

HOUSEHOLD FEES AND CHARGES — MCGOWAN GOVERNMENT

Motion

DR M.D. NAHAN (Riverton — Leader of the Opposition) [4.00 pm]: I move —

That this house condemns the McGowan government for the impact its increases to household fees and charges and changes to concessions will have on seniors, self-funded retirees, low-income earners and the 218 000 Western Australian households that have installed solar systems just to pay for the government's \$5 billion of election promises.

This is the first debate of probably many on the increases in fees and charges announced late last week; they were very comprehensive and very large. From the opposition's perspective in the first instance, this is hard to take because it was not too long ago that I stood on the other side and listened to four years of screaming about the previous government's increases in fees and charges, particularly for my area in water rates, but also on changes in assistance to seniors. Every year we would come up with a forecast of seven per cent, and each year we would bring on prices much lower than that—three, four, four and a half and three per cent, all much lower than seven per cent. Each year the opposition—now government—would scream that we were miserly and mean-spirited, and it would campaign against it in the community. It was not clear on what it would do but it promised to do better. One such quote was that lower electricity prices are part of the Labor Party's DNA. Obviously, they are not, given what happened today. We also went through a reform of the people who received Seniors Card benefits and a whole range of cost-of-living assistance payments. The commonwealth cut its contribution—it provided half; we provided half—but then it withdrew its contribution. The opposition screamed that we should make up the difference and, indeed, double our contribution. That was during some really tough times. We were in a tough fiscal position, which the government is now experiencing. The Treasurer of the day is experiencing what I did with a double "cal cal" in that the government also has to fund \$5 billion of additional promises. However, in opposition they ruthlessly complained about any increases, even if they were half of what they were in the forward estimates. Now it is a bit shocking to see what this government has done. The A1 tariff has had an 11 per cent increase all in the fixed fee—I will come back to that. Residential hot water fees have not gone up by much, but home business fees went up by 11 per cent. Charities' fees went up by nearly 11 per cent, small business fees went up by 10 per cent and water fees went up by another six per cent. These are very large increases at a time when inflation is one per cent, household income is not growing, and, more importantly, non-discretionary spending in households is negative—it is going down. Households are doing it tough. The Labor Party knows this because that is the reason it won the last election. Households were doing it tough and Labor did not think that we, the government of the day, were adequately attuned to their problems. The now government expressed recognition and concern, and promised to do something about it. The decisions of last week went directly against that promise and commitment. The government will be held accountable for it over time, and that is what we are doing here today. Labor promised in opposition that it would keep fees and charges low and reasonable, but it has not.

Let me go through the history of electricity charges. My colleague the member for Bateman, the shadow Minister for Energy, will deal with this area mainly. When we came to government in 2008, a couple of years after the so-called reform of the electricity industry, the industry was in chaos. Before that, electricity prices were held constant for a long period of almost 15 years with no increase, but maybe one increase in the 1990s. There was a requirement after reform that the Economic Regulation Authority would look at it and find out the cost reflectivity. It then put out a report. Clearly, I was not in government, but I had put my hand up for the seat of Riverton. In July 2009, the ERA said that prices had to go up by nearly 80 per cent to be cost reflective, so the Carpenter government put in the forward estimates an increase of 10 per cent each year for eight years. We came into government and, at the same time, we increased prices during that first term of government by 51 per cent, a little more than the forward estimates. At that same time, the subsidy to Synergy went up from \$60 million to \$550 million a year—there were fundamental problems with that. In our last term of government, which is the relevant one, we had a seven per cent forecast for each year. Each year it was less, but, importantly, as we went towards full cost reflectivity we focused on driving the costs out of Synergy rather than higher prices. The subsidy for Synergy peaked at \$550 million—the tariff adjustment payment. We had it down below \$300 million, and in 2019-20 it is forecast to go to \$30 million—almost full cost reflectivity. We did that largely by reducing the costs in Synergy, and reform. We went in with a commitment to go to competition on 1 July 2019. Although early on we were equivocating about the reform, in the last year I declared that that would require structural change to Synergy including splitting it up not into an old Synergy—the old retailer and generator, Verve—but into gentailers in some form or fashion. We cannot have competition in a market when the government-owned entity controls or owns 81 per cent of electricity generated in the state; it cannot work, so we focused on reform. The government, in some rhetoric, has said that one reason it is going for these massive increases is that it wants to prepare the pathway towards full competition. If that is the government's policy, state it; I am not sure whether it is. I have read in the paper that there is a tussle within the government about that. All I can say is that if the government of

the day wants support from this side to go to full retail contestability, we support it but it really requires not only the continual reform of Synergy including reducing costs, but also structural change of some sort. The government needs to map out the agenda and we will follow it. If all it is doing is jacking up prices to keep the monopoly going, that is just treating electricity prices as a tax mechanism and we are not going to support that. I argued very strongly for a focus on increasing the up-front payment for electricity, a per diem charge to pay for essentially the fixed cost and the variable, and ours is overweighted on the variable. We argued strongly—ploughed the field if you wish—for that case in the community. It is not easy and there will be a lot of resistance. The government has now got totality of the 11 per cent increase, or \$169 a year, on the fixed charge. I support putting most of the weight on the fixed charge. The problem is with the magnitude of the charge. A \$169 lump sum fee in one year is too large. People cannot avoid this charge if they are in a cash-constrained housing environment because of the fixed charge. They cannot reduce their electrons or their consumption of electricity, and they cannot use solar cells to reduce the charge; they cannot do anything but just wear it.

My complaint is not about the pathway of the change, it is about the magnitude of the change. An 11 per cent increase, or an almost 100 per cent increase in the fixed charge, which is what I think it is, is too large in one go. That is the problem. The direction of the change is right; it is the magnitude that is the problem. It is particularly hard when it is a lump sum, because lump sums are hard to deal with. Our problem is not so much the form of the price increase, it is the magnitude of it.

On this pathway, the government is on the way to get to full retail contestability as long as it continues to reform Synergy as has been built into the budget. In fact, as I remember it, Treasury was not allowed to treat some of the Synergy reforms in the forward estimates because Treasury wanted to see the reforms achieved before it booked them, which is appropriate, and I agreed with that. On the forward estimates, the government should be on a pathway to remove the tariff-adjusted payment altogether and on 1 July 2019, or thereabouts, have competition in the market, but the government has to get on to reform this industry. The real problem is that the government rushed this reform with these very large increases. It will hurt households in the community because it brought on \$5 billion of additional expenditure that it is struggling to expend. That is the problem.

We have gone through this before. I know government members are in denial about it, but the Labor Party went to the election knowing exactly what the forecasts were, which have not varied from that at all. Labor said that it had sent its forecasts to these experts, who gave it a tick of approval that it could not only fund its \$5 billion of additional commitments—that is the government's figure, not ours—but also be able to return the budget to surplus, and level off and reduce debt. When the Labor Party got into government, it found that that was all fiction, and it is desperately flinging around for every source of revenue it can get, including hitting households with excessive fees above forward estimates. I will make this quite clear. I repeat: the Labor Party went to the last election and said that it would keep increases to wages and fees and charges on the basis of the forward estimates. The increases in the forward estimates were seven per cent. The government has gone way above that—by 50 per cent or more—at a time when households are struggling for cash flow, struggling for employment, struggling for an income and struggling to keep the electricity and other services on. The government is going too quickly.

In the electricity area, the government has inherited a situation in which the problems of the first term of 2008–12 and of 2012–14 had been resolved, and the government was on a sustainable path going forward. The Minister for Water, when in opposition, stood up on this side of the chamber and decried every move we made to increase water prices on the basis of the forward estimates, and now he has done the same thing. He has done the same thing that he decried us for doing for four years. Members on this side of the chamber think the government has gone far too far in hitting Western Australian households. The government has gone against its clear rhetoric, if not explicitly its commitments at the last election, indeed over the last four years. The government has not given consideration to the situation of the economy that Western Australian households face. The government did move one tariff to a fixed charge rather than a variable—we support that—but it went too far. An 11 per cent increase in a single year is too large, particularly at the fixed charge. Another government reform is to reduce the Seniors Card benefits. I do not know the detail of it, but I think the government is capping rebates on local government rates to about \$100. The government's excuse was that most of the recipients of that rebate were in the western suburbs, but I assure members opposite that quite a few people outside the western suburbs get that rebate. When we did something similar to that, all we heard from the opposition side of the chamber were howls of outrage and campaigns in the city against the changes we made. We are, however, a more reasonable opposition.

