

ENERGY POLICY — WA LABOR

598. Mr J.M. FRANCIS to the Treasurer:

Like my colleagues on this side of the house, I am deeply concerned about cost-of-living pressures amongst the families that my colleagues and I represent. I am also concerned about the pressures —

Ms M.M. Quirk interjected.

Mr F.M. Logan: No, you're not.

The SPEAKER: Member for Girrawheen, I formally call you to order for the second time today. Member for Cockburn, I call you to order for the third time. Either people have short memories or they are deliberately abusing the system. Members, when a person is on his or her feet asking a question, I do not want to hear from anybody else.

Mr J.M. FRANCIS: I am also concerned about pressures on the state's finances, which is why I was interested to recently hear the Leader of the Opposition announce the Labor Party's energy policy. Can the Treasurer please inform the house what on earth would happen to the state's finances if, God forbid, Labor actually won the election?

Mr T.R. BUSWELL replied:

The Labor Party recently released a lower power bills policy. Its low power bills policy effectively advocates for the abolition of the tariff equalisation contribution and its replacement with a payment from consolidated revenue. The TEC is an amount collected from all users of electricity in the south west interconnected system. It was around seven per cent and is now about six per cent; it is not really the percentages that are important. That money gets collected out of the SWIS and gets paid across to Horizon Power, and it is used to subsidise power for energy users in the remote areas of Western Australia; it basically means that we all pay about the same for power. The opposition has a policy that is basically to abolish the TEC and to replace it with a payment made from consolidated revenue to Horizon Power to the equivalent of the TEC and then a little bit—and I will talk about that in a second.

What is interesting, though, is not so much that public policy point of difference; it is what the opposition says it will do to energy prices. I read from Labor's policy statement "Lower power bills: August 2012". It reads —

The WA Labor Government will cut the TEC levy and fund the TEC from general government revenue from 1 July 2013.

...

The average household power bill will go down by \$111 a year ...

That basically means that the average power bill will go down and taxpayers will foot the bill for the balance. I asked Treasury to model a policy that would deliver that outcome because I am interested in public policy debate and the costings associated with it. I think as we head, member for Jandakot, into an election campaign it is important we have an accurate idea of what the opposition's promises will cost.

Mr B.S. Wyatt: Six hundred and thirty million.

Mr T.R. BUSWELL: The cost of that policy over four years, member for Jandakot, is \$820 million.

Mr B.S. Wyatt: You've got me, but that's the wrong policy. You've costed the wrong policy.

Mr T.R. BUSWELL: I have costed the right policy, my friend—the cost of policy that reduces power costs by \$111 from 1 July 2013 is \$820 million. There are two elements of the \$820 million that we need to understand. Firstly, 40 per cent of the TEC is paid by large energy users. So the Labor Party will be forcing the taxpayers of Western Australia to pay a subsidy to the equivalent of 40 per cent of the TEC to the larger energy users in Western Australia—punishing Western Australian households to provide energy price reduction for the larger contestable energy —

Mr E.S. Ripper interjected.

Mr T.R. BUSWELL: It is absolutely true, member for Belmont. The member for Belmont looked happy yesterday; I think he was the happiest person in this place after reading that Newspan!

I digress. Therefore, 40 per cent of the TEC payment is a subsidy paid by taxpayers to the larger energy users in Western Australia. The second and, I think, really important part of this issue is: where will the Labor Party get the money from; where will Labor get the \$820 million of funding from?

Mr B.S. Wyatt interjected.

Mr T.R. BUSWELL: The Labor Party cannot wait until next year's budget because it has to produce that document as part of its election costings. It is a massive black hole.

Mr B.S. Wyatt interjected.

The SPEAKER: Member for Victoria Park!

Mr T.R. BUSWELL: I have rarely seen —

Several members interjected.

The SPEAKER: In recent times some members in this place have decided to interject far more vigorously than they have previously. Member for West Swan, you are one of those and I formally call you to order for the second time today. Member for Victoria Park, I will call you to order for the first time today.

Mr T.R. BUSWELL: I can tell you, Mr Speaker, that that commitment will plunge the state's budget into deficit; that is what I can say without fear or favour. The Labor Party wants to announce these policies. It wants to announce a policy that provides a taxpayer-funded subsidy to large mining companies, to Coles —

Mr B.S. Wyatt interjected.

The SPEAKER: Member for Victoria Park, I formally call you to order for the second time today.

Mr T.R. BUSWELL: That is the energy policy—\$820 million. I then went on to have a look at another policy that the Labor Party announced over the last couple of weeks. This is a policy document called “Building a Stronger Skilled Public Sector”, and it ties in very nicely with the comments that the Premier made this morning about the commentary made by Mr Kelly and United Voice. There is a policy in this document —

Several members interjected.

The SPEAKER: Members!

Mr B.S. Wyatt: The question was about energy policy I thought.

Mr T.R. BUSWELL: And other policies. Let me read from this policy document, if I may —

WA Labor will stop the outsourcing and privatisation —

Mr B.S. Wyatt interjected.

The SPEAKER: Member for Victoria Park, I formally call you to order for the third time today.

Mr T.R. BUSWELL: I will read the quote again —

WA Labor will stop the outsourcing and privatisation of public sector services. Where possible, we will return outsourced services back into the public sector.

The Leader of the Opposition has an opportunity, if he is lucky enough to take government next year, to undo the contract at Midland Health Campus and to undo the contract with Serco at Fiona Stanley Hospital. Will he do that? Will you do that, Leader of the Opposition? The Leader of the Opposition has been in this place month after month bumping on about it; will he do it? Let me tell the Leader of the Opposition how much it will cost: \$130 million to terminate the Midland Health Campus contract and \$61 million to terminate the Serco contract. Will the Leader of the Opposition commit \$200 million today to undo those contracts? Let me ask the Leader of the Opposition again: will you commit \$200 million to undo those contracts? There we have it—fence sitting par excellence. Leader of the Opposition, will you undo those contracts that your union paymasters demand of you? Will you undo them? I assume that you will.

Let me conclude. There will be an \$820 million black hole based on the Labor Party's policy around lower energy prices, 40 per cent of which will follow through to large energy users, and a \$200 million funding commitment to undo the contract with Serco and to undo the contract with St John of God Health Care at Midland Health Campus. That is a commitment of \$1 billion made over the last few weeks and we have only just started.