

HOME OWNERSHIP - AFFORDABILITY

Motion

Resumed from 21 March on the following motion moved by Hon Ray Halligan -

That this house condemns the government for the undue anxiety created for the many first home buyers through its inability, in a timely manner, to -

- (a) help reduce the cost pressures on residential land;
- (b) help reduce the supply and cost pressures associated with skilled labour; and
- (c) meet its election commitments to -
 - (i) address housing affordability;
 - (ii) increase social housing stock; and
 - (iii) encourage and enable home ownership.

HON LOUISE PRATT (East Metropolitan) [11.16 am]: I welcome the opportunity to debate this motion and, hopefully, to entice members to support an amendment to the motion.

Hon Simon O'Brien interjected.

Hon LOUISE PRATT: No, I am not this time actually.

We all know that in recent years Western Australia has experienced incredibly strong economic growth. One result of this growth is an incredible amount of pressure on the housing market. There has been unprecedented growth in property prices, which, in turn, has put a significant level of pressure on the private rental market. WA is experiencing an incredibly tight rental market. Indeed, the last time I moved house, my personal contribution to the rent went up by some \$100 a week. There has been a decline in rental vacancies from 4.2 per cent in December 2003 to just 2.1 per cent in September last year. We frequently hear stories these days of people applying for a rental property at a home open having to make monetary deposits. They must pay the equivalent of the letting fee just to make an application to rent a property. That is a significant issue, because in a tight market people are being asked to not only fork out that money, but also fork out that much money three or four times over in a weekend as they seek to secure one of the many properties they look at - such is the tightness of the current market. The issues in the housing market are therefore quite complex and require a significant range of responses and a more mature policy approach. It is a terrible double-edged sword that has the potential to create deep divisions in society, especially when some people have benefited from the economic growth with significant growth in their property prices and others are slipping further and further behind from the great Australian dream of owning their own home. Some members on the other side of the house would have us believe that we can either assist new home owners to buy their own homes or protect the investments of those who already have homes. I believe that we can do both.

Today I will highlight the importance of getting our housing policies right because housing availability and housing assistance have a significant effect on the employment, health and social cohesion of the community. Targeted housing assistance can improve housing affordability and other wellbeing outcomes that are not associated with having a roof over one's head. Those other outcomes include health, education, social cohesion and the alleviation of poverty. Interestingly, housing assistance programs can have mixed results on employment security and wealth distribution. In some instances, housing assistance may have a negative or positive effect on those factors. We can do many things to enhance housing and social outcomes in our community. Some of the key issues include addressing housing affordability, tenure, security of tenure and the location and the quality of housing. A range of measures are available to governments to address those issues. Many of the measures that are already in place are private rent assistance, income support, rental support, public housing, capital funding, public rent assistance, home purchase assistance, deposit assistance, mortgage assistance, community housing, home modification, home care, neighbourhood renewal programs, increased land availability, the containment of the cost of building a home and the control of interest rates. A vast number of measures are available to state and federal governments that can be well targeted to assist the community.

The important factors of housing outcomes and characteristics are dwelling quality, which includes dust and heat and whether there is adequate protection and shelter; tenure; tenure mix; security of tenure; the physical design of housing; the adequacy of housing; housing affordability; the appropriateness of the housing and whether it is fit for the purpose for which it is used; where it is located; and how much control the owner or the tenant has over the property. Addressing those issues can have an effect on health, education, employment, security, crime, social capital and cohesion, income wealth distribution and poverty. At the beginning of the list of measures I spoke about is a range of housing assistance schemes. They are targeted at tenure mix, security of tenure,

