

HOUSING — FEDERAL LABOR POLICY

Matter of Public Interest

THE SPEAKER (Mr P.B. Watson) informed the Assembly that he was in receipt within the prescribed time of a letter from the Leader of the Opposition seeking to debate a matter of public interest.

[In compliance with standing orders, at least five members rose in their places.]

DR M.D. NAHAN (Riverton — Leader of the Opposition) [2.47 pm]: I move —

That this house notes the significant fall in house values, the 68.5 per cent increase in mortgage stress since the election of the McGowan government, and the potential impact on house and rental values if Bill Shorten is elected, and calls on the McGowan government to immediately indicate what it will do to support Western Australian households, including rejecting the policies of Bill Shorten and the federal Labor Party.

The Western Australian housing sector has been going through significant structural change and pain for a number of years. Over the last 10 years, the median house price in real terms has dropped in the vicinity of 25 to 30 per cent, the largest falls since records of this nature were kept. In the last four years, that rate of decline, if anything, has accelerated but at least it has been maintained. It has reached a level that is undermining the confidence, liveability, lifestyle and future of Western Australians. This state has a very high level of homeownership. Homeownership is one of the keystones of our economy and our society. We, as a society and as a government, promote homeownership significantly. Homeownership is in jeopardy and people's ability to maintain ownership of their home is under real stress and at crisis point. Experts say that the outlook will worsen and that if Bill Shorten is elected, it will accentuate that stress significantly. When the McGowan government came into office, house prices had been going through structural change and were on a downward decline since basically 2006–07. There were periods when prices went up in 2012–13, but overall it has been in long-term decline. The McGowan government in its first budget was very optimistic about the future of the economy and indeed the housing sector. The 2016–17 budget forecast that in 2018–19 dwelling investment would grow by five per cent. The government was optimistic about a whole range of aspects of the economy. It forecast that state final demand was going to grow by one per cent; dwelling investment, as I said, was going to grow by five per cent in 2018–19 and be positive over the term; and gross state product was going to grow by 3.25 per cent. It forecast population growth of 1.2 per cent, and that house prices and business investment were going to go up. The government forecast a substantial turnaround in the housing market. Based on those rosy expectations, it put in place policies that pulled down the sector. A whole raft of decisions were made, some of which I will read out. We have debated them many times here. Changes were made to the regional sponsored migration scheme and the Western Australian skilled migration occupation list, which delimited the incentive and the ability of people to migrate to Western Australia and get jobs. This government scrapped the first home owner boost payment. Before the election, the then Barnett government proposed a boost for 12 months and the opposition supported it strongly. Then when it came into government, it withdrew the boost after six months. The Treasurer stated that the withdrawal would have no negative impact on the housing market. Then the government introduced the foreign buyers' duty surcharge, not at four per cent as promised before the election, but at seven per cent—the government jacked it up. It increased payroll tax and substantially increased the cost of living by \$700 for the average household, with an increase of \$500 still to come. The government faced a difficult economy by hitting households and home owners substantially through increasing charges, limiting demand and incentives, and reducing the capacity for people to pay their mortgage and buy a house. This contributed to a further decline in house prices. House prices have declined, not grown as predicted. In part, this was an over-rosy or blinkered approach to the problem. The government listened to its rhetoric and did not watch what was really going on in the economy. It is strange because most of the pain is in the electorates that its members represent.

I went back to a debate we had on similar issues on 22 August 2018. The Treasurer said —

By pretty much any measure whatsoever—economic data, confidence data—things are much better today than they were when we won government in March 2017. I cannot find any data that indicates that things are worse, and I have been looking ... I start with state final demand. In the March quarter of this year, annual average state final demand grew ...

It was revised and in every quarter for the last 12 months it has gone down, particularly in the housing sector. Every indicator in the housing sector—price and dwelling stock; you name it—has gone down, in large part because of the policies put in place by this government. Those indicators have gone down and are expected to get worse over the medium term. The expectations are that if Shorten's policies come in, it will become diabolical.

I will go through a bit of data that may be able to permeate the gloss that the government puts over things to avoid dealing with reality. Close to 142 000 households in Western Australia are under mortgage stress. That is an

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increase of 65.8 per cent—rounded to 66 per cent—in the number of households under mortgage stress under this government’s watch.

Mr B.S. Wyatt: Where is that from?

Dr M.D. NAHAN: It is from Digital Finance Analytics.

That is a 66 per cent increase in households under mortgage stress. That figure is higher than any other state and substantially higher than the next closest state. More importantly—this is from the same source—the probability of default of mortgages over the next 12 months has increased by 12 600 households. This is a major increase in the number of houses suffering mortgage stress. Western Australia’s top suburbs facing personal bankruptcies all recorded big increases. This is interesting: Baldivis recorded the highest number of personal bankruptcies nationwide at 105. I do not want to talk down the suburbs or the housing sector, but we have to deal with the reality of what we have in front of us. If we do not do that, we get into problems like we are experiencing now. When this government brought down the budget in 2007 and 2008, it believed that everything was going to be in recovery. I quoted the Treasurer’s perception of the economy: “I cannot find any data”. He was not looking for it. If a person does not look for the data, avoids the reality and puts in place policies based on that distorted reality, we get conditions like we have now.

