

McGOWAN GOVERNMENT — PERFORMANCE — FEDERAL LABOR POLICIES

Motion

DR M.D. NAHAN (Riverton — Leader of the Opposition) [4.00 pm]: I compliment the Acting Speaker on her timing. I move —

That this house condemns the McGowan government for its failure to stand up to Bill Shorten and federal Labor for advocating policies that will have a detrimental impact on Western Australia.

Yesterday, we saw a very impressive commonwealth budget that supports Western Australia in many significant ways; indeed, let me go through a few of these. The Treasurer in question time put some doubts on these and took responsibility for a large section of the commonwealth budget, particularly as it impacts on Western Australia, but he did not really emphasise the extent to which the Morrison government has not only injected significant funds into the McGowan government's coffers, but also helped the public generally in Western Australia—indeed, it has compensated for some of the many detrimental policies the McGowan government has imposed on struggling households and small businesses in particular.

Comparing the commonwealth's 2019–20 budget with its 2018–19 budget, we can see that the commonwealth in one year gave the state \$4.1 billion in additional funds. All up, over four years, that is a 22 per cent increase in commonwealth grants to the state. That includes GST payments, as usual, according to the old methodology, and the GST top-up that has been widely discussed. There are also extensive increases in payments to the state for essential services—Gonski 2.0, health funding and a raft of other services—and \$1.6 billion in additional infrastructure spending beyond the moneys provided to this state by previous federal Liberal–National governments.

In the first year of the McGowan government, the then Turnbull government decided, under duress, to redirect funding for Roe 8, or the Perth Freight Link, to a range of other purposes. The government did so under duress; it did not want to do it because that was a major project. It will have to be built someday. Nonetheless, the choice the Turnbull government faced was the McGowan government ripping up a contract and destroying thousands of jobs or redirecting that money and sustaining or creating jobs. The commonwealth government chose to redirect over \$2 billion. Then, of course, in the next year, there was Metronet funding of over \$4 billion. Much of that money is yet to be spent. The funding was not just for Metronet; it was for a whole range of road spending, including the Tonkin Highway upgrade. Much of the money provided by the commonwealth in a matching arrangement has been booked, but not spent by the McGowan government. This year, thanks to its good fiscal management, the Morrison government has stepped up and committed an additional \$1.6 billion in funding for road and rail projects in Western Australia. Most of those, in fact all of them, will go through the state government. This is the largest increase in funding to the state of Western Australia in either absolute or relative terms by any federal government in history. It is even more than the Whitlam government contributed way back then when it expanded the program. It is huge.

If we include iron ore royalties on top of that—that has to be estimated in the upcoming state budget; we are looking at the commonwealth budget—the largest source of the additional flow of money, other than, I might add, from tobacco taxes, which have gone up sharply, actually comes from coal, iron ore and LNG exports—our resources. Particularly in Western Australia, it is from iron ore. The iron ore price is over \$A100 a tonne. I might add that is \$US80 or so and nearly \$20 over the state government's forecast for this year. For each additional dollar above the forecast, the government will get \$70 million. This year alone, on top of the \$4.1 billion from the commonwealth, the state government will get an additional about \$1.5 billion windfall from iron ore royalties. All told, that is \$5.5 billion of additional revenue, and the government can do whatever it wishes with most of it. Much of it is the government's money from iron ore; the GST revenue is general-purpose and essential services funding. This is a gift. We thank the Morrison government for its contribution to this state and we want the McGowan government to spend it well. Spend it well; spend it now. The government no longer has fiscal stress. With an additional \$5.5 billion in its pocket, it is well into surplus. There are no fiscal problems here. I might add, with the reform to the GST calculation going forward, whatever the iron ore price is, the government will get a floor of 70 per cent of its GST going towards 75 per cent guaranteed by both parties in Canberra. The government is in a structural surplus going forward. It has an overflow of money.

Before I get on to Shorten's policies, I plead with the government to look at its policies to max the funding that the commonwealth has committed to. The government has repeatedly committed to advancing the Tonkin Highway expansion. Last year, the government took money from the commonwealth. This year, it will receive additional money. The government has had a business plan ready to go for three years, but it has sat on its hands. The government took the money, counted and cashed it and bragged about it as a way to reduce the deficit, but it is sitting on the cash. The Morrison government is not giving the state government money for the Treasurer to act like Scrooge and sit in his coffers counting the coins. The commonwealth funding is to create jobs, put in needed infrastructure and advance the state. The commonwealth is paying 80 per cent of it and the state government is

sitting on it. It is a disgrace. Instead of creating jobs and building infrastructure, the government is taking the money and bragging about it, but doing nothing with it and using it to say it has solved the budget problem.

I might add that in this budget we have a significant further increase in tied grants, particularly for education and health. There is a large increase in funding for Gonski 2.0 and additional health spending. We know what the government has been doing. This is not the first time that the McGowan government has received additional funds from the commonwealth. We know what the government is doing; it is taking additional money from the commonwealth and cutting the equivalent money from state expenditure. The government is taking additional money from the commonwealth and cutting its own expenditure, so spending on our hospitals and schools is flatlining. The government is cost shifting. It is trying to shift expenditure away from itself and onto the commonwealth. That is not acceptable. The government no longer faces fiscal stress. It is awash with cash. Its problems have been solved thanks to the Liberal–National government in Canberra. It is time for the government to act like a mature government and do what a mature government should do—that is, look after the provision of essential services to its constituents and the society of Western Australia. Ramping at hospitals is not, as the health minister said, due to the flu, hot weather or the summer flu, or the fact that it is not his responsibility; it is due to a lack of spending in those facilities. It is as simple as that. The minister is running out of excuses. He did run out of excuses last week, but he will probably come up with some extra ones. Next it will be sunspots! It is because of a failure to spend. Now, the commonwealth, like it did with infrastructure and the GST, has bailed the government out on health and education. The government should spend, not cut, its own money and provide the services that it went to the last election promising to deliver.

I would now like to get on to Mr Shorten. He has been interesting. We have to give Shorten credit that he has not sat on his hands and said nothing until the last minute. He went out there way back before the last election in 2016 and made a whole bunch of pronouncements. He has not been lazy in putting together policy.

Dr D.J. Honey: Just scary!

Dr M.D. NAHAN: Just scary!

To a large extent, his problem is that he is beholden to the union movement like no Labor leader in the last 30 years. Importantly, he made a lot of his policies in the context of an overheated economy in Sydney and Melbourne way back in 2015 and 2016—that no longer applies. To get to the energy policy, pretty predictably, rather than proposing a carbon tax; he is proposing a de facto carbon tax at even higher levels. I will go through some of these things. Firstly, we saw from the Morrison government yesterday very large cuts to income tax for middle income earners. Effectively, individuals earning below \$120 000 or \$130 000 pay tax of no more than 30 per cent. Basically, 80 per cent to 90 per cent of households have a tax of no more than 30 per cent. That is a substantial reduction on the effective tax rates of Western Australians and Australians. This will generate additional revenue of \$1 000 to \$2 000 a household. This is a huge benefit to struggling Western Australian households, and we would like to thank the Morrison government for doing this. We in Western Australia particularly need this. We know that households in Western Australia, which on average earn 20 to 30 per cent higher incomes than people in the eastern states, have been struggling because they cannot meet the cost of their bills. That is in large part because of the electricity, water and public transport charges imposed on them by the McGowan government, as well as a whole raft of taxes that have been increased. The Morrison government has provided tax relief in a timely manner to take the pressure off struggling households. He has also done that to small business. He has continued the instant asset write-off. He has not only continued it for another year or so, but also increased it from \$25 000 to \$30 000. That is a huge benefit to the many struggling small businesses in retail and hospitality in Western Australia. They simply have not been able to meet the demands of investing in their businesses. As a result, they have not employed people. The Morrison government has done a great job compensating for many of the detrimental aspects and impacts that the McGowan government has imposed on the Western Australian community.

We have not seen what Bill Shorten is proposing—that will be announced tomorrow—but so far, and maybe he will deviate from this, he has proposed to wipe out many of the gains that Morrison has offered. In particular, Labor will force workers earning between \$90 000 and \$180 000 to pay 37¢ in the dollar rather than 30¢. In other words, this is the bulk of Western Australians. We have to recognise that in Western Australia, particularly on a household basis, more couples work and we have a higher participation and wage rate. We have higher individual and family incomes than those in Melbourne, Sydney and Brisbane; therefore, these top marginal rates impact us—working class families—more significantly than they do over there. If the tax rate is increased from 30 per cent—which is Morrison’s rate—to 37 per cent, there will be a disproportionately negative impact on Western Australia. That is what Bill Shorten is proposing. A couple of weeks ago there was a joint cabinet meeting between the cabinet of the McGowan government and some selected members of Shorten’s shadow cabinet. They got together and agreed to a pact. They are one and the same—McGowan and Shorten. We see the bus driving around our suburbs. There are McGowan and Shorten. They are a tag team. They are one and the same. They are putting the same policies together. The McGowan government is supporting an increase in taxation for Western Australians.

Dr D.J. Honey: They are going to tax us to prosperity.

Dr M.D. NAHAN: They are going to tax us to prosperity.

The total increase in taxation proposed by the Shorten opposition is \$200 billion. A large amount, a disproportionate amount, will come from WA. Morrison giveth; McGowan and Shorten taketh away!

Mr D.R. Michael: Prime Minister Morrison to you!

Dr M.D. NAHAN: He is not the Prime Minister. Morrison is the Prime Minister.

Several members interjected.

Dr M.D. NAHAN: Probably the most onerous tax is the retiree tax. We have a large number of retirees. We probably do not have as many as in the eastern states, but we have a disproportionate number of self-funded retirees. Again, that is because of our prosperity. We owe a lot to those people because they saved, worked hard and are taking care of themselves in their retirement. They are minimising their draw on taxpayers, which is significantly beneficial for us who remain working, and particularly our children, who will, as time goes by, have to pick up an increasing burden of paying for the retirees. We should bias policies in their favour, not against them. Some years ago, a Labor government introduced a policy of imputation credits. Way back in the 1980s, a government including Keating decided not to tax dividends from businesses twice. That sounds really reasonable, and that government bragged about it. It was good policy. It was really leading the world. Then, in the late 1990s, under the Howard government, an increasing number of people retired, particularly those with self-managed funds but also individuals more generally, and they had imputation credits but no income liabilities to offset those. The Howard government said that because those people had earned these credits and tax had been paid by the firm they had a share in, it would allow them to get a payment for those imputation credits. This was strongly supported repeatedly by Labor. In fact, Labor went to the 1999 election with that policy. Over the years, it has said that this is a good idea and it supports self-funded retirees and people who do not have the income not to get taxed twice on their shares, and it allows them to get these payments from the commonwealth. That is a reasonable policy. Desperate for money, a Shorten government would not only wipe out those imputation credits, but do so selectively. A person in an industry fund—read union-dominated fund—would get those credits, but if they are in a self-managed fund, they would not. Someone in an industry fund like Cbus would get these credits because of its union mates, but a working-class person who has saved in their own super fund would get no extra benefits from having their own managed fund as opposed to an industry fund. They would not get it under Shorten.

Mr W.R. Marmion: It's an envy tax.

Dr M.D. NAHAN: It is an envy tax. Basically, a Shorten government is saying "Close down your super fund and get into our industry funds. Close it down and put it in there." It wants to rig the system for your mates, at the expense of people who have worked hard all their lives to take care of themselves in full in retirement. Shorten has pushed quite significantly on this. Over 10 years, his government would raise \$56 billion; in other words, \$56 billion would be ripped out of retirees' income. I have met many people where this represents 20 to 30 per cent of their total income in retirement. The problem with this is that once a person retires and actually earns this, they have a difficult time restructuring. Many of them are going into dividend-heavy stocks—banks, Telstra and others—and they have relied on these imputation credits and other dividends to keep themselves alive. They would close down their self-managed funds, probably go into industry funds, but actually restructure the thing so that they go onto welfare and the pension.

About a month ago, when exposed to this pressure, Shorten said that people on part pensions would be given those imputation credits. Someone with a self-managed fund who takes care of themselves would not get them, unless they move over to Cbus or an industry fund—Labor's union mates. Then a Labor government would give them to people. But someone who decides to structure their assets so that they are on the pension could get the imputation credits. That is a clear signal: do not take care of yourself, do not save and want to be self-sufficient in retirement; under a Shorten government it is better to restructure one's assets, hand them to one's kids, go on a cruise, blow the money, go on the pension and get more money. It is stupid.

By the way, again, because of our income and the structure of our society, this would impact Western Australia more than it would impact the eastern states. Again, the Morrison government giveth; the Shorten government, if it ever is government, will taketh away. People who have worked all their lives to be self-sufficient would be penalised by a Shorten government. This is disgraceful. It would impact over 200 000 self-managed funds in Australia and over 900 000 people. That would be a Shorten government.

Have we heard any of the leaders or ministers in this house, such as the Minister for Housing or the Minister for Seniors and Ageing, stand up to this and say, "Not on my watch"? No. They stood up in tandem and said, "We are with you, Shorten! We want to rip off the self-managed funds. Either go back on the pension or go into an industry fund, or we don't care about you. We're going to rip out your money." That would be

a Shorten Labor government, and the McGowan government is not doing the right thing and standing up to it. The Premier likes to stand up and say, “I am fighting for WA.” This is a fight he squibbed on. This is a fight that he needed to take on for his constituency and for our society, and he squibbed on it. He is putting his party above the people.

