

Dr Mike Nahan; Mr Bill Johnston; Ms Rita Saffioti; Mr Ben Wyatt; Mr Mark McGowan; Mr Terry Redman; Mr Dave Kelly; Mr David Templeman; Ms Lisa Baker

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**RATES AND CHARGES (REBATES AND DEFERMENTS) AMENDMENT BILL 2013**

*Second Reading* Resumed from 12 June.

*Declaration as Urgent*

**DR M.D. NAHAN (Riverton — Minister for Finance)** [5.44 pm]: In accordance with standing order 168(2), I move —

That the bill be considered an urgent bill.

**MR W.J. JOHNSTON (Cannington)** [5.44 pm]: The Labor Party does not support declaring this piece of legislation an urgent bill. We are not opposed to the bill itself but we think proper respect needs to be paid to the procedures of Parliament. The standing orders exist in the form they do—namely, to allow all sides of Parliament —

**The ACTING SPEAKER:** If members want to stand behind that would be handy so that it is a bit quieter. That would be great, thank you.

**Mr W.J. JOHNSTON:** Thank you very much, Madam Acting Speaker.

The standing orders have for such a long time included the provisions they do to allow all parties, both inside and outside the chamber, a proper opportunity to review legislation. The Labor Party has had the benefit of a briefing, but as you will be aware, Madam Acting Speaker, sometimes the position put to us in briefings proves not to be the case when we have a detailed examination of the bill. We are dealing with quite an important issue in this bill—that is, a change to the way the Water Corporation will charge people for their water. One aspect is that the Water Corporation wants to provide the rebates and other benefits more frequently to people who pay water bills. As we understand that, we will support it. We do not necessarily support the change to the billing system because it appears to us that the Water Corporation will bring forward its revenue so it will benefit from having its cash flow earlier than would otherwise be the case. We have not had the chance to talk to a wide range of groups in the community about whether they would prefer to pay their bill quarterly or every two months or whatever the Water Corporation chooses.

There is also a very important issue about the procedures of the Parliament. The government has to declare this an urgent bill, not because it is actually urgent, but, once again, we are in this position because the government simply did not bring in legislation when it resumed Parliament. It resumed Parliament in April, so soon after the election—we will have to take the government at its word—because it said it was organised; it had an agenda; it did not want to wait; and it was time to bring back the Parliament and get it working. But when we came back to work, we found that the government did not have an agenda, did not have legislation ready and did not submit anything to Parliament. Therefore, parliamentary procedures constantly must be chopped up by a government that did not have an agenda. There is no urgency to this bill. We just dealt with the Duties Legislation Amendment Bill 2013, also a bill there was no urgency for. It is happening again: there is a bill with no urgency before the house that the government is demanding we treat as urgent.

We know the numbers and what will happen in a minute. The government will use its numbers to declare this non-urgent bill an urgent bill. Parliament needs to think about how often this government does that. The rules about declaring a bill urgent are as follows. If we find a hole in some legislation and people were getting away with a crime and the courts might have exposed a fault in legislation, that measure would be urgent. If a court decision causes taxation revenue collection to cease operating the way it was, that might be urgent. But this routine legislation should not be declared urgent. It reflects very badly on the government and should properly be resisted by the Parliament.

**Mr B.S. Wyatt:** Hear, hear!

**Mr W.J. JOHNSTON:** We have not had a chance to have this legislation thoroughly reviewed by experts. A range of legislation has gone through this chamber with the urging of the government that we find, when it reaches the other chamber, is amended—often extensively. This process is meant to avoid that situation. The government's actions are not allowing for proper scrutiny.

<030> M/1

**MS R. SAFFIOTI (West Swan)** [5.49 pm]: There is one person I feel sorry for in this chamber, and that is the member for Kalamunda, who is trying to organise this Parliament with the absolute chaos on the Liberal side —

**Mr D.A. Templeman:** Desperation!

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**Ms R. SAFFIOTI:** The member for Mandurah suggested that the Rates and Charges (Rebates and Deferments) Amendment Bill not be called an urgent bill but a desperate bill because the government has nothing else to talk about! Last week we saw the duties bill, the \$527 million business tax slug bill, declared urgent. Today the rates and charges bill is being declared urgent. This bill is being declared urgent for no other reason than the government has absolutely nothing else to do.

Let us look at the business program for today. We have dealt with the Duties Legislation Amendment Bill 2013. After consideration in detail, after we provided a lot of commentary in our third reading debate —

**Dr K.D. Hames:** It was a very long speech.

**Ms R. SAFFIOTI:** Luckily; otherwise we would have finished by now and the government would have been very embarrassed! The government actually wants us to stand to talk as long as possible, otherwise it would be even more embarrassed than it already is. The Insurance Commission of Western Australia Amendment Bill 2013 is the next order of the day, but of course no-one organised a briefing before Friday. Our daily business program lists the Insurance Commission of WA bill, otherwise known as the sneaky, sneaky tax bill, as opposed to the \$527 million business tax slug bill. We cannot debate the sneaky, sneaky tax bill because the government cannot organise briefings in time, and now we have come back to the rates and charges amendment bill, which the government declares is urgent. I do not want to drop in any of the poor advisers who have briefed us on this bill, but I asked during our briefing how long this had been on the agenda. They said four years. I asked, “How long have you been drafting this legislation?” The answer was 18 months. This is not urgent in that context. The government knew it was going to do this. I do not know why it could not organise to bring this legislation on when it urgently recalled Parliament in April. I am sure the Premier did not consult with anybody else when he said, “We’re going to bring back Parliament a few weeks after the election because we’ve got such a big agenda”!

**Mr D.A. Templeman** interjected.

**Ms R. SAFFIOTI:** It has a huge agenda. It has such a huge agenda that we talked about the Address-in-Reply motion for a number of weeks, and then the Supply Bill. Fair enough, the government needs the cash to keep operating because it cannot organise a budget in time. A few health bills have been on the agenda for a number of weeks. The first substantive new bit of legislation was the Duties Legislation Amendment Bill; the \$527 million tax slug bill. Then we have the sneaky tax bill, the ICWA bill; and the rates and charges bill has been before the government for four years and has been drafted for between six and 18 months. When the government said in April that it would push through this massive new mandate, it did not have any of this legislation ready. I just do not understand it. Why would the government recall Parliament if it did not have any legislation to debate? Why was Parliament brought back at that time if the government did not have any legislation to debate? Now it is scrambling.

**Mr J.R. Quigley:** They have got the Prostitution Bill ready to debate but they will not debate it.

**Ms R. SAFFIOTI:** Exactly right. The member for Butler again has contributed very well to this debate. In 2008 it was a major priority, within the 100-day plan, and now we are in 2013, a few hundred days later and there is no Prostitution Bill. Instead, the government comes in and declares bill after bill urgent and briefings have been organised all over the place. This government is in absolute chaos in handling this legislation. I feel sorry for the member for Kalamunda. He does not deserve this treatment from the Premier.

**MR B.S. WYATT (Victoria Park)** [5.54 pm]: I, too, rise to oppose —

Several members interjected.

**The ACTING SPEAKER (Ms J.M. Freeman):** Member for Mandurah, thank you very much. The member for Victoria Park has the call. The motion will be put again and members will be able to rise to seek the call. I will give the call to the person who is first on their feet; so that we know that and that is very clear.

**Mr B.S. WYATT:** Of course we oppose declaring the Rates and Charges (Rebates and Deferments) Amendment Bill 2013 an urgent bill. Of course we oppose this disastrous parliamentary management. I want to pick up where the member for West Swan left off. It is not the member for Kalamunda’s fault. As I said before, the member for Kalamunda’s problem is sitting at his two o’clock—the Premier! He wanders around saying what is going to be on and what is going to happen; the Parliament has to come back because there are so many important things to deal with. Look what was first read today: the City of Fremantle and Town of East Fremantle Trust Funds (Amendment and Expiry) Bill 2013! I bet that will be declared urgent. Minister for Local Government, I have a sneaking suspicion that this very important bill for the governance of Western Australia will be declared urgent! I have just a hint of a suspicion that we will debate that as well. I think that bill will be declared urgent too.

**Mr D.A. Templeman:** It is absolutely urgent!

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**Mr B.S. WYATT:** If the government is going to waste thousands of dollars a day bringing Parliament back, as the Premier complains about the cost of Parliament, it should treat the processes and the standing orders with respect. I know the government will try to bring it on. I feel sorry for the Leader of the House, in the back row—he cannot hear what is going on down the front! They are all over the place; he cannot control them —

**Mr J.H.D. Day** interjected.

**Mr B.S. WYATT:** I know he cannot control them because, as I said, that zero on his two o'clock is causing issues!

I have some significant problems with the Insurance Commission of Western Australia Amendment Bill; the government knows that. I see that it is on the green, or the daily business program. I was hoping to get a briefing on this last week. It was scheduled for Tuesday afternoon at four o'clock, but what did the government do? It declared urgent the duties bill and brought it on for debate! As shadow Treasurer, of course I had to be here to debate it. I requested an alternative date for a briefing on what is a very important bill. I was offered a time this Friday, so I took it. The Treasurer's office offered a briefing with Treasury on the insurance commission bill this Friday at 9.00 am. I am looking forward to that briefing, because straight after that I have a number of meetings with interested third parties. It is a complicated bill. The government should not think for a minute that it can just bring that on in here urgently and expect any form of cooperation from the opposition—not one bit! The government cannot manage the processes of the Parliament properly—I do not blame the leader of government business—if that is brought on before the opposition has been briefed and before I have had the opportunity to get that knowledge and speak to third parties. The proper processes allow three weeks for me to do that, hence why it is in the standing orders, but the government is circumventing all of this. The government is bringing on an important piece of legislation that will have, in my view, a materially adverse impact on the future financial capacity of the Insurance Commission and it is trying to do so, I dare say—it is trying to sort this out now—without the proper scrutiny of the Parliament. That is why we oppose urgency after urgency declaration. The Liberal Party is supposed to be conservative; it is supposed to respect the standing orders that sit here in our Parliament. But do not think for a minute it will get any cooperation from this side of the house if it starts declaring urgent legislation that I want to contribute to, because we will oppose it.

**MR M. McGOWAN (Rockingham — Leader of the Opposition)** [5.59 pm]: I want to take this opportunity to speak in opposition to this matter being declared urgent.

Several members interjected.

**The ACTING SPEAKER (Ms J.M. Freeman):** Members, the member for Rockingham has the floor. I said that I would call the person who was first on their feet.

**Mr M. McGOWAN:** I want to speak in opposition to the Rates and Charges (Rebates and Deferments) Amendment Bill 2013 being declared urgent. This is occurring with regularity in the management of the Parliament. It is poor management of the Parliament. I know the Leader of the House has been here 20 years; he certainly looks like he has been here 20 years! Let me explain to the Leader of the House and to those new members of the house who have been here a shorter period the way legislation is supposed to work. It is supposed to be that the opposition and members who want to contribute to legislation get sufficient time to read, digest and consult before that legislation is debated. That is why legislation is required to come into the house and sit for a minimum period of three weeks. The urgency provision is meant to be when something is actually urgent, such as if a bill is necessary to resolve an important law and order issue, for example, when someone is about to be released from prison and some amendment to the law might be required.