Mr P. Papalia: What are you doing in the upper house?

Dr M.D. NAHAN: Let us hear him scream.

Government members know that they are being hypocrites by increasing electricity prices by 11 per cent in a single year and supporting a \$169 hit on every household. Government members support that. The Minister for Water supports a six per cent increase in water charges, despite spending four years decrying us for doing exactly that. The minister should not give me a lecture about hypocrisy because he is dripping in it. We have just had an election

in this environment and the biggest issue that households were telling us and Labor members was that they were doing it tough and that we should listen to them. Do you know what? The government has not listened to them on this issue. The government's excuse is that it is going to full retail contestability in electricity, and that is the biggest issue. I understand that the government is not doing that. It is not government policy. It was not a Labor Party policy at the election. The Minister for Mines and Petroleum, who was then the shadow Minister for Energy, made it quite clear that it was not Labor policy. The current Minister for Energy has said that he is thinking about it. We hear that the unions will not allow it. If the government is not going to full retail contestability in electricity, there is no justification whatsoever for the large increase in electricity charges that it has put in place, which will hurt a lot of households.

Certain households will be hurt significantly, particularly those people who are on modest incomes and are not on welfare payments, such as self-funded retirees. They do not burn much electricity, but the whole increase is on the fixed charge, and the overall increase will be much more than 11 per cent—probably pushing about 16 per cent—in a single year. These households will also probably be hit by the Seniors Card changes, water charge increases and others. I might add that increases to public transport charges really surprised me. Student fares, which are the fares for the buses that take kids to school, will go up by nearly 16.7 per cent in a single year. That is a large increase of \$52 a year. Standard zone fares for public transport will go up by essentially nine per cent in a year. We kept increases to fares to 2.5 per cent because the Public Transport Authority told us that its passenger numbers were declining and it was very sensitive to the cost of transport. Treasury had some doubts about this, but we accepted a 2.5 per cent increase during this period because there were major structural adjustments in the economy and people who were on lower incomes or under strain would use public transport. We kept the increase to fares at 2.5 per cent. The Metronet party will increase fares by nine per cent in a single year. Overall, as part of the representative household model, public transport will go up by 11 per cent. That increase shocked me.

We stand in this chamber and the government has come out with a range of huge increases in fees and charges. These are the first tangible actions of the government. They are over the top in the context of the household's ability to pay, the need for them, Labor's statements in the election campaign and its statements over the last four years. The government will be held accountable for that.

MR D.C. NALDER (Bateman) [4.18 pm]: I rise in support of this motion that this house condemns the McGowan government for the impact that its increases to household fees and charges and changes to concessions will have on seniors, self-funded retirees, low-income earners and the 218 000 Western Australian households that have installed solar systems to pay for the McGowan government's \$5 billion of election promises. Based on some of the information that has come out more recently, we should add small business to that list as well. I will come back to that.

I must express surprise at the extent to which the new government has gone to walk away from its rhetoric and the commitments that it made to the Western Australia people during the 2017 election campaign. The level of back-flipping and renegeing on commitments in this government's first 100 days is staggering. The increases to household fees and charges is just one element of that.

We often talk about the rhetoric of governments. We need to judge governments on their actions rather than their rhetoric. I am sure the people of Western Australia will judge the Labor government on the actions it is undertaking, based on the commitments that it made prior to the election.

The Labor Party made a commitment before the election that it would herald a new era of gold-plated transparency. Over the last two weeks, we have seen anything but transparency, whether it be gold plated, silver plated or whatever plated. I do not think we have had much transparency from this government. We have seen the swinging door of senior public servants. That begs the question: what is this government really up to? In question time today, the answers that were provided by the government bore little relevance to the questions that were asked. That is a concern for a government that stated prior to the election that it would establish a new era of gold-plated transparency.

Before I get to what has happened with household fees and charges, it is important to look at the comments that were made prior to the election by the current Premier when he was Leader of the Opposition and by the current Treasurer when he was shadow Treasurer. On 23 October 2016, in an article in *The Sunday Times*, Mark McGowan, the then Leader of the Opposition, said —

I know families cannot afford higher power bill increases.

That is pretty straightforward. On 9 May 2014, in an article in *The West Australian*, the now Premier said —

When people have to pay more and more, way above the inflation rate ... it is a Budget that is hurting the people who can least afford it ...

He went on to say —

This is a mean and painful Budget ...

He said that despite the fact that the increases he was talking about were about 30 per cent lower than the increases we are seeing from this government.

On 21 June 2012, on ABC news, the now Treasurer talked about the Labor Party electricity policy and said —

I can certainly say that the policy will be much more considerate to Western Australian families to ensure that we don't get these sorts of rapid increases that we've seen over the last four years ...

Mr B.S. Wyatt: When was that?

Mr D.C. NALDER: That was on 21 June 2012.

When we talk about the size of the increases that occurred in 2008, 2009 or 2010, members opposite point the finger at what the Liberal–National government did and say the government is just doing what our government did. They seem to forget that those costs are already built into the system. The new costs that they are applying are compounding those previous increases. Therefore, the impact on families is far greater than the impact of the original price increases. It is absurd for members opposite to complain about the price increases that were imposed eight years ago by the former government and say they were unfair, when they are compounding those price increases with an 11 per cent hike on households.

There has been some commentary about cost reflectivity. On 25 June 2014, the now Premier said in this place —

... state government do not apply a fee that fully recoups the cost of most things they do. That is what state governments do. That is part of the Australian way ...

The government has said that part of the reason it has increased electricity charges is so that we can move towards cost reflectivity. However, the now Premier said in *Hansard* on 25 June 2014 that that is not what governments do. There are gaps between the true cost of electricity and the charge that is levied, and those gaps are deliberate. If the reason for this increase in electricity charges is not to move towards cost reflectivity, as the Treasurer has stated, that begs the question: what else is this increase for?

On 9 May 2014, the now Premier said on Channel Seven news, when speaking on the 2014–15 budget —

Mr P. Papalia: Who was speaking?

Mr D.C. NALDER: The now Premier, Mark McGowan. He was talking about our government, and he said —

They are using West Australian families and ordinary West Australians as financial punching bags ...

Was the increase in electricity tariffs at that time about four per cent?

Dr M.D. Nahan: It was about 3.5 per cent.

Mr D.C. NALDER: The now Premier said that the former government was using Western Australian families and ordinary Western Australians as financial punching bags. If that is how the now Premier views a 3.5 per cent increase in electricity tariffs —

Dr M.D. Nahan: It was four per cent.

Mr D.C. NALDER: I thought it might have been four per cent. It averaged four per cent over the previous four years. If the now Premier viewed that as treating the Western Australian public as financial punching bags, what does he consider an 11 per cent increase in electricity charges to be?

Dr M.D. Nahan interjected.

Mr D.C. NALDER: Yes. I make that point, because this is what has occurred in history.

I move now to the impact on the community of the new electricity charges that are being advertised. The A1 tariff will increase by \$169. That is basically the connection fee, which is a set payment; it cannot be diluted. That will have a big impact on small users of electricity, such as aged people with no kids in the house. The people who will benefit from this tariff increase are people who have a swimming pool, or more than one television, and use a large amount of electricity. Those people will not be penalised by this method of charging for electricity. The people who will be penalised are self-funded retirees and people who use only a small amount of electricity. That includes the 218 000 households in Western Australia who have tried to reduce their energy costs by putting solar panels on their roofs. It is fascinating to see such a targeted approach on the less well off in our community, particularly self-funded retirees. The accusation has been made that all self-funded retirees are wealthy people. I assure members that they are not. They are proud people who have worked hard to get what they have got.

