

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

FIRST HOME OWNER GRANT AMENDMENT BILL 2017

Second Reading

Resumed from an earlier stage of the sitting.

MS L. METTAM (Vasse) [2.48 pm]: As I was saying, the First Home Owner Grant Amendment Bill 2017 retrospectively deals with the changes that have been made by the new McGowan government, which removed the additional \$5 000 boost to the first home owner grant. It limits it to a six-month period instead of the 12-month period that was committed to by the former Liberal–National government. That was supported by the Housing Industry Association and the Building Commission. This boost has created significant growth and a growing take-up of construction in the housing market, which is an important factor in the jobs market. For every house that is built, about 60 tradies, including bricklayers and plasterers, and even people in administration, are associated with the construction of that house, and three new jobs are potentially created.

This stimulus introduced by the former Liberal–National government last year had a significant impact on stimulating jobs into the economy. Given the challenging market that we are currently facing and that the Housing Industry Association’s housing outlook for 2015–16 had predicted a significant decline in the number of new dwellings, it is important that this policy is continued for the 12 months as promised by the former government.

Point of Order

Mr R.S. LOVE: I would really like to hear the contribution by the member for Vasse, but there is so much other chatting going on I cannot hear what she is saying.

The ACTING SPEAKER (Ms S.E. Winton): Thank you, member for Moore, I tend to agree with you on that. If we could have a little bit more quiet, please, it would make it easier for us to hear the member for Vasse.

Debate Resumed

Ms L. METTAM: As I said, this policy was welcomed by the housing sector and all the small businesses that surround that sector. As I previously said, the building sector makes up 10 per cent of the employment workforce and is worth about \$15 billion to the local economy, so the policy was very much welcomed in a challenging economic environment. According to the industry analyst Gavin Hegney, when 500 fewer homes are built, chances are there are 2 500 fewer jobs in the economy. I appreciate that the Labor Party went to the election with a platform on jobs and in that respect I would expect this policy to be supported, which is why I raise concern about what this bill represents. Dale Alcock also commented on this and called on the government to maintain the grant for new homes, claiming that the sector had helped buoy jobs. Sales manager Rhys Watters said that sales with his group had dropped as much as 80 per cent in the first home buyer market in July after a 20 to 25 per cent increase in June. This again supports the fact that there has been significant stimulation in this market.

I guess the other important factor to consider when thinking about the first home owner grant and the boost to it is the value it has had in helping those in the lower income threshold. I am referring to people using Keystart to purchase homes. There has been significant interplay between first home buyers and Keystart, and that is important to consider when about 90 000 people have been able to make the dream of home ownership a reality through this program. The boost from \$10 000 to \$15 000 has been very important in that respect as well because it has enabled and assisted people who can least afford it to attain the one per cent of genuine savings required to be able to purchase a home for the very first time. That is also an important consideration. As I have said, there has been an overall trend and a significant uptake in the number of applications made for this grant, particularly in the last few months, and consistently over the six months since the boost was introduced. The commitment to building homes has had a significant knock-on effect to the overall economy.

This is about jobs. It is about supporting our biggest employment sectors and stimulating the economy when it is needed the most. It should be remembered that Western Australia has had the slowest population growth in the last 35 years. It is also about assisting in an area of affordability and supporting and helping Keystart applicants save for their first home. It is also about increasing housing stock and jobs, recognising again that about 60 trade jobs and three additional new jobs are created whenever a new home is built. In that respect I believe that the policy to boost the first home owner grant by \$5 000 should have continued for 12 months as committed to by the former government. I feel that this bill is a real slap in the face for all small businesses and the housing industry that were set to benefit from the construction of every new home as a result of that boost. The stimulus package was well supported by those industries and all members should be committed to supporting them.

