

HOUSE OF ASSEMBLY

30th June 2009

COST OF LIVING

Mr Gutwein (Bass) - Mr Speaker, I move –

That the House take note of the following matter: The cost of living in Tasmania.

This is a very important matter of public importance today - the cost of living in Tasmania. Tasmanians face a significant change in the cost of living tomorrow. From tomorrow they can expect to pay 10 per cent more for their water and sewerage services - and 30 per cent more over the next three years; 7 per cent more for their domestic electricity - and 15 per cent more for electricity if they run a business. If they are on Pay As You Go they will pay 35 per cent more during peak times for their electricity. They will pay up to 4 per cent more for third party insurance and 30 per cent more for private health insurance. Natural gas will increase by the end of the year and business investment is plummeting. The Treasurer, in this year's Budget, is forecasting 7 000 jobs to go over the next two years. On top of this, our economy is expected to go into recession and Treasury tells us that we will come out of it slower than the rest of the country. Yet the Premier, faced with all of these challenges, had the gall earlier this year to suggest that Tasmania is going through some form of economic renaissance. Quite frankly, that beggars belief. On that side of the House you know that these cost of living increases will hurt ordinary Tasmanians. You know that, and we know that you know that, and yet you still refuse to do anything about it.

Like the words commonly attributed to Marie Antoinette when she was supposedly advised that the people had no bread, she said, 'Let them eat cake!' This Government is taking a similar view. We know that Tasmanians are going to do it tough. We know that what this Government has done - because of a lack of strategic planning - is to allow all these government cost increases to happen in one year.

Let us just examine some of these cost increases in a little more detail, because the one thing we know is that it is going to get worse. Water and Sewerage will go up by 10 per cent per annum over the next three years. That is a compounding rate of about 33 per cent in total.

We know that is not the end of it. A 7 per cent return on capital, which corporations are expected by this Government to achieve, is going to mean that in the north of the State, where I am from, people will pay up to 90 per cent more for water and sewerage as the corporations move to a full cost-recovery basis. In the south of the State, where Mr McKim is from, they will pay up to 56 per cent more for water and sewerage as they move to a cost-recovery basis. In the north-west of the State that will be over 50 per cent. It does not stop after three years, in fact it gets worse; in the north of the State they have to go from a 30 per cent increase over three years up to almost 90 per cent before they get to full cost recovery. These reforms are going to dig deep into the pockets of ordinary Tasmanians.

Then we have electricity: 18 months ago retail electricity customers were told that there would be a 16 per cent increase on 1 January 2008 followed by a 4 per cent increase in the middle of last year and a 4 per cent increase again on 1 July. Well that has been shattered. It

is now a 7 per cent increase, which means that the cost of electricity as of tomorrow for most ordinary Tasmanians will have jumped from the expected 24 per cent to almost 28 per cent - just under 30 per cent in a period of 18 months.

Small business, the driver of Tasmania's economy, is facing an average 35 per cent increase in electricity costs over the last 18 months - 35 per cent in electricity costs straight off the bottom line over the last 18 months.

From July 8 when Pay As You Go customers turn on their heaters and their lights after 4 p.m. they will pay more than 35 per cent more for their electricity compared to the current rates. The Government will not even run advertisements to provide a comparison rate so that people know what is going to occur.

Mr Green - Do you want us to run ads now?

Mr Gutwein - Do you agree with the Pay As You Go rates going up by that amount, Mr Green?

Mr Green - Do you want us to run ads now, do you?

Mr Gutwein - Do you agree that people should be kept in the dark regarding the massive increase that they are about to face? That is what you are doing.

Madam Deputy Speaker, third-party insurance, is forecast to rise by more than 4 per cent. On private health insurance: Federal Treasury is suggesting that there could be a massive blowout in the number of people who no longer have private insurance. This is going to occur and what will happen is not just that people will lose the 30 per cent rebate, but health insurance funds are going to have to put their premium rates up again - over and above what they would normally do. So those who decide to hold on to private health insurance will end up paying not only the 30 per cent rebate which the Government has forgone but they will find that they will have an increase in their health insurance premium over and above that. Natural gas will go up by the end of the year. Madam Deputy Speaker, the cost of living in Tasmania is going up and this Government is to blame