

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

WATER CORPORATION — DRAINAGE CHARGE

Motion

MR F.M. LOGAN (Cockburn) [4.03 pm]: I move —

That this house calls on the Minister for Water to immediately cancel the introduction of the expanded Water Corporation drainage charge, which applies from 1 July 2011, and undertake a process of meaningful consultation with residents affected by the expansion of the drainage charge.

This matter goes to the expansion of the drainage charges that will apply to 13 000 Western Australian householders from 1 July. Those drainage charges that currently apply to 300 000 residents will be expanded.

The ACTING SPEAKER (Mr J.M. Francis): Members, I do not have to say it, do I? Thank you. Member for Cockburn.

Mr F.M. LOGAN: The drainage charges that currently apply to 300 000 people in metropolitan Perth will be expanded to 13 000 more households.

I asked the minister a question without notice about this on Wednesday, 15 June. I asked when the minister had become aware of what I say is a secret review process; I will now prove to the house that it was a secret review process. I asked when the minister had become aware of it, and what he did to investigate the issue by asking questions about the new drainage charge, why it had been raised now, and what the impact of the drainage charge would be et cetera. In answer to my question about when the minister had become aware of it, he told the house that he became aware of it in May this year. That was on Wednesday. On Thursday, under standing orders, after question time, the minister corrected his answer and indicated to the house that he had misled the house. He corrected *Hansard* by correcting his response and indicating that he actually became aware of the review process on 11 April this year. The minister did not provide a response to the rest of the questions that I put to him. Those questions were why, given the size of the impact, it was not included in the budget papers; why the opposition or the house was not made aware of it; and whether the matter had been run past the Economic Regulation Authority. I asked a supplementary question about when, having become aware of it, the minister was going to tell the general public and this house about this new charge that would apply to 13 000 households; the minister did not provide any response to that at all, and talked about something completely different.

That was the answer provided on Wednesday, and I happened to be watching session 3 of the Legislative Council permanent estimates committee on the following Thursday—16 June—before which the Water Corporation appeared. Ms Sue Murphy and a number of her staff were representing the Water Corporation. A series of questions very similar to the ones I put to the minister were put to the Water Corporation through the minister's representative in the upper house, and they provided some very interesting responses that provided far greater information than we got from the minister in this house, as the minister dodged this one completely.

Mr W.R. Marmion: That does not surprise me, member!

Dr G.G. Jacobs: They probably asked better questions!

Mr F.M. LOGAN: Well, they were my questions, I think—or were they? I may have framed them and said, “How about asking these questions in the upper house? I could not get any answers in the lower house, so how about having these questions asked in the upper house?”

Mr W.R. Marmion: They may have been foreshadowed in the Legislative Assembly the day before.

Mr F.M. LOGAN: I concur with the member for Eyre; they were very good questions and we got some very interesting answers to them. The answers went to some critical things, such as when—as I had tried to get out of the Minister for Water—the minister became aware of this and for how long this review had been underway. The minister gave us two dates, but the final date was 11 April this year. It transpires that this review has been underway since 2007.

Dr G.G. Jacobs: Since you were in government!

Mr F.M. LOGAN: It is all right, member for Eyre: I will not give the member a serve on this; he should not worry.

The review was underway during Labor's term in office, and from the way in which it was explained by Sue Murphy, it is a fairly complex process: they must look at all the cadastral boundaries to which the existing drainage charges apply and then, through a very complex process, work out how those boundaries will expand. This is according to Ms Murphy. According to Ms Murphy from Water Corporation, that process took considerable time. The critical thing here is that this review has been underway since 2007. I am not too sure whether my colleague the member for Balcatta, the then Minister for Water, was made aware of it, but he can

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

speaking for himself. Clearly, the previous Minister for Water, my friend the member for Eyre, was not made aware of it. Clearly, the current Minister for Water, the member for Nedlands, was not made aware of it until 11 April and he has told the house that. That raises a very serious question about the role of the minister and Water Corp. At the end of the day, the minister is the one and only shareholder of the government trading enterprise of Water Corp. He has the authority to direct Water Corp on the basis that if it comes to a direction, he must table that direction in the house. Nevertheless, he has power and control over Water Corp. That is a significant responsibility for any minister in a relationship with a government trading enterprise. That responsibility must be returned in kind. Water Corp clearly has not done that. Water Corp did not do that for the member for Eyre by advising the member for Eyre what it was doing when he was Minister for Water, and it did not do it for the member for Nedlands, the current Minister for Water, by advising him, virtually until the letters telling people they would be paying anywhere between \$85 and \$115 a year extra from 1 July for every year thereon were already going out to 13 000 people. The Water Corporation kept both the former Minister for Water and the current Minister for Water in the dark about this entire process. I put it to the Minister for Water that he needs to deal with that matter. That is a serious issue. He needs to deal with the way in which he is treated, not only as the minister, but as the single shareholder of a government trading enterprise. He is being kept in the dark. He is not being made aware of what the organisation is doing until the very, very last minute and the letters are already going out to the residents affected. That is outrageous and unacceptable. The Minister for Water needs to act in response to what Water Corp has done to him. That is the first issue.

The second issue comes to what I was trying to get out of the minister—that is, the application of the drainage charge. Members should remember that we are not talking about sewerage. We are talking, effectively, about stormwater drainage, which is the stuff that we flush down the loo and the water that runs off our blocks and our streets and runs into shared infrastructure. Sometimes stormwater goes into open space and drains away and sometimes it goes into Water Corp's main sewerage systems. In the estimates committee hearing in the upper house, Water Corp indicated that it is charging people only drainage charges because of the water that goes into its main system. That is all it is doing. It is effectively a fee for service, but it is shared equally among all those people whom Water Corp believes will ultimately use the main drainage system. The drainage charge is a percentage of a property's gross rental value. I will come to the way it has worked that out in a minute, but it is a percentage of each house's gross rental value. The calculation for that is based on the shared cost of the use of the infrastructure across 313 000 households in Perth. That is the way it was explained. The manner in which housing estates have been built over the last 10, 15, 20 years was put to the representatives of Water Corp in the Legislative Council estimates hearing; namely, that developers have paid for all infrastructure that has been put in, all the stormwater infrastructure has been paid for by the developer, and the cost of that infrastructure has been paid for by the person who bought the block.

Mr W.R. Marmion: Is that local infrastructure or Water Corp infrastructure?

Mr F.M. LOGAN: No, we are talking about stormwater infrastructure around our houses.

Mr W.R. Marmion: That probably is not Water Corp infrastructure.

Mr F.M. LOGAN: I will come back to Water Corp infrastructure. The only Water Corp infrastructure that has any implication here is its main drainage system—that is all. There is virtually no other role that Water Corp has to play in infrastructure, other than its main drains. That is the only thing it charges for. We can point to numerous places; I have had a significant number of complaints about this from residents in metropolitan Perth, who give examples of stormwater infrastructure being paid for by specific developers, whether it is in Canning Vale, Ellenbrook, Bateman or a whole series of other suburbs around Perth. One homeowner who has received one of these letters said that they know that the infrastructure was paid for by the developer, which passed on a proportion of the cost of that infrastructure to the owner when they bought the block to build their house. Water Corp, in the Legislative Council estimates hearing, agreed that, yes, that is true; that is probably correct. However, the owner has probably also paid the local council drainage charge, because the council also takes a share of it. I must admit that that was new to me. I think it was also new to the people who were asking the question. The obvious response from Labor's representatives in the hearing was that people have paid twice for this. In fact, people are paying three times for it. The response from Water Corp representatives was that that is probably right, but they are paying only once for Water Corp because it charges only for the taking away of that water when it enters our main drain; that is all it is charging for. Households are paying for the infrastructure. Water Corp acknowledged that it is probably true that households are paying for the infrastructure themselves. Local governments get a slice out of it by saying that they are maintaining that infrastructure, which is questionable. Water Corp is taking a slice because it is saying that that water ultimately ends up in our drainage system and we must pay for the pumping of that. That may well be true in many situations. The only problem is that Water Corp cannot tell us whether or not it is true. Water Corp has done the cadastral boundaries based on the premise that it may apply to these areas. If we take Canning Vale, for example, the infrastructure was put in

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

by the developer. The water that goes into that infrastructure ends up in an ornamental lake, which all the houses are built around, and it then evaporates away.

Mr P. Abetz: It does not; it flows into the Ballanup drain, which is a huge drain that Water Corp maintains.

Mr F.M. LOGAN: That may be true, but the residents who put it to me are saying it does not.

Mr P. Abetz: It looks that way but I have checked it out.

Mr F.M. LOGAN: All right. If it does, it does. As I say, I am not arguing the case—I do not think any resident would—that a fee for service should not apply if the Water Corporation is actually providing a service. There is no argument about that. But there are plenty of examples—Ellenbrook is another one—of areas where it is questionable that the water runs into a drain. The Water Corporation’s response to that is: so what? It says that it has put in infrastructure and that water may not flow into the drain —

Mr W.R. Marmion: No; it does go in.

Mr F.M. LOGAN: No. The minister can have his say in a minute. He can stand up, put his hand on his heart and say, “Every single person who is affected by this charge will have water that ultimately ends up in a piece of Water Corporation infrastructure.” I do not think that is the case.

Mr W.R. Marmion: I think it is the case.

Mr F.M. LOGAN: It is supposed to be the case.

Mr P. Abetz interjected.

Mr F.M. LOGAN: The member for Southern River said that it is supposed to be the case, but it is already on *Hansard* that it may not be.

Mr W.R. Marmion: Who said “may”?

Mr F.M. LOGAN: The Water Corporation’s response to the assertion that it may not be was, “Well, it doesn’t matter if it is or it isn’t really, because at the end of the day it is infrastructure that we all have to share in. Some may not be affected by it and some may. We’ve all got to share the cost.”

Dr G.G. Jacobs: Member, what about in times of flood? Heaven forbid! We’d love it! But in times of flood, the infrastructure is there so that water can drain away and stop inundating houses.

Mr F.M. LOGAN: Former minister and member for Eyre, the infrastructure was paid for by the people who bought the land. They have already been charged a local government rate for that. Bear in mind that the Water Corporation said: “You’re only paying when it ends up in a drain.”

Mr W.R. Marmion: Correct.

Mr F.M. LOGAN: And if it does not end up in a drain, which is what the minister is saying, why are people paying when they are already paying local government rates?

Mr W.R. Marmion: That is why only a third of the metropolitan area actually pays the Water Corporation drainage fee.

Mr F.M. LOGAN: The point I am making, firstly, is that the minister did not know anything about this charge. He will stand in a minute and pretend that he is an expert. The minister did not know anything about this charge until 11 April this year. Secondly, the minister cannot stand in this place and say that all the water from the property of every single one of those 13 000 people affected by this charge ends up in a Water Corporation drain, and that ultimately, that is the reason why they are charged. If the minister wants to say that, it is up to him.

Mr W.R. Marmion: But I have to; that is the reason they are being charged.

Mr F.M. LOGAN: If the minister is going to say that, he should prove it!

Firstly, the minister was unaware of this review. I am being very generous in saying to the minister that the Water Corporation did not inform him—which is outrageous—when I should be saying that the minister should run his department better. However, I will be generous to him. Secondly, the application of this charge is questionable. Thirdly, an issue came up about how the Water Corporation calculated the amount. Where did it get the amount from?

