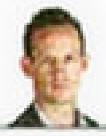
Untangling web of entitlement



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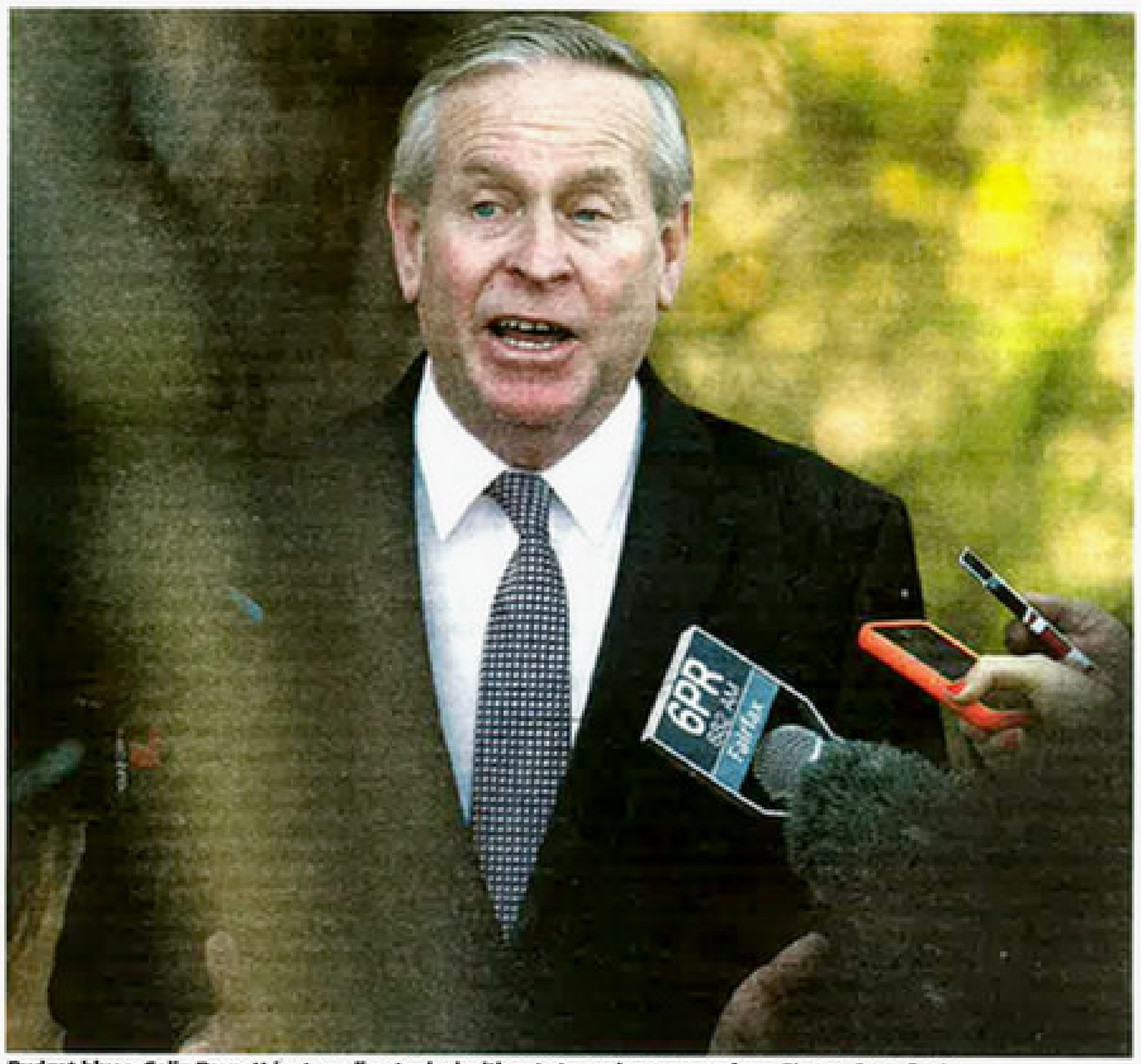
Inside State



Budget blues: Colin Barnett is struggling to deal with cuts to seniors concessions. Picture: Steve Ferrier

Practicalities, as much as politics, drove the Barnett Government to halve a cash payment to seniors characterised as a cost of living rebate in response to the Abbott Government's withdrawal of $25 million of national partnership funding.

Faced with a budgetary shortfall thanks to conservative cousin Joe Hockey's war on the age of entitlement, Premier Colin Barnett, Treasurer Mike Nahan and Seniors Minister Tony Simpson could have plugged the hole through their own resources, as Queensland Premier Campbell Newman decided to when he faced two days of revolt.

They took a different tack, deciding that Commonwealth cuts would not be backfilled.

Partly, it is because the State Budget, having been spent to its limits, cannot afford it.

Plugging the gap of this one policy measure would cost 14 per cent of the skinny Budget surplus.

Having decided that, the questions were where to find the cash and how to sell the pain.

With $430 million of seniors concessions committed in the Budget, there was no shortage of places to look. Not all concessions, however, are created equal and stripping some are easier than others.

In consultation with seniors representatives groups, Mr Barnett and Mr Simpson said on Tuesday, seniors made it clear that they most valued concessions on council rates, electricity and water (worth 25 to 50 per cent of the bill depending on which combination of WA Seniors Card and Commonwealth pension or health cards a senior possesses).

Fiddles with free public off-peak public transport travel for seniors would be unlikely to harvest savings. The "revenue" foregone from those trips is largely illusory as the buses and trains are fixed costs and many seniors might choose not to travel, or to travel on private transport, if the freebie was eradicated.

