

**McGOWAN GOVERNMENT — STATE ECONOMY**

*Motion*

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

That this house condemns the McGowan government's crippling cost-of-living increases on struggling Western Australian households at a time of stagnant wages and for its failure to lower electricity prices through introducing retail competition and for using the Water Corporation as a taxing mechanism.

This issue is not new. We have dealt with this issue many times during private members' business. The reason we keep coming back to this issue is twofold. First, it is vitally important. Second, the government is in complete denial. Despite the fact that we won, and the government lost, the Darling Range election on this issue, the government is still in denial. We might say that is to our advantage—if we have a government that is in denial about the impact of cost-of-living increases on its own electorates, that is good for the opposition. However, we are here to govern for all of Western Australia and to ensure that every person in this state, including struggling households, shares in the wealth and potential success of this state.

When we had this debate last time, the Treasurer and want-to-be Premier said, and I quote —

By pretty much any measure whatsoever—economic data, confidence data—things are much better today than they were when we won government in March 2017.

He went on to say —

I cannot find any data that indicates that things are worse, and I have been looking for it.

What I can say is the Premier has not been looking very hard. I do not know where he has been looking. Perhaps he should get out of the big side of town and look in his own electorates.

I will go through some data. The Treasurer likes to praise himself about domestic demand. The national accounts that came out recently, in June 2018, show that final demand grew over that year by one per cent—by the way, the national figure was 3.9 per cent. The Treasurer criticised the member for Bateman for saying that is largely government-driven, and it is. Private consumption went up by 1.5 per cent. However, the trend is declining. Importantly, the Treasurer said he cannot find any data that shows that things are negative. Business investment shrank by two per cent for the year and by 2.9 per cent for the quarter. In other words, business investment, which has been struggling for a long time after the boom, is still declining, and declining at an increasing rate, according to the national accounts, which the Treasurer has said is a good set of numbers.

A key issue is dwelling investment. Dwelling investment is important not only because the housing industry hires a large number of people, but also because it basically provides the balance sheet for household consumption. If dwelling investment, dwelling starts and the return on investment declines, householders feel less wealthy and they spend less. Dwelling investment for the year went down by six per cent and was stagnant for the quarter.

What grew was government consumption, which was up by 3.5 per cent for the year, and government investment, which was up by 4.4 per cent. That was overwhelmingly directly from the commonwealth and its policy decisions, and it came through to the state government. Therefore, it is an improvement based overwhelmingly on commonwealth government expenditure. However, at least that is growing. I accept that.

I will repeat what the Treasurer said —

I cannot find any data that indicates that things are worse, and I have been looking for it.

The Treasurer did look at the national accounts, but obviously his glasses are a bit strange, because he sees only what is positive and what he wants to see.

The latest data as at July 2018 shows that seasonally adjusted retail trade in Western Australia decreased—that is not an improvement—by 0.6 per cent. Retail trade fell by 0.4 per cent in annual average terms. That fall was similar to the figure for the last three months. Retail trade is down, business investment is down and dwelling investment is sharply down.

Another key issue is average weekly earnings. That is very important, because it is an indication of what people have to live off. Average weekly earnings in Western Australia declined by 0.9 per cent over the six months to May 2018. In annual average terms, average weekly earnings fell by 0.3 per cent. In other words, wages are declining. The Treasurer says he cannot find any evidence or data to show that things have not become better since March 2017, and he says he is looking. He is not looking at wages, he is not looking at business investment and he is not looking at retail trade. What is he looking at?

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

Seasonally adjusted building approvals decreased by 14.7 per cent between June and July 2018. Approvals fell by nine per cent in annual average terms to July 2018. That sounds like we are worse off. That sounds like a negative figure. The Treasurer has all of Treasury to provide him with advice. We would assume the Treasurer would speak to the retail industry and the major mining firms that are making investments. We would assume Treasury would advise the Treasurer about average weekly earnings and building approvals. The Treasurer cannot find it. He cannot see any of this. Everything is great according to him.

Housing finance commitments fell by 11.6 per cent in average annual terms and dropped by 4.8 per cent over the three months to July 2018. That sounds to me like another negative figure. But the Treasurer cannot see it. It does not exist. The median house price to March 2017 was \$516 000, and to June 2018 was \$510 000. That sounds like a reduction in house prices and a reduction in the perceptions of people about their wealth and their capacity to spend and to fund mortgages. We have been lectured by members opposite about units, and units are an increasing share of the housing market. In March 2017, the median unit price was \$419 750. In June 2018, it was \$400 000. That is nearly a \$20 000 drop in unit prices since the Labor government was elected, and mortgage rates remain the same.

Some areas of the economy are improving. The mining sector is not going back to its boom times—thankfully—but there is some recovery and it is broad-based. The iron ore sector has stopped laying off people in droves and it is starting to make certain investments—not augmenting capacity, just replacing capacity that is wearing out. The gold industry, thanks to the Liberal Party, is still growing well, despite lower gold prices. Remember, the Treasurer twice proposed to put an increased royalty on gold and he said that it would have no impact on the gold industry. Remember that one? The Minister for Mines and Petroleum says that growth is all due to him. To the Minister for Mines and Petroleum, all I can comment is: he inherited a well-structured industry and good policies and they will trump a bad minister any day. In two years' time, we will see his real impact on the mining sector.

The commonwealth government is doing quite a bit to bolster households through tax cuts and other spending policy and, of course, supporting the McGowan government in most of its capital spend. The agricultural sector is doing well. But the reality is that the household sector, particularly in terms of household income—average wages and their major asset in their homes and the mortgage rate—is struggling. I do not know why the Treasurer does not get it, but in some ways, member for Darling Range, I hope that he never gets it, because at the next election we will have many Darling Range electorates around the place and it is the Treasurer who is doing that.

I do not expect the Treasurer to bolster household income through government spending, although one of the first things that he did was to eliminate the first home buyers grant boost. Again, the Treasurer says that taxes and subsidies have no impact on decisions. He said that the proposed increase to the gold royalty would have no impact on investment in gold exploration. Of course, that is nonsense. He said that the foreign duties legislation that passed through this house would have no impact on foreign investment in residential properties in Western Australia. What a ridiculous statement! When the other states put in similar legislation, they were honest and specifically put it in to lower demand for housing because a boom was going on, but the Treasurer says the legislation will have no impact. Nonsense! The Treasurer should get out more and talk to the industry and he will see that the duty will have a negative impact on the very segment of the economy that is holding the whole economy down—that is, the dwelling sector. The Treasurer will be responsible for that.

Forecasters out there are pumping the Treasurer's tyres and the big side of town is doing okay, but what is not doing okay is Struggle Street. Struggle Street is many and varied. I understand that in the past the Labor Party focused on Struggle Street, not the rich listers and the big side of town, but that is what this government is hitting and it is hitting it hard. We have gone through these before, but let us go through some of the government's increases to charges. There was a 19 per cent increase to electricity charges in 18 months, which people cannot avoid by putting solar cells on their rooftop anymore, because most of the increase in the first year is a fixed charge. The Treasurer says that is equitable—that is his definition. There is an 11.5 per cent increase to water charges, particularly a new super tax on the use of over 500 kilolitres. That charge was supposed to attack the rich side of town. The Minister for Water, who is the minister for class warfare, says it is Cottesloe and Dalkeith, but as we look at it, it is actually the struggling outer suburbs of Ellenbrook, Byford and Baldivis. According to the minister's own data, those suburbs have been most significantly impacted in terms of numbers and, of course, in terms of budget. Public transport is up by 13 per cent over 18 months. These people are supposed to be the public transport warriors building Metronet. I heard the Minister for Transport say that she will provide public transport and trains for everybody, but the government has jacked up the price for it by 13 per cent in just 18 months, and that is before it has built anything. Well, that is what they do!

Then there are these subsidies. I remember when we made some changes to the hardship utility grant scheme payment and the rebates for rates and water, and the Labor Party in opposition screamed bloody murder that it was unfair and improper, and campaigned around the suburbs on how we were mean. What did they do? HUGS blew out because they increased the electricity and water charges significantly by double digits and that pushed people to the wall, so they went and sought out HUGS payments. What was the government's response? The government

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

froze the scheme for six months so no-one could get any of it. That is a real Labor government for you—working hard for Struggle Street! If people want a subsidy, a Labor government will postpone it for six months. Of course, the government then capped water and local government rate increases to 100 bucks.

Here is the scene: the Treasurer can find nothing negative, but in reality household income is declining, house prices are declining, business investment is declining and retail trade is declining. We have a Treasurer in complete and utter denial. Why is this happening? In large part it is because the Treasurer has decided to have struggling households fund his election commitments and they are being hit with electricity, water, public transport and other transport payments. That is the McGowan Labor government. I never thought I would see a Labor government do this, but yesterday the government put through a bill to use a law to take away an industrial right—that is, the right to permanency. The government passed a law to take away that right without compensation, a trade-off or negotiation. All I can say on that case is that the government has set a new precedent. When a government sets a new precedent, future governments can take action on that basis. The government set a new low precedent that the government of the day can rip up industrial relations willy-nilly—well, future governments can do that also.

Earlier, we saw the government override the independent umpire when it put in a bill to dictate that the Salaries and Allowances Tribunal be taken out of wage determinations for senior public servants and others, even though it was not necessary because SAT had already made a determination to freeze wages for a year. Anyway, by overriding SAT the government has again set a precedent. But this is a precedent I have never seen from a Labor government: to hit and to target struggling households when they are on their knees. The Treasurer denies it, but we know it. It is not a huge problem in my electorate, but there are some. But in Darling Range—when we go out and talk to, particularly, the household development industry, Baldivis is said to be the worst hit. Baldivis has the highest rate of personal insolvency, not in the state, but in the country! A huge number of properties are on the market in Baldivis that they cannot sell. I talked to somebody the other day who said that in order to consume the excess capacity in Baldivis, we will have to go through two booms and two busts. The government is in denial. The last I heard, Baldivis is represented by a Labor member of Parliament. What is he saying?

**Mrs A.K. Hayden:** It's 975 households.

**Dr M.D. NAHAN:** It is 975 households. Members opposite are in denial; they are good backbenchers; they have shut up. They are not saying anything; they are copping it sweet and they will continue to cop it sweet. They can be in denial but they are not representing their electorates well if they are allowing the government to hit their households, which are in significant trouble with bankruptcies and declining mortgage values while they are sitting there doing nothing. That is their problem. The opposition will not do that. If the member for Baldivis wants to stand down we will have a by-election in Baldivis tomorrow. That would be fun; it would be very interesting indeed.

The situation is worse than that because during the Liberal–National government's last term of government, as I have said in this house before, members opposite regularly protested outside my office about how we were slashing and burning funding, particularly to schools. I have to say that in my electorate I have some really great schools. Ninety-three per cent of kids living in my electorate go to the local public school and I am really proud of that. We invested heavily in those schools and they are great schools—Rossmoyne and Willetton. Another school that used to be in my electorate is Lynwood Senior High School, which has really improved and moved up the Australian tertiary admission ranking by significantly improved leadership provided by successive principals and the school. Congratulations to Lynwood Senior High School.

To go back to the story, members opposite were protesting on a regular basis that we were slashing and burning funding for education. Of course, we did no such thing. We did trim some of the expense growth but every year expenditure on public education increased in real per capita terms. We pulled back on the growth rate but in real per capita terms it grew. What does this mob do? It is in denial. It regularly says that education spending is growing but the reality is, from his own budget—I do not know whether the Treasurer reads his own budget; I do—appropriation funding in 2017–18 compared with that in 2018–19, his budget, not ours; he cannot blame the Liberal–National government; it is all him—for the education budget has been cut by \$280 million over the forward estimates. That is what the government says. This is the truth because appropriations are what we vote on in this house during the budget. Members opposite put them both there. We voted on it and supported them. They argued for it and there are funding cuts. We hear the Premier. The Premier does not know much about what is going on. On every bill he has put forward he has not been well informed. The Western Australian Jobs Bill was the biggest joke in the world. More contracts have been let to people outside WA than inside, but we will talk about that later.

There have been education funding cuts of \$280 million over four years. Another one is health. I have to admit this government inherited a health system that was treated very well by the previous government. We built or remodelled 11 hospitals. It was the highest per capita expenditure on health in the country and we have the highest paid nurses and doctors.

**Mrs A.K. Hayden:** First World.

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

**Dr M.D. NAHAN:** Yes. In opposition the members opposite decried that we were not spending enough and that we should remodel this hospital and that hospital in addition to the ones we had done. Indeed, every time we ask when they will do something on hospital spending they say, “You had eight years, why didn’t you do it.” We did 11. That is the usual retort in trying to avoid responsibility for doing anything.

In both the 2017–18 to the 2018–19 budget this government cut health spending by \$ 200 million from the forward estimates over three years. The government is in denial but that is the fact. I raise this in this context because, clearly, a lot of people in Struggle Street are saying that during the boom times they took out private health insurance. We had a mini-population explosion—a baby boom if you wish—and they were cashed up and took out private health cover. Now, to seek solace from the declining fiscal position of households, they want their children to go back to public schools and public hospitals. Do we know what has happened? They are facing waiting lists and declining services because this government is cutting money from hospitals and schools. In my electorate it has pulled out way over \$15 million from public school funding, some of which it has not been transparent about but it has—\$15 million. Sometimes it has redistributed the money to Labor areas but, overall, consider the increased expenditure this government committed to in election promises and the increases in expenditure it has redirected to its own schools. It is cutting funding for health by \$ 200 million and for education by \$ 208 million. While householders and retailers are in Struggle Street, which the government is denying, it is responding by increasing electricity, water and public transport fees and taking away funding from the hardship utility grant scheme and other types of assistance. On top of that, it is hitting them with funding cuts at public schools and public hospitals.