*Sitting suspended from 6.00 to 7.00 pm*

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**Mr M. McGOWAN:** Before the break I was explaining to the house why this legislation is obviously not urgent. It is not urgent because the government should have managed the proceedings and business of the house better than it has done. Had it done so, we would not be in this predicament. The fact that the government brings in legislation after legislation and declares it urgent when it clearly does not meet the traditional parameters for legislation to be declared urgent is an indictment of the Leader of the House and his management of this house. I will give an example of legislation that could be declared urgent. Let us imagine a situation in which, to receive some money under a federal plan, arrangement or agreement, Western Australia needed to pass legislation by a certain date. Western Australia needed those millions of dollars, but we would miss out on that but for the urgent passing of a piece of legislation. The declaration of such legislation as urgent might be justified. The way this house is proceeding, anything and everything is now urgent. That is not the way in which the Parliament should work, because we should have a proper opportunity to debate and consult on legislation. I do not think that process is working particularly well at the moment. The government will constantly cop criticism on these issues because

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it is not managing the business of the house appropriately. The Leader of the House should seek some time to explain why this is going on all the time. Why is he doing this after 20 years in this house? Why is he managing the house in the way in which he is? It disturbs me. For 20 years he has been sitting here, yet he does not seem to understand that the opposition has to be given time to properly consider legislation. I am sure the government will say how important this legislation is, but for it to be declared urgent the government needs to have some specific reason for doing so and not that it does not have any business to go on with, which is actually the reason the government is declaring this an urgent bill. The Leader of the House needs to explain these matters so that we can understand why the house is operating in this way. What is more, he needs to come forward to the front bench so that we can hear him and understand what he is actually saying and what is going on.

**Mr J.H.D. Day:** Are you having difficulty hearing me from here?

**Mr M. McGOWAN:** Again, I could not actually hear what the Leader of the House said. There is an example; I do not know what he said.

**Mr J.H.D. Day:** I do not think you have any difficulty hearing me from here.

**Mr M. McGOWAN:** I have a lot of difficulty in hearing the Leader of the House from there. He is sitting in the worst spot. The Leader of the House should be sitting in the front where the Treasurer is, and the Treasurer should move back to where the Leader of the House is. Or perhaps the Leader of the House should go right down the back of the house so that he can have an overview of the whole house; he could have a proper look at the house from the high point right at the back. Perhaps the member for Murray–Wellington might want to sit where the Leader of the House is; the Premier has given him some encouragement today to move over to where the Leader of the House is in any event. Maybe the Leader of the House should go back and manage the house from there so that he can have that overview of the house, because the way it is at the moment, it is not working. All we are saying is that the government should make sure that it manages the business of the house properly, and that when it brings on legislation, it gives the opposition the opportunity to have a good look at it and consult so that it can be properly debated and considered. The way it is working at the moment does not provide appropriate or proper opportunities for the opposition to undertake the role it is entrusted to do.

**MR D.T. REDMAN (Warren–Blackwood — Minister for Water)** [7.05 pm]: In the short time I have I want to reflect on three points as to why this bill is urgent. Firstly, the bill was drafted after the rising of Parliament last year and went through a process. That takes some time, as the Leader of the Opposition knows. Secondly, we are moving to a two-monthly billing process, which will make it far easier for those people in the community who struggle to pay their bills to deal with the challenges of paying a water bill. Thirdly, there are 4 000 pensioners out there who do not get a rebate on water simply because they cannot cope with the high charges at the end of the season. This will allow them to be able to retain that rebate.

*Division*

Question put and a division taken, the Deputy Speaker casting her vote with the ayes, with the following result —

Ayes (28)

Mr P. Abetz	Mr V.A. Catania	Dr K.D. Hames	Dr M.D. Nahan
Mr F.A. Alban	Mr M.J. Cowper	Mrs L.M. Harvey	Mr J. Norberger
Mr C.J. Barnett	Mr J.H.D. Day	Mr C.D. Hatton	Mr D.T. Redman
Mr I.C. Blayney	Ms W.M. Duncan	Mr A.P. Jacob	Mr A.J. Simpson
Mr I.M. Britza	Ms E. Evangel	Mr S.K. L'Estrange	Mr M.H. Taylor
Mr T.R. Buswell	Mr J.M. Francis	Mr P.T. Miles	Mr T.K. Waldron
Mr G.M. Castrilli	Mrs G.J. Godfrey	Ms A.R. Mitchell	Mr A. Krsticevic ( <i>Teller</i> )

Noes (13)

Ms L.L. Baker	Mr D.J. Kelly	Mrs M.H. Roberts	Mr D.A. Templeman ( <i>Teller</i> )
Dr A.D. Buti	Mr M. McGowan	Ms R. Saffioti	
Mr R.H. Cook	Mr J.R. Quigley	Mr C.J. Tallentire	
Mr W.J. Johnston	Ms M.M. Quirk	Mr P.C. Tinley	

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Pairs

Ms M.J. Davies  
Mr N.W. Morton  
Mr B.J. Grylls  
Mr R.F. Johnson  
Mr W.R. Marmion  
Mr D.C. Nalder

Ms J. Farrer  
Mr P. Papalia  
Mr B.S. Wyatt  
Mr F.M. Logan  
Ms J.M. Freeman  
Ms S.F. McGurk

Question thus passed.

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*Second Reading Resumed*

**MS R. SAFFIOTI (West Swan)** [7.10 pm]: I rise to speak to the Rates and Charges (Rebates and Deferments) Amendment Bill 2013. I thank the Department of Finance advisers and Water Corporation officials who briefed the opposition on the bill. The Labor opposition does not oppose the bill and my comments will relate to the content of the bill and the government's efforts to increase charges in its time in office. The second reading speech, referring to the Rates and Charges (Rebates and Deferments) Act 1992, states —

This act provides for the administration of the pensioners and seniors rebate scheme and for concessions on certain charges, including water service charges.

The Water Corporation's billing process will change from 1 July this year. The opposition has been informed, and the Water Corporation has advertised, that the billing system will change in the following way. Currently, metropolitan customers of the Water Corporation receive an annual service charge bill at the beginning of the year and two consumption charge bills throughout the year, and regional customers receive three consumption charge bills. The Water Corporation now plans to issue a combined bill every two months. So every two months a Water Corporation customer will receive a bill that will have two components—the service charge and the consumption charge. The opposition asked during the briefing with the Water Corporation whether those two items will be explicit in the bills, and it was told that they will be. So the opposition understands that Water Corporation customers will be able to see that they are paying for a service charge and a consumption charge. It is important that those two parts are explicit. The service charge includes a sewerage, water and drainage service charge based on gross rental value. The consumption charge is based on how much a customer consumes in any given period. So customers will be able to monitor their consumption, and it is important that that breakdown is provided in the billing system. These bills will replace the current billing system.

The opposition sought assurances from the Water Corporation that it was ready for the new billing system, unlike government utilities such as Synergy, which introduced a billing system that created havoc, and still creates havoc with many customers. The opposition understands that the Water Corporation is using an existing billing system that has been modified, not a brand-new, off-the-shelf billing system. The opposition has been advised that the Water Corporation is ready to get this new billing system under way. That is important because many electorate officers of members on both sides receive many complaints about Synergy's billing system, its massive bills, wrong bills and other mistakes made in its billing system. My office still receives complaints. The opposition understands that the Water Corporation is ready to go with its new billing system.

Customers will get 16 days to pay their new bills. The interest rate for late payment is 13.82 per cent.

**Mr D.A. Templeman:** What?

**Ms R. SAFFIOTI:** Yes, I will come to that later in my speech. Customers will get 16 days to pay a bill and if bills are paid late, an interest rate of 13.8 per cent will be charged. However for those experiencing hardship and who have proven, through certain criteria, to be experiencing hardship, no interest rate charges will apply. Those customers who ask for short-term arrangements and who have not demonstrated genuine hardship according to the Water Corporation's criteria will be charged an interest rate of three per cent.

The money earned from that interest rate charge will total approximately \$3 million per annum. I will also come back to that matter later.

**Mr D.A. Templeman:** Three million!

**Ms R. SAFFIOTI:** Yes, \$3 million from the interest charged for late bill payments.

The opposition also learned in its briefings that meters will be read every two months. This will not be, as the opposition first thought, via an estimation process; the opposition is advised that meters will be read every two

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months. The opposition assumed that would incur an additional cost, and it is advised that the additional cost to the Water Corporation of extra meter reading will be between \$7 million and \$9 million per annum. However, it was also told the Water Corporation will absorb this cost through expected savings. One key saving—if this saving is achieved it will be a great saving—is reduced leaks from pipes both outside and inside peoples' properties. Many people were concerned that leak detection does not occur quickly enough under the current billing system. People sometimes go four to six months before significant leaks were detected simply by receiving significant bills. The cost of those leaks is normally shared between the property owner and the Water Corporation. The Water Corporation now expects a saving of between \$3.8 million and \$4 million from the reduction in leaks or earlier leak detection. If that is achieved, that would be a great saving for householders and help reduce water wastage.

The opposition has also been advised that the new billing system will see a consistent flow of activity, in particular for the call centre. I suspect that may not be the case for the first few months of this new billing system, but over the longer period that more consistent activity will help provide continuous employment.

**Mr D.T. Redman:** It will probably be in the second bill not the first one. The first one will be lighter than the normal one, but then they will get another one and another one.

**Ms R. SAFFIOTI:** I suspect this will be a huge communication task for all members of Parliament and that members and the Water Corporation will receive a lot of phone calls. I hope systems are in place to cater for that, because when people see more bills arriving in the letterbox, there will be more complaints until people understand the new process.

I went through the budget papers to see how many people currently receive rebates and what this bill covers. According to the 2012–2013 budget papers, in 2010–2011, 115 326 people received the concession for rates and rebates—that is, the pensioner rebate for water rates—valued at \$38.8 million. Two other rebates and concessions are not covered by legislation—they are the consumption concession for pensioners, worth \$9.8 million, affecting 309 000 people; and another concession for seniors, worth \$12.8 million, affecting 54 866 people. From the up-to-date information the opposition received in its briefing, the opposition understands that currently 133 000 people receive rebates for the water service charge. Interestingly, the opposition was also advised that 42 000 cases were being managed. That demonstrates cost of living is a major issue for households throughout WA, primarily driven by significant increases in utility charges imposed across the board by the government.

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I will go through those later tonight, but there is no doubt that this government has had a significant impact on the massive increases in household charges for families, be it water, electricity, gas or other utilities.