The biggest issue is the size of this impost over such a short period of time. That is the major concern for people. This will disadvantage people who use little energy from the grid, such as seniors, low-income earners and people who have installed solar panels. Conversely, it will have minimal impact on consumers of a large amount of

electricity. This increase in the tariff will not encourage people to modify their electricity use. That is very interesting. The Labor Party said last year that it was mean spirited to increase prices by around 3.5 per cent.

Dr M.D. Nahan: It was three per cent last year.

Mr D.C. NALDER: If it was mean-spirited to increase prices by three per cent, how can it not be mean-spirited to increase prices by 11 per cent? It is blatantly clear that this is not just about restoring the budget. Another piece of rhetoric from this government is that it needs to restore the current budget situation. What we see from these increases in tariffs is that it will improve the forward estimates by around \$238 million over four years, or \$60 million a year. In the last couple of weeks, the government has increased the number of education assistants by 300 at a cost of about \$46 million a year to the budget. From a financial perspective, if our budget is in such financial disrepair and if WA has the lowest ratio of students to education assistants in Australia, it begs the questions: If we are in such financial disrepair, how can we sustain that increase if we already have the best ratio of EAs to students in Australia? Why do it now? We have failed to hear why the government is doing that. When we question the government, it says that we do not care for kids. What we do care about is that if any activity is undertaken, it can be sustained. The government keeps arguing that the finances are in such disrepair, yet it is using 75 per cent of the gains from increases in electricity tariffs to fund 300 EAs. If it is not to fund EAs, it will be there to fund an additional \$5 billion in election promises that the Labor Party made during the election campaign. This has nothing to do with restoring the current budget situation. It does not go anywhere near it, yet this tariff is being imposed on a lot of people who are battling to make their way in life. I think that doing it in one year as the government is doing will cause a huge impost on people.

It is interesting that the press release put out by the government is all about the impact it will have on households. The press release refers to a number of issues, including public transport, motor vehicles, emergency services and changes to concessions. We could be mistaken for thinking that the government was advising us that the tariff increase would apply only to households. But, surprise, surprise, on the weekend we worked out that it would apply not only to households, as there would be tariff increases for businesses as well. The government has been deathly silent on the impact of power price increases on small business in particular.

Mr J.E. McGrath: They accused us of not supporting small business!

Mr D.C. NALDER: Yes, it accused us of not supporting small business.

I draw members' attention to a Synergy advertisement on page 20 and 21 of *The Weekend West* that details the new tariffs. From that alone, we were not able to determine the change unless we had some knowledge about the impact businesses or households. We could have been mistaken and assumed that it was all about household tariffs. It is not. It was not until we went to the Department of Finance website and pulled out the 2016 tariffs, and broke them down that we understood where the tariffs would apply. We found that —

Mr D.J. Kelly: Inspector Clouseau is over there doing his detective work!

Mr D.C. NALDER: I think this is embarrassing, and the member should be embarrassed about it.

Several members interjected.

The ACTING SPEAKER: Members! Thank you.

Several members interjected.

The SPEAKER: Members! Member for Bateman, you have the floor.

Mr D.C. NALDER: We worked out that the tariff increases will apply to not only small businesses but also charities. Not only will there be a massive price hike on low-income earners, but also the McGowan government will hit charities with an 11 per cent increase in supply charges and an additional 11 per cent on consumption charges from 1 July. No-one heard this anywhere. The McGowan government did not come out and tell us that it was going to hit charities. It was not until we pulled apart a Synergy ad and looked at how the tariffs are to be allocated and what that means that we determined that the government was smacking charity organisations as well.

The government is planning to pay for its \$5 billion election commitments by slugging not only charities, but also small businesses, the largest employers in the state, with increases of 10 per cent on both supply and consumption charges. Where has the government been? Where is the government's gold-plated transparency and sharing? If members look in *Hansard*, they will find that I asked the Treasurer when he would let small businesses and households know about these increases so that they could budget accordingly. What we got was, "Here's the households", but there was nothing about the impact tariff increases would have on small business.

It is fascinating going through this and exploring it. The government has hit small business, but it has not increased by very much tariffs for big business. That is really interesting. In the monopoly situation in the energy market the government is focusing on small business, yet in the competitive energy market it is not putting up tariffs by

anywhere near the same amount. The specific areas being targeted are those in which there is monopolistic control and influence over the marketplace.

When talking about gold-plated transparency, I would have thought that when it was making changes to tariffs and increasing power charges, it would have been appropriate for the government to share the impact across all sectors of the community. Small business plays an important role in our community and it is only fair that it should be advised about these changes. The government should not try to hide them in a tariff schedule in a Synergy ad in the newspaper and say that it has communicated with everybody. It is a disgrace and the government should be apologising to all Western Australians.

[Member's time extended.]

Mr P. Papalia: This new-found interest in small business is commendable. The notification of power increases hasn't changed since the last government.

The ACTING SPEAKER: Member!

Mr D.C. NALDER: I find that comment fascinating. I assume the member for Warnbro stood up in cabinet and fought for small businesses.

Several members interjected.

The ACTING SPEAKER: Members! Member for Bateman, you have the floor.

Mr D.C. NALDER: As I said, I think it would have been appropriate for the government to have focused on what it had committed to the public of Western Australia about its gold-plated transparency, and that it would have shared with all elements of the community the changes in electricity tariffs. That is definitely something we have not seen. I think we need to ask: why is this happening?

It will be interesting to know where the Treasurer is heading with this exercise, and it will be interesting to compare what is happening in the electricity sector with what is happening in the price war in the gas sector. Labor criticised the privatisation of Alinta and the opening up of the gas market, but households are now enjoying gas price discounts of up to 25 per cent. As we saw in today's *The West Australian*, larger businesses consuming over 50 megawatt hours can choose their electricity arrangement and can enjoy a 30 per cent discount on their electricity bill. This is where the matter will become interesting. It seems that the Treasurer is battling opposition from the unions. The Australian Manufacturing Workers' Union, the Electrical Trades Union, the Australian Services Union and United Voice have all said that we cannot go to cost reflectivity, as it is not right; it is not Labor policy. I was pleased to hear the Premier say that he supports the Treasurer, but I look forward to seeing how this will play out over time, but we need to see how the Minister for Energy can deliver his long-term plan for affordable, reliable and secure energy to avoid the chaos that happened on the east coast with blackouts and sky-rocketing prices. He needs to articulate how we will cut out the heavily unionised energy corporations and how he will attract new businesses to reduce the marginal cost of electricity. We have heard that we need to move to cost reflectivity, but we have put the burden straight onto households. In the last six months we have seen that on the east coast, with issues of blackouts, security of supply, gas and renewable energy, with wind or solar not being able to provide enough of a baseload, an opportunity has presented itself.

Mr D.J. Kelly: Are you blaming renewables?

Mr D.C. NALDER: No, I am not blaming renewables. If the member stopped and listened for a minute and stopped being so ignorant, he would see that when the cloud cover comes and there is no wind blowing, there is still a baseload requirement of energy, and South Australia found that it did not have the ability to deliver on that because it has shut down the turbines that would deliver that baseload, and so there are blackouts and issues with security of supply in that state. They have come up with this issue around security of supply.

Several members interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Once, twice, I have to stand up because you keep going. Do members want three times? Member for Bateman, you have the floor.

Mr D.C. NALDER: We have an opportunity. The government is currently looking to put the burden on households. We have an opportunity with massive price hikes in gas and energy supply on the east coast to make an effort to target industry to come here. We have an opportunity, with property prices and the employment situation on the east coast that mean the economy there is a lot stronger than ours at this time, to attract industry here with lower wage rates, cheaper property and access to cheaper supplies of secure energy. We generate over 1 000 megawatts of excess capacity in our electricity system. Why is the government not focused on getting industry here, instead of just putting the total burden onto households and, as we have discovered today, small businesses? We are calling on the government not to simply rely on households and put on the pressure and load it all into one year. Think smart, and develop a plan or strategy that takes our state forward and creates opportunities for all.

With that, I will take my seat and allow the Deputy Leader of the Opposition to continue this debate.

The ACTING SPEAKER: Member for Scarborough, you have the floor.

MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition) [4.43 pm]: Thank you, Madam Acting Speaker; I appreciate your protection. I rise to add my comments to debate on this motion. I have been listening with interest to the contributions of both the Leader of the Opposition and the member for Bateman. I will start with the background to this issue and the disappointment the community of Western Australia must be feeling at the betrayal by this government with these fee increases. In October 2016, when we were talking about the sale of Western Power in the lead-up to the election campaign, the now Premier, Mark McGowan, was quoted in *The Sunday Times* as follows —

“If I’m elected Premier I will keep Western Power in public hands and ensure Western Australians retain its ongoing revenue,” Mr McGowan said this week.

He has certainly guaranteed he is going to improve the ongoing revenue of Western Power with these fee hikes. The article continues —

“I know families cannot afford higher power bill increases. But selling Western power will mean bills go up and service quality will go down.

He made other comments, but it is probably important to get on the record now that, in the same article, published on 23 October 2016, the Australian Competition and Consumer Commission chairman Rod Sims told *The Sunday Times* —

... network electricity prices in WA were regulated by the ERA, he did not believe power bills would rise in WA if Western Power was sold.

“My thoughts are clear on this,” he said.

“I think prices will actually go down post privatisation.

He was quoting examples from the east coast. Infrastructure Partnerships Australia referred to a 2015 report by Ernst and Young for the New South Wales government looking at the poles and wires businesses of Victoria and South Australia. Members would be interested to know that that report stated that network prices for typical residential customers in Victoria and South Australia had fallen in real terms since privatisation.

We lost that argument. We took it to the electorate, and the electorate said it believed the rhetoric of the now Premier that he would keep power prices and household costs stable. People were not expecting that he would break that promise so early in his tenure as Premier of the state. There is a lot of history here. *Hansard* is a wonderful place to go back and look for the commentary of individuals on issues that matter and are of concern to the community. I thought I would have a look back at June 2014, when a motion similar to the one we are debating now was moved by the now Premier. It stated —

That the house condemns the state Liberal–National government and the federal Liberal government for making the lives of seniors and pensioners increasingly difficult through increased cost of living and the withdrawal of concessions.

In that debate, we were lectured on unfortunate commentary by some government ministers implying seniors were somehow living it up, were on easy street and were being treated overgenerously. There was reference in the now Premier’s speech to a forum that he was going to attend. In that speech, there were some really interesting insights. He said —

Some seniors are self-funded retirees, some are pensioners and some are a mix of both ... A range of them receive benefits from governments to provide a certain standard and quality of life, and for a long period it has been the case in this country that a range of benefits have been provided to seniors across the community. Those benefits are now under attack.

It is like groundhog day. Further on in the speech, the now Premier said —

State governments do a range of things for which they do not impose a user-pays arrangement on the people who receive the benefit; in fact, state governments do not apply a fee that fully recoups the cost of most things they do. That is what state governments do. That is part of the Australian way; state governments provide services to the community, and people may well access them depending on their individual needs. That is what state governments do and have always done.

That was a very interesting insight. This debate was initiated by changes to the seniors’ concessions in this state. Some reference was also made to a cost-of-living allowance and a seniors’ security rebate that were finite schemes

offered to the community for security improvements to their households and other cost-of-living pressures. We did not hear much of this when the Premier talked about changes to seniors' benefits that were announced over the past two weeks, but in 2014 he said —

The concessions review is underway and quite obviously seniors will cop it again. The eligibility for the Seniors Card, which was a very good initiative by Kay Hallahan in the late 1980s, is under threat. The most recent budget has resulted in a massive increase in cost-of-living pressures through the price of electricity and water, motor vehicle registration fees and tip fees—you name it; it is across the board—of around \$350 per household.

That was back in 2014, and we look at the first act of this government around setting fees and charges, and we find that the increase in fees and charges to a representative household in this state is \$438.39. That is significantly higher than the \$350 increase imposed in 2014 that we were told was utterly unacceptable and an attack on seniors and families. The Minister for Fisheries interjected earlier that owners of holiday homes would be hit by this surcharge. Every home owner in the state will pay the 11 per cent increase in electricity charges. Whether consumers are conservative users of power or excessive users of power, the supply charge will increase by around \$169 a year.

In 2014, people were saying that the increases we were putting in place at that time were mean and painful and people would have to pay more and more—way above the inflation rate. When the former Premier broke his promise not to increase electricity charges, it was said to be part of a budget that hurt the people who could least afford it. Goodness me; we have to be so careful about the words we utter in this place because they can come back to haunt us when we break promises to the electorate around keeping prices and cost increases affordable and ensuring that we keep the interests of families in our community at the forefront.

I would like to draw members' attention to the claims of the government that all it is doing is implementing the increases that were already set down in the forward estimates that we would be implementing had we won government and had we been in the same position. That rhetoric does not stack up with the reality of what occurred when we were in government. Often the forward estimates reflected price increases for electricity but when push came to shove, we looked at the affordability of increases through the eyes of seniors, people on fixed incomes, pensioners, families and the working poor in our community—that is, the people in low-paying jobs trying to pay their mortgages, with a couple of kids, just getting ahead and one crisis away from being on the breadline. We considered all those people when we looked at increases to the electricity tariff. The forward estimates for 2011–12 showed a five per cent increase in the electricity tariff, with an increase of five per cent the following year, 12 per cent in 2013–14 and 12 per cent in 2014–15. We looked at what was happening in our community and when we handed down subsequent budgets, the increase in tariffs that we delivered in 2013–14 was four per cent, not 12 per cent that was predicted several years earlier. When we handed down our budget in 2014–15, we delivered a 4.5 per cent fee increase. In previous years, the increase in the forward estimates was 12 per cent, 10 per cent or seven per cent, depending on the year of the budget. In 2016–17, importantly, in response to the economic circumstances that many families were finding themselves in, instead of the projected seven per cent increase in tariffs, we kept the increase at three per cent. Those were the sorts of decisions we needed to make as a government. Obviously, those decisions were made in difficult circumstances for the government but our view was that we should not cast unaffordable increases —

Mr D.J. Kelly: Will you take a question?

Mrs L.M. HARVEY: No, I am not interested in the member's interjections; sorry.

Despite the predictions of the forward estimates, we responded at the time.

Let us look at what some of these household increases now equate to. During our period in government, the total increases in the 2010–11 budget for a standard representative household was \$368.86. In the following year, as a result of our government's decisions around fees and charges, the increase in a standard representative household's budget was \$205.66. In 2012–13, it was \$163.20; in 2013–14, it was a couple of cents under \$235; in 2014–15, the increases totalled \$324.18; in 2015–16, it was \$198.54; and in the most recent budget, the household fees and charges for a representative household would look at increasing by \$257. Every single year we were lectured by those who are now in government about how disgraceful it was that we were gouging households and about how unaffordable living in Western Australia was becoming under our government. Then this year, the increase for a representative household is \$438.39. The Premier set himself a gold standard of transparency. It is really disgraceful that all the hidden fees and charges were not discussed. I would expect that there would be some transparency around these fees and charges. Instead, we have had to dig around a bit to understand what the impact will be.

The government can publish the fees and charges and put out information in the media as part of its campaigning. Then there are fees and charges that it can remain silent on, hoping that the opposition is not checking too hard

and that the media is too busy to check its facts and the government gets away with it. The government has not got away with it because we have done our homework.

Of particular interest to me are the increases in public transport fares. The increase to student fares is a whopping 16.67 per cent. If families have a couple of kids at school, that equates to an extra \$52 a year. For a household committed to public transport, a standard fare covering two zones equates to an increase of nine per cent, or \$80.60. For a household of two parents and two children, with the kids catching school buses to and from school and mum and dad catching the bus and train or whatever to and from work, they will be paying an extra \$132.60 as part of the fee increases of the McGowan government. These fee increases were in the context of a landslide electoral win in which the Premier said that he would not charge families and he would not increase fees for families because families had had enough under the previous administration. Yet there will be a 16.67 per cent increase in fares for kids catching buses to and from school, motor vehicle charges will increase around 5.67 per cent, and insurance will go up a bit. That is an extra \$30.84 for a standard representative household with one vehicle. If households have a couple of vehicles, they can just add that on—layer it up. We have talked about the utilities charges, including a \$169 increase in electricity for the standard representative household and increases of nearly \$100 for water sewerage and drainage—\$266 with a few cents to spare for utility charges. These are the sorts of increases that every household has to pay. No-one can escape them. When we look at the increases in utility charges, we are looking at \$238 million over and above what was budgeted for in the forward estimates.