I will talk about other things that go through. We are in a very strange position in the housing market in Australia and in Western Australia. We have had an overheated market in Sydney and Melbourne. Over four years, Sydney house prices went up by 75 per cent or more and Melbourne house prices went up by something similar. It was a bubble. Something had to be done. There are many ways that one can measure this. The median house price in Sydney—I expect that is in some of the inner-city suburbs in the larger Sydney metropolitan area—is over \$1.1 million. It is ridiculous. Sydney now has the highest house prices relative to median income in the world, other than Hong Kong. Hong Kong is a bit special; Sydney is not. It has a lot of land. We have an overpriced market in Sydney and Melbourne by far; prices had to come down and they have. On the other hand, the growth of house prices in Perth peaked in 2006–07 and since then we have had, on average, a decline in house prices. In fact, over the last 10 years, house prices in metropolitan Perth went down by 17.7 per cent on average. It is a large decline—the largest in living memory.

Houses are special because they are the asset base and the key source of wealth for households, and it is upon wealth that people feel optimistic or pessimistic, or spend or do not spend. Of course, it is not just an asset; it is their home. It is something that people aspire to own and raise a family in. It is the jewel in the crown of families. Over a long time, we have had very high levels of household ownership and households aspiring to own their own homes. However, for 10 years we have seen a decline in house prices. I know that the Treasurer has stood up in this place many times and said, “Everything is great. I cannot find any source of data that is not anything but positive.” Either he is misleading us or he has misled himself, but the reality is that even though we had all hoped that the housing market had hit the bottom and was going to come back up, it is going through the bottom. It is setting a new bottom.

Over the last quarter, median house prices in the metropolitan area declined by 3.5 per cent. That number is still falling. Housing approvals vacillate year by year, but housing starts by the Housing Industry Association are expected to decline again this year and next year, with about 16 000 housing starts expected in 2019–20, which is 50 per cent lower than it was at its peak about three years ago. Our housing market is in deep trouble. It is driven by a number of things. First, thanks to the McGowan government’s restrictions on migration, our population growth is low, at 0.8 per cent. We are still losing people to the eastern states. We put a limit on the categories of migrants who can come here. We eliminated Perth as a regional centre that gave preference to people to come to Perth, and people are leaving Perth or skipping and overflying it and going to Adelaide and Hobart instead. That is the reality. Without people, there is less demand for housing.

We also know that because of changes in the Australian Prudential Regulation Authority’s prudential requirements and the fact that the banking royal commission has scared them, banks are significantly altering, reducing and tightening their requirements for loans for housing and small business. It has been in the news repeatedly—in fact, the Premier indicated that he now recognises it—that we are approaching a credit crunch from the banks. Hopefully, the regulators will ease off, but it is there. The banks have reduced the valuation required to get a house and they have done the same thing to small business; therefore, most small business people are using their house as collateral for their business, so that is having a deleterious impact on the small business and household sectors. That is why we are not getting expenditure, and that is why state final demand and the pace of the economy has shrunk in each of the last four quarters. Again, the Treasurer is in complete denial. He is spinning a story that is off in the stratosphere, but he will be caught out.

My point here is that the Shorten opposition has proposed a series of policies that will make this worse. They might have made sense in Sydney and Melbourne in 2016, but they would not have made any sense in WA in 2016 and they make no sense now. They are going to reduce the capital gains tax bonus—policies put in place by the Howard government all those years ago. If a person owned an asset, house or investment property, they got a discount on the capital gains tax of 50 per cent. A Shorten government will reduce that discount to 25 per cent, at a time of collapsing house prices and declining investment in housing, and at a time when, in Western Australia at least, rents are going up and new house construction is stagnant. Rent increases are impacting upon low-income people to a large extent, no-one is building new houses, and the Shorten opposition wants to take away one of the incentives for investors to build new housing stock. No wonder house starts are in decline for both detached and attached housing.

The Shorten opposition also wants to take away negative gearing provisions. We could have a long debate about negative gearing, but one thing is clear. A study was conducted by the Reserve Bank of Australia and the results were published in the Reserve Bank’s *Bulletin* of 17 November 2017, so it is relatively new. It looked at this issue very extensively. It said that if we were to remove the negative gearing provisions, as the Shorten opposition is proposing to do, and allow it only on new housing, it would lead to lowering house prices and increasing rents.

Life is all about timing; policy is all about timing. We have a housing market that is undergoing the largest decline in our state's history—a 17.7 per cent decline over 10 years, and 3.5 per cent over the last quarter. Rents are going up and there is no building, yet the federal opposition is coming in with a policy that will augment that decline, increase rents and lower prices. That is idiotic and disastrous. It is coming in with this policy in the context of a credit crunch, which means that it will significantly harm thousands and thousands of Western Australians.

This is not rocket science; this is the bleeding obvious, and there is no way of rationalising it. That is the impact. What has the state government done? It has stood shoulder to shoulder with Shorten and said, "Let's do it. Let's impose a tax on the housing sector that will drive prices lower and rents higher and undermine builds at a time when we are already at record lows." That is the McGowan government. Again, it is more interested in helping its Labor mates than in helping Western Australia.

We do not know what Shorten will do; God forbid that he is elected. Hopefully, people will look at this and say, "This is mad". He has had two years to refute these policies, but he has stuck with them because he needs the money as part of the \$200 million that he is desperately trying to get. We would expect the leader of the Western Australian government, irrespective of his party, to stand up and say to his mate Shorten, "This is not right. If you impose this on Western Australia, you will kick the guts out of the economy." The McGowan government has done a pretty good job of that already, but the WA economy cannot withstand another kick like this. The Premier has to stand up for us; that is why he was elected. He can go off to Shanghai and talk to the big and mighty, the billionaires up there, but what really counts is what is happening here in our suburbs and our constituencies. In about six weeks or so, we will have a federal election, and the party that the state government is closest to is proposing significant hurt to our state economy at the worst possible time. But what does the state government do? It blindly supports the federal Labor Party, irrespective of its impact on Western Australia.

Another issue I would like to mention is the proposed changes to discretionary trusts; I think there was some discussion about this today. Thousands of tradies rely on family trusts to organise their business. Most farms do the same thing. They have a trust that owns the business or the farm, the money comes into the trust—it is usually a family trust—and there is discretion by which they allocate any proceeds from the trust to individuals. That is the major mechanism by which small businesses and farms are organised. It is really characteristic of the Australian income tax system.

In the past a tradie—for example, an electrician—and his wife did the books, the main income would come into the trust, and it was up to the discretion of the trust to allocate the money to the husband, the wife, or maybe the children. Of course, income tax varies with income, so if the wife did not have very much income outside the discretionary trust and the trust provided income to the wife in exchange for bookkeeping services, that was taxed at a lower rate than applied to the husband, who got more money. This is the basis of our small business sector. The Shorten government is proposing to put a floor of 30 per cent minimum tax on all trusts. That means that the wife in the example I used, who might have another job and is on \$20 000 a year from the trust, will have to pay \$6 000 tax on that. In other words, the federal opposition wants to put in a policy that will discriminate against small business structures—payments to family members; that is, it will tax them at a higher rate than it will tax people who receive money outside that sort of arrangement.

Given that the Western Australian economy is really a small-business economy based upon a particularly large trading community, more so than in any other place in Australia, one would expect the Premier of our state to say, "Wait a minute. This is not right. Why are you discriminating against small business or farmers? Why are you doing that?" That is what they are doing, and they are doing it with their eyes wide open. What have we heard from the McGowan government? Nothing—except for seeing pictures of the Premier on the bus with Shorten, driving around our suburbs. In effect, he is saying that the McGowan government supports all these moves. It supports the increase in tax—the 37 per cent tax rate—for people with incomes over \$90 000. The McGowan government supports the removal of dividend imputations for people with self-managed funds. It supports the increase in capital gains tax and the negative impacts that will have on households and house production. It supports the minimum 30 per cent tax on discretionary trusts. Government members should stand with Shorten and say that they support all those policies. I support Morrison—we all do. We support the Morrison government. The federal budget that came down is great. I support all aspects of it. Members opposite are doing the same thing for the Shorten opposition. They support his policy.

Dr A.D. Buti: Do you support reduction in penalty rates? Do you support an underspend in the NDIS?

The ACTING SPEAKER: I would have thought you would have been a bit careful, member for Armadale. We have it on record now. Thank you very much. Let us listen to the Leader of the Opposition.

Dr M.D. NAHAN: I listened to the ABC this morning and the National Disability Insurance Scheme issue came up. Both Bill Shorten and, I think, Treasurer Frydenberg stated that there is a bipartisan approach to the NDIS. It is demand driven: if the demand is there, the money is there and they all agree to it. There are no cuts to the NDIS

and no reduction of the NDIS. The Morrison government is 100 per cent committed to the NDIS program—no doubt about it.

Dr A.D. Buti interjected.

Dr M.D. NAHAN: As for penalty rates, the person who tried to cut penalty rates is the federal leader of the member opposite's party—Bill Shorten. As the industrial relations minister way back in the Gillard government, he instructed the Fair Work Commission to start an inquiry into penalty rates and stated that they needed rationalisation. He stated that he would accept whatever the Fair Work Commission found. The commission came out with a report—after Shorten got tossed out, of course—and recommended cuts to the penalty rates in certain conditions. Of course, he backflipped for political reasons, but there have been no cuts to penalty rates. That is a furphy from the Labor Party.

Mr D.R. Michael: Sorry; say that again.

Dr M.D. NAHAN: There have been no cuts.

Mr D.R. Michael: Absolutely cooked.

Dr M.D. NAHAN: Yes, no cuts to penalty rates. The member will find out in this budget whether there is any commitment to discuss penalty rates.

Mr D.R. Michael: The federal government doesn't pay penalty rates.

Dr M.D. NAHAN: It does. Let me go to another area that is going to hit the Western Australian economy even harder than those tax changes—electricity and carbon tax issues. We have had a long debate in this nation about how to address greenhouse issues. The Morrison government has committed to a 26 per cent to 28 per cent reduction in carbon emissions by 2030, as per the Paris Agreement.

Ms J.J. Shaw: It is on track to hit four per cent

Dr M.D. NAHAN: The member can talk later. Do not interrupt me. She should just listen. The commitment to a 26 per cent to 28 per cent reduction, which varies between measurements, would have a significant impact on the economy. That policy is being implemented by the commonwealth in a whole range of areas. That is what is incentivising renewables to some extent. Other factors include commerciality—solar-on-rooftop and large-scale solar—investments and a whole range of mitigating factors. That is what the Morrison government has committed to. But the Shorten government has stepped that up to a target of a 45 per cent reduction in carbon emissions by 2030.

Mr D.R. Michael: The Shorten what?

Dr M.D. NAHAN: The Shorten opposition. It also has a 50 per cent renewables policy.

Mr W.R. Marmion: What impact is that going to have?

Dr M.D. NAHAN: That is a good question, member for Nedlands. Remember before the last election, the shadow Minister for Energy was going around Western Australia saying, "If we get elected, our policy will be a 50 per cent renewables policy." The trouble was that he did that right before the election, and I do not think he talked to his leader very clearly about it. Nonetheless, the impact of that was made clear to all Western Australians in South Australia. South Australia pursued exactly the same policy and had statewide blackouts.

Mr W.R. Marmion: The lights went out.

Dr M.D. NAHAN: The lights went out. Everybody looked at the policy and said, "Good God! How does a state have a total blackout?" Even though it has a competitive energy market, how does it still have some of the highest electricity prices in the world? How does that happen? It was due to the 50 per cent renewables policy.

Ms J.J. Shaw interjected.

Point of Order

Dr D.J. HONEY: These constant interjections from the member for West Swan are going unabated and unaffected.

Ms J.J. Shaw: The member for West Swan is not in the chamber.

Dr D.J. HONEY: I mean Swan Hills.

The ACTING SPEAKER (Ms J.M. Freeman): Member for Swan Hills, a point of order is heard in silence.

A government member interjected.

The ACTING SPEAKER: Order! When the Acting Speaker is on her feet, no-one moves and no-one speaks. Leader of the Opposition, please continue.

Debate Resumed

Dr M.D. NAHAN: Right before the election, when it became clear that the then McGowan Labor opposition's 50 per cent renewables policy would be a disaster for the state, it backed away from it.

Ms J.J. Shaw: That was not its policy.

Dr M.D. NAHAN: Yes, it was.

Ms J.J. Shaw interjected.

The ACTING SPEAKER: Member! One more time and I will call you—cease and desist!

Dr M.D. NAHAN: Thank you for the protection.

The McGowan opposition backed away from it. The opposition basically said that it would not have a state-based policy and that it would adopt whatever the commonwealth has. Right now, it is adopting a 26 per cent to 28 per cent reduction in carbon emissions from the Paris Agreement. Shorten has come along with his 45 per cent reduction in carbon emissions, which is significantly higher than the existing policy, and on top of that a 50 per cent renewables policy. That is the McGowan government's policy. The government has said, "We are in step with Shorten. On a state basis, we are going to do what he wants us to do. We're just not going to take leadership on it. We're going to follow him." The Premier more recently said that he is going to have to do something on greenhouse gas emissions at a state level. Shorten's policies are this government's policies. What is the impact of this significant increase in carbon dioxide abatement and renewables policy? We asked the question of the Minister for Energy, who was dumped for a while but is back in the portfolio, probably to implement Shorten's policies. He criticised me, as the former energy minister, for doing the same thing that he is planning to do. Wrong! We never had a 50 per cent renewables policy. We accepted that greenhouse issues are a commonwealth responsibility. The commonwealth government was addressing this and it was leading to a significant increase in renewables adoption in this state, and we supported that. It is the pace that we are arguing for, not the direction. Premier McGowan supports Shorten's 50 per cent renewables policy, in tandem with a 45 per cent reduction in carbon emissions. That will do far worse to this state than what happened in South Australia all those years ago.

I will give members some estimates. The impact on the economy of the Morrison policies is about \$19 billion over 10 years to 2030. That is significant. However, the impact of the Shorten policies is in the vicinity of \$400 billion. The issue is the pace of adjustment—\$400 billion. The differential impact between the Morrison and Shorten policies is a 50 per cent increase in electricity prices. In other words, we expect the member for Cannington, the Minister for Energy, to tell the people of Western Australia that despite the increases in electricity prices by over 19 per cent, and probably over 20 per cent after this coming budget, Shorten is proposing to implement a policy that will jack up electricity prices by another 50 per cent. At a time when households are struggling with income, despite the Morrison tax cuts, and with lower house prices, Shorten's policies will hit them with a 50 per cent increase in electricity prices.