In the run-up to this federal election, every survey is asking: what is the number one issue? The first issue by a large margin—60 per cent plus—is the cost of living. This is happening at a time when inflation and interest rates are exceedingly low, and house prices as we know are at the bottom in real terms. What is causing the cost-of-living increase? If we go down the list of what is impacting households, we find that popping up, right at the top of the list, is fees and charges—electricity and water—and other government-driven factors. This government shifted its fiscal problems onto households, and, as a result, people are struggling to not only buy a house, but also retain a house. This government has shifted its responsibility onto households and it is impacting significantly.

One of the factors that shocked me the most is this data on negative equity—again from Digital Finance Analytics. In a list of the top 15 postcodes in Australia facing negative equity, four of the top five are in Western Australia. These are first home buyers who have bought a house for the first time in Australia in these suburbs. Many of them were migrants during the boom. They are not the typical young family moving in but a mature family that has bought a house for the first time. In the areas of Gosnells, Huntingdale, Martin and Southern River, 98.6 per cent of people in this category, or 8 075 homes, have negative equity. In other words, the house is worth less than the mortgage. I repeat: 98.6 per cent of people who have bought a house for the first time in Western Australia in the suburbs of Gosnells, Huntingdale, Martin and Southern River, or 8 075 homes, have negative equity. What will happen if house prices go down further? In the top seven postcodes, 33 417 houses have negative equity.

Mr P.A. Katsambanis: That’s a lot of pain.

Dr M.D. NAHAN: That is a lot of pain. They cannot sell their homes. If they do, they will walk away with giant debt.

Mr B.S. Wyatt interjected.

Dr M.D. NAHAN: The Treasurer thinks that things are getting better. Let me go through some of these suburbs. Kalgoorlie, Byford, Darling Range, Butler, Clarkson, Canning Vale and Banksia Grove will be very familiar to most of us, but most of those suburbs are represented by people in the Labor Party. Have we heard the people who are supposed to represent those electorates tell the Treasurer and the Premier that things are not going well in those suburbs?

What is the future outlook for house prices? We are now in the worst situation in living memory. Where are we going? What are the experts saying? The Premier is saying that it is the best time to buy a house. CoreLogic, a major forecaster and monitor of housing transactions—it does a lot of work—forecasts that for the next 12 months from 31 March 2019, house prices in Perth will go down by 17.69 per cent. It also forecasts that over the four years from 2018 to 2021, house prices will drop by 4.8 per cent and apartment prices will drop by 9.1 per cent. The forecast for apartment prices was down by 4.9 per cent in 2018. Worse than that, it forecasts that apartment prices in greater Perth—not the rural area—will be down by eight per cent. The lowest prices in 30 years have been forced on people through the high cost of living in a period of low inflation. There are high levels of negative equity and high levels of bankruptcy, with a forecast of further falls.

In those circumstances, what should a government do? It should look around and ask how it can at least take away some of the pain. But Bill Shorten has come up with a whole raft of policies that we heard the Premier say will not hurt this sector. We can debate negative gearing and capital gains tax, but now is the worst possible time to even discuss these changes, let alone put them in place. The Premier said that Shorten will allow negative gearing on new properties. That will not help anything because it is already there. He will take negative gearing off other properties and what will happen? It will reduce demand, and a reduction in demand will necessarily put further downward pressure on existing house prices. Why would he do that in a declining housing market and when house

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prices are so low that ordinary Western Australians, often encouraged by Western Australian governments to get into housing, are seeing their future destroyed?

We also have capital gains tax. Again, with this capital gains tax policy, Shorten is taking away the incentive to invest in and buy an existing property, which will cause a reduction in demand for properties. There will be a reduction in demand and downward pressure on prices at a time of record low prices. Why would he do that?

A royal commission has looked at, amongst other things, mortgage brokers. Over 50 per cent of loans to Western Australians are provided via mortgage brokers, although I would say that the largest provider is Keystart. Mortgage brokers provide a really important service as a go-between. They provide competition between the banks. Mortgage brokers can find loans from 24 different financial institutions and tailor them to people's needs. Shorten has decreed that a federal Labor government will fix the price for mortgage broker services at 1.1 per cent, with no trailing commissions. He is giving a helping hand to the banks. He is limiting their ability to compete with the banks. He will force mortgagees back to banks, so interest charges on mortgages will go up. It is a brain-dead policy at this time. Why? With the Labor Party, it is always "You're either with us or agin us"—and people have to be with it. These are policies that this state government will be responsible for, because the aftermath of these policies will be exceedingly detrimental to the Western Australian public. It is also a major risk for this government because, through Keystart, it is the largest lender, particularly in the new home buyer market. It picks up all that risk and it also insures, through the home indemnity insurance program, builders of new homes. If we get, as the International Monetary Fund warns, a further escalation of a downward trend in housing prices nationally, including in WA, this government will be in real strife. If one of the major builders fell over in this state, the government would be up for billions of dollars in liabilities. Keystart has done a brilliant job with the arrears and has ensured that payments are sustained. As we know, when first home buyers, particularly young couples, buy their dream, they will do anything to pay the mortgage. They will do whatever it takes—working two or three jobs, pulling their kids out of private school, dropping private insurance or turning off the electricity—to keep a roof over their heads. Even with that, they might fail to do so. Most of them have maybe two per cent equity in the house when they get a Keystart loan, so they have very little movement here.