I will go through some items that have been proposed. I will focus initially on a submission from the Western Australian Council of Social Service to the Economic Regulation Authority of Western Australia's inquiry into water pricing in March 2012. As part of that submission, WACOSS commented on a number of issues that are being addressed by this legislation. I note that WACOSS supports the move to more frequent billing. I will read part of its submission into *Hansard* —

The Council is concerned that there are a number of systemic barriers to providing timely and meaningful feedback to consumers on changes to their water use that undermine efforts at demand management. The largest existing barrier to effective demand management is clearly frequency of billing, with a six-monthly billing frequency cycle providing consumers with little opportunity to practically see how behavioural changes contribute to reduced water use. The impact of seasonal factors on water use can easily over-ride or mask the outcomes of demand management activities depending on how the infrequent billing cycle corresponds with seasonal demand peaks. Infrequent billing is also the greatest contributor to payment difficulties experienced by low income and vulnerable people facing financial hardship. More frequent billing, together with targeted communication strategies and incentives are likely to be necessary to make the next step change in reducing water consumption. Given the pressures on Perth's water sources, with climactic reductions, rapid population and demand growth, and a drying up of existing sources, the Council believes such action is imperative.

From reading that, I understand that WACOSS is a big supporter of more frequent billing, and that is one of the reasons that we do not oppose the bill.

Another key issue is who currently pays the water service charge, as opposed to the consumption charge, when a property is being rented. I understand that the home owner is normally liable for the water service charge and the tenant is liable for the consumption charge. I am advised that the home owner is technically liable for the water service charge and the consumption charge but that consumption charges are often passed on to the tenant. More frequent billing will complicate things a little. When we go into consideration in detail, we will ask questions on

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this aspect, particularly when Homeswest properties are involved. More frequent billing will mean that home owners will have to pay the water service charge more frequently and tenants will be required to pay their bills more frequently. Home owners can notify the Water Corporation to send the consumption bills directly to the renter, and that facility will continue. However, I noted in the WACOSS submission some of its concerns about the impact the current system has on renters. I will read this out because it is an interesting aspect. Given the significant pressures by faced by renters in the community, these must be looked at. Again I quote from the WACOSS submission —

As indicated by the Real Estate Institute of Western Australia, annual service charges for residential premises are generally the responsibility of the owner and water consumption charges for residential premises are generally the responsibility of the tenant ... For example, a 2002 CSIRO study found that, of those who rented, the vast majority (74.8%) paid for the water themselves, while 16.5% had the water paid for by the owner and 8.7% shared the cost evenly with the owner.

...

Many tenants are finding it increasingly difficult to cope with the financial increases and demands passed on by owners. Saunders (2011) —

That is a report titled “Down and Out: Poverty and Exclusion in Australia” —

suggests that renters face a much higher risk of poverty than home buyers or owners.

...

Tenants are increasingly responsible for a larger proportion of water bills, however, with the increased liability, tenants are not also provided with increased consumer rights, as they are not considered the account holder by water authorities. Generally tenants do not currently receive itemized water accounts from the owner. A request for payment is notified to the tenant usually with only a stipulated amount required. Usually the tenant has no way of knowing if they are being charged correctly for water consumption. There have been some instances where a tenant has paid the requested amount for water consumption to the owner; however the owner has not paid the Water Corporation, leading to a reduced flow of water to the tenant.

I will ask the Minister for Finance to respond to that in his second reading reply. The minister does not appear to be listening but hopefully he will respond. The submission continues —

The Council calls for further investigation to determine if usage fees should be sent directly to an occupant rather than to the property owner as a means to provide for more transparency to the consumer. An approach in which the householder dealt directly with the water authority would also enable the water authority to communicate directly with the actual users of water, which would greatly assist demand management education campaigns. In addition, having a direct relationship with the customer will ensure that the water authority is able to better identify and assist customers experiencing hardship, and to engage with them earlier and to be able to deliver more effective support measures.

That was an interesting observation made by WACOSS. It will be interesting to hear the government’s response to the split between the tenant and the landlord.

I will touch on the issue of concessions that was also raised by WACOSS. The majority of concessions are for seniors and pensioners. However, many of the cost-of-living pressures today are being faced also by young families or people with young children. The evidence shows that people who have young children use significantly more water. WACOSS notes —

This fact is recognised by water authorities in other states, which have more appropriate concessions in place. Some utilities even pre-emptively target their hardship policies to parents—such as the Water Babies program by Yarra Water which warns parents of expected increases in water use, offers them a payment plan and gives them a contact if they should have trouble paying their bills. The Council is concerned that one of the most vulnerable groups to water hardship are single parent and low-income families in rental accommodation, particularly those with young children.

When we look at higher water users, we must be careful to separate those with large families. A product of having a large family is the need to wash more. The amount of water used increases because more people are living in the house as there is a lot more washing to do. It is interesting to look at the experiences of the other states. WACOSS points to Yarra Water’s Water Babies program that pre-emptively targets new parents and tries to manage their significantly increased water usage when they bring their babies home.

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The last comment I will refer to in the WACOSS submission relates to the interest rates. The significant and high interest rate charged for late payments has been raised a number of times in this and other places. I acknowledge the efforts the Water Corporation goes to in attempting to contact people who may be in hardship, but that does not excuse the massive interest rate applied to late payments. The Western Australian Council of Social Service prepared a question, which was —

Are the Water Corporation's non-standard tariffs appropriate, either on the grounds of cost-reflective pricing of specific services, or equity reasons, or for practical considerations?

*Additional charges on late payments (page 45)*

The issues paper notes that the interest rate charged for late payment varies between water boards, with interest being charged at 14.81% by the Water Corporation ... WACOSS suspects that these rates are well above the rates that these water boards would be charged for incurring debt. If this is the case then these water boards might be unfairly benefitting from community members that have trouble paying their account on time ...

The Council remains opposed in principle to the charging of interest on utilities debts. If interest is to be charged however, we believe that the interest rate on overdue bills should at a maximum set out to reflect the actual cost of that debt to the utility ...

I think the current rate for late payments is 13.82 per cent, which is significantly higher than the Water Corporation's debt costs. It does seem excessive and it has been an issue for a number of years, but hopefully through this change in legislation the Water Corporation and the government can look at reducing those late interest rate charges.

I want to quickly flick through some other aspects of the Water Corporation's operations, and particularly look at its revenue flows to and from government. As we know, the Water Corporation is a net contributor to the consolidated fund. The consolidated fund—the general government sector—collects more money from the Water Corporation than it does through other payments and operating subsidies. Primarily, the consolidated fund collects from the Water Corporation income tax equivalents, local government rate equivalents and of course dividends. I did a quick analysis of the flows over time, and one thing that interested me significantly was the massive forecast increase in revenue the government is expecting from the Water Corporation over the next four years. In 2012–13, the government is expecting \$590.154 million from the Water Corporation, and the payments from the government to the Water Corporation are expected to be \$461.864 million, which is, as I read it, a net contributing amount of \$128 million to the budget bottom line. When I checked the forecast for the last year of the forward estimates—up to 2015–16—I saw a forecast of a significant increase in contributions made by the Water Corporation. The 2012–13 budget papers show that by 2015–16, the expectation is that there will be a contribution from the Water Corporation to government of \$1 036 million, and there will be payments from government to the Water Corporation of \$590 million, making a net contribution to the consolidated fund, or the general government sector, of \$445 million—a significant increase from the \$128 million in 2012–13. That surprised me because the contributions seem to have been relatively stable over time, but there seems to be a significant increase in the forecast contribution from the Water Corporation up to 2015–16. For 2012–13, there was a net contribution of about \$128 million, which is forecast to climb to \$445 million in 2015–16.

**Mr D.T. Redman:** Member, are you saying that in the last year of the forward estimate out years that the net accrual of the government is \$400 million? I'm not sure that is right.

**Ms R. SAFFIOTI:** That is what the budget papers show. Correct me if I am wrong, but the 2012–13 budget papers —

**Mr D.T. Redman:** They are the last budget papers, which would show the increases of, I think, nine per cent, nine per cent and nine per cent, and that is not what we announced recently in terms of projected increases in water prices.

**Ms R. SAFFIOTI:** Yes, sure, but it is the last published information.

**Mr D.T. Redman:** Sure.

**Ms R. SAFFIOTI:** These are 2012–13 budget papers —

**Mr D.T. Redman:** I understand, yes. The net accrual to government, I think, in the last year is probably —

**Ms R. SAFFIOTI:** In 2015–16?

**Mr D.T. Redman:** In 2011–12. The net accrual to government was \$160 million.



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**Ms R. SAFFIOTI:** In 2011–12?

**Mr D.T. Redman:** The last year —

**Ms R. SAFFIOTI:** Sorry, minister; how much was it?

**Mr D.T. Redman:** It was \$161 million, I think, the net accrual to government in last full financial year.

**Ms R. SAFFIOTI:** In 2011–12?

**Mr D.T. Redman:** In the last full financial year of the Labor government, the net accrual to government was \$207 million.

**Ms R. SAFFIOTI:** I am not sure whether the minister is right on that, because the budget papers —

**Mr D.T. Redman:** I am absolutely right; I can tell you that it is right.

**Ms R. SAFFIOTI:** Yes, I checked the budget papers, but I am not sure whether the minister is right on that one. But in relation to 2015–16, what figure does the minister believe it is?

**Mr D.T. Redman:** I don't know what the figure is, member; I am just saying that that would be predicting the price increase that was in the last budget papers, which is different from what we announced recently. We announced a six per cent increase, and I think the forward estimates show seven per cent a year, not nine per cent, so it will be premised on different parameters.

**Ms R. SAFFIOTI:** I look forward to hearing the more accurate figure in the minister's response. As I said, I am going through the only published figures we have for 2015–16. Even with the reduction in price, it still seems a significant forecast increase in the net contribution to government from the Water Corporation over the forward estimates. I am keen to hear the actual figure. The government's budget papers currently show Water Corporation to government \$1.036 billion, and from government to Water Corporation \$590.8 million. If the minister has more accurate information, I am willing to accept that.

In relation to the other components of what the Water Corporation does, of course a key focus is not only making sure that everything runs effectively, but also it is investment, be it in developing new sources of water through things like desalination plants—something the current Minister for Finance was significantly opposed to in his previous role as the head of the Institute of Public Affairs—or renewing assets to ensure that we do not have the complete breakdown of assets that we have seen in Wellington Street on a number of occasions over the past few months. I just want to go through some Economic Regulation Authority commentary on capital expenditure forecasts. This commentary was provided in January this year in the ERA's report on its inquiry into the efficient costs and tariffs of the Water Corporation, Aqwest and the Busselton Water Board. On the issue of capital investment, the report states —

The Water Corporation's capital expenditure forecasts are developed in conjunction with the Government and are published in the State Budget. Forward projections of Water Corporation capital expenditure as contained in the State Budget are detailed in Table 13.

These figures are used for this inquiry.

The 2012–13 state budget shows that in 2013–14, \$948 million is forecast for expenditure in asset investment, or capital expenditure; in 2014–15 that figure is \$712 million; and in 2015–16 figure is forecast as \$735 million.