I will finish on this. The other day, the Environmental Protection Authority came out with a policy to cap emissions from large projects that produce over 100 000 tonnes of CO₂. The Premier said that he knew nothing about that until he read about it in the paper. We will deal with that in the future. I think it was another action by the Premier in saying, "I will pretend to know nothing"—like Sergeant Schultz—when he and his party were intimately involved in that process. Shorten is proposing to implement a policy that is even worse than the EPA policy. The Morrison government also has a policy, which it will impose selectively, that large projects with emissions of over 100 000 tonnes of CO₂ will need to mitigate those emissions somehow. That sounds very similar to what the EPA was proposing, but with offsets and exemptions for electricity, coal and a range of other industries, including gas and LNG. The Shorten government is proposing to reduce the cap from 100 000 tonnes to 25 000 tonnes.

Mr P. Papalia: The Shorten government?

Dr M.D. NAHAN: The Shorten opposition.

Several members interjected.

Dr M.D. NAHAN: The Premier stood up for industry when the EPA proposed a cap of 100 000 tonnes. Shorten is going to lower the cap to 25 000 tonnes.

Mr W.R. Marmion: That's why he's in China.

Dr M.D. NAHAN: Yes, that is why the Premier is in China and not here. In other words, the EPA's policy was minor compared with what Shorten is going to impose on the same industries. What has the mob across the aisle said about that? Nothing!

Mr W.R. Marmion: Crickets!

Dr M.D. NAHAN: Yes, crickets! The state of Western Australia is by necessity, and appropriately, energy intensive. We process renewable and non-renewable resources, in large volumes.

Mr W.R. Marmion: We're the LNG hub.

Dr M.D. NAHAN: Yes. That is why the Premier is in Shanghai.

Ms J.J. Shaw interjected.

Dr M.D. NAHAN: Pigs are flying over there! Shorten has come up with a policy of capping and a 400 per cent offset of any emissions over 25 000 tonnes. That is one quarter of what the EPA proposed. That is what he proposed, and, if he gets into power, he will enforce that. He has reinforced repeatedly that this is what he will do. He has a \$300 million fund that he will flip around to try to assist us. He has exempted electricity. However, our large manufacturers of LNG and aluminium, and hopefully urea, some day, will be hit hard, as will our energy and mineral resources.

Dr D.J. Honey: Assisted by AWU and AMWU dollars!

Dr M.D. NAHAN: Yes. That is a policy that members opposite are supporting. The Premier failed to stand up against the EPA two weeks ago, but he is now supporting in full a more draconian policy. The Premier is putting the jobs of Shorten and his future ministers over jobs in Western Australia.

Mrs R.M.J. Clarke: You haven't got any time for Morrison, have you?

Dr M.D. NAHAN: Morrison is doing a great job. We stand by him 100 per cent on his renewables policies, on his CO₂ policies and on his tax policies. The people of Western Australia know that the government is standing shoulder to shoulder with Shorten on a whole range of policies, as we are standing shoulder to shoulder with Morrison. Be honest! If members opposite support Shorten, speak up! The Premier's picture is on the bus. Shorten is probably the biggest threat to the Western Australian economy in modern times, and members opposite will be held accountable for that.

Several members interjected.

The ACTING SPEAKER: Member for Kingsley, I call you for the first time, and I call the member for Swan Hills for the first time. That is enough.

Dr M.D. NAHAN: I expect the member for Swan Hills to stand up next time Shorten is in town and say, "I support your renewable policy of 50 per cent. I support your reduction in carbon tax by 45 per cent by 2030. I support your increase in income tax. I support all those policies." We will go to the member for Swan Hills' electorate in two years' time and remind them of the member's support for those policies.

Ms J.J. Shaw interjected.

Dr M.D. NAHAN: It is in *Hansard* now. The member for Swan Hills supports a 50 per cent increase in electricity prices.

Ms J.J. Shaw interjected.

Dr M.D. NAHAN: The member supports higher taxation for her own constituents.

Point of Order

Dr D.J. HONEY: Mr Acting Speaker, I cannot hear the leader for the injections from the member opposite.

Ms J.J. Shaw interjected.

The ACTING SPEAKER (Ms J.M. Freeman): Member for Swan Hills, a point of order shall be heard in silence. I call you for the second time, and that shall be enough.

Debate Resumed

Dr M.D. NAHAN: Members opposite should stand up and support their leader in Canberra, Bill Shorten. They should be honest and be held accountable for the policies he will implement, if he is ever elected, and for the pain they will wreak on our economy.

MR P.C. TINLEY (Willagee — Minister for Housing) [4.58 pm]: I am the lead speaker for the government on the motion moved by the opposition today, in particular in relation to the federal opposition's policies. One of the things I find very interesting in these motions is that they range fairly widely. It is probably appropriate in this chamber that we debate federal matters in so far as they affect our state or we think they might affect our state. It is very important when we are in the shadow of a federal election that we put ourselves on the record, as the Leader of the Opposition has said, and say where we think the federal opposition is doing the right thing and where its policies will have a positive impact, or any impact, on Western Australia.

I find it really interesting that, in the tenor of the questions asked in the last couple of weeks by the opposition, and very much ensconced in this motion, the opposition appears to accept that a Shorten government is inevitable. In all their questions, and in all their negativity, carping on about the Shorten–Bowen plan in various policy areas, members opposite seem to accept that a Shorten government is an absolute inevitability in six or so weeks. They are moving consistently with their negativity as an opposition on these matters. I look forward to hearing members opposite stand up and support the Morrison government.

Dr M.D. Nahan: I did.

Mr P.C. TINLEY: The Leader of the Opposition has had a little stab at it, but he could not help himself, because 90 per cent of his contribution in this chamber was spent carping on about the negativity, the “sky-is-going-to-fall-in” scenario, and the Armageddon that will be the advent of a Shorten government. When will he have his face on Morrison’s campaign bus? When will he become part of a graphic on the side of a campaign bus, on a DL in a letterbox, or in an ad with the Prime Minister of Australia, showing that he supports the Morrison government and everything that it does? Mark McGowan, the Premier of Western Australia, has shown absolute leadership, commitment and solidarity with Bill Shorten and his team to ensure that this country gets the government it deserves, as opposed to the last six years —

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, you are on three calls.

Mr P.C. TINLEY: We have had six years of a revolving-door prime ministership, and the rats leaving the ship. Nothing gives more confidence to the people of Western Australia that we will get a Shorten government than the number of senior Liberals who could not see their way clear to stand in the coming election.

The SPEAKER: Page two.

Mr P.C. TINLEY: I am still on page one. I have got to get it more organised.

Mr D.C. Nalder: Do you have to read it?

Mr P.C. TINLEY: Yes, I do, actually. I will put my spectacles on.

Mr D.C. Nalder: The Premier’s office didn’t do a very good job, did they?

Mr P.C. TINLEY: The Premier’s office? I do not know what the member did when he was in government. He should do his own work.

I have been on my feet answering questions, and also speaking in public on the area of housing policy, specifically negative gearing and capital gains tax discount for investors in the property market. The Leader of the Opposition made a significant commentary about the impact he felt that this was going to have on the housing market nationally, and from a Western Australian perspective. However, it is really important that we put this whole policy area into context, and consider it not just on the national level, and not just on the impacts it will have on a subnational level, here in Western Australia, but also on how it works in other jurisdictions. Are we alone? Are we the only country that has these arrangements? In fact, that is not the case. Japan and New Zealand have negative gearing arrangements for property. They are the only other two countries that I could find—I would stand corrected by interjection if there are others—where losses on an income property can be offset against all other income. Let us think about that for a moment. We are using taxpayer money to subsidise a loss-making investment. We are saying that people can pay this money, make a loss and offset it against their income. What kind of investment advice is that? I say to my friends and family who are in business that I hope they pay \$1 million in tax, because that would mean they have made a heap of money. They have made more than they have paid in tax. Why do we have a structural flaw in our system that creates the circumstance in which we can pay net income on a loss-making venture? It is axiomatic that this will create a demand-side arrangement that will naturally inflate the supply of housing.

We must look at the facts here, and the reason there needs to be a structural shift in the way we allow these sorts of incentives in the tax system. No less a person than Saul Eslake has been very vocal on this. No-one here who reads these sorts of things would not know where Saul Eslake sits on these matters. He has had a 30-year campaign, maybe more, against negative gearing. His seminal paper is worth reading, and I recommend it to everybody. It is titled “Australian Housing Policy: 50 Years of Failure”. In it, he discusses the structural issues that have created the circumstances in which our children will be dispossessed of the opportunity to enter the housing market. Members in this chamber with children, or who are connected with children—aunts and uncles—who are reaching the age at which they are looking to enter the property market should talk to them. My 25-year-old son is a very good example, with his friends. I always use them as a little focus group when they come around to raid my refrigerator. I sit down and talk to them about their aspirations and expectations for wealth creation in the future. To a person, they have discounted ever owning a property. It is not that they might do so some time in the future; they have resigned themselves to looking for other forms of investment, as opposed to, as the Leader of the

Opposition talked about, the innate centrality of our home. My son is better at crypto currency investment than knowing about which are the leading suburbs in Western Australia, or anywhere else, where he might want to get into the property market. These fundamental things need to be considered when we are contemplating the idea of a structural shift in arrangements around taxation and tax offsets, particularly in that most precious of commodities, our homes—the roofs over our heads. There are now officially more renters in Australia than home owners or people paying off mortgages. Officially, more than 50 per cent of householders in this country now rent. That should worry us. The home ownership rate has been in a strong decline for many years.

The other point we need to talk about is the effect on the public accounts. Using Treasury figures, Saul Eslake calculates that the effect of this tax offset is somewhere between \$4 billion and \$5 billion a year. That is just on the negative gearing. When we load into that the 50 per cent discount on capital gains tax from the sales of those properties, that is something in the order of \$11 billion a year that the taxpayer is funding for a loss-making investment. We need to contemplate that. Is that a fair system? They talk about structural tax neutrality and those sorts of things, but this is clearly not one of those things. This is one of the things that needs to be pulled into a neutral environment, or driven to a point at which it is actually achieving a policy outcome. Governments send signals to the market every time they put out a policy. Every decision a government makes sends a signal to some market of some kind, and this is no different. Negative gearing and capital gains tax discounts have sent, for many years, a signal to the market that has inflated the price and put pressure on the demand side that creates that pressure. We will always be in supply deficit, because we will always be chasing that circumstance. Look at the multiple of average household income required to buy a median house today, as opposed to five or 10 years ago. I do not have the stats at hand, but we all know that that multiple has gone up significantly, from two or three times annual household income to something like seven times. It is a big number. It is a structural problem we have to attend to.

Dr M.D. Nahan: It actually occurred over about a 30-year period. In the early 80s it was about three to one in Western Australia. It peaked at about seven or eight to one, and it has come down to about six now.

Mr P.C. TINLEY: That reduction or retraction is the reflection of a couple of arrangements, but the long-term average would be very consistently staying at that point.

The other thing that we need to drive us here is that this has a consequential impact on other parts of the property market and the economy. As people move to rental as a common base by which they will house themselves, we create a circumstance in which the rental price and the rental vacancy rate become acutely important. We know that in this state rental vacancy is around 2.8 per cent. Anybody in real estate will tell us that once rental vacancies dip below three per cent, there is a supply constraint and that drives up those property prices. The Leader of the Opposition interjected about the 30-year-long average for home ownership. The majority of that ownership happened in the late 1920s and early 1930s when those people entered the property market. The home ownership rate among people aged 25 to 55 years has fallen by an average of nine percentage points since the 1991 census. There has been a significant decline in the number of people who own their own home.

I go back to my point about \$11 billion of forgone tax revenue to promote increased investment in properties that are available to rent. When we look at the evidence for this policy position on offsets in the property market, we see that 90 per cent of people who invest in property and use it as an offset for other income make up the established market. They bought in the established market. Bill Shorten and Chris Bowen have seen this. They have looked at the evidence and taken advice. They realised that this is not incentivising construction of new dwellings or the density arguments that we keep talking about and are trying to move towards—I will talk about that in a moment. It is incentivising the established market to the tune of 90 per cent of all geared investors in the established market. That should be a worrying piece of evidence. All they are doing is buying established homes. They are not investing in construction in the numbers that we need to move the supply side of the argument. They are not investing in multi-unit sites, medium-density sites or large apartments; they are investing in established homes. The reason is that the average investor is going to buy a renter, as they say—I should declare that I am one of them. Many people of my age, in my cohort, have done that. That has been a well-trodden path for wealth creation for people sitting in this chamber.

Mr J.E. McGrath: Battlers like us!

Mr P.C. TINLEY: Battlers like us, on the modest sums that we get—yes, member for South Perth!

The offsets are there. However, when we look at it, we realise that we need to contemplate restructuring and rebalancing the system. That takes courage. It takes a certain amount of leadership, luck—I get it—and perseverance to see it through. None of us in this chamber can accurately predict with any of the modelling that anyone has talked about what the long-term effect of this will be. In the modelling that has been presented to us, we can go on what all the experts are saying, and we can make an educated guess on the basis of the evidence presented.

