

STAMP DUTY EXEMPTIONS — RETIREES

Amendment to Notice of Motion

HON COLIN TINCKNELL (South West) [1.07 pm]: Madam President, pursuant to standing order 62(b), I seek leave to move my motion in an amended form, as follows —

That this house calls on the state government to extend stamp duty exemptions to Western Australian retirees to the property value of \$800 000 and capped at \$17 500 in order to —

- (a) provide an incentive when downsizing from their current home; and
- (b) allow them to maximise the equity in their current home and encourage them to move to a dwelling that would better suit their circumstances.

By way of explanation, the only change to the motion is the insertion of the words “to the property value of \$800 000 and capped at \$17 500 in order”.

Leave granted.

Motion

HON COLIN TINCKNELL (South West) [1.08 pm]: I move —

That this house calls on the state government to extend stamp duty exemptions to Western Australian retirees to the property value of \$800 000 and capped at \$17 500 in order to —

- (a) provide an incentive when downsizing from their current home; and
- (b) allow them to maximise the equity in their current home and encourage them to move to a dwelling that would better suit their circumstances.

Over the last 10 years, both the previous Labor and the current coalition federal governments have made rulings. They have made statements that all Australian citizens or permanent residents over the age of 65—that is, retirement age—should be able to claim exemptions on stamp duty when downsizing. Over the last few years, there have been changes to superannuation rules to allow certain things to happen. One of the main reasons I bring this motion to the house is that this is something that is needed in our society. Retirees and the greater community can certainly benefit from stamp duty exemption legislation passing both houses of Parliament. There are a number of reasons this should happen. Retirees are generally on fixed incomes. They find it incredibly hard to earn enough money to maintain a family home. In many cases, that family home is surrounded by large lawns and gardens and the cost to maintain them is quite immense. This is something that they find very difficult. Often, retirees need to hire someone to do the maintenance because they are at a senior age and some have failing health. The cost of stamp duty is a disincentive. For instance, an \$800 000 home attracts \$32 000 in stamp duty. That is an enormous amount. Most retirees have to work out how they can possibly afford that.

There are currently no incentives for retirees to downsize in WA. In the states of Victoria, Queensland and Tasmania, and in the Northern Territory and the ACT, there are incentives in the form of stamp duty concessions. They are all quite different. The three states that do not currently have stamp duty exemptions are South Australia, New South Wales and Western Australia. Not every retiree is rich. Some retirees may own a home worth only in the vicinity of the average cost of a home in Western Australia. The average home in Western Australia is worth about \$546 000, which would incur stamp duty of \$20 000.

I will add some personal touches to this motion. Before I became a parliamentarian in this house, I was in the same position; that is, I was not near retirement age but I had a need to move out of my family home. That family home held a lot of memories and I was emotionally attached to that home. I found it very, very hard to leave it. However, I found myself working away a lot and not having the time to maintain that home. I knew that before I went into retirement, I needed to make a move, so I decided to make a move, without any stamp duty exemptions available, because I knew there were none. Because I was currently employed, I knew I could make the move at that stage. I decided to make that move because I did not know what was going to happen. However, at the age of 65, I find myself in this place, so I have a personal touch with the situation that a lot of retirees find themselves in. The difference for me is that I am working, and many of them are not.

It is funny what we find when we thoroughly investigate matters. I found out a few things that I never knew. I found out that Western Australian real estate agents charge the biggest commission of any real estate agents in Australia. That is no reflection on the real estate industry. That was a surprise to me; I did not know that. I am not begrudging them that. There are reasons for that, which I will not bother going into. Costs include stamp duty, advertising costs and real estate agents' fees—they charge fairly big fees. When I relocated my home three years

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ago, the cost to me was \$60 000. That was just to change homes. Luckily, I was working and I could afford to pay that over a period. However, it was an amazing amount of money.

I am looking at ways to help retirees. Many things can come from stamp duty exemptions. Retirees can help the Western Australian public in many ways. For instance, when a retiree sells their home—in most cases, not all, it is their family home—it will be available to possibly a second or third home buyer. It would possibly not be available to a first home buyer because they would not be able to afford this established home. They are generally in suburbs closer to Perth. We know how much land value attracts people. There is a service. If there is money left over after downsizing, there is a pretty good chance that their pension will be reduced. They will self-fund their retirement. There are many bonuses in allowing this stamp duty exemption to go through.

Moving along, 20 per cent of households owned by residents aged over 65 years may be incentivised to sell their home if stamp duty exemptions were available. That is what I have found from my research. The WA government currently has an infill strategy, and this program could really add to it. The family home I lived in was not far from a train line and changes have been made to regulations to allow more infill in that area. One of the reasons I moved out was that I did not want to be living amongst that infill area, which I had done previously. It was time for me and my wife to move to a quieter place, away from possible extra building and the extra population that would come into that area. I did not need schools anymore and I did not need to use the train as much. There were lots of other reasons, but I particularly wanted to find a home that fitted our circumstances.

There are many reasons that people want to downsize and there are many reasons people want to buy an established home in an inner suburb of Perth for their second or third purchase. The number one reason is that they can afford it and, number two, they do not have to travel miles for work. There are lots of other reasons.

The infill strategy is one reason I have talked about. Often, retirees live in large family homes and their children have left. Maintaining the family home costs a lot of money. Reasons for downsizing include comfort, convenience, suitability of living accommodation and the cost of living. There have been many extra cost-of-living charges, including energy and general household costs. That is fine for a person who is earning an income but it is very difficult for a person who does not have any income other than the pension, which is somewhere between \$17 000 and \$20 000 a year. It is not a lot of money; it depends on circumstances. Although retirees receive a few exemptions, including free travel, the biggest purchase in their life was the family home. That is where they need the most help.

Age readiness is another reason people would want to downsize. Emotional ties, perceived difficulty, and current rules and penalties for retiree incomes are major disincentives to downsizing. There are other reasons why people do not do it. The main reason is that there is no stamp duty exemption. A major reason is that people who are not on an income need to reduce their utility bills. Surplus funds from the sale of the home can impact on the age pension, as I have talked about before. Hopefully, that will provide people with some extra funds. That would be a positive impact for the state of WA and Australian society as a whole because their pension would probably be reduced because of the surplus funds. The Chamber of Commerce and Industry of Western Australia has reported that 42 per cent of households in Western Australia earn an income below \$50 000, and that adds up. There are a lot of costs. On affordability, economists have found that single retirees need \$42 000 a year and a couple needs \$60 000 to live comfortably in retirement. That is pretty hard to do and the best way for them to do that is to have surplus funds in the bank. As I said before, the cost of all state government services has increased by five or six per cent but the age pension has gone up by only 1.1 per cent—that is an extra \$4.95 a week. Retirees are struggling to pay their bills and they certainly cannot maintain big family homes.

I also want to mention that by freeing up the supply of family-sized homes, there will be more choice in the property market and people will have an opportunity to live either closer to or further away from Perth. It will be good for the economy because when retirees sell their homes, they will still pay stamp duty. There will be more opportunities for the public and I believe, overall, it will stimulate the broader economy because people will have more money to spend in retail, on entertainment and on other things. According to the Australian Bureau of Statistics census, around 70 per cent of houses owned by retirees are owned outright. The number of people in WA aged over 65 is 346 185. I do not know exactly when that figure came out, but that has either reduced or gone up slightly in the last few days. That is a substantial number of people. If people are offered a stamp duty exemption to downsize their home, there is a pretty good chance that they will take up that offer. Business and other opportunities will also be generated from that.

I now turn to the experience interstate. In Victoria, the exemption limit on homes is around \$330 000; in Queensland, it is \$350 000; and in Tasmania, it is about \$100 000. It is slightly different in Tasmania because the exemption limit is only a temporary incentive until June this year, but it may be extended. In the Northern Territory, the exemption limit is capped at \$10 000, which is based on the equivalent of a \$300 000 home; and in the ACT, it is \$650 000. Members may remember that when I read in the motion earlier, I asked for a cap of \$17 500 for a home

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valued at \$800 000. If I can get the support of the house on this motion, I will be flexible on that. I will be seeking the support of this house on this matter because it is worthwhile and affects all Western Australians.

When faced with the decision to sell their homes, the stress on retirees is immense and can cause quite a few mental health problems. People who are asset rich but cash poor often worry about their finances and this will be a very good way of helping those people to fix their financial quandaries. As I said before, I went through this myself so I understand the pressure that people are feeling.

Not so long ago, on 24 February 2017, the president of the Real Estate Institute of Western Australia was quoted in the press on this matter. I do not want to bore members, so I will read only parts of the article, which states —

This is a significant announcement for housing affordability because the high cost of stamp duty is widely regarded as a major force driving skyrocketing house prices.

By discounting the tax for seniors, they will be more incentivised to downsize, thus getting the supply chain moving.

“Transfer duty creates a significant barrier for seniors over 65 on fixed incomes who are looking to change their lifestyle or down size. The cost of transfer duty on a median house price —

This was February two years ago —

of \$520,000 is \$18,715 ...