Mr W.R. Marmion: Which amount?

Mr F.M. LOGAN: The amount of between \$85 and \$115 that will apply to the 13 000 new customers. When the minister’s representative in the upper house was questioned in the estimates committee about this and passed the question over to Mrs Murphy and her staff member Mr Werner, they indicated that for residential customers

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

it is 0.791c in the dollar of gross rental value. That is basically what they said about how they came up with the calculation. When questioned about how they came up with 0.791c in the dollar, they said it was based on the database of customers and that there is a minimum charge on the gross rental value. The response to a question by Hon Sally Talbot on how they arrived at that figure was effectively that there is a minimum charge and it is a calculation of setting that rate, and that when they finally strike the rate in the dollar, it raises the amount of money that has been approved. When Hon Sally Talbot said that they had come up with an amount that they wanted to raise and then calculated back from there how it should apply, the response from Mr Werner was “That is right, yes.” The Water Corporation therefore went off and worked out how much it wanted to raise. Whether or not it is the true cost of the fee for service, it is an amount that it wished to raise and from that amount it calculated back how it would apply to each household.

Mr P. Abetz: That’s what the ERA does.

Mr F.M. LOGAN: No, the Economic Regulation Authority approves a price increase on the basis of an amount that the Water Corporation says has been calculated scientifically. That is how it is put to the ERA. The ERA says, “Fine, okay, that seems all right.”

Mr W.R. Marmion: It reviews it.

Mr F.M. LOGAN: It reviews it, correct, and it takes the Water Corporation on its word that the amount has been calculated scientifically, and it is applied appropriately. When we dig down—which is what the minister should have done because, as the minister, he should also ask his own department: “By the way, how did you strike this rate, and tell me the truth?”—we find that the Water Corporation strikes the rate basically on the amount it wants and then calculates it back from there. That is what has been put in *Hansard*.

Mr W.R. Marmion: It depends how you define the word “want”.

Mr F.M. LOGAN: I would be very concerned about this issue I am raising if I were the minister. The minister has been kept in the dark on this review during his period as a minister. The former minister also, the member for Eyre, was kept in the dark as well on a lot of things and also on this review. Effectively, the review was done without the former minister’s knowledge, but it was also done with no public consultation whatsoever. When the question was put to the Water Corporation in the Council estimates committee about whether there was any public consultation, the response was no. The response from Mrs Murphy, although not word for word, effectively was, “What’s the point? It’s a charge that already stands. All we are doing is applying it to 13 000 more people. It wouldn’t have affected the outcome. You’re going to pay whether you like it or not, so what’s the point of having any public consultation at all?” The minister wonders why people are reacting by bombarding his office, my office and their local member’s office with emails saying, “Where did this come from? This has come out of the blue.” It came out of the blue because the minister has responsibility for a pompous, haughty organisation that keeps him in the dark, and it kept the former minister in the dark. The Water Corporation does not believe it needs to tell the minister what it is doing. It does not believe it needs to engage with members of the public, who have been stung for not only a 47 per cent increase in drinking water charges, but also, as the minister knows, a 20 per cent increase in drainage charges in the past three years. Now the Water Corporation has expanded out the drainage charge to catch another 13 000 people. The Water Corporation’s attitude is, “Why should we tell people that they are going to be hit with this? Why should we tell the minister? Hey, you know, we’re Water Corp, we don’t need to tell you anything.” That is the behaviour that came out under questioning in the estimates committee in the Council chamber the other night—no public consultation.

When our members asked the Water Corporation and the minister’s representative in the other house who was involved in this new charge, they said that an internal drainage review team was involved.

Ms M.M. Quirk: I bet lots of people aspire to work there.

Mr F.M. LOGAN: “Let me on the internal drainage review team”! It is fantastic.

Ms M.M. Quirk: It is the apex of someone’s career.

Mr F.M. LOGAN: Yes, it would be the apex of someone’s career.

Effectively, the work was carried out by the internal drainage review team with information provided to it by local government. It did not think it was necessary to even consult people in affected areas, explain it more carefully, question whether that infrastructure was genuinely going into a Water Corp drain —

The ACTING SPEAKER (Mr J.M. Francis): Member for Girrawheen.

Dr G.G. Jacobs: Was she on the phone?

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Ms M.M. Quirk: No.

The ACTING SPEAKER: I saw what I saw. Thank you, members.

Mr F.M. LOGAN: No public consultation was done in-house. When questioned as to why it was done that way, the answer was, “What’s the point, really, because it was going to apply anyway? This is an old charge that we are simply expanding.” It is not surprising that the minister was not told about it, either.

The motion before the house calls on the minister to show some leadership on this issue, to show some gumption and to show the courage that he should have shown in the first place when dealing with Water Corp on this issue and say, “You can now stop it. The charge will not be applied on 1 July. I am calling a halt to it. I am going to take more interest in this issue. I want to know exactly how it will be applied, where it will be applied and who it will be applied to.” Is the water from every one of those 13 000 houses that these people are paying for genuinely going into Water Corp mains, and is that fee justifiable, or was it simply plucked out of the air? Judging by what Mr Werner from Water Corp said, it appears to have been plucked out of the air and worked back.

I am calling on the minister to show some leadership on this issue and to grab hold of this problem. Virtually every member in this house has either received a phone call or an email from constituents who are going off their brains about this issue. I know I speak on behalf of members from the minister’s side as well when I say that they want to see him do something about it, not simply roll over and cop what Water Corp has told him. It clearly has not told him everything because what I have put on the record today is news to him as well, particularly the way it has struck the fee. The minister did not know that at all. I have brought this to his attention. It is up to the minister to show some leadership on this issue, to tell Water Corp that the charge will not apply from 1 July and to review the cost of the charge and how it applies. When the minister is perfectly satisfied, it may well then apply.

DR A.D. BUTI (Armadale) [4.33 pm]: I support this motion. There is no doubt that this so-called drainage fee is not a drainage fee; it is a drainage tax. It is a tax because, as the member for Cockburn was debating, if it is not a tax and it is a genuine fee, all the moneys collected must be spent on improving the services that the minister has argued it will be used for.

There has been much debate over the years about the difference between a fee and a tax, not only in this country but also in the United States of America. The minister may like to know of a case that occurred in 1998 in the Michigan Supreme Court, which tried to distinguish between a user fee and a tax. The court advanced three main criteria: first, a user fee is designed to defray the cost of a regulatory activity or government service while a tax is designed to raise general revenue; second, a true user fee must be proportionate to the necessary costs of the service while a tax may not be; and, third, a user fee is voluntary while a tax is not. Based on those three-point criteria, it will be hard for the minister to argue that this charge is not a tax. If it is not a tax and if my assertion and the member for Cockburn’s assertion that this is not a tax is correct, the minister should table the evidence that he has that refutes that assertion. The minister has to prosecute the case that this is a drainage fee and not a tax.

Dr G.G. Jacobs interjected.

Dr A.D. BUTI: I say to the former minister that it is not up to us to prosecute that case. The government should prosecute the case that all the additional money —

Dr G.G. Jacobs interjected.

Dr A.D. BUTI: I know the member for Eyre still wishes he was the minister but he is not. If he wants to contribute to this debate, he should do so.

Dr G.G. Jacobs: I will get up in a minute when you sit down.

Dr A.D. BUTI: I hope the member will get up when I sit down but I am not sitting down at the moment.

This charge sounds like a tax, it looks like a tax and it smells like a tax. It is a tax. If this is not a tax and it is a genuine user fee, I challenge the minister to table the evidence from his department that will show that all moneys raised as a result of this drainage fee will go towards improving drainage services. Unless he can do so, it will be very hard for him to argue that this charge is a genuine user fee and not a tax.

As the minister and many members on his side of the house would realise, the impending introduction of this charge has caused much consternation and protest in the community. Part of the reason for that is that there has been no consultation. It was just a surprise. It was even a surprise to the minister so I presume it would have been a surprise to the community.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

I wish to take a leaf out of the book of the government by referring to various press reports. The minister's neighbour, the Minister for Transport, often likes to talk about press reports. I refer to a press report from www.inmycommunity.com.au, which is the website for the Community Newspaper Group. It has been reported that a number of residents have argued that this charge is very unfair. The report states —

Armadale Mayor Linton Reynolds said the council had no problems with the levying of fees where a service was provided but he understood the money collected was well in excess of what the Water Corporation spent on its drainage network.

I am sure the member for Darling Range would attest to the fact that this mayor is across the detail and is a man of immense integrity and character. Mr Reynolds said —

“It might be said that this is just another landfill levy,” ...

The online response was interesting. A comment was posted in response to this article. I am sure that the electorate of the Acting Speaker, the member for Jandakot, takes in Atwell. The response was from Keith Jolley, who stated —

Lots of very unhappy pensioners in Atwell not impressed with the latest RIPPOFF. Those of us that have contacted the phone number given have been fobbed off and told to write a letter. Past responses from our illustrious leaders on other gouging leaves little hope of any relief for those already stretched to the limit.

A local councillor in the City of Armadale went doorknocking around the time that this announcement was made and also received representations from a number of residents. Residents were just amazed that there was no consultation about this drainage fee that was being imposed on them. They are confused. Many are elderly, while some speak English as a second language. They said that the charges range from \$90 to \$110. When this councillor tried to find out some details about the fee, he said that he could not get any answers from the Water Corporation and other bodies. He was told—I am unaware who told him—that 40 per cent of the money raised would go towards maintenance of the Swan River while the remaining 60 per cent would go to consolidated revenue. I am not saying that is true, but it is out there and it is up to the minister to refute it.

However, to underline the fact that this is not a levy and not a user fee, but more like a tax, I draw members' attention to the Forrestdale industrial park and the new Wungong urban project. For the Forrestdale industrial park, the Water Corporation has stated that the drainage fee being charged is for the maintenance of arterial drainage in the area. That is a very interesting assertion by the Water Corporation, because the Armadale Redevelopment Authority has jurisdiction over the Forrestdale industrial park and it paid for the drainage in the area—at its own cost! Why does the Water Corporation now have to obtain money by way of a drainage fee to pay for the drainage in the area when the Armadale Redevelopment Authority has done so at its own cost? That also applies to the Wungong urban water project. Therefore, the Armadale Redevelopment Authority has paid for the drainage services or drainage structures for two major developments in the City of Armadale.

Mr W.R. Marmion: I do not have the full detail of the drainage structure there, so I cannot tell you whether it is a Water Corp facility. If it is a Water Corporation facility, and it has paid for it, there are ongoing maintenance charges. The Water Corporation has to look after the facility. You do not just hand over an asset and the public has to pay nothing more for it. You have to amortise it.

Dr A.D. BUTI: The Armadale Redevelopment Authority has paid to set up the drainage system in those two areas.

Mr W.R. Marmion: That does not answer the question. It might have set up the drainage system for the local householders, but ultimately it might go into another Water Corporation drain —

Dr A.D. BUTI: The question that the minister has to answer is whether all the money from the fees imposed on the businesses and households in those two areas will be used for drainage service delivery. Dollar for dollar, can the minister provide evidence, if not today, at a later date, of the —

Mr W.R. Marmion: It is audited by the ERA. The Water Corporation cannot charge —

Dr A.D. BUTI: I think that the minister has a responsibility to provide evidence in Parliament that, dollar for dollar, the money collected will be used for the improvement of drainage services in the Wungong urban project, the Forrestdale business park, the various residential areas in the city of Armadale and all the other local government areas; for instance, Gosnells, Armadale, Rockingham, Fremantle, Claremont, Cottesloe, Perth, Stirling, Vincent, Subiaco, Nedlands, Bayswater, Bassendean, Cambridge, Joondalup, Cockburn, Canning, Victoria Park, South Perth, Kalamunda, Mundaring, Swan and Belmont are all affected by this tax grab by this

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

government and this minister. The minister must prove today that every dollar collected is being used for drainage improvements; and, if he cannot, it is a tax and he knows it is!

