

STATE GOVERNMENT FEES AND CHARGES — LOCAL GOVERNMENT RATES

Matter of Public Interest

THE SPEAKER (Mr G.A. Woodhams): Today, I received within the prescribed time a letter from the Leader of the Opposition in the following terms —

I wish to raise the following as a matter of public interest today.

“That the House condemns the Barnett Government for its excessive increases in fees and charges thereby putting huge pressure on local government rates.”

The matter appears to me to be in order. If at least five members will stand in support of the matter being discussed, the matter can proceed.

[At least five members rose in their places.]

MR E.S. RIPPER (Belmont — Leader of the Opposition) [2.59 pm]: I move —

That the house condemns the Barnett government for its excessive increases in fees and charges, thereby putting huge pressure on local government rates.

We have debated on a number of occasions the savage increases in utility bills imposed by the Barnett government. These increases are hurting not only pensioners and people on fixed incomes, but also working families. Lots of people are finding it difficult to make ends meet as a result of the government's 57 per cent increase in electricity charges. Let us look, for example, at the increases in the average annual electricity bill. This information was given by Synergy as supplementary information following the estimates hearings. In 2007, the average annual electricity bill was \$914.13; in 2008, it was \$957.63; by 2009 it had jumped to \$1 033.68; and by last year it had reached \$1 082.81. We know, of course, that these bills are going to increase in 2011 as a result of this government's budget decisions.

Today I want to talk about not only those utility bills, but also a tax that every homeowner in this state pays; that tax is rates on people's principal places of residence. That rates bill, which they get every year and which is the tax that most people pay most often, has itself been increased because of the electricity charges imposed by this government. The people of Western Australia are paying twice for the Barnett government's savage increases in electricity prices; they pay once when they pay their electricity bill, and they pay again when they pay their annual rates bill.

But this government has done something even more serious and hurtful than that. Every year there has been something special in the budget for local government and for the consequent rates bill to ratepayers. In the first budget the government cut the budget to the Department of Environment and Conservation and increased the waste levy to fund the budget black hole it had created. That was an additional cost to ratepayers of \$24 on their rates bill. In the second budget the government cut the appropriation to the Fire and Emergency Services Authority, and then increased the emergency services levy to fill the budget black hole that it had created. That emergency services levy, of course, is paid on people's local government rates bill. If we look at the three budgets of the Barnett government, we see that the emergency services levy increases have totalled 31 per cent, or \$45. The government has broken the approach that it advocated when it was in opposition. In opposition, the Liberal Party raised the possibility that a government might cut its own contributions to FESA and put the burden onto the emergency services levy; that did not under happen under us, despite the suspicions of the then opposition. This government has now gone ahead and implemented its own sinister design for the emergency services levy.

In this budget we have had the third attack on the rates bill, and that is a very significant increase in street lighting charges. The street lighting tariff will increase by 29.8 per cent in this financial year. It increased by 10 per cent last year, 7.5 per cent in April 2010, 15 per cent in 2009–10, and 15 per cent in April 2009. All those cumulative increases total 103 per cent. In other words, in just less than three years street lighting charges from this government to local councils have more than doubled. Two things are happening here: firstly, the double payment for electricity price increases, once when people pay their bill and once when they pay their local government rates bill; and, secondly, the special additions to the rates bill imposed by this government budget after budget—namely, the waste levy, the emergency services levy, and now the street lighting charges.

Let us look at what local government mayors say about the street lighting charges. The Mayor of the City of Wanneroo, Jon Kelly, said that the council's power bill was set to increase by \$1 million, adding \$100 to each rates bill. As reported in *The Weekend West* of 28 May, the Mayor of the City of Cockburn, Logan Howlett, said that the \$600 000 jump in power bills—about \$15 a ratepayer—would be either passed on or absorbed by a reduction in services. The *Joondalup Weekender* reported the Mayor of Joondalup, Troy Pickard, as having said

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that the street lighting charge added another \$700 000 to the Joondalup budget, and that the net effect was the doubling of the local government's electricity bill in the past 24 months. All these government actions are increasing rates bills.

This is a government greedy for revenue, but it is reluctant to accept political responsibility for the revenue it is raising. It is desperate to get the money, but it wants to let local councils and local councillors carry the political can for ratepayers' justifiable anger about their bills. Let us look at some of the rates increases that will result. These rates increases should be compared with an inflation rate, according to the budget papers, of 2.75 per cent in 2010–11, and three per cent in 2011–12. Rockingham council plans a 12 per cent rate increase; Gosnells plans a 4.9 per cent rate increase; and Joondalup plans a 5.5 per cent rate increase, as does Cockburn. The City of Swan is planning a six per cent rate increase, and the City of Wanneroo is planning a 5.9 per cent rate increase. These are well above the inflation rate. I remind people that the forecast inflation rate for this forthcoming financial year is just three per cent, and in those examples are increases of 12 per cent, 4.9 per cent, 5.5 per cent, six per cent, and 5.9 per cent.