It then quotes some other figures. At the time, the then executive director of the Housing Industry Association said —

“The \$15,000 concession —

That was the proposal the previous government committed to at the last election —

... which is capped at \$750,000, —

That is very similar to what is proposed in this motion —

will make a substantial difference to those seniors looking to ‘right size’ into more suitable accommodation, and will help address the issues of housing affordability, choice and livability.”

The Housing Industry Association (HIA) has also lauded the promise as groundbreaking for affordability.

“This policy is a masterstroke in the housing affordability debate,” ...

The executive director of the HIA said that.

Two years ago, according to the industry and according to a major party in this house, it was a good idea, and it is a good idea now. I have made some changes to that idea, but, as I mentioned before, I am open to any amendments members would like to make. This is not about grandstanding; it is about trying to achieve something for the people of WA. That is the main reason I sit here. That is the promise I made to the people who elected me. It is the promise I have made to my loved ones and the promise I have made to members in this house.

The federal election is likely to result in changes to national property tax policy, such as changes to negative gearing and capital gains tax, which will drive consumer confidence lower and have a negative impact on an already negative and struggling market in WA, with further falls of up to seven per cent predicted. In summary, removing stamp duty would halve or more the cost of moving. As I mentioned, it cost me \$60 000 in stamp duty when I sold a home worth around \$800 000. If I had received a \$32 000 exemption, it would have halved that. I am not asking for an exemption of \$32 000. I have suggested a cap of \$17 500 for a reason. We understand the state’s finances. However, I have also indicated to the government and the opposition, which is the alternative government in this house at this stage, that this proposal would generate income for the people of Western Australia. It can generate taxes through further stamp duty for the government of Western Australia.

Stamp duty was never supposed to be still here. When John Howard brought in the GST, we were told that stamp duties would go. Most of us got sucked in, and it caused the end of the Australian Democrats. The GST did come in and now they are talking about putting up the GST rate, but we have not got rid of stamp duty. I am not asking to get rid of stamp duty. I am asking for an exemption of a certain amount for our senior citizens—the people who have been paying taxes to all our governments in the last 65 years and the citizens who have made Western Australia the fantastic place it is. These people could do with a break at this age. We know that the pension has not gone up much recently and we know it is not likely to go up much. However, we know that costs have gone up. The Treasurer has told me why the costs have gone up. I do not want to hear those reasons anymore. This government has been in office for two years now. This government has an opportunity to provide some relief for a very worthy group of citizens in our state—that is, retirees who have served this state well. This is good policy. It is a good motion. I hope I get members’ support. I am very interested in hearing the contributions of other members in the debate.

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HON RICK MAZZA (Agricultural) [1.28 pm]: I thank Hon Colin Tincknell for bringing this motion to the house. It is about a matter that has been floated around by parties from time to time. In Western Australia, there are some 500 000 people over the age of 60. When I see advertisements for retirement villages for over 55s, it kind of hits home a little bit! In the not-too-distant future, I might be in that category.

Hon Simon O'Brien interjected.

Hon RICK MAZZA: Yes, pretty much. It is anticipated that that number will grow by another 100 000 in the next four years, so extending stamp duty concessions to retirees could result in a bit of a fair balance.

We have concessions for first home buyers. When young people, and sometimes not-so-young people, enter the property market, they get concessions on established homes priced at up to \$430 000. From zero to \$430 000, they do not pay any stamp duty on an established home, but there is a fairly sharp increase after that, bringing the rate into line with the general residential rate. If they buy a vacant lot, obviously with a view to building a home on it, they do not pay any stamp duty on a block valued at between zero and \$300 000. There are some concessions for people entering the property market. As people buy second and third homes, raise families, and get to the point at which some 500 000 Western Australians are now, they could look to downsize. Quite often, they may have bought in a suburb some years ago at a fairly modest price, but as the area has developed over time, the value of the property can be quite high. Downsizing has a few advantages. A lot of people, as they get older, start to struggle with the maintenance and cleaning of a big property, so they may need to look at downsizing. The other issue is that downsizing unlocks some capital if people sell their property and pay a lesser amount for their new property, enabling them to enjoy their life for other things. As has been referred to earlier, it also leads to the release of larger family homes for younger families to move into, so it supplies some housing stock to the market.

As I said in my opening remarks, this idea has been floated around as policy by various governments from time to time. The former Liberal–National government considered a similar proposal on stamp duty for retirees, which was a concession of up to \$15 000 for new and established homes up to a value of \$750 000, and up to \$10 000 for the purchase of a vacant residential lot worth up to \$400 000. In a term of the previous government, Hon Ken Travers, whom I hold in high regard, spoke on the Revenue Laws Amendment Bill 2015. According to *Hansard*, he said —

I have received the letters that Mr de Gruchy sent as well, but I think the Leader of the Opposition has very accurately portrayed the content of those letters.

I am not privy to what those letters may have contained —

In fact, I should note that Mr de Gruchy has been known to me for a long time, and I suspect he was known to Hon Simon O'Brien in his former career. I do not know whether he was there when Hon Simon O'Brien was a customs officer.

Hon Simon O'Brien: He certainly was.

Hon KEN TRAVERS: He certainly was; he was one of my bosses when I was at Customs. Mr de Gruchy is a good example of the sort of people we are talking about. They have worked all their lives; they are not millionaires; and they do not get a \$7 000 rebate. They tend to live in the family home that they bought at a relatively low price in the outer suburbs of Perth. Their property values have gone up, but they are still living in modest homes that they have built, in many cases as their first family homes.

Later on in his speech, Hon Ken Travers said —

The only way they will be able to make ends meet and deal with these sorts of imposts will be by selling their family homes and moving. People like Mr de Gruchy and his group, who the Leader of the Opposition referred to earlier, have long campaigned for the government to bring in a stamp duty concession for seniors seeking to downgrade. But of course this government says, “No, no, no, —

We now have a new government —

we're going to force you out of your family home by making you pay more and removing your concessions on your rates, —

I remember the debate about reducing concessions on rates —

but we're not going to give you a concession that assists you to sell up, realise some of the value in your family home ...

And so it continues. Members might say that if people had bought these homes at relatively low prices and the value has increased, these people can afford to pay the stamp duty. Stamp duty on property is quite high. The median house price is \$543 000. On a house priced at \$550 000, a buyer is looking at stamp duty of \$20 140— a substantial amount of money. If someone has a family home valued at, say, \$750 000, after paying the real estate

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agent and the stamp duty to downsize to a \$550 000 home, a fairly big chunk is taken out of the capital and equity that is available, and without doubt that would put a lot of people off. If someone is in a position to buy a more substantial home—I think Hon Colin Tincknell referred to an \$800 000 home—without a concession, they are looking at about \$32 500 in stamp duty. By the time they have considered paying agent's fees and other costs along with that \$32 500, they might decide to stay where they are. We want to try to encourage retirees to look at downsizing, for the reasons I mentioned earlier.

It would unlock some capital. The Real Estate Institute of Western Australia has stated that older Australians were staying in homes that were too big for them because they cannot afford the up-front stamp duty costs. REIWA made a pre-budget submission last year in which it stated that with stamp duty averaging around \$19 000 on a house priced at the median of \$512 000, the money is usually borrowed. I do not know about it being borrowed. We would think that retirees might have a fairly small mortgage, if any, by that stage in life. That was a submission that was put in by REIWA.

There is some good sense. Both sides of this house have at some stage indicated that they would support the policy of offering concessions to retirees wanting to downsize. Obviously, there would have to be some considerations about who qualifies and who does not qualify, the age base, and maybe the value of the property. This is something that should be explored. There would be some quite substantial benefits to the real estate market in freeing up some of that capital, getting some flow and providing stock for people to be able to get into bigger homes as their families grow.

HON ALISON XAMON (North Metropolitan) [1.37 pm]: I rise because I am happy to speak on this quite important matter. We note that today, around 12 per cent of the Western Australian population is aged 65 years and older. That compares with 1971, when only 7.4 per cent of the population was over 65. It has been said many times in this chamber already that the proportion of seniors is set to increase to over 18 per cent by 2050. We know that an ageing population will cause challenges for us in a number of areas, and we need to rethink the way we operate in things like the delivery of services. Providing appropriate housing for people as they age is a key issue that we need to be mindful of. In raw numbers, we are talking about one million Western Australians aged between 65 and 84 by 2050. That is a lot of people who need to have appropriate housing.