Mr W.R. Marmion: No, I do not.

Dr A.D. BUTI: Show us the evidence. This is a massive political and public policy blunder by the minister and by the government. As mentioned by the member for Cockburn, the minister did not really know about the imposition of this drainage fee that affects up to 13 000 residential households—not to mention all the other businesses that are affected. As the minister of the Crown responsible for this portfolio, the minister must show us that the money collected in all those local government areas is spent on drainage. This affects the constituents of members on both sides of the house. I notice that a lot of members on the minister's side of the house are quiet on this matter, because they too are receiving protests, be they by email or personal representation, about how unfair this so-called levy, which is a tax, is on individual households that cannot even afford to pay the increasing utility charges that this government has imposed. Then the government throws in this so-called drainage fee, which is a tax.

Where is the government going to stop? Where is the minister going to stop? On certain days, we have the Treasurer telling us that we are not in an economic boom. If we are not in an economic boom, that must mean that a lot of people are struggling. How can they afford to pay this government's increases in taxes and charges? This is a tax, minister. It is the responsibility of the minister to table evidence that every dollar collected is being paid for improved drainage services.

MS R. SAFFIOTI (West Swan) [4.44 pm]: I rise to endorse the comments made by the members for Cockburn and Armadale condemning this new tax—the extension of the drainage fee. As we know, nearly 14 000 residents will be hit with this new fee this year. A lot of those people live in the north east corridor. I want to talk specifically about Ellenbrook, which has the greatest number of households being hit by this new drainage fee.

In Ellenbrook, 1 856 households are impacted by this new fee. In Aveley, it is 691 households. This has come about with absolutely no consultation—something already stated by the members for Cockburn and Armadale. The first people knew about this was when they received a letter a number of weeks ago that, according to my notes, states —

As your property is in a declared drainage area, it will be rated for drainage charges from 1 July 2011.

It goes on to say how much those charges will be.

Basically, there has been no consultation, and then, all of a sudden, there is a new charge. We hear a lot from this government about consultation and about how the commonwealth did not consult on this or that. But on a key issue—that is, a new charge impacting households—this government did not consult at all. If this incident had occurred in isolation, it would not be such a big issue. However, the key issue is that it has occurred on top of the massive increases in utility charges imposed by this government. The key issue is that this government does not look at the overall impact of its decisions on households. One minister makes one decision; another minister makes another decision. But they do not sit down and ask how households will cope with the massive increases. As we know, there have been massive increases in electricity charges. There have been massive increases in water charges over the past three budgets. Now we see an extension of the drainage fee. Again, that will impact on those people who are already struggling.

As we hear from the many residents who are being impacted, they do not understand why it is happening now. They have been living in these suburbs for a number of years and now, all of a sudden, they are told there are new drainage arrangements, but they cannot see them and they are not there. These people who are living in the suburbs cannot see a new service being delivered at the same time as the new charge is being imposed. As the member for Armadale said, when there is a new charge, a new service is needed to match that charge; otherwise it is a tax. There are no new services. The people in the particular area of Ellenbrook that I visited have been living there for a number of years, and they are not receiving a new service associated with that new charge.

This is yet another issue that has been handled badly by this government. Again, this is a government desperate to get cash out of the households and out of the pockets of ordinary Western Australians. That is what the government is doing. Let us look at how much the Water Corporation will pay to the government in 2011–12. It will pay \$205 million in tax equivalents and over \$370 million in dividends. I have to question how this was not discussed during the budget process—maybe the minister can explain. I think that this would have formed a key part of a Water Corporation submission to the Economic and Expenditure Reform Committee, which the minister, being the Minister for Water, would normally attend. I do not understand how this matter was not touched on in the budget process. Given that the budget process would have started with the initial submissions in November or December, this matter has been ongoing in the minister's office and in Treasury for the past six or seven months. I think the minister needs to explain whether these new charges were considered in the context

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

of budget discussions. I cannot believe that they were not; I just cannot believe it! This is a major extension of the drainage fee. I would have thought that the agency, as part of its budget submission, would have included proposals to increase charges, which would therefore have been approved by the minister and the EERC, and mentioned the significant changes in the drainage fee. I just cannot believe that this was not considered by the key budget committee of government and endorsed by government. I cannot believe the minister found out about it in April; is that right, member for Cockburn?

Mr F.M. Logan: It was 11 April.

Ms R. SAFFIOTI: I just cannot believe that, because 11 April would have been near the budget cut-off date. I believe the minister would have been provided with information about the extension of the drainage fee well before that. It is another part of this deceptive conduct. I find it appalling that the budget papers do not mention it. I went through the household model section of the *Economic and Fiscal Outlook* to see whether I missed it, and it is not there. It has the increases in charges, but not the significant increase in the area to which the drainage fee applies.

The budget was presented, and a lot of material was sent out by members opposite. I do not know whether anyone has seen the government propaganda that was sent out about how this budget was good for constituents. I saw some of the material that was sent to the people of Ellenbrook, and I do not recall seeing anything about the new drainage fee. I could not see any of it.

Mr P. Papalia: Nothing about a train either!

Ms R. SAFFIOTI: There was also nothing about a train—of course—and nothing to do with a new drainage fee. I saw the glossy stuff about how good this budget was for residents and about how the government had given some money to non-government organisations because an increasing number of people are walking through their doors because they are not able to pay their bills, but nowhere did it say, “By the way, when we said this budget was good for you, we forgot to tell you that there is a massive new drainage fee”. It is again that deceptive conduct, whereby the government wants to take responsibility and claim credit for everything positive, but then lets the utilities or the agencies bear the responsibility for this key decision.

As I said, I cannot believe it was not in any budget documentation. Of course we cannot access that through FOI, because it is subject to cabinet confidentiality, but I would like the minister to inform the house when he really was first aware of it and confirm that it was part of the budget deliberations. This would have been part of the Water Corporation’s submission. It is a major change and would have been factored into the numbers that were put in the budget papers.

This new fee has been very badly handled. Just like with the landfill levy and with the massive increases in utility charges, this fee shows the propensity of the government to levy new charges on households. Each minister acts in a silo environment. The whole concept of cabinet and government and the EERC is to sit down and say, “Okay, what are all these changes going to do to the average person out there?” There have been massive increases in electricity and water charges. One would think the minister would say, “Hang on. Maybe we should not also have this new fee for all those people out there. Maybe we should transition it. Maybe we should do something to ease the pain.” Instead —

Mr F.M. Logan: He rolled over and did what he was told!

Ms R. SAFFIOTI: Exactly. Instead, the minister basically gave up and allowed this massive new tax to be applied to people.

I have spoken of some of the areas that are being impacted. Some are new suburbs, I agree, but some of these places that have been impacted have been around for a number of years. Let us face it, in many of these suburbs residents have serious cost-of-living pressures. They have significant mortgage pressures or the normal cost-of-living pressures because of this government’s actions on utility charges. The government has made another serious mistake in underestimating or not realising the impact of its decisions on ordinary households.

The minister can stand and talk about process and Water Corporation jargon—I know that is what he will do—but at the end of the day the government has to think about people. That is what it is there for. Corporations and agencies can deliver recommendations. They can do what is best for them, but at the end of the day the role of cabinet and, in my view, the role of the minister is to say, “Okay, that is what the bureaucracy is telling me. What is the actual impact on people out there?” I am afraid that this is another example of the government using the utilities and using its functions to try to generate as much revenue as it can, further increasing the enormous cost-of-living pressures for ordinary households.

MR A.J. WADDELL (Forrestfield) [4.55 pm]: WTF—that has been the reaction in my office. It is not “laughing my whatever off”, it is WTF, because my office wants to know when this is going to end. When is the

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

nightmare of charges, fees and price hikes going to end? I tell them that it is scheduled. There is a bill in this place that has given us a fixed date for the end of this nightmare. It will end in March 2013. People will be rejoicing when that day comes around, because they are tired of the death by a thousand cuts. It is endless under this government. We have seen electricity prices go up; we have seen parking levies go up; we have seen drainage fees go up; we have seen sewerage fees go up; and, we have seen gas bills go up. The government takes every opportunity it can find to flog the community. It takes and it takes and it takes. It takes that money and it sends glossies to my electorate saying what a wonderful job it has done: “Look at this great budget! We are delivering so much.”

I will tell government members what they delivered to Forrestfield; they delivered a bunch of glossy pamphlets. They delivered letters telling constituents that they were going to increase their bills. Government members have delivered to people the hope that, if they are lucky and they are in the queue long enough, they might get some hardship utility grant scheme money. That is what they have done. The government has basically delivered them a begging bowl. That is what this government seems to be about. I do not know what it is doing with all the money. I have a deep suspicion that it is going to the government’s partners in crime, the National Party, and it is all being spent on the plastic cows and remote control aerodromes in the regions. The government is taking from the metropolitan area at every opportunity. It is no surprise that this particular new charge impacts only on the metropolitan area, because it is part of that gouging process. It is part of the process of the government taking every cent it can out of the poorer electorates. That is no surprise. If we look at the suburbs that are affected—an electoral boundary could almost be drawn around them—we know which side is being affected by these things. The government is taking from the residents in the metropolitan area so it can deliver its largesse in the country. The government has a surprise coming, and that surprise is dated March 2013, and we all look forward to that.

There are 960 households in my electorate that have received one of these letters that say, “We are sorry to inform you, but we have decided to tax you a little bit more”. I will go to the issue of whether this is a tax, because there is no doubt it is a tax. A fee that cannot be linked directly to the delivery of a service is a tax. This goes even further than that. This has nothing to do with the cost of the service, because the government is basing this charge on the gross rental value of the property. How can the value of my property have anything whatsoever to do with the amount of drainage it pours into the system?

Mr W.R. Marmion: It is the convenient way it has been done for years and years. When you were in power, that is how it was done.