That is the McGowan–Wyatt Labor government and they deny it. They stand up in Parliament and say there are no cuts and that every bit of data shows that everything is getting better. In fact, I think it was last week when the national accounts came out when the Treasurer held up a fancy graph that showed from March they were declining and from March 2017 everything is going really great. The reality is that the only growth has come from the Turnbull–Morrison government. When we pull back and look at the real guts of the economy, the household sector, in this state it is in real trouble and the government is not only not noticing it, but in fact is denying it exists and putting in place policies that hurt them more.

What is more, this will continue. The government has made it clear that the reforms it needs to make to pull back on the impost of household fees and charges will continue. One policy we were pursuing, but on which this government has dropped the ball, was to move to choice in the electricity market within the south west interconnected system for small consumers, households and small business—in other words, opening up the electricity market to competition. My colleague the member for Bateman will discuss this in detail. However, judging from experience and what has happened in the gas market in this state, that could, should—I think would—lead to a 30 per cent reduction in electricity prices for the average household, or \$600 per household. The Treasurer laughs; he thinks it is a joke. What are all the people in the gas market getting? What kind of improvement have they achieved by pursuing choice in the gas market? I guarantee that it is over 30 per cent if they choose to shift—Kleenheat, Alinta and others. The Treasurer thinks it is a joke but, I tell you what, a 30 per cent reduction in the cost of gas is no joke and a 30 per cent reduction in electricity prices is no joke. It might be in his household but I am sure his electorate is not struggling with mortgages underwater as they are in Baldivis. When the now Minister for Water was the opposition spokesman on water, he complained incessantly, not about rural water, but about the impact on households of increasing costs of water. He did it on a daily basis. He regularly questioned us: “Why are you increasing it? Why are you pushing to cost recovery? Why are you going above that in certain ones?” He made it quite clear that if the Labor Party won government, he was going to go out and defend people against excessive water increases. We heard him say today, in one of the most pathetic responses to a question I have ever heard—in fact, I think I heard more snoring than words from him!—that he does not think it is a problem. The Premier made it quite clear that excessive water prices will continue.

When I was the Treasurer, I commissioned the Economic Regulation Authority to look at water prices. It issued a report that ascertained that for an average household, the Water Corporation is now charging \$400 per household in excess of cost recovery for its services. That includes an embedded rate of return. That is \$400 per household, and growing. The Premier’s response was, “Yes, that’s right, and it’s going to continue to grow. I need the money. I want the money. I’m going to turn the Water Corp into a giant taxing mechanism.” The Treasurer; Minister for Energy is turning Synergy into a taxing mechanism—a cash cow. And who is paying for this? Those levies are essential services. They are necessities. The consumption of water and electricity is not correlated with income or with suburbs. They are regressive impacts; that is, they hit lower-income people the most. That is what they do. Members know that; I know that.

Low to medium-income earners tried to avoid electricity costs by going to solar cells. The Minister for Energy stopped that. He is actually going to remove the feed-in tariff soon. He will not renew it. We understand that he is also going to remove the buyback scheme. He has been cagey about that. They currently pay seven cents per kilowatt

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

hour. He is going to tackle the solar cell industry by fixing charges and removing all the subsidies. Put these two together—the \$400 McGowan tax on water and the \$600 that could be saved by going to competition—and that is \$1 000 per household. The government could easily do with a policy change. It will not do it because it wants the money for other reasons.

**Mr D.J. Kelly:** You didn't do it.

**Dr M.D. NAHAN:** “You didn't do it; you didn't do it!” This is the mob who fought like hell to get into government. It fought like hell. It did everything, including protesting. They got all their union mates. They worked hard. I have got to say they were a hardworking opposition. They were not an honest one, but they were a hardworking one. Then they got into government and all they say is, “You didn't do it; you didn't do it; you didn't do it! What did you do in eight years?” The Labor Party is in government—do it! That is what it said it would do. It should do what it said it was going to do. That is what the member for Bassendean said. He sat over there on a weekly basis and snarled at the water minister, “Do it! Why are you taxing? Why are you increasing charges? Why are you even going to cost recovery?” Then he introduced this year the super tax on water, over 500 kilolitres, and says it will affect mainly the member for Cottesloe's electorate. Member for Bassendean, the old “them and us” is gone. You guys do not represent the struggling working class anymore. Your average income is higher than that for most of us! You do not represent the working class or the people on Struggle Street. You are the elite. Put “them and us” aside. It might have worked in Young Labor at university 30 years ago but it does not work now. The minister's second answer today was truncated. The biggest impact—based on data provided by the minister, which I assume is accurate—is on those outlying suburbs of Baldivis, Ellenbrook, Byford and others. The biggest impact in terms of numbers and share of income is on the suburbs that the Labor Party used to represent—Darling Range; it does not now.

**Mrs A.K. Hayden:** They saw through them.

**Dr M.D. NAHAN:** They saw through that.

I would like to go back to Darling Range. The member for Darling Range will speak to this. That was a very interesting by-election and not only because we won. We were not supposed to win; we were predicted to lose badly. All the pundits said, “You will lose.” It was clear to us within five minutes of talking to people—I think Labor did not talk to anybody except themselves!—that the biggest issue was the cost of living. That was overwhelmingly so. People told us at the door. The three biggest cost-of-living issues were water, electricity—not public transport so much in that case—and local government rates. Do you know what? I do not think Labor mentioned those at all during the campaign. It did not mention them because it has hit people pretty hard. To try to win the seat of Darling Range, it did not mention that it was putting in place a policy to rectify the impost it was putting on that and therefore on the electorate of Darling Range. Either the Labor Party did not understand, it was not talking, or it just ignored it. That is what it does.

We were criticised. When talking to the people on the opposite side, they said, “You increased electricity charges very high during your first term.” Yes, we did. Why? Before we came to government, the Carpenter government had made an announcement in July 2008. It flagged a 100 per cent increase in electricity prices over the forward estimates—100 per cent! It flagged that they would go up. The policy that we inherited was a 10 per cent increase until we reached cost recovery. We inherited an electricity system that was bugged. It took an electricity system that was breaking even without any increases in electricity prices for almost a decade. The Carpenter government then made the change and it haemorrhaged. That was the change it put in place. It had to recognise it because it had to go to the ERA for assessment. The ERA said, “You're losing a lot of money.” We inherited a system that was haemorrhaging money. We increased it, not quite as much as predicted, but less. It counts that in the last two years of our term, people were struggling in the suburbs. There is no doubt about that. We had flagged seven per cent electricity increases in the forward estimates. Did we push it to that? Absolutely not. We knew that people were struggling to meet their bills. We did not want to hit them with excessive bills by increasing electricity prices to seven per cent. We did not do it. We were still pilloried by the opposition at that time about increasing it by three per cent or 3.5 per cent. That was merciless; that was terrible. But it did not go into the forward estimates; we kept it low. We knew the impact that electricity prices would have on struggling consumers. What did this mob do? They pilloried us for a three per cent increase and they jacked it up by nearly 11 per cent or more and, on top of that, another seven per cent the following year. That is what they did. If three per cent was merciless, what is four times that? Bastardry. What else could I describe it as? It was pure bastardry because it indicates —

**The ACTING SPEAKER:** Member, parliamentary language.

**Dr M.D. NAHAN:** If a three per cent increase is merciless, what is four times that?

**Ms M.M. Quirk:** Twelve per cent!

**Dr M.D. NAHAN:** Yes. How would members describe that?

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

**Mrs A.K. Hayden:** A massive increase.

**Dr M.D. NAHAN:** A massive increase, knowing full well the impact it would have. I know why the Labor Party did it. It was hoping not to have a by-election. It was hoping to kick the wind out of consumers. It did not really care very much about how it was going to impact; it wanted the money for its election promises. It had other priorities that it had committed to. It is not that the government repaired the budget; the debt is now higher than ever forecast when the Labor Party came to government. The government knew what that figure was. How many debt repayment plans does the government have, member for Bateman? Are there three?

**Mr D.C. Nalder:** Yes.

**Dr M.D. NAHAN:** The last I heard, the government was going to use any windfalls to pay off debt. That did not happen, although the government has had quite a few windfalls—nonetheless.

The government knows what was happening. It was willing to kick the stuffing out of the household sector and then try to blame it on us, like it has everything else. Hopefully—it will probably happen—the commonwealth Liberal Party will bail the state government out with the goods and services tax reform, not that the Labor Party has had anything to with that. Where is Shorten on GST?

**Mr Z.R.F. Kirkup:** Nowhere.

**Dr M.D. NAHAN:** Nowhere. Okay. He is the “Nowhere Man”, but anyways.

The state government is hoping the commonwealth government will kick the stuffing out of households, the mining sector will come back, it will be friendly with the big side of town, and then the GST share and other income will come in and then it can bail Western Australians out right before the next election and it will be a hero. The trouble with that plan is that in the meantime people are struggling. In the meantime people, largely in the electorates of Labor Party members, are suffering. Some are losing their homes; some are abandoning their homes. An issue in Byford was that a surprising number of homes were empty because people were moving intrastate to get a job to pay off the mortgage back here. Remember that? How many homes were like that? In the meantime, of course, people are struggling. They will not forget that. They will not forget what this government has done to them, because there has been a conscious effort to hit people on Struggle Street. The government has policies it can put in place, such as moving to competition in the south west interconnected system for small users—small business and households. Strangely enough, from what I read I think the government is doing that in the Pilbara. Why it is good for the Pilbara, but not the south west interconnected system is an interesting story. I do not know why it is not happening, but the government should do that.

As for the Water Corporation, the government should stop using it, as it promised, as a cash cow. Stop using it—push it back, pull it back. The problem and weakness in the government’s plan is the household sector. Our economy has a large mining sector and agricultural sector relative to most places, and a large business investment sector, so we are relatively highly reliant on business investment in mining, and that makes up over 40 per cent of the total state economy, excluding exports. But the government has kicked the guts out of it. Retail trade is down. Some people are saying it is at the lowest since the Whitlam era. That is because households are not spending because their household incomes are declining, their mortgages are fixed and high, and the government is hitting them with fees and charges. The government has taken away any discretionary income from households and put it in its pocket, and people are not spending it in the community. I know all these people are seeing blue sky everywhere, in the belief that the commodity prices have gone up and that will trickle down. Again, this is a Labor government pushing trickle-down economics. I have been accused of doing that a few times by the Labor Party, but I have never seen a Labor government do it. Nonetheless, this is a strange one.

The government’s belief is that commodity prices are going up—they have; they are holding up very well; good on you—and that will trickle down into the household sector and increase jobs and wages, and everything will be fine. The trouble is that mining investment does not trickle down very thoroughly. Its sector of employment is relatively small, even though its contribution to the overall economy—particularly exports—is very, very large and important. I am not decrying that in any way. The ag sector is about the same thing. In order to have improvement in our economy, we have to have improvement in the balance sheets of households. Household income has to start growing and disposable income has to increase to have any sustained recovery in the economy. The government is undermining that. Its increases in fees and charges are taking away any disposable income people have, and therefore the retail, hospitality and dwelling sectors are in the doldrums. It looked like there would be an improvement in February this year, but it dropped back down. There has been a sharp drop-off in house prices, housing starts, housing finance, retail trade and hospitality activity across the board, and that will show up in the data because there is a flaw in the government’s economic narrative and policy settings.

Again, it is a flaw that I have never seen a Labor government have. I have been watching budgets for a while. Usually a Labor government comes out and freezes fees and charges excessively, but this one did the opposite. It has been praised for it by some. By the way, the people praising it are not the ones who vote for the Labor Party;

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

they are not the ones struggling. The people who are struggling are not praising the government, and they know what is up. So we will continue to beat on.

The narrative this week from the government was, “Oh, you’re the only people negative on the economy. You’re just negative about everything. You’re just going on and on—banging on. When blue sky is everywhere, you’re seeing only clouds and rainclouds.” Well, go out to Byford, Bedforddale, Baldivis and Ellenbrook and talk to people. Some Labor members represent those people. They should go out there and talk about how they are doing and how they see the future. Talk to them about how they are doing with their household finances. Ask whether they are wealthy enough or feel confident to have another child; do they feel confident enough to retire; do they feel comfortable with putting a bit aside for retirement, or maybe even going to Bali. Talk to them. We did. They will tell members opposite in large they do not, and the government is the problem. The government does not have to believe me, and it will pay the consequences. There are policies available and we will discuss them with the government.