Currently, the vast majority of older people reside in their own homes; 65 per cent of older Australians are still living in their homes. Nine per cent are grouped into other categories, including crisis accommodation, hospitals and institutions. We have 6.7 per cent of seniors living in private rentals, and we understand that, for a lot of those people there are very clear challenges, particularly when they are on fixed incomes. That is probably a debate for another day, but it is one that we need to be very mindful of. A further 5.9 per cent live in retirement villages. I am looking forward to hopefully seeing the reforms of the retirement villages legislation sooner rather than later, but I will say bit more about that in a moment. Five per cent live in residential aged care, four per cent are in public housing, and one per cent in residential parks, which is another area in which I am hoping we will see some reforms come into this place for debate very soon. To ensure that we best meet the needs and expectations of older Australians, we need to first recognise that they face very different housing challenges from those experienced by other age groups. Baby boomers in particular bring with them a set of different social and economic characteristics from the previous generation. They are more likely to be educated, many of them privileged to have received free education at a certain point in their lives, although not all of them, but many have, and they are more ethnically diverse. They are also more likely to be divorced or have separated later in life, and that can create economic challenges as people get older. An increased proportion have not had any children while others find themselves being the primary carer for children, grandchildren and, increasingly, older parents.

We know that most older Australians have limited ability to increase their income and their assets post-retirement, and that means they will be particularly vulnerable to changes in housing affordability. It is clear that a review of taxes is an important strategy, recognising that it is still only one strategy. There will be a need for a whole suite of measures to improve the housing situation for seniors.

This is an area that the Greens have long considered and advocated for within state Parliaments around Australia and federally. We have been pushing for a long time for governments to provide incentives for the community housing sector and other developers to ensure that we are producing more appropriate housing to meet the future needs of an increasing number of older Australians. This includes developments that facilitate ageing in place. As the Royal Commission into Aged Care Quality and Safety rolls on, we will start to reinforce why many people very much want to stay in their own home and be able to age in place. It is also about maintaining connection with community, about the history of where they live and feel comfortable and that sometimes people want to stay within the areas they live in.

We also recognise that the state government can and must play a central role in the provision and regulation of support services for older Australians, such as housing and care services. We have long pushed for suitable accommodation, including affordable and quality public and social housing for seniors, including people who live

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in regional and rural Western Australia. We want to see more appropriate support services for older Australians who choose to remain in their own homes. We also want to ensure that we are working with the building industry to adopt standards of universal design for accessibility, adaptability and environmental sustainability for all residential construction. If seniors want to downsize, as I say, we think they should be able to choose from a range of housing options that allows them to stay within their geographical community.

I note a 2016 Bankwest Curtin Economics Centre report, “Keeping a roof over our heads”, which found Australia’s housing stock is not meeting the demands of older Australians. Most of Australia’s housing stock is made up of separate houses with at least three bedrooms. This lack of housing options is a major factor for older Australians continuing to live in larger dwellings than they would like or can effectively manage. In WA, where four out of five dwellings are separate houses, more than one quarter of households aged 55 years and over live in dwellings with not just three bedrooms, but three or more spare bedrooms. Access to smaller dwellings is clearly important and we must work with the building industry to adopt the standards of universal design for accessibility, adaptability and environmental sustainability for all residential construction.

I think there is also great merit in looking at ensuring that excessive stamp duty does not become a barrier to people being able to downsize because I think it is a positive sign to see movement within the housing market. Of course, it means that if there is more movement, even if stamp duty coming from a certain portion of the population is diminished, more stamp duty will come in overall because people will be more likely to move house. We know that the lack of movement in the housing market has also contributed to issues around housing affordability, particularly for younger Australians and Australian families. It would be a positive move to look at ways to ensure that people can change their accommodation or dwellings as their life circumstances change, without leaving them with an onerous financial burden. If people have, effectively, built up an asset—for many people in Australia, their house is their only asset or is pretty much the primary asset—to have its value diminished through stamp duty can be a significant blow, particularly for people on fixed incomes.

However, increasing housing options, which is something we need to do, is dependent on not only the physical housing stock, but also other factors such as whether current housing legislation supports the needs of older Australians. I have referred already to the existing legislation providing for retirement villages and long-stay parks. At the moment, it is dreadfully insufficient in protecting older Australians from issues such as unconscionable contracts. The sooner we can address that legislatively the better. I have previously spoken at length in this place about the need for urgent reforms to the Retirement Villages Act to increase protections for people living in retirement villages, particularly given that the percentage of retirees who choose this lifestyle is second only to that in South Australia.

I note again that reviews of the act began in 2002 and although one amendment bill went through in 2012, heaps of outstanding issues need to be resolved. Last year during debate in this place on my motion on retirement villages, I called for change in three key areas: fairer contracts, training of managers and better dispute resolution mechanisms. At that time, the minister advised that a discussion paper would be released early this year to inform the drafting of another bill. However, unfortunately, it still has not arrived and I have recently learnt that it will not occur and, instead, the government has elected to release several policy papers over the next 12 months or so. Although I appreciate the complexity of the issues, I am concerned about what this will mean when the actual reform is going to come to pass. I hope we will get some movement on that soon. I am pleased, however, to see that the government is looking to be moving sooner rather than later on improving protection for residents of long-stay parks because these older Australians also need to be protected.

There are lots of issues around why people decide that they need to downsize. I think it is problematic when older people are effectively rattling around in houses they cannot manage and struggle to maintain. If it is their primary asset, their inability to keep up with maintenance means their asset will diminish in front of their eyes, and that is problematic. Excessive stamp duty can be a significant barrier to people being able to downsize as appropriate when their life circumstances are better suited to that. As I have said, the issue of ageing in place has a direct correlation with longevity and general good mental health for people, as studies have demonstrated—it is important for people to stay in their own home for as long as they can. One way to achieve this is to ensure people can live in appropriate accommodation that is suited to their needs, particularly as they age. As I have said, people are doing this in a number of ways, such as moving into a retirement village or long-stay accommodation, but we need more community housing. But ensuring that we do not have barriers to people being able to downsize is a really important part of that as well. We recognise that reviewing taxes like stamp duty is clearly an important consideration in improving the access of older Australians to appropriate housing options, but we also need to remember that there is a whole suite of other important measures that need to be addressed.

We know that our population is ageing. As I have said, Western Australia will have about a million older people by 2050, so that is a lot of people for whom we need to ensure appropriate accommodation and services. We cannot afford to keep putting off this issue. I thank the member for bringing the issue to this place. It is an important issue

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for us to be mindful of. I think the state government well and truly has a role to play in this issue. I do not see that this would necessarily remove income from the budget, if it meant that there would be more movement in the housing market, which would therefore mean that stamp duty would simply be coming from other purchasers. In any event, the Greens are happy to support this motion, recognising that it is just one part of a much larger picture.

The PRESIDENT: The question is that the motion be agreed. The Minister for Environment.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [1.51 pm]: Thank you, Madam President; I was waiting for my learned friend.

Hon Dr Steve Thomas: You never bluff on a pair of twos, minister.

Hon STEPHEN DAWSON: I am very happy to provide a contribution to this debate. I thank Hon Colin Tincknell for bringing this motion forward. I know he has put a bit of effort into it. We have certainly seen the wording of the motion change over the last few days as he has thought more about it. I do appreciate the work he has put into it and I appreciate him bringing it forward and engaging with us all on this important issue. However, I will say that the government is not in a position to support the motion in its current form.

I bring members back to how the economy was two years ago—that is, just before the fortieth Parliament started, so just before some members started in this place. According to the NAB business survey at the time of the election in 2017, WA businesses were the least confident in the country. Things were bad and they did not have much confidence about their future and the economy. Two years later, I am pleased to say that businesses in this state are now the most confident in the country. That is a good thing. That turnaround is very positive and augurs well for the economy. In the last term of the previous government, no new jobs were created, whereas since the election, approximately 37 000 new jobs have been created in Western Australia. Things are turning around. In 2016–17, the previous government recorded the only economic recession in the state's history. Since then, I am very pleased to say that we have returned the economy to growth. We will hear more about that tomorrow when the Treasurer releases the budget and I deliver the budget speech on his behalf in this place. When we came to office, the state's debt was scheduled to grow to a massive \$41 billion. That is pretty significant. Over just two terms, and at a time when the economy was growing, the former government managed to go from about \$3.6 billion in debt to a projected \$41 billion in debt, which is a significant increase. The interest bill on that debt mountain was approaching \$2 billion in just one year—\$2 billion was spent solely on interest payments to pay off that massive debt!

Hon Simon O'Brien: What was the debt mostly for?

Hon STEPHEN DAWSON: I have 17 minutes left. The honourable member can make a contribution next.

Hon Simon O'Brien: You have got plenty of time. What was the debt for?

The PRESIDENT: Order!

Hon STEPHEN DAWSON: I have plenty of things to say about this important motion. As the member would have heard, I congratulated Hon Colin Tincknell on bringing this motion forward.

Several members interjected.

The PRESIDENT: Order!

Hon STEPHEN DAWSON: It is important to set the scene. It is important to acknowledge where we have come from. It is important to acknowledge and remind ourselves of the situation in which we found ourselves—absolutely.

Several members interjected.

Hon STEPHEN DAWSON: The Leader of the Opposition sat on this side of the house! He should take some blame.

Several members interjected.