Mr A.J. WADDELL: Exactly. It is convenient, and it is to balance the government’s books. The government has tried to pull the wool over the eyes of the electorate. As the member for West Swan said, the government has tried to hide this from the public. The government has attempted to keep it out of the budget process and the estimates process. The government was hoping to let yet another charge slip by in the hope that people would be so used to it that they would accept it and move on. We are all looking forward to March 2013. One of my constituents, Ms Nanette Mountstevens, lives in Jacaranda Springs, which is an area located on the map I have with me. The map roughly shows the areas around my electorate that are affected. I have drawn a line around my electorate. About 50 per cent of my electorate is covered in one way or another by this charge, so I feel rather passionate about it. Nanette wrote to me and said that from looking at the map, she can see that the Karingal estate is not being charged for the drainage. When looking at the big picture, it can be seen that any run-off would come from Karingal estate through Jacaranda Springs where she lives because Karingal estate is located on higher ground than Jacaranda Springs. She asks why other places are not contributing to the cost of the drainage. I do not know. Perhaps another round is coming later when there will be a further review and another catch-up. I do not think that the people of Karingal should be too happy just yet about having managed to escape this round of charges. However, it seems remarkably arbitrary that areas which have been set in place for 10 years now and which were not subjected to this charge are now suddenly subjected to the charge. Residents in these areas will ask themselves whether they have seen any new works go through the area. Clearly, they have not. They often see roads dug up and repaved and dug up and repaved again, but they very rarely see anything come out of that. Are they seeing less flooding? I have many photographs in my office of streets that I visit during the winter that are suddenly flooded because of a lack of drainage. These same people will no doubt look ironically at the new bills for their drainage as they wade through the regular flooding to which they are subjected. Will there be an impact on businesses in the area? Is this similar to the most recent 30 per cent to 40 per cent increase in the cost of electricity businesses were charged in the hope that they would happily pass on that cost to consumers via price increases so that the consumers would pick up the costs? That is another backdoor way for the government to fund itself while hopefully avoiding scrutiny. Will there be an impact on any of the businesses in the area? What about the sporting clubs that have large facilities? I have several large sporting clubs in my electorate. Will they be exempt? I do not know. It is unclear because this has happened under the darkness of night. The government has done everything it can to avoid scrutiny on this matter.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

The government is not getting away with it. Probably every member has a headline from their local newspaper on the issue. I believe that the headline “Cash down the drain” appeared in the *Midland-Kalamunda Reporter*. That article reported how people are feeling hard done by because of this fee. Mr Kneebone has been working very diligently to try to justify it, but I am afraid that he has been failing dismally. He said that there would be an average increase of \$93. I am yet to find anyone whose charge is near the average. Everyone who has seen me has been charged over \$100. It might be that my electorate is above average in the way it is hit by this fee. That is probably true. The electorate of Forrestfield tends to be hit with new fees and charges at an above-average rate. A lot of questions need to be asked. I honestly believe that when the government sets a fee at gross rental value, it is a tax. When the government cannot justify how the fee is related to the service that is delivered to individual households, it is a tax. I certainly look forward to providing some scrutiny on the matter through the appropriate committee if we ever get the opportunity to do that, because I believe a lot of questions need to be asked about it.

I remind members that we will add this fee to the tally of government charges. We will add it to the gas charges and electricity charges, the parking fees, the drainage, sewerage and solid waste fees. We will add it to every other charge that the government is trying to bring in. I was at a briefing earlier today at which we found out that the government will charge us for having cats. That is yet another tax the government is charging people. I ran the idea of taking up Tony Abbott’s line and calling it a big, fat tax. I could not think of what would rhyme with big fat cat tax. I came up with an alternative but was told that I would be lambasted badly if I used that one. Members can use their imagination. This is certainly a big fat drain tax. It is money down the drain for our communities and it is money that they will demand back. There is a price to be paid. Trust me, in March 2013 the government will pay the price.

MR M.P. WHITELEY (Bassendean) [5.05 pm]: I will make a brief contribution to the debate. A number of my constituents have been affected by this fat new tax, including 32 houses in Ashfield; 67 in Bassendean; 75 in Bayswater, a part of which is in my electorate; 35 in Beechboro; nine in Lockridge; and 25 in Morley. I have received complaints from numerous sources in my electorate who cannot understand what they are getting for the extra charge. They are getting nothing. I know that firsthand because I own a property in Ashfield that got hit with the extra charge. That does worry me particularly because I am on a reasonable income and earn enough to pay the extra charge, but some of my constituents in Ashfield, Lockridge and Bassendean are not so fortunate. They are struggling to cope with the massive increases in fees and charges that have occurred during the term of this government. They are asking why this new charge is being levied on them when no new services have been delivered. There has been no change to the infrastructure to their homes. They simply see it as a great big new tax. The first they knew about it was from a letter they received that outlined the individual charges they would incur but which gave them very little explanation. That letter was followed up about two weeks later with a document about providing information to customers. It refers to two reasons for the change to the drainage boundaries. The first reason was that it was due to the extensive development that had occurred in the metropolitan area over the last decade. That is not applicable in the suburbs I have mentioned. The document states that the second reason was —

In older areas, the boundaries were originally determined based on contours or plans of the land. We have now thoroughly reviewed these boundaries, conducted site inspections and sourced more accurate information on storm water infrastructure from local governments. This means we can determine more accurately what storm water runoff is coming into or going out of our catchments.

That might have been believable, except for the fact that I have a list of the number of people in my electorate whose drainage charges were removed, and, to my knowledge, there is none or certainly next to none. It is very difficult to see this as anything other than a great big stinking tax that has been levied on people. Looking at the numbers of people in my electorate who have been charged, I can see that it primarily affects people who are already struggling to pay the exorbitant increases in charges that this government has levied. I remember hearing the minister in question time offering an explanation about it. He said that he did not think that the process was very good. He is the minister. He cannot wash his hands of it. He cannot be a nice wishy-washy bloke who gets away with saying that he wished the Water Corporation had not done it, but that it went ahead and did it without telling him. He must get off his backside and take responsibility. He takes the ministerial pay; he must ensure that the processes are proper. He should not simply sit back and accept the extra revenue that comes in that is being levied on people who can ill-afford to pay in light of the massive increases in charges that the government has levied upon the taxpayers of Western Australia.

MS M.M. QUIRK (Girrawheen) [5.09 pm]: I concur with what the member for Bassendean has said about the minister’s role. This matter is a case study in poor communication and poor leadership. The confusion we have all seen from constituents faced with this levy who have come to our offices has been extraordinary. Part of the reason it is extraordinary is that the letters from the Water Corporation came out of the blue without any press

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

announcement, explanation or pamphlets being dropped. I think that this has very much led to people being unhappy, as well as the fact, of course, that this is another impost by the state government in what seems to be a very arbitrary manner. With the indulgence of the house, I want to read one of these letters, because it demonstrates appalling communication of the issues and why people suddenly have to pay this amount. The letter states —

Dear Customer,

...

As your property is in a declared drainage area —

This phrase is of course in everyone's vocabulary and parlance so we immediately understand what that means —

it will be rated for drainage charges from 1 July 2011. Therefore your next Annual Service Account will include a drainage charge of \$81.25.

That is, in this case —

The charge goes towards operating and maintaining the system.

We operate drainage systems with local governments to collect and carry water to rivers, wetlands, the ocean and infiltration basins. This helps protect developed land from flooding and assists with returning water to the aquifers. Excess surface water is caused by the introduction of roads, houses, buildings and car parks that collect and concentrate rainfall, which in native bushland would drain away naturally.

Properties are part of a declared drainage area if they:

- Are capable of contributing rain water runoff to the drain system, or
- Benefit from the system by being protected from flooding, or
- Benefit from local roads and foot paths that are protected from flooding.

We calculate drainage charges using your property's Gross Rental Value (GRV), which is supplied by the Valuer General.

More information on drainage is available on our website, visit ...

I suspect that people do not want more information about drainage; they want more information about why they are being whacked with this charge —

or the Department of Water website

...

Yours sincerely

...

MANAGER CUSTOMER CENTRE

Because this letter was, frankly, so ambiguous and unclear, it was necessary to send another 13 000 letters to explain in greater detail why this charge is being imposed. That is the first bone of contention I have with the charge and, frankly, the minister should have been up-front. He should have explained it better and he should have communicated with what the Water Corporation calls customers —

Mr F.M. Logan: And known about it.

Ms M.M. QUIRK: As the member for Cockburn rightly says, he should have known about it in the first place. That is a real bone of contention in this issue.

Then of course, there is the charge. As the member for Armadale has said, it is arguable that this is not a charge but a tax. If it was a charge, it would be on a cost-recovery basis and not based on gross rental value. It is an absolute furphy to say that the GRV can be used to work out the actual cost to do whatever drainage maintenance is required. That is a problem. People in the suburb of Hamersley in my electorate, which is impacted upon, face somewhere in the range of a 21 per cent increase in their rates, because there has been a huge increase in their GRV. Therefore, they get a double whack; they get a large increase in their GRV and, on top of that, get whacked with this water levy, which again, is based on the GRV. Other suburbs in my electorate that are affected are Balga and Warwick. One of the things that people do not understand because it was not explained very clearly, was that some people are being levied with this extra charge while people in the next street whose houses are at maybe at a higher or lower level are not being levied. I understand the reason; it may

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

well be that some of those houses already pay that levy, but the bottom line is that this has not been communicated properly to individuals and they have every right to ask the question.

Mr W.R. Marmion: They could also be draining to another catchment that is not managed by the Water Corporation.

Ms M.M. QUIRK: It is the luck of the draw, is it not? Maybe that is something that real estate agents should say when they sell houses—that people will not pay Water Corporation levies on this premises but they will on the one next door!

As members can imagine, and as I have said, there is substantial concern among the 13 000 households in Western Australia that this has impacted on. I have seen some fantastic correspondence. I have a letter from someone in the Attorney General's electorate, Mr Paul Green from Brentwood, which I think is fantastic. He heads the letter "Don't forget the Aqua ducts!". It states —

It seems that the Water Corporation, in their desire to increase their revenue base, have decided to embark on a comedy worthy of John Cleese and Monty Python at their very best.

Apparently, like the Roman occupation of Judea, the Water Corporation have come to save us and they do require us to be grateful.

The Water Corporation have reviewed a little thing called a Designated Drainage Area and decided that a whole bunch of areas throughout Perth's suburbs now need to be included. The reason for needing to be included is that apparently our property and/or the access roads we use are protected from flooding by Water Corporation Drainage, or that runoff from our properties is carried away in Water Corporation drains. The Water Corporation of course requires anyone now included in a Designated Drainage Area to pay special drainage charges to demonstrate that they are duly grateful to the empire for salvation.

Apparently after 47 years the Water Corporation have just discovered that they might be been saving my home from the peril of flooding and so they will now require me to show my gratitude in the usual way. This did surprise me, and I think the City of Melville, as the only drainage provided in my street is by the City of Melville and none of it connects in any way to the Water Corporation's drains.

Perhaps I thought my access roads would flood if not for the Water Corporation drains and that is why I must show my gratitude. But the people in the next street who are at the same ground level and who use the same access roads are not included in the new Designated Drainage Area so that can't be it.

In true Monty Python style the Water Corporation now believe that they have arrived to save from flooding one of my other immediate neighbours, the historic homestead of Grasmere which was built in 1886. Now in those 125 years Grasmere apparently has no history of flooding and it is some 7 meters above river level. I can only wonder what the Bateman Family from the late 1800's would think of the suggestion that after all this time the Water Corporation has now come to save the property from a problem that has never existed and they expect to be paid for the service.

After much correspondence with the Water Corporation to justify their position I finally received a map from them to show how they think water flows from our street to one of their drains. Imagine my complete lack of surprise but great entertainment at finding that the Water Corporation Map does not show the council drains taking water from our street to the river for the last 50 or so years. Instead the Water Corporation map shows that they believe rainwater apparently defies the laws of physics by flowing, as if by magic, up and over a large ridge and into an adjoining street where it then finds its way to another council drain which empties into the open natural headwaters of Bullcreek right next to the open waters of the river. Despite the headwater of Bullcreek being an open tidal wetland area apparently the Water Corporation have at some point ... decided to designate it as being one of their drains, thereby ensuring our salvation and justifying their demand for gratitude.