MR C.J. BARNETT (Cottesloe) [2.56 pm]: I want to make a couple of comments in this second reading debate on the First Home Owner Grant Amendment Bill 2017. I am pleased that there are a number of new members of Parliament in the chamber at the moment. Since the election, there have not been many votes in this Parliament that would produce a tangible result one way or the other. For those new members and their constituents, this vote

Extract from *Hansard*

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

will count. The housing economy, like the economy, tends to be cyclical, and, as has been said, 2017 will be a very tough year for the industry. That is why the previous government decided to give a 12-month boost to the first home owner scheme to provide some stability for the housing industry and those working in it. Equally, it was trying to retain confidence amongst first home buyers. I imagine there will be a division on this bill and I inform new members that how they vote in each division is recorded in *Hansard*. Therefore, from my observations, for the first time since the election and since those new members came here, they will be deciding whether to vote in the interests of building industry workers and potential first home buyers in their electorates or to vote against them. Their names will be recorded and available for their constituents to observe.

MR A. KRSTICEVIC (Carine) [2.57 pm]: I, too, would like to make a short contribution to debate on the First Home Owner Grant Amendment Bill 2017. I realise upfront that the Treasurer, like every Treasurer before him, has a very difficult job in these tough economic times and that difficult decisions need to be made. I am sure that when the Treasurer gets up to speak, he will no doubt, as an experienced lawyer and an orator in this place, be able to twist things around many different ways so that it sounds as though the decision he is making is good for Western Australia—that it is good to take \$5 000 away from young families who want to buy their first home. How do the Treasurer and the government make their decisions? We are constantly seeing winners and losers. The losers always seem to be the little people, and the winners seem to come from different categories, including education assistants. I am not saying that \$40 million dollars was not needed in education or that education is not important; all I am saying is that when we look at the system, we see that it is doing okay. We see money being taken away from other parts of the system. The government will hurt the housing industry, so I want to know how the Treasurer makes these decisions and who influences him. When the budget comes out, there will be winners and losers. I am sure that a lot of people will be scratching their heads and asking themselves, “Why is it always us, the little people, the ones who are struggling, who seem to lose from the decisions the government makes?” I know the government has to make tough decisions. It has said that everybody has to roll up their sleeves and do their bit. But in saying that, some sectors do not seem to be doing their bit at the moment. They seem to be getting some bonuses out of it. It will be interesting to know how that is happening.

The former government introduced this increase on 27 December 2016 for a 12-month period for the 2017 calendar year to try to give the industry a bit of a boost. Five thousand dollars on top of \$10 000 was available so that people could build a new home. It gave a boost to the building industry. It not only looked after our tradesmen, but also helped people get into their first home, including young families and singles who were struggling. The job market and conditions are tough. It is probably at its hardest at the moment. Property prices have gone down or gone flat. They have gone down in a lot of places. Rents have gone down considerably. Everybody is feeling it across the economy. If people can afford to get their first home, now is probably the best opportunity. For a lot of people \$5 000 would make the difference between them being able to make that decision or not, but it is being cut short by six months. It was for only 12 months, which is a short period. It was not a huge amount of money. It was helping the people who needed it most—first home buyers trying to get their foot in the door—and, through that, creating jobs through all the trades in Western Australia. Now there is a slump and things are slow. This is when we need to boost things.

Sometimes the Liberal Party gets a caning for the situation the state finds ourselves in, but people seem to forget that when it came into office there was the global financial crisis, the boom–bust cycle, lower commodity prices, and the GST distribution. A range of factors came into play. The former government tried to pull the levers along the way to keep the economy going. We were trying to make the right decisions by investing money in areas for the future so that it was not wasted. Obviously, recurrent expenditure is a big problem and we need to tighten our belts on that front. I know the government is doing that. But at the same time, when election commitments are made, I really think people need to stick to them. It is too easy for people to change their mind for no good reason. I say “no good reason” because it was not as though people did not know the financial situation of the state. It was not as though they did not know the economic circumstances or that things will get tougher before they get easier. We do not want people to get more cynical about politicians than they already are. We need to try to rethink that side of the equation. Being elected to government is great, but if the things they were elected for are not delivered, there is a moral dilemma. They need to say, “We’re here under false pretences. We’re not doing the things that we said we would do. We’re probably hurting the economy rather than helping.” It is a balance. I am not saying that one side is necessarily better than the other. A lot of the time we fall into that same cycle. Likewise, the behaviour and attitudes of members from time to time in this chamber is disappointing. When members misrepresent what was said, as I think the member for Fremantle did today, and try to twist it in a different way, that is disappointing because absolutely nothing is gained by doing that. It does not bother me. The part that bothers me is it is disappointing that that is the sort of behaviour we get to. We need to raise our standard. We need to get better at what we are doing.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