The PRESIDENT: Order! It is really hard for Hansard to hear what the minister has to say. If other people do not yell, he will not need to raise his voice either.

Hon STEPHEN DAWSON: Thanks for that, Madam President. Let me tell the honourable member that it is the kettle calling the pot black. Who was one of the fools who sat on this side of the house and helped us to end up in this situation?

The PRESIDENT: Order! I think we should just tone down the language, because I think those types of words, from either side, are starting to get a little bit rowdy.

Hon STEPHEN DAWSON: Thanks, Madam President; I appreciate your guidance on this issue.

I was saying that this government was elected on a pledge to fix the mess that had been left behind. I will not shy away from the fact that the government is proud that it has embarked on the journey to fix the financial mess that the state was in. We have been focused on responsible financial management.

Several members interjected.

Hon Colin Tincknell; Hon Rick Mazza; Hon Alison Xamon; Hon Stephen Dawson; Hon Peter Collier; Hon
Colin Holt; Hon Darren West; Hon Dr Steve Thomas; Hon Aaron Stonehouse; Hon Simon O'Brien

Hon STEPHEN DAWSON: Madam President, you can see why I have to raise my voice occasionally, because I struggle to hear myself over the incessant interjections from members on that side of the house!

Several members interjected.

Hon STEPHEN DAWSON: They have had their chance and now it is my chance for the next 15 minutes and 55 seconds.

I do not shy away from the fact that I am proud that we have been working diligently to fix the economy in this state—to fix the mess that many members on that side left us with. It was not all of them—some members opposite are new to this Parliament—but it was many of them. Members opposite believe that the GST reforms that we have secured solve all our problems, but that is not the case. I take the opportunity to remind members of this place that the GST top-up payments had already been spent by the previous government, even before this government was elected. All the top-up payments from the GST reform are being directed into the debt reduction account to pay down the debt that was racked up by members on that side of this place—members of the former government—when they went on a spending spree based on a belief that we would achieve GST reform. They spent money they did not even have! That is why we find ourselves in this situation. They spent like drunken sailors and we are now trying to fix it. We will not repeat the mistakes of the last government. That is why we have been diligent. That is why we have been focused. That is why we have made many, many tough decisions.

Several members interjected.

Hon STEPHEN DAWSON: We have been focused. We have made many tough calls to cut expenditure growth. We have tried to spread the burden of debt repair as fairly as possible across the community, which has been made more difficult by members opposite protecting the big end of town from paying its fair share at various times through various pieces of legislation in this place. We do not pay down that projected \$41 billion of debt by spending all additional revenue that we receive. There is a simple concept that many members still do not seem to comprehend; that is, if expenses continue to overtake revenue, debt will continue to grow. The interest bill—that \$2 billion—will continue to grow, taking away any resources that could otherwise have been spent on essential services and critical infrastructure that the state still needs. We had no option but to fix the mess left behind by the Liberal–National government.

Several members interjected.

Hon STEPHEN DAWSON: I will touch on transfer duty. Transfer duty is a vital source of income or revenue to fund essential community services.

Hon Colin Tincknell: Can I make an interjection?

Hon STEPHEN DAWSON: Do it quickly. I will accept Hon Colin Tincknell's interjection because he does it nicely; I have not taken one from anybody else.

Hon Colin Tincknell: Hon Alison Xamon, Hon Rick Mazza and I indicated that this would not be an impost on the government. We believe that it would be a financial plus for the government.

Hon STEPHEN DAWSON: I am not sure that that is the case, but I appreciate the member's interjection.

Revenue from transfer duty will be about \$1.2 billion in 2019, which is about 14 per cent of total general government taxation revenue. To put that in context, that revenue could cover the salaries of the entire police force in a given year—the cost was about \$911 million in 2017–18. That amount—\$911 million—was paid in wages to those who put their lives at risk to protect each and every one of us, and the community, every day. An amount of \$1.2 billion could also cover the capital works program of the WA health department across the forward estimates, twice over. It could be used to expand hospitals, redevelop older facilities, build regional aged-care facilities and expand the reach of regional dialysis services to remote and regional Western Australia. It is a significant amount. Revenue of \$1.2 billion could also fund the construction of new primary and secondary schools, improvements to existing schools and improvements to infrastructure, by giving us new arts, science and sports facilities to cater for the growing enrolment in our public schools, which seems to be the case at the moment.

We do not believe transfer duty is a significant factor in downsizing. Transfer duty may play some part in the decision-making of seniors downsizing their home; however, I do not believe that it is the main consideration for the majority of seniors. In June 2014, the National Seniors Productive Ageing Centre released a paper that drew on a survey of seniors. It found that only six per cent of seniors identified the cost of transfer duty as the main disincentive to downsizing. That is still six per cent, but it was only six per cent. More seniors cited the following as being significant barriers. They suggested that the effort in moving and finding a smaller property that represented good value were barriers for them. The paper cited also that implications for the aged person asset test was a barrier, as was finding a suitable home in their current community. As other members have alluded, many have lived in their home for a long time. They are in good areas, they are used to their surroundings and their shops

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are local, and they were worried about those things. They were the main barriers that that survey threw out. The Grattan Institute's recently published "Commonwealth Orange Book 2019" also notes that most seniors are emotionally attached to their houses and their neighbourhoods. That is not difficult to understand. The report argues that, therefore, most of the financial incentives from a duty concession would go to people who were going to downsize anyway and that it would not have a material effect on the numbers.

Given what I have pointed out, a transfer duty concession for seniors is unlikely to have a real impact on downsizing activity, nor is it likely to result in significant additional homebuyer activity. Obviously if it were to come into play, it would come with a significant budget cut, and that would have implications for the other services that we as a government deliver.

In many instances people purchase a home better suited to their changing needs, and this includes older Australians seeking to downsize, growing families needing to purchase a larger home and also people moving for employment opportunities or lifestyle changes. Many seniors have had the opportunity to accumulate wealth over their lifetime, including benefiting from increases in house values over time. Younger families have not had such opportunities, particularly at a time when we are experiencing declining housing values. It is a difficult place we find ourselves in. Is it not more equitable to keep exemptions to a minimum so that overall transfer duty rates can be kept as low as possible for everyone purchasing a home? Lost revenue has to be made up somewhere else. That is the reality of it. If we lose it from here, it has to be made up somewhere else. Where from? What else do we drop in place of this? What services do we have to forgo if we are to support the motion before us? This just transfers the burden onto those younger families, or onto future generations, that will be left paying for the debt of the previous government.

I appreciate the challenges and, indeed, the home ownership costs faced by some pensioners and seniors. The government is committed to supporting pensioners and seniors. As a state we provide what I think is the most generous range of concessions in the country. They are estimated at about \$440 million for this alone. That is significant, particularly when Western Australia is compared with other states. Those concessions include a wide range of annual government payments and discounts to assist with home ownership costs, such as water and energy or local government costs. We are assisting—the last government assisted, too—in those areas. We are supporting pensioners and seniors in that regard. Through the WA Seniors Card, cardholders can have access to a range of concessions, including free public transport at various times of the day, and reduced costs for driver's licence and vehicle licence renewals. Cardholders can also access discounts from a range of businesses—small, medium and large—across Western Australia that offer a variety of discounts. Additionally, WA Seniors Card holders are entitled to a yearly cost-of-living rebate. That rebate is about \$86.85 for singles and \$130.24 for couples. We in this place have pretty good jobs and pretty good incomes and members might say that \$86 or \$130 is too little, but the reality is that for some people that amount is significant and helps with their quality of life and helps them get through the week.

As part of the government's "Affordable Housing Action Plan 2017–18 to 2019–20", the state government is progressing investigations into opportunities to apply commonwealth and state grants to better support housing supply and affordable outcomes in key locations.

Although I have great sympathy for the motion Hon Colin Tincknell moved, and I appreciate his bringing it forward and his consultative nature and that he wanted to have a proper debate on this matter in this place, unfortunately, the government cannot support it. I will move an amendment to the motion.

Amendment to Motion

Hon STEPHEN DAWSON: I move —

To delete all words after "house" and substitute —

recognises that the gross mismanagement of the stage budget by the previous government has severely limited the current government's ability to provide stamp duty exemptions to elderly Western Australians seeking to downsize their homes.

HON PETER COLLIER (North Metropolitan — Leader of the Opposition) [2.06 pm]: I will make just a few comments on this stunt. That is all it is—a stunt. A member has used legitimately his time to move a motion on notice and to debate an issue of significance—namely, concessions for retirees. We will comment on the substantive motion in a moment, but, in typical fashion, the government has decided to turn this into a stunt. After well over two years, members opposite are over halfway through their term but they are still infatuated with the previous government. It is extraordinary and it trivialises this house. The whole point of motions on notice is that it is an opportunity for members to bring issues of community significance to this chamber to debate. An eminently

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sensible, respectful motion on concessions for retirees has been turned into a political stunt in this house. If we are going to have a debate on the previous government, I will debate it any time and I will continue to do so.

Several members interjected.

