

**HOUSEHOLD CHARGES — BARNETT–GRYLLS GOVERNMENT**

*Motion, as Amended*

Resumed from 21 September on the following motion, as amended, moved by Hon Ken Travers —

That this house condemns the Barnett–Grylls government for the savage increases in household fees and charges and the abolition of assistance payments to families such as the \$400 It Pays to Learn allowance, which has resulted in families being up to \$1 700 worse off. We note that the savage 57 per cent increase in electricity and 46 per cent increase in water charges over two years has resulted in an increase in the dividends the state government is receiving from the power and water utilities. We say enough is enough and call on the Barnett–Grylls government to keep future increases to below the rate of inflation.

**HON ROBYN McSWEENEY (South West — Minister for Child Protection)** [2.11 pm]: When I last spoke on this motion, I reminded the opposition about the \$80 million that we have provided for energy rebates, concessions and hardship assistance in 2011–12. I also mentioned how we have provided a further \$6 million for the hardship utility grant scheme, taking the total funding to \$10 million. I talked also about the cost-of-living rebate, and about how we made an election commitment that when we came into government, we would provide our Seniors Card holders with this rebate. We have increased the cost-of-living rebate for singles from \$104.80 to \$150, and for couples from \$157.22 to \$225. I do not know of any other state that provides a cost-of-living rebate for its seniors. Certainly the Labor Government when in power never did anything such as that.

I talked also about the Seniors Card and said that in Western Australia it is indeed a very generous scheme. When we came into government, we said that we would review the Seniors Card scheme. We knew that it had been reviewed by Labor in 2003 and 2006, and it was just too difficult for Labor to do anything about it. When we came to do the review, we realised the difficulty of trying to work out how to increase the benefits for Western Australian seniors from the Seniors Card. What we came up with I think is a very generous and well-accepted scheme. Instead of saying that to be eligible for the Seniors Card, a person must be aged 60 and work for no more than 20 hours a week, we decided that a person must be aged 60 and work for no more than 25 hours a week, and that that can be flexible over a 12-month period. That means that a person can work 1 300 hours, or up to six months, at a time, or can work two, three or four days a week, or whenever people want to work, because we want the scheme to be flexible for our seniors. We have achieved that, and more seniors are now eligible to apply for that card. Of course, once seniors have a Seniors Card, they can get up to \$1 200 worth of benefits from that card.

We have also provided a further \$26 million for seniors, from royalties for regions funding, in the form of the Country Age Pension Fuel Card. That card has been provided to over 43 000 eligible seniors, and it entitles them to \$500 a year to help pay for the cost of their petrol, or for taxis. This is an exceptional program for country people and it has been extremely well received. When we live in the regions, we know that transport is very difficult, and transport for seniors can be even more difficult. Therefore, that card is a real bonus for seniors. The card does not need to be used for their car. Seniors can use the card to buy petrol for a relative's car if they need to go shopping or they need to travel.

We also give our seniors free travel on buses—not at peak times, but at off-peak times. We have also extended that more than what the previous Labor government was going to do—although I do not think it ever brought in free public transport; we were the ones to do that.

Not only do seniors get the benefits from the Seniors Card, but last year we brought in a rebate for our seniors of up to \$200 for security devices, and of up to \$200 for fire security. That has been very well received. That means that if seniors need to install a residual current device, they can get \$200 off the cost of that, or if they need to get some sort of security device, they can use the rebate for that.

I have made mention of the cost-of-living rebate. In 2011, we paid out \$254 464 for that rebate, and in 2010, we paid out \$245 372 for that rebate. The cost of paying that rebate so far this year has been \$33 784 125.

So I certainly do not agree with the motion that is in front of us. I have a great understanding that people are having trouble paying their utility bills. We have put some \$80 million into the hardship utility grant scheme. We have also streamlined that scheme. People can now access the HUG scheme not once, but twice, if they are in grave hardship. The grant is \$475 for people in the south of the state, and well over \$790 for people who live north of Carnarvon. So, if people can show that they are in grave hardship or their circumstances have changed, they can apply for that assistance not just once, but twice.

A total of 316 000 Western Australians benefit from our Seniors Card. The reason I am talking about our seniors is that they are getting a very good package from our state government. They will say that themselves. They

absolutely love the Seniors Card and they are very grateful for the benefits that they can get through that card. They realise that our Seniors Card scheme is the most generous in Australia.

**HON SUE ELLERY (South Metropolitan — Leader of the Opposition)** [2.19 pm]: I welcome the opportunity to speak on the motion before the house today. On Monday this week the minister and I attended a financial counsellors' conference. It was an interesting conference of the people at the front line of those who are in financial crisis. The financial counsellors' association newsletter—of which I do not have a copy with me but which I am fairly sure came out in May or at the beginning of June—indicated that about 50 Western Australian households a day now need help to pay their utility bills. That was the figure for the month of May. That is an extraordinary number. It is also the case now that the figures from the Australian Bureau of Statistics and from the National Centre for Social and Economic Modelling show that the gap between the richest households and the poorest households in WA is getting much bigger, with the wealthiest households earning around \$250 000 a year and the poorest around \$19 000 a year. Our wealthiest here in WA are now the richest in the nation, and the poorest in WA are going backwards; they have dropped by about \$3 a week according to those ABS figures of only a couple of weeks ago. If we add up the increases in key government charges imposed and subtract the allowances removed by the government—I was interested to note that the minister did not touch on the allowances that have been removed—we can see that household costs have gone up by about \$1 700 a year.

Another interesting point to note is that West Australian Opinion Polls conducted some polling in four marginal seats in June 2010, which found that 44 per cent of voters polled described themselves as financially worse off than they had been in the previous 12 months. Move on another 12 months and in July this year 56 per cent of that same group described themselves as financially worse off than they had been the previous year. Interestingly, those four metropolitan seats were Riverton, Mount Lawley, Wanneroo and Forreestfield. It is interesting to note that there is a pretty diverse range of incomes in those households, if we think about Mount Lawley versus Forreestfield, for example. If that polling had been done in areas where there is an even higher density of low-income households, those figures would have been even higher. People are really feeling that they are financially worse off and the demand, therefore, for services such as those provided by the financial counsellors that the minister and I spoke to on Monday is increasing.

I welcome the additional funding that the government has allocated to financial counsellors. However, depending on where people live, there remains a waitlist of people to get into financial counselling services, and there is no doubt that the demand for those services is on the increase. One interesting thing that financial counsellors also say is that many clients they deal with are what might be described as “frequent flyers”. I do not mean that in a disrespectful way. Many clients they deal with are in that cohort of people who have very complicated, messy lives and all sorts of factors that lead to poor planning and poor decision making. However, increasingly, those needing assistance to pay their bills are not those who are incapable of managing their financial affairs; there is just not enough cash coming into their households to pay their bills. Financial counsellors have noted, as has the Western Australian Council of Social Service in one document I will refer to in a minute, that an increasing number of people who have never had to seek that kind of service before are seeking it now.

I want to remind members of the terms of the motion. It refers to the savage increases in household fees and charges, which I will touch on in a minute, and also to the abolition of assistance payments to families such as the It Pays to Learn allowance and others that were available before this government came into power. I initially hesitated to stand and speak to this motion because I hoped that someone from the government—maybe someone else will—would stand and justify why those allowances are no longer available to people. I did note the minister's comments on three allowances: the hardship utility grant scheme, which I will talk about; financial counselling, which I have touched on; and the seniors' allowance. It is the case that the WA Seniors Card, an initiative of the Labor government from more than 20 years ago now, has been and remains the most generous allowance in Australia. It is important that we provide assistance to those people on fixed incomes; that includes many seniors on a pension and self-funded retirees. They do not have the capacity to do a couple of extra shifts a fortnight or a month to pick up extra money. They have limited, if any, flexibility in their income, and it is important that we put in place measures to assist them. However, families are more than just seniors. Indeed, it is families across the board who are struggling with their household fees and charges. That is why the motion very deliberately uses the word “families” and refers to one of the financial benefits that were removed by this government that assisted those families who still have children at school.