If you doubt that the Water Corporation is saving you from flooding, in the same way I am quite certain they are not doing anything for the people in my street, then get in touch with the people at the top of the Water Corp or the responsible Minister and ask for a proper explanation and maps to demonstrate how they think they are protecting you and then actually check their thinking for yourself to see if you agree or not. But be prepared because in true Monty Python style you will probably end up in public relations run around that leaves you thinking that you are actually dealing with Nautius Maximus, Biggus Dickus, or Incontinentia Buttocks.

I will be very interested to hear how the local member, Hon Christian Porter, responds to that. The mind boggles!

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

The Water Corporation regards these people as customers, and I would have thought that, on any level, customers deserve to be treated better, including those in my electorate who face an unexpected and unwelcome charge on top of all the increases in household charges they have been subjected to in recent years.

DR G.G. JACOBS (Eyre) [5.20 pm]: I would like to make a few comments on this motion, which I, obviously, will not be supporting. I have heard a lot of words today like “deception” and “taxes”, and about “hidden agendas” and “a slug”.

Mr P. Papalia: Big fat taxes?

Dr G.G. JACOBS: A fat tax. It has been portrayed as though we have actually concocted a charge for a service that people are not getting.

Dr A.D. Buti: That is 100 per cent right! You’ve got it right.

Dr G.G. JACOBS: It is actually about providing drainage for an extra 13 000 residences in Western Australia. Several members interjected.

The DEPUTY SPEAKER: Members!

Mr M.P. Whitely: They already had it! Nothing’s changed.

Dr G.G. JACOBS: But they were not paying for it.

Mrs M.H. Roberts: They’ve already paid for it!

Dr G.G. JACOBS: Over time, new developments will be built in Western Australia.

Several members interjected.

Dr G.G. JACOBS: Housing will come online that, previously, would have been proclaimed, but these developments are now incrementally proclaimed over time.

Dr A.D. Buti interjected.

The DEPUTY SPEAKER: Member for Armadale!

Several members interjected.

The DEPUTY SPEAKER: Member for Armadale! Member for Midland!

Several members interjected.

Dr G.G. JACOBS: This situation has been reviewed incrementally every four years to accommodate new developments and new housing estates that have come online, for which the Water Corporation provides drainage. This process is assessed every four years, and there has been, admittedly, some backlog. But it is not as though these people have not been provided with drainage; the infrastructure they have been using is the Water Corporation drain. Therefore, it is wrong to suggest that this is a tax or a slug or a deception or that something is not being provided because the services provided by Water Corporation for any residence include, obviously, the supply of water in volume for which people are charged an annual service charge, a sewerage charge, and in some cases, not all cases in WA, a drainage charge. The drainage charge is for draining people’s properties to alleviate the potential of water inundation. Members might say, “That isn’t a problem now because it doesn’t rain; what are you talking about?”

Dr A.D. Buti: What exactly are you talking about?

The DEPUTY SPEAKER: Member for Armadale!

Dr G.G. JACOBS: It is wrong for anybody to suggest that the Water Corporation should not attend to this issue of drainage just because we have had a very dry spell.

Dr A.D. Buti: Who is saying that? No-one has said that.

Dr G.G. JACOBS: I would suggest to people who say that this is not a valuable service that for 350 000 residents it is.

Dr A.D. Buti: That’s true, but they’ve already paid for it.

Dr G.G. JACOBS: The service being provided is, essentially, the drainage of stormwater. The member for Armadale asked what people are paying for.

Mr F.M. Logan: Did you know about it? Did you know about the review?

Dr G.G. JACOBS: The member for Armadale accepted that local governments provided the infrastructure.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Dr A.D. Buti: No—not local government. It was the Armadale Redevelopment Authority. There is a major difference.

Dr G.G. JACOBS: Someone else, anyway. But the member for Armadale’s argument was: why should the Water Corporation be in this marketplace and charging for this?

Dr A.D. Buti: No, I didn’t.

Dr G.G. JACOBS: The member did!

Dr A.D. Buti: No, I didn’t. I just asked why businesses should be slugged when they have already paid for it.

The DEPUTY SPEAKER: Member for Armadale!

Dr G.G. JACOBS: The member does not understand that when it comes to the Water Corporation’s main drain, there are issues of maintenance, vegetation, keeping it clear of rubbish, pump stations, and replacing the assets as they age.

Dr A.D. Buti: This tax is as popular on your side of politics as the Prostitution Bill.

Mr F.M. Logan: The irony is that nobody in your electorate pays for it; it’s only people in the metropolitan electorates who pay for it.

Dr G.G. JACOBS: I will tell members what cannot be gotten away with with the ERA. I will tell members about two contrasting experiences. When I was the responsible minister, the ERA would look me in the face and say, “Minister, the water at the end of the Goldfields and agricultural water scheme needs to go to true cost recovery.” The ERA would tell me the true cost of cost recovery. I say that because I want to indicate to members how very committed the ERA is to the process of true cost recovery. Now, whether it does that is a government decision, as we have said in the past. The argument that has been suggested is that the Water Corporation thinks of a figure, member for Cockburn, and makes all the other bits fit. I can tell members now that that will never be gotten away with under the ERA.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr F.M. Logan: You interjected on me; can I just interject?

Dr G.G. JACOBS: The member for Cockburn suggested that the Water Corporation had thought of a number and then made everything else fit.

Mr F.M. Logan: You’d better go and read *Hansard*! Read *Hansard*! They admitted it!

Dr G.G. JACOBS: I suggest to members, from the experiences I have had with the ERA and the processes it goes through, that that just cannot be gotten away with.

Mr F.M. Logan: This is the reason why you’re not the minister any longer—things like this happen in government!

The DEPUTY SPEAKER: Member for Cockburn!

Mr F.M. Logan: Well, he’s asking for interjections!

The DEPUTY SPEAKER: Member for Eyre, can you please address your comments through the Chair?

Dr G.G. JACOBS: The member for Cockburn suggested —

Mr F.M. Logan: He’s doing it again!

Dr G.G. JACOBS: — rather mischievously, that the Water Corporation thought of a number and then just made the gross rental values fit.

Mr F.M. Logan: Go back and look at *Hansard*. That’s what they said!

Dr G.G. JACOBS: I have had experience of this: the ERA is an absolute stickler for this process.

Mr F.M. Logan: They’ll approve what they’re given, and they take the Water Corporation’s advice.

Dr G.G. JACOBS: I did not interject on him; he is interjecting on me.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr F.M. Logan: I hope you’re going to say a prayer at your prayer breakfast for saying that! You can’t tell lies like that!

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

The DEPUTY SPEAKER: Member for Cockburn! Member for Eyre.

Mr F.M. Logan: You should be on your knees at your prayer breakfast, saying, “Dear God, sorry I told lies.”

Dr G.G. JACOBS: I will tell members how much of a stickler the ERA is for cost recovery. The ERA will tell members that the water charges to commercial users at the end of the O’Connor pipeline in Kalgoorlie are under-recovered. When the ERA said to me that it had to increase charges to commercial users, I said that the commercial laundry in Burt Street would not be able to compete if we pushed the prices up that high to true cost recovery. The Economic Regulation Authority says, “Minister, it has to happen. In fact, the commercial laundry has its business in the wrong place.”

Mr F.M. Logan: Are you giving us a rendition of when you were a minister?

Dr G.G. JACOBS: I am telling members that that is how much the ERA is a stickler for the cost-reflectivity process. That is not necessarily what government policy is or what the final outcome will be, but that indicates to members that the ERA is a stickler for that process. Does the other side believe that the ERA would say that drainage costs this much, do all its calculations and deceive everybody with gross rental charges rates to make it fit? I suggest that that is not a possibility, because that is not how the process works. The ERA is a stickler, and my experience is that this would not occur. We are providing an extra 13 000 people with a drainage service in a catch-up process for an old process that was updated incrementally every four years. Admittedly, the expansion of the new developments in Western Australia has created a backlog. However, the policy is now changing and I will leave it to the minister to explain in detail. It is a proactive policy in which proclamations are made and until those areas are developed, charges for the households will not be raised. Obviously, as more residences occur and expand in that proclaimed area, that will be amortised over the number of houses in the drainage area. Technically, it is possible that the charges in the future under the new proactive system of drainage being proclaimed—rather than trying to catch up and extend the drainage areas every time an extension or a new development comes on—is a positive and it will lead to a stabilisation of prices. In some cases, as they are amortised over a greater number of houses within the drainage prices, there is potential for the drainage prices to come down.

There has been a situation of catch-up. There was a suggestion that this is some sleight of hand. There is no sleight of hand. One must also go back to the basic premise—the other side will possibly hound me down for this—that in the end the services must be paid for somehow. The services are either paid for by the consumer or in the case of water there is a community service obligation to subsidise, as is the case with energy. The services must be paid for somehow. This particular issue is about providing drainage services, particularly for new and expanding developments that have come on stream. Yes, incrementally there has been some catch-up, because that stormwater has been going into Water Corporation main drains. I suggest that under the new system there will be some “proactivity” in proclaiming areas to accommodate new developments. We are talking about charging \$90 a year for those people who are receiving a drainage service because the water that drains off their property goes in to a Water Corporation main drain. There is no sleight of hand; the situation has been occurring. I suggest to members that the program will be ongoing and there is potential for improvement.

MR W.R. MARMION (Nedlands — Minister for Water) [5.34 pm]: I have listened to members opposite and I will address most of the comments in my response, particularly the ones made by the member for Cockburn. I put on the record some background of what drainage charges are about and what the Water Corporation does with main drains. As everyone knows, the most recent review of the metropolitan declared drainage area—which has been done and which I approved in April—was the first one in 10 years. There is certainly a backlog.

Local governments manage most of the smaller reticulation drains, such as the street drains and some of Perth’s urban drainage network. However, the Water Corporation is responsible for the main drains that cross the boundaries of several local governments. These main drains provide suitable outlets, such as the ocean or a river, for the excess stormwater runoff that local government drains cannot dispose of.

Ms R. Saffioti interjected.

Mr W.R. MARMION: Member for West Swan, it is important to get on the record the length of the drains that we look after and the areas from which we divert water. The Water Corporation manages 828 kilometres of drains in the metropolitan area and it diverts water for more than 400 000 hectares. The Water Corporation prevents the flooding and waterlogging of approximately 300 000 properties. That is the background. For the drainage charges to be raised, an area must be declared as a drainage area. This means that the land involved benefits from or contributes to the Water Corporation’s main drains. When a local government’s drains are linked with the corporation’s drain, the area is referred to as a declared drainage area following approval from the minister.

Mrs M.H. Roberts: So it is your fault.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Mr W.R. MARMION: Or a range of ministers' faults.

The Water Corporation is required under the act to bill customers who are within a declared drainage area. Prior to 2008, the by-laws in place did not allow for land in a declared drainage area to be exempt from charges. This meant that new boundaries had to be drawn after lot development converted land from rural to urban. The process of redrawing boundaries and declaring drainage areas was time consuming; it took about six months. With ongoing development, this meant that the Water Corporation was forever in catch-up mode and often redrawing boundaries. The boundaries would be redrawn and new development would take place, so the Water Corporation was always in catch-up mode after gazettal of the boundaries. Consequently, the corporation waited to group these together and only updated every four to five years.