I want to move on to where this impacts on tax brackets. I want to talk about how this will impact on people. Statements have been made about how it is going to get low to middle-income earners and those sorts of people. Again, if we look at the facts, the figures show that someone in the top income tax bracket with a taxable income exceeding \$180 000 a year is almost three times more likely to be a negatively geared landlord than someone with a taxable income of below \$80 000 a year. They are three times more likely to be negatively geared than a low-income earner—if we think \$80 000 a year is a low income. I am talking about individuals. Of course, for the purpose of the argument, I would have to make the counterargument that 80 per cent of the beneficiaries of negative gearing have a total taxable income, including income from the negatively geared property, of less than \$150 000 a year. The tax office statistics suggest that 64.3 per cent of taxpayers who have rental property losses have taxable incomes of less than \$80 000 a year. That is not surprising given that people with taxable incomes of less than \$80 000 a year account for just over 80 per cent of all taxpayers. Therefore, 80 per cent of all taxpayers are in that bracket, so it is not surprising that 64.3 per cent of them would make up that number.

If we flip that again using that same set of figures—of course, we can use figures very creatively—people with taxable incomes of less than \$80 000 a year make up less than eight per cent of negatively geared landlords. Let us put that number out there again. People on \$80 000 a year make up only eight per cent of negatively geared landlords. This is clearly a tax for the rich. This is not of benefit to those people who are higher income earners, whereas 23 per cent of those people with taxable incomes over \$180 000 a year are negatively geared landlords. Eight per cent are at the low end and 23 per cent are at the high end. This is a tax for those who are wealthy by community standards. They are not billionaire miner wealthy; they are wealthy by community standards. If we go down the street to street-corner meetings and tell those people what we earn as a backbencher in this Parliament, plus all the allowances, which they can find out publicly, they will realise that we are chasing \$190 000 a year. Everybody in this chamber is in that bracket. We are, by community standards, wealthy. We are probably in the top five per cent.

The evidence is clear: 90 per cent of negatively geared landlords are in established properties. The reason they are in established properties is that when they borrow and make those investment choices, they want to have a rental history. Therefore, investing in new construction is a more precarious possibility. It is more difficult for them to try to define the risk of going into a new property, particularly in some of the new suburbs where people are still developing the social infrastructure and the community. Anybody going into an investment property is acutely focused on the historical value of that property and the intrinsic attraction for somebody to rent in that area. Matters of debt servicing and the ticket price of the house are secondary to some of those considerations. In Western Australia, there are many examples in which people have branched out from the metro area to find better value in some of the regional towns such as Bunbury and Albany. Again, they are looking only at established properties, and the numbers show that.

We come to federal Labor's affordable housing plans. In talking about negative gearing, it is important to understand, if we accept what I have been saying, that there is a structural problem in our system in which the multiples of income have made home ownership and entry into the housing market very difficult for our kids and their kids. We accept that the tax incentives for negative gearing are in the order of \$11 billion a year to fund people to go into a loss-making investment—I want to reinforce that. The fundamental issue is that we are using taxpayer money to fund a loss-making outcome, as opposed to the occasional loss that sometimes happens through the investment decisions for which the tax system was originally established—not a structural tax loss in order to minimise a person's regular income or any other income that person might have.

The other aspect is that it creates a circumstance in which it is focused only on established properties. It does not promote growth. It does not promote construction, jobs and the sorts of things that are activated around those areas. Another point to note is that it does not stand in isolation. I do not have the modelling with me; however, I suspect that the changes to the capital gains tax discount will have a bigger impact than will negative gearing on the whole system of affordable housing. The Shorten-Bowen team is focused on taking the policy lever, using it as a market signal—an incentive—and pointing it towards the sorts of outcomes that we are trying to create. We are trying to create a market.

Bill Shorten's policy is actually about affordable housing, and, to give due credit, that goes back to the current Prime Minister's first budget, when he put housing affordability at the centre of the particular policy setting and recognised, as we all do in politics, the growing importance of affordable housing and the housing stress that many in our community find themselves in. For example, a significant number of people both in rental accommodation and with mortgages are now claiming that they are experiencing housing stress. We are seeing an increasing amount of negative equity, particularly in some of the outer suburbs north of Joondalup and south of Rockingham, and that is impacting significantly on some of the lending practices of the banks. These are all part of a constellation of things that we need to consider.

Bill Shorten announced at the Labor national conference in Adelaide an affordable housing policy that would produce 250 000 dwellings over the next 10 years. Going back, that understands two things. I am surprised that

no-one on that side of the chamber made this argument, and I give this as a little hint for further speakers on that side: get up and defend and promote the National Housing Finance and Investment Corporation. It is a very good initiative of the current federal government that will, if it is applied properly, get a significant outcome through the community housing sector, and I will explain how that will work soon. In fact, I note that the NHFIC released its first \$300 million investment package just last week or the week before.

Having an affordable housing plan is fundamentally important to set the arrangements under which it will be used. Do not forget, as the Leader of the Opposition said, that this is not a new initiative from the Shorten opposition. It took it to the previous election. If someone had told me 10 years ago, or even five years ago, that an opposition leader would be promoting and taking to the ballot box at an election that holy cow—that shibboleth—of wealth creation in this country that is gearing and capital gains tax, I would have thought they were crazy. It is hard to have that sort of conversation with the community. Also, it is about strong leadership. It is a clear-eyed view about what is needed. Whether it is right or wrong, it is a clear-eyed view of what is needed and a plan to achieve it. He took that to the last election and did very well. In fact, all the research post-election from the Labor side found that that was a significant vote mover for younger people. Take heed of that. Younger people in this community feel dispossessed not only over the environment and climate change and the world they are going to inherit, but also about things like their access to the opportunities that we enjoy. I ask people over the age of 50 years to reflect on their grandparents' time. The single biggest uplift in our standard of living has occurred in one generation. Since the Second World War, purchasing power in parity terms per capita has gone through the roof, plus in the last 28 years, there has been uninterrupted growth and consistent wage growth in a low-interest environment through some policy initiatives of various governments, not the least of which was the Hawke–Keating government's floating the dollar, deregulating the banks—although I am not quite sure that that worked out so well—and some of the other initiatives that created the environment of atmospherics that created genuine business in this country.

These plans have been announced previously. The affordable housing plan was not taken to the last election, but the tax reforms were and they were accepted. The point that was noted was that reforming these concessions will make the tax system fairer, as 70 per cent of the benefits of the CGT discount go to the top 10 per cent of income earners. We are taking that opportunity. Again, I point members to the \$11 billion a year it will create as budgetary ullage, as we call it—free space—to apply to the sorts of things that the community expects from progressive governments.

It has also been well regarded. There has been no end of commentary about it. It is great that we are having a public debate. Various suspects, such as the Institute of Public Administration, the Master Builders Association and the Housing Industry Association, all have positions on it and various modelling has been commissioned. Some of the assumptions in that modelling are very interesting once we break into them and understand how the conclusions have been reached. The assumptions are fundamentally important to understand the contention recommendations and outputs from that modelling. As recently as last month, no less than independent economists like Saul Eslake and international economic agencies like the International Monetary Fund have called for reforms of Australia's overly generous property tax concessions because they encourage the leverage of real estate investment.

At the next election, there will be a choice between a federal Labor government led by Bill Shorten, Chris Bowen and a very experienced team and a tired, sad, broken Liberal government that is bereft of ideas. I will just segue and talk about how poorly the current federal government has performed. This came out this morning. It must have been nine hours after Josh Frydenberg got to his feet and delivered his first budget. There was meant to be a one-off payment of \$75 for singles and \$125 for couples to offset —

Dr A.D. Buti: It was an election bribe—come on!

Mr P.C. TINLEY: The member might say that. I might write to the Electoral Commission about that one.

The idea was a budget sweetener worth \$75 for singles and \$125 for couples. The people who were excluded from that were the people on the Newstart allowance. Young people were excluded. When Chris Bowen spotted that from a mile away, he was right on the front foot. In fact, he crafted an amendment to the budget to bring to Parliament tomorrow to make sure that young people trying to get a start in this world get access to the one-off assistance payment. For those who are unfamiliar with it, it is assistance for power bills; it relates to the cost of power. Nothing is more emblematic of a government that has lost its way and is out of touch. Not only is Newstart a very tough gig to be on, but also even employers are driven nuts by the number of people who just turn up or who swamp them with their CVs and job applications, because those young people need to get a tick in a box to make sure that they continue to receive some assistance while they look for a real job. Newstart is an inefficient system. It is unfair, it is mean-spirited and it does not attend to the policy outcome of genuine employment for everyone.

I want to move on to talk about the policy on negative gearing. It was identified that 90 per cent of geared properties are established houses. A market signal needed to be created to say that it would apply to newly constructed dwellings. I want to move away from the word “housing” because it contemplates a single lot, single plot dwelling. We are so much more than that now; Australia certainly is and Perth is moving towards that. It is about a dwelling, which could be a multi-unit dwelling, high-rise apartments et cetera. The policy is skewed to support only the

construction industry. It is a modification of existing arrangements whereby it will move away from established properties and apply only to newly constructed properties. When I look at that from a state-based policy point of view, I think that is a great opportunity. We have Metronet. I am just talking about the city, but I will move on to the regions, because there is a definite plan for renewal in large regional towns in particular. In the city, there is nearly \$3 billion of urban rail infrastructure, with 14 new Metronet precincts. Imagine the signal that will send. Once the legacy stock in those transport-oriented developments is taken out, or even before that, and those precincts around the train line are cleared out, with any land that is available, there will be a different incentive for people in Western Australia to take advantage of a Bill Shorten-led federal government policy change that will create the sort of thoughtful densification that this city needs to ensure that it no longer grows at the rate it has grown. I am not suggesting that it will not grow—it will not be the end of greenfields sites—but we have to retard the growth of the outer rim, the Perth metropolitan area, which is 147 kilometres long. Our land area is long and skinny but we are bigger than Los Angeles, which is a crazy prospect. We have the highest number—44 per cent—of single lot dwellings of any capital city in Australia. That needs to be attended to in a structural sense by limiting the gearing arrangements of the tax concessions that are afforded to people who invest in property. New construction is a singularly brilliant idea that creates the circumstances that will deliver the outcomes.

When state and federal policy is aligned or in harmony—in some cases by chance and happenstance rather than by design, which is quite often a feature of our federated system—a distinct variety of housing will be available to people in Western Australia. I am talking about how we are attending to the density inside the city—the 10 to 13-kilometre ring around the CBD—but also, even in the outer areas where people are prepared to supposedly compromise on the size or nature of their dwelling and trade for the amenity of the community they might live in. That 10 to 13-kilometre ring is not confined to the inner metropolitan area. Out in Ellenbrook, for example, the Housing Authority and the Department of Communities launched a joint venture with the Buckeridge Group of Companies called Now Living, which promotes 80 square metre micro lots. People might think that is tiny and wonder why we would do that out at Ellenbrook, 26 kilometres from the CBD. When we go out to Ellenbrook, we see what a magnificent community it is in built form. It is an internationally awarded master plan community. That is a significant feather in the cap of the Western Australian property sector and the development sector. People might think that an 80 square metre micro lot is quite bizarre and wonder how they could live in something that size. The normal size for an apartment is around 40 to 50 square metres, and people happily live in that. That 80 square metre lot is over two levels. Including a car park, it is a two-storey arrangement. It is a very large apartment on the ground.

Dr A.D. Buti: You don't have to worry about a lawnmower.

Mr P.C. TINLEY: People can watch somebody mow the lawn because a park is right opposite. They are walking distance from a train station—the future Ellenbrook rail line. They are also walking distance from the amenities that a village such as Ellenbrook affords. Imagine investors looking at the sorts of opportunities in an area such as this that would allow them to get a tax incentive for offsetting other losses against that investment. It will be skewed towards places such as Ellenbrook where there is still plenty of dirt left and plenty of opportunity. When the train arrives in Ellenbrook, courtesy of Minister Rita Saffioti and Mark McGowan's leadership, people will see an opportunity to really profit from that arrangement. In fact, when we think about it, it has never been more affordable to buy a house in Perth than right now. That is something we should all reflect on.

I pulled up a 1930 subdivision from the Coolbellup library—one of those old images from the archives. It was called Bibra Lake back then. Sections were being sold off for about £6. The interest rate was six per cent. I do not think anybody would have thought that was terribly affordable, but it was on the edge of the Fremantle district. This is a different set-up. Nobody has done the modelling on this. If people get the purchase price at the right point relative to the return from the rent, we might find a large number of investment properties or investment decisions will go from a negative gearing situation to a positive geared arrangement, with people making a surplus. That would be novel—renting out a house and making money out of it and having to pay tax on surplus income rather than going to the taxpayer and getting a rebate because they invested in a loss-making venture. These are not the sorts of things that are impossible to imagine should we get a Shorten government and get this embedded.

The other thing that is worth talking about is the timing. The Leader of the Opposition talked about time phase issues and the unintended consequences of when policy is brought to book. It takes time. It takes between three to four months from an investment decision to the commencement of construction, and some constructions can take longer. The flow-on benefits from this have to be modelled and the leading edge of when those benefits would impact on taxation all have to be considered, and at a volume that will move the dial on taxable income and its impacts. This is an incentive for new construction and an opportunity for Western Australia to take advantage of it.

People in country towns such as Albany and Bunbury can buy a significantly good investment and it will be positively geared. In fact, people in smaller towns such as Manjimup are doing very well because the price point is below the rental yield and the rental yield is paying for the mortgage itself and sometimes producing surplus income.

The other point to note about timing, picking up the Leader of the Opposition's point about the time-phased impacts of policy, is that the Shorten negative gearing policy and CGT reform will not take effect until January 2020. When we throw forward into that year, as I was saying, and see the impacts that will have on the tax bill of the nation, I do not think we will see any great movement in the needle until at least the middle or the second half of 2020, when we will see the effect at the bank.

The other point to note about the policy is that anybody in this chamber who has a rental property will be subject to a grandfather, or grandmother, arrangement. They will have the benefit of that 50 per cent capital gains tax discount in perpetuity with that geared arrangement. If they shoehorn their kids into an apartment and get them going, they will achieve that full discount.