If we add up the increases in key government charges under this government that have been made to the motor vehicle licence fee; recording fees; the driver's licence fee; utility charges for electricity, water, sewerage and drainage; public transport; the emergency services levy; stamp duty; general insurance and the like, it comes to about \$1 073. If we add up the abandoned subsidies, such as the It Pays to Learn allowance of \$400 and the

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[COUNCIL — Wednesday, 28 September 2011]

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secondary-school subsidy of \$200, it comes to about \$600. If we add to those new charges such as the landfill levy increase, fee increases for boat registrations and admission fees to Rottnest Island, national parks and Perth Zoo, it comes to a figure of \$1 725.52; that is, families are worse off by that amount under this government. That is a significant impost. There is no doubt that when people are asked what it is that they are feeling most keenly, they say that it is the steep increases in utility charges. The number of those increases over the first three years of this government has caused people to struggle significantly to make their budgets add up.

In May this year WACOSS issued its information sheet on utility price rises for 2006–2011, which stated —

For low income and vulnerable Western Australians, the cost to access essential services such as electricity, water and gas, consumes a high, disproportionate percentage of their income. As a consequence, many are unable to pay utility bills on time and without additional assistance, end up in debt or, in the worst cases disconnected from an essential service.

That is what HUGS is directed to ensure: that those people do not get disconnected from an essential service. WACOSS goes on —

It has also become evident that many middle income individuals and families are struggling with utility bills, which places increased pressure on community service organisations that are geared towards those on lower incomes.

WACOSS policy is guided by the recognition that electricity, water and gas are essential services for an acceptable standard of living in the WA community. Access to these essential services is the right of all Western Australians, regardless of a household's capacity to pay.

In that document, WACOSS sets out the price utility increases that end up in the increases that I just referred to.

At the same time that the government has tweaked and continues to tweak the hardship utility grant scheme—I still think that more needs to be done to tweak HUGS—the number of people who have had their power disconnected for non-payment of bills has skyrocketed. That is a matter of some concern. I think that it will always be the case that a program such as HUGS will not capture everyone. I think some of that is, in part, perhaps because of marketing, but it is also the case that for some people it is a question of pride about whether they ask for assistance. That is particularly the case with seniors, for example, who would rather cut the cloth than ask for assistance and who would certainly never not pay a bill on time. They will pay their bill on time; they will not eat meat or will turn off their air conditioning or will not turn on their heating, rather than not pay their bill. For families with children who are struggling to meet all the increases in household costs, it becomes much harder if they are not engaged in a scheme such as HUGS to provide them with assistance. I think that we still need to think about what we do. Coming up with programs that assist after the effect, I think, is not the only answer. We asked the government to consider a moratorium on price increases in this budget and it needs to consider that for the next budget as well. I know that the government has already ruled that out, but people are really hurting in seats such as Mount Lawley, which is perhaps not where we might expect the greatest pain to be felt.

At the beginning of my comments I made reference to, if we like, the gap between the richest and the poorest in Western Australia. The reason I did that is that recently, probably a month ago, I, with several other members—I think Hon Philip Gardiner was the only other member from the Legislative Council—attended the MercyCare Oration, which is an annual event that MercyCare hosts with a prominent speaker to address topical social issues of the day. This year's presentation was by Father Frank Brennan, who is well known to people as a commentator on a range of matters and somebody who is engaged in policy development and policy work. The theme of his presentation was specifically about health care and the social implications of what happens when we have uneven delivery of health care. He was talking to the organisation that runs aged-care services and Mercy Hospital, so his pitch was about that. He raised some really interesting questions for a faith-based organisation. For example, he raised that MercyCare and St John of God, for example, run fantastic private hospitals around Australia. They do not have emergency departments and are run by charging fees to people who have health insurance. He posed the question in the gentlest of ways about how that sits in the faith parameters of those organisations: how is it that organisations that are committed to helping the poorest and those most unable to help themselves actually run health services that those people cannot get in the front door of? That was an interesting question to put to them. I have to say, just as an aside, that there were many people in attendance who hold positions in the Catholic Church; there were many nuns and former nuns. Good Catholic girl that I am—12 years in Catholic school—I felt very nervous as I walked in because I immediately assumed that they knew everything that I had done and that I should have been confessing, so I felt slightly uncomfortable the whole evening. However, I have to say that they certainly made me feel very welcome and it was a very good oration.

**Hon Ken Travers:** Confess now.

**Hon SUE ELLERY:** I am not confessing, no; I stopped doing that a long time ago. I feel guilty, but I do not confess.

Anyway, Frank Brennan made a point that has been made by many others; that is, the size of the gap in any community is a measure of a range of other social factors. He relied on some work that had been done, first, by the World Health Organization and, secondly, by the UK government—the Labour government started the work and it was picked up by the Conservative–Liberal Democrat coalition government—that was conducted by Sir Michael Marmot. The work Sir Michael Marmot did for the World Health Organization and for both UK governments really measured and set out in quite stark detail that for those communities in which there is the biggest gap between the richest and the poorest, we can take any other measure of social wellbeing and the bigger the gap, the worse those measurements will be. Some members might ask why I would raise that issue in the context of a debate about fees and charges imposed by a state government. I raise it because although the fees and charges imposed by a state government are not the only things that are impacting on families in Western Australia—all sorts of things are impacting on families in Western Australia—it is certainly the case that levers are available to a state government to touch on some of the most important areas in which we have the capacity to influence the outcomes for people where the gap is so big. Therefore, it is the case that a state government is able to pull the policy levers for education. It is the case that a state government is able to pull the policy levers for an early intervention program for early childhood issues. It is within the capacity of state government to deliver that. It is within the realm of the state government to deliver a health system through our public hospitals. It is within the realm of state government to influence and deliver community housing and public housing. It is within the realm of state government to pull and push the levers for household utility costs. It is within the realm of state government to pull and push the levers for public transport. All those things that go to determining whether there is an equitable community, and the extent of that gap, are within the capacity of a state government to influence.

One of the things that Frank Brennan referred to, which has been referred to before in this house by Hon Linda Savage and perhaps others as well, is the work done by Richard Wilkinson and Kate Pickett in their book *The Spirit Level: Why More Equal Societies Almost Always Do Better*. When they refer to more equal societies, they are talking about the gap. When that gap is small, communities do better on all the measures of health and social outcomes. When the gap is large, those communities do worse. The relevance of that to this debate is that the state government has the capacity to push and pull levers that affect the equality or otherwise of households in Western Australia. If the government continues down the path of utility increases that it has to date, it will create a more unequal society and we will all pay the price for that. I was looking at some stuff about housing that the Council on the Ageing circulated I think today or maybe yesterday. The minister and I also met separately, probably a fortnight or maybe a week ago, with National Seniors Australia when its national person was over. I met with Michael O'Neill and the association's Western Australian policy person, but I am not sure whether the minister met with others. The two issues they said were critical to them were the impact of household fees and charges, and housing. Interestingly, COTA yesterday distributed material from the Australians for Affordable Housing organisation. It has measured housing affordability state by state, and it said about Western Australia that housing costs had increased by 64 per cent over the past six years and that it now takes 7.1 times the average annual income to afford the median house price. They are stark numbers. Through the work it does to encourage low-cost development and support community housing and a better public housing system, the state is actually able to affect those outcomes.

The other point I wanted to make is about the work referred to by Frank Brennan and Michael Marmot and in *The Spirit Level*, about income differences within rich societies, and that is generally what Western Australia would be described as. People can read this information for themselves, but it makes the point that health is related to income differences within rich societies, but not to those between them. It says that health and social problems are worse in more unequal countries. We have already heard it said that, in Western Australia, the gap between the richest and the poorest is growing. On the measures of life expectancy, maths and literacy, infant mortality, homicides, imprisonment, teenage births, trust, mental illness and social mobility, child wellbeing is better in more equal, rich communities. Child wellbeing is unrelated to average incomes in rich countries, so it is not about the average income; it is about the gap.