The PRESIDENT: Order! Members, there is a little bit of noise floating around and it is hard to hear the Leader of the Opposition.

Hon PETER COLLIER: Thank you, Madam President, because what I have to say is well worth hearing.

If members opposite want to have a debate on the previous government, I suggest to them that they have their opportunity for motions on notice. I can see Hon Darren West frowning over there. He has an opportunity for that. I suggest that he bring a motion to this house that condemns the previous government for its financial mismanagement, which is exactly what we have here in this amendment. Do not scuttle a legitimate motion from Hon Colin Tincknell. What an insult! How juvenile that government members come in here and try to scuttle a legitimate motion. Why don't you guys grow up?

Hon Stephen Dawson interjected.

Hon PETER COLLIER: With all due respect —

Several members interjected.

The PRESIDENT: Order! Everyone is going to get a chance if they want. The Leader of the Opposition is currently on his feet. Let us hear him out.

Hon PETER COLLIER: With all due respect to Hon Stephen Dawson, he stood up and read a series of notes that were provided to him, obviously from Treasury or somewhere else, and completely ignored the motion at hand.

Hon Stephen Dawson: You were not listening.

Hon PETER COLLIER: Unfortunately, I listened to every word. It was not worth it; I have wasted my time. Instead of debating the initial hand, which was a very, very legitimate —

Several members interjected.

THE PRESIDENT: Which part of "Please listen to the Leader of the Opposition" did people miss? Leader of the Opposition.

Hon PETER COLLIER: Thank you, Madam President.

It is a very legitimate topic. All I am saying is that as far as this is concerned, we will almost definitely not be supporting the amendment. What I would like to see is a bit of maturity shown from the government and for it to say, "Let us come in here and let us show some respect to Hon Colin Tincknell on this very credible and appropriate motion. Let us debate the motion, not some nonsense about the previous government!"

Several members interjected.

The PRESIDENT: Order!

Hon PETER COLLIER: I have the call. Can I say: I challenge any member on the other side to have a look at the motions on notice. The Australian Labor Party has plenty of opportunities over the next six months. I challenge members opposite to please put their motion about the previous government's financial mismanagement on the notice paper and debate it then. Do not scuttle a legitimate motion from Hon Colin Tincknell. Do not insult Hon Colin Tincknell and, quite frankly, the processes of this house. The opposition will most definitely not be supporting the amendment.

HON COLIN HOLT (South West) [2.10 pm]: The Nationals WA will not be supporting the amendment put forward by the Minister for Environment. I have to say that I share the Leader of the Opposition's disappointment in the moving of this amendment, which is almost the opposite of the original motion. Maybe I need to brush up on my standing orders to see whether that is allowed. The Minister for Environment could easily have moved an amendment to delete the words and insert "to recognise that this government has priorities other than supporting elderly Western Australians who seek to downsize their homes", because it is all about spending priorities, and that is what it is. I think it is very disappointing that we have an amendment for the complete opposite when, in good faith, Hon Colin Tincknell brought on this motion in order to have a debate about stamp duty relief when downsizing. The government and anyone in this house can vote against that original motion. If members do not like it, they can vote against his motion, which has been indicated by the Minister for Environment in his response from the government. He should just accept that he is going to vote against the motion, stand by and have the debate around the original motion.

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HON COLIN TINCKNELL (South West) [2.12 pm]: I will speak briefly on this amendment to my motion. I am disappointed in the Minister for Environment. The Minister for Environment has shown himself to be a very credible member of this house. This is way out of his normal behaviour, and I am disappointed that he would be involved in any of these high jinks. As other members have mentioned, there are many opportunities for members opposite to have a crack at the financial management of the previous government. This is not one of those times. This is a motion that I have brought on. The honourable minister said that I have a consultative nature, and he has abused that consultative nature in the way that he has put up this amendment. I find that disappointing. I am not overly disappointed that the government opposes my motion—that is its right—but I am incredibly disappointed that he has put up this amendment to the motion.

HON DARREN WEST (Agricultural — Parliamentary Secretary) [2.13 pm]: Just briefly, I had no intention to rise to speak on this amendment, but can I just say that I think the Minister for Environment needs some defence here. He has not opposed the motion; he has sought to amend the motion, reflecting the economic reality that we face in the state of Western Australia. It is obvious to anyone who might be listening today or who reads *Hansard* that the opposition and the crossbench still have no grasp on the gravity of the financial situation that this government found itself in when it was elected in 2017. I think that the Minister for Environment's amendment is eminently sensible. Of course, we would all like to do a range of initiatives to make life easier and provide economic support to all kinds of people in the community, but the government went to the election and told the people that we would fix the Western Australian finances, and that is the issue here. I think members opposite need to remember what a mess they made of the Western Australian finances when they were in government. That is reflected in every decision that this government makes, because we have given a commitment to the people that we will manage their finances responsibly and fix the mess that we inherited from eight years of the Barnett Liberal–National government. Similarly, members may also exercise their right to vote on the amendment, but I think the minister has tried to work this in a manner that not only takes into account the genuineness of the member's motion to make life easier for retirees who want to downsize—a worthy aspiration—but also factors in the economic reality that the government of today faces.

HON RICK MAZZA (Agricultural) [2.15 pm]: I was not going to stand and comment on this amendment either, but the comments by Hon Darren West that the crossbench does not have a grasp of the financial difficulties that the government was faced with hit a bit of a chord with me. It was not so long ago that I saw over \$300 million splashed around for various little community things without any rigour around it, handing out cheques with the Labor Party emblem on them, for local projects. If the state of the finances is so parlous, why are we splashing around \$300 000?

Hon Darren West: How much, sorry?

Hon RICK MAZZA: Sorry, \$39 million. I correct that for *Hansard*.

Several members interjected.

The PRESIDENT: Members, order! I do not think Hon Rick Mazza needs any assistance.

Hon RICK MAZZA: Thank you, Madam President.

Hon Darren West interjected.

Hon RICK MAZZA: It is easy when you say it quickly.

I am also disappointed that the motion put forward by Hon Colin Tincknell has been hijacked into being a matter about the state budget. At the end of the day, what we were talking about was making life a lot easier for retirees and people who have property that they would like to downsize. I would like to see the debate get back onto that track.

Division

Amendment put and a division taken with the following result —

Ayes (10)

Hon Alanna Clohesy
Hon Stephen Dawson
Hon Sue Ellery

Hon Adele Farina
Hon Laurie Graham
Hon Kyle McGinn

Hon Martin Pritchard
Hon Samantha Rowe
Hon Darren West

Hon Pierre Yang (*Teller*)

Extract from *Hansard*
[COUNCIL — Wednesday, 8 May 2019]
p2859f-2876a

Hon Colin Tincknell; Hon Rick Mazza; Hon Alison Xamon; Hon Stephen Dawson; Hon Peter Collier; Hon
Colin Holt; Hon Darren West; Hon Dr Steve Thomas; Hon Aaron Stonehouse; Hon Simon O'Brien

Noes (13)

Hon Martin Aldridge
Hon Jacqui Boydell
Hon Peter Collier
Hon Donna Faragher

Hon Nick Goiran
Hon Colin Holt
Hon Rick Mazza
Hon Michael Mischin

Hon Simon O'Brien
Hon Charles Smith
Hon Dr Steve Thomas
Hon Colin Tincknell

Hon Ken Baston (*Teller*)

Pairs

Hon Matthew Swinbourn
Hon Dr Sally Talbot
Hon Alannah MacTiernan

Hon Tjorn Sibma
Hon Colin de Grussa
Hon Jim Chown

Amendment thus negated.

Motion Resumed

HON DR STEVE THOMAS (South West) [2.21 pm]: I thank Hon Colin Tincknell for moving the motion today. I am glad to see that the political partisanship provided by the government in its amendment was soundly and resoundingly defeated.

Several members interjected.

The PRESIDENT: Order!

Hon Dr STEVE THOMAS: I am sure that the Greens were so outraged by the attempt —

Several members interjected.

The PRESIDENT: Order! Member, I know you like to start with a bit of a burst, but do not encourage any interjections and we will all be a lot happier.

Hon Dr STEVE THOMAS: I am sure the Greens were so outraged at that sort of behaviour that they could not even bring themselves to return to the chamber.

It should come as no surprise to members that I intend to address stamp duty in the brief time I have available before the house today. I thought it might be a pleasant change from recent activities! I will address stamp duty as applied to residential houses, and, particular to the motion, to the purchase of houses by seniors. It is always a very complex debate and I am going to try to make the process as simple as I possibly can. We obviously need to be cautious about picking winners and losers in relation to giving tax back, as it were, or exemptions from tax. That is not to say I am opposed to the intent of Hon Colin Tincknell, because I think he is incredibly honourable in what he is attempting to do—that is, support seniors. I simply suggest to him that we need to make sure that if we are going to do this, we do it in a very sensible, careful and measured manner.