physical design and dwelling quality. In turn, that affects the wellbeing outcomes for the community. The Australian Housing and Urban Research Institute conducted research into these factors and highlighted how they work in Australia. It looked into housing affordability and determined that although housing assistance might be expected to improve the affordability of housing, especially for those on low incomes, and thereby improve outcomes for poverty, it influences other outcomes such as employment. Providing housing assistance can create some ambiguous results by limiting people's capacity and/or motivation to purchase a home, to engage in training or to take up work opportunities. Rates of after-housing poverty among public and private housing tenants in Australia are higher than for Australians generally. However, housing assistance for public renters greatly reduces the rate of after-housing poverty households. "After-housing poverty" includes those issues that impoverish people other than housing. According to this research, qualitative evidence also suggests that improved affordability has generally negative employment outcomes for tenants by facilitating reduced employment participation, especially for those with parenting responsibilities, among public housing tenants. These are interesting social dynamics to consider when we look at public housing policy.

We must consider housing affordability policies because we are experiencing boom times. Tenure and the degree of security of tenure a person has are important matters. People who own a home are given access to other benefits, one of which is asset accumulation. Housing assistance for home buyers might lead to wealth accumulation and security of tenure, which in turn alleviates poverty and improves social capital. Social capital includes neighbourhood stability and civic involvement. However, past policies have been targeted at getting people into the housing market, allowing some people to jump into the market. There has been unprecedented growth upwards, but the people who are still fighting to access the market and who are in dire need are being hampered in their ability to access secure housing and reap the benefit of asset accumulation. The rate of after-housing poverty among people who own their own homes is low. It is generally recognised that access to home ownership reduces the level of poverty among aged people in particular. When housing assistance in Australia is targeted at purchasing one's own home, it is associated with higher housing prices. This is aiding wealth accumulation for those who either own their own home or who are purchasing a home, but is hindering access into the market for first home owners. This is a particularly difficult issue that is confronting Western Australia, although it is not an issue that we are incapable of addressing.

I will now talk about location. Social exclusion or poor employment outcomes can occur if, for example, social housing applicants are allocated to a state with poor connections to labour markets. There is some disadvantage in our community as people at the lower end of the housing market are buying into areas that have either negative or very little growth. Now that the housing market and the unprecedented rates of growth are beginning to level, we must be very wary of this issue, particularly with regard to interest rates. The report from which I am reading addresses the issue of mortgage indebtedness. The pressure people have in meeting their mortgages reduces their wellbeing. Indeed, it has been demonstrated that mortgage pressure has resulted in an increased number of visits to general practitioners, especially among men.

I will now turn to some of the measures that the state government is pursuing. Indeed, they address many of the factors that I have highlighted in my speech thus far. The Treasurer and the whole of the state government have acknowledged that housing costs are a major issue for government. However, this issue is much broader than just first home ownership and warrants a range of measures. We could be looking towards, for example, improving stamp duty exemptions for first home buyers and considering this in the upcoming budget, particularly in the context of the housing boom and John Howard's broken promise on interest rates. However, we need to be very careful with such measures, because in the kind of housing market that we have had, any cut in stamp duty could simply be reflected in higher prices for property. That is what expert leading economist Saul Eslake said to the Department of Treasury and Finance last year. It will be interesting to see whether the economic analysis of these issues changes as the housing market levels off. I sincerely hope that it does to some extent.

One of the measures that the state government has introduced recently is the \$300 million First Start program. This is a shared equity scheme targeted at first home owners on low to moderate incomes. It is to assist them with the dream of owning their own home. Under this program, the government will purchase up to 40 per cent of a home for families with incomes under \$60 000, up to 30 per cent for couples with incomes under \$50 000, and up to 30 per cent for singles with incomes under \$35 000. It is a shared equity home loan scheme. These schemes are becoming increasingly recognised as a solution to housing affordability. I hope that that program goes some way to assisting people at the lower end of the market to be introduced to the housing market. However, even with those amounts, it will still be very challenging for those families and singles to access suitable housing. The median house price now is about \$400 000. Even with that amount of government equity, it is quite difficult to see how families on low incomes will be able to keep the portion of their household budget that will go to housing at about 29 per cent, which is the figure accepted as being reasonable for any household to spend on housing and accommodation.