The prevalence of mental illness is higher in more unequal rich countries, and drug use is more common in more unequal countries. Life expectancy is longer in more equal rich countries; infant mortality rates are higher in more unequal countries. Educational scores are higher in more equal rich countries. Homicide rates are higher in more unequal rich countries. There are more indices, which I did not print off today, that show that more equal societies always do better, which is why this motion is before the house today, because it is getting worse for Western Australians. The gap is getting bigger and the government needs to stop and take note of the impact that

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all its levers—particularly, in this case, the levers in respect of household utility charges—are having on ordinary Western Australians.

The minister outlined the range of measures that are in place to assist seniors. Those are terribly important; I do not take anything away from the government in introducing those, but it is not just seniors who are impacted by this, it is ordinary families. Ordinary families living in electorates as diverse as Riverton, Forrestfield, Wanneroo and Mount Lawley are struggling now. Whether that translates into how they vote politically remains to be seen, but those families are under real pressure, and this government needs to do more than what it is doing to address those issues.

I will conclude my comments there, but I look forward to hearing from the government not only about what it is putting in place to assist people, but also why it took away, for example, those two educational allowances.

**HON PETER COLLIER (North Metropolitan — Minister for Energy)** [2.43 pm]: I will respond to a couple of the points that have been raised so far by members opposite and reiterate that the Liberal Party will not be supporting this motion. I would like to put this motion into a little context in my area of utilities, which is the electricity price increases, and why there was the necessity to have such significant electricity price increases. I can assure members that I am extremely mindful of the impact that electricity price increases are having on the community, particularly those who are not necessarily eligible for the hardship utility grant scheme, single-income families and families are literally on struggle street on a day-to-day basis. An increase in electricity charges of around 57 per cent over the past three years has had an impact on their households. I will talk about the necessity for those increases and the ways in which we are trying to assist those families to cope with those increases. The decision to increase electricity prices was not taken lightly. I was pretty much responsible as Minister for Energy, so it rests on my shoulders. It was, finally, a government decision, but I am the Minister for Energy, so responsibility rests with me.

To put this into a little context, when we came into office, I was faced with the very real prospect of having to write out cheques for billions of dollars in the short to medium term to literally bail out our electricity corporations and ensure that they kept operating; that is the long and short of it. That is where we are at. We could have done that, or we could have moved to a user-pays system, whereby Western Australians actually paid for their electricity. We had had only one increase in Western Australian electricity prices since 1992; that was in 1997 and was a very nominal increase. For the entire duration of the previous government, there were no increases at all. That was at a time when we were essentially in a period of boom. If there ever was an occasion when we needed to have electricity price increases to keep pace with the cost of the generation of electricity, it was during those years. They need not have been exorbitant increases; they could have been quite modest increases—perhaps the consumer price index plus 1.5 per cent. If we had gone down that path, we would have been pretty much at the rate we are at now. I will get on to where we are at now in comparison with other jurisdictions in a moment.

The simple fact of the matter is that we are faced with a situation in which we are still not paying for our electricity. We are still around 30 per cent off cost-reflective levels of supplying electricity, and we have to pay for that generation. Whether that will be through another serious hike in electricity prices, or through the government, on behalf of Western Australian taxpayers, writing out cheques to the tune of billions of dollars is a decision we will have to make. We have made the decision to slow down the process and we are very cognisant of the fact that those increases are having an impact on Western Australian householders across the board.

In respect of prices, I will talk about the recommendations that were provided to me just after I became Minister for Energy. At that time it was evident we were faced with an almighty dilemma. In September 2008, we were well off cost-reflective tariffs. A couple of years previously, the previous lone electricity entity, Western Power, had been disaggregated into four entities: Horizon Power to look after the regions, Verve Energy to look after generation, Western Power to look after the poles and wires, and Synergy to look after the retail component. It caused a lot of consternation in the community at the time; a number of members of the community and people in politics agreed with it, and a number did not agree with it, including the current Premier. The Liberal Party decided to go down the path of agreeing with the previous government on the assumption that it would bring down electricity prices. We had been told consistently by the two previous energy ministers, Hon Alan Carpenter and Hon Eric Ripper, that if we went down that path and agreed with the then government, we would have cheaper electricity prices. To reinforce that, I will read from the *Hansard* of 4 December 2002, in which the then Minister for Energy, Hon Eric Ripper, stated —

These reforms will deliver substantial and sustainable benefits to Western Australian consumers and the economy, through greater competition and lower electricity prices.

Hon Eric Ripper also stated in Parliament on Tuesday, 25 November 2003 —

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... in other words, compared with what would happen if we were to stay with the status quo—electricity prices will fall by 8.5 per cent by 2010.

Members opposite must remember these quotes because they have come back to bite them. The then Minister for Energy, Hon Alan Carpenter, said in June 2005 —

... especially because we are going through a reform process that we anticipate and postulate will lead to lower electricity prices and the introduction of competition.

The Office of Energy website stated in October 2003 that the prospect for the longer term was for more competition, greater choice and cheaper power. We, as the then opposition, relented and agreed with, or supported, the disaggregation process in 2006 on the pretext that the disaggregation process would lead to lower electricity prices. In April 2008, the then Minister for State Development, Hon Eric Ripper, and Hon Alan Carpenter were provided with the first draft report on electricity price increases. The report would have been a revelation to the government because it showed that, since disaggregation, not only had there not been a reduction in electricity prices, but also the recommendations for electricity price increases were quite substantial. The recommendations were for an increase in electricity tariffs of 47 per cent in 2010 followed by a 15 per cent increase in 2010–11 and a two per cent increase in 2011–12. That put paid to the notion that the disaggregation process would reduce electricity prices; it was quite the contrary. In April 2008, the then Premier stated that the government would not go down that path. He said that there would be a 10 per cent increase in April 2009 and that the government would allocate \$780 million for a bailout of Verve Energy, which was haemorrhaging and running at an enormous loss. Coincidentally, of course, that would have meant a further freeze in electricity prices for another 12 months until after the state election. A cynic would suggest that is why that decision was made, and I would agree; that is exactly why the decision was made.

The then government promised that the disaggregation process would lead to lower electricity prices. In fact, the government had to face the prospect of telling the taxpayers that electricity prices would increase by around 50 per cent the very next year and that the price of electricity still would not be close to being cost-reflective. A lot of water went under the bridge over the following 12 months and there was a change of government. In January 2009, I received the final tariff recommendations from the Western Australian Office of Energy. I have to say that that was not a very pleasant day. Those recommendations were for a 59 per cent increase in electricity prices in 2009–10, a 23 per cent increase in 2010–11 and an 11 per cent increase in 2011–12. That is a 117 per cent cumulative increase over those three years. The reason for the shift from the draft policy in April 2008 to the final policy in 2009 was the access agreement—the increasing costs of the poles and wires. The government had to contemplate the prospect of telling Western Australians that we would increase their electricity prices by 117 per cent within the next three years to get to a user-pays system whereby Western Australian householders would pay for the cost of their electricity. That was unpalatable to the Premier and me.