The report continues —

For the past four years, the budget granted by the State Government has been less than the Water Corporation's proposed budget. Competing objectives between the State Government and the Water Corporation work to constrain what the Water Corporation is able to spend and Cardno —

I think they were consultants employed by the ERA to analyse the Water Corporation figures —

has found that this constraint tends to put pressure on expenditure that is required for environmental improvements or asset renewals. In response to operating in a constrained environment, Cardno found that the Water Corporation has effectively and perhaps implicitly adopted a risk management approach whereby a higher risk of failure in meeting environmental obligations is accepted in exchange for a lower risk of failure in more public aspects of the business such as service standards, supply reliability and water quality.

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Cardno also found that the tight constraints imposed by State Government Budget implications had the effect of fostering short design horizons (six to nine years) that focus on areas most in need (the worst

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performing areas of the business). Cardno concluded that under the current constrained framework for expenditure it is likely that opportunities to design optimal whole of life solutions that are based on long design horizons may be constrained.

Cardno also identified the imposition of Government capital constraints as one possible reason for the Water Corporation having relatively low expenditure on asset renewals. Cardno found that the Water Corporation's recent expenditure on asset renewals was unsustainably low, particularly given the age of much of its asset base.

I think that is a worrying finding or commentary made by the ERA, in particular when there has been demonstrated asset failure, for example, the burst pipe in Wellington Street. Cardno and the ERA reported that basically asset renewal is unsustainably low. There is real concern about the low levels of expenditure and ensuring that the assets in the community provide much needed water, sewerage and drainage services, and I am sure the member for Bassendean will pick this up in a bit more detail. There is real concern that those services are simply not up to scratch.

**Mr D.T. Redman:** What do you suggest should happen as a result of what you think is underinvestment?

**Ms R. SAFFIOTI:** I think the government should get the priorities right.

**Mr D.T. Redman:** There are two sources of capital investment opportunity. They are to either raise the price of water or to borrow. Right now about a third of state debt is in Water Corp—this is just a ballpark estimate. What is your suggestion?

**Ms R. SAFFIOTI:** My suggestion, as the Labor Party outlined in the election, is to reprioritise capital expenditure. Although it is nice to open little Kings Squares and things like that, the government has to focus on essential infrastructure, which it has not done, as is demonstrated by failures with water pipes. As an example, the Labor Party put forward deferring the new museum. People think that is unpopular and, yes, it may be, but it is about getting priorities right. The government cannot do all these beautiful, new, shiny projects while ignoring the basics, which are, frankly, water and electricity, in particular in an ever expanding metropolitan area that needs that infrastructure to fuel land development. Like I said, this government goes on a daily basis —

**Mr D.T. Redman:** So, are you using the burst Wellington Street pipe as an indicator that there is underinvestment in water infrastructure?

**Ms R. SAFFIOTI:** I am using an Economic Regulation Authority report as evidence of that.

**Mr D.T. Redman:** That report takes a risk assessment approach to it and all these things are around assessing risk and making judgements about that risk.

**Ms R. SAFFIOTI:** They certainly are, but this government will be held to account for not investing in areas in which there is asset failure; it is as simple as that. The government cannot have it both ways; it cannot say it will provide this whiz-bang new thing or this shiny new monument and then ask where it will get the money from. This government has made decisions —

**Mr D.T. Redman** interjected.

**Ms R. SAFFIOTI:** The government has made a decision. I am on my feet, the minister can respond later.

**Mr D.T. Redman:** The point I am making about asset lifetime is that as long as the asset life is in the water area, pipes are in the ground for 80 years to 100 years. You cannot pick a wedge of time and say that for reasons of an asset failure in a particular place there is underinvestment in those areas.

**Ms R. SAFFIOTI:** I am using for evidence the Economic Regulation Authority report together with the proven failure in assets over the recent months. There is both economic analysis, which states a particular fact, and there is the demonstration.

**Mr D.T. Redman:** But the demonstration, against any measure, is comparable to anything, and well and truly under the licence requirements in terms of asset failure in pipes.

**Ms R. SAFFIOTI:** As I said, the Minister for Water should be arguing for more investment in his agency. This government has made a number of priorities: Elizabeth Quay, City Link, a new museum and a stadium that will be \$300 million to \$400 million more expensive than it could be produced for. The government made some choices, but it will pay on other grounds. For example, underinvestment in water is one area by which the government may pay; that is all I am saying. This government has choices. It has a bag full of consolidated fund money and it has some debt. It makes choices and every time it makes a choice to do something that makes everyone feel good, it no longer has the funds to invest in necessary infrastructure.

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I go to the final comment I wanted to refer to in the Economic Regulation Authority report. It states —

In its submission responding to the issues paper for this inquiry, the Water Corporation indicated that the approved (State Budget) level of capital expenditure is insufficient to fund the value of capital expenditure required meet its own internal Strategic Investment Business Case ... requirements. The value of capital expenditure identified through its internal SIBC process as being required by the Water Corporation is detailed in Table ... below.

Not only do I say there is not enough capital investment in infrastructure, the government's own agency says it. It will be interesting to hear the minister's response to that.

I want to use my remaining time to go through some of the increases in rates and charges that have been levied by this government since it was elected in September 2008. As we have seen, this government has placed an excessive burden on families to cover its budget shortfalls, whether it has been increases in water charges, electricity charges or other charges in the transport and the fire and emergency services portfolios. I first look at the increase in household charges and one measure that is a more narrow measure—that is, the sale of goods and services revenue reported in the general government operating statement. In 2007–08 revenue from this source, the sale of goods and services, was \$1.272 billion; in 2012–13 it has increased to \$1.93 billion—a massive increase in revenue from the sale of goods and services. More specifically, let us go through some of the massive increases in household charges levied by this government. Including the latest round of increases for 2013–14, it is estimated that families are over \$1 200 worse off under this Barnett government. An average household, as represented in Treasury's representative household model, is over \$1 200 worse off due to the massive increases in household charges, year in, year out, under this government. I go through some of these charges using the government's own budget papers as a source. I will read in these figures and make sure the chamber is aware of some of the massive increases in household charges levied by this government year in, year out. I start with the 2009–10 budget. Of course, there were massive increases in electricity tariffs in 2009. On 1 April 2009, residential supply and consumption charges increased by 10 per cent. On 1 July, there was a further 15 per cent increase in electricity charges. Going through the household model, in 2009–10 there was a 3.8 per cent increase in motor vehicle licence fees, a change for the model household of \$7.72. There was an increase of 7.4 per cent for the recording fee and compulsory third party insurance increased by four per cent. Rises in electricity charges, as reported in the household model did not take into account the full-year impact of the increase of 1 April 2009. The household model states that electricity charges increased by 23.28 per cent, but the full impact is actually a bit higher. The government's own representative household model also states that in 2009–10 water charges increased by 10 per cent; sewerage charges increased by 4.2 per cent; drainage charges increased by 6.6 per cent; full fare public transport increased by 2.8 per cent; and the emergency services levy increased by 4.9 per cent. Therefore, in the first year of the previous term of this government, according to its own estimated impact on its representative household model, there was an increase in household charges of \$334.

<036> E/2

As I have said, that is from the government's own model. Caution has to be taken when comparing them year to year, because the government reduced consumption in some of the key utilities, so the increases were not as big as we would think. I think the government reduced consumption in water in one of these years, which makes the impact look a bit better than it was.

In 2011–12, the increases were 1.7 per cent in motor vehicle licence fees, 16 per cent in electricity, 17.7 per cent in water, four per cent in sewerage, 33.4 per cent in drainage costs for the average household, and 2.8 per cent in full fares.

**Mr D.T. Redman:** Can I just clarify a point? You talked about the change in the average consumption of water. I understand that an adjustment has been made in the household model that accounts for that difference, so it is having a true reading on a comparable level. I think it has gone from 270 kilolitres down to 250 kilolitres or something like that.

**Ms R. SAFFIOTI:** Yes, that is right. The individual tables compare apples with apples, but when a comparison is made over four years, each of these household models does not compare apples with apples. For example, in the first one I read out, the average consumption was higher, and in the last one I will read out, the average consumption was lower. In each individual table, that is true and accurate, but the tables cannot be compared strictly over time because the consumption has changed.

**Mr D.T. Redman:** Yes, but when the total household figure has been calculated, the increase has not been six per cent, which is what we said it has been; it has been five per cent to make the adjustment on the volume decrease. So there has been compensation.

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**Ms R. SAFFIOTI:** I agree with the minister that within each table, both the base year and the new year are adjusted for consistency. I understand what the minister is saying. I am saying that 2009–10, 2010–11, 2011–12 and 2012–13 cannot be strictly compared with each other.

**Mr D.T. Redman:** We might be talking about the same thing.

**Ms R. SAFFIOTI:** I understand what the minister is saying and I am not trying to argue with him. All I am saying is that each one is true, but we cannot add up those four and say that this is the total impact, because we have to assume the same usage for each year.

**Mr D.T. Redman:** There is a table somewhere—I do not know whether it is the one you have—that shows the trend of household cost changes. On the water component of that, adjustments were made because of the volume change in the average household use.

**Ms R. SAFFIOTI:** Yes; there is a different analysis.

**Mr D.T. Redman:** The point I am making is that if you look at what we have reported for the change over time, an adjustment has been made for that volume change.

**Ms R. SAFFIOTI:** Yes. All I am saying is that each table in the data I am using is true and correct. I will give the minister an example. We claim that the impact of key utility charges over five years is over \$1 300. It was \$1 100 per annum at the state election, plus those increases that the government has just announced. We used consistent usage in all of that to determine the \$1 300. But if each of these is added up individually, we do not get \$1 300. I understand that. In developing the \$1 300 figure that we have used publicly, we have made sure that we have used consistent usage. But if these four are added up, plus what was announced this year, we do not get \$1 300.

**Mr D.T. Redman:** But I understand that there has been reporting from this government of the change over time, and in that reporting we haven't tried to gild the lily.

**Ms R. SAFFIOTI:** No, I am not saying that the government is trying to. All I am saying is that if all these numbers are added up, we do not necessarily get to \$1 300.

**Mr D.T. Redman:** I accept that; thank you.

**Ms R. SAFFIOTI:** In 2011–12, the increases were 2.9 per cent in motor vehicle licence fees; five per cent in electricity; 8.5 per cent in water, sewerage and drainage; and 2.7 per cent in full fares for public transport. In 2012–13, the year before the election, there were more modest increases of 2.7 per cent in the driver's licence fee; 3.5 per cent in electricity; six per cent in water, sewerage and drainage; and 2.6 per cent in the standard fare for public transport. Of course, the increases in fees for this year were announced a month ago. Included in those increases are a four per cent increase in electricity; a six per cent increase in water, but I understand that there will be an increase of 9.5 per cent in the fixed component of the water service fee; and a six per cent increase in sewerage and drainage. I think consumption is around four per cent.