In a statement on 17 May, the Minister for Finance told people that they had until 30 June to be eligible for the boost. Six weeks is not a lot of time. It is hardly a lot of time for people to say, “Oh my God, I need to find an extra \$5 000 that I hoped to have by July, August or September to get my situation in order or find the time to reorganise my financial situation or have the meetings I need to have.” It is not a lot of time. I do not understand why six months makes such a difference.

It is pretty obvious that stimulating part of the economy will give money back. As was mentioned earlier, the Master Builders Association put out a press release on 30 June 2017. I would be interested to know whether the minister believes what it had to say or whether he thinks the association does not know what it is talking about. It states —

“Master Builders has estimated that 100 new \$450,000 house and land packages for first home-buyers would have generated at least \$13 million net to the Treasury’s coffers.”

I would be interested to know whether that claim is true—whether it would generate money for the coffers. Obviously, as has been mentioned, it is going to cost only half a million dollars to do that. We are currently in a downturn in many different ways, and the property market is very, very flat at best. It is flat for people who are doing well at the moment; for everyone else, it is going backwards. I would be interested to know whether the Minister for Finance can confirm whether boosting construction in the building industry and the building of new homes and house and land packages will create an economic benefit to the state, and whether people building new homes, tradesmen working, and the flow-on effects to the retail trade that result from people fitting out their homes will do anything for the economy. Perhaps it is best to take that \$5 000 away and say, “Look, we don’t really need your business. We don’t want you to build a new home because, really, that \$5 000 is costing us \$5 000 and is not giving anything back to the community. It’s not worth getting you into that first home. It’s not worth supporting you as a battling Australian to get into that first home. We don’t want to generate business for the retail sector. We don’t really want to create business for all the trades because you’ve got plenty of business, you’ve got plenty of money and you don’t really need our support at the moment. Things are going swimmingly and not only that; we can spend that money somewhere else because we’ve got \$5 billion in election commitments that helped us get re-elected, and those commitments were really a way of getting people to vote for us. They weren’t based on any economic return to the state. There wasn’t any sort of analysis done or business case made as to how the economy would grow through these investments. The fact that the HIA and the Master Builders both say that this is needed, that it is necessary, that it is adding value that it is creating apprenticeships and that it is helping a struggling economy—all those things—well, you know, we don’t really need to do that.”

Another interesting thing is that the Master Builders Association has indicated that no consultation was done. Nobody in the industry was consulted, nobody was spoken to, and nobody was asked what the true impact of this would be. The Minister for Finance stated in a media release dated Wednesday, 17 May 2017 —

“The boost is not an effective mechanism for stimulating additional construction of homes and given the disastrous state of the finances which we have inherited, we need to remove any ineffective spending.

He is saying that it is ineffective and that it is not stimulating anything. However, at the same time, the Master Builders Association, the Housing Industry Association and other people in the industry are saying, “No, this actually is important. We need this. Oh, and by the way, nobody even asked us. They just came up with this idea, decided to implement it, gave us six weeks’ notice, and they’re telling us that it’s good for the economy, that it’s good for working Australians, hardworking tradies, and it’s good for apprentices for us to take work away from them so that they have less to do during these difficult times when we need to be creating jobs.” We need to create opportunities and we need to encourage the private sector and the building industry. We need to support them and say, “Do you know what? We’ve got confidence. We want to support you.” The minister could have even said, “Do you know what? The first home owners’ grant is not going to finish in December. We’re going to keep it going because we think things are tough, we think things are difficult, and we want to keep supporting you. We want to keep doing more because you are saying to us that this is important for the sector. We can see that it is having an impact on applications received.”