Hon Ray Halligan: That is why we continually talk about affordable housing.

Hon LOUISE PRATT: That is right. That is why the emphasis is on affordable housing. There are a range of state government housing affordability schemes. They include the Keystart low deposit loan scheme, which has been going since 1989; the GoodStart shared equity loan scheme, which is a low deposit shared equity loan scheme - the one recently introduced; and the Aboriginal home ownership scheme, which is also a low deposit shared equity loan scheme. We have access for people with disabilities, and that is a low deposit shared equity loan scheme. There is also the sole parent loan scheme and the Restart scheme.

We have also had some discussions about land releases, to which the motion refers. Despite a lot of the rhetoric in this house and in the community, the state government has done a great deal to address the question of land releases. The real issue is that there has been unprecedented growth. The Western Australian Planning Commission's output over the past five years has increased approvals from about 7 500 lots a year in Perth and Peel to 16 300 in the past financial year.

Hon Murray Criddle: How many did it do in the previous two or three years?

Hon LOUISE PRATT: I do not have that information in front of me. The number of approvals has increased from 7 500 to more than 16 000; they have doubled.

Hon Murray Criddle: The real issue is that we might need 25 000 next year or 40 000 the year after.

Hon LOUISE PRATT: Yes. The government indicated in August last year that in the next 12 months it wanted to deliver 20 000 lots. Indeed, as Hon Murray Criddle indicated, we might be looking for a few more. A significant level of capacity building has been undertaken within the Western Australian Planning Commission to enable that to happen.

Hon Murray Criddle: Is the right number of people there now? Have you chopped the numbers down?

Hon LOUISE PRATT: The commission has recruited some senior specialist planners to coordinate the approvals process for the metropolitan corridors and the Peel region. There is a relief coordinator for the south west, and additional support staff to free up existing planning staff. In the past, only 39 per cent of costs were recovered from fees. Because of the large economic growth attached to property and development, those fees were raised last year, which is also improving capacity.

I was very pleased a number of years ago when the state government, in improving the affordability of rental housing, increased its limits on the rental bond scheme. As a student, I certainly used that scheme. I did not have a spare \$500 sitting around while I was on Austudy to pay the bond on my rental property. Therefore, I took out a Homeswest bond loan, and that was quite a successful thing to do. However, the level at which those bond loans were initially set did not cover the increases in the rental market. Therefore, that was addressed back in 2005.

Hon Simon O'Brien: In what year did you take out your loan?

Hon LOUISE PRATT: Sorry; which loan?

Hon Simon O'Brien: In what year did you get your bond assistance?

Hon LOUISE PRATT: It would have been in the early 1990s, I think.

Hon Simon O'Brien: And it has not been changed since?

Hon LOUISE PRATT: No, it was changed in 2005. I am sure that there have been a number of increases since then. However, it is important that such measures keep up with the housing market.

A recent initiative about which I was very pleased, as were a number of students to whom I have spoken, was the recent scrapping of letting fees, whereby a person basically has to pay not only the bond and the first couple of weeks or months' rent, but also an extra week's rent just to get into a property. As I understand it, Western Australia is the only state that has such a letting fee. That is being taken out of the system also. There has been some conjecture that that will increase rents overall. It may well do, very slightly. I hope that it does not. There has been a significant increase in rents anyway. However, it significantly addresses the level of up-front costs that people need to put together to get into a property.

Hon Murray Criddle: How much would that save an individual paying \$100 a week?

Hon LOUISE PRATT: Currently, consumers attempting to rent a property through a real estate agent are faced with up-front costs of one month's rent as a bond, two weeks' rent in advance, things such as a pet bond, and one week's rent as a letting fee. That can be an extra \$300 or \$400. Average rent in Western Australia is about \$260 a week. That is a \$260 ex gratia payment that is made to a landlord without a person gaining access to the property. A person does not get a week's tenancy for that. Therefore, I am very pleased the letting fee has been

removed. Many students and people on low incomes who are suffering from the tight housing market are also very pleased about that. I know people who have had to move out of their rental accommodation because they have not been able to afford an increase in rent of \$60 or \$70 a week. However, it has been difficult for many of those people to find another property to rent, because the rents on most properties have gone up. Therefore, the removal of letting fees is an important initiative.