Basically, in describing all those increases, I have tried to highlight that this government has relied more and more on increasing charges for households to try to cover its budget mismanagement. We have heard a lot over the past couple of weeks about this government's expenditure and revenue structural problem. It is a problem that the government has created by having the wrong priorities and not investing in the right areas. As a result, it has increased charges for households and raided the hip pockets of families to increase revenue to government. The impact has been severe, and it is hurting families today, as it was before the election. Each year families have had to cop massive increases in utility charges. The worst increases have been for electricity, which have totalled 69 per cent, including the 2013–14 increases. Water charges have also increased by over 60 per cent. These are massive increases for families and pensioners alike. This is not sustainable. The government cannot go to the same families and to the same pensioners and ask them to keep paying well above the consumer price index, not when their income is not being adjusted to reflect the massive increases in charges. Low-paid workers, pensioners, public servants and people working in the community who get CPI increases in their income cannot continually absorb the massive increases. My office and the offices of all my colleagues, and, I am sure, even the offices of some members on the other side, have been inundated with cries for help to meet the cost of living increases. When there are massive increases in utility charges, together with the housing affordability issues facing many families, exorbitant increases in rent and a lack of availability, pressure is put on families in WA.

As we have said, we do not oppose this bill. Under this bill, it will be easier because smaller payments will be made more often, which will, hopefully, help people to budget throughout the year. I hope that is the impact of the bill. But I suspect that significant communication, both proactively and reactively, will be required from the Water Corporation. Once the new billing system is introduced, I hope that customers, residents, renters, homeowners,

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landlords and even members of Parliament will get the answers they need as soon as possible. I hope and trust that when the Water Corporation's billing system is ready to go, we do not experience the series of problem we had when Synergy changed its billing system. That was an absolute farce; it created chaos. People still have unresolved problems that started two or three years ago under the Synergy billing fiasco. We do not oppose this bill. We hope and trust that it will help families and pensioners to budget. We note the support from the Western Australian Council of Social Service for this project, but we hope that the Water Corporation and the government are ready with a clear communication strategy for Water Corporation customers around WA.

<037> I/N

**MR D.J. KELLY (Bassendean)** [7.59 pm]: As indicated by my colleague on this side the member for West Swan, we do not oppose the Rates and Charges (Rebates and Deferments) Amendment Bill 2013. However, I want to comment on some of the issues that it deals with, in particular, one matter raised in the second reading speech. Our issue with this bill is not with what it aims to do but really what it fails to do. This bill facilitates the Water Corporation's move to two-monthly billing by amending a relevant act to allow it to pay rebates across those two monthly bills. The second reading speech states that the bill "will reduce pressure on Water Corporation customers by smoothing the accounts for households ..."

Why is there pressure on households? The simple answer is that this government has acted in a way that has brought massive pressure on households, in particular, in the area of water charges. Over the past four years we have seen an increase in water charges of over 53 per cent. Under Labor in 2008–09, water charges for an average household increased by \$401 a year. Now we are looking at increases of over \$600 a year. That is a massive increase for low-income families, whether they are pensioners, workers on low incomes or anyone on a fixed income. It is a massive increase when water charges to go up by over 50 per cent. I think some people in the community and certainly some members opposite just do not appreciate how difficult it is for low-income families to budget given those increases. In the short time that I have been in Parliament, people have told me that they have had to make choices about whether they pay their water bill or buy food. That is not an overdramatisation; that is what is happening out there in our community.

The other indication of how these increases have made it difficult for people to pay their bills can be seen in the number of people who have sought assistance from Water Corp with their bill. It was confirmed in the briefing on this bill that if Water Corp customers have difficulty paying their bills, all they have to do is ring Water Corp and say they cannot pay their bill. Water Corp pretty much automatically accepts that these customers are in difficulty and it then moves to the various options. I would have thought that not being able to pay a water bill would be a rarity and that to get some concession or assistance, people would have to go through a process to demonstrate that they are suffering from occasional or rare hardship. However, Water Corp has been approached by so many customers who have difficulty paying their bills that it simply accepts that anyone who rings up and asks for assistance is in a difficult situation, and it then talks about the options available. People are no longer required to get financial counselling before getting assistance to pay their bill. Surely, the fact that Water Corp has dropped those criteria is evidence enough that people are having enormous difficulty paying these bills. The pressure on customers that this amendment bill is seeking to address, as outlined in the second reading speech, was caused by the action of this government.

The increases in water charges are not the only increases that Western Australian households have had to bear. They have been coupled with increases in electricity and gas. The combination of these utility price increases has put a huge hole in many household budgets in a way that I do not believe this government understands. How can what some perceive to be small increases in dollar terms in any one utility have a really significant increase in the household budget? For example, pensioners and low-income workers in the hospitality industry, a public hospital or a school find that utilities make up a huge percentage of their income. The increases in water, gas and electricity charges have combined to put pressure on household income and have been delivered directly by this government.

When the savage policy that this government has applied to its utility charges is combined with some of the other policy failures of this government, the picture for some households is really quite bleak. Just last week a family came into my electorate office to talk to me about difficulties it was having with maintenance of its Department of Housing property. Some work had been done by the Department of Housing that had exposed asbestos in the property. The family was essentially told at short notice to find somewhere else to stay that night. Members of that family were going to sleep on relatives' floors that night. When I intervened, the Department of Housing agreed to put them up in alternative accommodation. That family—father, mother and a couple of children—were in a real state because of the lack of maintenance in, and the poor maintenance of, its Department of Housing property. When I dealt with where that family was going to stay that night and who was going to pay for it, the family happened to mention that it had received a \$500 water bill that day and did not know what to do with it. Homeswest was threatening to take action over the \$500 bill. I asked members of that family how on earth they had a \$500

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bill. They said they had a leaking tap that had been repaired time and again, but the plumbers who come to fix the tap just say that the whole system needs to be replaced, but the Department of Housing refuses to pay for it. Over the months that this family has had this saga of leaking taps in its house, it has accumulated an enormous water bill, which has been made worse by increases in water charges of over 50 per cent in the past four years.

Low-income earners in Department of Housing properties who are having trouble getting their properties maintained properly also face increases in utility charges. That combination of government policies is having an enormous impact on the budgets of these low-income earners. I spoke to another family in a Department of Housing property that had resorted to carrying out its own maintenance because it could not get the maintenance that was required. A combination of government policies is really putting pressure on the budgets of households, which the second reading speech says this bill is designed to address.

<038> D/2

Are those increased water charges really providing the better service that the public would expect?

I know that members opposite do not like us referring to things like the burst water mains, but they are symptomatic, certainly in the eyes of the public, of the inconvenience caused when the Water Corporation does not maintain its infrastructure to a level that prevents those sorts of disruptions. As a consequence of those disruptions that occurred in the past couple of weeks, I know that the Water Corp brought forward a new inspection regime on some of its systems, and I know that it has started implementing that in the CBD. I have not heard what the outcome of those new inspections is; I will be interested to know at the appropriate time what those inspections have discovered in our CBD. We were told by the minister that that new inspection regime was always planned to take place, but it took the burst water mains in the CBD for the decision to be made to bring that new regime forward.

We have also heard about the incident that took place on 12 November last year on the corner of Kalamunda Road and Abernethy Road in High Wycombe, when the water leak was so severe and so prolonged that a new wetland appeared in Perth. There was the incident at the pumping station in Ariti Avenue a couple of weeks ago. We still believe that the reason that so much sewage—I think it was 750 000 litres—was allowed to spill, whether it was into the bushland surrounding Lake Joondalup or into the wetland itself, was a result of cost pressures put on the contractor who was responsible for maintaining that pumping station by the Water Corp. Members of the public who are experiencing such savage increases in water charges, on top of having all that pressure on their own household budgets, are also seeing examples of failure of Water Corp infrastructure.

We have looked at why there is pressure on household budgets, as referred to in the second reading speech, and it is really the fault of this government that there is such pressure. We then ask ourselves: does this bill really address that pressure, because that is what the second reading speech says it is designed to do? It says it is designed to ease the pressure. Although we support the bill, and we note the Western Australian Council of Social Service's support for the bill, we certainly question whether this measure alone of going to two-monthly bills will significantly relieve the pressure. We say in all likelihood no. This government could be doing other things to relieve the pressure on household budgets, especially with water. For example, it could increase the rebate for low-income earners. Currently, it is 50 per cent on the service charge. The government could do that if it were really mindful of wanting to relieve the pressure on household budgets. I suppose one basic thing it could do is commit to keeping its future increases in these charges to the consumer price index, and no more. It increased them savagely over its first four years in government, and now, as soon as it has got back in, it has increased them by another six per cent. Tonight the minister talked about another seven per cent the year after. If the government wants to relieve the pressure on household budgets, it should not do things around the edges, such as move to two-monthly billing; it should commit to something concrete, such as stopping putting the charges up by such savage amounts. It is not rocket science to those members across the aisle who say they are concerned about low-income earners in their constituencies. If the government will keep putting up these charges by amounts way in excess of the CPI, it cannot say that it really has a genuine interest in relieving the pressure on household budgets. It is like saying that with one hand it is going to solve a problem and with the other hand it is making it worse and worse. If the government wants to relieve the pressure on household budgets, it should stop putting the fees up. Backbenchers who care about their electorates out there should talk to the Minister for Water, the Treasurer and the Minister for Energy and tell them to stop increasing those charges.

The government could do something about the interest that it charges on payments in arrears. We raised that issue in the briefing today. The 13 per cent—I think it is 13.8 per cent—interest that is charged on arrears is patently unreasonable. We were told that that applies only when people do not engage with the Water Corp. If people engage with the Water Corp, they are put on to a payment plan that will see them on an interest regime of much less than 13 per cent. The 13 per cent is applied only to people who just do not respond to their bills. Unfortunately, many people who are the most marginalised in the community do not respond at all to their bills. The 13 per cent

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can be applied to people who for whatever circumstances are not even responding to their mail. One might say that only a small number of people get sluggish with the 13 per cent interest charge, but the people who are most vulnerable may get that slug. Really, it is a penalty; it is not in any way a true cost of the debt to the Water Corporation.

We do not oppose this bill, but we do take exception, I suppose, to the claims made that this bill will reduce the pressure on Water Corporation customers and on household budgets simply by allowing two-monthly bills. In no way should that allow members opposite to sleep easy at night, thinking that they have made a meaningful contribution to assisting or reducing the very considerable pain that Water Corporation customers out there are experiencing due to the increases that the government has already put in place, because it will not. The opposition will support the bill, but there is much, much more work that this government should do if it really cares about low-income customers of Water Corp.

**MR D.A. TEMPLEMAN (Mandurah)** [8.18 pm]: I obviously listened to the second reading speech by the minister when this bill was first presented to Parliament. Of course, as we know, it is another one of our bills that has been declared urgent. I also listened intently to the shadow minister, the member for West Swan, and also the member for Bassendean.

<039> J/2

Whilst some assurances have been given, particularly with regard to the absorption of costs in going to a two-monthly billing regime, I cannot see anything under the clauses of the Rates and Charges (Rebates and Deferrals) Amendment Bill 2013 that would prevent that from changing in the future. I am happy to be corrected on that during consideration in detail. I understand the push from the Western Australian Council of Social Service to spread out the costs, if you like, over a year in a much more even way by going every two months rather than the current billing regime. That is supposed to assist with household budgets, but I think the member for Bassendean alerted us all to the fact that we have to realise that people are doing it really tough out there. Government members should not leave this place tonight patting themselves on the back and thinking that they have helped everyone out through the proposals in this bill.