Ratepayers will feel the financial pain of this government's decisions budget by budget, and councillors and councils will feel the political pain of this government's decisions budget by budget. It is a government greedy for revenue and desperate for revenue, but it refuses to accept political responsibility for the impact its revenue-raising measures have on ordinary people. We will not let the Barnett government get away with it. It is the Barnett government that is responsible for these rates increases. It is the Barnett government that is responsible for the double pain being experienced by working Western Australians.

MR P. PAPALIA (Warnbro) [3.09 pm]: The way that this government treats local government demonstrates, more starkly than perhaps any other state government field of endeavour, its true nature. The dishonest, aggressive and pompous way in which this state government has treated local governments around the state since it took office shows its true nature. It shows what this government is really like. It shows what this Premier is really like, as opposed to the facade he presents on talkback radio and the very few times he is in front of a television camera. It shows what the people sitting behind the Premier are really like.

This government does not care about householders in Western Australia who are doing it tough. This government would rather take the credit for the good things that are being done in the north of this state, the growth that it has nothing to do with, and put the pain on the average household. Local governments have been credited as much as possible with causing that pain. The Premier and the Minister for Local Government have stepped aside in an effort to have local governments take the pain. No sooner was this government elected to office than it broke a pre-election promise that it would not force amalgamation on councils. It took the government three years to finally concede that that was not going to work. It spent \$7.2 million to achieve a net reduction of zero in the number of councils around the state. It has managed to alienate possibly one of the most conservative stakeholder groups in the state. It was a natural supporter base for the government and it was ready to embrace the government and give it the opportunity to move in a positive way to engage with local government on the back of a process established by the previous government. This government abandoned that process. It squandered that goodwill and subsequently has taken every opportunity to put the blame on local governments for the pain that it is inflicting on households. This motion today demonstrates that fact perhaps more starkly than any other.

It is starting to bite in the outer suburbs. It is starting to bite in the outer metropolitan growth areas where the people who work in the mining and offshore industries of this state, generating this state's income, actually live. The outer metropolitan councils have had the outer metropolitan grant scheme taken from them. When Labor was in government, we recognised that those outer metropolitan suburbs of Perth are where the people who work in the mining endeavours to the north and to the east come back to live. The people in those suburbs needed services and their councils that provided those services needed support. The previous government gave them that support, but this government stripped it from them. In budget after budget, as we heard from the Leader of the Opposition, this government consistently imposes surprise massive increases in the cost impost on local governments. There was the 300 per cent increase in the waste levy, there was an increase in the emergency services levy of 31 per cent, and this year we saw a 30 per cent increase to local government in street lighting costs. What does that mean? It does not sound like much when the Western Australian Local Government Association says that it is one per cent in the rates costs for the average local government. However, WALGA knows the real impact. That great paragon of Labor values Troy Pickard, WALGA president, was quoted in the *Echo News* on Saturday as saying —

“This increase was unexpected and places a massive strain on local government finances.”

The Minister for Local Government attacks local governments across the state because he says that they are not capable of strategic planning and preparing for the future. How can local governments be, when they embark

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upon the process that the minister asked them to engage in, actively engage with him and spend tens of thousands of dollars in consultants to develop strategic management plans, asset management and replacement plans, plans for the future and cost plans and then without any warning at all, they are hit with a 30 per cent increase in one of the most serious costs they have to contend with? There is no other way for local governments to deal with that increased cost than to increase rates. The government is not increasing their grants. In the metropolitan area, which is not eligible for the pork-barrelling scheme that the Nationals throw around the regions, local governments have no other way; they are not getting more grants from the state government. Local governments are not getting more grants from the federal government because when the feds gave the state government tens of millions of dollars to spend on improvements to local government, it in turn gave it to only three local governments in the metropolitan area; all the rest went to the regions so that the minister for pork-barrelling could fly around and big-note himself in the regions. The government is not looking after the hundreds of thousands of people who live in the outer metropolitan suburbs of Perth. The story in the *Echo* tells it very clearly. Without going through the entire article, I will read some parts to members —

The Shire's of Northam and York have said they have not made a decision on whether to turn off or scale back street lighting in the shires ... and requested Western Power to upgrade their pole fittings to energy efficient lights, to reduce running costs.

That is because local governments all know that they have no control over the nature of the lighting that they have to pay for. That is up to the state government. It is up to those guys who control the people who provide the lighting —

Mr C.J. Barnett: Western Power began a program to put in efficient lighting.

Mr P. PAPALIA: Is the government putting more money into it? Is the government providing money? No, the government is taking money out of those organisations and preventing them from being able to reinvest their money in infrastructure.

I will refer to some of the other comments from councils. The Shire of Mundaring stated —

“Unfortunately, as with all costs shifted on to the shire, —

That is what is happening; the costs are being shifted —

the increases will have to be accounted for in the shire's budget.

“Wherever possible the shire attempts to absorb costs, however the impact is ultimately passed on to ratepayers.”

The City of Swan stated —

“The city has contacted Synergy to establish what its exact costs will be for the next financial year.

“Once this information is received, council will have to decide how the additional expenditure will be absorbed.”

Local governments will have to either absorb it themselves, which means that they will not invest in infrastructure and services, or put their rates up. The state government knows that is a fact and it knows that councils will wear the pain on the government's behalf because it is the government that is doing it to them.