I will go back again. One of my concerns with these increases in public transport fees is that we have experienced a decline in public transport patronage. Some huge commitments have been made by this government on public transport infrastructure.

[Member's time extended.]

Mrs L.M. HARVEY: There have been commitments to extensions on rail lines and other big commitments around public transport, but when we look at the Public Transport Authority's annual report from last year, we see some concerning trends. Perth public transport patronage has dropped for the second time in three years. It is currently at 145.5 million boardings, which is the lowest it has been since 2011–12. In 2003, when the PTA was formed, total Transperth paid and unpaid boardings, transfers and all forms of concessional travel were at 90.6 million, of which rail was 31.1 million. In 2012–13, the figures were 149.7 million, up 65 per cent over 10 years. The figure for rail patronage was 65.7 million, an increase of 11.25 per cent.

There are reasons for that, including the decline in the economy and the decline in the number of jobs in the CBD as some of the mining companies downsized. That is part of the reason we have seen a decline in public transport patronage. However, when we hit people in the hip pocket with fare increases, they start to make different decisions about whether they are going to catch public transport. With the government expanding the public transport network at an unaudited cost of around \$5.6 billion, we have to question the affordability and wonder if the government has done any modelling on what impact fee increases will have on public transport patronage numbers. That is one of my concerns.

When we look at the PTA figures for 2014–15, we see that state funding was \$740 million per annum. Users contributed \$214 million and there was some other income coming into the PTA for the \$1 billion worth of services it delivered. In 2015–16, the state subsidised the PTA to the tune of \$780 million. There was \$210 million collected from users, which reflects the decline in patronage I referred to. There is a significant sustainability issue if the subsidisation by the state of the public transport network is to continue at the current rate. If the current fare increases are to become part of the annual fee gouging by the state government, there is the potential for PTA boardings to decline even further. That brings into question the merits and sustainability of the government's agenda for the state rail expansion.

The previous government made a decision on the Ellenbrook railway line based on the subsidisation that would be required et cetera.

Mr D.J. Kelly: You paid the price.

Mrs L.M. HARVEY: We did pay the price; however, my concern is that into the future, every single taxpayer in Western Australia will be paying the price for the rapid expansion of the public transport network at a time when patronage is declining and fees are going up. As far as I am aware, there has been no analysis done by the government on the impact of fare increases on public transport patronage. Do fare increases influence people to make different decisions? I know that they do, just from the experience of members of my family. If one can bundle four people into a motor vehicle, drive them into the city and park on the outskirts of the city, one can actually save money rather than paying increased fares for students and adults on the public transport system. That is the vexing challenge we have in trying to encourage individuals onto public transport.

I do not dispute that the government was elected by a landslide and that it has the authority to implement its agenda, but I offer a word of caution: the government made commitments to the tune of \$5.6 billion, give or take a billion or

two, and there was no strategy for how they those commitments were going to be paid for. In the lead-up to the last election a commitment was made to slowly pay off the debt, just like a mortgage, and to rein in the deficit. I do not know how the government is going to rein in the deficit when it is going to have to continue increasing its subsidisation of the public transport network against declining patronage numbers. That is going to be an interesting conundrum for the government, and it is the government's job to sort it out. Paying for those new commitments while promising not to increase the size of state net debt is going to be a very big challenge.

I go back again to the comments made by the now Premier prior to the last election, in a *Sunday Times* article of 23 October 2016 —

“I know families cannot afford higher power bill increases.

So what does he do? He increases power bills and the supply charge so that no-one can escape it. One cannot even turn one's heater off and put ugg boots on and walk around in a blanket to try to avoid this 11 per cent increase; it is the supply to the building. Everyone has to pay it.

The now Treasurer was quoted in an ABC News article of 21 June 2012 as saying that Labor's electricity policy would be “much more considerate”. Let us have a look at what the previous Liberal–National government did. We asked for a three per cent increase last year; 4.5 per cent the year before; 4.5 per cent the year before that; and 3.5 per in 2012–13, not a whopping —

Ms A. Sanderson: And before that?

Mrs L.M. HARVEY: I know the member does not like it. It is 11 per cent. The government has to explain to the electorate why the Premier, who promised not to increase electricity prices, has increased them. I know members opposite do not like the fact that they have to explain to their electorates that electricity prices went up without privatisation, because not privatising Western Power was going to keep the prices down. Well, guess what? It did not happen; they went up, because of the government's decision. They went up so the government could get another \$238 million in its back pocket to help pay for the \$5.6 billion in unfunded commitments. Members opposite can explain that to their electorates and we will explain it to ours. We will talk to the seniors who are sending us emails saying, “We had no idea we were going to be attacked like this. We had no idea, after engaging with the Premier and the now government over a couple of years about our issues, that they would come in and change the seniors' concessions. We had no idea that they would increase electricity prices, because they said they wouldn't. We had no idea they would increase the fees and charges to the standard representative household by a whopping \$438. We had no idea about that, because the Premier said he wouldn't do that, and we voted for him because he said he would not do this.”

Mr D.J. Kelly: You voted for us?

Mrs L.M. HARVEY: That is what the seniors said. The seniors said, “We were sold a pup. They said they'd keep electricity prices down and that if we didn't sell Western Power, prices would go down.” That did not happen.

The quote used by the member for Bateman was from a Channel Seven news report of 9 May 2014, in which the then Leader of the Opposition was quoted as saying, according to my notes —

They are using West Australian families and ordinary West Australians as financial punching bags ...

Goodness me! Perhaps the government did learn something from its own rhetoric.

I do not have too much more to contribute to this debate at this time, but members opposite need to understand that these fee increases will not come back to bite householders for a few of months, so the bill will come in, there will be a bit of an increase, and people will look at their bills and start to understand what has occurred. As subsequent bills come through and people find it more and more difficult to pay, that is when this decision will come home to roost with the now government. We will make sure that the community is reminded of the commitments that the Premier made; the commitments that got him and every single one of his 41 members elected to the Legislative Assembly. Those commitments were that the Labor Party would not increase electricity prices and it would not put a further impost on struggling Western Australian families because they could not afford it in the current economic environment.

It has been thrown in our face that these increases were made when we were in government. When the Liberal Party came into government, electricity prices had not increased for several years. Yes, we increased them, but when our increases were going through, the economy was booming. People had money in their pockets; they could afford to pay it. The evidence for that is that after those increases had been implemented, affordability was proven when we won the 2013 election. But now times have changed. The Western Australian economy is not buoyant like that. I hope it turns around quickly; I really do. I hope it turns around quickly for small businesses. I hope it turns around for every single struggling household in Western Australia, but the ability for those Western Australian families to get ahead is being eroded by these fee increases that are absolutely contrary to what the community was promised during the election campaign. The reason we are on this side of the house is that the

community was hurting financially. These fee increases are coming at a time when the community is struggling. There are tradies who do not have work in the pipeline and there are businesses closing doors. There has been a contraction. It will turn around. People in business have been through these cycles before. They occur about every 10 years. It will turn around and it will recover. To impose increased fees and charges on a struggling populace, contrary to an election commitment made only three months ago by the Labor Party that it would not increase household fees and charges, is appalling. In a year's time, when people have accumulated these increases and they start to realise the actual cost as they struggle to pay their bills, we will continue to keep the pressure on the government with respect to its commitments. We will wait for this budget to be delivered at the final possible moment.