**Mr D.T. Redman** interjected.

**Mr D.A. TEMPLEMAN:** Yes, of course, but it is an initiative that does not —

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

**Mr D.A. TEMPLEMAN:** That is right, but it also does not reflect on the real —

**Mr D.T. Redman** interjected.

**Mr D.A. TEMPLEMAN:** Sorry; I will have a conversation and ask some questions of the minister during consideration in detail.

This is something that the minister, his government and its coalition partners have failed to see—the genuine impact that all the cumulative increases in a range of utilities bills has had on consumers. I tell members that in my electorate, and, I am sure, in many others, there is a huge number of people who are basically living week-by-week, juggling their finances as best they can. A number of households, through the very nature of the costs of living and the increases in charges that they are expected to pay under the government's regime, for electricity, water or gas, are doing it tough. Many of them are finding that they are unable to make ends meet and are compensating in different ways, such as putting bills on credit or deferring payment of one bill to pay another, and generally juggling things in terms of priority as best they can. The member for West Swan made the point very clearly that when we couple that with a household that may be attempting to secure or, indeed, maintain a rental property as their principal place to live, all these issues are compounded and make things even more difficult. Interestingly, I think it was also the member for West Swan who said that it emerged in the briefing she attended, the additional costs of reading meters, for example, would be absorbed. I am really quite concerned about that, and I will question the minister about it during consideration in detail, because I want an explanation in blood for the term “absorbed”, for how long it will apply and whether it is a finite commitment by the Water Corporation. If the minister can convince me that it is finite, I will be happy, but I am always concerned when a corporation or entity says that it will absorb a cost. From memory, I think the cost was \$8 million; I think that is the correct amount. That is a large amount of money to “absorb” and not pass on to the consumer. I will want to hear some very clear explanations as to the absorption of that cost and an assurance, if things turn a bit blue and are not so good in future, that there will be a charge—however minimal—levied in the future to recoup the costs that the government has, through its briefings, assured us will be absorbed.

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Another issue applies with a number of the utilities. Irrespective of when the bill is sent out, for many people the timing of any bill is bad timing. For example, I have always been concerned that the energy supplier's bills quite often do not allow a lot of time for people to pay. I know that there are hardship provisions for electricity billing, but I have always believed that the time allowed is not long. The time provided for the payment of a Water Corporation bill—correct me if I am wrong—is 16 days. That is just over two weeks in which to make a payment. Again, when people are juggling their household budgets and a big electricity bill is due in two weeks—or 12 days, which is what Western Power gives its customers to pay—and another bill for water or other utilities come in, they can quite often find it very difficult. I will seek from the minister some assurance on the issue of the corporation's absorption of that additional cost to read meters; I think \$8 million was the figure given. I want to know how robust that commitment is and whether the corporation may in the future attempt to claw back that cost if and when the opportunity arises.

Another issue I pursue has already been canvassed. I refer to the 13 per cent interest rate that is applied for overdue bills. I know that it was outlined in the legislation and in the minister's second reading speech that there is provision for customers who have difficulties making payments; the process has been outlined through which extra time can be provided. I was earlier looking at the clause that refers to this issue of the minister having ultimate authority to provide an extension. Perhaps the minister will be able to provide in his response to the contributions to the second reading debate an explanation of the extension period and what it might be extended to. I would like some detail on that because, to me, a 13 per cent interest rate seems very high. I would question whether an interest rate of that level, given the current interest rates charged by various utilities, is an extravagant interest rate that will create income for the corporation that is over and above what it actually costs to pursue payment. The member for Bassendean in his contribution talked about this issue to some extent, so I will be interested to hear the minister's comments on the interest rate aspect as well.

<040> G/2

**Mr D.T. Redman:** The Minister for Finance has carriage of the bill, so he will be the one responding to the bill. There are specific provisions in the bill that deal with the bi-monthly billing and also the rebate for pensioners, which will allow probably up to 4 000 pensioners to get the rebate which they would otherwise not have been able to get under the current provisions. There are specific provisions there. If there are questions, I am happy to go and deal with those in a separate matter. There is no intent to change anything in this bill in terms of some of those other provisions. The Minister for Finance will actually be responding.

**Mr D.A. TEMPLEMAN:** I am sure he will have the appropriate officers to assist him in terms of some of those questions. I thank the minister for that explanation.

As has been said, the opposition is not going to oppose this bill. However, I think the member for Bassendean is absolutely right; there is no way that members of the government should leave this place tonight, having seen the passage of this bill through here to the other place, with the false sense that they should be patting themselves on the back for a wonderful achievement. The fact remains that Western Australians have been taxed through increased charges in the very basic utilities that they need to live—electricity, water and gas in particular. The charges for those three utilities have increased dramatically and savagely over the term of this government since 2008. In fact, this government will go down in history as being one that has had a dramatic impact on so many households in terms of their capacity to balance their household budgets. The government has not made it easy for many, many households in Western Australia in its almost five years in office, and particularly those people who are the most vulnerable—those on low and fixed incomes and families. They, in particular, have had to shoulder the burden of the government's dramatic increases in rates and charges. I will be very interested in the consideration in detail stage, and particularly in those two key matters that I have highlighted. As I said, the opposition will not be opposing the bill.

**DR M.D. NAHAN (Riverton — Minister for Finance)** [8.32 pm] — in reply: I have just a few comments to make on the Rates and Charges (Rebates and Deferrals) Amendment Bill 2013, which seeks to amend the Rates and Charges (Rebates and Deferrals) Act 1992. The 1992 act contains provisions concerning rates, rebates and deferrals for pensioners and seniors in relation to local government rates, emergency service rates and water service rates. This amendment bill is amending the 1992 act to accommodate changes to the Water Corporation's billing system, which were decided upon in late 2012. Currently, Water Corp charges a service charge at the beginning of the year, which is a very large sum—over \$1 000 in many areas. It has a fixed user charge and a use or consumption charge that is levied twice a year after a meter reading. The Water Corp has decided to change that two-part system to six combined bills per year. It has done this after lobbying from a range of consumer groups, including the Western Australian Council of Social Service, and also Water Corp's own consumer advisory groups. It was also clear from bill payers that the bills were getting lumpy. The main intention of this billing arrangement is to even out the bills through the year. That is fine; that is Water Corp's decision. My role as Minister for Finance



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is to bring the amendment before the house to the Rates and Charges (Rebates and Deferments) Act to allow those changes to the Water Corp's arrangements to be transferred, so that seniors and pensioners can receive the rebates and deferments. This is not a change in policy as seniors and pensioners have had a right to receive those discounts for a long time. The discounts are this: pension card holders get a 50 per cent rebate if they pay their service charge on time, and seniors get a 25 per cent rebate, so it is a substantial rebate for both pensioners and seniors. Also, pensioners who choose or do not pay accordingly to get their rebate get a deferment automatically until the property is sold, just like they do with local government rates and the emergency services levy. Therefore, it is important for pensioners and seniors that we get this bill through.

I add that the decision by the Water Corp to commit to this change in billing took place in November 2012, the authorisation to draft legislation took place about the same time, and the draft bill was completed on 31 May this year. Obviously, the election and the ending of the previous Parliament slowed up the process significantly. The bill has been brought forward quickly because it is important. The billing changes will come into place on 1 July 2013 and we want pensioners and seniors to get the rebates. If the legislation is not in place by then, Water Corp has processes in place to manually adjust the rebate, so pensioners and seniors would still get them, but it would increase the cost of doing so and would cause confusion. That is what we are doing here today.

There are some other changes that this bill makes. Because the charges for both local government and, in the past, water were related to a bill at the beginning of the year, pensioners became eligible for these rebates only once a year, so if they bought a property within the year, they had to wait until the end of the year to get the rebate. Because Water Corp, under this bill, will be splitting that payment into six payments during the year, those people will get part payments in the year in which they purchase the property. In other words, the bill will allow people to access the rebates within the year in which they purchase a property. That is positive. Another thing is that we realise there might be some confusion in the transition to this new billing system, so Water Corp has decreased the minimum pay period from 55 days to 50 days and also has a further 70-day period in which it can defer any penalties or, more importantly, keep the rebate going if there are some circumstances that inhibit pensioners or seniors from paying their bills. It builds in longer periods for decision making for pensioners and seniors to get the rebate. It is quite an effective bill.

As I said, the commitment to the billing system was made in late November 2012, the decision to draft legislation took place about the same time, and the draft bill was completed by 31 May 2013. As I understand it, the opposition has had two briefings on this bill—one briefing two weeks ago and another I believe either today or yesterday with the shadow spokesman on water. The urgency here is that we want this bill in place so that pensioners and seniors can get the rebate in a non-confusing manner. This bill has been rushed because drafting was completed less than a month ago.

Members opposite raised a number of issues, including the split of payment of water bills between landlords and tenants. My task is to bring forward amendments to the Rates and Charges (Rebates and Deferments) Act 1992 and not to the tenancy act or to Water Corp's billing procedures; therefore, I will not delve into that issue.

<041> R/N

The member also raised issues about the debt-to-equity ratio and the increases in charges on water and other matters. Members will have an opportunity to continue to debate those matters in this house, but they are not relevant to this bill. This bill is simple. It will allow for pensioners and seniors to continue to receive rebates when the Water Corporation's billing system is changed. It is very simple.

I commend the bill to the house and hope both sides support it.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

#### *Consideration in Detail*

**Clause 1 put and passed.**

**Clause 2: Commencement —**

**Ms R. SAFFIOTI:** The minister outlined briefly in the second reading reply what would happen if this bill does not receive royal assent on 1 July. If this bill does not receive royal assent when two monthly billing commences, how will that rebate be administered?

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**Dr M.D. NAHAN:** The bill has nothing to do with the billing system, so the changes to the billing system will come in on 1 July 2013. The Water Corporation will be able to pro rata on a two monthly basis the rebates on bills for individuals, but it will not introduce the rebate for new customers, so there will be some deferment of the rebate until the bill commences. New customers who purchase property after 1 July will not receive the rebate.

**Ms R. SAFFIOTI:** Administratively, the rebate will apply to existing customers' bills, but if a pensioner buys a property and has never applied for the rebate previously will they not be able to receive that rebate until the legislation is passed?

**Dr M.D. NAHAN:** Yes, they can legally apply for that rebate. The issue lies with people who are otherwise eligible seniors or pensioners who acquire new property or people who have a property who become eligible seniors or pensioners during that period. They will not be able to receive the rebate until the bill receives royal assent.

**Ms R. SAFFIOTI:** Could those people still receive the rebate under the existing operation of the act?

**Dr M.D. NAHAN:** Under the existing system, it is an annual billing arrangement. The service charge is applied on 1 July, but it will not kick in until the beginning of the next year. One of the changes in the bill is that it allows the rebates to be received during the year a person becomes eligible, whether they buy a house or become a senior pensioner. Under the existing system, a person has to wait for the next year to acquire it.