Further in the article, the Shire of Kalamunda stated —

“The current cost of street lights is approximately \$800,000 per annum, therefore the approximate increase in operating costs will be \$240,000 per year,”

I looked at some of the larger councils and took a grab, a snapshot, from the south, north and east. In the east, the City of Armadale is currently spending \$1.042 million in street lighting, so the 29.8 per cent increase effectively pushes the cost of its street lighting to \$1 352 500—a \$310 500 increase in its costs. That is a 0.9 per cent increase on the city's rates, but if we couple that with its own costs—councils have to pay their own costs for electricity as well, so their bills are going up—which are another 0.1 per cent, it effectively adds a full one per cent in rates to each household. If we look at Wanneroo to the north, which the Leader of the Opposition mentioned, in 2007 —

Ms J.M. Freeman: The member for Wanneroo is not here.

Mr P. PAPALIA: The member for Wanneroo is absent. The City of Wanneroo's electricity costs were just under \$2 million, but its costs as a result of this year's budget will be \$5.2 million. Of that increase in costs, \$1.077 million is attributable to only the 30 per cent increase this year in street lighting costs. That is a 1.2 per cent increase on its rates as a result of the state government's activities. The shadow cabinet visited the City of Stirling just the other day. The City of Stirling says that it is throwing \$1 million on its costs, so that is another

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one per cent in its rates. The City of Rockingham has drawn a great deal of attention, and street lighting has not contributed anywhere near the percentage of its rates increase. Its rates are increasing by 12 per cent, but we can also attribute that to the state government because the City of Rockingham, in all fairness—those councillors are copping a flogging—tried to keep its growth in rates at a steady level to compensate for the massive increase in household costs imposed on every household in Rockingham by this state government. Now the City of Rockingham finally has to catch up, so it is increasing its rates by 12 per cent. Think about the impact that will have on households, as it comes on top of the 51 per cent increase in household electricity costs and the massive increase in water and other state government charges. As I say, this field of endeavour in local government shows the true nature of the Barnett government. It is dishonest. It is dealing with the people of Western Australia, particularly householders, in an aggressive and pompous fashion. It does not care about the impacts; it just tries to dodge responsibility. It will be local governments that will have to pick up the burden of responsibility, unless there is more of a focus in this place on the costs being imposed by the state government. Government backbenchers should stand up and front their own ministers in the party room and beg them to ease the burden on householders.

MR G.M. CASTRILLI (Bunbury — Minister for Local Government) [3.20 pm]: I totally reject the motion that has been put by the opposition. I could point out many instances under the previous government in which local governments increased rates by well over the consumer price index. I could go back as many years as members opposite would like me to go back. What a load of rubbish that increases have been over CPI only under this government! Give me a break! The member for Warnbro said that we are dishonest in the way we are treating local governments. If we treated local governments dishonestly, I would not have embarked on a reform program. I am the only one who cares about local governments and the reform program. It is about lifting the capacity of local governments so that they can survive. That is what it is all about. The member opposite talked about forced amalgamations. We have moved on since his previous ramblings about forced amalgamations. We have always said that amalgamation is voluntary. Why do members opposite think we are implementing strategic planning? It will assist local governments to better plan for the way they conduct their business. Most local governments do not have strategic planning linked to asset management planning and to their budgets. It is about assisting them along the journey of better planning so that they can cover their costs in the future. Local governments have been talking about their budgets since early this year. They started working up their budgets in January, February and March this year. It is not as though they start to do that work in June. Subject to compliance with the act, local governments determine their own rates. Their decisions are made based on their annual budgets. They go through all the inputs, expenses and outputs. That is how they develop their budgets. Just as households manage their budgets, so, too, do local governments. Each local government goes through its budget and determines what the community's needs are, what its expenses should be and what the community can afford. That is what local governments are supposed to do. Each local government has to make that decision based on discretionary funding. Local governments make a decision based on capital infrastructure and maintenance infrastructure and on fees and charges that they need to impose on the community for all the works they do in building recreation centres and everything else.

A lot of figures were bandied around, so I will bandy around a couple of figures myself. In 2009–10, property owners in the Shire of Peppermint Grove paid an average of \$2 600 per household, while property owners in the City of Swan paid an average of about \$900.

Ms L.L. Baker: And your point is?

Mr G.M. CASTRILLI: I am showing the difference.

Mr R.H. Cook: So are you saying that the people of Peppermint Grove are rich?

Mr G.M. CASTRILLI: The rates charged by each council in the metropolitan area vary markedly. I can go through a range of councils. In 2009–10, the average rates charge in Kalamunda was \$882. The average rates charge in Mosman Park was \$1 505. It spent 23 per cent of its expenditure on governance costs, while it spent nine per cent on roads. Local governments have a discretion about how they spend money and how they develop their own budgets.

Several members interjected.

The DEPUTY SPEAKER: Members!

Ms R. Saffioti interjected.

The DEPUTY SPEAKER: Member for West Swan!