Another important initiative is that the government has purchased a 2 350 square metre lot in Fitzgerald Street in Perth to provide public housing in the inner city. That is a terrific initiative. It is a \$15 million project, and it will include 19 one-bedroom dwellings and 24 two-bedroom dwellings, two commercial properties, and paved courtyards and grassed areas.

Hon Simon O'Brien: Nineteen one-bedroom units, for \$15 million?

Hon LOUISE PRATT: Yes, and 24 two-bedroom units. That land is in close proximity to the central business district and extensive public transport networks. It will, therefore, provide tenants with excellent access to employment, health care and recreational and educational opportunities. As I highlighted earlier, if public housing is not provided in the right locations, it may diminish people's access to employment, health care, recreational and educational opportunities and social cohesion. Therefore, we should not scoff at providing public housing in desirable social locations, because if we want to improve people's resilience and capacity to contribute to the economy, better themselves, care for their families and get a good education, we need to make it possible for them to access those opportunities. Therefore, the reality is that we need to provide public housing in desirable locations.

Hon Ray Halligan: Yes, but it is not just the western suburbs. As you have explained, public housing needs to be located near public transport facilities and employment opportunities.

Hon LOUISE PRATT: There is a significant level of public housing in my electorate. That is particularly the case in Ellenbrook, because one in every 16 houses is public housing. That seems to work quite well. However, if people in Ellenbrook do not have a car, it is incredibly difficult to access employment and education opportunities.

Hon Ray Halligan: Whose fault is that? It is the fault of the state government, yet again!

Hon LOUISE PRATT: That is why we need to plan these things adequately.

Hon Ray Halligan: That is why we have a Department for Planning and Infrastructure and a Minister for Planning and Infrastructure.

Hon LOUISE PRATT: It is not the fault of this state government. Ellenbrook has a good social mix. However, the Homeswest housing in that area was put in by previous governments over the past 15 years, as Ellenbrook has grown.

Hon Ray Halligan: So you are now being bloody-minded and saying you will not be putting public transport into Ellenbrook because it is the fault of a previous Liberal-National Party government!

Hon LOUISE PRATT: No. The community of Ellenbrook deserves to be given decent facilities. It deserves to be given access to public transport and education opportunities. However, the fact that Ellenbrook was planned in that way is problematic. Ellenbrook is a fabulous community. It has won an urban design award for its internal design. However, frankly, it should never have won that award, because it is too far away from essential services and facilities.

I turn now to land releases in the non-metropolitan area and in places such as Newman and Broome. I highlight the fact that public housing is very important to regional communities. A few days ago we announced that the government will be purchasing 15 lots near the south end of Cable Beach to be developed for public housing.

Hon Murray Criddle: When will you be debating the airport?

Hon LOUISE PRATT: I will not be debating the airport this morning, I am sorry to say.

Amendment to Motion

Hon LOUISE PRATT: I move -

To delete all words after "That this house" and substitute -

Hon Simon O'Brien: So it is a minor amendment!

Hon LOUISE PRATT: It has a reasonable level of continuity with the motion. The amendment continues -
calls on the government to continue to -

- (a) help reduce the cost pressures on residential land;

- (b) help reduce the supply and cost pressures associated with skilled labour; and
- (c) continue to meet its commitments to -
 - (i) increase social housing stock,
 - (ii) encourage and enable home ownership,
 - (iii) improve housing sustainability and energy efficiency,
 - (iv) alleviate pressure on private sector rents through measures such as the lifting of letting fees,
 - (v) targeted loan schemes, including shared equity housing loans,
 - (vi) improve access to affordable quality housing for Aboriginal Western Australians, and
 - (vii) introduce new measures in the forthcoming state budget to address affordability.