**Clause put and passed.**

**Clause 3 put and passed.**

**Clause 4: Section 3 amended —**

**Mr D.A. TEMPLEMAN:** Proposed subsection 3(1) refers to the final payment day, and paragraph (a) to the 50<sup>th</sup> day after the date of the notice requiring payment for that charge. The current practice is for a bill to refer to a due date for payment; that is correct, is not it? I would like clarification regarding the 50<sup>th</sup> day after the date of the notice. Is that the date on the bill that is the "due date by"?

**Dr M.D. NAHAN:** A person will get 16 days to pay a bill. A reminder notice is issued after 36 days, and then there are 14 days to pay a bill. If a pensioner does not pay after those 50 days, the bill is automatically deferred. It is a fundamental part of the act that if a pensioner does not pay the bill within a stated period of time, the bill is deferred until the property is sold. Seniors do not get the right to defer, but they have the same period—that is, 16 days to pay. After 36 days they get a reminder and 14 days after that reminder in which to pay. If a pensioner does not pay, the full sum is deferred, but a senior will lose their right to a rebate.

**Clause put and passed.**

<042> L/2

**Clause 5: Section 7 amended —**

**Ms R. SAFFIOTI:** What will the effect of clause 5 be? What will it actually do?

**Dr M.D. NAHAN:** The current act deals with rebates and deferments in relation to local government and emergency services. Clause 5 differentiates water charges from those other two charges, because those other ones are under the old type of billing system, if you wish.

**Clause put and passed.**

**Clause 6 put and passed.**

**Clause 7: Section 32A amended —**

**Ms R. SAFFIOTI:** Can I have an explanation of what this clause will do?

**Dr M.D. NAHAN:** This clause is particularly important because it deals with seniors and pensioners. It deals with an arrangement whereby a surviving partner of a deceased person is eligible for the rebates and deferments for a further two years. This amendment is required because we are changing the multiplicity of deferments and rebates during that two-year period.

**Ms R. SAFFIOTI:** Could the minister explain again what the actual impact will be?

**Dr M.D. NAHAN:** It will provide an arrangement to ensure that the surviving partner of a deceased person is eligible for the rates and rebates under certain circumstances. It is needed because under the existing arrangements, the rebates and deferments are related to a single year—one payment; this time there are six. There are specified circumstances in which the surviving partner is eligible for a continuation, and it is usually for up to two years.

**Mr D.J. KELLY:** In what circumstances would a surviving partner continue to be eligible for the rebate?

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**Dr M.D. NAHAN:** I think that is outlined in proposed section 32A(4A)(b), which states —

... that land, following the death of the spouse or de facto partner —

- (i) belongs to the surviving partner as a former joint tenant or tenant in common with the deceased partner; or
- (ii) belongs to the surviving partner as a beneficiary under the will or intestacy of the deceased partner; or
- (iii) is occupied by the surviving partner ...

The reason they have two years is that it takes a while to settle issues of estate.

**Clause put and passed.**

**Clauses 8 to 10 put and passed.**

**Clause 11: Section 41 amended —**

**Mr D.A. TEMPLEMAN:** During the second reading debate, minister, I sought clarification—I am not sure whether this is the correct time to do that—regarding the corporation's assurance that it would be absorbing the cost of the new billing regime. The figure was put at \$8 million, from memory—\$8 million annually I think was the cost mentioned, member for West Swan.

**Ms R. Saffioti:** It was \$7 million to \$9 million.

**Mr D.A. TEMPLEMAN:** Again, I apologise if this does not relate directly to clause 11, but I really am concerned about whether the minister can give an assurance, and where perhaps it may be mentioned in any clause in this bill, that in the future the corporation will not seek to claw back what it is saying will be the cost to it by going to this new two-monthly billing regime. The minister's explanation of that would be appreciated.

**Dr M.D. NAHAN:** The bill does not deal with that issue. Nonetheless, Water Corp has confirmed that the cost is between \$7 million to \$9 million per annum. It has committed to meeting those costs, and it thinks it will be offset somewhat by efficiency gains in the billing system. It will be more easily paid, and there will be reductions in water use. Water Corp is committed to meeting those within its costs and it thinks it will have offsetting efficiency gains.

**Mr D.A. TEMPLEMAN:** I appreciate the minister entertaining this question, given that I have struggled to find reference to it in this clause. I understand the corporation has committed, in the minister's words, to absorbing the cost, but can the minister confirm that there is no written, prescribed commitment that would prevent it in the future, if the fiscal situation changes, from levying a small or whatever cost to read a water meter every two months? I think that is a real issue. Although I understand it is giving us an assurance, to my understanding there is nothing to prevent it, at some time in the future, from using that as a means of clawing back some of this cost that it has at this time committed to absorbing. I think this is a real issue for us, because we are relying on the minister's assurance, through the corporation, that it will look at covering that \$7 million to \$9 million annually—remember, this is an annual cost—by perceived savings. I would like to now know where these savings might come from that the Water Corporation perceives being able to, in the minister's words, use to offset this \$7 million to \$9 million cost.

<043> O/4

**The ACTING SPEAKER (Ms L.L. Baker):** Minister, I point out that this is not covered in the bill and does not directly relate to a clause being discussed at the moment. If the minister wishes to go ahead and answer, it would be delightful, but we should probably draw an end to the discussion on this particular question.

**Dr M.D. NAHAN:** I will answer the question. There are a couple of things. One, this bill does not regulate the Water Corporation; it simply provides a mechanism to supply rates, rebates and deferrals to pensioners and seniors. It responds to Water Corp's decision to change the billing arrangement, it does not determine those. Water Corp tells me that the efficiencies it expects are multiple. It expects people to use less water and the call centre to be smoothed more over time. Right now there are fewer and limited billing periods so there is more peak load; the Water Corp would be able to smooth that over time. Also, since the bills are smaller, the Water Corp expects there will be fewer delays in collection. I might add that it will just be doing what other utilities have done for a while—that is, provide more regular billing. Synergy does this, for instance, as does Telstra. Most utilities have provided more frequent billing, so Water Corp is simply matching that. This bill itself does not restrict Water Corp's decisions in the future, except on rates and rebates.

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**Mr D.J. KELLY:** I am conscious of Madam Acting Speaker's previous comments, but could I be indulged to ask a further question?

**The ACTING SPEAKER:** It is up to the minister, but it is not strictly in line with this house's orders.

**Dr M.D. Nahan:** I have not heard the question.

**Mr D.J. KELLY:** My question is in regard to an issue raised in the briefing on this bill and a related answer. We sought an assurance that the passage of this bill would not allow the Water Corp to, in effect, increase the amount of interest customers pay on bills in arrears because they are split up. We asked whether the interest charges arrive sooner. I think the answer was that this bill would not have that effect and Water Corp would not in its practices essentially charge people interest earlier on arrears. My understanding from the briefing was that the answer to our question was no, and I simply want to clarify that.

**Dr M.D. NAHAN:** This bill refers to rebates in deferments for pensioners and seniors. Pensioners do not pay arrears and interest, and nor do seniors, so the answer is no.

**Mr D.J. KELLY:** My understanding from the briefing was that the assurance given by the Water Corp went beyond seniors and extended to its other customers and the impact that two-monthly billing would have on a broader cohort of Water Corp customers, so I simply seek that assurance beyond seniors.

**Dr M.D. NAHAN:** I am the Minister for Finance, not the Minister for Water. This bill does not impact or refer to late bills and payments for people other than seniors and pensioners who are eligible for rebates and deferments. For the clients of Water Corp that this bill deals with, it will not increase charges for late payments or interest, in fact there is not any. This bill does not relate to wider issues of Water Corp and the rate of interest. I cannot see how the bill would do it because the objective of having more even payments is to make people covered by the bill more able to pay and cope with bills. One of the objectives of this move that Water Corp has made is to ease the lumpiness of the repayments and therefore reduce tardy bill payments, but this legislation does not deal with that.

**Mr D.A. TEMPLEMAN:** I ask a question in relation to the specific section of the act covered by this clause. I think in the second reading speech the minister mentioned the total number of customers at this moment who will be affected by this bill. Does the minister have any of those figures?

**Dr M.D. Nahan:** I do not believe I did, but I will try to get them for the member.

**Ms R. Saffioti:** I think it was 133 000.

**Mr D.A. TEMPLEMAN:** It is 133 000?

**Dr M.D. Nahan:** The member for West Swan mentioned 133 000.

**Mr D.A. TEMPLEMAN:** Given that we have been discussing the absorption of cost—I know we are not allowed to talk to that, it is the absorption of cost that dare not speak its name!—and if we talk about 130 000-odd customers currently, what is the customer base affected by this legislation projected to be in the out years—two years, three years or four years? My understanding is that if we are talking about seniors and pensioners—people who are eligible—we know the state's population in that sector will continue to grow. From memory, one in four of the Western Australian population will be aged 60-plus years by 2020. We are talking about a significant cohort. In terms of section 41 and the rebated amount in relation to a person, does the minister have any figures on exactly how many people today will be affected if this bill passes and is given royal assent; what the projected proportion of the population is expected to be, say, in the next four years; and whether that is an impacting issue on costs to the Water Corporation?

**Dr M.D. NAHAN:** The Water Corp's estimate from 2011–12 is that the total number of pensioner rebates, state senior rebates, state and commonwealth senior rebates, and people eligible for senior rebates and pensioner rebates is about 180 000.

**Mr D.A. Templeman:** Currently?

**Dr M.D. NAHAN:** That was for 2011–12.

**Ms R. Saffioti:** How many?

**Dr M.D. NAHAN:** Around about 180 000 people.

**Ms R. Saffioti:** Is that 180 000?

**Dr M.D. NAHAN:** Yes.

**Ms R. Saffioti** interjected.

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**Dr M.D. NAHAN:** I was not at the members' briefing.

**Ms R. Saffioti:** What about the 2012–13 budget papers? It was estimated that the recipients of the rebate would number 115 000.

**Dr M.D. NAHAN:** I have just been informed that that figure probably relates to pensioners only. Pensioners get a 50 per cent rebate, seniors get 25 per cent and the advice suggests that figure of 133 000 relates to the estimate for 2012–13 for pensioners.

Back to the member for Mandurah's question. The estimated number of both seniors and pensioners receiving rebates was 180 000 last financial year. That is the last year for which we have data. The figure for 2015–16, the last year of the forward estimates, is 210 000, so it is estimated that another 30 000 seniors and pensioners will get the rebates. Most of that growth will be pensioners getting a full rebate—that is, a 50 per cent rebate on the water charge.

**Ms R. SAFFIOTI:** I just want to confirm those numbers. The 2012–13 budget papers stated that 115 000 pensioners would receive the rebate. Then there is the consumption concession, which I will disregard in this debate. Plus there are 54 866 seniors receiving the different rebate. Just so we can compare apples with apples, are we saying that the 2011–12 figure is 180 000 people?

**Dr M.D. Nahan:** Yes, I gave those figures. In 2011–12, rounding off, there are 116 000 pensioners.

**Ms R. SAFFIOTI:** That is 116 000?

**Dr M.D. Nahan:** The number of senior rebates is 58 000.

<044> E/2

**Ms R. SAFFIOTI:** To answer the member for Mandurah's question, how much is the growth expected to be and over what time?