Mr G.M. CASTRILLI: As I have said, Mosman Park spent 23.27 per cent of its expenditure on governance costs and nine per cent on roads, and the average rates charge was \$1 505 per household. The average rates

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charge in Nedlands was \$1 529. Mr Deputy Speaker, as a former Perth city councillor, you might be interested to know that the average rates charge in Perth this year is \$714. I could go through a whole list of councils. Somebody mentioned Wanneroo. In 2009–10 it spent 18.9 per cent of its expenditure on governance costs and six per cent on roads. Its average rates charge per household is \$1 055.

Point of Order

Ms J.M. FREEMAN: I understand the minister is quoting from an official document. I wonder whether the minister would like to table that document. Unfortunately, he did not talk about the City of Stirling and other areas in the document, so I am interested in the document.

Mr G.M. CASTRILLI: When I finish, I will be delighted to table this document.

Debate Resumed

Ms R. Saffioti: I am very interested in the Mosman Park analysis.

Mr G.M. CASTRILLI: Yes.

Last year I examined the budgets of four cities for the past four years. Three of them were Perth metropolitan cities and the other was a regional city. I examined the increases in the utility charges relative to the total expenditure and the relative staff cost increases. The budgeted increases in utility charges in 2010–11 were eight per cent for the regional city and 13 per cent, 51 per cent and 32 per cent for the three metropolitan city councils. The utility charge increases were compared with total expenditure, and I examined the staff cost increases over the same period. For the regional city the utility charge increases relative to total expenditure over the past three financial years were 4.31 per cent, 4.89 per cent and 4.67 per cent. For the same city the employee cost increases were 12.7 per cent, 17.35 per cent and 9.66 per cent. For metropolitan city A the increases were three per cent, 3.35 per cent and 3.39 per cent. Its staff cost increases were 2.78 per cent, 6.17 per cent and 4.75 per cent. For city B the utility charge increases relative to total expenditure were 2.9 per cent, 2.76 per cent and 3.7 per cent. Its staff cost increases were 13.25 per cent, 4.95 per cent and 13.29 per cent. For city C the utility charge increases were 3.45 per cent, 3.35 per cent and 3.98 per cent.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr G.M. CASTRILLI: Members opposite do not like these figures. The staff cost increases for city C were 18.4 per cent, 6.98 per cent and 4.49 per cent. What does that tell me? Utility charges for four local governments, expressed as a percentage of the total expenditure increases, increased by an average of less than four per cent for each of those four years. The staff costs, on the other hand, were significantly higher. I have read the figures out, and I will read them out again if members want me to.

This is very revealing of how local governments manage their budgets to live within their means. A local government is an autonomous body; it has a board of directors called councillors. They sit down every year and determine their budget. They determine where their discretionary spending will be, their capital expenditure and spending on maintenance and so forth. There are many local governments out there that are responsibly managing their energy and water consumption. I mentioned earlier the Shire of Peppermint Grove. To its credit, the Shire of Peppermint Grove and its nearby partners recently constructed one of Australia's most energy-efficient libraries and community buildings, and I had the honour of opening it. It is a great credit to that shire.

There are a lot of things that local governments can do. In addition to levying rates to cover general expenses, local governments can levy property owners for specified-area rates. They use it for additional costs, whatever they may be. They have the discretion of applying specified-area rates to their community, in whichever area they wish to apply them to. General rates are levied on gross rental values of properties with improvements, such as a house, or unimproved properties such as vacant land. Valuations are provided by Landgate, and local governments determine the rate in the dollar. Each local government can in any year adjust the rates up or down on the Landgate valuations of properties, depending on how much they want or need to raise to benefit their communities, depending on their strategic corporate plans. Although property values are quite different for the residents of Peppermint Grove, they are prepared to pay higher rates for the services offered.

It is very important to promote the need for proper asset management. I want each local government to determine what their assets are and what they need to spend on the maintenance of their assets. Many local governments are now realising that there will be more pressure on them. They need to calculate the whole-of-life costing of their assets quite differently from how they did in the past, because they were not doing that in the past. They will need to determine what their whole-of-life-costing is, and what replacing assets and providing better assets means to the local community. They need to know the effect those things will have on their budget and future

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expenditure. That is what this reform is all about—assisting local governments to determine where they are coming from and what they need to do in the future, so they are better prepared to meet the challenges of the future. If they do not, they will be in serious trouble; they will be looking for handouts, because they will not be able to keep going. The overall lack of asset management awareness is just one concern I have about the local government sector.

I refer to the business case that was prepared by KPMG for the Cities of Nedlands and Subiaco.

Mr P. Papalia: How much did that cost? You know how much it cost.

Mr G.M. CASTRILLI: Yes, I have a fair idea, and so does the member, so why is he asking me that question?

I think all members would agree that KPMG is a fairly substantial accounting firm. It found that if those two cities got together, it would result in potential operational savings—not rationalisations—of between \$3.1 million and \$4.4 million per annum. It also found that those efficiencies could be directed into better and greater service provision; more asset development; more investment; and even reductions in rates. If the two cities merged, the City of Nedlands could reduce its average rates per household by \$370 per year, and the City of Subiaco by \$137 per year.

