the community accepts the fact that water does not fall from the sky; we have to use other resources and that is why the desalination plants were built, which the minister acknowledges were begun under the Gallop government. I think it was a commitment made in the 2005 election campaign by Gallop.

Mr W.J. Johnston: Absolute rubbish; it was July 2004.

Mr P.T. MILES: That is when it was mainly campaigned.

Mr P.B. Watson interjected.

Mr P.T. MILES: I am acknowledging that the government should be credited for doing that and members opposite are pooh-poohing that.

Several members interjected.

Mr P.T. MILES: Members opposite need to be humble. I think the member for Cannington is quite arrogant.

Post the support for the groundwater replenishment, 90 per cent of the people who have visited were very happy about it. The Visitor’s Centre, which is part of the advanced water recycling plant at Craigie, has been hugely successful. I know a lot of people who have visited it. We have organised tours from most of our schools and our seniors’ centres to look at it, so that they can feel reassured in future years when we start injecting that recycled water into the aquifer and then start using the deeper aquifers for our water in the future.

MR P. ABETZ (Southern River) [7.51 pm]: I want to address my remarks to the first part of the motion about the government’s supposed failure to deliver affordable water services to households. When it comes to knowledge about water in Western Australia, one would have to have some concerns about the level of knowledge among those on the other side of the house. In 2005 the member for Cockburn and the now Leader of the Opposition put out an advertisement headed “Western Australia is the driest State in the driest country on earth” Guess what? It is not the driest country on earth. The United Arab Emirates, Syria, Sudan, South Africa, Saudi Arabia, Namibia, Mongolia, Mauritania, Libya, Iraq, Iran, Greece, Chile and Afghanistan are all drier countries than Australia. And Adelaide is by far the driest city in this country.

An opposition member: What are you talking about?

Mr P. ABETZ: I am just talking about facts.

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An opposition member interjected.

The ACTING SPEAKER (Mr I.M. Britza): Okay, member!

Mr P. ABETZ: Let us also consider the cost of water in the two remaining Labor states in this country. Let us go to South Australia, which is, admittedly, the driest state.

Several members interjected.

Mr P. ABETZ: Let me tell members that South Australia's water charge for just the service is \$293 a year, compared with \$188.10 in Western Australia. Tasmania's service charge is a minimum of \$305 a year. In Western Australia our cost is, say, \$1.20 up to \$1.58 a kilolitre and South Australia's starting point is \$2.42 and goes up to \$3.73 a kilolitre. In Tasmania where it rains much more abundantly than in Western Australia or South Australia, the annual service fee is high, plus they charge 94.7c a kilolitre. Our dam water costs us 70c a kilolitre and the Labor government in Tasmania charges nearly 95c. Sewerage rates in the other states are a little difficult to compare in some ways because in Tasmania, for example, they have a fixed price irrespective of the value of the property, of \$550 a year. In South Australia it is based on 31.2c per \$1 000 of the value of a house. Most people pay somewhere between \$500 and \$1 000 a year for being connected to sewerage. In Western Australia most people pay somewhere between \$700 and \$750, although the minimum rate is \$313. On the issue of delivering affordable water services to households, our charges are very reasonable.

The reality is that compared to what the two remaining Labor states can deliver, we are doing extremely well. On top of that, we offer water rebates to our seniors of 50 per cent on the supply charge and, I think, 25 per cent on the water-usage charge, if I read the website correctly. I want to highlight that it is absolute nonsense for the opposition to claim that this government has failed to deliver affordable water services to households.

Mr E.S. Ripper: We're going to let your electors know that you think your charges are reasonable.

Mr P. ABETZ: We have done extremely well and I think we ought to be proud of our record.

MR F.M. LOGAN (Cockburn) [7.55 pm] — in reply: I will make my right of reply on the motion. Nothing has been put by the government or the minister that challenges the arguments I have made in this house that form the basis of the motion. The two issues were: the impact of this government's behaviour and its actions on the community, particularly on the families and households of Western Australia, and the failure of this minister and the government to stop those impacts. The Economic Regulation Authority in its report, which I pointed to throughout the whole of my speech, made it very clear where the overcharging can be found. Waste water, which the minister did not even address, is one of the clear examples in the ERA report. The actual rate of return on capital was another example of how the Water Corporation was found to be overcharging.