Our position here is right. Thanks in part to this government, the housing market is in the worst shape imaginable. It underpins our economy and it underpins households. House prices are particularly bad in the suburbs that members opposite represent now, and things will get worse—and they will get severely worse if Shorten is elected and puts his policies in place.

MR D.C. NALDER (Bateman) [3.07 pm]: There are 141 200 homes in Western Australia under mortgage stress. I cannot say that I have seen a number like it. I talked about this a couple of months ago when the number went through 130 000. That is a 68.5 per cent increase in the last two years. There are 141 199 Western Australians under mortgage stress. I add to this, according to the last Roy Morgan report on negative equity in households, the 90 000 households in Western Australia with negative equity. That means that those people owe more on their mortgage than their house is worth. These are the two fundamental points that we wish to highlight to the government. We have said over and over again that the government does not understand the consequences of the policies it has implemented. We are highlighting to the government that its failure to acknowledge the impact of the policies it has been implementing over the last two years has been having an adverse impact on households in Western Australia. We are flagging that the same thing will occur with the policies that Bill Shorten wants to implement. Bill Shorten has thought of these policies in a booming residential market on the east coast and he has not understood the circumstances in Western Australia. The government of Western Australia needs to do more to stand up for the people of Western Australia. There are 141 199 mortgagees under stress and 90 000 homes with negative equity.

We heard the Minister for Small Business over the last two days spruik how much the government is supposedly doing for small business. Guess what, Minister for Small Business? Small business owners use their home as equity to help fund their small business. If we have a growing situation of negative equity in homes across Western Australia, we can bet our bottom dollar that that is having an adverse impact on small businesses in Western Australia. Let us talk about the policy consequences. In Western Australia, 20 000 small businesses have faced an increase in their power bills of greater than 40 per cent over the past two years. This is at a time when they are struggling, and the equity in their homes is diminishing. As we heard from the Leader of the Opposition, research suggests that we will see further falls in house prices over the next 12 months. This will put further downward pressure on those small businesses that the minister is supposed to be supporting.

Mr P.C. Tinley: What about land tax?

Mr D.C. NALDER: It is fantastic to hear the Minister for Housing talk about land tax. He forgets that the government has actually owned the last two budgets, and what has he done about it?

Several members interjected.

The SPEAKER: Members, please, I want to hear this.

Mr D.C. NALDER: The minister is quite happy to criticise the former government about what it has done, but he has had two budgets to do something about it, and he has done nothing to support people out there. He is criticising us but he has done absolutely nothing. Yesterday we told the Treasurer that there were real concerns about our economy, and he wanted to talk to me privately later and give me an economics lecture. Let me reiterate some of the points that BankWest highlighted yesterday. The document reads —

Bankwest Chief Economist Alan Langford said approvals for the construction of new dwellings in WA have fallen 58 per cent since peaking in September 2014, meaning this was currently the longest and deepest downturn since monthly data was first published in the early 1980's.

Western Australia's State Final Demand (SFD) declined by 0.3% in the December quarter. In annual average terms SFD fell by 0.5% in 2018.

Business investment declined by 5.4% in the December quarter, and by 6.2% in annual average terms. Public investment increased by 3.9% in the December quarter, but fell by 6.5% in annual average terms.

Dwelling investment declined by 1.8% in the December quarter ...

So it goes on. This is more than just one economic key point that the government needs to take notice of, and it does not seem to be doing that. This government does not understand the consequences of its policy decisions. We are seeing Bill Shorten come out with policy decisions that will put downward pressure on housing prices. As I said, if small businesses in Western Australia rely on the equity in their homes to help fund their small businesses, we are putting that at risk. Where is the government? There are crickets—we are not hearing a thing.

I reiterate that the government does not understand the consequences of its own policy decisions. Let us take the job creation we were going to have. We already know from Treasury that it is forecasting that if the government does nothing we will see an increase of 200 000 jobs in Western Australia over the forward estimates. But the Premier says that the government's policies will deliver 150 000 jobs. The policies will have a negative impact of 50 000 jobs in Western Australia. We are seeing this sort of thing over and over again from this government. How much confidence can we have that the government's policies will have a positive impact on the economy? Not very much.