What do members think that this reform process I have started will do? Why do they think I started all this? Local governments need to build capacity, because they have not changed for 100 years—from the 1900s, when the metropolitan population was 73 000. Local governments are going to meet soon on the reform process, and I hope that I can encourage them to go through with it because there will be substantial savings and great outcomes for their communities. I am not telling them to reduce their rates, but they could have better service delivery, more services provided and more investment in the community.

I am aware that some local governments in Western Australia are quite innovative in lessening the impact of rates on their communities. One example is the City of Kalgoorlie–Boulder, which has developed a range of commercial revenue-raising activities over the past several years, which generate several million dollars a year for that shire. There are other examples of such local governments that I absolutely applaud for the ways in which they are thinking and acting responsibly and strategically.

If local governments are stating that rate increases are due to increased power charges alone, I say to them, “Go and examine your discretionary spending and funding”, such as conferences. I am happy to assist local governments in that regard, if they really want me to. Opposition members claim that state charges are placing huge pressures on local government rates. I say to opposition members, “Go and do your homework.” Opposition members should get on board with me on local government reform, because it will save the ratepayers and communities of Western Australia a lot of money and result in better service delivery and more and better services. That is what it is about. It is about efficiencies and the capacity of local governments to deliver more for the same amount, if they want to, and they can do that. I am promoting this reform because it will result in huge efficiency gains for the local government sector, and that translates down to the people of Western Australia. That is what it is all about.

[See paper 3477.]

MR J.M. FRANCIS (Jandakot) [3.39 pm]: I stand in this place as a politician who believes that it is not governments that have money; taxpayers have money, and it is our job to collect it and spend it as fairly as possible. The same principle applies to local councils.

Ms J.M. Freeman interjected.

Mr J.M. FRANCIS: Can the member just shut up for one minute? Local councils do not have money; ratepayers have money. It is the job of local councils to collect that money as fairly as possible and to spend it as fairly as possible. I have to look at only one of those councils in my electorate. For example, in the City of Melville, \$23 million in consolidated debt obligations went on a gamble with taxpayers’ money that went wrong, and its councillors went on unlimited junkets all over the world to win useless awards.

I want to keep this short. I have a crystal ball. I could foresee that the opposition was going to make an issue of this last week. Members could imagine my surprise when I drove through Leeming in the City of Melville in my electorate at 2.15 last Wednesday afternoon to see every single streetlight burning brightly.

Mr A.P. O’Gorman interjected.

Mr J.M. FRANCIS: I do not care who is to blame.

Mr A.P. O’Gorman interjected.

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The DEPUTY SPEAKER: Member for Joondalup, I do not want you having an apoplexy today. Please calm down.

Mr J.M. FRANCIS: The Minister for Local Government is dead right; it is about time councils in Western Australia lifted their game and stopped wasting ratepayers’ money. We talk about the impact on the environment and carbon emissions but lights are burning brightly at 2.15 in the afternoon in Leeming in the City of Melville in my electorate. Get real! Someone in this place has been on too much Kronik if they think that is an appropriate use of ratepayers’ money.

I conclude by saying that it is about time local councils started to pull their heads out of the sand and looked at how much of the money that they collect from ratepayers they waste and started to realise what their job is, which is to be efficient with the money that they collect and spend it fairly and reasonably, not to waste it by leaving lights on, going on junkets and taking bad debt gambles.

MR A.P. O’GORMAN (Joondalup) [3.41 pm]: I remind the member for Jandakot that councils do not have a say on when the lights go on. It is dictated by Western Power. The member should have a word with Western Power. It turns the lights on and then charges a price. That is the way it works.

This government is collecting tax by stealth. It is afraid to go out and say to the people, “We need so much money so that we can build a palace for the Premier and build extra offices for ministers to take them up to a really high standard.” It is afraid to stand up to the people and say why it wants to rip money out of their pockets. It has done that by increasing electricity tariffs and increasing water charges, and now it is doing it by increasing charges to local governments, which have no option but to pass them on to us or else they have to sell off assets. There was no consultation with local councils by this government.

It is not very often that I quote a Liberal but I want to quote Troy Pickard from an article that appeared on page 24 of *The Weekend West* on Saturday, 28 May 2011. It states —

WALGA president Troy Pickard said last night that councils deep in budget planning had been caught off guard by a 30 per cent spike in the street lighting tariff in last week’s State Budget, which could not be readily absorbed.

He said councils, whose biggest power cost is street lighting, might decide their only option was to request from the electricity utilities that street lighting be switched off or scaled back.

That is probably the worst thing that can be done. We are seeing crime going up in this state—up 40 per cent in some of our suburbs. Burglaries and car theft are going up. Clandestine laboratories are going up all over the place. We saw one in Heathridge in my electorate last week. What is the government doing about it? It is proposing that the councils find extra money—up to 30 per cent—to keep their street lights on. The councils’ reaction is to say that they are going to turn them off. The article continues —

“Switching off street lights is a last resort as there are good reasons in regard to community safety and amenity that street lighting is provided by local governments,” Mr Pickard said.

Mr J.M. Francis: Western Power? You told me the councils are going to turn them off.