Mr T.R. Buswell: No they were not; the ERA changed the rate of return.

Mr F.M. LOGAN: That is exactly what it said. Do not come in here and try to challenge it; you have not been in here all night; you come in here and make stupid statements. Read the report. That is exactly what it says.

Mr T.R. Buswell: That isn't what it says.

Mr F.M. LOGAN: Open your eyes and read it properly. You are absolutely hopeless.

The other part of the motion I moved was the failure of this minister to rein in the excesses of the Water Corporation and how it charges its customers in Western Australia and how it rewards its own executives. I gave some clear examples of the really over-generous way in which the chair and the board of Water Corporation reward their executives. They provide outrageous overcompensation and the response from the government, particularly the backbenchers, who do not earn anything like Water Corporation executives, was that that is all right: "No worries; that's no problem at all." A Water Corporation executive salary-sacrificed \$400 000 of his wage into superannuation. "That's fine", nobody else in the country can do that, but as far as they are —

A member interjected.

Mr F.M. LOGAN: I said it in the media the other day.

As far as these lemmings on the back bench of government are concerned, that is completely okay. We will remind the people of Western Australia what they said.

Mr P.T. Miles: You've been standing up for too long; sit down.

The ACTING SPEAKER: Members!

Mr F.M. LOGAN: Thank you, Mr Acting Speaker. The minister went on at length about desalination. I will read this press release of Hon Colin Barnett, which states —

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Mr T.R. Buswell: Read it out sucker.

Mr F.M. LOGAN: I will; it is so good, I have to do it. It states that the \$346 million desalination plant as announced today by Labor is a desperate and expensive attempt by the Labor government be seen to be doing something at pre-election year after three years of inaction on essential services. The Premier of Western Australia opposed desalination, yet this government is trying to take credit for it. What a joke! What a shambles. I move that the motion be put.

Dr K.D. Hames: That is a different motion altogether.

Several members interjected.

The ACTING SPEAKER: I will put the question again.

Dr K.D. Hames: Good idea.

The ACTING SPEAKER: The question is that the motion be agreed to.

Question put and a division taken, with the following result —

Ayes (23)

Dr A.D. Buti	Mr F.M. Logan	Mr J.R. Quigley	Mr A.J. Waddell
Mr R.H. Cook	Mrs C.A. Martin	Ms M.M. Quirk	Mr P.B. Watson
Ms J.M. Freeman	Mr M. McGowan	Mr E.S. Ripper	Mr M.P. Whitely
Mr J.N. Hyde	Mr M.P. Murray	Mrs M.H. Roberts	Mr B.S. Wyatt
Mr W.J. Johnston	Mr A.P. O’Gorman	Mr C.J. Tallentire	Ms R. Saffioti (<i>Teller</i>)
Mr J.C. Kobelke	Mr P. Papalia	Mr P.C. Tinley	

Noes (27)

Mr P. Abetz	Mr G.M. Castrilli	Mrs L.M. Harvey	Ms A.R. Mitchell
Mr F.A. Alban	Mr V.A. Catania	Mr A.P. Jacob	Dr M.D. Nahan
Mr C.J. Barnett	Dr E. Constable	Dr G.G. Jacobs	Mr D.T. Redman
Mr I.C. Blayney	Mr M.J. Cowper	Mr A. Krsticevic	Mr M.W. Sutherland
Mr J.J.M. Bowler	Mr J.H.D. Day	Mr W.R. Marmion	Mr T.K. Waldron
Mr I.M. Britza	Mr B.J. Grylls	Mr J.E. McGrath	Mr A.J. Simpson (<i>Teller</i>)
Mr T.R. Buswell	Dr K.D. Hames	Mr P.T. Miles	

Pairs

Mr D.A. Templeman
Mr T.G. Stephens

Mr C.C. Porter
Mr R.F. Johnson

Question thus negatived.