Reiterating what the Leader of the Opposition said, personal insolvencies reached a record in Western Australia of 4 020. Western Australia experienced a 12.9 per cent increase over the previous year. Bankruptcies have also increased by 10.6 per cent over the past 12 months. Reiterating the points made by the Leader of the Opposition, we talked about this negative equity, and we need to have a really close look at where this is. The Leader of the Opposition highlighted that 98.5 per cent of homes, or 8 075 homes, in the postcode of 6110—Gosnells, Huntingdale, Martin and Southern River—are facing negative equity. In the postcode of 6430, which is Kalgoorlie and surrounds, 96.43 per cent of homes are facing negative equity. In Butler and Jindalee the figure is 83.78 per cent. In Byford, Cardup, Darling Downs and Karrakup, the figure is 95.6 per cent. East coast-centric policies formed by the federal government, resulted in 46 per cent of the top 15 postcodes in Australia facing negative equity being in Western Australia. Four of the top five postcodes with negative equity are in Western Australia. We have a problem here, and we need a government that is focused on doing the right thing by this sector. Western Australians look at the net value they have in their properties as an indicator of their own personal wealth, and if we are approaching 100 000 homes with negative equity—we were at 90 000 as at October last year, according to Roy Morgan, which was the last report it put out—it does not matter what policies are put in place, these people are not going to be able to help lift the economy out from these other economic indicators that we have just been talking about, because all that money will be absorbed into their mortgages. There will be great pressure on those mortgages to pay down debt.

By not standing up for the people of Western Australia, we leave ourselves exposed by saying nothing about Bill Shorten's policies. We call on this government to stand up to Bill Shorten and say that we need help in Western Australia. We do not have the same scenario as the rest of Australia. We have experienced a long and deep downturn in mortgage values in Western Australia, and we need this government to do something before it is too late. These reports continue to move downward, and we are really concerned about it, because if Bill Shorten is elected and implements these policies, the Premier can talk as much as he likes about these policies being grandfathered, but demand for housing will decline in established and built-up areas, which will impact all the mortgage holders in Western Australia at this point in time. He is ignoring the fact that that is occurring, and that he should be standing up for the people of Western Australia. It raises massive concerns about the government's willingness to take on the opposition's policies for the people of Western Australia. There has been a lot of silence from the government backbench.

I remind members opposite that the cost of living is the number one issue in this federal election, and the cost of living has been impacted by the increases in household charges implemented in the past two years, when there has

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been very little wages growth, and decreasing housing values, so people's net wealth is declining rapidly. They are the government's constituents. Members holding seats that Labor won in the last election need to take heed of this. I know the member for Baldivis and the Minister for Energy are having a look at why energy prices have increased suddenly in Baldivis. We know why that has happened. We know that single pensioner households have increased electricity by 30 per cent. All of these things have an adverse impact on people's net position, and that is why they are extremely concerned. They need to see this government stand up for them, and that is not occurring at this point in time.

MR M. McGOWAN (Rockingham — Premier) [3.18 pm]: Obviously, the government will not be supporting this motion. It very hypocritical—not unusual for the opposition—for members opposite to come in here to discuss these matters. I thought the Minister for Tourism did very well on a number of occasions during question time in recent days talking about the land tax increases under the previous government. There were three in a row. Who pays land tax? People who own an investment property or a commercial property around Western Australia pay land tax. The previous Liberal–National government managed to rack up extraordinary levels of debt and imposed massive tax increases on small businesses and owners of investment properties. Then members opposite come in here two years later and say to forget all that—forget the legacy that was left. Everything should be just sweet now, as though somehow what they did will all magically disappear. In the course of eight years they managed to rack up extraordinary levels of debt. The member for Bateman, no less, was talking about this issue. Members might recall that he wrote a column about the then government on 19 September 2016 —

We need a new direction. We need to show the community that we can restore confidence and lead the State through this period of uncertainty.

The task is made harder by the extraordinary level of State debt that will be part of the Premier's legacy.

Which Premier was he talking about? It was Premier Barnett—the Premier who led the government for eight and a half years! The member for Bateman wrote the column pointing out the Premier's own failures. The member put it in writing. It was brilliant, to be honest. It was very good analysis—the best analysis the member has ever come up with. The member actually pointed out all the failures of the Liberal government —

Dr M.D. Nahan: Can you acknowledge yours?

Mr M. McGOWAN: No, hold on.

At a time of record revenue, its members managed to rack up the greatest debt burden any state government has ever had per capita. They managed to do that at a time of record revenues. They managed to put up land tax three times on ordinary citizens. They managed to put up electricity and water prices by 90 per cent over the course of eight years. Then they come into the Parliament two years later and say that everything should be fixed now, as though there is a magic wand this government can wave. Everyone in Western Australia, everyone across Australia and everyone in the commonwealth government all know that this government was left with a shocking legacy, and that this government —

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition!

Mr M. McGOWAN: —is going about the role of fixing the mess we were left. Everyone knows that.

Several members interjected.

The SPEAKER: Members! You get up, you put your story, and you attack the government. The government comes back with its answer, and members cannot take it. Just listen. Opposition members were heard in silence.