As to GST, I am confident that as Scott Morrison, the new Prime Minister, has indicated—he is the author of the GST reform—the reform will come through. I do not know whether it will come through before the next federal election and budget; I cannot guess. The real threat here of course is Bill Shorten. Shorten has had to be dragged along all the way. He did not want to do anything for Western Australia. He liked to come over here and tie funding, but he did not want to provide any matching. Nonetheless, I think the GST reform will come through, and if it comes through as Morrison has promoted the government will get, over six or seven years, \$4.7 billion worth of additional revenue. That is the policy. That is a lot of money. It will help the government a lot. That is on top of the \$4 billion to \$6 billion the government has got from the Turnbull–Morrison government to date. That will provide the state government capacity to be a little more understanding towards struggling households. The Morrison government will not give the state government that money for it to go out and do what it has done in the past—go through Labor electorates and spend big. It wants to see that go back to not only reducing the deficit, which is paramount, but also take off some of the heat that the state government has imposed on struggling families. The federal government, after all, supposedly shares those electors and their concerns.

**Mr D.J. Kelly:** So you’re saying the GST money should be tied?

**Dr M.D. NAHAN:** I am not saying anything of the sort. I am not saying anything of the sort. Listen.

**Mr D.J. Kelly:** Tied or untied?

**Dr M.D. NAHAN:** The GST is untied, mate; it is called “untied grants”—geez! The only thing that is tied is your head!

There is the capacity, if the Liberals come good—if Shorten will not, the Liberals will —

**Mr A. Krsticevic:** Bill Shorten won’t!

**Dr M.D. NAHAN:** Shorten will not; the Liberals will.

**Mr D.J. Kelly** interjected.

**Dr M.D. NAHAN:** Shorten will not; we know that. He does not want to do this.

A government member: What will Bill Shorten do?

**Dr M.D. NAHAN:** Nothing!

I just want to finish. Another weakness of the government’s strategy is that there are some real threats to the housing sector. Firstly, there is the increase in mortgage rates. Over the last week we saw three of the major four banks increase the mortgage rate significantly, taking \$30 to \$50, for the average mortgage, out of the household budget. Over the last three years, mortgage rates have declined and therefore the cost of a mortgage declined. But they are now on their way up and the reason for that is that the international cost of capital is rising. Australia borrows most of its money from offshore, and so costs to banks continue to rise. The government had a good period, but it is not going to remain. Secondly, there has been a royal commission into the banks and there was a crackdown by the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the banks on lending. There was a crackdown on no-deposit loans. Banks require greater deposits. They have re-evaluated and tightened up the eligibility criteria for both income and expenses, and loans are becoming more and more difficult to get. I spoke to some of the property sector today and it has had more losses of loans and gains for new properties; that is, the banks are pulling rights away from people to access capital at an unprecedented rate because the royal commission and other things are making them much more reluctant to give loans out, particularly for housing and to people struggling with their finances. There is also the third factor, which is that the housing bubble in Sydney and Melbourne is bursting. That was one of the largest housing bubbles anywhere in history and it is bursting. As a result, banks and others are getting much more conservative. In the past when the housing market peaked in Sydney and Melbourne, a lot of the investors came over here and propped

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

up the housing market. I thought that might happen this time, but it is not. They are not coming for a variety of reasons. Putting those factors together, there is going to be substantial pressure on banks not to lend, or to be more careful lending, and to tighten up rates and eligibility. In other words—it is not the government’s fault; this is just happening—there is going to be higher pressure on households and the dwelling sector because of mortgage costs and eligibility. That is the story. Here we have a Labor government hitting battlers like never before, believing in trickle-down economics and undermining the household sector. Keep it up!

**MR D.C. NALDER (Bateman)** [4.53 pm]: I rise to support this important motion —

That this house condemns the McGowan government’s crippling cost-of-living increases on struggling Western Australian households at a time of stagnant wages and for its failure to lower electricity prices through introducing retail competition and for using the Water Corporation as a taxing mechanism.

What a great subject and topic for us to discuss. Firstly, I would like to outline the economic circumstances that struggling Western Australians find themselves in so that we can understand the damage that the McGowan government’s massive cost-of-living increases are having on struggling families. At the outset, I would like to refer a little bit to what this government is doing. For nearly 18 months we have seen the government blame everything on the previous administration—all the woes it goes on about are the result of the previous administration. The government is flat out taking credit for opening infrastructure projects that were established and initiated by the previous administration, but anything that goes wrong is a result of the previous administration. The reality is that the previous administration was not perfect and the public elected to remove it. There are a couple of areas in the economy in which it could be rightly said that the previous government did not put enough aside for a really rainy day—that is, the sudden collapse of iron ore prices and the impact on royalties. We may not have responded quickly or strongly enough to the downturn in the economy, and we got punished for it.

But let me make sure that people understand clearly that we did not put up household charges to what we had in the forward estimates because we knew that households were hurting. We had electricity price increases in the forward estimates of seven per cent, but we were keeping them below four per cent. Although they were in the forward estimates at seven per cent, when we got to the next budget, we said that the economy could not handle that at that point in time. We made that call, because we believed it was the right thing to do for families out there struggling with household charges. It is interesting that when the current government blames things on the previous administration, it says that it is all to do with the debt it inherited. All the government’s actions, all the pain it is causing the community, is because of the debt it inherited. The government says that the debt it inherited was \$40 billion, yet the audited accounts as at 30 June 2017 show that net debt was at \$31.96 billion, not \$40 billion.

**Mr D.R. Michael:** Even if you’re right, do you not see the problem in that?

**Mr D.C. NALDER:** Let me finish this, because then they will understand.

**The ACTING SPEAKER (Mr T.J. Healy):** Member, do you seek to take interjections or seek the protection of the Chair?

**Mr D.C. NALDER:** No, I am not taking interjections; I seek your support.

**The ACTING SPEAKER:** Members, please allow the dignified member to continue his comments.

**Mr D.C. NALDER:** At 30 June 2017, debt was \$31.96 billion, yet the government says it inherited \$40 billion in debt and used forward estimates from Treasury as the basis for the figure of \$40 billion. But the mistake the government made is that it did not use the last Treasury estimates established in the previous government’s administration. The very last forward estimates from Treasury said that if a Liberal government had been returned, the net debt by the end of the term would be \$28.8 billion, not \$40 billion, because we saw the need to be responsible. We went to an election and we did not make the promises that this current government made. It made \$5 billion in unfunded election commitments. As the former government, we admit that we did not leave enough there for a rainy day, but we knew that we could not go to an election and make that level of unfunded commitments—\$5 billion worth! That is what is driving the debt growth right now. These commitments that the government now needs to uphold are driving debt growth from \$31.96 billion, and by the end of this financial year, the figure will be \$39 billion.

What does the government have to do to try to balance the books and account for this expenditure? It is fascinating that today we heard a conflicting story from the Treasurer from what he said yesterday. Yesterday, he said there was economic growth and, yes, government expenditure, and that is what the government needed to do for the economy to recover. He said, “We are proud of it.” Today, he said the government is keeping expenditure right down because it understands the importance of that. That is a conflicting argument. I sat there going, “Far out; I cannot believe he has argued the opposite position within 24 hours.” We have a government that while in opposition complained for years about the previous administration growing debt, yet in 18 months it has



**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

continued to grow debt unabated because it made large, outlandish promises to the community that could not be justified or substantiated. Guess what. The Labor Party would not submit them to Treasury for costing analysis. So, no, debt was not going to be \$40 billion. If the government wants to use forward estimates, it should use the last forward estimates put out by Treasury. Will the government do that? No, it will not. Government members sit there trying to justify these increases they are putting on families on the basis of the debt they inherited from the former administration, but the reality is it is to pay for the unfunded election commitments they made—\$5 billion worth. That is really the basis of the issue that this government has.

The second point I would like to make is that the Premier made a promise to the people of WA about a plan for jobs. It was interesting today to hear the Premier get to his feet and talk about manufacturing railcars in Western Australia and then blame the previous administration because previously only two per cent of railcars were completed in Western Australia. This government introduced legislation at the start of this year for the plan for WA jobs. That legislation basically says that anything done in any other state in Australia or in New Zealand is considered to be done in WA. We cannot discriminate against other states, yet these railcars were manufactured in Queensland. Under the government's legislation for WA jobs, these railcars were 100 per cent manufactured in WA. It seems a little hypocritical that the Premier would talk about the percentage of railcars when the legislation he brought in says that the government cannot discriminate against Queensland.

What is really fascinating is what has happened with employment and jobs since Labor has come to government. The Premier has clearly failed with his so-called plan for jobs. The Australian Bureau of Statistics highlights that the unemployment rate in the first month of the McGowan government was 5.8 per cent on a trend basis, while the latest labour force data shows that unemployment is now 6.1 per cent on a trend basis. Let me repeat that: the unemployment rate is now higher than it was at the time of the election and more people are looking for work after 18 months of the McGowan government. So much for a plan for jobs! Given that the rate of unemployment is increasing, it is not surprising that there has been little or no wage growth, despite household costs going up. In fact, WA Treasury shows that Western Australia had the lowest rate of wage growth of any state in the country for the 12 months to June 2018. This is putting extreme pressure on family household budgets. This is what has been fascinating about this government. We have the so-called economic guru as the Treasurer of Western Australia. He will sit there and talk about what he is doing, how the government has turned the economy around and what it has done to fix the economy, but we all know that the mining sector is making a major contribution to any recovery in the Western Australian economy. We in this place know that that is in spite of the Minister for Mines and Petroleum, who is probably the worst mines minister this state has ever experienced. He has tried to load additional taxes on the gold sector, he has shut down any onshore exploration, he has established the fourteenth inquiry into fracturing and he has shut down the possibility of extracting uranium from Western Australia. This guy is not there to support the mining industry, yet, in spite of this, the mining sector is recovering. It is being helped by iron ore and gold exploration. Thank goodness we stood in the way of the additional gold royalty. Thank goodness we stood up for that sector and, with the support of the crossbenchers in the upper house, we were able to stop that. Goodness gracious me, after promising the community that there would be no new taxes and no tax increases, some of the first things the government has done is introduce new taxes and increase taxes, and then it blames it on the debt that it inherited, which I just proved is factually incorrect.

Here we go. The plan for jobs is not delivering for Western Australia and, as a result, we are seeing very low real wage growth. Let us look at that real wage growth and at what is happening in households at this time. According to the recently released Real Estate Institute of Australia "Housing Affordability Report" for the June quarter 2018, Western Australians spent 23.9 per cent of family income on home loan repayments. That is a significant deterioration from previous quarters. That is creating enormous stress. The same report found that the number of first home buyers has plummeted by 9.2 per cent over the past year. But it is not just the Real Estate Institute of Australia; Digital Finance Analytics has found that 134 333 households in Western Australia are in mortgage stress, up from 132 000 last month. Month on month, we are seeing growth in mortgage stress. We have seen large increases in household costs in an environment of low wage growth. There are claims by the government that it is trying to fix the finances, yet the reality is that it is trying to fund its own election commitments.

I will now turn to household prices and what the government has done in this space. It is to do with the rising electricity prices. Members of the house may remember the Premier's political grandstanding prior to the 2017 election when he described a three per cent increase in electricity prices by the previous administration as mean spirited. What did the Premier do after being elected? He ramped up electricity bills by 10.9 per cent in the first budget—10.9 per cent!

**Mr W.R. Marmion:** So if three per cent was mean spirited, what is that?

**Mr D.C. NALDER:** Exactly, member for Nedlands. If three per cent was mean spirited, I do not know how we would define 10.9 per cent. If that was not bad enough, a further seven per cent was added to electricity prices in

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

the next budget—less than 12 months later. Yes, the increase was applied on 1 July in each year. In 12 months, we saw electricity price increases in the vicinity of 19 per cent. I have just talked about the fact that there has been low real wage growth. It is less than one per cent. Inflation is running at about one per cent and real wage growth is running at less than one per cent. That is eating into discretionary expenditure from households. That is really hurting families. That is driving additional mortgage stress. And this government is causing it. We have seen a total increase of \$289 a year, or \$1 150 over the next four years, in electricity prices alone. However, it is the Treasurer; Minister for Energy who has really hurt the struggling families in Western Australia. He constructed the so-called re-balancing of electricity tariffs that have forced households to carry the burden of the government's \$5 billion in un-costed and unfunded election commitments. What is truly disgraceful is that the Liberal opposition uncovered through freedom of information requests that the Treasurer was briefed on the disproportionate impact of increases in the electricity fixed charge on small electricity consumers, particularly single pensioners and other vulnerable Western Australians. We know that advice was given to the Treasurer, but the way he increased electricity prices meant that single pensioners saw increases of up to 30 per cent. The modelling highlighted this callous nature. As I said, single pensioners saw increases of 30 per cent in electricity prices. This goes to the very nature of this Treasurer and this government; they target those who can least afford it.

Further to targeting the most vulnerable in our community with massive cost-of-living increases, the government has refused to provide any relief in household bills when provided with the opportunity. It blamed the people who turned to the government for support to help meet their charges. It removed that system. It stated that it believed that too many people were rorting the system, so it shut it down. It put a moratorium on it for six months and put those people on repayment plans. We no longer have accurate data on the number of people who are seeking the support of the state government to meet their basic household bills. That is terrible.

It is not just single pensioners who are now experiencing these exorbitant increases in electricity prices. In the last two weeks, small businesses have approached me and shown me their new bills. Small businesses across Western Australia that are low energy users have seen increases in their electricity bills of 200 to 300 per cent in the last 12 months. I have copies of their bills.

That is really attacking vulnerable people in the community. As a Labor government, I am surprised by what it has been doing.