**Dr M.D. NAHAN:** Let me clarify this by giving the member the data. Firstly, there are two types of pensioner rebates. One is called a state senior rebate, but they get the full pension rebate. There are 116 000, plus 17 000, which comes to 133 000.

**Ms R. Saffioti:** Okay, and that is the 2011–12 figure.

**Dr M.D. NAHAN:** Yes. For 2015–16, the figures are 145 000, plus 21 000.

**Ms R. Saffioti:** That's a big increase.

**Dr M.D. NAHAN:** Yes. It is an ageing population.

**Clause put and passed.**

**Clauses 12 to 14 put and passed.**

**Title put and passed.**

Leave granted to proceed forthwith to third reading.

*Third Reading*

**DR M.D. NAHAN (Riverton — Minister for Finance)** [9.12 pm]: I move —

That the bill be now read a third time.

**MS R. SAFFIOTI (West Swan)** [9.12 pm]: I have some brief comments to conclude my contribution to the debate on the Rates and Charges (Rebates and Deferments) Amendment Bill 2013. A few of my colleagues will have some brief comments as well. The Labor Party does not oppose the bill. We understand that the Western Australian Council of Social Service in particular supports more frequent billing. I would like to reiterate during the third reading debate a couple of concerns that have been raised. The cost of administering the more frequent billing system and the extra meter readings is estimated to be between \$7 million and \$9 million. We have been advised by the Water Corporation and reassured by the government that that cost will be absorbed by the Water Corporation and that there will be offsets in relation to the better detection of leakage and other administration costs. It is a concern that those costs may not be absorbed and may be passed on to customers. I know it is a concern of the member for Mandurah in particular. We again seek reassurance that those additional costs will not be passed on to customers.

The Labor Party believes that the 13.8 per cent interest rate charged for late payments is excessive and that the government should do what it can to reduce fees.

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Dave Kelly; Mr David Templeman; Ms Lisa Baker

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One thing that I have not mentioned in previous stages of the debate relates to late payments. I raised it with the advisers and officials at our briefing. I asked what other mechanisms could be implemented to encourage the prompt payment of bills. I know that some utilities have a text message reminder service. With people's significant use of mobile phones nowadays, it may be cheaper and quicker and have a greater impact. Although reminder notices in the mail are still the preferred method for some, a lot of people basically work, live and play through their mobile phones. Text message reminders rather than just paper reminders would probably encourage more prompt payments and may discourage late payments. That is an issue that needs to be considered as part of these changes. Due to the increased billing cycle, letterboxes will get very cluttered if there are late payment notices for the previous two months and new bills for the current two months. Letterboxes do get cluttered, particularly around election time; moreover, they get cluttered with late payment notices and other bills. If there are to be more bills, the idea of a text message reminder service needs to be considered.

As we have said, the government has relied excessively on increased charges to try to cover up its budget deficiencies. It has slugged families year in and year out. Water is just another example of the massive increases in charges for families. We do not oppose this bill. Hopefully, it will help families to manage their bills over the year. But, of course, frequency is not the only issue; it is the size of the price increases. As the member for Bassendean has outlined, that is one of the major reasons that people are unable to pay their bills. It is not because of the frequency of the billing, but because of the massive increases in key household charges by this government.

**MS L.L. BAKER (Maylands)** [9.16 pm]: During the second reading debate, I was in the chair and did not get a chance to comment, so I want to follow up on a couple of issues that were raised in consideration in detail. I start by acknowledging the fact that managing the billing regime of utilities is one of the single biggest challenges for the Western Australian Council of Social Service. Members will remember that I ran WACOSS for seven years before coming to this place.

**Mr D.A. Templeman:** And very well, too, I believe.

**Ms L.L. BAKER:** Thank you very much, member.

Several members interjected.

**Ms L.L. BAKER:** I remember starting this discussion with the Water Corporation more than 10 years ago. Congratulations are in order on seeing this bill come to the house, because it was a very long road. I acknowledge that the Water Corporation was, far and away, the best utility to deal with on billing practices. It readily came to the table with the community sector. It acknowledged the hardship that many people were going through. I say quite sincerely that it was quite responsive to the approaches made by the community sector. This is a real tick for the Water Corporation in acknowledging the good work it has done in trying to help people manage their bills. Notwithstanding that, there was a small hiccup of complete and total pandemonium when people could not understand the billing regime. Like many members, I had constituents who said that they did not understand how to read their meters, the timing was wrong and they did not understand forward estimates, backward estimates or sideways estimates. It was a complete mess. I hope that this will clear things up in some way.

On that point, the comments of the member for West Swan about marketing this to customers are vital. She made a really good suggestion about text messaging. Assuming that the people whom this system is targeted at have phones that accept text messages, it would be a good way to start. Some constituents who have contacted me because they have not been able to pay their water bills would not be able to access text messages, so there is an upside and a downside to it.

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I congratulate the Water Corporation. I ask it to please ensure that it markets what it is doing to all customers so that they understand what these changes mean. I can just imagine that people will be throwing their hands up in horror after receiving their first two or three bills, thinking that thousands of dollars' worth of bills will be coming through their letterbox.

In conclusion, the reason this kind of bill has been put forward at this time—many of my colleagues have pointed to this—is the incredible impost consumers are facing from increasing utility charges. Whilst I acknowledge that people's power bills, water bills and the like have expanded exponentially under the current government, they would have increased to a certain extent anyway, though probably nowhere near the amount that they have. A 53 per cent increase in water charges is enormous.

I do not know whether the research has changed—I stand to be corrected—but my memory of using cost as a lever for water usage is that it is a very blunt instrument. When we were working on this in the Western Australian Council of Social Service, it was not an effective instrument to lower usage mainly because the large families who tend to have the least capacity to control their water usage are also low-income families. To raise the cost by

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looking at the tariff regime—I know this is not related to this bill so I am taking a bit of a liberty saying it—does not work as an effective lever for lowering usage in low-income households. I wish to highlight that fact. The government can put the price of water up as much as it likes but it will not affect a certain part of the market. That part of the market is probably the most vulnerable and difficult to manage. They are just a few comments that I wanted to make.

**MR D.A. TEMPLEMAN (Mandurah)** [9.21 pm]: I thank the Minister for Energy for entertaining some of the questions I asked during consideration in detail because they were not directly related to any of the clauses. I want to reiterate my concern about the absorption cost that the Water Corporation has committed to. It concerns me that we are essentially taking that in good faith. It is not a criticism of Water Corp but the fact is that we have an increasing number of people, as determined by the figures of eligible people affected by this bill, who are eligible for the rebate. We know that that will grow in the out years. We have seen figures of 180 000 growing to 230 000 in four years. That is a significant increase. According to the changes to the new billing method, the costs to service those people—that is, getting their bills out—will be absorbed. The figure we have been given is between \$7 million and \$9 million. I remain sceptical about when it may not necessarily become cost effective, according to the Water Corporation, to continue to absorb that cost. No guarantee has been given—I do not know whether the government can give a guarantee—that predicted \$7 million to \$9 million will be offset some time in the future. The Water Corporation may no longer be willing to absorb the cost because the assumed or predicted offsets include a reduction in water consumption, an ability to pay because of the new method of spreading bills over the year in smaller bi-monthly increments and other measures. I understand from the minister's answer that that \$7 million to \$9 million is related to current cost. I do not think there has been an explanation—I did not expect the minister to give it because it was not relevant to the clause—of what that cost to the corporation might look like in, say, five years.

We are essentially taking in good faith the Water Corporation's commitment to absorb that cost. I do not know of any other utility—I could be corrected—that absorbs a cost of that nature. Synergy certainly does not. We get a service charge on each bill every two months that includes the meter reading, from memory. When it comes to delivering a rebate, I do not know of any other utility that is committed to absorbing the cost of reading a meter. When we talk about 180 000 plus another 50 000 on top of that within four years, that is a lot of meters to be read. I expect people carrying out that job would be getting wage increases. I do not know whether technology will allow meters to be read in other ways rather than a person physically turning up to the property and reading the said meter. I am not sure how extensive the problem of water wastage really is; that is, wastage from leaking taps or leaking plumbing et cetera. I agree that more frequent readings will certainly give a greater indication if someone is having a problem with their plumbing and there is a leakage. I know that some householders do not know there is a leakage until they get the next bill and suddenly find that something is wrong. That can be a very expensive bill if it indicates a leak of some sort. I understand the advantages in going to a bi-monthly billing regime in that respect. I am very sceptical about this commitment by the Water Corporation to absorb the cost. I am not convinced that the offsets mentioned will offset that cost in the out years, particularly given that we know more people will be eligible for this rebate in five years. Up to 230 000 households will be eligible, which is very significant.

I thank the minister sincerely for entertaining that line of questions, even though they were not explicitly highlighted in the bill before us. I assure the minister that we will be closely watching how this is rolled out. I hope my concern does not come back to haunt us and that we do not see Water Corp make a decision in the future to claw back that cost that it has assured us it will be absorbing.

**DR M.D. NAHAN (Riverton — Minister for Energy)** [9.28 pm] — in reply: I would like to make a few comments to follow up on comments made by members opposite. I say to the member for Maylands that this legislation has taken a while to get through. Her former organisation made a great contribution to it. The Water Corporation is recognising the frequency of the billing arrangement that almost all other utilities have. Synergy, Telstra and others require customers to pay more frequently. As these goods become more expensive, more frequent bills helps the pain. That is the simple nature of it.

As to innovation, I look forward to the day when one meter reader can read all the meters in a house. That is happening interstate where retailers look after water, electricity and other utilities. We can get some economies there. I am not sure Water Corp has that in mind but it is definitely progressing elsewhere.

<046> D/N

All I can say about phone messages is that this deals with pensioners and seniors, and sometimes they have trouble with smart phones, so I will not rely on that. This is an issue that Water Corp has to deal with, because any time that we, as local members, change the billing arrangements for utilities for seniors, there is confusion and other issues. I hope it deals with that, and Water Corp has a good record in these issues and is very experienced.

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I say to the member for Mandurah that the \$7 million to \$9 million relates to the costs of changing the billing arrangement and the more frequent meter reading for everyone—not just the people eligible for rebates and deferments. It does not relate to the 133 000 pensioners, but to all the meters read across Water Corp's billing arrangement. It is an amortised over a large number of people. I do not know how many customers sit has, but there are hundreds of thousands of them.

One thing that did not come up was that if a pensioner does not pay the bill on time and does not get a rebate, it is automatically deferred, and the cost of that deferred payment is borne by the budget—by the taxpayers—and that is growing. The growth in the number of pensioners from 133 000 towards 180 000 has a real impact; it is just a reality of life. There is an increase in the number receiving the rebate, but there is also an increase in the deferral numbers, and that is borne by the budget. I thank the opposition for its support for this bill. It is an important continuation of arrangements we had and it is an important matching of changes to Water Corp's billing arrangements.

I commend the bill to the house.

Question put and passed.

Bill read a third time and transmitted to the Council.

*House adjourned at 9.31 pm*

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