Mr A.P. O’GORMAN: The member should wash his ears out and listen. The councils have to request the electricity utilities to turn the lights off. The utilities are the ones that charge for that. The City of Wanneroo alone is going to have an increase in costs of \$1 million, which equates to \$100 for every ratepayer in the city.

The other thing we have seen slip in sneakily is the increase in the emergency services levy. Last year the member for Ocean Reef picked me up on this. When I said it was going to increase by \$30, he said in my local paper that I was lying and I was off the wall. I have my 2009 and 2010 rates notices. My rates went up exactly \$30 in 2010 because of the emergency services levy charge.

An opposition member: Get him to apologise.

Mr A.P. O’GORMAN: He will not apologise. I do not expect it. This year that levy will go up another \$10. The government increased the waste levy. This year the Mindarie Regional Council is increasing its waste levy from \$105 to \$123 a tonne. That is an increase of 15 per cent. If I add that on to my rates this year, it will cost me an extra \$100. Some of that is local government increases, some of that is absorbing the electricity price and some of that is the waste services levy. They are all going into my rates this year. What is the council doing? It is dipping into its reserves, the money that is paid by ratepayers to build extra facilities in their communities. Not only is the City of Joondalup doing that, but also it is selling off community-purpose sites, which are given by developers across this state to build community-purpose facilities in local government areas. The only way the City of Joondalup can meet some of its obligations is by selling off its assets. The government is throwing the

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baby out with the bathwater. This is a government of tax by stealth. It needs to stand up and be counted for what it is doing.

MR A.P. JACOB (Ocean Reef) [3.46 pm]: I am not quite sure where these sites are that the member for Joondalup just referred to but I am fairly certain, thinking back to my time around the council table —

Mr A.P. O’Gorman interjected.

Mr A.P. JACOB: Does the member think the council is selling that site in Currambine? I am pretty sure it is not dipping into its reserves.

It is absurd to have a go at us for responsibly passing on this cost to what the member for Warnbro termed a traditionally conservative constituency and then to call it irresponsible. If we were doing the opposite, members of the opposition would come into this place all guns blazing and accuse us of favouritism and trying to look after our mates. We are actually making a responsible decision. My question to those on the other side—I have not yet heard a single member mention it—is: what would they do and who should pay for it?

Several members interjected.

Mr A.P. JACOB: I am just getting interjections of “be honest”. I think we are being honest. To say that we are refusing to accept responsibility is absurd. We are accepting responsibility. We are being honest. We are being up-front. I have yet to hear anything from members opposite about who should pay for it.

Mr J.M. Francis: A magic money tree.

Mr A.P. JACOB: That is right; a magic money tree.

One thing that is firmly in my electorate’s mind is that we are responsible. The Premier came out a few months ago and personally apologised for recent increases. The opposition is accusing us of not taking responsibility. How much more responsibility can we take?

Members of the opposition also spoke about percentages. I think Winston Churchill said there are lies, damn lies and statistics. Members opposite quoted statistics and numbers. I did some back-of-the-envelope calculations. The member for Joondalup was talking about rate increases in the City of Joondalup. I have looked at its projected rate increase, which is expected to be about 5.5 per cent. I also factored in its projections for increases in streetlight tariffs. I have averaged that up to 30 per cent. I have been generous, with the numbers on its side. For a homeowner—renters do not pay rates—that would come down to an increase of about \$5 a year. I agree that that will hit people. It is a \$5 a year increase for a household. We should look at this in perspective. Ultimately, somebody has to pay for these things.

Mr P. Papalia: It all adds up.

Mr A.P. JACOB: It does add up. I am not denying that. Members opposite are not putting anything forward. The City of Joondalup is quite a high rating council.

Mr P. Papalia: It’s the biggest issue across the country.

Mr A.P. JACOB: It is the biggest issue across the country. I thank the member for that interjection. Even with the current responsible tough decisions taken by this government, our power is still cheaper than in the majority of Australian capital cities. Western Australia is still cheaper than Melbourne, Darwin, Hobart and Adelaide—WA is considerably cheaper than Adelaide. Western Australia is still cheaper than the national average even with the tough, responsible decisions that this government has made up-front and for which it is taking responsibility.

Another big factor is about to hit residents, and I will use this opportunity to send a message to my electorate because the Labor Party has form on the issue of rate increases, which was the main theme of the negative campaign the Labor Party ran against me during the last election. I took it as a compliment that that was the worst thing the Labor Party could think to say about me. However, before I do that, I will pay credit to my local councils, the Cities of Wanneroo and Joondalup. Recently they acknowledged that some rate rises might be the result of a range of factors, one of which is the gross rental values. The Valuer-General makes a valuation of the gross rental value of each property every three years, and that is the value on which the rate is multiplied. Often those valuations are an unpleasant surprise, particularly for members in a coastal electorate such as mine. When I was running as a candidate for the state Parliament, and as a former councillor, I had to deal with effective rate increases of up to 30 per cent in my electorate. The council increased rates by only five per cent at that time. A flyer that was printed and authorised by someone who is sitting across from me was distributed throughout my electorate twice during the state election campaign. The flyer states —

Liberal Cr Albert Jacob voted for massive rate increase for coastal suburbs—but not for the suburb in which he lives ...