In 2007, by-law changes were made so that the corporation could keep up as development occurred. The change allowed the corporation to declare an entire drainage catchment area and only raise charges after each lot is developed, the same as for water and sewerage. This is a much more efficient and effective method. The 2007 review, as the member for Cockburn mentioned, was finished by the Minister for Water Resources on 19 December 2007 following his approval of a letter written to him by the Water Corporation and signed by Jim Gill. I will read out extracts from the letter. I will paraphrase it as much as I can to keep it short —

The process for drainage annual charges requires a property to be within a drainage area declared under the Metropolitan Water Authority Act 1982. The By-laws do not allow for any land within the drainage area to be charged less than the minimum charge unless the property is covered by the generic exemptions contained in By-law 4. This law provides for all water services provided by the Water Corporation. Undeveloped or rural land is not included in the exemptions at By-law 4.

Owing to the By-laws requirement for all land to be charged, only subdivided or developed properties have been included in the declared area. This has led to a piecemeal approach, dictated by the rate of urban development, with over 230 declarations over the years to either add land or excise land from the Declared Drainage Area.

The declaration process, including catchment verification, is time consuming and causes inequity in application as lots are not rated from the time of creation. A loss of income for Government is a further outcome and resources are used that could be better applied within the land release process. The public notification stage of the process is worrying for customers. The difference between areas identified at the declaration of the drain, i.e. the catchment area, and the Declared Drainage Area also causes confusion and can lead to faults within the rating process. The current rate of land development has exacerbated the problems.

Attached is a briefing note explaining a proposed By-law change. The proposed change, to allow undeveloped/rural land within a declared area to be exempt from charges, is the first step in rationalising the declaration process.

Tabling of Paper

Mrs M.H. ROBERTS: Is the minister reading from an official document and will he table it?

Mr W.R. MARMION: Certainly. I am happy to table this letter.

Debate Resumed

Mr W.R. MARMION: The letter continues —

The rationalisation will remove inequities and bring the charging process for drainage in line with that for water and sewerage.

That was, therefore, the first step in bringing in this by-law. It continues —

The Minister's approval is requested to amend the By-laws to allow undeveloped lots and rural lots within a declared drainage area that are greater than one hectare in area to be exempt from the payment of drainage charges.

That was a good move by the minister. I will table the letter.

[See paper 3517.]

Mr W.R. MARMION: I therefore absolutely support former Minister Kobelke at the time he amended that by-law. After the by-law amendment was made, the corporation needed to catch up on all the changes that had been made since the previous review. This required the corporation to liaise with local government to get details of its current drainage infrastructure as part of the investigations; to correct the legacy data, which was made possible

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

with access to more accurate information; and to undertake technical assessments to determine accurately where ridge contour lines lie and also where local government infrastructure exists to ensure the accurate alignment of drainage catchment boundaries.

Point of Order

Mrs M.H. ROBERTS: The minister appears to be reading from an official document and I ask whether he can table that as well.

Mr W.R. MARMION: This has my notes all over it, Mr Deputy Speaker.

The DEPUTY SPEAKER: Are those just the minister's notes?

Mr W.R. MARMION: Correct.

Mrs M.H. ROBERTS: The document is typed; I can see it is typed from here. They are not handwritten notes, Mr Deputy Speaker.

The DEPUTY SPEAKER: Minister, are those your notes?

Mr W.R. MARMION: I am happy for you to have a look at them, Mr Deputy Speaker.

The DEPUTY SPEAKER: Not all of them are typed. Carry on, minister.

Debate Resumed

Mr W.R. MARMION: Basically, the process of checking the drainage areas required liaison with the local government on the plans it had for its drainage pipes. Local government had to do an assessment, as the member for Cockburn said, of the contours. It probably would have been a big exercise. I have been assured that where a contour line cuts through a property, the Water Corporation does not include that property in the drainage catchment area. Members may understand how drainage works. The highest contour line forms the top of a drainage area and if any water flows from that contour line into a Water Corporation drain, a Water Corporation fee will be charged. If the water goes to the other side of the high-peak contour line and does not go into a Water Corporation drain, there is no charge. There can therefore be an anomaly of not charging someone on the other side of a street. If the contour line goes through a property, the Water Corporation would not include that property in the drainage catchment area and it, therefore, errs on the side of caution.

However, in taking up a point raised by members, if someone believes that they should not be in the water catchment area or that the Water Corporation has got it wrong, absolutely please bring it to my attention and I will have it assessed. Indeed, if they are correct, I am happy to revise the drainage catchment area and, if they have been incorrectly charged, to give them a refund. I am happy to do that.

Mr F.M. Logan: Minister, it should not be like that. The Water Corporation should be doing that, not you. That is the Water Corporation's job.

Mr W.R. MARMION: I will move on. I will get on to the communication issue in a minute. The member for Armadale has left the chamber, but I will refer to the way the drainage charge works. I am holding up a drawing of the Neerigen Brook catchment area to show members who are interested. I do not know the area, but members will see the catchment area I am pointing to and the subdivision there, which is obviously on a ridge. The people in this area will not be charged, but there are other people in the catchment area.

Mr P. Papalia: How wide is the contour line?

Mr W.R. MARMION: The contour line is a concept; it would have no dimension at all.

Mr P. Papalia: What if it is a plateau; what if it is flat?

Mr W.R. MARMION: That would be up to the Water Corporation.

Mr P. Papalia: How do you determine which way the water goes?

Mr W.R. MARMION: If it is a plateau, the water would eventually go one way or the other.

Mr P. Papalia: So, did the Water Corporation go out there and measure it?

Mr W.R. MARMION: I am sure it did. The point I make about this drawing is that the Water Corporation drains may be some distance from houses and customers, but if the water goes into either a local authority drain or a watercourse managed by the local authority and it eventually goes into a Water Corporation drain, the Water Corporation will charge a fee. We have a drawing like this for every single catchment area and any resident can look at them.

Tabling of Papers

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Mrs M.H. ROBERTS: I notice that the minister is referring to a series of maps that he is holding in his hands. Given that they appear to be official documents from the Water Corporation, I ask if, at the conclusion of his speech when he is finished referring to them, he intends to table them.

Mr W.R. MARMION: I am happy to table the maps. It is only one catchment area and the Water Corporation has these maps on its website anyway.

[See paper 3518.]

Debate Resumed

Mr W.R. MARMION: That explains how a new subdivision that comes on stream can be picked up. A new subdivision could have come on stream in the last 10 years and the residents have not been paying a drainage fee at all. In fact, we could turn it around the other way. Let us say a subdivision came on stream four years ago and the people there have had a four-year moratorium on paying the drainage fee that everyone else in Western Australia has had to pay. As the member for Eyre said, the Economic Regulation Authority ascertains what the fee should be by assessing the actual costs—the member for Armadale has left the chamber—incurred by the Water Corporation in maintaining the infrastructure, divided by the number of people who receive the benefits. Therefore, for the extra 13 000 people brought in to pay a drainage fee, the charge should come down. In fact, the drainage fee went down 4.4 per cent in the last budget.

Mrs M.H. Roberts: Minister, when you say the drainage fee went down by 4.4 per cent, are you saying that the rate you charge went down by 4.4 per cent or the average household bill went down by 4.4 per cent?

Mr W.R. MARMION: I think the average on the drainage.

Ms M.M. Quirk: The average wouldn't have gone down.

Mr W.R. MARMION: The 2010–11 drainage price has declined by 4.4 per cent; so there is a reduction in Water Corporation revenue from the drainage charge overall. That is an average.

Mrs M.H. Roberts: That's essentially what I was asking. So, what you are effectively saying is the total amount of income that the Water Corporation takes in by way of drainage charges is down 4.4 per cent.

Mr W.R. MARMION: It has gone down in the 2010–11 financial year. That is what is forecast.

I turn to another concern that has been raised. Some residents have said that they have been in their houses for 50 or 60 years and all of a sudden they have to pay a drainage fee. I would feel pretty grumpy and upset if I was in that situation. I will give an example. There are some residents in the old part of Fremantle who have been affected. I do not know how long they have been there.

Mr F.M. Logan: About 100 years.

Mr W.R. MARMION: Maybe. In reviewing the local government plan to their drainage system, the Water Corporation discovered that the local drainage system pipes into the Water Corporation system. Local government is using the Water Corporation infrastructure as part of its outflow. The Water Corporation was unaware that the pipe infrastructure was not going straight into the Swan River but into the Water Corporation pipe. I have written over one plan but I am happy to table the two plans that I have referred to.

[See paper 3518.]

Mr W.R. MARMION: I move onto the consultation process, which I am happy to talk about. I received the briefing note on the plans for approval for the new declared drainage areas in my office on 1 April. I was asked to approve the new drainage areas.

Mrs M.H. Roberts: What date did you approve them?

Mr W.R. MARMION: I think it was the eleventh.

Ms R. Saffioti: Was it brought up in budget discussions?

Mr W.R. MARMION: No, not by me. It is not a massive amount of money.

Ms R. Saffioti: How much is it?

Mr W.R. MARMION: I think it is about \$1.4 million. I was asked to approve the amended drainage areas and allow them to be gazetted. As those areas are gazetted, the Water Corporation is able to charge people within that catchment area.

On 14 April, the Water Corporation advised that letters were sent to all affected local governments advising of the changes and directing them to the future advertisement of the drainage areas within the *Government Gazette*. On 29 April 2011, the drainage areas were declared and gazetted. The letter to customers was written and issued in late May to early June 2011. A letter explaining the new drainage areas and the impact on people was sent to

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

customers. Also, in May 2011, drainage maps were put on the website, the call centre staff training documentation was completed, and a drainage page and a quick link were created on the website. On 30 May 2011, 13 300 letters were posted.

Ms J.M. Freeman: When was it gazetted?

Mr W.R. MARMION: It was gazetted on 29 April. People have raised a lot of concerns in letters. As I admitted when the member for Cockburn asked a question without notice last week, the communication strategy could have been a lot better. The Water Corporation did send out a letter advising people of the intent of the new charge. About one-third of residents in the metropolitan area—about 300 000 people—pay the drainage charge. It starts at \$85. I have been advised by the Water Corporation that the average charge is \$93. It goes higher depending on the gross rental value of the property. As to whether the charge is a tax or a levy, I am convinced that it is a levy. It has been paid for many years and it is assessed and audited by the Economic Regulation Authority of Western Australia. I know that the member for Cockburn has suggested that the Water Corporation might massage it and pluck it out of the air but —

Mr F.M. Logan: I haven't suggested that; Water Corp staff have.

Mr W.R. MARMION: The Water Corporation advised me that the charge is based on the amortisation of the capital cost and maintenance and it is a real operating cost. The ERA ensures that the amount of money that the Water Corporation gets as revenue from water, sewerage and drainage relates to the services that it provides. The charge is definitely a levy. ERA will do an audit of the Water Corporation's fees and advise me of future increases in terms of cost-reflective pricing, the theory being that if the Water Corporation or any other agency that the ERA looks at does not charge the actual cost, it will detract from other people entering the market. That is its philosophy. At the end of the day, the government can control that.

I acknowledge that a number of suburbs will be affected. Members mentioned the number of suburbs, and those numbers are correct. I say to the member for West Swan that 1 856 people in Ellenbrook have come online. They are mostly new suburbs. Aveyly is another one. There was a four-year review. The Water Corporation has spent four years —

Ms J.M. Freeman: There is one house in Mirrabooka; is that right?

