

# Western Australian budget imposes massive utility charge increases

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Working class families and low income earners in Western Australia are facing increasing economic hardship due to steep increases in household charges and levies imposed by the state Liberal government of Premier Colin Barnett in last month's budget.

Water charges will rise by 17.7 percent. Electricity charges were increased by 7.5 percent on April 1 and will increase by a further 10 percent from July 1. They will again rise next year, by 22 percent. The emergency services levy has increased by 18 percent, or \$28 per year; sewage charges are up 4 percent, or \$21 a year, and drainage charges were hiked by 34 percent, or \$23 a year. The government has also raised public transport fares and the motor vehicle licence fee.

The average household is expected to pay 9 percent more in annual fees and charges, equivalent to \$368 per year.

These regressive measures form part of a wider austerity agenda that is at the centre of the second stage of the global economic crisis. Having bailed out the banks and spent billions on various pro-business measures during the height of the 2008 financial crash, state and federal governments in Australia are, like their international counterparts, seeking to make the working class pay for the ensuing debts through higher taxes and reduced public spending programs.

Premier Barnett absurdly declared that the higher utility charges represented a "sharing of the burden". The \$286 million budget surplus is forecast to reach \$807 million by 2012-13. "I am very proud of these results because they signal our confidence going forward to reduce our reliance on debt and mean we

can maintain the state's Triple-A credit rating," he stated.

The austerity budget will further increase social inequality and poverty. A narrow layer in the resource-rich state has profited from the commodity exports boom, with mining executives and others in the industry amassing enormous personal fortunes. The working class, on the other hand, has been hit with sharply higher costs of living. The prices of housing, groceries, fuel, utilities, and other basic necessities have escalated above the official inflation rate.

This year's double hike in electricity charges follows an average 26 percent price increase in 2009. In February, the *West Australian* reported that a record 77,000 households asked for assistance with paying their electricity bills—87 percent more than the previous year.

Similarly with water, the latest price hike follows a 10 percent increase imposed in July last year. According to the Western Australian Water Corporation, in the nine months to March 2010 a total of 38,652 customers sought help paying their water bills. This was 23 percent higher than the previous year.

Households have also been hit with a 7 percent rise in gas charges announced in April, following a government-approved 23 percent price increase imposed last year at the request of the privatised Alinta Gas, which is owned by the investment bank Babcock & Brown and Singapore Power International Pte Ltd.

The official justification for the higher gas charges was increased costs resulting from the Varanus Island

explosion. In June 2008, an explosion at the island's gas facility, which lies 100 kilometres off the northwest coast of Australia and is run by the US energy giant Apache Energy, saw the West Australian capital Perth lose one-third of its gas supplies. This led to the shutting down of a range of industries and thousands of workers being unable to work for several months (see "West Australian gas explosion cuts state's energy supplies and throws thousands out of work").

Over the past two decades, successive state Liberal and Labor governments have corporatised and privatised the energy and water supply sectors. In 1995, the Liberal government of Richard Court carved up the State Energy Commission of Western Australia into separate gas and electricity utilities—Alinta Gas and Western Power. In 2001, one of the first major undertakings of the Geoff Gallop-led Labor government was to restructure electricity services and split Western Power, leading to the destruction of thousands of jobs in the energy sector.

Escalating price rises have been the inevitable result, intensifying the hardship and poverty suffered by the most vulnerable sections of the population. In its 2008-09 Annual Performance Report, the state's Economic Regulation Authority revealed that 16,805 residential customers had their gas supply disconnected. This was 29 percent higher than the previous year. The report also showed that more than 7,000 customers required payment plans to pay their gas bills, 46 percent more than in 2007-08.

Gas supply is a necessity for many families, who depend on it for their cooking, hot water systems and heating in the colder winter months. Yet thousands are now being disconnected, with the gas companies and the government indifferent to the damaging and potentially dangerous impacts.

Contrary to the myth promoted in the media of a booming West Australian economy benefitting all the state's population, working class living standards are falling. The Western Australian Council of Social Services (WACOSS) last year released a "Cost of Living" report that found that between 2007 and 2009 the average cost of living rose by \$105 per week, or

17.7 per cent, while average incomes had only increased by \$41, or 5.1 per cent.

"After taking into account the average income increase, the family's net position has deteriorated by \$64 per week over a two year period," WACOSS concluded. "Coupled with the effects of the economic downturn, it is evident to see that many families risk rapid and sustained hardship as they try to keep pace with escalating living costs. Families that may otherwise have been able to avoid crisis now face a number of immense challenges."

Business groups and the media backed Barnett's budget. "To the Barnett's government credit, it has managed to hold spending growth in the budget to 3.9 per cent after it had spiralled to almost 14 per cent in 2008-09," a May 21 editorial in the *Australian* declared. "Commendably, it has achieved the slowdown by reducing the number of public servants through voluntary redundancies, cutting back the government car fleet and imposing 3 per cent savings targets across all departments, which some, including health, failed to meet.... The WA budget bottom line is the envy of other states."

The state opposition Labor leader Eric Ripper attempted to appeal to the widespread opposition to the power and water price hikes, declaring that they were "unnecessary, and hurt West Australian families". This grandstanding ignores the previous state Labor government's role in paving the way for the Liberals' measures, as well as the fact that Labor governments in other states are preparing no less regressive austerity measures in tandem with the federal administration of Prime Minister Kevin Rudd.



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