Some important issues are raised in the opposition's motion. I have deleted the word "election" in paragraph (c) and referred only to "commitments", because although a number of the measures that are included in this amendment are election commitments, a number are new initiatives that are part of our housing program. Sustainability and energy efficiency are incredibly important to not only lifestyle and affordability, but also the environment. We recognise that the opposition has it right. It is about the cost pressures on residential land, the supply and cost pressures associated with skilled labour, housing affordability, social housing stock and home ownership. The motion also includes other measures that are very worthy.

The government does not deserve to be condemned for causing anxiety. The government is doing a great deal to address the issue of housing affordability in Western Australia. It is a consequence of the economic boom in this state that we are now threatened with a great divide between the haves and the have-nots in housing affordability. That is of great concern to us all. We must all remain committed to addressing this issue, because it is not just about giving people a roof over their heads. It is about giving people access to health, education and social cohesion. It is about the right of all people to live in a secure community. Housing influences all those outcomes. They are not separate issues. Housing has a significant impact on a person's capacity to earn an income, live a healthy life and be part of a community. Therefore, we need to get these policies right. Housing affordability has a significant impact on whether a person has the ability to make a personal and private investment. It therefore has a huge impact on whether people are the haves or the have-nots in our society. We therefore need to get these policy measures right, in the interests of all Western Australians, both today and tomorrow.

Point of Order

Hon SIMON O'BRIEN: With respect, Mr President, the amendment that is proposed must skate dangerously close to a negation of the intent of the original motion. Indeed, the original motion condemns the government for the specific reason that it has created undue anxiety among many first home buyers through its inability to do a number of things in a timely manner. The proposed amendment is basically and fundamentally a congratulatory motion, encouraging the government to continue to do all the things that the original motion claims the government is not doing. I ask the President to entertain this point.

Several members interjected.

The PRESIDENT: Order, members! Hon Simon O'Brien is raising a point of order that I am trying to listen to, and it is not helpful for senior members of the house, particularly ministers, to interject. Would Hon Simon O'Brien be kind enough to reiterate the last couple of points he was making?

Hon SIMON O'BRIEN: Certainly; I am delighted to do so. I respectfully submit that the basis of my point of order is that the proposed amendment is itself out of order, because the intent of the original motion is to condemn the government for certain things that it has done, whereas the intended effect of the proposed amendment is to change the motion to in fact encourage the government to keep doing those same things. I respectfully submit that that is a negation of the original terms of the motion rather than a simple amendment. I ask the President to rule accordingly.

The PRESIDENT: This is an issue that has been raised from time to time. I will leave the chair for the ringing of the bells, but I do not anticipate being absent for very long.

Sitting suspended from 11.52 to 11.57 am

Ruling by President

THE PRESIDENT (Hon Nick Griffiths): In making his point of order, Hon Simon O'Brien said that the proposed amendment "skates dangerously close", and there is a lot in that. As the proposed amendment now reads, it skates dangerously close as an amendment on the wrong side; that is, it does offend. However, if the proposed amendment were adjusted so as to delete the words after "government" - namely, "to continue to" - the amendment would then be in order. As President, I have the capacity to make that deletion, and therefore the question before the house is that the words proposed to be deleted be deleted, with the amendment that has been proposed, stating after the words "That this house" -

calls on the government to -

- (a) help reduce the cost pressures on residential land;
- (b) help reduce the supply and cost pressures associated with skilled labour; and
- (c) continue to meet its commitments to . . .

And so on. The amendment proposed by Hon Louise Pratt is altered so that the words "to continue" are deleted. The question is that the words to be deleted be deleted.