I do not know whether many members these days have run businesses, but if they have run a small business, they would understand the treatment of stamp duty by the federal government. The federal government does not consider stamp duty a tax deduction for a small business, because its expectation is that stamp duty becomes part of the value of the asset—and to some degree that is absolutely true. Members will notice that if a stamp duty of \$30 000 to \$40 000 is applied on an asset, including the family home, which is not taxed, but on taxable assets, there is an expectation that its sale will be at a price that will recoup the stamp duty. That is the way the federal government assesses stamp duty. If that same principle is applied to the family home when the place is purchased and stamp duty is paid with the expectation of getting a proportion of it back at the end of the process, an exemption of the entirety of the stamp duty paid effectively says that that group of people will pay zero tax. We need to be cautious, particularly when it is applied to various groups. The argument will come. The government could have made quite a legitimate argument about stamp duty; I am not sure why it did not. The government could have argued the case that if stamp duty benefits are applied as they are currently, one might extend that which applies to first home buyers, because it is absolutely the case that first home buyers trying to break into the Western Australian property market have a significantly bigger hurdle to face generally than people who already own property. Hon Colin Tincknell would probably have found this himself. When he sold his property, he probably would have sold it largely, and in many cases actually, with the stamp duty component considered by government as part of the purchase price. When he purchases the next property, he is really transferring that stamp duty. Therefore, it is more like a loan to the government in some cases than a gift. That is the way the federal government assesses it for business. I think it is a bigger impost on business than it probably is on personal property and houses, but that is the assessment as it is applied. We need to make sure we deal with this very carefully so we are looking after the right section of the community. First home buyers have a real struggle, when the average home price is \$500 000, of breaking in in the first place, and that is why the first home owners' stamp duty exemption is currently in place for houses up to a certain value. I think it is \$530 000. For example, first home

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buyers will pay \$0 for the first \$430 000 of a home worth up to \$530 000. First home buyers are generally significantly better off.

What is the intent of the motion today? The intent is to give assistance to seniors to get into more appropriate accommodation and to minimise the government's costs for that. If we take the assumption that the government was going to argue this case on its merits, it would have talked about the transfer of stamp duty being an asset in, asset out—but we did not have any of that debate, so we are stuck with the opposition providing, I guess, the substance of the debate by talking about the issue before the house. How much stamp duty is likely to be paid under the proposition of Hon Colin Tincknell? I think we need to have a look at that. I was a bit confused by the wording of the motion. I understood that it referred to a property value of \$800 000, but I found the wording in the motion “capped at \$17 500” a little confusing, because I am not sure of Hon Colin Tincknell's intent. Was he intending to cap all stamp duty for seniors at \$17 500? I presumed so, but I was not certain, because it needed a bit of clarification. Was he intending to cap up to \$800 000 at \$17 500? I am interested to see where he might end up with that. I think the wording of the motion is slightly confusing.

Hon Colin Tincknell and, I think, other members, have mentioned the commitment of the previous government to a stamp duty concession for seniors. Prior to the election, the previous government gave a commitment that it would introduce a stamp duty concession of up to \$15 000 for new and established homes up to the value of \$750 000, and \$10 000 for the purchase of vacant land up to \$400 000. It was a more moderate proposition. This is the important part: the concession was to run for two years—from January 2018 to January 2020. I think that is important, because in my view the government was looking at the potential impact on the budget. That is probably as much as I will talk today about the budget. I look forward to the minister reading in the budget on Thursday and I will probably have a fair bit to say next week on the budget and the budget position. The government of the time restricted this policy to two years. It was of the view that reducing stamp duty, and in particular taking seniors into new housing that would be constructed, would pay for this measure. I am not convinced that is always the case, and it would have to be tested. That is the reason that it is completely appropriate to put in place a two-year trial to work out whether there is a significant impost on the budget bottom line. This is an assumption. We know what they say about assumptions: an assumption is when you make an ‘ass’ out of ‘u’ and ‘me’. Assumptions are always difficult to fix. This is an assumption that I am not necessarily going to take on face value. It was promoted as possibly a cost-limited or even cost-neutral proposal based on stimulating additional activity.

We could look at some of the things we might put in place if we are to progress Hon Colin Tincknell's motion. We need to be economically responsible and we also need to look after all groups in society. The first thing is that it is important for the chamber to recognise the significant impost the stamp duty, if it were fully applied, would have on first home buyers, particularly young people who have yet to establish themselves. We certainly need to acknowledge that first home buyers' stamp duty exemptions are an excellent part of that.

It is interesting to see the price that first home buyers enter the market at these days. The mover of the motion is probably not too dissimilar in age to me, so we can probably remember buying a fairly cheap first house. From memory, in the late 1980s mine cost about \$42 500.

Hon Colin Tincknell: Mine was \$17 500 in 1974.

Hon Dr STEVE THOMAS: I have been gazumped! I used my example just because I do not want to embarrass anybody else. At the time that I invested in my first property, it was a little three-by-one. People would struggle to find a three-by-one anymore. The average wage in Australia was \$30 000 and the average purchase price of a house was \$42 500. I got into my first house at one and a half times the average wage. It depends which figure is used, but the average wage in Australia now is somewhere between \$83 000 and \$93 000. Let us say the average wage is \$90 000, because it is in the middle. The equivalent figure today for that first house is \$135 000. If a person could find a \$135 000 house in Perth today, they are doing very well. There are houses in regional areas that can be bought for \$135 000. In some of those places, that is a problem for those people who have purchased them for \$500 000 and now find that their value is \$135 000. That is a different argument and we are trying to restrict this to the duties. When we got into housing, it was cheaper and more affordable. At some of those points interest rates were very high. In my view, our generation was probably better at saving first and then purchasing, rather than borrowing the entirety. There has been a significant change in the marketplace in that regard. We need to ensure that we are looking after first home owners.

In terms of seniors, my issue is that the proposal as written by Hon Colin Tincknell is perhaps a little confusing. I will run through a little bit of detail. Currently, if a person who is not a first home buyer purchases an \$800 000 house, which is the limit proposed by the honourable member, they would pay residential duty of \$32 314. Let us assume the figure in the motion was \$799 999—so it is under \$800 000—that \$32 115 would be capped at \$17 500. To me, the issue is that no variance is provided for someone who is doing the right thing and trying to purchase a property that they can afford. I have done the figures. Under the current stamp duty mechanism, by my calculations a property purchased for approximately \$495 000 is about when the cap will be hit. As the motion is

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written, a person buying a \$495 000 house or an \$800 000 house will effectively pay the same duty. Perhaps that was not the honourable member's intention and he might want to vary that. We have an issue in that we do not look at moderately priced houses. We start to manipulate the marketplace if we say to people the same stamp duty will get them twice as much house, or 40 per cent more. My suggestion is that if the honourable member is to do this in a sensible way, he will need to slightly adjust the process.

Because we in opposition are here to help and try to assist wherever we can, as we often do for the government as well, and because we have managed to bring the debate back to stamp duty, as it were, I propose to move an amendment that I think will deliver a more sensible outcome.

Hon Simon O'Brien interjected.

Hon Dr STEVE THOMAS: This one actually deals with stamp duty. This will be different in that it deals with stamp duty. That makes it slightly different.

It is absolutely true that the previous government proposed to reduce stamp duty. It was to do so for two years to gauge and measure the impact that that would have. That is an appropriate process because we need to judge whether the proposal that increased building activity would cover the cost of reduced stamp duties is accurate. I suspect it may not entirely be; I suspect it may cost government. We cannot just say that all those properties, on average, will not attract that stamp duty and there will be no recovery of it anywhere else and so it is lost—it is not entirely lost. We do not know what that balance is. For that reason, I propose that we give it, as the previous government proposed, a two-year trial. I am thinking of proposing the financial years 2019–20 and 2020–21, which will take us to just after the next state election, at which point the government of the day might decide to reassess this particular proposal and decide whether to support it. I think that would be reasonable.

The other thing I would change is the way that it is measured. I suggest that the amount of \$800 000 in Hon Colin Tincknell's motion should be cut back to \$750 000 because, based on the figures I have done, I think that is more equitable. Instead of putting a cap on at \$800 000, I suggest the honourable member provides an exemption of the first \$15 000. If a person buys an \$800 000 residence to move into—I have used a very plush area such as South Perth where it costs \$800 000 for a nice retirement unit—instead of capping it at a certain level, I am going to suggest we use the figure of \$15 000 off the total. That \$15 000 would come off whether a person paid \$800 000, \$700 000 or \$600 000. Slightly more stamp duty would be paid if a person bought a more expensive unit, but everybody would get an equivalent deduction. The proposal before the house now is that a cap would be placed on properties up to the value of \$800 000 and everybody would pay the same. My proposal is a simpler model that is fairer for everybody. That would be a reasonable outcome.