The other point to note—this is not often talked about—is that it does not affect existing capital gains tax; it is a discount that applies to superannuation funds. I also note the commentary around small business, particularly that 50 per cent active asset reduction concession that applies to small businesses. This is a very well thought through policy that aims to achieve a market response and then at the same time moves slowly to a structural rebalance of something that has created a circumstance of people not being structurally excluded from the property market. This policy has been fully costed by the Parliamentary Budget Office. By its estimation, it will raise \$2.9 billion over the current forward estimates, out to 2022–23.

Mrs L.M. Harvey: I could do with one of them here.

Mr P.C. TINLEY: That is a good idea. We asked the former government for one.

More importantly, this policy will raise \$35.1 billion over the medium term—that is, out to 2029–30. That talks about the flywheel effect that would occur over time as these concessions come in and we see the market responses. That is \$35 billion between now and 2030, and we can do a lot with that. Arguments about the goods and services tax and so on are very important, but that fight seems to have been largely won. Bill Shorten, courtesy of a significant progressive tax reform, will give successive governments the opportunity to invest in the sorts of things that Australians want.

There is another point that is often not talked about but is fundamentally important. I said that we now have more renters than buyers in the Australian market. The other part we need to look at is the rental situation and what we are doing to assist the rental situation. A Morrison government decision created the circumstance in which we were falling behind, and we will continue to fall behind until it is redressed, hopefully by a Shorten government, in managed investment trusts. The withholding tax discount afforded in other countries has created a build-to-rent sector—that is, when commercial businesses see it as a viable investment to build dwellings and rent them out. This is an important distinction. If we are going to have more renters than buyers and if we are going to have a cohort of people who prefer to rent because they want the amenity of a location rather than the cost of ownership, we have to make sure that we understand the circumstances and framework by which businesses make that investment. In this case, managed investment trusts—they are called real estate investment trusts in the United Kingdom but they are the same sort of arrangement—will get some treatment from a Shorten government, which would move to reduce the withholding rate for an entity from 30 per cent to 15 per cent; that is, the amount that the entity or trust must withhold for the purposes of taxation will reduce from 30 per cent to 15 per cent. This is really important because under trust arrangements, 85 per cent of a trust's income must be distributed as dividends—that is what will happen when the arrangements change—which leaves 15 per cent, and that will create a circumstance in which mum-and-dad investors, as members might want to call them, will have a genuine opportunity to invest in a trust, knowing that the taxation arrangements under that trust will be quite favourable. If they do it at the right point in time and they are structured in the right way, particularly at certain points in life, the arrangements around superannuation will significantly amplify the return that an individual investor will get going into a managed investment trust. That is fundamentally important to us from a public policy point of view, because with the densification of Perth and other large regional towns, we need to create an incentive to deliver affordable rentals. The implementation of these arrangements must be tailored. The advocacy that I would make to any federal government in this space would be to make sure that there is an affordable component to the tax offset—an incentivisation for affordable rent. Affordable, in relative terms, is less than 30 per cent of an individual's income, but to me, affordability should be placed in the medium and bottom two quartiles of income, which is the 30 per cent mark. Affordability should even be placed in the bottom quartile.

When somebody makes an investment decision in a build-to-rent arrangement, the incentive is to not changeover tenants or to not sell the dwelling and achieve a capital gain. Rather, the incentive is a profit-and-loss arrangement—profit through the income, and reducing the loss or the cost of the business by making sure that tenants are constantly rotating in and out. The landlord, the investor, is incentivised to have long-running tenancies, and that has been a significant problem for the rental market and consumers in the rental market. Security of tenure is a fundamentally important point; it is not just the price or the conditions by which they can get access to a dwelling, but also the security of tenure, and that is why public housing at the lower end of income is so attractive.

I see this time and again as a local member with constituents trying to get into public housing, and I certainly see it is as the Minister for Housing. When we look at the finances of so many of the clients who come to us, they can actually afford a modest rental cost, but when we quiz them, they want to go into public housing simply because they want certainty in their future and security of tenure. A proper tax treatment for managed investment trusts will incentivise the build-to-rent community and bring us in line with other jurisdictions, such as the US. Australian superannuation funds are investing more in managed investment trusts in the US, Canada and other jurisdictions than they are in Australia—it is an appalling state of affairs. Australians' superannuation investments, which are some of the best in the world, are going offshore. I understand that is absolutely essential in a balanced portfolio sense, but not when we look at the rates of investment in managed investment trusts or the sorts of things in the affordable housing end that are fundamentally important to Australians and Western Australians. The tax arrangement reforms for properties that Bill Shorten is looking to bring in are wideranging and, as I said, they not only encompass the CGT and negative gearing arrangements and skew towards new-only construction, but also look at all the other treatments of managed investment trusts to make sure that the structural arrangements incentivise an outcome. The Parliamentary Budget Office has also advised that the build-to-rent policy would have an unquantifiable financial impact—it cannot quantify exactly how much it will improve the circumstances of the books.

As I said yesterday during an answer to a question, the industry has spoken about a lot of this; some agree, some disagree. The modelling industry seems to agree with whoever is paying its bills. There are some interesting skews in the findings on the basis of the assumptions. In its commentary, Deutsche Bank, with its usual Teutonic stoicalness, said —

Our sense is that the relative attractiveness of new dwelling investment compared with investment in established dwellings should be a positive, at least at the margin, for new dwelling construction ...

That is a ringing endorsement. Well-known Sydney developer, Capio Property Group, said —

“This reform is exactly what the market needs ... it’s a shot in the arm for what is a depleted off-the-plan market,” ...

The off-the-plan market is the medium and higher-density properties for which they cannot get project finance or when the funding arrangements for the construction of these things is contingent on presales. This is a very good example in which presales will be forthcoming, which has been a significant problem. As I have said in here many times, Mark Steinert, the chief executive officer of Stockland, which is one of the largest listed property developers in the country, said of these reforms —

“Our business will rip,” ...

“We’re all about new product. At the end of the day, half our buyers are first-time buyers, and 80 per cent of our buyers are owner-occupiers. If the investors are going to participate in the market like they have in the past, that means they’re all pointing at our product and other developers’ products.”

When Danielle Wood from the Grattan Institute talked about the positive impact of Labor’s policy on the majority of Australians, she made a very simple point—that it is a win for first home buyers. Thomas Helbling, who is the International Monetary Fund’s mission chief to Australia for those who are not familiar with him, said —

“Australia would benefit from broader tax reform, including revisiting tax concessions that favour leveraged investment by households,” ...

That came from an article in *The Australian Financial Review* in November 2018, which is headed, “IMF backs negative gearing curbs in broader tax reform”. Of course, in the Morrison government’s attempt to tear down a good idea and rip it apart with scaremongering, Liberal minister Kelly O’Dwyer made some statements that were entirely inconsistent with the advice that she was given. I refer to an FOI email from federal Treasury to the minister, which reads —

The (Liberal Minister Kelly O’Dwyer’s) statement is not consistent with our advice. We did not say that the proposed (Labor) policies ‘will’ reduce house prices. We said that they ‘could’ put downward pressure on house prices in the short-term depending on what else was going on in the market at the time. But in the long-term they were unlikely to have much impact.

We know that Treasuries do not always get it right. They do as much modelling as everyone else, but even the federal Treasury has belled the cat on the scaremongering of the Morrison government and endorsed that the impacts of Labor’s policy are consistent with what Bill Shorten and Chris Bowen have been saying.

The member for Darling Range was on her feet yesterday, talking about modelling by SQM Research.

Mrs A.K. Hayden: Don’t tell me you’ve read it.

Mr P.C. TINLEY: I am really surprised that the member would actually say anything like that. Did she actually read it? Did she read the assumptions in it? Did she read what Master Builders Australia said? Let us go to the MBA.

Mrs A.K. Hayden interjected.

The SPEAKER: Members! The member over there I think is on three calls; do not encourage her to talk.

Mr D.R. Michael interjected.

The SPEAKER: Member for Balcatta!

Mr P.C. TINLEY: I will just talk about the SQM modelling, which has the idea that Labor's policy would drive rents up and push dwelling construction down, which is completely ridiculous when we actually read into it. Labor's policy will redirect negative gearing tax benefits into newly constructed dwellings, as I have said, which would make new dwellings relatively more attractive to would-be investors, thereby helping to increase construction and lower rents. That is the contention at the heart of the Shorten-Bowen reform. For some reason, SQM ignored that fact and argued that housing construction, in its own words —

... would likely fall further due to the lack of investor demand —

Because of —

... the likely losses investors in those properties would face come resale time to those who won't have the tax concession.

Just think about that: the likely losses investors in those properties would face, come resale time, to those who will not have the tax concession. The statement contradicts itself. One cannot argue on one hand that investors will avoid new dwellings for fear of having to sell at a loss, which is what they made, but on the other hand that there may be a brief rally in the lead-up to the proposed changes to negative gearing as a result of grandfathering opportunities. SQM is saying that investors will not invest in new properties because they will not have the opportunities for resale to somebody else who might buy them for a geared arrangement, as those buyers will not be given the same tax incentives as the investor. That defies understanding. If that is the case, why are they not going pell-mell on the grandfathering arrangements for the investment property market now, when it has never been more affordable? It is not; the market just has not responded to it. As I have already mentioned, there is no end of people in the industry who are saying that Labor's policy on negative gearing for new builds will boost dwelling construction, thereby lowering rents.

I turn now to the Master Builders Australia's modelling, which the member for Darling Range said she had read and understood and presented in a way that was open and transparent. Chris Bowen, in rebutting the MBA's assertions, had this to say in an ABC online news article of 24 October 2018 —

“Labor's policy is to limit negative gearing to new properties going forward, but to fully grandfather all existing investments,” ...

That is a really important point to note. He continued —

“It's a fatal flaw in the modelling and it's a very fundamental issue. You can't claim that you've modelled Labor's policies when in fact your own document says you haven't.”

If the member for Darling Range had actually read the MBA document, she would have known that it did not model Labor's policy, and said so. On 24 October 2018, MBA chief executive Denita Wawn conceded that the research did not include Labor's grandfathering of negative gearing. It is no wonder Chris Bowen slammed the research commissioned by Master Builders Australia that argued that the proposed reforms to negative gearing and capital gains tax would result in fewer new homes and prompt a serious decline in building. It did not include the totality of the impact—that is, all existing dwellings being grandfathered going forward—of access to negative gearing arrangements. It is just bizarre.

As I said, the National Housing Finance and Investment Corporation is something that the Leader of the Opposition and members opposite should take note of. It is the one shining light in the legacy, if you like, of the hopefully outgoing federal Liberal-National government in Canberra. It was established in the 2017-18 budget, following work between the commonwealth and state Treasuries. I would be very interested to hear whether the Leader of the Opposition has had any experience of this. The important point is that it comes alongside the community housing sector. The community housing sector is there to provide affordable accommodation for people on low to moderate incomes. The two largest providers—Access Housing and Foundation Housing—have more than 3 000 dwellings in Western Australia between them, and stand to significantly benefit from this arrangement. Right now those assets can be geared to only 40 per cent; that is the standard at which the community housing sector can go out and borrow from the banks, and that is because the banks have already discounted the amount that they will leverage to these not-for-profit organisations, because they have said that they do not want to be the ones to foreclose on not-for-profit organisations. They cannot get a gearing above 50 per cent or 60 per cent, and therefore they are not able to grow the assets. It is a lazy balance sheet in some form. NHFIC now has the capacity

to come alongside and accept that level of risk and produce discounted money that will go directly to the community housing sector.

That is very important to the community housing sector and the State Housing Authority. They are working closely together to make sure that they are maximising that. That does not go alone, because it is coupled with the Bowen national rental affordability scheme, which will be shifted to provide a rental offset of about \$8 500 per year, per dwelling, to those dwellings that provide rent at 20 to 25 per cent of the market rate. That is a significant opportunity for people in the not-for-profit sector to deliver on the densification required in this city around some of those communities of interest, to activate those communities and allow the use of commonwealth rental assistance, which is a further offset of around \$60 a week to a dwelling. That, in totality, creates a circumstance in which affordable housing for some of the lowest income earners is a genuine reality; not just on the outer rim of the universe, but also in the more liveable parts where we all enjoy the amenity of the precinct.

DR A.D. BUTI (Armadale) [5.57 pm]: I thank the opposition for allowing me to speak; I will take only about 10 minutes.

Mr Z.R.F. Kirkup interjected.

Dr A.D. BUTI: Thank you very much, member for Dawesville. It was very enjoyable listening to the minister set out the benefits of many of the tax policies of the federal Labor opposition, which may or may not be the government within a couple of months. I want to spend some time talking about the imputation reforms that federal Labor proposes, but before I do that, I will just mention the National Disability Insurance Scheme; the Leader of the Opposition and I had a slight exchange on that. It is bipartisan, which is fantastic, and it is probably one of the greatest social reforms in Australian history. However, it is not working at this stage. The reason the money has not been spent is that the system has not been set up properly. It is unconscionable that the supposed surplus of the budget is on the back of this money that is not being spent on the disabled.

Dr M.D. Nahan interjected.

Dr A.D. BUTI: I am more than happy to take the Leader of the Opposition's interjection.

Dr M.D. Nahan: I think it was Bill Shorten who said that there are a lot of teething problems associated with it, and there is unspent money because of those. But it is also a transitional arrangement where people are shifting from what they had to that. He was actually quite complimentary of the bipartisan approach to it. The budget was forecast on what they think will happen, but if it's better than that, then the money is there.

Dr A.D. BUTI: Let us just hope that it does work. It has to work. It is very complicated. It is very complex but it has to work because it is a much-needed policy.

Labor has proposed an imputation reform. Over the last month or so, the opposition has talked about it being a pensioner tax. That could not be further from the truth. People on pensions are not going to be subject to this imputation reform.

Dr M.D. Nahan: I mentioned that.