Mr M. McGOWAN: Everyone knows that our role is to fix the mess that we were left. It is not the best role. It is not my favourite. It is not the greatest time to become government, with a record debt legacy and a record deficit legacy. It is not the greatest time to become government. Think back to when opposition members came to government in 2008. It was the lowest debt on record and record surpluses. It was a great time to come to government. The opposition managed to turn that around over the course of eight years, despite record tax revenue and record fee increases, and it left us with \$40 billion of debt and record deficits. That is what the opposition did. It cannot just magic that away. I hear some people saying that that was two years ago and it should all be okay now, as though there is some magic solution to that. There is no magic solution. It takes hard work. It takes dedication. It takes a long period of time. What we have in Western Australia is a government that is prepared to get the state back on track. That is what members are seeing.

I heard what the Leader of the Opposition had to say. He started by saying that house price falls are terrible, but then he said that it had been going on for 10 years.

Mr B.S. Wyatt: Perfectly reasonable!

Mr M. McGOWAN: Hold on.

For the first eight years of the last 10 years, the Liberal Party was in government.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I call you to order for the first time.

Mr M. McGOWAN: That is what happened. I want to quote what the Leader of the Opposition said in this under-recognised speech he made to the Urban Development Institute of Australia on 16 November last year, which was five months or so ago. He said this —

Our house prices haven't done anything but bump along downward for 10 years—we have reasonable house prices.

In November last year we had reasonable house prices, according to the Leader of the Opposition.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition!

Mr M. McGOWAN: We are now in April and it is a catastrophe! Does the Leader of the Opposition think that when he says things like that in November, anyone can treat him seriously now? Does he think that is the case? Does he think people forget?

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I call you to order for the second time.

Mr M. McGOWAN: The thing about the Leader of the Opposition is that no-one in the press takes any notice of him, so they probably do forget. However, I will put it on the *Hansard* record so people have that as a reference point.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I will not warn you again.

Mr M. McGOWAN: I point out again to the Leader of the Opposition what he said in November. I quote: “we have reasonable house prices”. That is what he had to say back then. Obviously, there are a lot of people in mortgage stress in Western Australia. There are a lot of people who do it tough. We know that. That is why this government has a two-pronged approach to dealing with this. First, we will attract projects and create jobs. We will diversify the Western Australian economy. As outlined in question time today: Albemarle, Iron Bridge, Koodaideri, South Flank, the tourism initiatives taken by the Minister for Tourism and the aquaculture initiatives taken by the Minister for Fisheries. We will create jobs and create confidence. We secured the LNG futures facility and the CRC project yesterday. One after another after another, we are securing important projects for Western Australia and creating confidence in our community. My second point is to have good financial management to create confidence for investment in the state and to make sure that we can manage the debt legacy we were left.

Dr M.D. Nahan interjected.

The SPEAKER: Leader of the Opposition, I will not warn you again.

Mr M. McGOWAN: It is a two-pronged approach. The worst financial managers in the history of Western Australia are the Liberals and the Nationals WA. They have no right to come in here and criticise. They have no right whatsoever. The member for Bateman even admits it. He admits that that is what his government did.

Another thing we are doing is important and again, I think, under-recognised. In terms of development in Perth and Western Australia, we are trying to create infill. The city sprawl has gone on for too long. Infill is what is required. We have a strong infill. I am committed to infill. I am committed to greater density. I want to see smart density. I want to see interesting ways of people living in our state. We see that the Liberal Party is now disowning its own infill targets.

Dr D.J. Honey interjected.

The SPEAKER: Member for Cottesloe!

Mr M. McGOWAN: We have the relic, the member for Cottesloe.

Dr D.J. Honey interjected.

The SPEAKER: Member for Cottesloe, I called you to order for the first time.

Mr M. McGOWAN: He is like something from the —

Dr D.J. Honey: Point of order.

The SPEAKER: Yes, I am just writing your name down, member. I will not be a second.

Withdrawal of Remark

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Dr D.J. HONEY: The Premier did not refer to me by my name; he referred to me as a relic. I believe he should withdraw.

The SPEAKER: The Premier will withdraw.

Mr M. McGOWAN: I said “the relic, the member for Cottesloe.”

The SPEAKER: Can you just withdraw that.

Mr M. McGOWAN: You asked me to withdraw. I withdraw, Mr Speaker.

Debate Resumed

Mr M. McGOWAN: The dated and unrepresented member for Cottesloe, who reminds me of a relic, he —

Point of Order

Mr D.T. REDMAN: Mr Speaker, that comment is in direct contravention of the comment you made about asking the Premier to withdraw.

The SPEAKER: No. The point of order was that the member for Cottesloe was not called by the name of his electorate, and he was in that comment, so I cannot change that. Shake your head.

Debate Resumed

Mr M. McGOWAN: The member for Cottesloe interjects. He seems to think that he can have no more people living in his electorate. He cannot have people who might not be millionaires moving into his electorate. He gets offended by the fact that ordinary people might have the opportunity to live in the western suburbs and that a little bit of density might mean that it becomes a little bit more affordable for other people from elsewhere. He wants to keep them out. He wants to put a fence around his electorate.

Several members interjected.

The SPEAKER: Members! Opposition members were heard in silence. Have the same respect.