Not only is the government targeting the most vulnerable in our community with massive cost-of-living increases; it is refusing to provide any relief. One way it could do that is by opening up the retailing of electricity to competition. It is fascinating that the Minister for Energy; Treasurer has stated publicly that he wants to open up the north west interconnected system in the Pilbara to competition because it will drive down energy prices, and that that will be good for consumers. Despite the situation in the economy, there has been a ramp-up of electricity that has achieved cost reflectivity in a very quick space of time. That has been achieved despite the current economic circumstances. It has been ramped up to achieve cost reflectivity.

[Member's time extended.]

**Mr D.C. NALDER:** The Treasurer is refusing to open up the south west interconnected system to competition, despite saying that that will be very good for consumers in the north west because it will drive down prices; apparently that cannot be any good for the people in the SWIS. The question has to be asked: why? If mum-and-dad consumers are being burdened with massive pain that is being inflicted by the government to pay for its unfunded election commitments, as I have described, at least they deserve to enjoy the benefits. We are seeing that in gas prices. We are seeing 35 per cent and 40 per cent reductions in gas prices as a result of that market being opened up to competition. Why is the Treasurer not allowing competition in electricity, especially given that he fully supports it in the NWIS? I am interested to understand whether those opposite believe mums and dads should be able to shop around for their electricity. I would like members opposite to respond to that. There is absolute silence.

**Mr C.J. Tallentire:** Why didn't you create that? You had eight years to create contestability in electricity.

**Mr D.C. NALDER:** Member, we had to get back to cost reflectivity. We were putting it on a sliding scale. We slowed it down because of the state of the economy. This government has ramped it up; it has achieved cost reflectivity. It is there now, yet it will not open it up. The member walked into that one.

The truth is that the unions that benefit from the lack of competition—namely, the Electrical Trades Union, the Australian Services Union and the Australian Manufacturing Workers' Union—are opposed to this move. They want to maintain control of the state-owned energy corporation so they can protect their sweetheart deals. In fact, AMWU secretary, Steve McCartney, has publicly berated and undermined the Minister for Energy. An article by Daniel Mercer in *The West Australian* dated 28 June 2017 states —

“Australian Manufacturing Workers Union secretary Steve McCartney issued a scathing press release complaining that consumers getting to choose where they bought their electricity was Liberal policy and suggested Wyatt was “in the wrong party”.

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

Any moves to slim Synergy down to a fighting weight against the private sector would result in unacceptable job cuts, he said.

The government has gone scared on this. It is being influenced and controlled by the union and it will not allow the people of Western Australia a choice, yet it wants to do that in the Pilbara in the NWIS and it is good for people. I still do not get how it can be good for one and not the other.

If Western Australian people want to see downward pressure on electricity prices, they will need to vote and really think about this at the next election, because we are committed to opening up electricity prices to competition. Under our policy, Synergy will not be privatised but opened up to competition so that mum and dads have choice. I think that is a critical difference between the government and the opposition. Importantly, we will also ensure that a safety net will be in place and no consumers will be worse off.

To summarise, the people of Western Australia are being slugged with massive cost-of-living increases to pay for \$5 billion worth of un-costed and unfunded election commitments. That is placing a huge amount of stress on struggling families. It is also taking discretionary expenditure out of the economy and hurting jobs and small businesses. The government's response to those \$700 worth of cost-of-living increases is to forecast an additional \$500 increases. It refuses to open up the electricity sector to choice for customers. Why? It is simply to protect their union mates. This goes to the heart and integrity of the Treasurer and the Labor Party. They are happy to inflict pain on struggling households to pay for their spin and to line the pockets of their union mates.

**MRS A.K. HAYDEN (Darling Range)** [5.15 pm]: I rise to support this motion. As I am sure everyone on this side of the house knows, cost of living is the baseline for any successful community.

**Ms J. Farrer:** Both sides of the house.

**Mrs A.K. HAYDEN:** I cannot speak for the other side; I can speak only for my side.

**Ms A. Sanderson** interjected.

**The ACTING SPEAKER (Mr R.S. Love):** Go ahead, member.

**Mrs A.K. HAYDEN:** Cost of living is the baseline for any successful community. It is not a hard thing to wrap our heads around. When households are doing well, when households have money coming through the door, people are able to leave their homes, visit small businesses down the street, have coffee, spend money in retail, and take their kids to the movies and water parks. They can go to restaurants and the zoo. They can spend their weekends out enjoying our beautiful state. They can actually start contributing to the economy. When they are contributing to the economy and money is going into businesses and restaurants, those businesses start to flourish. They then start to increase wages and start to increase jobs. What happens after that? Mums and dads have more money in their pockets. They then go home and they spend that money again.

**Ms A. Sanderson** interjected.

**Mrs A.K. HAYDEN:** I have this awful noise coming from the other side, Mr Acting Speaker. I ask for no interjections.

**The ACTING SPEAKER:** If members would like to have a say, they have the opportunity to get up and talk later. We are listening to the member for Darling Range.

**Ms J. Farrer:** Will she take interjections?

**The ACTING SPEAKER:** She is indicating that she does not want to take any interjections at this point. I just ask that you let her get on with her speech.

**Mrs A.K. HAYDEN:** As I said, when families are doing well, money is spent in the community, the community does well, jobs are created, and so the cycle goes. That is how we grow a strong community. However, when the opposite applies, when household bills and cost of living goes through the roof —

**Ms A. Sanderson** interjected.

**The ACTING SPEAKER:** Member!

**Mrs A.K. HAYDEN:** — mums and dads cannot afford to pay their power or water bills, they cannot afford to take their kids out for the day.

**Ms J. Farrer** interjected.

**The ACTING SPEAKER:** Member for Kimberley, I might be the first Acting Speaker to actually call you in the house.

**Mrs A.K. HAYDEN:** When this happens and families are struggling, they cannot go out and have that coffee, they cannot take their kids to the movies, and the businesses along the street do not do well. They then have to reduce the hours of staff and lay staff off. Some businesses may close. I have to tell members that in Byford many

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

businesses have shut. Offices and businesses along the main street of Byford are empty and they have been sitting empty for a very long time.

**Ms A. Sanderson** interjected.

**Mrs A.K. HAYDEN:** I think someone had a lemon for lunch. I hope she is going to come to order in a moment.

When businesses are struggling they cannot employ people and they cannot increase wages; they have to shut their doors and the cycle goes the other way.

**Ms A. Sanderson** interjected.

**The ACTING SPEAKER:** Member for Morley. Go ahead, member for Darling Range. They are on their final warning over there.

**Mrs A.K. HAYDEN:** The cost of living becomes unaffordable and then we have a community that is not doing well. We do not have a successful community. That is where we are right now. During the Darling Range by-election, that was the number one issue brought to the attention of anyone who stood still long enough to listen. All the people of Darling Range wanted was someone to listen. Unfortunately, they are not being listened to by the government of the day. They certainly are not being listened to by their member.

**Ms A. Sanderson** interjected.

**The SPEAKER:** Member for Morley, I call you for the first time.

**Mrs A.K. HAYDEN:** By simply listening, I soon learnt that the biggest issue was the price increases in water, power, car registration and rates. The government did not understand that it would be judged so quickly after implementing these increases in its first 12 months. After only its first 12 months, this Labor government crippled families and older Australians around the state. It increased household budgets by more than \$700 a year.

**Ms A. Sanderson** interjected.

**Mrs A.K. HAYDEN:** The member might learn something!

It also expects \$500 to come over the forward years. As if \$700 was not enough, the government is now squeezing every last penny out of the wallets and purses of every struggling household to make sure it can get all the money it can. I do not know where it is putting it, because it is not paying down debt. It is obviously sending it towards its \$5 billion election promises, but not the ones in Darling Range. I will return to that a bit later.

In 2017–18, household fees and charges increased by \$438.39. In 2018–19, there was another increase of \$292.07. To put that into perspective for members, in 2017–18 electricity prices increased by 10.9 per cent. Twelve months later, “Let’s whack ’em again”: a seven per cent increase. Turning to the forward estimates, members need to remember that these are estimates, so they are the minimum by which prices will increase; I am guessing that they will go a lot higher. In 2019–20, it is 5.6 per cent, and in 2020–21, 1.8 per cent, for electricity alone. The McGowan government has increased power bills to household bills by 25.3 per cent in its first four years of government. That is going to be its legacy.

I am sure everyone on this side remembers the Western Power campaign at the 2017 election—men and women in their black T-shirts, scaring voters as they walked into polling booths. They were saying, “Vote Liberal and your power prices will go up. Vote for Labor and your power prices will be safe. Vote for Liberal, your power prices will go up. Vote for Labor and we will protect you on power prices.” Please. If a 25.3 per cent increase is protection, I am glad the government thought it was going to stand up for people, because imagine if it had not. A 25.3 —

**Ms A. Sanderson** interjected.

**Mrs A.K. HAYDEN:** Go and have another lemon, please.

**Ms A. Sanderson:** How sophisticated!

**Mrs A.K. HAYDEN:** Are you not.

A 25.3 per cent increase is the government’s demonstration of protecting the community of WA with Western Power. But wait, there is more. Water increases in 2017–18 were six per cent. In 2018–19, 5.5 per cent. Over the forward estimates—minimum, can go higher—2.5 per cent in 2019–20 and 2.5 per cent again in 2020–21. That is a total 16.5 per cent increase over the next four years on household water bills.

I turn now to car registrations. We have all sat in this place and heard over the last couple of days how people are saying that WA has a sprawling metropolitan area. Well, for a sprawling metropolitan area, people need cars. They need to be able to drive their kids to school and to sport, they need to go to work to be able to afford all these power and water bills, and they need to drive home, so let us hit them on their car registration as well. That is this heartless government: “We’ll hit them again with a 5.7 per cent increase in the 2017–18 financial year. In

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

2018–19, we’ll hit them again with a 5.8 per cent increase. In 2019–20, two per cent; in 2020–21, 2.5 per cent.” That is a total increase of 16 per cent on car registration. On those three services alone—electricity, water and car registration—the government over four years plans to hit WA households with an increase of 57.8 per cent. That is not affordable. That does not support a growing and successful community.

**Ms A. Sanderson:** It is a long drive from Bayswater to Byford, I’ll give you that.

**Mrs A.K. HAYDEN:** It is more lemon again.

That is not a way to support the community, especially when it is WA families that the government is meant to be protecting. We are here to make sure the economy goes around and that the people who live in our state are protected and able to enjoy their way of life. We live in a First World country, and we deserve to have water to our door, but not to pay through the roof.

While I am on the subject of water, I refer to an opinion piece by Daniel Mercer that appeared in *The West Australian* on 13 March 2018, titled “Water Corporation customers being milked to fix the State Budget”. The article states —

McGowan effectively admitted the Government was using the Water Corp as a cash cow.

I would like to quote further from the article. It states —

When asked whether Perth households were paying too much for water, McGowan, as he often does, answered as if a different question had been posed.

That actually sounds a bit familiar. I have been to only a couple of question times in this house, but every question that is thrown across to the Premier is answered as if it were a different question. I do not know what he hears, but it is not the question asked, because he gives a completely different answer. If he is asked a serious question on Moora Residential College or education cuts, he finds a joke and a laugh and answers on something completely different, so I can see where Mr Mercer is coming from. He is asked a question, but he answers as if a completely different question has been put.

The article continues, quoting the Premier —

“The Water Corporation

...

“It’s one of the important sources of income for the State and whilst, of course, I’d like everyone to pay a lot less for water

...

“You need to get revenue from somewhere ...

Great. So the Premier needs to get revenue from somewhere, and in his opinion the Water Corporation is the answer, hence the line —

McGowan effectively admitted the Government was using the Water Corp as a cash cow.

Let us just have a look at that. The boss of the Water Corporation, Sue Murphy, is also referred to in the article. It states —

Only a few days earlier, Murphy had told a parliamentary estimates hearing that the “gist” of a report by WA’s economic watchdog finding that the utility was over-recovering on water bills was correct.

According to the Economic Regulation Authority, Perth households will pay almost \$340 million more than needed in 2018–19 for water, wastewater and drainage services.

Specifically, the ERA found water charges were slightly below what it cost the Water Corp to provide the service, but drainage prices were marginally higher and sewerage charges were a whopping 42 per cent above costs. All up, the regulator said overhauling water charges to bring them into line with the Water Corp’s underlying costs would save Perth households about \$400 a year.

Just to explain that, this government is charging WA households \$340 million more, through Water Corp alone, than is actually needed for 2018–19. The regulator is saying that people could save about \$400 a year if the government pulled this back into line. Not many members in this house would like to knock on their constituents’ doors to tell them they have been hit \$340 million more than is needed. I am going to go and buy a car; it is worth \$20 000, but the guy needs more money, so he is going to charge me \$100 000. Am I going to accept that? Absolutely not. Why are we accepting the government charging \$340 million more than it costs to deliver water to people’s front doors? That is what this government is actually doing.

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

Another article by Joe Spagnolo on 27 May 2018, prior to the increases everyone was hit with on 1 July, highlights that WA households owe more than \$120 million in overdue electricity and water bills. Before the increase on 1 July, WA households were already \$120 million in debt and could not afford to pay their water and electricity bills. In April–May 2018 almost 150 000 Synergy customers were in arrears, owing \$6 million. Over 4 700 homes had their power disconnected. How many homes have to have their power disconnected? How many utility bills are people not paying because they simply cannot afford it? If households already have a debt of \$120 million and 150 000 customers were in arrears back in May 2018, how many more have to go into arrears for this government to start listening? WA households simply cannot afford these increases. Keep increasing them, but will people be able to pay? Then what will happen? We will be in a very scary place if this government does not start listening to the impact that these increases are having.