MR B.S. WYATT (Victoria Park — Treasurer) [5.12 pm]: I rise to make some comments on this motion. Unsurprisingly, the government will not support this motion. I want to start off by pointing out where the Deputy Leader of the Opposition is correct: the financial and economic circumstances that we face at the moment are fundamentally different from those the former government faced when it started its time in government in 2008. Through the vast majority of its time in government we faced multibillion-dollar operating deficits as a result of the wreckage of the former government. When the former Liberal government came into power, it had significant operating surpluses. The Deputy Leader of the Opposition says it happens every 10 years—actually, it does not. What we went through over the last decade was, without doubt, one of the biggest periods of wealth creation in the history of Western Australia. We have come out of that with a balance sheet crippled by record debt and record deficits. I have said time and again, in the lead-up to the election campaign, during it and since the election of this government, that we will treat the finances seriously. I think that is probably why we are on this side of the house and the Liberal Party was moved over to the other side. I too engage with seniors and I too engage with people who have been impacted by tariffs, fees and charges.

I now want to make some broad comments and focus on specific issues. Broadly, three issues were raised by the opposition. The first was a complaint about increases to fees and charges mainly around electricity prices. I will make some further comments around that. The second issue was about some decisions that we made around concession reform. The third issue related to comments in the energy space that were mainly made by the Leader of the Opposition but were followed up by the member for Bateman, the shadow Treasurer. I will make some comments around all of these. I am not going to ignore the financial circumstances that we face. I have outlined in this house and in the media a range of revenue writedowns across the forward estimates. I think I have articulated that to be to the tune of about \$2.5 billion. Whilst I am yet to land on a figure, members may have seen yesterday the Australian Bureau of Statistics came out with its population figures for Western Australia. I dare say the Leader of the Opposition might have followed that with some interest. The former Treasurer will know the impact of population decline and what that may do to revenue expectations. Let me tell members that that is likely to have a further impact on the \$2.5 billion that I have already indicated. The decline in Western Australia's population was larger than I think most people anticipated. It was certainly larger than the budget, midyear review and *Pre-election Financial Projections Statement* are predicated upon. Watch this space. I will no doubt make some comments about that in due course.

What is also adding to the government's difficulty in trying to address the financial circumstances we face is we have a Liberal Party now in the upper house that is making decisions to reverse out its own savings measures. It does not make life any easier when they were savings that the former government booked in its 2016–17 budget. The Liberal Party is now voting with its One Nation coalition colleagues, its National colleagues, its Liberal Democrat colleague and its Greens colleagues to vote out its savings measures!

Mr S.K. L'Estrange: Your mates!

Mr B.S. WYATT: That is an interesting interjection, member for Churchlands. That is who the Liberal Party is voting with to reverse out its own savings measures. I have to say that it will not make life easier if the Liberal Party plays a position of financial wrecker. Members opposite are not even willing to stand to defend their own savings measures. They are not ours. In fact it is important that members opposite analyse and critique decisions made by government, that they put them through the rigour of critique and analysis, but I do expect them to stick by their own savings measures. There is no way we did that during our last term in opposition. We would not have done that. But the Liberal Party made the decision to vote with the Greens, as it pointed out. At the same time, to its credit, it allowed the Loan Bill to go through in its form, as it said it would, but the Liberal Party voted with the Greens. A Greens member—I have forgotten their name—said that they cannot let the Loan Bill through. The Liberal Party then voted with that member to reverse out savings. I have to say that it is not making life easier. Perhaps with some annoyance, I listen to that pontification around decisions we have made about fees and charges, knowing full well that in the upper house the Liberal Party is playing the role of financial wrecker.

Believe me, the Labor Party is very well aware of the impact of fees and charges. As the opposition pointed out, we have had this discussion, mainly from my political experience on that side of the house, around the impact of increased fees, mainly in debates around electricity and water as they form part of the representative household.

As I have said, the representative household publicly hides all manner of impacts but that is what has been reported on in the budget for a long time. I want to quickly go through that. As the Leader of the Opposition knows, when decisions are made around fees and charges, they relate to literally thousands of fees and charges; most of which will only be seen when people visit a government agency to purchase something, a service, and it is generally cost reflective. The vast majority of decisions are made to maintain that level of cost reflectivity. The ones that impact households cannot be avoided, and make up the representative household. I have made that point. I have, as has the Premier, gone through the various decisions the government has made to find savings. It has been hard, but we will continue to do it because we have an opposition that is wrecking its own savings measures in the upper house! It is hard but we will continue to do it because that is the responsible thing for this government to do.

Mr S.K. L'Estrange: Will you correct the thing in your budget that you are concerned about?

Mr B.S. WYATT: What—the savings the Liberal Party voted against in the upper house? Yes. I will find a way; do not worry about that. So, tariffs, fees and charges.

I now refer to electricity. I want to again point this out: there are two components to the electricity tariff—fixed and variable. The Leader of the Opposition made the point that it is weighted to the variable significantly. Indeed it is about 80 per cent to the variable—maybe a bit higher. We have corrected that. As of 1 July, it will be about 70 per cent to the variable. Of course, the costs are almost the reverse where most of the costs apply to all of us. Regardless of how much energy we consume, we are connected to the grid and we therefore have a cost to maintain our connection to, and upkeep of, that grid. This is not new. I have gone through some of the briefing notes that the former Minister for Energy, the now Leader of the Opposition, was given and for many years he was told to fix this up because that low fixed charge effectively did not change since the disaggregation of Western Power. That meant that to get that charge up to the amount that Western Power had charged Synergy for all of us, it had to increase significantly to \$169 for every house. As members and I have pointed out, that charge will have a differing impact on each household depending on how much energy is used, obviously. For the representative household that is based on the assumption of 5 198 kilowatts of electricity usage per annum, which has come down a lot, that works out to be a 10.9 per cent increase. If a household uses significant amounts of electricity, the percentage increase will be small but the household will still be paying \$169 more. If a household does not use much electricity, it will still pay \$169 but the percentage will be higher. I spent some time on this because there is not a clear correlation between energy usage and our socioeconomic status. I sought the advice of the Western Australian Council of Social Service, the Public Utilities Office and Treasury to get an understanding around this and there is no correlation. The member is correct, it will impact the single person at home doing all they can to reduce their energy usage, with or without solar panels, just as much as it will impact holiday homes around Western Australia that are not used a lot and have a low variable charge, and just as it will impact people with solar panels—absolutely. People with solar panels generally find that their high-variable charge is low. When I made this decision I thought of my mother. She has solar panels and generally she gets a cheque from Synergy every few months—she is on the old renewable energy buyback scheme, I think it was called—so she is generally grumpy with me. However, she will have to pay \$169 a year extra, and she will no doubt pass that on to her son. The point I make is that there is not an obvious winner or loser out of this other than the energy system. This is an important reform that the former government was begged to make for years by not just Synergy, but also the Public Utilities Office. The Leader of the Opposition, as Minister for Energy, wanted to make this decision back in 2013–14 but over four years, so applying it in four and a half per cent increases applied to the fixed charge every year for four years, and that would flow through to the next budget. Unfortunately, he squibbed the decision, which meant that I had to make it. I am not particularly pleased about that because it does have a variable impact on households, but it was important reform. Ultimately, and the member for Bateman made this point, in terms of a competitive environment, any retailer will effectively have to pay that charge because this is a fixed charge that we simply cannot avoid paying. This is a solar debate. It is not a solar tax. The solar industry has, without any shadow of a doubt, been a huge benefit to the energy system in Western Australia. The point I made on radio is that on 1 March this year, the hottest day in summer, all those solar panels lobbed 7.2 per cent off the peak usage, which is from memory 300 megawatts off the top of that peak usage. That means that we did not have to invest into the system and the peaking generator to make up for that usage. Solar has had a dramatic impact and highlights the fact that Western Australians are making a choice around how they seek to provide energy to their house. This is not an attack on the solar industry but the value of investing in solar is still dramatically flowing from, “You should do it. You should put solar panels on your roof to maximise or reduce the usage of energy”, but the business model takes advantage of those without solar panels who subsidise those with solar panels. Somebody from the opposition mentioned an unusual phrase that I have not heard from the Liberal Party in some time when they referred to the working poor. I do not think that the working poor, if they do not have solar panels, should have to subsidise those who do. That is why we made the decision—an important reform—to match the fixed costs with a mixed charge regulated by the Economic Regulation Authority in which Western Power charge Synergy per connection.