Mr W.R. MARMION: There is one.

Ms J.M. Freeman: How do you get one property?

Mr W.R. MARMION: It must have fallen into the catchment area or it could be a brand-new house that is on a spot where it was not before. That is the explanation. Currently, 300 000 people pay a drainage fee. If residents are in a water catchment area that utilises Water Corporation assets, they have to pay a drainage fee. Another 13 000 people have come on stream. That is a fairly small percentage, but obviously it is a lot of people. It brings in \$1.4 million in revenue. Now that we have these designated drainage areas, if people are on stream now, we will not have to go through this process again.

Mrs M.H. Roberts: On stream; right!

Mr W.R. MARMION: I did not mean it like that, but that is how it came out.

If new subdivisions are developed in the Ellenbrook area or in the member for Midland's electorate—they are in a drainage area now—they will be charged.

MRS M.H. ROBERTS (Midland) [5.59 pm]: I say this: if it looks like a tax and smells like a tax, it is a tax. A lot of discussion this afternoon has been about whether it is a levy or a tax, and what that means. I certainly have to concur with the shadow Minister for Water and others who have described this charge as a tax. Of course it is a tax; however, let us not get hung up on those semantics. The average person will see this charge for what it is—a blatant rip-off, and yet another charge on householders dressed up as something else. It is another excuse for another charge to slug more ordinary people living in the suburbs. This government has already increased electricity charges by over 50 per cent and water charges by over 30 per cent. Over the time of the forward estimates, this government will raise electricity charges by 107 per cent, and they will be over double what they were in 2008.

Let us look at the Water Corporation and revenue increases. The member for West Swan correctly pointed out that the water authority pays back to government a tax equivalent of \$205 million, and that it pays \$370 million back to government in the form of dividends. Therefore, hundreds of millions of dollars that householders are paying for water and drainage and sewerage charges go back to government and the consolidated account. No case can be made that all this money is to be used only for services. Essentially, if the government wants to raise more money from any utility, be it water, electricity or gas, it can go about it a couple of ways. The first way is to put up the rate charged per unit or to put up by a percentage amount any one of a number of the charges on the

Extract from *Hansard*

[ASSEMBLY — Wednesday, 22 June 2011]

p4659c-4682a

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

household bill. In this case, the government could put up the rate it charges per unit of water, it could put up the sewerage charge component by a certain percentage, or it could put up the drainage charge component by a certain percentage. Of course, the government knows that the community and the opposition would look at those charges and know it was an “X” percentage charge; that is, instead of it being a 10 per cent increase, we could say it was a 15 per cent or 20 per cent increase and, accumulating the figures over a period of years, we could say that it was a 40 or 50 per cent increase in charges.

The drainage charge in question is a very cunning and tricky way of trying to diminish the government’s responsibility for increases in household bills. Rather than being honest about it and putting up the rate per unit for water—be it drainage, sewerage or another item—it charges by a set percentage and rakes in the money in that way, and copping the consequences of that, it has been too clever by half. The government has found a charge that applies to a small percentage of households only and asked, “How can we rope more people into that net? How can we do that?” The government has tried to justify this charge on the basis that these are new areas or new subdivisions. I do not know whether either of the conservative members who spoke on this motion, the member for Eyre and the Minister for Water, believe that these are new areas. Clearly, the Minister for Water does not believe that because he has acknowledged that some old areas are involved; I suppose he thinks that they have somehow slipped through the net. Of course, this is a very clever but nasty way of going about things. It is not a new charge, which is the other option. When looking to increase tax revenue and new ways to rake in more money from ordinary householders, the government can invent a new service or a new charge; however, this government has taken an existing charge, a charge that does not apply to most households, and extended it.

We know that this is not something the Water Corporation can do by itself; it can only do it with the approval of the minister. The minister has explained the process quite clearly this afternoon. He has said, yes, the drainage charge applies to 300 000 people. There has been a very long and thorough review, and, at the end of it, the water authority worked out that it could charge lots more people for drainage. Suddenly, a whole lot more people will now be paying an average of \$93 that they were not paying before. I interjected earlier about the people in Swan View who have been advised that they will now be paying this charge. I will not read the letter again because the copy of the letter I have in front of me that I intended to read into *Hansard*—a letter that went to one of my residents in Viveash Road, Swan View—is exactly the same as the letter the member for Girrawheen read out. My constituent received it on 2 June, which timetable concurs exactly with the timetable the Minister for Water outlined; namely, letters went out to customers—as they were described—at the end of May or early June. My constituents received their letters from Riley Nelson, manager of the customer centre, on 2 June.

Swan View is not a new suburb; it did not appear any time in the past 10 years. I am trying to think how long Swan View has been there. I had an aunt who lived in Swan View. The suburb has been largely established for at least 50 years; it is not a particularly new area. If members contemplate the name Swan View, they will work out that it is not a low-lying place. To have a view, one needs to be up high. It is near the John Forrest National Park. It is not a new area and it is not a low-lying area, yet somehow it has managed to be drawn into this new charge. I welcome the minister’s comment that if people have been unfairly drawn into the net, he will have a look at their case and consider whether they belong there. However, keep in mind the minister himself signed off on these areas. Yes, he would have done so based on the recommendation of the Water Corporation, but it is the minister who is responsible for looking at those areas to determine whether what the water authority put in front of him was fair and reasonable. If he had wanted to, he could have, for example, made a decision that he would only extend the charge to new areas—those where houses have been built only in the last 10 years. That is a policy decision that would have been open to government. For example, the minister could have said that the government was not going to apply the charge to existing systems.

I have spoken to my constituents in Swan View. They have no idea what new drain is in place or what it is they are connecting into. They have no idea. It is a long-established suburb. They are aware of no new drains and they do not know why they have suddenly been brought into the net.

Interestingly, the minister acknowledged that the communication strategy could have been better. If it is a pig, it is a pig, it is a pig—a pig. It will not be made better with a better communication strategy. It will still be a pig. Nothing could have been communicated to people that would have made them feel any better about this charge because, quite simply, they have been netted into an unfair charge.

It is interesting that a constituent who wrote to me also wrote about electricity charges and her smart meter, but I will deal with those issues during appropriate debate on another day. The first part of her letter was about electricity charges, and the second part was about water. She wrote —

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Secondly, this stupid water charge that is now going to be placed upon us. What does our water rates cover if we are now hit with another bill for drainage. It is \$86 for this year and next year it will probably be \$100. When will it stop. I am sure you have had several complaints about this one.

She is right; that is the interesting point. I listened very intently to the comments made by a number of my colleagues. The member for Nollamara indicated that one person in Mirrabooka has been drawn into the drainage charges net. That seems to be a little mysterious.

Ms J.M. Freeman: One person in East Fremantle, one person in East Wattle Grove.

Mrs M.H. ROBERTS: I see this, member for Nollamara, as potentially the start of the rot. This is the feedback from my constituents. They think the drainage charge will go up. If it is set on the gross rental value of a house and the gross rental goes up and the rate in the dollar that we are charged is kept the same, of course it will go up. Every time the Valuer-General does a revaluation, it will go up; it could go up by more than the consumer price index. If the gross rental value of a home goes up by more than the CPI, this is a fee that will go up by more than the CPI.

Already the excellent question has been asked by one of my colleagues, I think it was the member for Forrestfield, among others: how can the value of the home be related to the real cost of providing a service? When rubbish is picked up from our homes, it does not matter whether the house is worth \$500 000, \$1 million or \$2 million, it will cost the same amount of money. I assume that on the basis of properties that are roughly equivalent in size, the real cost of the service will be roughly the same. With this drainage charge, if the gross rental value of a home is worth twice as much, people will pay twice the fee. That is interesting in itself. I think the real problem here is not necessarily for those people who have been charged the fee this year; it is potentially for the rest of the people in Mirrabooka, with the next wave of reviews. It appears that all this takes is some more documents to go to the minister's office next year and say, "Look we've had another review and found that a lot of other people benefit from the provision of drainage." I think, arguably, drainage is provided throughout the whole metropolitan area. Maybe this is stage 1 of a plan to apply this charge across the board. It is pretty sneaky, because if the charge is applied across the board this year —

Mr W.R. Marmion: That will not happen because now we have drainage boundaries. If there is more development as houses come on stream for water or sewerage, the owners get charged. That is the purpose of this whole process. If a house comes on stream individually it will be caught up.

Mrs M.H. ROBERTS: Is the minister telling me that next year I will not find that any residents in my electorate or in the member for Nollamara's electorate have come into the drainage area?

Mr W.R. Marmion: That is exactly right. That is how it should operate. They should have been caught now.

Ms M.M. Quirk: "Caught" is the right word minister.

Mrs M.H. ROBERTS: I hope that assurance is recorded and the government sticks to it, not that I question the minister's integrity in giving that commitment. I just worry that, based on the history of the Barnett government so far, we could well have yet another water minister who decides on yet another regime. The Premier has already told us that we cannot believe everything in his forward estimates, so the policy could change from year to year.

In my view, this is a very sneaky way of raising revenue. I do not believe it is fair. It is not fair that people who have lived in Swan View for a long time—where, as far as I am aware, no new drainage works have occurred—should have to pay this fee. I cannot imagine that anywhere in the order of \$85, \$90 or \$100 per household is the real cost for water to drain out into the general vicinity of their suburb. I see this very much as a tax grab. The minister commented that it is not a very big tax grab. I think he said it would raise about \$1.4 million through, roughly, an average of \$93 per bill across—did we say 30 000 households?

Mr W.R. Marmion: About 13 000—but 30 000 new households. It is now more than 300 000.

Mrs M.H. ROBERTS: There are now 13 000 households that did not pay this fee previously, that have suddenly been drawn into this drainage net. Those people are being penalised. Their electricity and gas bills have gone up dramatically and the amount they are paying in water rates has gone up. I will take a little more interest in the minister's comment about drainage charges going down across the board. Quite clearly, the whole drainage charge system has been extended to another 13 000 households that will see the charge go up and up every year. For it to remain the same or to reduce, post a revaluation by the Valuer-General, one of two things will have to happen. First, the value of people's homes should decline, and I put it to members that that is unlikely. The other is that the government could strike a lower rate in the dollar that they charge against the GRV, but that is unlikely. At the very least, I expect the rate in the dollar will remain the same until the next election. But we will see, as people have seen with their council rates and other charges that are based on gross

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

rental value. Every, I think, three years when the Valuer-General does a revaluation of the property, there is the potential for a dramatic increase that will be well above the consumer price index.

I suppose that brings us back to the first point of whether it is a tax or a levy. A levy is generally a set amount charged per household. This drainage charge is really a tax because it is based on GRV and it will not go up by just CPI; it will go up with the value of people's homes. I do not think the cost of drainage will increase along with the value of people's homes. If the gross rental value goes up by 10 per cent, will that mean that the cost to provide drainage to an established area will go up 10 per cent as well? No, it does not. Does it mean people's capacity to pay the increases will be greater? No, it does not. People's capacity to pay is vastly more likely to be in line with the consumer price index than with what is happening in the housing market.

The housing values in this state are likely to increase at a much higher rate than they would elsewhere. We have been through this in the past. Why? Not enough houses are being built.

[Member's time extended.]