The biggest issue is that the money being raised will not pay down debt. It will pay for election promises—the \$5 billion election promises—to pork-barrel the seats they wish to save. The people of Darling Range have not seen any of those election promises delivered. They would like to know where the money for Tonkin Highway is—the 50–50 agreement signed by the Premier with the federal government. This government has received the federal money. Where is the state money? It is nowhere to be seen. The Minister for Transport talked about Byford rail and how proud she is of it. “I am delighted to welcome the Byford rail into the electorate.” Again, no money has been set aside for the Byford rail. These increased fees are not going towards paying down debt but towards pork-barrelling the seats Labor needs to hold onto because it knows it will have a very bad result at the next election if it continues this way.

The Premier and the Minister for Water thought they were being very clever with this Robin Hood scheme with water bills. I can tell members that it is not the wealthy suburbs that are being hit with increased water bills; it is suburbs like Ellenbrook. I am sure the member for Swan Hills does not want to knock on the doors of her 610 homes which are being hit with a 500 000 kilolitre water bill. I am positive the member for Forrestfield does not want to knock on the doors of his 217 homes either. I certainly do not want to knock on the doors of the 500 homes in Byford, telling them they will be hit with extra water fees because they have used over 500 000 kilolitres of water. People have come through my door showing me their bills with the increases. Water bills are not affecting wealthy suburbs; they are affecting outer regional suburbs.

I am asking this government to think long and hard and look at the result of the by-election and to listen to its constituents and its people. They simply cannot afford this government. I support this motion before the house.

**MR B.S. WYATT (Victoria Park — Treasurer)** [5.33 pm]: I rise to deal again with some of the issues in motions that the same private members seem to move each week. That is all right; we will provide the same response to that dour, grim performance by members of the opposition. I remind everybody in this house by starting with a quote from Hon Dr Steve Thomas, a Liberal member of the upper house, when he spoke on ABC Radio on 21 February this year. He said —

I apologise to the people of the South West, for the financial outcomes that they’ve been left with. It’s probably multi-generational debt that’ll have to be paid back by our children and grandchildren.

I get that nobody on that side of the house likes me to talk about the previous government’s record and the legacy it has left. I get that the member for Bateman, shadow Treasurer, gets grumpy when we talk about his \$40 billion debt and record operating deficits. I get that the Leader of the Opposition does not like us reflecting on his record while he was on this side of the house as Minister for Energy and Treasurer, but I have to do it every single day. As I said when I sat over there, the legacy of the Liberal–National government will be felt for about three terms. I will remind it of that day after day.

**Mr W.R. Marmion:** Remind us what we should have spent our money on.

**Mr B.S. WYATT:** Thank you; at least the member for Nedlands is owning the \$40 billion debt. I remind members of that. At least one thing the member for Bateman said that was vaguely coherent and correct was this: “We didn’t leave enough there for a rainy day.” That is the smartest thing the member for Bateman has said in the 18 months he has sat on that side of the house. That is exactly right. Now I am confronted by this hypocrisy from the other side about things we should be doing that members opposite never did when they were in government—things that actually cost a lot of money, but because Mr Nalder did not leave enough for a rainy day, it makes it very difficult to do. That is why at least Hon Dr Steve Thomas had the integrity to apologise for the performance of the former government.

I want to deal with a couple of things. Ultimately, the issue of the performance of the economy is frustrating the opposition. It is frustrated that the economy is getting better than it was when members opposite were in government. Yes, there are points of stress; there is no doubt about that. Interestingly, this motion has come on today, the same day a page 3 story in *The West Australian* appeared, which states in part —

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

Forecasters Deloitte Access Economics ... predicts WA will have the strongest retail sector of any State over the next five years.

**Dr D.J. Honey:** Where is it now?

**Mr B.S. WYATT:** That is a great point. That is exactly right; there are points of stress. But things are getting better than they were when we came to government. We came into government as the first government in WA's history to find WA in recession. That has never happened before. A new government was elected and the WA economy was in recession. That is what we had.

**Mr A. Krsticevic:** What about the global financial crisis when we were elected in 2008?

**Mr B.S. WYATT:** Yes, but guess what? Even with the GFC, WA did not go into recession. It took the special effort of the Liberal–National Party to drive the state into recession. That is why—I have made the point in here —

**Mr A. Krsticevic** interjected.

**The ACTING SPEAKER:** Member for Carine!

**Mr B.S. WYATT:** That is why, when businesses were asked about —

Several members interjected.

**The ACTING SPEAKER:** Quiet please; we will listen to the Treasurer in silence.

**Mr B.S. WYATT:** That is why, when businesses were asked about their confidence in the dying days of the former government, the confidence data made the point that businesses preferred a global financial crisis to the Liberal–National government, because even during the GFC, the state did not fall into recession. It took the special efforts of the Liberal–National government to push the WA economy into recession. That is what it did—no GFC, because in WA, the GFC came through better than anyone expected, I think.

Even the Leader of the Opposition, whose speech has become an incoherent grab bag of words, as opposed to a proper speech, made the point that business investment is still declining. Yesterday I made the point that for the first time since September 2013, business investment is growing. Yes, I get that it is at a very small rate, but it is the first time we have seen business investment increase since December 2013. Why is that important? It is important because business investment, which was declining at 32 per cent when I became Treasurer during the Liberal–National recession, is now growing again. It was that decline that drove economic contraction in 2016–17. The Leader of the Opposition—a former Treasurer, no less—comes in and says it is still declining. The guy lives in fantasy land and says anything to get through the 10 minutes before him.

In the past two quarters, since September 2013, average state final demand has been growing for the first time. I make the point again: over the last two years of the previous government, it declined by 11 per cent and stripped \$6.5 billion from the economy. That is what the former government left us. During the Leader of the Opposition's time as Treasurer, at no point did the domestic economy grow. It declined during his entire time as Treasurer and he has the audacity to stand here and make incoherent grab words about how things should be. I made this point a second ago: the Chamber of Commerce and Industry of Western Australia measure was at a seven-year high. When businesses were asked, "Do you prefer a Liberal government or a global financial crisis?" they said, "We prefer a global financial crisis." That is what they said. Consumer confidence is at a four-year high. The same CCI confidence index had increased by about 20 per cent, admittedly off very low lows of the former government.

I have already made some comments about business investment. Employment growth: our average annual employment growth is two per cent. Since we came to government, about 35 000 Western Australians have found a job. When I became Treasurer, job growth was negative. Jobs were being lost. Job vacancies: Western Australia has the highest number of job vacancies in the nation, growing again off a low base. WA always has had—or for a long time—the highest participation rate in the country. It continues to do so. Our underemployment rate is declining. It peaked under the former government at 10.6 per cent. We are now down to about 9.5 per cent, going the right way. Full-time employment: annual average growth full-time employment is at 1.5 per cent. When I became Treasurer, that was declining by four per cent. I was making this point the other week in Parliament: since we came to government, female employment figures have grown four times faster than male employment figures. Building approvals: the trend rate for total dwellings is now growing again—1.8 per cent. There were strong falls during the previous government. Yes, those falls continued after we came to government but they are now growing again.

Mineral exploration: the Minister for Mines and Petroleum made the point in question time yesterday about perhaps the strongest purity mineral exploration in the state's history. These are the facts. These facts are awkward for the Liberal–National opposition because it makes the point that when I became Treasurer, Western Australia

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

was in recession. The number of full-time jobs was declining. The economy was shrinking. Business investment was still tanking. Jobs were being shed, both full-time and part-time. All of those datasets are now positive. Rather than the dour performance we get from the opposition, I suggest it start getting behind the state economy because it created the mess that we are trying very, very hard to emerge from. Honestly!

I want to deal with a few points on fees and charges simply because, again, the opposition seems to think they all arrived in this place yesterday and have no record or point of comparison that we can refer to. I want to make this point: there has been no change to the way the Water Corporation operates. There has been no change to the Water Corporation, either in its economic model—that is what the minister was talking about in question time today; it still runs just under cost recovery—or in the way money moves around the budget. There has been no change since we came to government. The opposition now says, “It’s a cash cow and you’ve got to change everything.” That is despite the fact that the former Liberal–National government took \$6 415 613 000 out of that cash cow. I will say that figure again: \$6 415 613 000. That cash cow was pillaged by the former government well before we came here. That was on the back of water price rises of 9.7 per cent, 6.7 per cent, 11 per cent, 9.7 per cent, 7.3 per cent, six per cent, 5.2 per cent, 4.5 per cent and 4.5 per cent. We came into government and actually lowered the forward estimates increases in water bills that we had inherited in the budget. The Liberal Party comes in here and critiques that!

The opposition wants to adopt the position articulated by the Economic Regulation Authority. I am looking forward to this particular campaign. That will mean this, my regional MP colleagues: every regional recipient of that concession—that is the concession that sees metropolitan water bills subsidise regional water bills—will see an increase in their water bill. The member for Cottesloe and others in the opposition want to abolish this. They want to get rid of this. That means for every recipient in regional WA—not every household—an average increase in their water bill of \$1 246 a year. When a Liberal–National government comes back in to power, it will have to find about \$1.3 billion in extra revenue from those regional bills. That is about \$1 200 for every Western Australian living in regional Western Australia. That is the impact of what they are trying to do. As I said, we have not changed a thing. We operate as we do, and the Minister for Water will no doubt get his opportunity to make some comments about that.

I was intrigued. I wanted to hear from the former energy minister, the Leader of the Opposition, and the shadow energy minister about this commitment to full retail contestability. I wanted to hear the detail of their policy. What is interesting is that there is no detail. It seems that there is a complete misunderstanding of the gas market and the electricity market. It is complicated and technical, but as a former energy minister, I would have thought the Leader of the Opposition would understand this. He got up and said, “There have been 30 per cent discounts in gas; therefore, electricity bills will come down by 30 per cent—\$600 a household.” I have to say that I have heard some pretty inane economic analysis in my time, but for a former Treasurer, that is perhaps the most dangerous comment I have heard in this place, and Western Australian households should be worried about that. I pose the question hypothetically: why have gas prices come down?

**Ms J.J. Shaw** interjected.

**Mr B.S. WYATT:** Wholesale gas prices—exactly. Wholesale gas prices in Perth went down about \$10.10 a gigajoule in 2015 to \$6.97 a gigajoule in 2017—a 31 per cent decrease—and guess what? Aided by our domestic gas reservation policy, that will flow through to those retail prices. We had a former energy minister, the Leader of the Opposition, get up and say, “If we have retail contestability, you’ll have a 30 per cent decrease in your electricity bill.” That is despite the fact that the retail component of our electricity bill is about seven per cent of the total bill. Somehow the Leader of the Opposition is taking out that seven per cent of the cost stack of the electricity bill and saying that we will end up with a 30 per cent decrease in our bill. It suggests to me that the former Minister for Energy, the Leader of the Opposition, had not a dot of understanding about what he was doing when he was in Energy.

**Mr W.J. Johnston:** It’s probably right.

**Mr B.S. WYATT:** And it is probably right. That is, thankfully, rather like the Praetorian Guard trying to protect America from American Presidents. I suspect there were public servants trying to protect Western Australians from the then energy minister, the now Leader of the Opposition! During their time in government, did they make one decision to make contestability easier to achieve? Did they seek to address the network cost—the single largest component of our electricity bill? No. They did not modernise or reform the operating model of Western Power. Did they seek to open up the north west interconnected system to third party access? No. Indeed, the Leader of the Opposition, when he was Minister for Energy, said to Alinta, “Don’t apply for coverage under the electricity access code, and I’ll make sure Horizon gives you that access.” In the end he did not deliver. So, unsurprisingly, Alinta went off and applied, disgruntled with the former minister.



Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

But one thing the former government did was re-merge Synergy and Verve. I want to remind members here of what people said about that at the time.

**Mr W.J. Johnston:** Including the Minister for Energy.

**Mr B.S. WYATT:** Including the then Minister for Energy. I will quote from a couple of media articles. This is from the ABC online news of 6 October 2014; it shows a picture of the now Leader of the Opposition out there defending the re-merger. The article reads —

In a submission to a review of the electricity sector, Synergy said the separation —  
Keeping the separation of generation–retail —

was needed to introduce competition to the market.

“Synergy supports the creation of greater competition in the WEM ... and acknowledges the structural separation of its business is the only realistic way to achieve this in a timely manner,” the Synergy submission said.

“The separation of Synergy into multiple competing generators is essential for competition to be effective, while the options for Synergy’s retail business being kept together or split warrants further consideration and debate.”

I was interested because when the member for Bateman was reading something out he said the policy position of the opposition is not to sell Synergy, but to open up competition. There will be a cost implication to this policy—make no mistake. I will come back to the Parliament about that.

Other comments were made in respect of the re-merger of Synergy and Verve. I will quote the then chief executive officer, Reg Howard-Smith, from the Chamber of Minerals and Energy’s media statement in response. The statement reads —

“Merging Verve and Synergy will be a retrograde step in the market reform process ...