I just wanted to deal with that, and, of course water charges are outlined in the current budget at six per cent. By way of background and memory for people —

Mr D.T. Redman: Does the increase in water charges take it above cost recovery?

Mr B.S. WYATT: No. The ERA report from some years ago —

Mr D.J. Kelly: From 2012.

Mr B.S. WYATT: I want to say it was an ERA report from 2012, but it was some years ago a member highlighted that part of the water charge is over-recovery—that has been the reality for a long period. At the moment there is in play an ERA review of water tariffs. I think a draft report will probably come out in July with a final report in November. That report will highlight all those points. As the Minister for Water helpfully interjected, the answer is no.

I just want to highlight what has happened since 2008–09 with energy charges. In 2008–09 there was a 2.5 per cent increase, as budgeted in Eric Ripper’s last budget. In 2009–10, the first year of the Liberal government, energy was increased by 25.6 per cent. In 2010–11 it was increased by 16.1 per cent, in 2011–12 by five per cent, in 2012–13 by 3.5 per cent, in 2013–14 by four per cent, in 2014–15 by 4.5 per cent, in 2016–17 by 4.5 per cent and in 2017–18 it was budgeted for seven per cent but came in at 10.9 per cent because of the fixed charge application. Water charges generally sat around six per cent for most of that time. In 2010–11 it went up by 11.8 per cent under the former Liberal government, in 2011–12 it went up by 8.5 per cent and then it went up a couple of times by four and a half per cent in 2016–17, but in 2017–18 it went up by six per cent, as per the budget. Along with the Minister for Water and cabinet, I made the decision that any reduction in that charge, from memory a \$20-odd million cost, would be kept as expected by the budget. It galls me that the Leader of the Opposition now critiques the decision made by this government to fix up that anomaly around the fixed and variable charge. It does gall me some because he, while he sat over here as Minister for Energy, talked about this ad nauseam. He talked about it in public and in the media but he never actually did it. I have done it and I want to remind members of what he said back in 2015 after the Synergy chairman, Lyndon Rowe, had given what I assume was a Committee for Economic Development of Australia speech. I want to quote what the now Leader of the Opposition was reported to have said —

Dr Nahan, who identified the need to reform electricity pricing two years ago only to shelve action this year, said the issue was particularly difficult and complex and there needed to be a proper case made for it.

He has talked about it since 2013 but just not done anything about it.

Mr W.J. Johnston: Every Christmas time.

Mr B.S. WYATT: That is right, every Christmas time. As the Leader of the Opposition said, the reason he needed to fix it, as I pointed out, is because of the impacts on people without solar. He said —

“It’s about fairness,” ...

“I’ve repeatedly indicated and stated ... a reform in this direction is needed.”

Unfortunately, despite his rhetoric and despite the advice he was getting, he refused to do it. Despite the fairness or the equity argument that he articulated publicly, he simply refused to do it. I have not balked at that decision. It is not a decision that I am particularly pleased about but it is a decision that has been made and it is important reform.

It is an important reform. By and large, consumers have borne the brunt of the various increases, mainly under the former Liberal government, of 25 per cent and 16 per cent. Now, of course, there is our 10.9 per cent increase.

I cannot let this pass by. Some references were made—not in great detail—to the former Labor government’s decision to freeze tariffs. I think that anyone in this place would accept that freezing the cost of anything that is actually increasing in cost substantially is probably not a good thing to do. Ultimately, at some point there will be a reckoning. Of course, Liberal Party members forget that that is what they demanded for the passage of the legislation to disaggregate Western Power, which was another very important Labor energy reform. I have all the quotes here from the member for Cottesloe, the former Premier, and his then deputy, Mr Barron-Sullivan, owning with great pride the decision to force the former Labor government to freeze those tariffs. I want to put that in the context of this broader debate.

We have made some changes to concessions. Again, they were not changes that I particularly enjoyed making, but I will outline some of them. There is not a direct link between energy usage and socio-economic status, but we have made some decisions to increase support for the most vulnerable Western Australians who will be impacted upon by these decisions. We have increased the energy assistance payment by 28 per cent to \$300 in 2017–18. Importantly, we have fixed up the funding for the hardship utility grant scheme; it was grossly underfunded by the former government. For the 2016–17 financial year, we have had to tip in some \$6.5 million to cover it for this year alone. We have topped the fund up by another—from memory—\$7 million for 2017–18. There will be

\$20 million available in 2017–18. We have also increased the grant limit for HUGS by eight per cent, which will be \$581 for most Western Australians. The limit for those living above the twenty-sixth parallel will be \$962. We have introduced funding across the forward estimates—not for just one year—for financial counselling support. That is an important part of ensuring that if people have got themselves into some financial difficulty, they can seek some advice and support that, perhaps, will be linked with HUGS payments to get them through a period of financial difficulty.

I want to put the changes to the seniors' concessions into some context. There were efforts for a period by the former Liberal government to take control of the Seniors Card. The Seniors Card in Western Australia is unique. Compared with most states in the nation, ours is particularly generous, and I think that is a good thing. No other state provides, for example, rebates for local government rates or for water rates. That is a uniquely Western Australian thing, probably because it came in during a time of significant revenue, which, of course, we do not enjoy now. The previous government, particularly in 2014 and in the 2015–16 budget, made some efforts to impact on the cost of the card. In June 2014, the former Liberal Party government halved the cost-of-living rebate in response to a commonwealth government decision. It did that for that year and maintained it in the 2015–16 budget across the forward estimates, saving \$92 million. It then means tested that payment. Again, I will say that that was a good decision that resulted in savings of \$80 million.

Mrs L.M. Harvey: Do you think you might've said that at the time?

Mr B.S. WYATT: I probably did. I have always been a supporter of that. I think that is why the member for Scarborough did not quote me in her speech. I think the member will find that I probably did say that.

The former government also introduced caps on the 50 per cent rebates for local government and water rates. The argument that was made echoes mine; perhaps I am echoing it. I will read the media statement put out by the current Leader of the Opposition, the then Treasurer, and Hon Tony Simpson, the then Minister for Local Government, that accompanied those changes to the Seniors Card. It states —

With Western Australia's seniors population set to double over the next two decades, the State Government has reviewed its concessions on local government rates, electricity and water to better target those most in need in today's 2015–16 State Budget.

Seniors and Volunteering Minister Tony Simpson said with WA's population of seniors expected to increase from 458,000 now to 865,000 in 20 years, the current State Government expenditure on concessions for seniors was not sustainable in its present form.

“The Government values the contribution of seniors to WA and is committed to supporting their active participation in the community,” he said.

“However, with the population of seniors continuing to grow, it is vital we ensure we can provide support to those seniors who have the greatest need.” □

That is exactly right.

Dr M.D. Nahan: What did you say at that time?

Mr B.S. WYATT: I was just making the point that I supported the means testing.

Dr M.D. Nahan: Your leader did not.

Mr B.S. WYATT: The Leader of the Opposition's problem, as I have said in here before, is that he has not landed from the sky and plonked himself in that chair with no record of commentary. He was not in here, so I will revisit it. Despite the fact that he spent years from 2013 talking about fixing up the split of the Synergy bill in fixed versus variable charges, he never did it. Despite advice after advice coming to him, he squibbed the decision. When he did not make the decision when he had the advice back in 2014–15—here it is—to do it over a four-year period, he squibbed it. That meant that the decision imperative became more serious. When ministers, such as Leader of the Opposition, do not make decisions, they fall to someone who eventually will. That fell to me so I made a decision. As I have pointed out, I am not particularly pleased with the impact that will have, but because the Leader of the Opposition squibbed the decision, I made it.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, you are on three calls.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition.

Dr M.D. Nahan: Can I ask him a question?

The SPEAKER: No, you cannot—and you cannot talk when I am on my feet. That is your last warning, Leader of the Opposition. You will be going home early.

Mr B.S. WYATT: The Leader of the Opposition used to say that the reason we need fixed versus variable charges was —

“It’s about fairness,” ...