Because it was a concession linked directly to soaring power bills, the $208 annual Cost of Living Assistance payment (which should not be confused with the Cost of Living Rebate), an entitlement administered by Synergy and Horizon, was off the table.

> The level of disgust on talkback airwaves is a reminder of how hard it is to abolish an entitlement once created.

Thus the rebate was the easiest candidate for the guillotine.

It can be argued that the rebate is something of a double dip. Seniors discounts are already embedded in the existing array of concessions, some of which are noted above.

It was introduced in 2008 — the idea was proposed by Kim Hames from opposition — on the election of the Barnett Government, as recognition for self-funded retirees who were unable to access benefits available only to pension card holders.

The level of disgust on talkback airwaves yesterday with the decision to halve it — costing singles $82 a year and couples $123 — is a reminder of how difficult it is to abolish an entitlement once created.

More than 300,000 West Australians access the payment, and that is a lot of people to antagonise for the sake of saving $21 million.

It is doubtful that those people will buy the Government's argument that WA seniors receive a higher level of support than any other State.

While true, it is of little moment when promised cash has been taken out of your pocket.

More changes are on the way. The Government had flagged a review of concessions before the Hockey Budget forced this rushed measure. The Government has become concerned that the $430 million of spending on seniors concessions is not sufficiently well-targeted or equitable, and in this conclusion they are supported by the WA Council of Social Service, which wants to see the money get to those who need it most.

The lack of means testing in WA's Seniors Card, which is the key prequalification for so much of WA's concessions spending, is an obvious yet difficult to solve problem. Because WA does not administer Centrelink or income tax, it has little insight into how much people earn.

Mr Simpson is already softening up the public for the expectation that the Seniors Card eligibility age will rise to 65. If Treasury has its way, there will be many other changes to programs and entitlements.

But the Government will not forget this week's experience.

Ending the age of entitlement at the State level will be easier said than done.

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Rubbery figures in attack on miners

Gareth Parker

One of the shoddier pieces of work by a public policy think tank emerged this week from The Australia Institute. Titled Mining the Age of Entitlement, the report purported to expose assistance from State governments to the minerals and fossil fuel sectors.

It was seized upon by environmentalists as evidence that WA taxpayers had been "propping up" dirty miners and drillers to the tune of $6 billion since 2008-09.

"Those billions of dollars could have been invested in our police, schools and hospitals but instead they've been funnelled into coal and gas," WA Greens senator Scott Ludlam said.

The report claims $1.4 billion was spent in 2013-14 on "assistance" compared with $5.8 billion in royalties. In doing so it mischaracterises the spending and understates the importance of the royalties, which account for one dollar in five of State revenue and fund all those police, schools and hospitals.

The Pilbara Revitalisation program, for example, is cast as spending "primarily" in support of "gas processing". In fact, the money was spent on projects including a new training building for the East Pilbara's only Aboriginal training and employment provider, new community recreation facilities in Karratha, the upgrade of Cemetery Beach Park at Port Hedland, a medical clinic at Jigalong, an amphitheatre and dorm-style accommodation for the Gumala Aboriginal Corporation at Karijini national park and housing for GPs.

The report treats investments in State-owned port authority infrastructure as "subsidies" without recognising the return to the Government in dividends (worth $85 million in 2013-14).

And it operates from the faulty premise that a multibillion-dollar mining industry would just run itself without the Government's involvement.

Energy giants must guarantee WA's needs are met

Matt Brown

The debate around WA's future energy needs can be as simple or complicated as you wish. To keep it simple, just visualise a map of Australia.

Picture the Eastern States and an interconnected system of pipelines that allows the trading and movement of natural gas between States. If governments make the wrong decisions about energy policy, there is always a fallback option — a "Plan B".

Now picture the isolated west coast, far from this system of pipes. If our State or Federal governments get energy policy wrong here, there is no Plan B.

No one can ride to the rescue of WA industry and jobs. We are on our own.

Our State MPs as far back as Sir Charles Court have understood this. It's why WA taxpayers underwrote development of the North West Shelf project to ensure we had access to gas for our domestic industry while creating an LNG export industry.

We have a highly profitable LNG export industry. Unfortunately, this has made oil and gas producers less willing to supply into the local market.

WA has massive reserves of natural gas. We need large oil and gas producers to develop these reserves. But we believe their "ticket to the game" should be a responsibility to ensure WA's energy needs are met. The State Government asks that 15 per cent of the gas be put aside for the local market.

This is where the debate gets complicated. The first priority of oil and gas producers is to maximise profits.

But this is not the first concern for the community, who own the resources, or our political representatives.

Our starting point is to ask how can we secure a fair share of our gas to grow our economy.

Santos general manager WA Brett Woods used these pages to argue that the domestic reservation policy is making it hard for his company to invest in projects that could supply the domestic market. It is true that Santos is an important player in the domestic market, but this has not stopped it from looking to send natural gas from the Browse Basin off WA through a 900km pipeline to an LNG export plant in Darwin. This effectively means no gas would flow to the WA market.

Mr Woods said recently, "the (Santos) WA business unit has been delivering significant cashflows and growing production and the growth story for the company".

This would appear to confirm that companies can be profitable in supplying gas to the domestic market, even with a reservation policy — which only affects LNG export projects — in place.

Should we abolish the one safeguard our isolated State has for its domestic natural gas supply in the brave hope it will stimulate investment in other domestic gas supply sources?

Perhaps we should consider the scenario on the east coast where there is no reservation policy. Reports suggest NSW industry will run short of gas by 2016, thousands of jobs could be lost and energy bills are rising.

The Santos proposal is a nice theory — I'm just not sure I'd be wanting to bet my job, your job or WA's economic future on it.

Matt Brown is executive director of the DomGas Alliance