“CME believes a competitive energy market will best serve the community, allocating resources efficiently, delivering lower costs over time and supporting jobs and growth,” said Mr Howard-Smith.

Every single group associated with the energy sector opposed the re-merger of Synergy and Verve. Members, if there was now a move to split them, which governments can do—creating gentailers or whatever they want to do—the costs would be in the tens of millions of dollars. That is the reality of the beast the former government created when it moved down that anti-competitive space by re-merging Synergy and Verve.

The one thing that highlights the fact that clearly neither the member for Bateman nor the former energy minister—the now Leader of the Opposition—have given any thought to on this policy position—not just that wonderful piece of economic analysis articulated by the Leader of the Opposition—is the fact that neither one of them mentioned the Australian Competition and Consumer Commission report into retail competition; neither one. Minister for Mines and Petroleum, you have been around this place longer than me: I would say that is probably the most significant report on retail competition in the electricity market in, what, 10 years?

**Mr W.J. Johnston:** Yes —

**Mr B.S. WYATT:** Actually, since it opened up on the east coast.

**Mr W.J. Johnston:** Absolutely.

**Mr B.S. WYATT:** Here it is. It is a good piece of work. I am pretty sure, or hopefully—the Leader of the Opposition just goes off to all sorts of crazy places these days—not many people would dispute the source; the ACCC is a credible organisation. I encourage members who are here and those listening to flick to page—they do not have to read it all; they can just get to the bits that might be relevant to this conversation—134, which is about retail competition. A minute ago I made the point, in respect of the cost-stacking in Western Australia, that about 7.7 per cent of the total of our bill is retail costs. The retail operating costs are 4.3 per cent, and the retail margin is about 3.4 per cent. The ACCC found that despite the fact that WA has not had full retail contestability, it has the lowest retail margin in the country. That is why, when we flick to page 134 of the ACCC report, it makes the point that of the retail component of the supply chain about 16 per cent is dominated by retail, as opposed to 7.7 per cent for us.

Western Australia has the lowest retail margins. Indeed, we can look to places like Victoria that have had competition in the retail space the longest time of all the states in the nation. The ACCC report on electricity prices around Australia found that WA has the lowest retail margins, and we are about one-third of the rate of Victoria. Think about that for a minute. Our retail margins are one-third of the rate of the place with the most experience in retail competition. The ACCC made a clear finding in this good report that retail competition has delivered neither

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

innovation in product nor price decline. It has not delivered either of them. Although it is not part of the national electricity market, this is the one place that has had lower-than-average actual prices, and the lowest retail margin. That is important, and people should not ignore it.

The member for Bateman made the point that I am a supporter of, and believer in, competition, but when regulated markets move into a competitive space generally, as the ACCC highlighted, by way of public organisations—effectively public electricity utilities—being sold, or parts thereof, no state got this right. Not one. South Australia, Victoria and New South Wales got it badly wrong. Who paid the price for that?

**Mr W.J. Johnston:** Mums and dads.

**Mr B.S. WYATT:** Mums and dads at home.

With our retail margin the lowest, at about one-third of the rate of the state with the most experience in competition, if we were to do now, today, what the member for Bateman said he would do—that is, not sell Synergy but open it up to FRC—I can guarantee members standing still that the retail margins of those retailers would have to increase. Not, as the dopey Leader of the Opposition said, “There would be \$600 savings because that is only gas”; those retail margins would have to increase. The member for Bateman says, “Well, the best way to do it would be to get Synergy, potentially split it, but keep owning and allowing competition in it.” The ACCC made the particular point that nowhere in Australia really have we seen a retailer organically grow from nothing to being a significant retailer of significant numbers. Competition has basically meant that, although there is quite a significant number like 20 in some jurisdictions, really three big players dominate the retail space. Why? Because they are generally those that purchased off state governments that were selling their retail book. They got a huge number—millions in some cases—of those sticky customers. Customers generally do not move because electricity is an homogenous product, it is what it is, and because of the lack of innovation they have not been encouraged to move. I think some of the ACCC’s recommendations probably deal with some of that.

The opposition wants to simply create one big beast—Synergy—and potentially create two of them or just open it up to competition. Page 140 of the ACCC report states —

In retrospect, the creation of three very large retailers was not the best starting point for a competitive market.

Yet that is exactly where the Liberal Party wants to start. All that we will see will be retail margins in Western Australia increase. I believe in competition. I am on the public record as wanting competition. But what I have worked out fairly rapidly in this job is that electricity does not deliver that. One of Australia’s pre-eminent energy analysts is Tony Wood from the Grattan Institute. I would have thought a well-considered opposition might actually talk to the Grattan Institute and reference it in its contribution to what should be a significant policy position. We just have to google Tony Wood, colleagues; just go and find him. He is always available. He is very, very good. I want to quote —

**Mr W.J. Johnston:** You can have coffee with him if you go to Melbourne.

**Mr B.S. WYATT:** You can indeed; he likes a coffee!

This is a Chamber of Commerce and Industry of Western Australia media statement entitled “price shock for electricity reforms” from 19 July 2017. I quote —

Tony Wood, Energy Program Director at the Melbourne-based Grattan Institute, says retail competition in Victoria, the state with the biggest number of electricity retailers, “hasn’t really delivered the lower prices” that were expected of it.

It goes on to make the point of warning Western Australia not to go down that path until there is an understanding of how the benefits of competition will flow to those WA families seeking those benefits, because all we have seen in other states is that things have flowed to the wholesale component and not to retail. They have not. The Australian Competition and Consumer Commission makes that point in some detail. We just need to understand that there is a reason that during eight and a half years in power the former Liberal–National government did not move down this path. There is a reason it did not do it. There was probably a bit of advice coming around at the time. Re-merging Synergy and Verve would complicate things. There is also the issue of cost reflectivity. Again, the member for Bateman is wrong. We are not at cost reflectivity, but anyway, we will let him pretend that we are. There is a range of other much more significant policy decisions we can make that will reduce the price of electricity in Western Australia. I made the point that 7.7 per cent of the costs are retail costs, which is actually quite a small component; 27.3 per cent are capacity costs; 16.7 per cent are energy costs; one per cent is renewable energy costs; and 46.1 per cent are network costs. This is similar around the country; network costs are by far the single biggest component of our bill. How the Leader of the Opposition thinks that from the 7.7 per cent—in any event, the ACCC says that retail margins will increase, not decrease—we will extract 30 per cent savings across the electricity bill probably highlights why debt in this state is at \$40 billion and the deficits we have are as

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

significant as they are. There are lots of things we can do and we are doing them. When the Leader of the Opposition was energy minister, he did not do anything about the operating model of Western Power, for example. How do we encourage new generation to connect to a network without prohibitive costs? There is a range of things. We are reviewing and reforming the capacity system.

This is the problem we have got: we have an opposition that should know better because the Leader of the Opposition is the former energy minister. He is now wandering down a path that I think we would all like to go to, but it has nothing to do with this flippancy. Honestly, I expected so much more from the member for Bateman. He said it is all about the fact that the unions bullied me. If there is one person in this place who is not from the unions or perhaps has a fractious relationship with some of them, it is me. This has nothing to do with internal Labor politicking, as the member for Bateman said; it has got everything to do with the actual capacity for competition to deliver for Western Australian households, which it has not done in any state in the nation. That is particularly the case for Victoria, which is the best example, because it has the most experience not just with the time of competition, but numbers of competitors. Hopefully I have articulated that case. I suspect the member for Swan Hills will make some contributions as well, as somebody who is incredibly knowledgeable in this space.

I have covered the economy. Despite the desire and the desperation of the opposition to find anything weak, things are turning. As I said, when I became Treasurer, the economy was contracting for the first time on record. Not even during the global financial crisis did that happen in Western Australia, but it did happen eventually because of the special care and effort of the former Liberal–National government. It worked hard to ensure that our economy contracted. That is no longer happening. Jobs were being lost at the rate of four per cent—both full-time and part-time. They are now growing. State final demand had not grown since September 2013. At no point while the Leader of the Opposition was Treasurer did our domestic economy grow. It is now growing again. At no point had business investment grown since, again, I think, September 2013. It is now growing again—just, but it is growing. Yes, retail activity is weak, as it is around the place, but as we highlighted, even just from today’s paper, we are starting to see positive signs. This is good news. That is why I make the point. Of course, there will always be pressure points in an economy emerging from the wreckage of the former government, but it is going the right way. There is this argument run by the Leader of the Opposition and the shadow Treasurer that a policy decision cannot be made that somehow goes against the economic trajectory of households. Yes, I agree; no-one would desire us to do it. But in two years the Leader of the Opposition as Treasurer increased land tax three times and smashed the property investment market of Western Australia, and we are only just starting to recover from that. Even when the market was declining, he introduced a \$1 billion tax increase onto it—the most significant tax increase under the former government. That is what the Leader of the Opposition did. That is fact; I am not making this up. Yet, now he tries to pretend he is concerned about government policy and how it might impact on households, investment, the economy or broader issues.

I have one final point. I found the interesting exchange between the Minister for Water and the Leader of the Opposition about the GST windfall amusing. I expect that will resolve with the new Prime Minister and federal Treasurer very shortly; I am confident we will do that. It was described by the opposition as a windfall, but in my view it is not a windfall. This was money already spent by the former government, particularly in Christian Porter’s budget when he assumed all the money was going to be there, spent it and it never arrived. I would have thought that is a dangerous economic policy to take. Today the Leader of the Opposition said that revenue should be tied to relieving pressure on households; that is where it should go. He said that despite the fact that his own media release on 5 July this year said —

McGowan must use GST windfall to pay down debt.

I made the point that the opposition spent this money very, very quickly on a range of different things when in government, but we can only spend a dollar once, and that is something I do not think the Leader of the Opposition learnt while he sat on this side of the house. I think I have dealt with the most of the issues raised—those rational issues in any event. I will leave it up to the Minister for Water to deal in more detail with the allegations about the Water Corporation, but I want to make the point that there has been no change to how the Water Corporation is treated. Now that the Minister for Water has arrived, I want to make the point that during its term the previous government enjoyed \$6.5 billion in revenue from the Water Corporation. I do not recall complaints at the time about it being unconstitutional or whatever. That is what the former government did.

I want to conclude by again emphasising the apology that was given by Hon Dr Steve Thomas, the Liberal member in the upper house, which is where I began my contribution. I want to quote it again. It was given on 21 February this year on ABC radio. I quote —

I apologise to the people of the South West, for the financial outcomes that they’ve been left with. It’s probably multi-generational debt that’ll have to be paid back by our children and grandchildren.

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

He is correct. The Liberal–National legacy is multigenerational debt that will have to be paid back by our children and grandchildren. Although the Liberal Party may not like the fact that I refer to its record and the circumstances in which it left us, I will continue to do so. Every decision I make every single day is defined by the wreckage of the former government and what it left the people of Western Australia at the end of its long term in government. That is embarrassing, humiliating and awkward for the Liberal Party, but it is a reality that I will not stop articulating both in this place and outside.

**DR D.J. HONEY (Cottesloe)** [6.10 pm]: The estimated increase of \$700 in fees and charges is hurting families, and we saw a response to that from the community, especially during the Darling Range by-election, when we saw a massive rejection of the state government on this matter. The Treasurer can talk all he likes about what people are thinking will happen in the future, but it is what is happening now that really counts. The obvious stress is reflected in retail sales. If we look outside the mining sector, every single retailer I talk to who relies on discretionary expenditure is struggling, with many in Perth and in the regions closing their doors. I recently had the pleasure of spending some time in Northam after the Dowerin field days and it was quite distressing to walk down the main street of Northam, because I would say that pretty well every second business there has shut. I spoke with a number of local residents and they were quite distressed about the loss of services and shops in their town.

These charge increases are simply compounding the impact of other negative forces on families. I remind the Treasurer that in Western Australia 88 000 people are unemployed. House prices have dropped by a further 2.1 per cent since last year. Over 70 000 people living in Perth now have a mortgage that is greater than the value of their house. Thirty-three per cent of families with mortgages are suffering mortgage stress, which means that 30 per cent or more of their family income is committed to paying the mortgage each month. The income required to meet loan repayments has increased in WA despite the drop in the value of houses. It has increased by 0.3 per cent since last year to 29.3 per cent; almost one-quarter of all household income goes to paying off the mortgage. There has been no real wage growth for a couple of years; in fact, many people have seen a significant drop in their wages. The most egregious factor driving these increased charges —

Several members interjected.

**The DEPUTY SPEAKER:** I am sorry, minister and member, but yelling across the chamber is not appropriate. Enough!

**Dr D.J. HONEY:** The most egregious factor driving these increased government charges is Metronet and the other pet projects. I am relying on the estimates of the member for North West Central on this. I have not heard members opposite decry them yet. It is very hard to get the information. His estimate of \$10 billion in capital and \$1 billion in recurrent expenditure sounds like the correct mark. That is what the money is going to. It is not about repairing debt; in fact, it will increase due to that project.

In my shadow portfolio, in the last budget the government delivered a 5.5 per cent increase in water charges, hitting every family in Western Australia. I want to tackle the Minister for Water and the Treasurer on the point of no net recovery. Table 8.1 in the 2018–19 *Economic and Fiscal Outlook* shows that the Water Corporation's dividends, tax equivalents and local government rate equivalents—which is just another tax—for 2017–18 were \$830.9 million. When the operating subsidies, including regional subsidies and other subsidies are excluded from that figure, the net Water Corporation income is \$408 million.