Dr A.D. BUTI: I know the Leader of the Opposition mentioned that, but other members in questions without notice over the last month or two have talked about it being a pensioner tax. Let us just go through this very clearly. I want to spend only 10 minutes going through what this is all about. This impacts only those people who receive cash tax refunds from the government after paying no income tax. They pay no income tax, but they will receive a government refund.

Mr Z.R.F. Kirkup interjected.

Dr A.D. BUTI: I have only 10 minutes. In the member's contribution —

Mr Z.R.F. Kirkup: You won't be here.

Dr A.D. BUTI: I know I will not be here but I will listen to it. I always listen to the member for Dawesville's contributions.

Under Labor's proposal, there is a tax at the company end—that was the whole idea. Keating and Hawke brought in the credit scheme so that there would be no double tax, so it was a great reform. At the company end there is a tax, but to prevent a person from being taxed at the individual end, the Keating government made those reforms to avoid a double tax. But if a person is not paying tax, they should not receive a refund. It is like saying to someone on a low income who does not pay tax and does not even have any cash withdrawn by an employer that they should then get a refund from the government. It is absurd!

Mr I.C. Blayney interjected.

Dr A.D. BUTI: Under this reform, member for Geraldton, no-one will pay a single cent more tax. No-one will lose a single cent from their super contribution. No-one will lose a single cent from their pension—so to call it a pensioner

tax is misleading and dishonest. No-one will lose a single cent from their share dividends. None of that will happen. Not a single cent more tax will be paid.

Mr Speaker, often I do not mind interjections, but because my time is short, I seek your protection from interjections for the few minutes that I have left.

The SPEAKER: You have got it.

Dr A.D. BUTI: At the moment, the way the system works is definitely skewed towards wealthy Australians. An analysis shows that 80 per cent of the benefit accrues to the wealthiest 20 per cent of retirees, and 90 per cent of all cash refunds to superannuation funds accrues to self-managed super funds. Just 10 per cent goes to funds regulated by the Australian Prudential Regulation Authority despite the self-managed super funds accounting for less than 10 per cent of the overall superannuation in Australia. The top one per cent of self-managed super funds receive a cash refund of \$83 000—that is the average—which is more than the average full-time salary in Australia. It is quite absurd. If there is another country that does this, let me know. I do not know if there is one where a person does not pay tax but receives a government refund on top of that. The reforms of the Labor Hawke–Keating government to stop the double taxation were very sensible. It is taxed at the company end and the individual is not taxed at the dividend end, and that is great. But if a person’s income is set up to not pay income tax, they should not then receive a refund from the government. What is more is the cost to the country.

Mr S.K. L’Estrange interjected.

The ACTING SPEAKER (Mr T.J. Healy): Member, I overheard as I was coming to the Chair that you are not seeking to take interjections.

Dr A.D. BUTI: That is right.

Mr S.K. L’Estrange: We will give you an extra two minutes to explain it.

The ACTING SPEAKER: Very noble.

Dr A.D. BUTI: I am not seeking interjections because I do not have the time.

The ACTING SPEAKER: The member has indicated that he is not taking interjections. Member, please direct your comments to the Chair.

Dr A.D. BUTI: The cost to the Australian public of having this system in place is phenomenal. It has been reported that we will forego \$8 billion in tax revenue. What could we do with that \$8 billion? Just think of the amount that we could put into education and hospitals. The \$8 billion that will be foregone is more than that spent on the Australian Federal Police—the total budget of the Australian Federal Police. It is absurd to see this as a tax on pensioners because pensioners do not receive the refund; therefore, it is not a pensioner tax. I went through the statistics that show that the benefit accrues to the wealthiest 20 per cent of retirees. The wealthiest 20 per cent of retirees will receive 80 per cent of this benefit. If anyone can tell me that that is an equitable taxation system, I do not know what equity means. I thought we basically agreed that Australia has a progressive, equitable taxation system. That cannot be considered to be part of an equitable taxation system. How did this come about? It came about because the Howard–Costello regime had this excess money and wanted to know what it should do with it, so it put in place this welfare payment. I would think that the Liberal Party would be opposed to middle or wealthy welfare payments. The Liberal Party is always talking about means testing welfare: “You should be means testing welfare.” How can this not be welfare when the government is paying a refund? How can that not be welfare? Obviously it is welfare and it is welfare that is going to the richest 20 per cent of retirees.

Opposition members interjected.

The ACTING SPEAKER: Members!

Dr A.D. BUTI: I thank the opposition for allowing me to jump up before they did. I want to talk about how the Shorten government will ensure that pensioners are taken care of.

Mr W.R. Marmion interjected.

Dr A.D. BUTI: I am not taking an interjection, but I think “Armada” was mentioned just then. If the member for Nedlands comes to Armada, he will find out that most of the people who live in Armada are not receiving this assistance.

Mr K.M. O’Donnell interjected.

Dr A.D. BUTI: It is called the cocktail phenomenon. If the member had studied psychology, he would know about the cocktail phenomenon. When a person’s name or something is mentioned from afar, they can pick it up. That is why we should not speak about someone in a crowded room.

Mr D.R. Michael interjected.

Dr A.D. BUTI: Yes, a cocktail phenomenon.

Under the pensioner guarantee, every recipient of an Australian government pension or allowance with individual shareholdings will still be able to benefit from the cash refund. This includes individuals receiving the age pension, the disability support pension, the carer payment, the parenting payment, the Newstart allowance and the sickness allowance. Self-managed superannuation funds with at least one pensioner or allowance recipient before 28 March 2018, will, I think, be exempt from the changes. I think that date might be changed. This is just absurd and inequitable. Give me the name of another jurisdiction or another country that has this system. If there is one, that is fine, but let me know. I do not know of any other country that gives a person a refund because they are not paying any more tax on a dividend. The government keeps saying that low-income earners are the ones who are being penalised in this. That is rubbish!

Several members interjected.

The ACTING SPEAKER: Members!

Dr A.D. BUTI: That is absolute rubbish, and members opposite know it is rubbish.

The ACTING SPEAKER: Member, you have indicated that you are not taking interjections, so you cannot pose questions. Please talk to the Chair.

Dr A.D. BUTI: I did not pose a question; I made a statement.

Several members interjected.

The ACTING SPEAKER: Member!

Dr A.D. BUTI: Okay.

I thank the opposition for its indulgence in allowing me to go first. I note that it really hurts members opposite, because I usually do engage in exchange with them across the floor, but due to the fact that I have another appointment to go to, I am unable to do that.

Mr D.A. Templeman: Where are you off to? Did you tell the Whip?

Dr A.D. BUTI: Yes. The appointment is here. It is on campus, leader.

Several members interjected.

The ACTING SPEAKER: Members on my right, the member is not taking interjections.

Dr A.D. BUTI: If the bells ring, I will be back in here.

The Leader of the Opposition invited members on this side to stand up if we believe in and want to stand side by side with Bill Shorten. I proudly stand beside the federal Labor opposition, because I am incredibly proud that the federal opposition has put out its tax policies. I realise that the federal coalition government, which has been an incredibly dysfunctional government over the last six years —

Mr S.K. L'Estrange: Which has a budget surplus!

Dr A.D. BUTI: Yes, on the back of not paying out the NDIS. That is why it has a budget surplus.

Mr D.R. Michael interjected.

The ACTING SPEAKER: Member for Balcatta, the member for Armadale has indicated that he is not taking interjections. Please allow him to continue.

Dr A.D. BUTI: The fact is that the federal government will be running an almighty scare campaign against the policies of the federal opposition. Regardless of whether members agree with the policies of the federal opposition, they would have to agree, when they consider the dysfunction of the federal coalition government, that the federal opposition would be tempted to be a small target. But, no—the federal Labor opposition has decided that it will go to the election with a raft of policies. I believe its taxation policies will make this country a more equitable and just society. It will also have a mandate, unlike the incoming Abbott government in 2013, which said no funding cuts to the SBS and ABC et cetera. We all know the political consequences of that action, although we could argue that Joe Hockey, the architect of the 2014 budget, did not suffer much of a punishment, because he ended up in the Australian embassy in Washington, DC, and by all accounts is ensuring that the budget of that embassy is being well spent, as we find out every now and again. Tony Abbott is still in his seat. We know that many people in the Liberal Party wish he would lose his seat at the next election, as he may do, to the international skier who is running against him, who won a gold or a bronze medal in the Winter Olympics some time ago.

Several members interjected.

Dr A.D. BUTI: Was it gold? I do not think it was gold. I do not think Australia has won a gold medal in skiing. It is Steggall.

Mr D.A. Templeman: Yes, I think we have.

Dr A.D. BUTI: Did she win a gold?

Mr D.A. Templeman: It was a Victorian. She became a member of Parliament.

Dr A.D. BUTI: No. I am talking about Steggall, who is running against Tony Abbott. We have won gold in other pursuits, but not in skiing. I am sure that many people in the Liberal Party, including the former Prime Minister, Malcolm Turnbull, will have a bottle of champagne if she does defeat Tony Abbott.

On that note, thank you very much.

MR Z.R.F. KIRKUP (Dawesville) [6.14 pm]: I, too, rise to speak to the motion moved by the Leader of the Opposition —

That the house condemns the McGowan government for its failure to stand up to Bill Shorten and federal Labor who are advocating policies that will have a detrimental impact on the state of Western Australia.

I found the member for Armadale's contribution enthralling, as always, although he has taken what I like to call the member for Carine's version of five minutes—that is, turning five minutes into 15 minutes. Nonetheless, it was interesting to hear his perspective on things. Of course, we disagree with a number of the statements made by the member for Armadale. I appreciate that he will not be here to listen to our rebuttal, but I take him at his word when he said that he will listen to every word of it after his next appointment.

How fantastic it is that the budget is back in the black. The budget is back in surplus.

Mr R.R. Whitby interjected.

Mr Z.R.F. KIRKUP: How fantastic it is, member for Baldivis, that we are back in the black. It is great. It is a thing of beauty. The last time a federal Labor government delivered any sort of surplus was when I was aged two. Here I am, aged 32, and we are back in the black, thanks to the coalition government. Fantastic effort. The benefits of that good economic stewardship are now being sown throughout Australia, in particular in infrastructure and road spending, investment in new medicines on the pharmaceutical benefits scheme, and great outcomes for the country at large. I have to say absolutely, as the Leader of the Opposition pointed out, that we are very proud to stand shoulder to shoulder with our Prime Minister and the federal Liberal Party and all the candidates in the upcoming federal election who are standing for Senate and House of Representatives seats in Western Australia. I am certain that all members on our side will do our very best to support the re-election of the incumbent members and the election of those candidates throughout the state of Western Australia. It will be fantastic to see an outcome—perhaps on 11 May or 18 May, or even on 25 May, which has been mooted, or whenever the federal election is held in the next couple of weeks—in which the federal Liberal members for Western Australia are returned to their seats. Hopefully we will even pick up seats like Cowan, as the Prime Minister has forecast, which would be great.

We should contrast a possible federal Labor government with the fantastic Liberal–National coalition government, which has been able to pay down a significant amount of the debt that the Labor Party managed to accrue when it was last in government. The interest bill on that debt was \$18 billion a year. That was the equivalent of 500 schools or 10 or so hospitals. The federal coalition government has not only paid down that debt but also created millions of new jobs and new opportunities. It has kept our borders safe and secure. It has invested in new roads, schools and hospitals across the country, and indeed in Western Australia. That is great to see. Of course, when I have the great opportunity of talking to people in my community, they say they want a government that invests in roads and hospitals. The Labor government in Western Australia has failed to deliver on anything like that for the people of Mandurah. Thankfully, the federal coalition government is delivering that for them.

I will go through some of the things that Andrew Hastie, the fantastic member for Canning, has managed to achieve for my community. Under the Morrison coalition government, 1.2 million more Australians are in employment. That number is higher than it was before this government was elected. Nearly 60 per cent of those 1.2 million jobs are full time. That is a fantastic achievement. In 2017 alone, 412 000 new jobs were created. The federal coalition government has increased access to important services like child care and health care. The budget that was handed down yesterday outlines the tax relief that will be generated from a re-elected Morrison government. That will have a real impact on people in my community. That tax relief is nothing to sneeze at. More than 10 million Australians will receive immediately more than \$1 000 in tax relief from a re-elected Morrison government. That is a great outcome.

Of course, this is happening only because we have a strong economic manager in the coalition government. In fact, as the Leader of the Opposition has quite rightly pointed out, a prospective federal Labor government is one of the biggest threats this country has faced in recent history. I have not seen an alternative Prime Minister who presents a bigger threat to the future of the Australian economy than Bill Shorten. Not only does his militant union background concern me—he is controlled by union puppetmasters, as we know—but also his ability to tax and spend. Every time Bill Shorten opens his mouth, all we hear is “tax, tax, tax” and “spend, spend, spend”. He thinks he knows better than Australian citizens about how they should spend their money. Contrast that with the reduction

in taxes thanks to the coalition government, which has managed to invest in things such as education, better defence, stronger borders, roads and health care.

Health care is one of the things I talk about a fair bit when it comes to Peel Health Campus. It is important to note that since 2013–14 we have seen a 76 per cent increase in public hospital services funded, thanks to the coalition government. We have seen it go from \$13.3 billion to \$23.4 billion invested by the coalition government. That is not an insignificant investment in the national health system. Importantly, a lot of that has been in places where it is most needed—that is, our hospitals and emergency departments. The benefits have particularly been seen in my community, with Andrew Hastie securing \$25 million from the federal government to expand the Peel Health Campus emergency department. That is five times as much money as the state Labor government is offering. We have seen federal Labor completely missing in action, once again, when it comes to the people of Mandurah and their health concerns at our local hospital. More than that, we have seen, because of exceptional economic stewardship, more than 1 900 new drugs listed on the pharmaceutical benefits scheme. That is a really great outcome that can only be delivered by a government that is a strong economic manager, and one that makes sure that important economic settings are in place so that small businesses can thrive and working families can ensure that they pay less tax, can spend in the economy, and are employed. We have seen millions of new jobs created. Contrast that with where Labor is at. With a prospective Labor government, all we will see is a government that is high spending and high taxing, a threat to the economy of Western Australia in particular and, more broadly speaking, the national economy.

