

## HOUSEHOLD FEES AND CHARGES

Households can expect more significant hikes in bills and fees in coming years. This economic hardship will impact low-income families the most.

Increases in household tariffs, fees and charges were announced on 22 June 2017, in order to take effect at the beginning of the 2017-18 financial year.

As a result, total expenditure by the 'representative' household increases by \$438 (+7.7 per cent) against 2016-17 levels.

### ELECTRICITY

As financial and market performance of electricity suppliers and distributors declines, the Government have initiated changes to fees and charges to increase revenue and performance.

Changes in the budget included:

- The fixed tariff charge for electricity supply, paid by all households, was increased by \$169 per year. This represents an increase of 10.9 per cent on the average household bill.
- Forecasts also show assumed increases of 7 per cent, 5.6 per cent and 3.5 per cent in the following years to 2020-21.
- Synergy and Horizon received Government subsidies totalling \$155.5 million for 2017-18.

### WATER

The Government has received lower revenue and provided a reduction in subsidies for the Water Corporation due to the Corporation's cost of service and decline in customer water consumption.

Changes in the budget included:

- Water, sewerage and drainage fees were increased by 6 per cent for 2017-18, with assumed increases of 6 per cent, 2.5 per cent and 2.5 per cent for the following forecast years.
- The ERA is due to report on its inquiry into the efficient costs and tariffs of Water by November. The Report will recommend efficient tariffs of each service provider which may differ from the current tariff planning assumptions and, if adopted by Government, could have a material impact on the amount of revenue collected.

### PUBLIC TRANSPORT

Changes to public transport fares included:

- 1.8 per cent increase in public transport standard fares (rounded to the nearest ten cents);
- Student fares increased to 70 cents (from 60 cents); and
- 5 per cent reduction in the discount offered to SmartRider fares (to 20 per cent for Autoload, 10 per cent for other re-load).

### MOTOR VEHICLES

Changes in motor vehicles fees have resulted in an increase of 3.84 per cent (\$30.84 increase on households) overall, including:

- 2.8 per cent increase to motor injury insurance;
- 1.7 per cent increase to drivers' licence fees; and
- 5.7 per cent increase to vehicle licence charges (including the recording fee).

## CONCESSIONS

Changes in the budget included:

- The operating subsidy for electricity concessions, rebates and remote communities has increased by a net \$1.4 million over the forward estimates period.
- The Energy Assistance Payment (EAP) increased to \$300 for 2017-18 (increase of \$66 or 28 per cent from 2016-17) as part of the Government's Utilities Concessions Package.
- Funding for the Hardship Utility Grant Scheme (HUGS) increased a mere \$4.5 million to \$20 million for 2017-18, meeting increased demand for the program and increased annual grant limits in response to rocketing gas, water and electricity prices.
- Increase in the annual HUGS grant limit to \$581 and \$962 for those living above the 26th Parallel (an 8 per cent increase) in 2017-18.
- Financial counselling reintroduced into the HUGS process and additional funding of \$1.1 million provided in 2017-18 (\$7.4 million including forward estimates) to facilitate this.
- 25 per cent rebates for Seniors Card holders on water service charges, local government rates and underground electricity connection charge were capped at \$100 per household.

## EMERGENCY SERVICES LEVY

Changes in the budget included:

- The Emergency Services Levy faced an increase of \$269 on average households (+3.35 per cent).
- This increase funds standard cost escalations and the flow on impact of previous policy decisions.

# 2017/18 BUDGET BRIEFING

## IMPACT OF CHANGES ON A REPRESENTATIVE HOUSEHOLD \*

	2016-17 \$ level	% change	\$ change	2017-18 \$ level
<b>Motor Vehicles <sup>(a)</sup></b>				
Vehicle licence charge	\$334.44	5.69	\$19.04	\$353.48
Recording fee	\$12.10	0.00	\$0.00	\$12.10
Drivers licence	\$83.60	1.67	\$1.40	\$85.00
Motor Injury Insurance (MII) <sup>(b)</sup>	\$372.20	2.79	\$10.40	\$382.60
<b>Total</b>	<b>\$802.34</b>	<b>3.84</b>	<b>\$30.84</b>	<b>\$833.18</b>
<b>Utility Charges <sup>(c)</sup></b>				
Electricity <sup>(d)</sup>	\$1,553.50	10.88	\$169.03	\$1,722.53
Water, sewerage and drainage <sup>(e)(f)</sup>	\$1,615.39	6.00	\$96.92	\$1,712.31
<b>Total</b>	<b>\$3,168.89</b>	<b>8.39</b>	<b>\$265.95</b>	<b>\$3,434.84</b>
<b>Public Transport <sup>(g)</sup></b>				
Student fares	\$312.00	16.67	\$52.00	\$364.00
Standard fares (2 zones)	\$897.00	8.99	\$80.60	\$977.60
<b>Total</b>	<b>\$1,209.00</b>	<b>10.97</b>	<b>\$132.60</b>	<b>\$1,341.60</b>
<b>Emergency Services Levy <sup>(f)</sup></b>	<b>\$269.00</b>	<b>3.35</b>	<b>\$9.00</b>	<b>\$278.00</b>
<b>Stamp Duty <sup>(h)</sup></b>				
Stamp duty on general insurance <sup>(i)</sup>	\$173.69	0.00	\$0.00	\$173.69
Stamp duty on MII	\$38.26	0.00	\$0.00	\$38.26
<b>Total</b>	<b>\$211.95</b>	<b>0.00</b>	<b>0.00</b>	<b>\$211.95</b>
<b>Total Expenditure</b>	<b>\$5,661.18</b>	<b>7.74</b>	<b>\$438.39</b>	<b>\$6,099.57</b>

(a) Based on a household with two drivers and owning one car (a sedan with tare weight of 1,600 kg – relevant for the purpose of determining the appropriate level of vehicle licence charge).

(b) MII was previously referred to as Compulsory Third Party Insurance. It includes cover for the Catastrophic Insurance Support Scheme that was introduced from 1 July 2016 and reported separately in the 2016-17 Household Model.

(c) Assumes no access to concessions, rebates or hardship packages.

(d) Consumes 5,198 kW hours of electricity per annum, based on the current average consumption level for a household.

(e) Consumes 250 kL of water per annum, based on the current average consumption level for a household.

(f) Owns and occupies a property that has an average gross rental value (for calculation of sewerage, drainage and Emergency Services Levy charges).

(g) Purchases five standard 2 zone Transperth fares and 10 Transperth student fares each week. Transperth fares are assumed to be purchased using the lowest cost means available (i.e. SmartRider Autoload).

(h) Stamp duty in 2016-17 has been estimated using 2017-18 insurance premiums in order to compare the impost on a like-for-like basis.

(i) The 'representative' household pays average home and contents and motor vehicle insurance, based on information from the insurance industry.

Note: Columns may not add due to rounding.