“I’ve repeatedly indicated and stated ... a reform in this direction is needed.”

The Labor Party has delivered it. Before the Leader of the Opposition came back into the house I went through the various concession changes that we made along the way. Although the Leader of the Opposition said that he ploughed the field on fixed charges, unfortunately, he did not plant the seed. We have done that.

I will not cop any complaint from the mob who not only left us with the largest debt and deficit on record, but is now actively wrecking its own savings measures in the upper house. It comes in here and says that it is all just unfair. The argument was put by all opposition members who spoke that, “You don’t have to get your full cost reflectivity. What’s the point? There’s no harm done.” Harm is done; it is called the subsidy. At some point someone will pay. In his speech, the Leader of the Opposition went through how big that subsidy got; it got large and continued to grow. It is coming down for a range of reasons including electricity price increases and costs drawn out of the system et cetera. I note that the Leader of the Opposition now has a position on splitting Synergy; his government joined Verve and Synergy together. Now the opposition position is that it wants to split Synergy. This is another issue that was raised in a roundabout way in the broader energy debate. There is a lot to it and I am already getting questions from members on the other side about the implications and impact of, for example, Finkel, as it has become known, and what impact that may have. By and large, Western Australia should take some pride in some of the recommendations from Finkel, because they are almost going down a path in some areas that Western Australia went down some time ago. Yes, the issue of contestability has generated some debate. Perhaps my clumsy language has helped that. The reality is that we had the great Labor reform by Eric Ripper and the former Gallop government to disaggregate or split Western Power. I should say that was against the fierce opposition of the Liberal Party. The Liberal Party ended up supporting the disaggregation only when the Labor government agreed to its insistence that tariff freezes be locked in. Let us not forget the history of this debate. Do members remember Mr Barron-Sullivan? I am sure that is his name. I have on my phone the *Hansard* of 30 June 2005. It says that Mr D.F. Barron-Sullivan, the member for Leschenault, put forward the idea of a price cap. It was the price cap that the Liberal Party owned. I could quote ad nauseam what the member for Cottesloe said at the time about the cap or freeze that the Liberal Party insisted upon. He is not in the house, so the fun is probably lost.

The Gallop Labor government and Eric Ripper delivered significant reform in the energy sector. I apologise to the member for Warren-Blackwood, because I think he wanted to get up and speak by 5.30 pm, but give me another few minutes and I will be done. Eric Ripper made the point in all his media statements and all the dialogue that he had that the point of disaggregation was to put Western Australia in the same position as every other state in the nation by enabling it to provide retail choice. Even the Australian Capital Territory with its 300 000 residents—I will guess—has retail choice. That was the path that the Labor government set us upon back in the early 2000s under that bold reform led by Eric Ripper and Geoff Gallop. Now it is only the Northern Territory that stands with Western Australia in not providing retail choice.

As the Leader of the Opposition has said, correctly, ultimately when we get to retail choice, we will need to make a decision about what we will do with Synergy. Unfortunately, because of the re-aggregation of Synergy and Verve by the former Liberal government, I have to deal with a big player—a big dominant generator and retailer. I am not going to simply throw open the gates while we are in that situation. That situation has to be dealt with. There is a range of ways in which we can deal with that. The Liberal Party has a new policy position to split Synergy. I am not entirely sure whether that is into a gentailer—a generator and retailer—or back into the old Verve-Synergy style. Eric Ripper in his media statements in 2004 and 2005 talked about the fact that people who consume more than 50 megawatts of electricity have the advantage of choice of provider. Government makes the choice about who will provide government agencies with electricity. Large businesses that use over 50 megawatts are also given that choice. We in this place should not try to deny that choice to Western Australians in due course. That has been the aim of the Labor Party ever since we disaggregated Western Power.

A series of dates has been given along the way. The dates were originally 2008, 2013 and 2014. The former government set a date of 1 July 2019. I have made the point that the former government did not do a lot to get us to that date. Dates have been set by both political parties while in government about when Western Australians will be given choice about who provides their electricity. We are seeing in the gas space in particular an incredibly competitive environment in which people are taking advantage of the price discounts offered by the various providers of gas. I note that at the end of this week, AGL will move into that space as well. People can go to various websites to choose their provider. Queensland has a particularly good website—I cannot remember its name off the top of my head. New South Wales also has a website. People can go on the website and click, click, click, pick gas, pick electricity, and pick a bundled price. That provides certainty in their bills because one bill deals with all their energy requirements.

Ideally, that is what we want to get to. How long that will take depends on how quickly and easily we can make decisions about this issue. We need to bear in mind that we have inherited a very bad balance sheet. This impacts the decisions I make every single day. Every single day, I am dealing with issues around the balance sheet that the Liberal Party left us. We all warned the former government that it would leave a debt not just for the government that was elected a few months ago, but for future governments, maybe until 2021, or beyond, if the economy does not pick up and the finances do not get better. The former government has constrained the decisions that this government can make. That is because the former government, incredibly, in a period of record revenue growth and extraordinary economic growth, left the balance sheet riddled with debt and deficit and left the finances of the state exposed to unforeseen downturns.

I started my speech tonight by making the point that the data that the Australian Bureau of Statistics released yesterday highlighted a larger than expected decline in Western Australia's population. That will have an impact on the finances of the state above and beyond the \$2.5 billion I have already talked about. That decline in population was larger than was expected or forecast, including by the federal government. That will have an impact. However, we will continue to make good decisions for this state. In making those decisions, we will keep in mind a couple of things. First and foremost is the impact of those decisions on Western Australians. The second is how we can fix, or at least do no harm to, the balance sheet that has been left to us. I do not get the right as Treasurer to spend without constraint. I note the strange world in which we now find ourselves, in which the shadow Treasurer repeated the same line that I got from some media commentators and said we are only saving \$238 million; it is not that much money. We are in this space, people, because of what has happened over the last eight and a half years. It is only 238 million bucks; what does it matter? It all matters. Each and every dollar that we can save to reduce our deficit is one dollar that we do not need to go overseas to borrow. Therefore, it matters a lot. That is why members of the Liberal Party need to have a good, hard look at themselves and at how their upper house members are behaving in wrecking the savings measures that they put in their own budget. That was a decision that they made and supported in their budget. The member for Nedlands defended this decision publicly as an important decision that needed to be made. The upper house members of the Liberal Party are now voting to pull out those measures. I am not going to let members opposite forget that any time soon; I assure them of that.

We understand that the increases in fees and charges will have impacts. That is why we have increased the hardship utility grant scheme and the energy assistance payments. We have also provided increased support for financial counsellors, the funding for which was cut by the former government. I do not think we should be condemned for making important reform decisions that the former government avoided or was reluctant to make. That was despite the fact that it talked about these things ad nauseam for many, many years. We have made important and valuable decisions to make the Seniors Card sustainable across the forward years. I want everybody in this place in due course to enjoy the benefits of the Seniors Card. Some of us may already do that, Mr Speaker!

Several members interjected.

Mr B.S. WYATT: The media statement that was issued by the now Leader of the Opposition and the then Minister for Local Government refers to what is happening to the demographics of this state. This is an amazing statistic, and perhaps is not a great surprise. Western Australia's seniors population is expected to increase from 458 000 to 865 000 in 20 years. We need to make these decisions now to ensure sustainability in the Seniors Card. The Seniors Card will still be incredibly generous. Members should notice that we have not touched the public transport privileges that I think seniors enjoy and that I want them to enjoy, because the trains will be running, and if we can pack them full of seniors, that will be outstanding.

We have not on touched that; it has just been in those areas in which there has been a cash cost to the budget that I tried to make more sustainable into the future. Future Treasurers, hopefully, may thank me for that decision. I know that future Treasurers and future energy ministers will thank the cabinet for its decisions to rebalance the fixed and variable tariff. That is an important reform that I am particularly proud of because it is something that the previous government squibbed on. Of course, we will not support this motion. I note that all the decisions I as Treasurer and this government makes will be very much focused first and foremost on the finances that we have inherited. That is very much on our minds.

Debated adjourned, on motion by **Ms L. Mettam**.