Amendment, as altered, to Motion Resumed

HON MURRAY CRIDDLE (Agricultural) [11.59 am]: We have certainly benefited from the President's alteration of the proposed amendment. I make some points about the affordability of land and housing, particularly in regional Western Australia. To reduce cost pressures on residential land in particular, the government needs to make a lot more land available in regional Western Australia. The interesting thing is that the extension of residential land in the metropolitan area puts increasingly more pressure on infrastructure costs, particularly for road and transport infrastructure. We can talk about roads and transport but other facilities are also being built in Perth, such as stadia and so forth. The amount of money going into those developments will take away from the opportunity to open up residential land in regional areas of the state. The pressures that have arisen are expressed to me by people right across the regional areas. That point should not be lost on people when it becomes obvious that while the state government will once again have a surplus of \$2 billion plus this financial year, stamp duty will still be payable on the purchase of dwellings and residential land. On top of that, headworks charges are exorbitant. Developers are expected to pay all the headworks charges, regardless of where they are. Those charges are becoming incredibly expensive. The Country Housing Authority is doing a very good job. I am not criticising the people who work there - I know them very well - but they could receive more assistance and that could be spread wider into other areas.

The issues relating to housing extend to enticing professional people to regional areas. Reference has been made to the supply of skills in country areas. Extra pressure is placed on getting those people into the country because of the housing situation, whether they intend to rent or buy housing to live in as a personal residence. The cost pressures of headworks charges on residential land and the cost pressures of stamp duty on the purchase of residential land or housing are becoming very, very large. I was recently talking to people about buying property in the country. When we considered the cost of stamp duty, we wondered why people bother. We want Western Australia to get ahead. The Nationals have come up with the idea of putting 25 per cent of the royalties from mining back into regional WA. This is one of the areas in which we could expend some money. If stamp duty were not charged in the first instance, we would not go through the convoluted situation of putting it back into the consolidated revenue fund and expending it again. It would be used in the first instance. We should put some time into investigating the opportunity of reducing or doing away with stamp duty, particularly on residential housing in the country because it impacts on people's decisions to live in these areas.

I refer now to the reduction of letting fees in rental situations. I understand what Hon Louise Pratt was saying; in the first instance, it sounds very good. That is an impost on the private sector. It is an impost on the agents who are carrying out that particular service. The reduction in letting fees is not something that the state government is doing, other than it is regulating that these people cannot charge letting fees. The state government is not doing a helluva lot in that regard. The people who have lost the opportunity to charge letting fees can recoup the money in other areas. They can put it back on the rental fee itself. I am not sure that that money will filter back to the people who are renting. They are the people we need, particularly in regional areas, to carry out some of the work that is required. Plumbers, bricklayers, painters and other tradesmen are required in country areas. People cannot get builders. I know from personal experience. I was going to build a house last year but received a call from a builder to say, "That was on last year but we don't go into the bush any more. We're going to stay in Geraldton." That was a real experience that I had. We will have to either try to find somebody else or go without the house. In my case it will not matter because we have other places to live. It is a concern for people in country areas. All these things come back to the fact that we get neither the services nor the people in country areas.

The rental situation is becoming very serious. I was in Geraldton the other day and I was well aware that people were looking for rental accommodation. People earning between \$30 000 and \$40 000 are expected to pay \$200 a week or thereabouts for a dwelling. There is a very severe impost on people living in that area. Virtually one-third of these people's salaries pays the rent, and they have to live as well.

We need to get out into these country areas and look at the real issues. Hon Louise Pratt talked about the release of land, and in particular the release of 7 000 lots, rising to 16 000 this year and maybe 20 000 next year. I am not sure whether that is enough. LandCorp has a requirement to be commercial, which is the term it uses. I have some real concerns about the cost of headworks and the like. They are becoming very severe. Water and electricity and those sorts of things are becoming a very heavy impost on people when they try to divide up land.

