

WATER CORPORATION — FEES AND CHARGES

262. Ms A. SANDERSON to the Minister for Water:

I refer to the fair and sustainably focused water pricing model announced on Sunday that aims to drive down water usage among the state's worst water users. Can the minister outline to the house why these changes are needed and why they are in the interests of all Western Australians?

Mr D.J. KELLY replied:

I thank the member for Morley for that question. People may remember that the last budget that the Leader of the Opposition delivered would have seen an across-the-board increase in water prices of six per cent in the next financial year. That is the budget that would have been delivered had the Leader of the Opposition been the Premier and won the last election. On Sunday, we announced that we have managed to bring the representative household increase down to 5.5 per cent.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition!

Mr D.J. KELLY: We have brought in an average increase less than the previous government had planned for next year.

Mr D.C. Nalder interjected.

The SPEAKER: Member for Bateman!

Mr D.J. KELLY: We have delivered a saving to customers.

Several members interjected.

The SPEAKER: It is not a chat-fest. I will call to order the next person who interjects, and I will just keep calling you. I want to hear the answer.

Mr D.J. KELLY: But we also have not applied a flat six per cent increase across the board.

Dr M.D. Nahan: You are now!

The SPEAKER: Leader of the Opposition! Whoops; I call you to order for the second time.

Mr D.J. KELLY: That is right.

We have limited the service charge increase to three per cent; that is the connection fee that people pay regardless of how much water they use.

Mrs L.M. Harvey interjected.

The SPEAKER: Member for Scarborough.

Mr D.J. KELLY: Every customer is benefiting because we have increased the service charge by only three per cent. That benefits every customer, but it particularly benefits many low income households that, as much as they are frugal with their water, do not see a big change in their bill because so much of the bill is taken up by the service charge. People who are being frugal with their water supplies are being rewarded by this government by only a three per cent increase in the service charge.

Several members interjected.

The SPEAKER: Members!

Mr D.J. KELLY: We also announced on the weekend, on average for metropolitan users, a 16 per cent increase for the biggest water users—that is, people who use over 500 kilolitres of water each year. That is the top seven per cent of customers in the metropolitan area.

Mr D.T. Redman interjected.

The SPEAKER: Member for Warren–Blackwood.

Mr D.J. KELLY: Interestingly, the top seven per cent of customers use 17 per cent of the water. That is about 27 billion litres of water each year. Members opposite might be interested to know that the Water Corporation only banks on 25 billion litres of water coming into our dams each year from rainfall. The top seven per cent of water users consume all the water that comes into our dams. By increasing the water charges for the people who use the most water, we hope to influence their behaviour to encourage them to be more frugal in their water use. The benefit of that, of course, is that if we can continue to reduce our water consumption, we may have the ability to further put out the requirement for another major water source, which quite possibly would be another

desalination plant—another \$1 billion in expenditure. Rather than the six per cent that the opposition was going to implement had it been in government, we decided to reward people who are frugal with their water use and to encourage people who use the most water to be more responsible.

Several members interjected.

The SPEAKER: Members!

Mr D.J. KELLY: Interestingly, members opposite have been highly critical of this decision, but they are not really in lock step with the business community in Western Australia.

Several members interjected.

The SPEAKER: Members, I want to hear the answer.

Mr D.J. KELLY: What did the Chamber of Commerce and Industry of Western Australia have to say when we announced the changes on the weekend? Its press release on 7 May is headed “CCI backs state government water efficiency measures” and it states —

The Chamber of Commerce and Industry WA (CCI) has today welcomed the State Government’s change to water pricing to drive greater efficiency.

CCI Chief Economist Rick Newnham said ... the proposed changes to pricing will drive behavioural change that ensure that the heaviest users of WA’s precious water will pay a premium for that use.

...

“The pricing changes will also defer investment in new water capacity which will avoid an increase to the net debt position in the short-term.

That is exactly what we said these pricing changes are designed to do.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition!

Mr D.J. KELLY: Throughout my career, I have not always been in a position to agree with the media statements of the Chamber of Commerce and Industry, but this is a particularly good one. Members opposite, this is what the business community has said about the changes that we have made.

Several members interjected.

The SPEAKER: Members! Minister, get to the end.

Mr D.J. KELLY: I would encourage members to look at what the CCI has said. Listen, read and learn.