Amendment to Motion

Hon Dr STEVE THOMAS: I move —

To delete “to the property value of \$800 000 and capped at \$17 500” and substitute —

of \$15 000 for new and established homes up to the value of \$750 000 for the 2019–20 and 2020–21 financial years

HON COLIN TINCKNELL (South West) [2.39 pm]: I am sorry if I have confused the house by the wording of my motion, but its intention is the same—the first \$17 500 in duty will be exempted no matter whether the value of the house is, as Hon Dr Steve Thomas mentioned, \$470 000 or \$800 000. Hon Dr Steve Thomas's amendment calls for a very minor change—we are talking only \$2 500. I find that part of the amendment to be a bit penny pinching. However, the second part calls for a two-year trial and, as I said when I moved the motion, I am prepared to wait and see what sort of support I get for it from the house. I am very disappointed with the government's attitude. It just wants to make this a slanging match. My position is that it is better to get something than nothing at all. I believe a trial may work. I am happy for the house to debate this amendment and to see which way the vote falls because at least this amendment offers more than the government is offering at this stage.

HON AARON STONEHOUSE (South Metropolitan) [2.41 pm]: I missed some of the remarks of the mover of the amendment to this motion, Hon Dr Steve Thomas. Am I to understand that with this amended form of the motion, the Liberal Party supports the substantive motion?

Hon Dr Steve Thomas: That is the intent, yes.

Hon AARON STONEHOUSE: That is fantastic. If I were more cynical, I would note that the trial period would be during the current McGowan government and that when it ends, a Liberal government would be under no obligation to continue it. The motion does not tie the Liberal Party to any commitment to continue a stamp duty exemption for retirees, otherwise I think it would have a hard time promising any such tax relief. In any case, the

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trial of a little bit of tax relief is better than no tax relief at all, even if it is not prudent to be offering exemptions and picking winners and losers for specific groups and specific demographics.

Hon Dr Steve Thomas: That was the bit of the speech where I mentioned winners and losers.

Hon AARON STONEHOUSE: Yes; I agree with that sentiment. It is better to have broader and more simplified tax policies than picking winners and losers on liberal tax exemptions along the way. However, as to the proposed amendment, the adjustment in the value of the cap seems modest and a trial for two financial years is hardly objectionable. If that will get the motion across the line, I am inclined to support it.

HON COLIN HOLT (South West) [2.43 pm]: We are debating an idea here. We cannot put into a motion the detail that is needed if such a policy were to be adopted. For example, the definition of retirees cannot be put into a motion, because the motion is about only debating an idea. Although I appreciate Hon Dr Steve Thomas's amendment, I was hoping to get some indication from the original mover of the motion on whether he accepted that. I am happy to go either way so that we can debate the idea of stamp duty relief. In saying that, however, I think a trial is a good idea. We make these sorts of policy changes all the time. We do it with first home owner grants; that changes consistently. I am happy to support Hon Dr Steve Thomas's amendment if the mover of the original motion is happy to accede to it. I want to get on and debate the idea and put it to the house.

HON STEPHEN DAWSON (Mining and Pastoral — Minister for Environment) [2.44 pm]: It will be no surprise to members that the government is not in a position to support Hon Dr Steve Thomas's amendment. However, it surprises me just how quickly the honourable member forgets—he was not here and therefore I cannot blame him for it—the profligate spending ways of the former Liberal–National government. How quickly he has fallen under its spell. He, too, is seeking to spend money that does not exist at the moment.

The government is focused on paying down debt and delivering quality services for Western Australians. We will not be supporting this amendment.

Amendment put and passed.

Motion, as Amended

HON COLIN HOLT (South West) [2.45 pm]: I now want to comment on stamp duty relief. I think the motion contains some good intentions and we should trial a stamp duty exemption. We should find out how it will incentivise the movement of seniors in particular out of larger homes into much more adequately or suitably designed homes. We cannot look at this policy in isolation. We cannot think that by simply implementing this policy, the outcome will result in a shift, because a number of different factors come into play. The Housing Authority has to incentivise like this all the time. Throughout the years it supports families living in larger homes, but then when the children leave home and only two people are left living in those four-bedroom homes, the Housing Authority has to find ways to incentivise those people into moving into smaller properties so that those family homes can be freed up for families who are on the social housing waiting list. Although the Housing Authority is in a position of power because those houses are their tenancy properties, it is cognisant that people want to stay in their homes even when they are social houses. The Housing Authority wants to meet the needs of people but they are not completely cruel landlords who say, "Righto, the kids have left. Off you go." They try to find ways to incentivise that shift within its housing stock. Obviously, governments want to find ways to free up homes for families entering the housing real estate market, but at the same time it tries to meet the wishes of many seniors and retirees who are now empty-nesters and recognise the fact that they may like to move into a smaller home that better suits their needs.

I want to refer to a document produced by the previous government titled "Ageing in the Bush: An ageing in place strategy for Regional Western Australia", which recognises this issue. Although that report focuses on ageing, it also refers to some of the issues around how to achieve that outcome for not only, firstly, keeping seniors in their communities and, secondly, getting them into more purpose-built accommodation—in that sense it is also about how to adequately provide for their future health needs—but also it is a really useful and completely relevant document. The report, which was done by the then Minister for Regional Development, recognises —

Overall, WA non-metropolitan regions have an older population profile than the state as a whole ...

What Hon Colin Tincknell is pointing out in this motion is more of an issue in regional WA than it is in metropolitan Perth. The report continues —

Common concerns in regional WA include:

- Sparse and geographically dispersed ageing populations; —

Because our state is so big and so diverse, it is very difficult to find one solution that fits all —

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- Aged services under pressure;
- Aged and home care workforce issues; and —

That is, attracting and retaining people who work in those industries and sectors —

- Significant sustained growth in demands for aged and home care services.

Again, this is about adequately providing for seniors. There are lessons to be learned in what Hon Colin Tincknell is proposing. As part of this policy, the “Ageing in the Bush” report referred to the four planks of the framework. The first plank is age-friendly communities. The third plank is a range of community aged-care programs, and the fourth plank consists of residential aged care. The second plank, housing, plays a crucial role in decisions to remain living independently. Many older people decide to leave their homes because of worries about maintenance and garden upkeep. There is a risk that poor decisions are made for older people to leave familiar communities and prematurely enter residential aged care outside their communities. There was a real push by the previous government to try to address that. People travelling around the regions would see great investment in regional residential aged-care facilities and seniors’ facilities.

Even though this policy might be implemented, people living in some regional towns may find that there is nowhere to downsize to. Someone might own a three-by-one or a four-by-two on a half-acre housing block in the middle of town. They may want to go away on holidays and leave it, so they can come back. They may want to get out of that house, but there may not be anywhere to go. Then there are some real questions. How do they downsize—buy a block and maybe build on that? Again, blocks in a lot of country towns cannot be subdivided, and housing density cannot be increased. One of the fundamental reasons is that under our planning laws and Water Corporation policies, once a certain density is reached, deep sewerage is necessary. Not every town has deep sewerage. Immediately, we come up against a blockage, for want of a better word, that reduces the potential for a new scale or option for downsizing. If I sell my half-acre four-by-two in Boyup Brook, and if I am so attached to my community, as is well recognised, what can I downsize to? What choices do I have? I cannot go and get a small block with a small house on it, because potentially there will be nothing there. There is no stock that people can buy.

The challenges do not stop there. The mover of the motion talked about the ability to free up some cash and reserves to help fund the retiree’s future. Figures from REIWA.com show Boyup Brook’s annual growth rate as minus 3.3 per cent, and the median house price was \$220 000. Someone living in Boyup Brook who wants to downsize has a couple of choices to make. Can they stay in their own community, while also thinking about future care needs? If there is no housing stock, maybe they can go to Donnybrook, or even Bunbury, where there is a bit of diversity.

Hon Darren West: Or Goomalling.

Hon COLIN HOLT: We find the same issue in Goomalling, where they cannot subdivide their blocks to build adequate stock for the right field.

Hon Darren West interjected.

Hon COLIN HOLT: That is where that policy for ageing in the bush is so valuable, because that is what delivered for Goomalling and others.

A person living in Boyup Brook sells their house for the median price of \$220 000. If they want to go to Donnybrook, the median house price there is \$282 000, so they are already potentially out of pocket. If they want to go to Bunbury, where there might be the greatest access to future services, and they are not that far away from their own community, the median house price is \$442 000. Even this policy may not deliver the outcomes across the board that we are looking for. There need to be some other ways of incentivising and potentially subsidising or providing housing options. The sums in regional Western Australia often do not add up.

This policy of stamp duty relief will probably deliver for most people in Perth, and it might actually drive people to sell their places in Perth and relocate to Bunbury, Donnybrook or Boyup Brook, which would be a really good outcome. But again, they are not going to sell their four-by-two in Thornlie and go down to Boyup Brook and say, “You beauty—I want that two-by-one or three-by-two on a small block that I can lock and leave”, because it is not there. No-one is investing in that kind of housing, and the blocks cannot be subdivided because of planning laws and the requirement for deep sewerage. The previous government had a deep sewerage plan to improve the opportunities for those towns, but the present government came in and changed it, so Boyup Brook is still waiting for its deep sewerage options. The shire and the community want to drive some diversity in housing stock. It has been raised with me at Boyup Brook that they would like to build, as Goomalling just has, more seniors’

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accommodation, but they cannot, because they have to solve the deep sewerage problems, and the government changed the funding that was allocated.