I wanted to make those particular remarks. People should not think that we have it all covered. People are turning over an enormous amount of money in places such as Karratha in the northern areas. Hon Ken Baston will be able to tell us about that in a while. It is not just happening up north. Geraldton is expanding very quickly as a result of the iron ore industry. Geraldton does not have the capacity to house people. We have the issue of those who fly in, fly out from Perth. Perth is expanding and there are cost pressures on new roads, rail and stadia. People want all those things for convenience but there is more pressure on them. We need an incentive to get people into the country. I come back to the idea of spending 25 per cent of royalties from mining. Maybe that is not enough. Maybe we need more roads and hospitals and all those other things.

Hon Ken Travers: Is that over and above what is currently spent that you are talking about?

Hon MURRAY CRIDDLE: Twenty-five per cent of the royalties.

Hon Ken Travers: Is that on top of what we currently spend?

Hon MURRAY CRIDDLE: I think that is what we are at. We are saying 25 per cent of royalties should be spent. We are serious about looking after the bush.

Hon Ken Travers: I am just trying to clarify exactly what you mean.

Hon MURRAY CRIDDLE: Our policy will be on the website and the member can read it to get a complete understanding of what we are talking about.

Hon Adele Farina: When?

Hon MURRAY CRIDDLE: We are about to put out our policies; they will come out in the near future. We will not hide anything; we will tell people in the bush what we will do and go from there. Looking after people in the country is serious stuff. The people in the city are getting a fair go. They will get a new railway and it sounds as though they will get a new stadium. They will get some entertainment centres and the like, and they have museums and so forth. We want our little bit out in the country.

I wanted to highlight those issues. I invite Hon Ken Travers to look at our website to find out how we will fund our policies. If it hurts a bit for the people in the city, maybe people in the country who have been looking after them for all those years will get a more comfortable ride. I thank the house for the opportunity to speak. This amendment outlines the requirements that will fall on the government in the future.

HON KEN BASTON (Mining and Pastoral) [12.09 pm]: I rise to comment on some issues raised in the debate on this motion on home ownership affordability moved by Hon Ray Halligan, and to support some of the comments made by members, particularly those made by Hon Murray Criddle.

The forces that push up the housing market are simply supply and demand; that is, the supply of land and the demand for housing. However, before people build a house, they need access to a supply of land. The supply of land comes about by good planning, which includes planning for the future and the release of land in time to build houses for that demand. It has been said that Western Australia's resources industry is experiencing a boom time and of course demand for land has increased. The challenge for the government of the day is to meet that demand, and it is absolutely paramount that it does so.

I smiled when Hon Louise Pratt raised one issue relating to the patch of land released in Broome in regional Western Australia. I will read from a government statement released by Michelle Roberts, MLA on 16 March -

The land, which has been bought for \$4.27million, includes two lots in Bernard Way and a further 13 residential lots in LandCorp's new Januburu Six Seasons subdivision. The development will accommodate an approximate total of 32 new homes.

I commend the government for moving in that direction. However, it is interesting to note that 13 of those residential lots in LandCorp's new Januburu Six Seasons estate were also referred to in another press release issued on 28 April 2006. The government patted itself on the back in that press release by Hon Alannah MacTiernan saying -

When fully developed, Januburu Six Seasons would provide 345 homes.

To date, only 102 of those blocks have been released. The land therefore is already there; there are 345 blocks, 13 of which LandCorp has sold for public housing, which is fine. However, that means the number of blocks has been reduced by 13 and a lot of land is still undeveloped.