I chatted with the Premier in his electorate office and we decided at that stage that we would initially increase electricity prices by 10 per cent on 1 April 2009 and by a further 15 per cent on 1 July 2010. That is a cumulative increase of 26.5 per cent in the first 12 months. Even after having done that we were faced with the prospect of still having to pay a massive payout to Verve Energy. That money could have been spent in other areas of service delivery to the community. We are still paying hundreds upon hundreds of millions of dollars to pay for the difference between the cost of generating, distributing and retailing electricity and what is recouped in tariffs. This government was slammed by the opposition for doing that. The shadow Minister for Energy said that the opposition would introduce a 10 per cent increase in 10 per cent increments while Hon Eric Ripper, the Leader of the Opposition, said that the Labor Party would introduce an increase of 10 per cent for the first year and then a minimum increase of 10 per cent beyond that. There was some contradiction in what the opposition stood for. Either way, it would have led to significant increases in debt levels for the government. In fact, if we had gone down the 10 per cent road, that would have meant another \$6 billion bailout until 2020 and we still would not be close to cost-reflective tariffs. It is as simple as that. This was a huge dilemma for any energy minister, including me, and it was not a decision that the government took lightly. I am very aware of the impact the increase in electricity prices is having on Western Australian householders.

**Hon Ken Travers:** Is it a bailout or is it a subsidy for electricity prices in regional Western Australia?

**Hon PETER COLLIER:** No, that is the TEC, the tariff equalisation contribution. That is a separate issue altogether. As I said, this is a bailout. The TEC is just one component of it. We are recouping the cost of generating, retailing and distributing electricity, as opposed to what we recoup.

I established increases on 1 April 2009 and 1 July 2009. We then increased the price by a further 7.5 per cent on 1 April last year and then another 10 per cent. Again, I am extremely aware of the impact this is having on the community; it really is biting. The government has to ascertain how it can best assist Western Australian

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householders, firstly, to cope with the electricity price increases and, secondly, to reduce their electricity consumption. The dual purpose of those two roles is very significant. We have to assist those who are the least able to pay, in particular. I will not go through that again because Hon Robyn McSweeney has been through exactly what we have done. This year we are contributing close to \$80 million in hardship assistance. We cannot label all Western Australian householders as being in hardship, but a significant number of Western Australian householders are struggling. My parents are pensioners. Day in and day out they tell me about the impact this is having on them and their friends. Hon Kate Doust is on urgent parliamentary business and is very well aware of the Boulder united group that meets every Monday. It has about 80 members, many of whom use walking frames and are aged in their 80s and 90s. They go there every week and get into my parents ears to explain to them the impact that the increase in electricity prices is having.

**Hon Ljiljana Ravlich:** How do you respond?

**Hon PETER COLLIER:** Give me a go. I will go through it. I certainly was not born with a silver spoon in my mouth.

**Hon Ken Travers:** So how did it get there then?

**Hon PETER COLLIER:** That is not very nice. I am painting a picture that there is a mindset on the part of the opposition that the government does not care and believes that we are making these flippant decisions that have come out of left field. We do care about the impact it is having. I, personally, do care. As I said, I hear about it ad infinitum from my friends, family and political colleagues on both sides of the chamber. However, the simple fact is that we had to do something. We could not continue to spend, as I keep saying, hundreds of millions and billions of taxpayers' dollars to bailout these corporations. We had to make the very difficult yet necessary decision to increase electricity prices over the last three years, which we have done. That has definitely had an impact, as I said. We have increased the hardship utility grant scheme quite significantly and we have improved a number of other areas to assist the community. In addition, I asked the Office of Energy to review the tariffs. The point of that was to make sure we had the most equitable and efficient tariff structure we could possibly have. A tiered tariff structure or an inclining block structure is used in some jurisdictions. That is very similar to what is used with water consumption. That means that the more we use, the more we pay. Water guzzlers pay more for excess water usage. It is the same for electricity. There has been this cultural attitude within Western Australia, prior to these increases, that because electricity is so cheap, conserving it does not really matter. We have a couple of plasma TVs, our computers and we have the lights on in every room. It is a cultural attitude throughout the community. We have more air conditioners per head of population in Western Australia than in any other jurisdiction in Australia. Around 92 per cent of Western Australians have air conditioning. I am not complaining about that. It is every householder's right to have air conditioning and those utilities et cetera, but we have to assist the community to reduce its electricity usage. That is one of our roles.

First of all, we have to look at the tariff structure to see whether it is the most equitable system, and we also have to assist the community. The review of the tariff structure has been completed. I have looked at the recommendations in the draft report, which I got several months ago; and, again, the final report. I have said this over and again: I am not convinced that a tiered tariff structure is necessarily going to assist those who are least able to pay—those we should assist more than anyone. As a government we will consider whether we will change the tariff structure, but we will only fiddle with the tariff structure if it is going to assist those who are least able to pay. I am not convinced at this stage, from what I seen—I have not been buoyed by what I have seen—that it will necessarily do that. That is one thing that the government has to do.

We also have to assist the community to reduce its electricity use. We do that for a number of reasons, of course. The number one reason is that it necessarily will reduce electricity bills. Secondly, it will lead to a much more sustainable energy future. In a global sense, we are moving into a much cleaner greener energy future. We are doing that. At the moment, the electricity consumption in Western Australia over the last 15 years in particular has gone through the roof. As I said, that was because all of the wrong messages were out there in the community that it is cheap to use electricity.

We have four energy corporations, and I am mindful of the fact that Synergy and Western Power were pretty much two different corporations with different messages. They were paying for advertising campaigns for electricity reduction et cetera with two different messages. I met with the boards and chairs of both corporations and said that we can work together on this and try to assist the community to reduce its electricity use. That is why we have the Switch the Future campaign; that is the chuditch running in the wheel making it go round and round—he is in the roof. The whole point is to get through, particularly to the younger members of the community, the need to be more prudent in our electricity use. Very similar campaigns have been very effectively used with the Waterwise campaign in the mid to late nineties, when water levels dropped. I have been through this before, but there was that message that we had plenty of water, so conserving it did not really

**Extract from *Hansard***

[COUNCIL — Wednesday, 28 September 2011]

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Hon Robyn McSweeney; Hon Sue Ellery; Hon Peter Collier; Hon Ljiljana Ravlich; Hon Helen Morton; Deputy President; Hon Ken Travers; Hon Helen Bullock

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matter, so people would turn their hoses on seven days a week when they did not need to. Then sprinkler use was restricted to two days a week and all hell broke loose and people thought that it would be the end of our gardens as we know them, and one thing and another. It did not happen. Our gardens are still alive. We have become much more water-efficient in our gardens through the use of native Australian plants, paving et cetera. As a direct result of that, householders got used to reducing their water usage. Western Australians like this; they have embraced this message. In the winter we have sprinkler bans right throughout the week. The Western Australian public has jumped on board. We need to do the same thing with electricity use. We need to assist householders to reduce their electricity use right across the board. As I said, it has a dual benefit: number one, it helps to reduce electricity prices; and number two, it works towards a much more sustainable energy future.

With all of that done, we are assisting the community again this year with \$80 million in hardship allowance; we are looking at restructuring the tariff system; and we are assisting in promoting that cultural shift to reduce electricity use. However, we are still faced with the prospect of a \$367 million bailout subsidy this year and \$1.1 billion over forward estimates. In anyone's language, they are big bucks. That is something that we need to consider.

Even with all of that, I get back to the fact that we have had significant increases in electricity prices over the last three years, and the government will continue to consider that. One of the biggest issues we have is that even with those increases—I mentioned this earlier—we are still not close to cost-reflective tariffs. On a national basis our electricity price is relatively cheap in comparative terms. I know that is cold comfort to Western Australian householders, but that is the fact of the matter. It is because we did not have increases for so long and we have had such negative increases over three years that it really has hit home to Western Australian householders. If we had had a much more responsible attitude to increasing tariffs over a sustained period, we would be at the same level or even higher, but Western Australian householders would have adjusted.