Mrs M.H. ROBERTS: There is a great demand for more workers in Western Australia. It is apparent, whether we speak to people in the mining industry or other industries, that they need more workers. The Chamber of Minerals and Energy is talking about needing another 30 000 workers over the next year or so. Those people rent or buy homes and unless homes are being built at the same rate as the rate of additional people coming into the state, it becomes simply a matter of supply and demand. That is what happened a few years ago when not enough homes were coming onto the market to meet the demand. When demand exceeds supply, the prices go up. House prices have increased by a significant percentage over a few short years, and there is no reason to expect that that will not happen again, particularly if a lot of the proposed mining and other projects go ahead. If that is the case, the housing market will be under pressure again.

This is a tax that is based on the gross rental value of someone's home. We know that the rental market is currently tight and that it is hard to find a rental place. There are people in the community who, in order to secure a rental property, are offering above the asking price. When they see a property advertised, they are offering \$20 or \$30 over and above what the owner is asking, simply to secure the property. When we have that type of overheated property market, it is quite dastardly for the government to link this tax to gross rental value. By linking it into gross rental value, the government is locking it into an increase this year that is much greater than the consumer price index.

Members have referred to March 2013, when this government is due to be kicked out of office. Short of anything else, this charge will go up dramatically. It now applies to 13 000 more people. I take the minister's assurance that he does not intend to apply it to anything other than new homes. It is great that the minister has given us that assurance, but I do not believe that this government can be trusted. I trust the minister, who has given his word, because I believe that he will stick by his word, but I do not believe this government, because we have seen what it has done to taxes and charges over the three years it has been in office. We have seen how it has slugged ordinary householders, and this is yet another example. Rather than be up-front and honest and increase a bill across the board, the government has found a way of taxing a new group of people. The tax will rake in more and more from the community to put into government coffers. It will do that because it is linked to the GRV, which puts the charge on an ever-escalating scale, and it is also linked to every new house that will be built in the state. I have mentioned the increasing demand for more houses in Western Australia. As every one of those houses comes on stream, the owners will be slugged with this drainage tax. It will be another annual cost for every new home builder to take into account.

This is a cruel and callous government. It has slugged householders hard, it has upped people's cost of living and it has no sympathy for them. The government cannot blame either the Economic Regulation Authority by saying that it said it had to be done or the Water Corporation by saying that it was its idea because, as the minister announced in the house this afternoon, he signed off on it, and he signed off on the exact areas. The minister signed off on the increased numbers of drainage areas on 11 April this year and they were advertised on 29 April. Those areas have now drawn 13 000 more people into the net. I support the motion moved by the member for Cockburn.

MR F.M. LOGAN (Cockburn) [6.24 pm] — in reply: This matter goes to the credibility of the Minister for Water. When the minister was asked in this house last Wednesday when he became aware of this issue, he told the house he became aware of it in May 2011. On the following Thursday, he came into the house and said that he had to retract what he had said the day before because he had misled the house and that he had actually found out about it on 11 April. He has now said that he and his office became aware of it on 1 April and that he approved it on 11 April.

Mr W.R. Marmion interjected.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Mr F.M. LOGAN: That is what the minister said; it is in *Hansard*. This is the third date on which the minister has informed the house that he became aware of this issue. That is inappropriate; he is misleading the house. When he is asked a question, he is supposed to know the answer to it, or if he does not know the answer, he should take it on notice and get back to us. He is not supposed to mislead the house on two separate occasions. That goes to the minister's credibility.

The other issue that goes to his credibility is whether, when the proposal was presented to him, he questioned why the charge was being applied, how it was being applied and the value of what was being applied. I put it to the house that he did not do any of those things. The minister simply acted like a manager—not as a minister—when he was told that a review of the cadastral boundaries of the charges that apply in Western Australia would be conducted because they had not been reviewed for the past 10 years. He was shown the new area and was told that it would be gazetted. The reality is that he said, “Okay; no problems.” He signed it and off it went to be gazetted. The minister never took the time to ask for a copy of the review or say, “I want to look at the review. Tell me all about the review. Why is this being done? How will these charges apply? Why is it applying to these houses? Why is the drainage charge being applied in this way?” When I raised those issues in here, the minister dismissed me. When they were raised in the Legislative Council, they were neither dismissed nor responded to in the way that the minister has responded to them in this house tonight. I will repeat what was said because the minister seems to have completely glossed over it and forgotten what I put on *Hansard* earlier when I moved the motion. I referred to the view of the financial officer of Water Corporation regarding how the charge was struck. It was not the view of the minister, because neither he nor the previous minister ever asked how it was calculated. The financial officer of the Water Corporation —

Mr A.P. Jacob: Are you going to read out *Hansard* for us?

Mr F.M. LOGAN: The member had his go and he failed. The financial officer of the Water Corporation understands the situation. The former minister never understood it when he was the minister and he still does not. The financial officer of the Water Corporation understands it. During the budget estimates, Hon Sally Talbot asked how the Water Corporation arrived at the figure —

The ACTING SPEAKER (Mr P.B. Watson): The member for Vasse will acknowledge the Chair when he passes through the chamber.

Mr F.M. LOGAN: Throw him out, Mr Acting Speaker.

The uncorrected transcript of the budget estimates committee on Thursday, 16 June states —

Hon SALLY TALBOT: How did you arrive at that figure?

Mr Werner: Basically, there is a minimum charge. There is a database with all the customers' valuations in it, and it is a calculation of setting that rate so that when we strike the rate in the dollar, it raises the amount of money that has been approved.

Hon SALLY TALBOT: So you start with the amount you want to raise and then work it backwards to what percentage that is?

Mr Werner: That is right ...

Mr Werner later says —

In terms of the way we set our rates, it is for a revenue target. I understand that some of the other things are taxes, so they operate differently.

He has recognised that the gross rental value rating will have no impact on it. This is the point I made to the minister: the Water Corporation has set its operating target—that is, the money it wants to raise—and it has worked it back from there. Sure, the previous drainage structure may well have been approved by the Economic Regulation Authority, but the Water Corporation has just assumed that this will be as well. The point I am making is: why did the minister not question that? As sure as eggs, this will go back to the ERA. If the minister does not do it, we will; we will take this to the ERA. What the Water Corporation put on the record the other night during the Legislative Council estimates hearing made it very clear that it will raise \$28.5 million from this charge, not \$1.235 million, which is just the extra amount that will be raised from the 13 000 additional houses. Is it justified? Is that a fee for service? Clearly, it is not. That came from the mouth of the Water Corporation's financial officer, and the minister failed to pick it up. The minister failed to make even the slightest inquiry about whether it is justifiable. He simply signed off on it, because he was acting as a manager rather than a minister. It seemed all right to him, so he signed off on it and away it went. The amount of money that will be raised from people in metropolitan Perth will increase to \$29.735 million in July.

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Earlier the member for Southern River interjected when I raised the issue of Canning Vale. I spoke to him about it afterwards and he said that the water goes into a drain. I thought that the water goes into a drain and it goes away. But the drain was already there; it has been there for years. The water goes into the drain, which was probably built by the council, and evaporates. It does not continue on to the end of the drain and then drop into the Water Corporation's drainage pipe. Why is the Water Corporation charging this fee? It is charging this fee to take away the water in its drainage pipes; and, if the water does not get taken away, it does not charge the fee. Everyone in Canning Vale around Sanctuary Waters is being charged, yet the water in that drain evaporates.

Mr W.R. Marmion: Does it always?

Mr F.M. LOGAN: I have spoken to the local member, and it does not go into a pipe. That is the point I am making. The minister did not question it. He did not question the cadastral boundaries. He did not ask any questions about whether the houses within the new cadastral boundaries will be genuinely affected. He did not raise any issue about the cost structure of this fee, which will raise \$29.735 million. That is what the minister is supposed to do—not just cop what the department gives him. He is supposed to question the department. That is what leadership is about. The minister has been completely vacant in his leadership on this issue. I think a reflection of that vacancy is that the minister could not even remember when he was informed of this review and this charge, and he misled the house on two separate occasions.

If the minister wants to try to reclaim his status as minister and do something about proving to this house and to his party that he should hold the role of Minister for Water, I give him the opportunity now to show leadership on this issue and to stop the charge in its tracks. I know that it has been gazetted. Does the minister know what the response was from the kind and gentle Water Corporation when the poor old punters out there who received those letters rang the Water Corporation and asked why somebody did not tell them about it? It was, "Of course we told people; it was in the *Government Gazette*." That is what people in metropolitan Perth do!

Ms R. Saffioti: I read it all the time!

Mr F.M. LOGAN: Apparently, everybody in Perth reads the *Government Gazette* all the time! Why did I not realise that?

Mr W.R. Marmion: They also got a letter.

Ms M.M. Quirk: That is right; they also got a letter that was very comprehensible, minister!

Mr W.R. Marmion: And another one.

Ms M.M. Quirk: It was so comprehensible that you had to send it twice!

Mr F.M. LOGAN: The minister has said on the record that the communication process in this matter has been atrocious. The minister should go back a step and look at the way that the Water Corporation has handled its relationship with its customers—the people it is delivering a service to, not giving an excuse to. That is what we have seen in this very sorry affair. Regardless of the fact that it is in the *Government Gazette*, the minister still has the power to stop this process. He has the power to direct the Water Corporation to halt the expansion of this drainage charge, and he has the ability to start asking the questions he should have asked prior to the letters being sent to those 13 000 households. I ask that the minister support the motion before the house tonight.

Question put and a division taken with the following result —

Extract from *Hansard*
[ASSEMBLY — Wednesday, 22 June 2011]
p4659c-4682a

Mr Fran Logan; Acting Speaker; Dr Tony Buti; Ms Rita Saffioti; Mr Andrew Waddell; Mr Martin Whitely; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Marmion; Mrs Michelle Roberts; Deputy Speaker

Ayes (23)

Dr A.D. Buti
Ms A.S. Carles
Mr R.H. Cook
Mr J.N. Hyde
Mr W.J. Johnston
Mr J.C. Kobelke

Mr F.M. Logan
Mr M. McGowan
Mrs C.A. Martin
Mr M.P. Murray
Mr A.P. O’Gorman
Mr P. Papalia

Mr J.R. Quigley
Ms M.M. Quirk
Mrs M.H. Roberts
Mr T.G. Stephens
Mr C.J. Tallentire
Mr P.C. Tinley

Mr A.J. Waddell
Mr P.B. Watson
Mr M.P. Whitely
Mr B.S. Wyatt
Ms R. Saffioti (*Teller*)

Noes (26)

Mr P. Abetz
Mr F.A. Alban
Mr I.C. Blayney
Mr J.J.M. Bowler
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli

Mr V.A. Catania
Dr E. Constable
Mr M.J. Cowper
Mr J.M. Francis
Mr B.J. Grylls
Dr K.D. Hames
Mrs L.M. Harvey

Mr A.P. Jacob
Dr G.G. Jacobs
Mr R.F. Johnson
Mr W.R. Marmion
Ms A.R. Mitchell
Dr M.D. Nahan
Mr D.T. Redman

Mr A.J. Simpson
Mr M.W. Sutherland
Mr T.K. Waldron
Dr J.M. Woollard
Mr J.E. McGrath (*Teller*)

Pairs

Mr D.A. Templeman
Ms L.L. Baker
Ms J.M. Freeman
Mr E.S. Ripper

Mr C.C. Porter
Mr C.J. Barnett
Mr J.H.D. Day
Mr A. Krsticevic

Question thus negated.