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How much more deceptive and duplicitous can it get!

Mr C.J. Barnett: Who signed that?

Mr A.P. JACOB: It was printed and authorised by—I do not know if I can say his name, but it might be the member for Cannington! He distributed it in my electorate not once but twice in a week. The flyer also states —

The Liberal health policy has no plan for the Joondalup Health Campus ...

That was another gem!

Mr C.J. Barnett: Perhaps he does not tell the truth.

Mr A.P. JACOB: Perhaps.

MR C.C. PORTER (Bateman — Treasurer) [3.52 pm]: I have listened intently —

Mr P. Papalia: Talk about the Ellenbrook train.

Ms R. Saffiotti interjected.

Mr F.A. Alban: You have an opportunity, haven't you? It's in the West Swan electorate now.

Mr P. Papalia: He has dropped it like a hot potato.

Mr C.C. PORTER: The clock is ticking. Something about this debate reminds me of the member for Geraldton. I had a conversation with him recently about something that he discovered was going on in one of the local government authorities in his electorate. I do not want to unnecessarily defame the City of Geraldton—Greenough, but it may have been that council. I recall the conversation —

Mr P. Papalia interjected.

Mr C.C. PORTER: It was one or other of the councils in the member for Geraldton's electorate. He uncovered that the council had commissioned, to the tune of a very large amount of money—over \$100 000, if I recall correctly—a consultant to undertake a report into peak oil. I was a little surprised about that.

Mr P. Papalia: When?

Mr C.C. PORTER: When did I have the conversation or when did this happen?

Mr P. Papalia: When was the report with the consultant undertaken?

Mr C.C. PORTER: That is anecdotal. I grant members that I do not usually descend into anecdotes, but the member for Geraldton is a very reliable source. I find it quite staggering that a council —

Mr P. Papalia: You do realise that Geraldton is the only council that supports your process!

Mr C.C. PORTER: It may or may not have been the City of Geraldton—Greenough. My point is that there is waste in government, of which the opposition is rightly critical and of which we were rightly critical when we were in opposition. Each government strives to find areas in which efficiency savings can be found, waste can be decreased and full-time equivalent positions can be capped. Having been the Treasurer for six months, I accept that there is waste in government. I hope that over a longer course of being in this job I can assist the government in better identifying areas of wasteful spending. The opposition might well criticise us for our decisions on utility prices, but to hitch that criticism to becoming the party of apology for local government profligacy is, in my view, nonsensical. Why on earth would the opposition come in here and, under the guise of criticising this state government's conscious decisions on utility pricing, try to pretend there is not profligacy and waste in local government?

The member for Ocean Reef made a very good point: as at March 2011, the capital city electricity price for Western Australia was 23.01c per kilowatt, which is cheaper than the average, and cheaper than Melbourne, Darwin, Hobart and Adelaide. The electricity price across the entire state was 23.1c, which was cheaper than the average, and cheaper than the Northern Territory, New South Wales, Tasmania and South Australia. I bet your bottom dollar that a comparison of state and territory council rates would show that Western Australia was a lot cheaper than the other jurisdictions. To try to link council rates and threatened increases in council rates to utility price rises is ridiculous. The Minister for Local Government and the Premier pointed out that the Town of Cottesloe spends 25.56 per cent of its expenditure on governance and 16.94 per cent on roads. A quarter of the expenditure of the Town of Cottesloe is on governance. Does anyone accept that that is an appropriate and proper amount for that council to pay? The Shire of Kalamunda spends 1.58 per cent of its expenditure on governance. I would have thought that was a much better result for the residents of Kalamunda than the residents of Cottesloe. To have the sort of waste in local government and the Labor opposition coming in as the apologist for local government profligacy while at the same time demanding —

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Mr P. Papalia interjected.

Mr C.C. PORTER: The Shire of Kalamunda is doing a great job but others are not.

MR J.C. KOBELKE (Balcatta) [3.56 pm]: It seems that government speakers have not met the same sorts of people I meet in Balcatta, whose number one issue is paying the bills. They are really stretched and finding it very, very difficult. That applies also to small business, which is finding that turnover is down because people do not have money to spend. Members opposite who want to make fun of those people and blame local government for their inefficiencies do not understand the problem. People across my electorate are having trouble paying their electricity and water bills. I understand that this government cannot be blamed for everything. It cannot control the oil prices and what people must pay for petrol. Unfortunately, it can do very little to control the soaring price of houses. However, this government has total responsibility for the increased charges for a range of government services, including water, electricity, the emergency services levy and the waste levy. The list goes on and on. This government has had no sympathy for ordinary people, working families, pensioners, people on fixed incomes and small businesses, because it has hit them with increased charges time and again. I am particularly concerned that more and more people will not be able to meet their medical costs and will forgo having dental work and other medical procedures. They will forgo important things they would like to do with their families because they simply do not have the money.