Let us look at the price of electricity across Australia. Perth ranks sixth out of eight of the capital cities. We pay 24.21c per kilowatt hour. The most expensive is Adelaide, where they pay 32.81c per kilowatt hour. Hobart pays 29.2c per kilowatt hour; Sydney, 25.92c per kilowatt hour; Melbourne, 25.65c per kilowatt hour; and Darwin 24.88c per kilowatt hour. The only two cities that are cheaper than Perth are Brisbane with 24.09c per kilowatt hour and Canberra with 19.1c per kilowatt hour. The national average is 25.75c per kilowatt hour. Western Australians pay 24.21c per kilowatt hour, which is cheaper than the national average. As far as states are concerned, again, we rank sixth out of eight. Western Australia pays 24.21c and South Australia pays the most followed by Tasmania, New South Wales, Victoria, Northern Territory; and then Queensland and the ACT are below us. The national average across all states is 26.5c per kilowatt hour and we pay 24.21c per kilowatt hour. That would be cold comfort to Western Australian householders, but the simple fact of the matter remains that we are not "Nigel No Friends" on this. What we have right across the nation, and right across the globe, is a situation in which the cost of electricity is skyrocketing. The cost of generation, transportation and fuel is skyrocketing. In Western Australia, because we have such a diverse state and a disparate elongated network, the costs are even higher. We have one of the largest aboveground isolated networks in the world in the south west interconnected system. That brings with it considerable additional cost. In addition to that, the transportation costs of fuel are exorbitant. The transportation of our primary fuel source—gas from the north west—is exorbitant, and the exposure it presents to Western Australia, as was never more in evidence than in the Varanus Island explosion in 2008, stands testament to the problems we have with costs in Western Australia; things are not going to get any easier.

At the moment we have added pressures. The next access agreement is up for consideration by the Economic Regulation Authority. I talked about that in the chamber a couple of weeks ago. That will add pressure, if it is accepted. Western Power is looking for an injection of close to \$9 billion for maintenance and upgrade of the network system. That comes at a cost. On top of that is the proposed carbon tax, which again will put added cost onto electricity prices. On top of that is added fuel costs. I can assure members that the price of gas is not coming down; it is going up. Wherever one goes, the cost of generating, retailing and distributing electricity continues to go up. That is the stark reality we are faced with. We can do it the way we have done it, which has had an impact on householders throughout Western Australia, or we can do it the way the Australian Labor Party wants it done. At the moment it wants to freeze electricity price increases. That would amount to \$3 billion over four years. As I said, that comes at a cost.

A number of members opposite who have sat in cabinet would know that when ministers go to the Economic and Expenditure Reform Committee, or the equivalent in their time, one has to fight tooth and nail to get every cent from government. Every time I want additional training places, every time I want additional funding for an Indigenous program, or every time Hon Robyn McSweeney wants something for child welfare or for mental health, or any other area, one has to fight tooth and nail for that funding. I have to say it is often not pleasant being energy minister when sitting around a cabinet table and knowing full well that I am responsible for a

significant proportion of the funds that the government has to pay out. As I said, that is billions upon billions of dollars.

We have one of the safest networks in the world. We have a reliability rate of almost 100 per cent. We now have plenty of capacity—in fact excess capacity, but I will not get into that argument today; it is not relevant to the motion. We will not run out of electricity like we did in 2004. We have a very reliable and safe electricity system. Most Western Australians appreciate that. Energy is an interesting portfolio; it really is. It is certainly not a portfolio that receives too many accolades. On very few occasions do the public wake up in the morning, turn on their lights and think they will ring up my office or ring Western Power and thank us for having the lights on. When the lights go off, of course they are the first on the phone; I appreciate that. There is nothing worse than having your lights out at eight or nine at night or seven in the morning —

**Hon Ljiljanna Ravlich:** I think of you when I turn my light on!

**Hon PETER COLLIER:** Your light is on, is it?

**Hon Ljiljanna Ravlich:** First thing in the morning when I turn my light on, I think of you!

**Hon PETER COLLIER:** Is that right?

**Hon Ljiljanna Ravlich:** And then I want to go into darkness!

**Hon Robyn McSweeney:** Isn't that nice. I didn't know you liked him that much!

**Hon PETER COLLIER:** Thanks, Ljil. What was I saying? That just shocked me! Sorry, Mr Deputy President, I have gone weak at the knees!

I can assure members that one does not come into this business for the accolades. I will tell members a story. I have told this at a couple of forums. The Economic Regulation Authority reported on an energy issue about a month ago. I said to a senior journalist, "Mate, you guys have got to give a bit of positive ink to energy every now and again. I don't mind taking it on the chin, even when there are issues et cetera, but every now and again when we do something positive it would be nice if you could write something that is good in the energy sector." He said, "Mate, you're like the CIA—you're going to get judged on your failures!" There is a degree of truth in that in the energy sector. The energy sector is not one of those things that householders deem in any positive sense. Certainly, as far as this issue is concerned, it is not one of those issues that resonates positively in the electorate; I am very well aware of that. Whenever I go on talkback radio, whenever I am out in the community, this issue comes up reasonably regularly. The decision we had to make as a government two or three years ago was a difficult decision. I think, quite frankly, it was the right decision. We had to think in overall terms where we were going as a government. At the same time we had to be mindful of its impact on the community. We have injected tens of millions of additional money into assisting those least able to pay. We have looked at changing the tariff structure in Western Australia to become a much more equitable system. We are assisting the community to help reduce electricity usage. Having said that, we still have a long way to go. The government made the conscious decision this year to slow the process down. That is why we have had a five per cent increase this year. We have budgeted for a five per cent increase next year. That is a direct result of the fact we are aware of the impact these increases are having. At the same time we are also aware of the fact that if we do not have any increases at all, that has ramifications right across the community. Essentially, it means we will not have that money to spend in other areas.

As energy minister, they have not been easy decisions; they have been necessary decisions. I am aware of the impact these decisions are having on the community. To suggest otherwise is folly; it is not correct. As a government we are very aware of the impact they are having on the community. We will take all of those issues into consideration as we move into next year's budget. I have given a fairly good coverage of the energy sector including the reasons that we needed those electricity price increases. They have not been taken lightly. Those decisions have not been taken with a great degree of enthusiasm, but they have been necessary decisions. Having said all of that, the Liberal Party will not support this motion.

**HON LJILJANNA RAVLICH (East Metropolitan) [3.15 pm]:** I welcome the opportunity to make some comments in support of this motion. In doing so, I want to comment on the previous speaker's comments. I am amazed that the minister can make comments about being aware of the impact of increased utility charges on Western Australian householders. I have to say to the minister that it would appear to me that he has eminently sensible parents. They sound like really, really nice people. Those very, very nice people, who live in Kalgoorlie, are no doubt people who understand the impact of increased utility charges on their weekly household bill. They are like many, many other seniors in this state who are finding it very difficult to come up with the amounts of money that are required by the government in order to meet the cost of keeping themselves warm in winter and cooler in summer. We just heard an interesting response to the motion from the Minister for Energy. The only thing I got from that was that the minister defends a policy of full cost reflectivity. In doing so, the only thing

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that became very obvious is that this minister is simply not listening to the people of this state when they send him a very strong message that says: these cost imposts are hurting us, these cost imposts are not manageable for us, and these cost imposts are not sustainable. They may well be sustainable for the minister and for the government because cost reflectivity is all about making sure that the end user pays for the full cost of the product or the good or the service that they purchase. In this case it is utilities—power, water and gas. The only thing I got from the minister's response was that he does not care. He is not listening. If he cannot listen to his own mum and dad, who can he listen to? It is quite clear that what his parents are telling the minister is something that many Western Australians—I would say the vast majority of Western Australians—know and understand. We are in fairly difficult times. To move down to the position of full cost reflectivity given the current set of circumstances is naive to the extreme, as far as I am concerned. I say that because many people in the community are going through a very, very difficult time. The economy that we currently find ourselves in is an economy that many people describe as two-tiered. Other people describe it as patchy. We know that we are nowhere near that high level of economic activity that we saw in 2007 and 2008. We have certainly dipped from that. At the moment, we are faced with what many commentators describe as the second global financial crisis. For anyone who has been following the events around the world, with the uncertainty in global financial markets, the impact of that on resource and other stocks, and the impact of that on discretionary spending by consumers, the only conclusion we can come to is that the only thing that we can be certain of is uncertainty. That is the only thing that we can be certain of. Nobody knows for how long this uncertainty will stay around. Some commentators would have us believe that it is something that we may get through in the next 12 or so months. Other commentators are saying that there are serious structural challenges in global international markets, namely in the United States, and many of the economies of Europe, and those challenges need to be dealt with.