Members will probably recall listening to some of my utterances before and will certainly recall some of my questions without notice in the house about the cost of blocks in a regional town such as Broome. In my questions I compared the cost of a block of land in Broome with a block of land in Karratha released by LandCorp. I am alluding to the fact that these are all issues that force up the ultimate price of a home. The profit margin to LandCorp for a block of land in Broome is some \$75 000 as against \$47 000 in Karratha. That amounts to a tax on regional housing so that LandCorp can produce a profit. Hon Murray Criddle said in his speech, and it is certainly the perception of the public, that LandCorp was established as an arm of government. We know it is a statutory authority, that it operates by making a profit and that it goes to wherever it can to make the most profit. I dare to say that I believe it releases land in stages so that it can control the market and increase that profit, which of course puts an extra burden on the people of Western Australia who wish to build a house. My office receives numerous phone calls from people pleading for the release of land because they cannot afford to live in Broome. It is actually cheaper for people to come to Perth and buy a house in Victoria Park. People are looking at around \$340 000 for the cost of land, plus the cost of the house and the extra cost of building it in a cyclone-prone area. As was quoted to me the other day, the cost of a house comes close to between \$350 000 and \$400 000. People are therefore up for around \$750 000 to build an average house there.

We do not have to be Einstein to work out that people must earn \$110 000 a year, as has been stated in the press, to meet a house mortgage of \$500 000. That just does not happen. It is a concern to me that towns such as Broome and Exmouth are very much reliant on tourism and that the tourism industry is not known as a high-payer for staff. Staff are battling to find accommodation; they are all renting.

I have mentioned before the issue of housing affordability across regional Western Australia. Many measures could be taken to meet that affordability, and the supply of land is one. We talk about investment property and land tax. Land tax is levelled on the second property that people buy. It may be a holiday home or a rental property, and it is taxed at an extraordinary rate. We rely on private enterprise to invest in rental properties. We all know what happened many years ago when Paul Keating cut out negative gearing: rents went through the roof because nobody in the private sector in Western Australia invested in housing. If we put those financial pressures on the private sector, of course they are passed on; therefore, stamp duty costs flow on and rents go up. Hon Louise Pratt, from memory, said that her share of rent for her home went up last year by some \$100 a week. This is exactly what I am saying. When stamp duty costs are high, investment property costs rise accordingly to recoup those costs. Another issue raised was letting fees. All those fees are passed on. People can say that the government should build a heap of public homes, but government will always rely on private investment to provide rental properties to meet the needs of the housing market.

Hon Adele Farina: What about the impact on the housing market of the changes to the super fund scheme by the federal government?

Hon Barbara Scott: They are all very positive.

Hon Adele Farina: No, they are not. They are actually encouraging people who have invested in properties for rental as part of their super scheme to sell them and put the money straight into their investment fund, which means there are fewer properties on the market for renting.

Hon KEN BASTON: I am sorry, Hon Adele Farina, I am not quite up with that, but I will certainly look into it. When government agencies such as LandCorp are run totally for profit, there will always be an increase in the cost of housing.

Hon Barry House: Especially when LandCorp isn't subject to the market forces that private enterprise is subject to when buying land and so on.

Hon KEN BASTON: Of course. That is a very valid point raised by Hon Barry House. I asked a private developer in Broome what his costs on a comparable basis were on developing a block of land. The cost for that developer to develop the land was almost \$80 000 less than LandCorp's costs. I actually stood there with a LandCorp officer and talked to him. I had been firing off a lot of questions in the house and he was a little irate with me. He said, "Couldn't you come and see me first before asking questions in the house?" I did not even get to say anything in reply because one of the officers from the private developer who was up there came in and said, "Thank you very much for providing the opportunity for us to add another \$25 000 to the price of our blocks due to the price you are commanding on your Januburu release." At that time I said to the gentleman that I felt another question coming on, and left him. That was gaining information straight from the horse's mouth.

Extract from *Hansard*
[COUNCIL - Thursday, 22 March 2007]
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Hon Louise Pratt; Hon Simon O'Brien; President; Hon Murray Criddle; Hon Ken Baston

We were talking to the private developer and the LandCorp officer. The LandCorp officer was giving me a hard time about what could not be done and the developer came along. I later found out the difference.

Hon Adele Farina: What was the difference?

Hon KEN BASTON: It was \$80 000-odd.

Debate interrupted, pursuant to standing orders.