I think the idea is definitely worth trialling. We have to look at the outcome of the potential policy and how we can ensure that all Western Australians, including those living in remote regional communities, get the benefit of the policy to downsize. There are a range of question marks over whether this is the only way. It is probably not, but it is certainly one of the solutions. It is well worth supporting this motion to promote the idea to the government to consider it with much more rigour. There will have to be criteria and definitions. It is well worth supporting this measure. We have already heard that the government will not support this motion, based on budgetary restraints. It should have said that it is a worthwhile idea to support, but it needs to go away and put some numbers around it. The government should have said it would go away and think about how it might deliver on the policy outcomes we are looking for. However, the answer was no, because the government has other priorities. It wants to spend its money on election promises, without actually saying, "How about we explore this on your behalf a bit more; thank you for raising it in this house. Let's agree to this motion as an idea and see what we can come back with that might be a really good policy position." That is not the stance that the government took, but we will support the motion of Hon Colin Tincknell.

The ACTING PRESIDENT (Hon Adele Farina): Members, the question is that the motion, as amended, be agreed to. I just might remind members that, five minutes before the conclusion of time allocated, I am required to give the call to the mover of the motion for a right of reply, but at this point I give the call to Hon Simon O'Brien.

HON SIMON O'BRIEN (South Metropolitan) [2.58 pm]: Thank you, Madam Acting President, and as usual I shall be brief to accommodate the right of reply. I have been following this debate this afternoon closely, and I have been impressed by the sincerity of the mover and so many members, who take this matter seriously and are genuinely looking for ways to help do a number of things, including providing some relief for people of a certain age and circumstances who need to transition. I have a lot of time for seniors, and as days go by I am finding it more of an imperative to join in these sorts of debates.

Several members interjected.

The ACTING PRESIDENT: Order, members! Hon Simon O'Brien has the call, and he has a very short period in which to make his contribution.

Hon SIMON O'BRIEN: I am neither shy nor retiring, member, thank you very much, nor were those who advocated in support of this policy and advanced various arguments, rightly or wrongly, debatable or not, about making life easier for Western Australians. I think this is something that people in government sometimes forget. One of the things governments should be trying to achieve is to make life easier for people to live, not to keep legislating to restrict what they do and how they do it. I noted also a good theme coming through from a number of members of how we can use policy as an instrument to stimulate the economy and make the cake a bit bigger. That is another way we can deliver value to people in Western Australia.

Hon Dr Steve Thomas made a very strong contribution and successfully moved an amendment to the motion to fine-tune it. However, it is a pity that the government is not prepared to tune in. It chose, instead, to try to kick out at the former government from back in the day. Members opposite are deep in the second half of what will, hopefully, be its single term of government. All they do is equip my dear friend the honourable Minister for the Environment—I love him to bits; we all know that; we all do; he is a decent fellow—with notes to regurgitate to us that have nothing to do with the issue of the day and, in fact, are riddled with falsehoods. How embarrassed he must be to have to throw up this manufactured bile that does not sit well with such a decent fellow. I am therefore here to help in the limited time available. While other unruly interjections were going on—as you would advise us, Madam Acting President, all interjections are unruly—I was trying to offer a very helpful and positive interdiction to assist the minister to focus on the job as he was talking about \$41 billion worth of debt and what have you.

Hon Stephen Dawson: Projected.

Hon SIMON O'BRIEN: Yes, but that is the thing; it is not the actual. Let me remind him, because he was obviously hearing others earbashing him at the time and he could not quite get this. I asked him what the debt was in 2016–17 when his government took over. The figure I have quickly come up with now through one of our researchers is that at that stage it was about \$27.347 billion—not \$41 billion. The point I was trying to put to the minister by interjection was: what was the nature of that debt? The answer to that, of course, if the government was being at all honest about it by introducing this into the debate, is that the majority of it was for electricity and water infrastructure. It was not for Elizabeth Quay, which everyone opposite suddenly seems to be in favour of; Perth Stadium, which they opposed, but if ever they need a good news story, they whip everyone out to Perth Stadium; and so on. No; the minister ignores it. Why did so much expenditure have to occur in the time of the last government? It was because that lot, when previously in government, let it fall to rack and ruin without any investment.

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Several members interjected.

Hon SIMON O'BRIEN: That is why we had the scandal of people being killed in electrical fires, because you lot let it all go to the pack.

Several members interjected.

The ACTING PRESIDENT: Order, members! I now give the call to Hon Colin Tincknell. Pursuant to standing orders, he has the right of reply.

HON COLIN TINCKNELL (South West) [3.03 pm] — in reply: Thank you, Madam Acting President. I want to thank honourable members for their contributions. It has been an interesting debate. The Minister for Environment mentioned that I am a consultative guy, and I said at the outset of this debate that there is no doubt that when we get a chance to move a motion in this house, we want people in the house to debate the motion and to add to it. We saw that with the amendment Hon Dr Steve Thomas put up, and I appreciate that amendment. It has given this debate further depth. I was also very appreciative of the comments made recently by Hon Colin Holt to give the debate a regional spin and talk about other important matters.

Hon Rick Mazza talked about many advantages in this proposal. Obviously, it would unlock capital for people, and supply and demand would increase, which would help families buy into a home. He referred to previous government commitments and exemptions and the crippling cost of stamp duty, so I thank the honourable member.

Hon Alison Xamon talked about the number of elders in our society who are now retired. They used to represent four per cent of the population and they now make up 12 per cent, and that will grow. She also referred to a date of 2050. I do not think I will be around then, but it will no doubt have grown a lot more by that stage. She talked about fixed incomes and mentioned many facts and figures around retirement homes, the economic challenges of the baby boomers and the need to review taxes. That is something that all governments are sometimes very scared of. All states, and the whole country generally, need to review taxes.

I found it very important that Hon Alison Xamon mentioned that the proposal would be positive economically, not a burden on the taxpayer. This is something that the government has, unfortunately, decided to ignore. It is very good to hear the Greens talk positively about this. There are a lot of economic conservatives on this side of the house. We have heard their different ideas and that is exactly where we expect someone who backs business to find most of the answers to our problems. That is how we generate the economy and bring in more taxes for the government and provide benefits to the community.

I thank also Hon Dr Steve Thomas, who gave a bit of a 101 on stamp duty and I thank him for that. He mentioned that we need to approach this in a careful manner. That is exactly how I am approaching it and I have looked at other people's efforts to improve this motion. I supported the amendment to trial it over a two-year period because I think a trial is a good idea. Although I support that, I would like to see it adopted for a lot longer. There is also the history of the housing market to consider.

I mentioned most of the other members. I thank also Hon Simon O'Brien for his entertaining contribution at the very end, and Hon Aaron Stonehouse for supporting Hon Dr Steve Thomas's amendment. Seven parties have discussed this motion and that is good; it is exactly the role of this house and I am very proud of that. I mention once again the exceptional contribution from Hon Colin Holt, who gave the debate a regional flavour and brought up many other policy matters that I am learning about in this house. I thought his was a valuable contribution. I say to this house: support this motion; it will have a positive effect on our economy and help the state government.

Division

Question put and a division taken, the Deputy President casting his vote with the ayes, with the following result —

Ayes (17)

Hon Martin Aldridge
Hon Jacqui Boydell
Hon Robin Chapple
Hon Jim Chown
Hon Tim Clifford

Hon Peter Collier
Hon Nick Goiran
Hon Colin Holt
Hon Rick Mazza
Hon Michael Mischin

Hon Simon O'Brien
Hon Charles Smith
Hon Aaron Stonehouse
Hon Dr Steve Thomas
Hon Colin Tincknell

Hon Alison Xamon
Hon Ken Baston (*Teller*)

Extract from *Hansard*
[COUNCIL — Wednesday, 8 May 2019]
p2859f-2876a

Hon Colin Tincknell; Hon Rick Mazza; Hon Alison Xamon; Hon Stephen Dawson; Hon Peter Collier; Hon Colin Holt; Hon Darren West; Hon Dr Steve Thomas; Hon Aaron Stonehouse; Hon Simon O'Brien

Noes (10)

Hon Alanna Clohesy
Hon Stephen Dawson
Hon Sue Ellery

Hon Adele Farina
Hon Laurie Graham
Hon Alannah MacTiernan

Hon Kyle McGinn
Hon Martin Pritchard
Hon Darren West

Hon Pierre Yang (*Teller*)

Pairs

Hon Tjorn Sibma
Hon Colin de Grussa
Hon Donna Faragher

Hon Samantha Rowe
Hon Matthew Swinbourn
Hon Dr Sally Talbot

Question (motion, as amended) thus passed.