Therefore, the impost of increased utility charges is coming at a particularly difficult time, given what is happening in global financial markets, given what is happening in our own domestic market, and given that there is so much uncertainty around. We do have some serious challenges here. We know that all this uncertainty is causing a reduction in aggregate demand in our local economy. Although people talk about the benefits of a strong mining sector, those benefits, unfortunately, are not shared equally by everybody within our community. The impact of that mining activity can be quite different for different people, depending on which sector of our local population we are talking about.

I want to quickly explore what is happening in the aggregate demand situation. When there is a huge demand for goods and services within the local economy, it means that people are spending. When people are spending, governments are usually also investing. If the demand for goods and services is increasing, people need to be gainfully employed in order to produce those goods and deliver those services that are required in the market, be it the domestic or the international market. However, in recent times, the aggregate level of activity within the domestic economy has been such that general consumption has been down, because households are concerned about their future, so instead of buying the next plasma television, or instead of booking a holiday to a local tourism destination, they are tending to keep the money in their pockets, because they are not certain whether this is the right time to go out and do those things. We know that the level of investment by both families and businesses is also on the decline. When we look at investment in property, for example, we see that consumer investment is down considerably. We only need to look at the local real estate market to know that there is some serious trouble there. That is a problem. Another example is investment in larger items. If we look at the figures for car sales, we see a significant reduction. If we look at investment by business, we see a major reduction. In fact, we see a situation in which many businesses are going to the wall. We only need to look at the small business sector, which is laying off staff; and the consequence of that is not positive.

We also see a reduction in government spending. This is reflected in the fact that as the level of confidence is reduced, governments are also less prepared to invest. It is fair to say that during the first tranche of global financial difficulty, the commonwealth government put an automatic stabiliser into the economy through the Building the Education Revolution and other programs. Those programs were designed, in a Keynesian way, to pump-prime the economy and keep a level of money circulating. As you would be aware, Mr Deputy President (Hon Matt Benson-Lidholm), from your experience as an economics teacher, government spending performs a very, very important function. However, Treasuries are the same throughout the world, and at a point they too can be at risk of running out of money. So, depending on what happens in the future in terms of the economic position that we find ourselves in, it will be interesting to see how the commonwealth government responds. But there is no doubt that there is a major challenge here.

I want to also quickly touch on the fact that a view is emerging that we are a resource state and that we are a major supplier to many economies throughout the world, but we have predominantly over time made sure that we have established a very strong trade relationship with China; therefore, we are very closely aligned with

China and to that extent we are very much reliant on China. It is interesting to look at the announced slower rate of growth in China and the consequential impact of that on our stock market and on the level of confidence within our economy. I have to say that it is very, very important that we spread our risks. We need to spread our risks by making sure that we maintain a strong and healthy balance of all the activities within our economy that generate the economic wealth of this state. There is a danger in Western Australia that we may go too far by concentrating on the absolute and comparative advantage that we get from the resources that we have in this state. Although that may be okay over a short period, if we allow other industries to flounder or die, we will become a captive of the fortunes or misfortunes of other nations. Therefore, it is very important that we make sure that we have a vibrant, strong and diverse economic base, and one that is not overly reliant on mining and resource development.

I just quickly want to touch on employment. I have spoken at some length about the economic situation we find ourselves in. I have spoken at some length about making sure that we spread our risks in the industrial base of our economy to make sure that we are not overly reliant on the resources sector. Principally it is really important that we ensure that there is employment for the people in our community. I have expressed my concern in this place on previous occasions and put on the public record my belief that we are not getting enough jobs for Western Australians from Western Australian resources. That is an ongoing concern. I also believe that there is under-employment in many sectors. Certainly our level of youth unemployment, which in some places—such as in pockets of the south east metropolitan region—exceeds 21 per cent, is a major cause for concern. If people are not working and not earning an income, it becomes incredibly difficult then for them to have the money to pay their bills. That applies equally, whether it be their food bill, their utility bill or their rent; all these bills by and large need to be paid.

I want to quickly touch on a very interesting report released recently that refers to the mining industry and some of the challenges of our economy relying on the mining industry—or perhaps the challenges of it not overly relying on the mining industry. The paper put out by The Australia Institute under the banner “Research that matters.” is called “Mining the truth: The rhetoric and reality of the commodities boom”, has a subheading “Institute Paper No. 7”, was released in September 2011 and was written by David Richardson and Richard Denniss. At page 56 it states —

**So who really benefits from the mining boom?**

The mining boom has created new jobs in mining, higher wages for those who have remained in the mining industry, very high dividends and share price gains for shareholders and a range of spill-over benefits, such as increasing upstream and downstream jobs.

However, just as rising house prices in Perth are good for those who already own a home and bad for those hoping to buy one (and particularly so for those who don't work in the mining industry), so too the ‘benefits’ of the mining industry are a mixed blessing for the economy overall.

Strong world demand for Australia's minerals has driven up the exchange rate which, in turn, has reduced world demand for our manufactured and agricultural goods as well as for our tourism and education export services.

We only need look at the state of the WA tourism industry, which I have to say is in very, very poor shape indeed. In fact, it seems to me that the hottest ticket in town at the moment—I do not know how many tourists or international tourists it is attracting—is the Perth Fashion Festival. I do not believe that there is any doubt that that will not bring many international tourists to Western Australia. We know the argument that our steel manufacturers and people in the steel industry are finding it harder to compete in the international marketplace because of the exchange rate. It is the mining industry that drives up the exchange rate, but it is actually the industry sectors that feel the full impact of their inability to compete in the global marketplace.

The paper goes on —

The booming Western Australian economy has helped keep unemployment low, but the boom has meant that the RBA increased interest rates in order to ‘make room’ for the boom by slowing growth in other sectors. The costs of this policy have been borne largely by those with large mortgages, typically young families.

The former Secretary of the Treasury, Ken Henry, suggested that Australians would enjoy the benefits of the boom by way of cheaper import prices. However, for the millions of Australians whose income is indexed to inflation an increase in the exchange rate simply means that they can buy the same bundle of goods and services before and after the boom. Flat panel TVs may have become relatively cheaper, but such a reduction in price means that pensions and other government benefits will not rise as fast as they

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otherwise would have. For cheaper import prices to improve anyone's living standards there would have to be a commensurate *real* increase in their incomes.

Often that is not the case. The paper continues —

The main sources of household income in Australia are wages and government income support payments. If wage earners were to benefit from the mining boom there would have to be a jump in real wages compared with what workers would have otherwise earned. Unfortunately, there is no evidence that this has occurred.

I want to quickly run through the scenarios that are painted in this paper. I am sure the paper is based on sound research, but it refers to the people who benefit and the people who lose out. It goes on —

In summary

**Mining workers** have of course experienced the direct effect of the mining boom as have some of the firms and their workers that have experienced the ripple effects of the mining boom.

**Ordinary wage and salary earners** have seen no boom in the rate of growth in their real wages.

**Pensioners** receive indexed pensions and, by definition, indexed payments do not increase in real terms so there is no extra benefit for pensioners. (The exception was the \$30 a week increase in the 2009–10 budget as part of the government's response to the global financial crisis.)

**Hon Robyn McSweeney:** They just got another \$19, I think.

**Hon LJILJANNA RAVLICH:** Yes. The paper continues —

**Homeowners** are forced to pay higher interest rates across the board as the Reserve Bank seeks to control overheating which is actually concentrated largely in the resource-intensive regions of Australia.