The point of this debate is to try to drive home to the government that on top of all the direct increases it has put on people, the government is now adding to the burden through increased local government rates. The member for Girrawheen and I are particularly concerned because we believe this will be a huge imposition on the residents of Hamersley, which the member and I are proud to have partly in our electorates of Girrawheen and Balcatta. It is a mature suburb. Its people are growing older and there is an increasing number of retirees, but there are also people with young families who live there. The suburb is undergoing some renewal because some of the houses that have been there for years are now being done up. It is a lovely, centrally located suburb with great facilities. Soon the residents will have to pay their rates to the City of Stirling. All this government wants to do—namely, the Minister for Local Government and the Treasurer—is blame local government for its inefficiency. Of course local government can be more efficient—we want it to be more efficient—but what is this minister doing? He has caused local governments to pay tens of thousands of dollars on a fiasco he calls reform. It has done nothing.

Let us look at what councils are doing directly with their rates. The government has increased street lighting costs by 30 per cent this year, and 103 per cent in three years. It has increased the waste levy fourfold. It has increased the emergency services levy—again, which comes through rate notices from local councils—by 31 per cent in three years. Councils must pass on all those extra costs to local residents. My concern, and the member for Girrawheen's concern, is that through the gross rental value re-valuations, Hamersley is 15 per cent above the average. Whatever rate the City of Stirling sets, if there is no increase, rates will go up 15 per cent. If the City of Stirling was super efficient and could find all the savings that this government suggests, Hamersley ratepayers would still have a 15 per cent increase in their local government rates. But if their rate increase is of the order of five per cent, which seems to be the average among councils—the City of Stirling is yet to set its rate—people in Hamersley will pay a 20 per cent increase this year. That will hurt a lot of people; a lot of people the member for Girrawheen and I want to support and help. We are absolutely disgusted that this government is forcing the City of Stirling to put that sort of rate increase on people in the suburb of Hamersley. This government said nothing about the reason it is hitting local government through increases time after time in the price of electricity, the emergency services levy and the waste levy. That reason is the Liberal–National government has no control over its expenditure. Recurrent expenditure has gone up 36 per cent in just three years under this government. Net debt is heading to \$22 billion from \$3.6 billion. This is the profligacy that the Treasurer talks about. This is the waste the Treasurer talks about. The Barnett Liberal–National government is absolutely unable to control its own expenditure. It cannot set priorities. It is wasting money on the Premier's "palace". It is wasting money on extra departments. It is wasting money on plastic cows and singing toilets. This government has all the wrong priorities. People in my electorate want to know that the government will not keep slogging them time after time. When they get their electricity bill, this government has its hand in their pocket to pay for its profligacy. When they go to pay their water bill, this Barnett government has its hand in their purse to pay for its profligacy. When they get their council rates increased by this amount, the Barnett government has its hand in their wallet because of its profligacy. The Liberal–National government cannot control expenditure and it is putting up prices everywhere to get that money.

We heard earlier in question time the Treasurer not answer a question. He said there will be efficiencies in the government trading organisations. It is not efficiencies; it is taking money out. Those government trading organisations will pass on charges or provide a lower quality of service, and people in our electorates will pay for that situation because of this government's profligacy and inability to control expenditure. That is the

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problem. I am absolutely concerned and upset that people in Hamersley and other suburbs in my electorate will have to pay for the Barnett government’s mismanagement.

MS L.L. BAKER (Maylands) [4.03 pm]: I rise in the last minute of this debate to share a story. I was doorknocking in my electorate on Sunday. I went to a street near Centro Galleria.

[Time expired.]

Question put and a division taken with the following result —

Ayes (25)

Ms L.L. Baker
Dr A.D. Buti
Ms A.S. Carles
Mr R.H. Cook
Ms J.M. Freeman
Mr J.N. Hyde
Mr W.J. Johnston

Mr J.C. Kobelke
Mr F.M. Logan
Mr M. McGowan
Mr M.P. Murray
Mr A.P. O’Gorman
Mr P. Papalia
Mr J.R. Quigley

Ms M.M. Quirk
Mr E.S. Ripper
Mrs M.H. Roberts
Mr T.G. Stephens
Mr C.J. Tallentire
Mr P.C. Tinley
Mr A.J. Waddell

Mr P.B. Watson
Mr M.P. Whitely
Mr B.S. Wyatt
Ms R. Saffioti (*Teller*)

Noes (27)

Mr P. Abetz
Mr F.A. Alban
Mr C.J. Barnett
Mr I.C. Blayney
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli

Mr V.A. Catania
Dr E. Constable
Mr M.J. Cowper
Mr J.H.D. Day
Mr J.M. Francis
Mr B.J. Grylls
Dr K.D. Hames

Mrs L.M. Harvey
Mr A.P. Jacob
Dr G.G. Jacobs
Mr R.F. Johnson
Mr A. Krsticevic
Mr P.T. Miles
Dr M.D. Nahan

Mr C.C. Porter
Mr D.T. Redman
Mr A.J. Simpson
Mr M.W. Sutherland
Mr T.K. Waldron
Mr J.E. McGrath (*Teller*)

Pairs

Mr D.A. Templeman
Mrs C.A. Martin

Mr J.J.M. Bowler
Ms A.R. Mitchell

Question thus negatived.