**Mr B.S. Wyatt:** Have you also looked to the actual economic model that defines the operations of the Water Corporation, not just the flow of money?

**Dr D.J. HONEY:** I have looked at that and the economic model includes an illusory cost of capital, but in fact the Water Corporation includes a percentage for the cost of capital in terms of a net present return.

**Mr B.S. Wyatt:** But you understand that that has been the case for a long time. We have not changed the economic model.

**Dr D.J. HONEY:** Whether that is the case, the simple fact is that the net cash flow into government coffers—let us not quibble over models—is \$408 million. That is cash in hand to the government that it is going to spend on other things such as Metronet. The net income for government over the forward estimates goes from \$830.9 million up to \$1.204 billion, increasing further over the forward estimates. Outside of the cross-subsidy, there is a massive net revenue gain by the government above all those charges.

I also add that we need to consider the other factor that has been put in there as well—that is, the royalties for regions payment. That is clearly a misappropriation of that money. Eighty-five per cent of Water Corporation profits are now being returned to Treasury coffers and, in the longer term, that leaves little room for investment in

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

new water sources and replacing ageing infrastructure. What we are seeing overall is a \$4.4 billion tax over four years hitting the wallets of water consumers in the state.

I am especially concerned that these increases are hitting larger families and those on low incomes, based on the argument that somehow it will reduce water consumption. Patently that is not likely to happen. We have seen the base water charge increase to \$1.78 and the water usage charge increase to \$2.37 a kilolitre for consumption of 151 to 500 kilolitres and to \$4.44 a kilolitre for consumption of over 500 kilolitres. The Water Corporation's own figures show that the average water consumption is 127 kilolitres a person. For a typical family of four people, that equates to 508 kilolitres. According to the Water Corporation's own figures, the typical family of four people are water guzzlers. It is not about hitting water guzzlers; it is hitting larger families. If a family of two people consume 400 kilolitres, under the government's description of this matter, they are heroes; they are saving water, even though they are using 200 kilolitres each. But the family of four who are using the average amount of water for Perth are the water guzzlers that the government is going to hit. They are the people the government is going to screw the extra money out of because they are bad people. It is fundamentally a bad policy. The increase in charges is simply a tax on large families.

It goes further than that. I had the opportunity to talk to people from the Water Corporation. The marginal cost for water produced by desalination, which is the higher cost, is \$2.20 a kilolitre. The marginal cost of water is less than the mid-range charge that the government charges for the use of water. It is quite simple: it is a tax. The government could in fact make money by desalinating more water and selling it. We are told that the justification is low dam levels due to low rainfall. Last year, rainfall was above the average since the 1970s. On the Water Corporation's own figures, the average rainfall is 839 millimetres. Last year we received 854 millimetres. This year we are on track to exceed that, with 689 millimetres to the end of last month. The argument that somehow or another WA has low rainfall and that that is continuing to drive up costs is simply not true. Dam levels are 42 per cent above 2017 levels. Stream flows are higher than they have been in a significant number of years and are near the average for post-1975. I might say that overall the whole argument about dams is quite spurious in any case. Dams only account for 10 per cent of our water supply. To use that as part of an argument for increasing water charges is quite spurious.

We have already had some discussion on this, but we are told that this is about hitting the water guzzlers in the wealthy suburbs. That makes for good headlines, and I will talk about that a little bit. But if we look at water charges, as has been discussed here before, in Baldivis, 975 homes apparently are water guzzlers and in Byford, 500 homes are water guzzlers. We see a couple of suburbs here: City Beach at 426, Dianella at 460 and Ellenbrook at 610. See all those wealthy water guzzlers out there. We see high use in Mosman Park, at 473, and in Nedlands. There was some byplay earlier today from the Minister for Water who said that it is much, much higher per head of population in those other suburbs. In fact, the so-called water guzzlers of Baldivis, as a percentage, are two-thirds of those in the shire in which I live, which is Cottesloe. I doubt any member opposite regards people in Baldivis as well-heeled burghers of Western Australia living high on the hog. The truth is that high water charges are hitting large families.

Other charges are increasing, and as far as I am aware they have not been raised in the debate to date but they need to be discussed further. There are other charges we have not discussed. I have looked at the Department of Water and Environmental Regulation licence fee increases. There are a range of licences. I will not go through the whole table, but there are a whole range of water users in the south west of the state who have never had to pay a licence fee until now. Those people built dams and installed infrastructure at their own expense. DWER does precisely nothing to look at those facilities and does nothing with those facilities, and does not review them in any way, but charges for the renewal of existing 5C licence. Assessment fees for a low-risk dam will be going up from zero dollars to \$4 000 a year; for medium-risk assessment fees from zero to \$5335, and the high-risk assessment fee is going from zero to \$6 668. They are massive increases on small family businesses in the south west of the state for a non-service from government.

The minister misled us in his response in this place. I will take this moment, because it seems to be a thing in here, to read excerpts from newspapers. There have been some really glitzy headlines for the minister to justify this tax on ordinary families in Western Australia. "Peppy Grove big water guzzlers"—there we go. That headline appeared in *The West Australian* on Wednesday, 1 November 2017. That is clearly not the case. Clearly, this is overwhelmingly hitting people in the outer suburbs. In May this year an article appeared in *WAtoday* titled "WA's worst water guzzlers warned to clean up their act, or see increase in bills", which states that Perth's worst water guzzlers will be hit with up to a 16 per cent jump in charges. Those terrible water guzzlers! As I pointed out, who are the terrible water guzzlers? The terrible water guzzlers are ordinary families, many of whom are in very, very difficult personal circumstances.

In *The Sunday Times* there was a big gotcha headline: "Guzzlers to cop a whack". That article has minister talking about hitting the guzzlers in the wealthy suburbs. It states —

**Extract from Hansard**

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

Typically Perth's biggest water users are from Perth's affluent suburbs, such as Peppermint Grove, Dalkeith, City Beach and Mount Claremont.

That is great envy politics, is it not, members?

**Mr S.K. L'Estrange:** Great class warfare.

**Dr D.J. HONEY:** Yes, it is great class warfare. It just does not happen to be true or completely true, does it? In fact, who has been hit? It is ordinary families.

Here we go; here is even better headline: "Robin Hood Water Tax". It sounds pretty good, does it not? It is a great headline. In an article on 17 March this year in *The Weekend West*, Mr Kelly, the Minister for Water is again attacking the conclusion of the Economic Regulation Authority, saying that we should not be recovering above cost of recovery for an essential service. What is the real truth? We see the real truth again! Members opposite love to quote *The West Australian*. It is their favourite newspaper and they are really hitting it. Dan Mercer at least is on the ball and is trying to do something for those poor families who are being hit. What was the headline in *The West Australian* on Thursday, 13 August this year? It was "New water price hikes hit battler postcodes in Perth the hardest". It states —

Hefty price hikes brought in under the guise of slugging water guzzlers from the well-heeled western suburbs will affect more people from battler postcodes in Perth's mortgage belt and fringes.

That is the truth. That was in *The West Australian*, from which members like to quote. In the *Sound Telegraph* on 5 September, "Baldvis in water pain", states that heavy water price hikes brought in under the guise of slugging water guzzlers in wealthy western suburbs across Perth will hit Baldvis hard. That is the truth, Treasurer. That is the truth, Minister for Water. It is hitting the people who can least afford it.

The McGowan Labor government's justification for increasing those charges simply does not hold any water. There is a massive surplus of income from water charges, and the total cost of water services—that is the net of metropolitan and regional users—is still a massive \$400 million tax, and it is increasing. Water charges are substantially higher than the true cost of water recovery. I have demonstrated that. The water cost for mid-range users is in fact significantly higher than the true cost of recovery of water from our most expensive source, which is desalination. The rainfall has been average for the past two years and dam levels are significantly higher than last year, so using the excuse that low dam levels are a justification for higher charges is completely bogus.

The charges do not target the so-called water guzzlers; they clearly target larger families in the outer suburbs. As I pointed out, a family of four people using the average amount of water—not the highest amount of water or the ninetieth percentile of water—are water guzzlers under the Premier's, Treasurer's and Minister for Water's definition. I am sure those families do not feel that. I am sure those families feel an enormous amount of stress and are distressed about these increases in charges. The government needs to rethink these increases. The government now has relative rivers of gold. Its budget was a myth, as many of us have pointed out in this place. Even so, it now has \$6 billion in additional funding over the next 10 years. It should be honest, own up and stop hitting normal and poorer larger families with increased charges. The government should recognise and admit that it is simply a tax on families and it should consider a process for reducing charges on families of Western Australia.

**MS J.J. SHAW (Swan Hills)** [6.29 pm]: I have listened with absolute fascination to the debate on this topic today. I start by saying that many years ago I worked with the Leader of the Opposition at the Chamber of Commerce and Industry. I was the resources and energy policy adviser and the Leader of the Opposition was consulting to the chamber on energy policy. We spent a long time exchanging ideas about energy. I have a deep respect for the Leader of the Opposition, stemming, as I say, from my time well over a decade ago when we worked alongside one another.

But he does not seem to have moved on from then. It really seems like his ideas have been frozen in time, and the market has changed. There is just a real inability from those opposite to recognise the changes in the market. They certainly have not been keeping up to date with the latest commentary on energy policy.

I am not going to talk about the water issue, but I am going to discuss the underlying premise that the Leader of the Opposition offered about the ability of retail competition to lower electricity prices. The Leader of the Opposition's whole argument shows that he is a pretty lonely figure. He is pretty isolated and he is very behind the times. The member for Cottesloe was just saying that the done thing is to quote from newspapers. I am not going to quote from newspapers; I am going to quote some of the most eminent commentators and economists in this country on the subject of energy policy. I am going to comment and refer to reports that have repeatedly demonstrated that the thinking being offered by those opposite is completely outdated and behind the times. I will demonstrate that the people of Western Australia made the right choice when they elected the McGowan Labor government.

Given that I had more than a decade's experience in the electricity industry, it has taken me some time to come to the point in my thinking at which I recognised that there is something in a lot of the commentary that is being offered around Australia—that retail contestability is not a panacea for electricity price woes, particularly on the east coast.

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

The first report I want to quote from is a report by Tony Wood and David Blowers, published by the Grattan Institute, titled “Price shock: Is the retail electricity market failing consumers?” Tony Wood is one of Australia’s most eminent economic commentators. The report states —

Competition in electricity retailing has failed to deliver lower prices for consumers, and governments will need to step in and re-regulate prices if the industry does not lift its game.

That is a direct quote from the Grattan Institute report. It also noted that in Victoria, the profit margin for electricity retailers was about 13 per cent—double the margin that regulators typically deem reasonable in the electricity market context. This was back in March 2017; the report projected that Victorians would save somewhere in the order of \$250 million a year if they were to adopt a reasonable electricity profit margin rather than seeking to extract super profits from the mums and dads of Victoria.

The report also noted that the market is incredibly complicated and that many consumers simply give up. The supposed benefits of having a huge array of choices include that it is really easy to make a decision, but in March last year the Grattan Institute found that that is not the case. People are not able to exercise those choices. Competition also was not delivering the innovation in customer service that full retail contestability was supposed to deliver.

The final paragraph of the press release for the report states —

“We may yet see fairer prices and better service. But if competition still fails to deliver the promised benefits, then government will have no choice but to return to price regulation.”

After decades of privatisation and full retail contestability, and more than nine years of price deregulation, we may yet see fairer prices and better service. What a ridiculous proposition for the opposition to offer, to say that it is a great solution.

Then in August 2017, the Thwaites review looked at the Victorian market. Again, this is after decades of full retail contestability and more than eight years of price deregulation. It was a bipartisan review undertaken by a former Deputy Premier of Victoria, John Thwaites, with Terry Mulder and Patricia Faulkner—again, all eminent commentators and experts in their field. They looked at whether the Victorian retail electricity market was delivering outcomes that were in consumers’ interests. The report answered that question with a resounding no. It confirmed that the Australian energy market had been successfully gamed by all of its major players—retailers included. In respect of retailers, the report revealed a series of market failures. It found that retail charges often make up the largest chunk of electricity bills for Victorians. An article on the report states —

“Comparison of the Victorian market with other national markets and international markets further emphasised that the prices Victorian consumers are paying for electricity are unusually high,” ...