**Shareholders** have experienced increases in the value of resource stocks and reductions in the value of investments in retail, manufacturing and other sectors that have been adversely impacted by the rising Australian dollar.

Since this was written, there has been, no doubt, a drop in stock prices, which were also hit. The paper continues —

**Superannuants** with the median balance of those approaching retirement would be better off by around \$2 a week, or 0.6 per cent of the age pension, as a result of the mining boom.

**Workers in others sectors of the economy** that are trade exposed, such as those working in manufacturing, tourism and education, are experiencing reductions in employment and less job security.

**Foreign owners** of resource stocks have seen their profits rise enormously and the capital value of their Australian investments increase as the exchange rate has risen.

I must say that whether or not members agree with that analysis, at least it is an attempt to provide some insight into the winners, losers, beneficiaries and so on of the boom. All too often we hear about the benefits of the boom, and the assumption is made that everybody is a winner.

I have two brothers who are both tradesmen and work in the mining sector as tradespeople. When the last boom was on, I remember Eric Ripper saying to my elder brother, "It must be great for you guys in the mining game. Tradies on the mines must be doing really, really well. You must be getting really good money now." My brother said, "Well, the only difference between a period of sustained economic growth, if you want to call it a boom, and a non-boom period is that you can get as much overtime as you like." That is the only difference because workers do not get paid more money to do the same number of hours in the same job that they have always done. The benefit for many workers, particularly those directly working in the mines, is that they can work a 13-day fortnight or 14-hour shifts and so on and so forth. Therefore, workers can get a volume of work that is greater, and because the volume of work is greater and they are paid on an hourly rate, they can basically earn more than they used to. But workers do not get more for doing less; it just does not work like that and it certainly does not work like that with mining companies.

I want to touch on some issues that also are concerning and reflect that people in Western Australia are doing it tough. I make reference to the big jump in the number of people who are caught up in mortgage arrears. They do not have the capacity to pay their mortgage because they may have locked in a high rate of interest or they may have fallen on hard times. This occurs for a lot of reasons, but there is no doubt that an increasing number of Western Australians are losing the battle to keep their house payments under control. That has resulted in one of the worst rates of mortgage arrears in the country. Although Western Australian households have traditionally been amongst the best at paying their mortgages on time, a new report by global credit rating agency Fitch

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reveals that the situation has deteriorated to the point that Western Australia now ranks lower than any other state apart from New South Wales. We have seen, as I already mentioned, property activity at an all-time low. It might not be an all-time low; maybe it was lower during the Great Depression in 1929, but it is certainly at a 20-year low. We are also seeing more repossessions than has been the case for a long, long time. Hon Sally Talbot only recently brought a private member's bill into this place to try to protect those people whose houses are being repossessed to ensure that they are not sold out from under them at a lower value than the amount of money owing on them. That means that the houses are not sold out from underneath them at an unfair price.

Certainly, the view is that more stressing times are ahead. I am telling members this because it is against this backdrop, if we like, that we have seen the Barnett government increase the fees and charges it imposes on the people of this state. It is amazing that what seemed to present itself as a caring and sharing opposition should become so uncaring and unsharing in government. I think that it is fair to say that many people are mightily disappointed by the direction of this government. The Minister for Energy, for example, gets up and talks about cost reflectivity as though it is some concept that really does not matter to anybody. He speaks about it in a way that does not even invite being looked at in terms of its impact on ordinary people. When I say "ordinary people", I do not mean that there is another class of people out there, because I think that we are all ordinary people. We are all ordinary people in that everybody is trying to do their best to survive, raise their children, educate their children and ensure that members of their family do not go without. I have to say that if we look at the impact of the cost-reflectivity policy of this government across the utilities, be it water, power or gas, the simple fact is that it hurts. There is no other way of putting it; it is a painful, painful, policy and it is hurting. First of all, it starts hurting the most if someone is a vulnerable member of the community—for example, they do not have the capacity to vary their income—such as a pensioner or a person on a fixed income. It really, really hurts these people, who have no capacity to increase their income at all, when they are slugged with these huge utility increases. Even if we —

**Hon Norman Moore:** So does listening to you.

**Hon LJILJANNA RAVLICH:** The Leader of the House does not have to listen to me; I am sure that he has plenty of urgent private business that he can go to. I think that it would be good —

**Hon Norman Moore:** Urgent parliamentary business.

**Hon LJILJANNA RAVLICH:** All right, urgent parliamentary business; but I am saying that the Leader of the House does not have to be here. It was a good quiet place before the Leader of the House got here.

**Hon Norman Moore:** Can I ask you a question?

**Hon LJILJANNA RAVLICH:** No; I am not taking interjections.

**Hon Norman Moore:** Who do you think you are?

**Hon LJILJANNA RAVLICH:** Who do you think you are? I am on my feet! I have the call.

**Hon Norman Moore:** Whether you take an interjection or not makes absolutely no difference whatsoever. You might just tell us how you'd reduce the price of electricity —

**Hon LJILJANNA RAVLICH:** Anyway, it is obviously hitting a chord; the Leader of the House has been here for two minutes. The Leader of the House is more than welcome to get on his feet after me, have his say and explain how cost reflectivity and increasing water, gas and electricity charges are benefiting ordinary Western Australians in this current economic climate.

I will quickly go through and examine some of these increases in government charges.

**Hon Peter Collier:** Come on!

**Hon LJILJANNA RAVLICH:** It is not compulsory for the minister to be here.

**Hon Peter Collier:** I really want to hear what you've got to say!

**Hon LJILJANNA RAVLICH:** It is not compulsory for the minister to be here.

I want to look quickly at government charges across a range of key areas. I will look at the three yearly increases from the 2008–09 financial year and compare them with the increases as they stand in the 2011 financial year. I just want to put that on the record because it will show the sort of impost it is on the average person. First of all, I will start with motor vehicle licence fees. The cost under Labor in 2008–09 was \$405.20. When we compare that with the cost under the Liberal–National government in 2011–12, we see that it is going to be \$440.16. The recording fee has gone up from \$24.30 to \$26.10 over that period. Compulsory third party insurance has gone up from \$471.18 to \$490. Total government motor vehicle charges under the Australian Labor Party in 2008–09

were \$973.88. Under the Liberal–National government they have increased to \$1 029.48. I have not had time to look at the percentage increase, but that looks to be at least a 20 to 25 per cent increase.

I want to focus a little on utility charges, and I will start with electricity. How is this? In 2008–09, under the previous Carpenter government, the average annual electricity charge was \$963.36. Compare that with the charge under this government, for 2011–12, of \$1 515.05. That would have to be a 60 per cent increase, if not more. Water charges in 2008–09 were \$401.15, compared with \$581.61 in 2011–12. Sewerage was \$509.60 in 2008–09, compared with \$583.33 in 2011–12. There was also a significant increase in drainage from \$63.10 in 2008–09, to \$89.66 in 2011–12.

**Hon Helen Morton** interjected.

**Hon LJILJANNA RAVLICH:** No, I cannot tell the minister anything. I have limited time and I am not taking interjections, especially from the minister. Total utility charges are —

**Hon Helen Morton** interjected.

**Hon LJILJANNA RAVLICH:** If the minister would just pay attention.

Utility charges were \$1 937.21 in 2008–09, compared with \$2 769.65 in 2011–12. I have to ask: which family —

*Point of Order*

**Hon HELEN MORTON:** Mr Deputy Chair, can I ask the member to table the document she is reading from?

Several members interjected.

**The DEPUTY PRESIDENT (Hon Matt Benson-Lidholm):** Order, members! Minister, I suggest at this point that you ask the member to identify the document, and you can ask her to table it at the end of her speech.

**Hon HELEN MORTON:** Would the member please identify the document she is quoting from, and at the end of her speech, table it?