Mr M. McGOWAN: “Let us put a fence around Cottesloe” is his attitude. He is the great hope of the Liberal Party. He is a one-policy idea —

Several members interjected.

The SPEAKER: There is something about discipline around here. The opposition was heard in silence and every time anyone gets up over on the government side, the opposition interjects all the time. It is discipline, and there is none that I can see from the opposition side.

Mr M. McGOWAN: The one idea of the member for Cottesloe is to ring-fence his electorate so other people cannot move in. The Liberal Party has now disowned the infill approach it had when it was in office. When we are talking about certainty in housing and about greater builds in housing, to now disown and create great uncertainty about planning policies for infill is a problem. I think infill is required. Our city extends 130 kilometres north to south with a population of 2.2 million people. We need smarter density planning. We need more people living on the land that is already developed. That is what we need and why we are building Metronet and creating planning opportunities. That is why —

Mr D.C. Nalder: Yanchep?

Mr M. McGOWAN: Yanchep already exists, my friend.

The SPEAKER: Members!

Mr M. McGOWAN: Go and have a look; get out of the inner city.

That is why if the member for Scarborough’s announcement came to pass that the Liberal Party would overturn existing infill policies, it would be a catastrophe. Members opposite cannot be re-elected with a policy like that. It would be a catastrophe for development and for our city. The member for Scarborough called John Day’s infill policies an unforced error and said they were a mistake. Members opposite were roundly condemned by, of all people, Sandra Brewer from the Property Council of Australia, who is increasingly growing on me. She is another one, a bit like Rick Newnham. Increasingly, she is seeing the light and that this government is doing the right thing by Western Australia. The Urban Development Institute of Australia’s Tanya Steinbeck also urged that this government’s policies stay in place, and the Planning Institute of Australia also urged that. If members opposite want to talk about issues that create a loss of confidence in the Western Australian housing market, and seek to overturn the existing infill targets and planning arrangements that create an incentive for greater infill in Western Australia, that is a policy disaster. That will create uncertainty.

Dr D.J. Honey: Rubbish!

Mr M. McGOWAN: Oh, my God! They are so bad. Members opposite are such a bad opposition.

Dr D.J. Honey interjected.

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The SPEAKER: Member for Cottesloe!

Mr M. McGOWAN: Honestly, the member for Cottesloe's one idea is to have less infill because some people who live in Cottesloe do not like it.

Dr D.J. Honey: You don't listen, do you?

The SPEAKER: Member for Cottesloe! I will not warn you again.

Mr M. McGOWAN: That is where the Liberal Party is at in Western Australia. That is the member's one big contribution. He waited until he was 60 years old to be elected to Parliament. That is his one big contribution to policy in Western Australia. Seriously! Go and have a look at yourself.

Dr D.J. Honey: I was 59.

The SPEAKER: You might be 59, but I call you to order for the second time. I warned you three times, member for Cottesloe.

Mr M. McGOWAN: You would think you would have a bit of wisdom when you got to that age!

Obviously, we do not support the Liberal Party's motion. It is clutching at straws; it takes no responsibility for what it did when it was in office. This government is fixing its mess; it is creating jobs and getting the state back on track. This government supports infill and is fixing the finances. That is widely recognised across Western Australia. Until the opposition apologises and takes responsibility for what it did to the state over eight and a half disastrous years, it will go nowhere.

MR P.C. TINLEY (Willagee — Minister for Housing) [3.32 pm]: Thank you for the opportunity to comment. On 18 May, as we learnt today, Western Australians and, indeed, all of Australia will have a choice at the ballot box between a future they can believe in or the disunity, disharmony and backstabbing of the Liberal–National Party in Canberra. When they go to make that choice on 18 May, they will weigh up who has the better plan for Australia; who has the better ideas for ordinary Western Australians toiling away in our suburbs, our towns and regions; and who they believe will carve out a future for them and their children. What we saw of the Liberal–National government under Colin Barnett in Western Australia was a government that did not care about the future. It did not care about what legacy it left for successive governments to support generations as they hoped to do. The decline in house prices seems to be an obsession of members opposite without any regard to the driving assumptions that create those sorts of numbers. They keep talking about negative equity or, should I say, house prices that have been stagnant since 2014.

I make this comment now about economic policy. Creating economic growth from Canberra is like turning a supertanker. It takes time to have impact. Creating economic growth at the state level, although a little more agile, still requires significant momentum—the fundamental word here is confidence—and creating the confidence that will set the preconditions for Western Australians to take seriously the opportunities that are presented to them for their future. There is an old Greek saying that a wise man plants a seed for the shade of a tree that he will not enjoy. What did we get from the Liberal–National government? We got absolute blinding sunlight, no shade, no opportunity and no respite from the cost it imposed on the economy of Western Australia. This momentum requires a certain amount of leadership and thoughtful policy to create those preconditions.