I find the member for Armadale's contribution on the retiree tax interesting. There can be no doubt in anybody's mind that the policy that Labor is taking to this election unashamedly and almost bullishly demeans senior Australians who have worked hard to make sure that they have set themselves up for the future without relying on social security, and they are going to be targeted. Higher taxes on retiree savings have been mooted by the federal opposition leader, and that will have a very real impact in my community. It will have a very real impact in Canning, the division that my seat is in, and across Western Australia more broadly speaking. That means that the Labor Party will try to generate somewhere around \$45 billion in revenue by focusing on retirees. I have yet to see a prospective alternative government, in the time I have been involved in politics, specifically target individuals in the way that the federal Labor Party is doing now. It is very happy to cherry-pick what it sees as the groups that it can afford to lose politically. It does not seem to care about the impact it will have on people's lives in our community. That to me is an amazing way for the party to conduct itself in opposition. One can only fear what will happen if the Labor Party manages to get into government. In Western Australia, this Liberal Party will fight tooth and nail to make sure that that does not occur, and I am certain that will happen right across the commonwealth. When we think about the savings that will be penalised, as the member for Cottesloe and I have been discussing, the franked dividends and things like that, and the targeting of retirement savings, it will hit those seniors who have made sure that they save enough money so that they are not reliant on social security or the pension.

On the other side of things, when we talk about things like negative gearing and increasing capital gains tax, that will impact those younger families who might be needing to rent or might be looking to get into the new housing market. I refer to the Minister for Housing's rationale, going through the impact of negative gearing. Like many people in this place, I have read the differences in opinions here of people with different political persuasions and different perspectives on economic theory, in terms of certain institutes and think tanks. However, the underlying unifier of all those opinions on whether people think it will be good or bad, or on the long-term impact, is that ultimately people's existing residential property values will go down. This is bringing in negative gearing at a time when the Australian housing market in particular is falling. We have seen Sydney and Melbourne property prices now, I think, at 15-year lows, and in Western Australia we have seen a significant hit to our property prices. Of course property is the asset class that is primarily invested in by mums and dads and families as a vehicle to store their wealth. The Labor Party federally is saying that it is very happy to bring about policy settings that will eat away at property values.

Families have invested a significant amount of money in paying off their mortgages and might stay in a house for decades at a time. My parents are an example. They have relied on their home alone, because they do not have superannuation. They rely on the value of their property alone to ensure that when they sell it, whatever that looks like, they can live off the proceeds of that sale for their future. The federal Labor Party is saying that it wants to target that in particular, with things like the increases to capital gains tax and negative gearing. That means the property values will fall. That is the underlying assumption from every think tank I have read in their work on the impact of negative gearing. That means that Labor is going to take away those future possible savings from people like my parents, who have never earned an exceptional amount of money by any stretch, have saved as diligently as possible and invested as diligently as possible in their home, which would be worth about \$450 000, and rely on that income to help set them up for the future. Their properties will be impacted by a prospective resumption of negative gearing, and that is a real concern for them, and why would it not be? Labor has again said it is very willing to target those individuals. I cannot imagine how this is going to have any positive impact for them in Western Australia, in particular, where we are already hurting in our household and residential property prices.

My parents, I suspect, at some point in time will find themselves on the pension. It might be a part-pension if their home sells and the proceeds can set them up for the future, but if that property price takes a hit, they might find themselves in a position where they do not have the means to be able to continue in a certain lifestyle, whatever that might be, or they will have a stronger reliance on social security. I find it interesting that we want to ensure that there is more pressure on things like the age pension, and we would want to ensure that we penalise people who have gone through the diligent means of saving, of accruing property to make sure that they have a future lifestyle and do not have to rely on the taxpayer to get by.

I find it interesting that the Minister for Housing in particular quotes the Master Builders Association. Having come from the residential construction sector for two and a half years before I found myself in this place, the Housing Industry Association and the MBA have very differing views on this. The MBA has put out its views, but we had a typical view from the company that I worked for for a number of years. We were the largest residential builder in Western Australia, and we were only a member, I think, or certainly an advocate member, of the HIA for a number of those years. The HIA says that rents will increase. I think it was in October last year that the HIA was saying that with an increase in at least capital gains tax and some issues in relation to negative gearing, rents would increase. Again, the federal Labor Party is deciding to target specific groups, and bring about high pain, I suppose, to those who it will impact, particularly retirees and those who might be saving for a home.

Dr D.J. Honey: And those people who saved for their retirement.

Mr Z.R.F. KIRKUP: Indeed. As the member for Cottesloe quite rightly points out, it will punish those in particular who have saved for their retirement, who I think all of us would consider have done the right thing by wanting to make sure they make solid financial decisions to look after themselves and try to not be reliant on the taxpayer. Every Western Australian would want to support that occurring in the first instance, but of course the alternative government—the federal Labor Party—wants to make sure that we punish those people. I find that fascinating.

Mr W.R. Marmion: They should get a gold watch.

Mr Z.R.F. KIRKUP: That is right, member for Nedlands—quite right. When we talk about the impact that the Labor Party will have, and the impact its tax agenda will have in my district—in the district of Dawesville, we are a part of the division of Canning, represented by Andrew Hastie—we can see that it will be very significant.

I understand that Treasury estimates that in excess of 51 000 retirees will be impacted by Labor's retiree tax that abolishes tax refunds for share dividends. That affects thousands of people in my community. I suspect a large majority of those will be in the district of Dawesville. It moves the goalposts, punishes those people who have saved hard for their retirement and increases pressure on the age pension. The more than 8 500 residents in Canning who have invested in a rental house or flat and use negative gearing at the moment will also be negatively impacted by Labor's wish to abolish negative gearing as we know it, and increase capital gains tax.

Mr R.R. Whitby: How?

Mr Z.R.F. KIRKUP: I have gone through it, member for Baldvis. I find it interesting that the member for Baldvis, when the number of repossessions in his district is higher than it is anywhere else in Western Australia, is willing to stand shoulder to shoulder with the Australian Labor Party and support its policy of a regressive tax agenda that will harm more people in Western Australia than it helps. He is part of a government that has voted to increase fees and charges on households by more than \$700, yet the member for Baldvis is the only member in this chamber who has had to host a financial assistance forum because people in his district are hurting more than anywhere else, and he is happy —

Mr R.R. Whitby interjected.

The ACTING SPEAKER (Mr T.J. Healy): Member, I am on my feet. Member, do you seek to take interjections?

Mr Z.R.F. KIRKUP: I am fine. That is fine.

The ACTING SPEAKER: So, you do seek to take interjections?

Mr Z.R.F. KIRKUP: I will proceed as I am, Acting Speaker.

The ACTING SPEAKER: I ask you to please direct questions to the Chair so that Hansard can record comments.

Mr Z.R.F. KIRKUP: I find it interesting that the member for Baldvis is the only member of this chamber who has had to hold a financial assistance forum because he has voted for fees and charges to be increased on vulnerable people in his community a number of times. The outcome in Baldvis is that the number of repossessions is higher in that postcode than it is anywhere else in Western Australia. That is fascinating, and I am certain we will make an issue of that in 710 days' time, when we go to the next election. I look forward to that being a campaign issue. I promise the member that until he stands on this side and works with the Liberal Party and ensures that there is downwards pressure on fees and charges and does not join his Labor comrades in jacking up fees and charges, we

will make that an issue for him every day from now until the state election. People in Baldivis are remembering it because they are unable to pay their mortgages in droves because of the fees and charges that the member for Baldivis voted for. That is a real shame. We will remind the people of Baldivis of that at every turn. I will get back to the point.

As I have said, the 8 500 residents in Canning who have invested in a rental house or flat and used negative gearing will be worse off as a result of this policy. If members had been here before, they would know that we have gone through the negative gearing and capital gains tax changes.

[Member's time extended.]

Mr Z.R.F. KIRKUP: As I have said previously, Labor's housing taxes will also reduce property values, push up rents and, ultimately, damage our economy. That will have a very real impact in Canning, in my district, and I expect in the member for Baldivis's electorate in particular. In Canning, more than 4 100 residents receive net capital gain on investments. Labor wants to increase those capital gains taxes and make them some of the highest in the world. That will have a negative impact on those people. The budget repair levy that Labor would reintroduce would have a negative impact on more than 2 500 people in the division of Canning. Federal Labor has said that despite the fact that we are back in black, thanks to the strong financial management of the coalition government, it will still reintroduce that budget repair levy. This would again increase the top rate of tax to more than 49 per cent.

Mr J.N. Carey: "We love you, Andrew. I am the president of the fan club."

Mr Z.R.F. KIRKUP: Well done, member for Perth. It is great to have him back. When we talk about Canning, we have to talk about small businesses. More than 1 900 small businesses with a turnover of less than —

Mr J.N. Carey: "And I love you!"

The ACTING SPEAKER: Member for Perth!

Mr J.N. Carey: *The Love Boat!*

Mr Z.R.F. KIRKUP: I appreciate the interjections, member for Perth.

More than 1 900 small businesses in Canning will be worse off because of Labor's agenda to attack small business. Again, the impact that this will have in my community in Dawesville is significant, but that is a microcosm within Canning more broadly of what the impact will be like throughout Western Australia and indeed across the Federation. As I said at the very top of my contribution, I am yet to find an alternative Prime Minister who has ever been so bold as to ensure that he is hand in hand with the militant union movement that wants to bring about regressive taxation and target individual groups to make them worse off. I do not understand that. I am certain that we will see the Liberal Party hold and possibly gain seats within Western Australia at the upcoming federal election in May, whenever it might be.

In the final minutes that I have, I think it is worth contrasting —

Mr J.N. Carey: Mention Andrew a few more times.

Mr Z.R.F. KIRKUP: I am going to mention the member for Canning once again, much to the member for Perth's excitement.

Several members interjected.

Mr J.N. Carey: "We love you, Andrew. You can do no wrong!"

Mr Z.R.F. KIRKUP: I think it is important —

Mr D.A. Templeman: He's upset one of our local priests though.

Mr J.N. Carey: How shameful. He attacked a local priest. That's his dignity—attacking the local priest!

Mr Z.R.F. KIRKUP: If the member for Perth had read the article beyond the headline, he would know he —

Mr J.N. Carey interjected.

The ACTING SPEAKER: There seems to be a very healthy dialogue in the chamber. For Hansard to continue to record, member, please address the Chair.

Mr Z.R.F. KIRKUP: If the member for Perth reads beyond the headline, he will see the circumstances that occurred.

In any case, I think it is important to outline some of the achievements that have been delivered by the federal coalition government—in particular, the member for Canning in my district and the division more broadly speaking—that could have come about only through the strong economic management of the coalition government and the strong leadership of Prime Minister Scott Morrison. We know right now that the tax relief that has been

legislated by the federal government is benefiting more than 13 000 small and medium-sized businesses in the division of Canning. More than 13 000 small businesses have benefited from the instant asset write-off. That is more than 60 000 taxpayers within Canning, which is by far more than the majority of the electors in Canning, who will benefit from the tax relief in 2018–19 as a result of, once again, the federal government's strong economic management and the enhanced personal income tax plans. About 21 500 people in Canning will receive the full tax asset of \$1 080 over the coming financial year.

Since we have come to office, the more than 20 000 aged pensioners who live in Canning are all better off thanks to the coalition government and, in particular, Andrew Hastie, who has delivered for the community. Our local hospital in Peel has seen a significant investment by the government, which I have gone through. The GP bulk-billing rate has increased to 91 per cent since the coalition federal government came to office, which is a great outcome. We have seen funding for all 39 public schools increased by around 70 per cent per student in Canning. That is another example of the coalition government investing in our community, and Canning more broadly speaking. The coalition has delivered these very important outcomes. They are perhaps not as tangible as the infrastructure on the ground, and that is why in my final minutes I would like to recap the outstanding achievements by Andrew Hastie in infrastructure right throughout the Canning division. I will start at the top.

We have seen \$33.2 million invested in key road locations right across his electorate. These are smaller roads. We have seen \$20 000 for the Roleystone Men's Community Shed; \$17 000 for the Bedforddale Hall; \$15 000 for the playground at Roleystone Country Club; \$11 500 for the Roleystone Gymnastics Club; \$6 000 for the Roleystone Netball Club; and \$25 million invested in Peel Health Campus. As I have gone through a number of times in this place, that investment will be of immeasurable benefit to our community. The federal Minister for Health, Greg Hunt, and the member for Canning made a joint announcement today about the urgent care clinic being delivered and funded in Mandurah, provided by St John of God Health Care. That is an outstanding achievement and a game changer for our community that will relieve pressure on emergency departments. An amount of \$16 million has been invested in the train station car park at Mandurah; \$10 million has been allocated to stage 1 of Lakelands train station; \$10.3 million to help workers re-skill and find new jobs; \$3.3 million for the Mandurah trade skills centre; and \$2 million for the Peel Youth Medical Health Hub. That is an outstanding achievement, once again, that helps youth at risk, including mental health risk, in our community.

There was \$1 million for the Port Bouvard Surf Lifesaving Club; \$750 000 for the new performing arts centre at Foundation Christian College; \$520 000 for the commercialisation of a local business product in our community; \$20 000 to replace the vehicle to transport Indigenous patients in particular; \$15 000 to upgrade local dinghies at Port Bouvard Surf Lifesaving Club, which is a very important club in my district; \$10 500 for Mums Cottage in Mandurah; \$9 200 for upgrades at the Port Bouvard Recreation and Sporting Club; and \$2 600 for the community garden in Coodanup. We are seeing a commitment from Andrew Hastie and the Liberal Party in Mandurah and right across the Canning division not just for those big-ticket items that are important, such as roads and hospitals. Right down to the street level, the Liberal Party cares about our community. Andrew Hastie cares about our community and he delivers.