**Hon LJILJANNA RAVLICH:** Yes, they are my notes; something that I have put together and that I am using.

**The DEPUTY PRESIDENT:** That is fine. The member has identified that they are her notes.

**Hon KEN TRAVERS:** On the point of order, the member is entitled to ask for a document to be identified only if the member is quoting from a document. If members are using their notes as an aid to assist them in their speech, that is not quoting from a document and therefore there is no ability for anyone to ask for the document to be identified.

**The DEPUTY PRESIDENT:** Members, I have simply noted that Hon Ljiljana Ravlich has stated that she is using her own notes and as far as I am concerned, that is quite satisfactory.

*Debate Resumed*

**Hon LJILJANNA RAVLICH:** The point I am making is that the Minister for Energy goes on and on about how minimal the impact is on families of his policy of cost reflexivity, particularly as it applies to power charges. We clearly see something different when somebody does some research, as I have. I get criticised by the Minister for Mental Health; she says, “Don’t go off and do your research; that’s what you do all the time”, and so on and so forth. I can tell the minister that it is not until somebody does a bit of forensic analysis and research, and looks in detail at what is happening, that they can see what is going on.

The only other point I want to make is that Western Australians are going through a particularly tough time. The economy is not doing particularly well, there is a lot of uncertainty around, not everyone has a job and many people are underemployed. We need some compassion from the government rather than what we have had to date, which is a government that spends beyond its capability and uses borrowed money to do so. We know that over the next couple of years we will end up with a state debt of some \$20 billion that will have to be serviced. We also know that this government is going to try to service that debt by loading more and more families, and that is simply not sustainable. It is not sustainable because many of those families simply do not have the capacity to pay.

I also make the point that every time the issue of the lack of capacity for families to pay comes up, the Minister for Community Development and the Minister for Energy talk about the hardship utility grant scheme. They say that they are putting \$9 million into HUGS or whatever, but when we look at how many people need to be helped by the allocated money, the allocation is nowhere near the amount required to help all the people who will have huge financial problems; nowhere near enough. I say to the minister that the average Western Australian is looking for a degree of understanding and compassion from him, and for him to give serious

consideration to the net impact on their lives of his implementation of such a blunt instrument as his cost-reflexivity policy, particularly over such a short time.

**HON HELEN MORTON (East Metropolitan — Minister for Mental Health)** [3.58 pm]: Most people I speak to say that there is nowhere else in Australia they would rather live than Western Australia. They make it clear that they are really glad that they live in Western Australia. They also say, especially more recently, that there is nowhere else in the world they would rather live than in Australia. Rather than regarding the glass to be half-empty, they tend to talk about the glass being half-full. Thank goodness that the Howard government and Peter Costello left our country in such a viable situation with no debt so that we were able to sustain the difficulties that occurred when the global financial crisis hit. Members have commented on the federal government's massive spending that has racked up billions and billions of dollars of debt. Thank goodness that a Liberal government is not far away. Hon Ljiljanna Ravlich said that the federal government's spending is down, but in Western Australia the government is investing in its biggest ever capital investment. I say again, thank goodness for the Western Australian government. I am so pleased that I am a Western Australian living in this state.

No-one is denying that the water prices have increased. In the end, I did not bother asking Hon Ljiljanna Ravlich to table the document she was reading from because she fessed up and said that it was her own forensic analysis—I think that was her term—so from that point I did not feel the need to look at the documentation. I had thought there would be something credible to look at, but that hope was dashed. Water prices have increased and of course that is causing some difficulty for some Western Australians. However, it has been absolutely necessary to balance the demand for water with the real cost of water infrastructure while also encouraging efficient water use as we confront the prospect of living in this drying climate. These new sources are part of a financially responsible suite of initiatives that form part of our plan to secure water for the future growth of the state. The increase in water charges are decided by the government, based on an independent assessment of the cost of providing services by the state's economic regulator, the Economic Regulation Authority. The previous Labor government followed similar advice when setting charges. The point I was trying to make to Hon Ljiljanna Ravlich about the difference between a charge and a cost is that a cost is a cost whether it is paid for by the user or the taxpayers, who are also the users, whereas a charge is charged to the user. Even when I sought from Hon Ljiljanna Ravlich by way of interjection some clarification, she was unable to tell me whether she was talking about charges or costs. As I said, the former Labor government also followed similar advice when setting water charges. In May 2008, the member for Balcatta stated during his time as Minister for Water Resources that it was not sustainable to provide water for a price that does not reflect the cost of supply. This government is replicating the approach of the former Minister for Water Resources in the previous Labor government whereby the cost of water must reflect the cost of supply.

In 2011–12, costs across the total charges for water, waste water and water services, including prices, increased by 8.5 per cent, which equates to around \$2 per household per week. Residential water tariffs in Western Australia are \$120.95 a year less than the national average, which is \$670.55. Lower prices apply for those households using less than average consumption, providing an incentive for householders to reduce their water use. Through our community service obligation payments to water utilities, the government makes a contribution to ensure that certain groups in our community are not unfairly disadvantaged. In the last two years the total CSO subsidy paid to the Water Corporation was \$984 million. That money was used to offset the real cost of providing water services to the country, to subsidise pensioners and seniors' concessions and for the infill sewerage program. Without this payment, annual service charges, or water prices, would be much higher. Again, the point I was trying to make to Hon Ljiljanna Ravlich was that the cost is the cost is the cost. We cannot get away from what it costs to produce and bring water to someone's house to use. However, a charge is somewhat less. The Liberal–National government is helping those who can least afford the price increases. The 2011–12 budget increases support for those in financial difficulty such as seniors on a low income and people in regional areas who have higher expenses than those in the metropolitan area. As Hon Robyn McSweeney said, the government has increased payments to the hardship utility grant scheme, taking total funding to over \$10 million this year. This is in addition to the significant concessions already available through the expanded eligibility for Seniors Card holders and to seniors for cost-of-living expenses.

This issue is about user pays. When I ask my constituents whether they want to pay, through their taxes, for the water used by the people up the road who have big gardens and swimming pools, my constituents make it absolutely clear that they would prefer those people to pay for it themselves. My constituents want those who use water to pay for it. When my constituents are asked whether they want the users to pay for those costs and are told that we have a safety net for people who are facing real genuine hardship, invariably, my constituents say that that is okay. They can understand the logic in the users who use more water paying for their high water use, and in providing a safety net for those who are facing genuine hardship and who cannot meet the payments; and

**Extract from *Hansard***

[COUNCIL — Wednesday, 28 September 2011]

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Hon Robyn McSweeney; Hon Sue Ellery; Hon Peter Collier; Hon Ljiljana Ravlich; Hon Helen Morton; Deputy President; Hon Ken Travers; Hon Helen Bullock

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in the rest of the users monitoring and modifying their water use. Invariably, people say that is a fair system. I believe the government is on the right track with the system it has in place.

**HON HELEN BULLOCK (Mining and Pastoral)** [4.07 pm]: We all know that the situation is really bad in the real world outside of the chamber. Many Western Australians are struggling to cope with increased electricity bills. Hon Ken Travers gave us some cold hard figures last week about how much electricity bills have increased over the last three years. We all know that. The Minister for Mental Health admitted that, as did the Minister for Energy. I did not realise just how serious the situation was until the Minister for Child Protection informed this house that there has been an unprecedented increase in the number of people seeking financial assistance, which has forced the government to increase hardship utility grants to those people who need assistance. I have some quite disturbing figures that were provided by the Minister for Child Protection in the speech she gave on Wednesday, 21 September. I will refer to some numbers that she provided to us. In 2008–09, 2 687 people sought help under the hardship utility grant scheme, and the total fund that was provided was just under \$1 million. In 2009–10, 6 700 people sought hardship utility grants, which was a 250 per cent increase on the previous year. The grants totalled \$2.268 million, which was a 262 per cent increase. Two years later, in 2010–11, 12 400 people sought help, which compared with 2008–09 was a 462 per cent increase. The total dollar amount provided by the grants was \$4.6 million. I will continue next week.

Debate adjourned, pursuant to temporary orders.