Two years into its first term, the McGowan government has created the foundation for that confidence through its investment plan, its plan for jobs and its plan for creating the sort of industry that business wants to be a part of. There is \$ 2.7 billion worth of urban rail infrastructure in the form of Metronet. I have said on the record many times before that it is far more than just rail infrastructure. The 14 Metronet precincts that will be created as a result of Metronet are the fundamental things the Premier was talking about that will create the sorts of density that Western Australians not only want but also are starting to demand.

I want to dwell for a second on the choice Western Australians will have on 18 May—that is, the opportunity to choose somebody who has a plan, an idea and the courage, determination and persistence to see it through in government. That is none other than Bill Shorten and the shadow Treasurer, Chris Bowen, and should they win government, the very experienced cabinet they will install. They took to the 2013 election something that stunned many political analysts. For nearly 50 years, the concept of negative gearing has been a feature of the Australian economy and Bill Shorten took from opposition that shibboleth to the electorate and said that this is no longer sustainable. He said that the structural imbalance in house pricing arrangements in Australia have created a circumstance in which housing is less affordable in Australia by a multiple of household income than it is in any other Organisation for Economic Cooperation and Development country. That is seriously good and strong leadership. What happened in the 2013 election when he took that policy and the capital gains tax policy to the electorate? He was not smashed at the ballot box. He barely lost. The perseverance and character of the man and his team was to continue with that policy from opposition and argue the case. I, for one, think he will be roundly

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rewarded at the ballot box on 18 May for his perseverance, thoughtfulness and considered arrangements around the policy he is talking about.

I want to talk about momentum. The economy is like a flywheel; it takes time, it takes energy, it takes a plan, it takes strong leadership—everything this side possesses and that side has no idea about. When we start to turn the flywheel, it takes effort and time to build. Yes, as members identified, we are seeing a significant spike in negative equity. I point members to understand the nature of negative equity—yes, it is not desirable; yes, people want to build equity into the price of their home. That does not necessarily mean they will have to sell and end up homeless. We know from the latest data that household savings in Western Australia are at 15 per cent. Think about that number for a minute. The national average for household savings is five per cent. Western Australians are saving more than ever before. What are they doing with their money? They are writing down debt at a time when they have record low interest rates and record low house prices. They know they have a government they can believe in. If they just wait it out, they will have the opportunity to significantly improve the equity in their home and get a significant uplift in the sorts of things they want to do in the future. The Leader of the Opposition talked in his opening statement about the centrality of the house to a family and to good social structure. People are not about to sell the family home just because it is in negative equity; they are going to double-down when the conditions allow them to write it down.

We should also not underestimate the impact of the Hayne royal commission on household lending, which has had a significant impact on the retail lending sector and the banks. The banks will say that suburbs in the outer areas—many of the suburbs the Leader of the Opposition and the member for Bateman identified—are not the sorts of suburbs in which they will invest.

The other thing we had to get over when we came to government was the downward momentum of the previous government. As the Premier outlined, there was the emblematic issue and fundamental problem of the impact of three land tax increases over the term of the previous government. Members opposite need to own that and accept it. They need to identify the fact that these things had a significant impact on investors in Western Australian property and small businesses. I will again break down for members what three land tax increases meant for people. Taxpayers with taxable land worth \$750 000, which is not an outrageously big number, would have seen their land tax bill increase from \$405 in 2013, around the time of the second Barnett election, to \$1 125 in 2016—a 180 per cent increase in three years. That was a 180 per cent increase in land tax. The cost to business is insane. This is one for the member for Cottesloe, the member for Struggle Street: a taxpayer with taxable land worth \$1 million, which I imagine would be at the low end in the member's electorate, would have seen their land tax bill increase from \$630 in 2013 to \$2 730 in 2016—a 333 per cent increase in three years. I do not know how they manage in the western suburbs! I am not quite sure how they make ends meet over there! I reckon they need some serious leadership from their representative in the Parliament so that they understand what caused their household grief. It was, simply, the policies of the previous government, which had no regard for the future of successive generations in Western Australia. That government just emptied the bank account. It bent the plastic until there was none left and left \$40 billion worth of debt, which we inherited.

The discipline that had to be shown by the McGowan cabinet in the first two budgets of this government has been very difficult for all ministers. There are many things we all want to do to get on with the program of creating the sorts of circumstances we are talking about, but we unfortunately had to deal with the mess we were left with in the first instance. I look forward to the next Leader of the Opposition, whoever it might be, explaining to the people of Western Australia, through the Parliament and on the public microphone, what went wrong. Why did that government lose the 2017 election? We have never had a genuine explanation from that side. Members opposite do not attend to the idea that they might need to explain to Western Australians why they lost the 2017 election, and in such emphatic terms. I can give some hints. I gave them one about land tax. There were also the increases to household fees and charges, which that government was responsible for.

We are getting on with it. We have identified the requirement for thoughtful density, particularly around the Metronet precincts and other precincts for which my agency is responsible. Since coming to government, we also recognised the impact of the lending arrangements on low-income earners. We identified the requirement to make sure that the loan book for Keystart is healthy. This successful piece of public policy was invented by Labor in 1989. It is 30 years old. The two per cent deposit under that scheme creates opportunities for people to get into a home. It takes the average household two and a half years to save the two per cent deposit for a median-price house in Western Australia, versus 11 or more years for a 20 per cent deposit with a retail bank. Since coming to government, Labor has put over \$900 million into that loan book. What did members opposite do? Nothing; just nothing! As I said, I am looking forward to the next Leader of the Opposition, whoever that might be, coming in here and explaining what went wrong.