This was attributed to three major failures: the added costs of competition that have been passed on to consumers; a non-competitive market, dominated by three major companies; and opaque and varying billing practices that make it virtually impossible for customers to get the best price for their energy needs. That is the bipartisan Thwaites review’s series of findings on what full retail contestability has delivered for the Victorian market. One of the things to come out of this review that was particularly interesting was the recommendation that governments should effectively end the competitive retail market. It found that all the retail market was doing was confusing customers with complex bills and driving up prices. The review recommended abolishing the standing offer and replacing it with a regulated basic service offer, which to me sounds an awful lot like the uniform tariff that Synergy currently offers the mums and dads of Western Australia. The Thwaites report states —

“With customers unable to exit the market, and with likely higher costs for new entrants and increasing costs related to competition, consumers are still waiting for the benefits —

Of full retail contestability —

— to accrue eight years after price deregulation,”

In August 2017, I went to the Australian Institute of Energy’s Energy in Western Australia Conference; that year we hosted the national conference of the Australian Institute of Energy. Tony Wood came over and delivered a presentation titled “Retail competition: Lessons from the east coast”. I have a copy of the slide pack, which I am more than happy to table. I will read from the “Overview” slide, which states —

- Competition in electricity retailing hasn’t delivered what was promised: lower prices for consumers
- Profit margins have increased and the problem is worst in Victoria, the state with the most competitors and the longest experience of deregulation
- Lower prices are available, but consumers are not accessing them, and that is a bigger problem for low-income households

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

When those opposite start having a crack about how they are so in favour of low-income households, the lived experience of Victorians is that low-income households are actually the ones that suffer the most. It was also noted in the presentation that retail prices have outstripped network and wholesale prices. A series of graphs was presented on that. Moreover, it was noted that profit margins in electricity are higher than in other retail sectors, including the motor retail sector, the fuel retail sector and food. The electricity retail sector extracts considerably higher profit margins than other retail sectors.

It was an absolutely fascinating presentation, and when I heard that speech being delivered at the Australian Institute of Energy's conference, I was really quite shocked and in a bit of a state of disbelief, so I did as the Minister for Mines and Petroleum suggested and went over to Victoria and had a coffee with Tony Wood. He and I spent a long time talking about the Grattan Institute's findings. That presentation ran through a series of other reviews that were beginning to find the same sorts of issues with the electricity retail market. It quoted the Australian Energy Market Commission's retail energy review of 2017, which demonstrated that there was incredibly low churn in the retail electricity market and things were not operating as expected. The report found that the competitive energy market in Victoria was not delivering competitive outcomes in the best interests of consumers, and that was attributed to three causes—increased retail costs driven by competition, the structure of the market and industry practices that constrain competition and make customer engagement difficult. That is another report that says that full retail contestability does not deliver these illusory benefits the Leader of the Opposition has claimed.

In October 2017—moving on a little—the Australian Competition and Consumer Commission then published the “Retail Electricity Pricing Inquiry preliminary report”. Over 150 submissions were made to that inquiry. One of the main factors the ACCC found contributing to the high retail costs was the predatory behaviour of electricity companies and their retail margins—again, retail margins expanding significantly. The ACCC also spoke about the difficulties customers have engaging in the retail market, the multitude of complex offers that exist in the market that customers cannot make sense of, and unnecessarily complex and confusing behaviour by electricity retailers. There is a telling quote here from Rod Sims —

There is much ill-informed commentary about the drivers of Australia's electricity affordability problem. The ACCC believes you cannot address the problem unless you have a clear idea about what caused it.

I would say that the opposition is in real trouble there because it clearly cannot understand the problem.

In June this year, the Australian Energy Market Commission, a body that has been offered as something that can help customers choose and access these alleged benefits, looked at the way electricity comparison websites operate but the AEMC again warns “the sites lack transparency in how many retailers and offers they compare”. The AEMC chairman says in the report —

...that the retail market “is currently not delivering the expected benefits to consumers” because retail offers, particularly discounting behaviour, are confusing for consumers.

That is yet another report saying that retail contestability has not delivered the projected benefits. In July 2018, the ACCC released its final report into electricity pricing. It states —

The National Electricity Market is largely broken and needs to be reset. Previous approaches to policy, regulatory design and competition in this sector over at least the past decade have resulted in a serious electricity affordability problem for consumers and businesses.

That is what the opposition offers as a solution to Western Australia's electricity market reform process. It is an absolute joke. ACCC chair Rod Sims also says —

There are many reasons Australia has the electricity affordability issues we are now facing. Wholesale and retail markets are too concentrated.

They are too concentrated over east where there is a much larger market and many more consumers, retailers and generators. Even in a much more notionally competitive and liquid market, wholesale and retail markets are too concentrated. God help Western Australia where we do not have a multitude of potential market participants.

Another reason ACCC chair Rod Sims offered is that “Regulation and poorly designed policy have added significant cost to electricity bills.” Regulation and poorly designed policy—crikey. There has been no regulatory reform or energy policy coming out of the opposition for the last eight years. The best it can offer now is some spurious idea about full retail contestability.

The chair also notes —

Retailers' marketing of discounts are inconsistent and confusing to consumers and have left many consumers on excessively high 'standing' offers.”

[Member's time extended.]



Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

**Ms J.J. SHAW:** The final quote on the media release with respect to the Australian Competition and Consumer Commission is again quite telling —

“Too many consumers and small business customers have given up trying to understand offers and switch in a confusing retail electricity market. Big changes are required to make it easier for consumers and businesses to understand market offers and improve competition,” ...

In other words, the path that the Victorian energy market went down led to a situation in which people genuinely did not understand the market, they are not equipped with the tools to make sense of market offers, and the offers that are available to them include really high retail markets—overinflated, high-cost electricity. The Liberal Party is lonely on this issue. There is not a commentator in the market now who is seriously suggesting that full retail contestability is the silver bullet for electricity market design. The Liberal Party is fundamentally behind the times. It seems to be really isolated from the debate.

There is one final thing I would observe, and it is a pretty interesting thing. In his speech, the Leader of the Opposition said that he had every confidence in Scott Morrison. He was talking about what a great leader Scott Morrison is and how confident he is in his capacity to implement energy policy. I will now quote a headline from *The Australian* on 3 September. The headline is “PM open to royal commission into power industry, saying energy companies were as bad as big banks”. That was the headline from a guy who voted 26 times against a banking royal commission. He has come out and openly said that the energy companies are as bad as big banks. What is more, the Liberal Party federally have proactively adopted the federal Labor Party’s energy policy position on imposing electricity price caps. Not only does it think the energy companies are as bad as the big banks, it actually thinks that price regulation now is a good idea because of the dysfunction that we are seeing in the electricity market.

All of this is at a time the Liberals are standing around scratching their heads wondering why electricity prices are so high. Origin Energy has announced an underlying profit for the financial year of \$550 million. That is a jump of \$185 million. AGL is reporting an underlying profit, excluding significant items, of \$802 million. That is up 14.4 per cent from \$701 million. We are seeing record electricity prices. We are seeing record profits for the electricity retailers. We are seeing a whole line of commentators saying that full retail contestability is a prime cause of this. The best the Liberal Party can do is offer us full retail contestability as an answer for Western Australian energy market reform. I am absolutely astonished at the lack of understanding and knowledge from those opposite. One of the things the opposition focused on quite considerably was the need to lower the costs for the mums and dads of Western Australia. Right across Australia at the moment, three million people are living in poverty. Simultaneously, 1.8 million households in Australia have solar photovoltaic systems on their rooftops. I would suggest that if you are one of those three million people, you probably are not also in one of the 1.8 million households that have PVs on their rooftops. The Leader of the Opposition made an interesting comment. He said that solar cells on rooftops is not the way to go—we cannot fix these problems with solar cells on rooftops.

One of the prime policies that the Liberal Party has rallied against was a restructure of the way in which electricity is priced to stop the cross-subsidisation of households in Cottesloe by households in places like Ellenbrook. There is a fundamental equity issue here and a lack of understanding of the way in which electricity prices operate. In taking that position, the Liberal Party is overlooking the stark reality that it is unfairly disadvantaging the mums and dads of socioeconomically disadvantaged households, and defending a position that supports the cross-subsidisation of those who are most able to pay by those who are least able to pay. That is an absolute disgrace.

We should be looking at ways in which we can evolve our energy policy to accommodate technologies of the future that genuinely can deliver least-cost energy and genuinely can drive electricity prices down right across Western Australia. We should be looking at technologies that allow us to optimise network operations and operate the electricity network in a least-cost manner. We should look at ways to incentivise us to make capital expenditure decisions that are as efficient as possible to drive electricity costs down for all of us. It is incumbent on every state government to examine ways in which it can deliver least-cost energy to both households and businesses. Where value is captured and delivered by that process, it should not be delivered just to big energy companies, with the profits shipped offshore. It is incumbent on the state government to return that value to the mums and dads of Western Australia. The fact is that that value has been derived using assets that the people of this state have spent lifetimes paying for—paying taxes to invest in them, and operate and maintain them. That should be the major driver of every government.

We need to recognise also that low-cost energy is a prime driver of Western Australia’s economic development. I have spoken previously in this place about how least-cost energy and access to low-cost energies has the potential to unlock this state’s economy. I have recognised that the delivery of the North West Shelf project and the terrajoules of gas that it delivers daily into the south west has led to the development of an advanced manufacturing industry and a ream of export opportunities. Earlier, the Treasurer spoke about how access to least-cost gas is the real driver of low-cost electricity in the south west interconnected system. Low-cost electricity drives economic growth and alleviates the burden on households. We stand on the precipice of another energy revolution that

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

provides the opportunity to deliver real least-cost energy. The question is whether we have the bravery to take that next step and explore the value of these opportunities. The question is whether we can achieve some sort of bipartisan agreement on the things that need to happen in order to reform the electricity market. The question is whether we can get those opposite to stop being so lonely and isolated and behind the times on electricity market reform. The question is whether we can stop them from having this insane fixation on full retail contestability as the great answer to the energy dilemmas that we face as a society and whether we can get them on board with turning their minds towards a more sustainable, affordable, reliable and secure energy future. Those are the key questions. Based on the debate we have heard today from those opposite, they are fundamentally ill-equipped to answer those questions. They have no answers. They have not advanced one skerrick of a compelling narrative on energy policy reform, other than an outdated idea that they hashed out 10 years ago. I note also that the now Leader of the Opposition as Minister for Energy was unable to successfully prosecute that idea when he was in office. If it were such a great idea then, why did the Liberal Party not have the temerity or guts to do it? Because it does not have guts! It does not have vision on energy policy! It is an absolute vacuum of ideas!

Several members interjected.

*Point of Order*

**Mr M.P. MURRAY:** As you know very well, Deputy Speaker, I am a little hard of hearing and all that noise coming from the other side is making it very, very difficult for me to hear. I would really impose on you that we should have some semblance of order in the house.

Several members interjected.

**The DEPUTY SPEAKER:** Members! Would you like to continue, member for Swan Hills.

*Debate Resumed*

**Ms J.J. SHAW:** At least, though, we have an idea from those opposite at the state level of what the Liberal Party's position might be. At least it has one idea that seems to be internally coherent amongst them all. The same cannot be said for the federal Liberal Party. I am so disappointed in the federal Liberal Party's position on energy, if we even know what it is today. I think it is one of the greatest tragedies of the last decade that it has been unable to articulate a single consistently held, coherent energy policy position. I find it absolutely tragic that that party is completely dominated by climate deniers any time anybody pops up with a sensible idea. I actually thought some of the work Josh Frydenberg did was pretty sensible. It was good work. The former Prime Minister—the departing member for Wentworth—really wanted to seriously address climate change. I really congratulate them for having a crack, but I will criticise the Liberals every day for the lack of vision and leadership, the lack of unity, and the absolute failure it has been. Tellingly, as I was driving in this morning the former, former member for Wentworth—a former, former opposition leader, John Hewson—was talking on ABC Radio National about an Australia Institute report released today, titled “Climate of the Nation 2018”. Around 70 per cent of Australians now believe that climate change is real and want their governments to act.

The Liberal Party sits there and says it is in touch with its communities. It is not. If it were, it would recognise that it needs to take a leadership position on climate change and energy policy, and it actually needs to start delivering some solutions to the Australian people, rather than wallowing around in its own division and internal intellectual inconsistency and isolation. I think it is catching. Full retail contestability is something of a coherent position, albeit an incredibly intellectually poor one, that the Liberal Party has offered, but I think it will catch the same disease. I think we are starting to see division on the benches of those opposite. I think we are starting to see the schism open up. It is really starting to display the sorts of dysfunctional behaviours that we are seeing from the federal Liberal Party. I guess a fish rots from the head. Maybe if it could deal with electricity policy, it would be able to refrigerate it—I do not know!

I find it very frustrating. I think it is disgraceful. I think we need energy policy leadership. I think we need a Shorten Labor government that will articulate a clear vision for this country, and we need to back the Treasurer; Minister for Energy in his what no doubt will be a crusading and very brave and innovative energy policy trajectory, demonstrating the leadership that the “Leader”—I use the term loosely—of the Opposition abjectly failed to deliver.

**MR W.J. JOHNSTON (Cannington — Minister for Mines and Petroleum)** [6.59 pm]: This is a very important debate. We have had some outstanding contributions by outstanding members on the government side of the chamber. I think none were better than the member for Swan Hills, who made a very good contribution. She stands out in contrast with members on the other side of the chamber, who made dribbling contributions that did not address any of the genuine issues facing this state. That is not a surprise because they did not do it when they were in government, so why could they be expected to do it in opposition? It has been a travesty that the opposition comes in here and makes these bleating —

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 12 September 2018]

p5734b-5759a

Dr Mike Nahan; Mr Dean Nalder; Mrs Alyssa Hayden; Mr Ben Wyatt; Dr David Honey; Ms Jessica Shaw; Mr Mick Murray; Mr Bill Johnston

---

**Mr Z.R.F. Kirkup** interjected.

**Mr W.J. JOHNSTON:** Here we go! The member for Dawesville is making the same level of contribution to this debate that he makes to every other—that is, none at all! The next time that member makes a genuine contribution to the public policy debate in this state will be his first contribution.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

---