People might think that the list stops there —

Mr J.N. Carey interjected.

Mr Z.R.F. KIRKUP: These things have already been delivered, member for Perth.

In the Shire of Murray, \$21.75 million was invested in Peel Business Park and there was \$3.5 million for the Bedingfeld Park aged-care facility, which was on top of the 264 places that were delivered by the coalition government for two new aged-care facilities in Halls Head and Dawesville, two suburbs in my electorate. That will have a very real impact in ensuring that people can age in place in my community. There was \$4.7 million for the Dwellingup National Trails Centre to ensure that that part of the Peel region is an outstanding centre of excellence for new mountain bike trails; \$2.5 million for the North Dandalup Centre for Innovation in Agriculture; \$1 million to build a practical skills building at Austin Cove Baptist College; \$20 000 for Don Spark Reserve in Coolup; \$20 000 for the North Yunderup BMX park; \$404 million to extend Tonkin Highway and connect it to South Western Highway south of Mundijong Road, which I know the member for Darling Range has been very fierce in advocating for and worked very closely with the member for Canning in helping to deliver; \$241 million to extend the Armadale train line to Byford; \$183 million for further interchange upgrades at Tonkin Highway; \$10 million for the Thomas Road–Nicholson Road intersection upgrades; \$5.5 million to help road safety by fixing 18 black spots throughout our community; \$1.6 million for a new bridge in Byford; \$245 000 for a new kitchen at the Byford and Districts Country Club; \$20 000 for a community garden in Byford; \$20 000 for the activity centre in Karrakup; \$15 000 for the pre-race staging area for the motorcycle club in Whitby; \$15 000 for lighting upgrades at Mundijong Oval; and \$7 000 for upgrades at a childcare facility at Byford.

There was \$1.6 million to expand aged-care services at Quambie Park in Waroona; \$200 000 for the Waroona Men's Shed; \$95 000 for a community centre at Preston Beach; \$23 000 for the installation of new CCTV in Waroona; and \$10 000 to renovate the kitchen at the Waroona Youth Centre.

Dr D.J. Honey interjected.

Mr Z.R.F. KIRKUP: Absolutely.

Grants valued from \$10 000 right through to hundreds of millions of dollars are being delivered by Andrew Hastie and the Liberal Party in our community. Of course, the Liberal Party can deliver this because it is a strong economic manager and can provide tax relief and good economic environments for businesses, particularly small and medium-sized businesses, to thrive. We can invest in things such as education, hospitals and roads. In fact, since being elected in 2016, Andrew Hastie has delivered more than \$1 billion for the Canning area. That is a not insignificant investment that has been brought about because of his advocacy, because he is fighting for us in Canberra and, in particular, because this coalition government, through Prime Minister Scott Morrison, whom, as the Leader of the Opposition rightly said before, all of us on this side of the chamber are proud to stand shoulder to shoulder with, has delivered for our community and for Western Australia.

The results will be seen in 38 days' time on 11 May. When this federal government goes to the polls, it will be re-elected, I suspect, across the nation and in particular in Western Australia. We will fight tooth and nail to ensure that federal members of the Liberal Party in this state are re-elected to both their Senate spots and their House of Representatives seats, and we might be in a position to gain a new seat like Cowan. I think that will be an outstanding achievement by the Liberal Party. The work is not done; there is still more to do. I look forward to the contest at the coming election. I am certain that the people of Western Australia understand the real threat that the Labor Party presents and that they will vote wisely and re-elect the Scott Morrison Liberal government once again on 11 May, 18 May or 25 May.

MS J.J. SHAW (Swan Hills) [6.44 pm]: It is a privilege to speak to this motion. It has been fascinating listening to the debate, particularly the Leader of the Opposition's speech. I was fascinated by the comments he made on energy policy and pleased that he introduced it into this debate. I have been thinking about why the Liberal Party is so very uncomfortable with what is being said about energy policy. I think it is because there are two concepts that are very unfamiliar to those opposite—unity of purpose and shared vision. When this motion calls on the McGowan Labor government to condemn Shorten—the Leader of the Opposition kept saying the “Shorten government”, which was wishful thinking, and certainly we on this side are wishing for it—the problem members opposite have is that they fail to understand that on energy and climate change in particular, we have in the Labor Party, at both a state and federal level, unity of purpose and a shared vision. They are two alien concepts. The Leader of the Opposition talked about the fact that a joint state cabinet and federal shadow cabinet meeting was held in Perth at which both federal and state colleagues worked together on the sorts of things that Western Australia needs, what our unity of purpose is and what our shared vision is. I would have thought that the voters of Western Australia would expect that of their leaders; they should expect that the federal and state tiers of government can work together and that political parties in particular are internally aligned on something as fundamental to the economic development of this state as energy policy.

Having come from the energy sector, it has been a privilege to be part of a government that has announced a raft of really exciting innovations in energy policy. I want to clip through a few of them because they will echo what a Shorten government announced just days ago its vision would be for energy and climate change.

In August 2017, Minister MacTiernan kicked us off and talked about prospects for exporting Pilbara sunlight to the world, recognising that we have some of the best renewable resources in the world and that we should think big about a strategy for renewables in Western Australia. In November, Minister Wyatt announced that we would be investing in our renewable future with the Warradarge wind farm and stage 2 of the Greenough River solar farm. In November, he announced the trial of the state's first utility-grade energy storage battery in Carnarvon. This is world-leading stuff. In January, recognising that the Collie community will be affected by a transition to a renewable future, he announced the Collie Futures Economic Advisory Committee, ensuring that we commit to principles of “Just Transition”. Some \$20 million has been set aside in the Collie futures fund to assist that community to transition. This is interesting, innovative stuff that demonstrates the Labor Party's commitment to the people of Collie. In March, the minister announced a demonstration project of 60 standalone power systems in regional WA. Again, that is a significant innovation. These energy solutions for the future are groundbreaking stuff. In April, another set of large-scale renewable energy projects was announced, including stage 2 of the Greenough River solar farm and the refurbishment of the Albany wind farm. Again in April, Minister MacTiernan announced support for pilot sequestration offset projects. In October, there was the release of pastoral leases to support those, so we are looking at carbon sequestration opportunities. In May, \$500 000 was announced for a Kalgoorlie virtual power plant proposal development. What a fascinating investment that is—putting solar photovoltaics and batteries on rooftops in Kalgoorlie and targeting social and affordable housing in particular. We

are looking at ways to make energy cheaper for the most vulnerable members of our community. This is the sort of innovative thinking that we need to be looking towards.

In July, the minister opened stage 1 of the Onslow microgrid project. Again, that is another world-class, groundbreaking project. In August, the minister established a council to drive the hydrogen industry in Western Australia. In October, the minister announced the power bank trial, an Australian first. It is a community-level battery on a grid scale that local households can subscribe to for \$1 a day. That project had to be brought forward by months because, in less than two weeks, it was fully subscribed. There was that much enthusiasm from the community seeking leadership on climate change. In December, the minister announced a peer-to-peer energy trading project in Fremantle with 40 households. Also in December, Minister Dawson announced the commencement of the Labor government's consultation on climate change policy. In March, new Minister Johnston announced 13 micro power systems in Esperance replacing old powerlines. Significantly, in March, Minister Johnston also announced the WA energy transformation strategy, a whole-of-system plan, which is long overdue, together with a distributed energy road map.

In energy and climate change, the McGowan Labor government has indicated its commitment to large-scale renewables, carbon farming projects, microgrid projects, network transformation, battery storage systems, smart grids and battery scales for both grids and households, bold ideas for hydrogen, peer-to-peer trading platforms, virtual power plants, community energy projects, the Collie community's "Just Transition" plan and the WA energy transformation strategy—a whole-of-system plan coupled with a distributed energy road map.

We on this side of the chamber have a unity of purpose and a shared vision about where the energy industry needs to go. It is important to point out that although the Leader of the Opposition calls on us to condemn the Shorten opposition for policies that will have a detrimental impact on Western Australia, we should welcome the innovative approach that it announced in the last few days and recognise the fact that it is backing Western Australia in a way that the federal Liberal government has not been able to do for any of its state governments, predominantly because internally it cannot agree on whether climate change is real. It lost a conga line of leaders for their inability to come up with an internally consistent and unified energy policy trajectory. By contrast, in November last year federal Labor announced its plan for more renewable energy and cheaper power. It had four elements. Firstly, and most importantly, was an investment strategy designed to deliver industry with certainty over a period of 10 years. Nothing will kill economic growth more, both nationally and, more importantly, here in Western Australia, than a lack of certainty. That is one thing that the federal Liberal government has been completely unable to deliver. The federal Labor Party's plan is based on the national energy guarantee, which was called for by industry, which the federal Labor Party offered to negotiate but which the federal Liberal Party seemed incapable of wrapping its head around and marshalling behind. The plan also included a doubling of investment in the Clean Energy Finance Corporation to \$10 billion, supporting large-scale generation and storage programs, a household battery program that will again make these renewable energy technologies of the future accessible to the most vulnerable in our community—does that sound familiar?—and it also targeted increasing expenditure towards energy efficiency measures.

The Shorten Labor opposition also announced that it would set up an independent energy security and modernisation fund to facilitate investment in transmission and distribution, consistent with the Australian Energy Market Operator's system-wide plan. Again, at both the state and federal level, the Labor Party recognises that we need to take system-wide approaches to planning and we need to invest in our transmission and distribution systems to facilitate the emergence of the energy technologies of the future.

The final element of the Shorten opposition's energy plan was an energy productivity agenda. That is some really visionary stuff. I encourage everyone to read Mark Butler's book *Climate Wars* for a bit of an insight into the thoughts of the federal shadow Minister for Climate Change and Energy on energy policy. It is a very good read—an accessible, well-written piece of work that provides an insight into the thinking behind the federal Labor Party's plan.

More recently, in the past few days, Bill Shorten announced the Labor Party's climate change action plan. Again, we see shared vision and unity of purpose in the Labor Party at both the state and federal level. There are 10 points in this plan. I will not purport to go through all of them but I will mention the ones in which I see considerable synergies between the McGowan Labor government and the Shorten opposition. The first point is a big vision for the energy industry in Australia, much like ministers in the McGowan Labor government have a big vision for the energy industry in Western Australia. Principle 1 is to make Australia a renewable energy superpower, ensuring that 50 per cent of energy is sourced from renewable sources across the nation by 2030, resulting in cleaner and cheaper power, and more than 70 000 jobs due to renewable energy investment. A Shorten government will also double the original investment in the Clean Energy Finance Corporation by \$10 billion, supporting, as I said before, new generation and storage. It will set aside \$5 billion of funding to create an independent energy security and modernisation fund to upgrade the transmission and distribution system. It will encourage the uptake of household solar and battery systems by setting a target of one million

household battery systems by 2025 and providing a \$2 000 rebate for 100 000 households on incomes of less than \$180 000 a year to purchase and install battery systems as well as low-cost loans for households, aligned between the state and federal governments, along with the sorts of technologies that will considerably alleviate poverty for the most vulnerable members of the community.

A Shorten Labor government will also establish a neighbourhood renewables program to ensure renters and social housing residents benefit from cheaper and cleaner renewable energy, and establish community power hubs to support the development of projects in local communities such as solar gardens on apartment rooftops, community windfarms and energy efficiency upgrades for social housing; again, directly translating an energy vision into local action consistent with the actions that are being taken by the McGowan Labor government.

The second point of the Shorten opposition's action plan is to support the transition to cleaner and cheaper power by implementing Labor's national energy plan and ensuring an orderly transition for industries, communities and workers. As I mentioned before, there are similarities at both the state and federal level, recognising the need for proper planning. Most importantly, ensuring an orderly transition for industries, communities and workers, the McGowan Labor government has committed to a "Just Transition" plan and is working with the community of Collie on what "Just Transition" involves. The Shorten opposition's policy expressly recognises the need to assist the community of Collie. Contrast that with the Liberal Party's express riding instructions that it gave to the Department of Foreign Affairs and Trade representatives at the Paris Agreement negotiations to not support "Just Transition", and ensure that it was excluded from the terms of the Paris Agreement. The Liberal Party has never demonstrated any sort of willingness or initiative at the state or federal level to protect that community. It is absolutely shameful. It shows a lack of vision and a lack of unity and can be contrasted with the shared vision and the unity of purpose that can be seen at the state and federal level in the Labor Party.

The next significant pillar of the Shorten Labor opposition's climate change action plan is to build jobs and industry by partnering with industry to help businesses find innovative solutions to bring down pollution levels, support trade-exposed industries and build the jobs and industries of the future. There is an express commitment in the policy to consult extensively with industry and ensure tailored treatment for emissions-intensive trade-exposed companies as part of the safeguard mechanisms. Members may remember that when emissions trading was live under the Gillard government, an extensive exercise was undertaken by the Labor Party to engage with industry, to understand its concerns and the implications of trade-exposed emissions-intensive industries. It is very pleasing to see that the Shorten opposition recognises the need to engage with industry and undertake initiatives that will support competitiveness and cut pollution.

The Shorten opposition is also committed to establishing a strategic industry reserve fund of \$300 million over six years to support the ongoing competitiveness of strategic industries to help deliver industry-specific low-carbon strategies. A whole raft of initiatives in the policy announced by the Shorten opposition indicate an alignment, a unity of purpose and a vision. This can be contrasted directly with the dysfunction that we saw in the Liberal Party with Tony Abbott, the greatest climate denier known to Australian political history, who flip-flopped whenever it was politically convenient by saying, "Climate change is crap", then "Climate change is real" and then "Climate change might actually be a good thing." Can members believe that he would say that on the public record?

Debate adjourned, pursuant to standing orders.

House adjourned at 7.00 pm