MR B.S. WYATT (Victoria Park — Treasurer) [3.45 pm]: The motion moved by the opposition is based around some data it got from an outfit called Digital Finance Analytics. For the benefit of the house, I outline that

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Digital Finance Analytics is a blog site. It does not compile its own datasets. To be honest, mortgage stress is a vague definition of either mild mortgage stress or severe mortgage stress. It is certainly not a reliable dataset, but it does provide a picture of what might be happening. To have a motion led by a man who is allegedly an economist based around a blog site that is not a dataset, I think highlights why we are in the fiscal position we are in. I want to emphasise one point. The opposition made the point around the cost of living. Of course, cost of living is a factor of two things—costs, yes, but also income. Yet the WA Liberal Party is the only Liberal Party in Australia that does not support an increase in wages. Josh Frydenberg, the commonwealth Treasurer, emphasised in his budget speech the importance of an increase in wages. The deputy governor of the Reserve Bank of Australia, Guy Debelle, made this point in a speech he made yesterday —

The critical factor in the future evolution of both arrears and negative equity —

There are datasets for both of those, which I will come to in a minute —

is whether the household with the mortgage has an income and a job.

The former Liberal–National government did not create one net new job in its final term. At the end of that four-year period, it had lost, on a net basis, nearly 700 jobs. This government has created just over 35 000 jobs in its two years thus far. As the Reserve Bank identifies, the key factor of arrears—it is not a generic stress—is one’s income and job. Interestingly, the Leader of the Opposition alluded to one dataset, which was put out by CoreLogic and Moody’s Analytics just this week. It got the numbers wrong, unsurprisingly, but it does paint the picture that in every capital city other than Hobart property prices are declining. This is not a Western Australian story; it is a national story. Thankfully, we are not in Melbourne or Sydney, where the declines are twice as much as we have seen here. I daresay the Leader of the Opposition did not read the document. Two points that the CoreLogic report outlined are —

Although the housing slump is expected to continue, the fundamentals in Western Australia are slowly improving. The RBA nonrural commodity price index has risen nearly 80% since reaching a trough at the start of 2016. Population growth in Greater Perth and Western Australia has stabilised after falling sharply from 2015 to 2016, although there is still a sizable outward interstate migration.

Which there is —

Moreover, building approvals have been falling precipitously since the peak in 2014, signalling an impending reduction in housing supply. All these factors will likely enable a return to growth for both house and apartment values in the following year, and then firming in 2021.

At the same time that the opposition has complained about negative equity, it has demanded that I pump-prime more investment in the property sector. It is a bizarre scenario that is being advocated by the shadow Treasurer and Leader of the Opposition. The opposition complains to me about negative equity. Why? Because of supply, as identified by CoreLogic. But they want from me a policy of response that simply increases supply and, presumably, therefore increases negative equity. We are seeing rental vacancies now at four-year lows, and that will do what the market does and drive demand.

Division

Question put and a division taken with the following result —

Ayes (11)

Dr D.J. Honey	Mr S.K. L’Estrange	Dr M.D. Nahan	Mr P.J. Rundle
Mr P.A. Katsambanis	Mr W.R. Marmion	Mr D.C. Nalder	Ms L. Mettam (<i>Teller</i>)
Mr A. Krsticevic	Mr J.E. McGrath	Mr D.T. Redman	

Noes (35)

Ms L.L. Baker	Mr W.J. Johnston	Mr P. Papalia	Mrs J.M.C. Stojkovski
Dr A.D. Buti	Mr D.J. Kelly	Mr S.J. Price	Mr C.J. Tallentire
Mr J.N. Carey	Mr F.M. Logan	Mr D.T. Punch	Mr D.A. Templeman
Mr R.H. Cook	Mr M. McGowan	Mr J.R. Quigley	Mr P.C. Tinley
Ms J. Farrer	Ms S.F. McGurk	Ms M.M. Quirk	Mr R.R. Whitby
Mr M.J. Folkard	Mr S.A. Millman	Mrs M.H. Roberts	Ms S.E. Winton
Ms J.M. Freeman	Mr Y. Mubarakai	Ms R. Saffioti	Mr B.S. Wyatt
Ms E.L. Hamilton	Mr M.P. Murray	Ms A. Sanderson	Mr D.R. Michael (<i>Teller</i>)
Mr M. Hughes	Mrs L.M. O’Malley	Ms J.J. Shaw	

Pairs

Ms M.J. Davies	Ms C.M. Rowe
Mrs L.M. Harvey	Mr T.J. Healy
Ms A.K. Hayden	Mrs R.M.J. Clarke
Mr Z.R.F. Kirkup	Mr K.J.J. Michel

Extract from *Hansard*

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Question thus negatived.