The interesting part is that if we look at the statistics on the grants paid and the applications received, we will see that the trend is increasing. The true impact of the decision by the minister to cut off the grant at the end of June will not actually be seen until the July and August statistics. If we look at the applications received from January 2017, we will see that it started at 498, and by June it finished at 867. Of course, there is a three-month delay before those applications come into the system, because the contract needs to be signed and the pad needs to be laid; there are all these steps to go through. We will not see the May or June statistics come in until July or August, so I think it is a bit premature to say that it is not necessarily having the effect that the Treasurer was hoping for. Data shows that the building of dwellings has been decreasing year in, year out for a number of years. At best, it may flatline from here, but I do not think that is going to happen. Of course, this measure is definitely

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

not going to help. I would like to know what the Treasurer has to say to all the first home buyers who were planning on building their first homes who now cannot do that, and to their families. How are all the tradespeople who work in this sector going to struggle through this? I would also be interested to know whether the Treasurer, not only in this situation, but in every other decision that his government is making in this budget, is consulting people who will be impacted. Is he saying to them that he will cut budgets, funding and grants across all sectors of the economy and asking them what impact this will have? What is the economic loss? What is the social loss? What pressures will the government put on these people, and will they have to brace for it? The government should ask what it can do to soften the impact for those people, and make it easier.

Mr J.R. Quigley: Vote Labor.

Mr A. KRSTICEVIC: The first thing Labor does is take \$5 000 away from the people who can least afford it—home buyers who want to build their first homes, and young families. That is the result of voting Labor. The tradies will not have work. There are so many things involved, including increased household fees and charges. The government promises that it will not do this or will not do that, but then all of a sudden announces that it is in the forward estimates—and even then seven per cent is not enough; it had to go to 10.9 per cent, and even then it is not for the usage, but rather the supply charge. That way they catch the pensioners and self-funded retirees. They cannot turn the heating off and put on an extra blanket to save a few dollars on their electricity bill, because the government will get them on the supply charge. They cannot escape the government, which will get the money off them one way or another. That is what government is saying when it tells people to vote Labor. That is what it has done. It goes for the people who can least afford it, rather than those who can afford it most.

I know that other parties such as the Nationals have radical policies, but we need to think outside the box about who we are impacting on, what effect this is having on the economy, and who we are hurting. The government might think that these are all great financial savings, but it is hurting people out there. I suppose the question comes back to how many people the government can hurt before they say, “You know what? We’re not supporting you guys anymore.” Members opposite can sit here and blame the Liberals for as long as they like, but they had all these decisions to make, and all these things they could do, and who are they picking on? They are picking on the poorest, and those who can least afford it, and maybe the people who voted for them. People are looking at what is happening to everyone else. They are asking why the firefighters get a 1.5 per cent increase while the police cannot get that much. Why is the government picking and choosing? What makes the government decide one person is more important than someone else? That will come back and bite the government on the back. Members opposite can try to blame us for as long as they like, but that will not wash for too long.

If we look at the federal Parliament in the Rudd–Gillard years and the Abbott–Turnbull years, I have to admit that the Rudd–Gillard government is the worst government we have had in this country for a long time.

Mrs L.M. Harvey: These ones might beat them.

Mr A. KRSTICEVIC: Hopefully, they will not beat them in reputation, but that was probably the worst federal government we have ever had in the history of this country. I am saying that they were the worst, and I do not think too many Australians would disagree with that statement, to be honest. That was probably the worst government we have ever had.

Several members interjected.

Mr A. KRSTICEVIC: Do members know what? It lost very quickly. It turned it around. Rudd came in on his white horse as a champion and voters deserted him very quickly; it did not take long. We all know from not just local voting, Australia-wide, but also voting internationally, that the voting public is a bit more fickle nowadays. It is a bit more in tune with what is going on and it knows when the wool is being pulled over its eyes. It thinks, “Yes; you gave me a bad deal last time round but—do you know what?—these guys are no better. They’re actually worse, so we will go back to you because we’re sick of them!” In one respect, I am almost happy that the government is doing the things it is doing because it is pushing voters our way, but, at the same time, I cannot look at this from a self-interested perspective because it is about the benefit to the community. For the benefit of the community, I would prefer if the government did the right thing rather than being of benefit to the Liberal Party getting back into government. That would be great too, obviously, but I would prefer if the government made the right decisions now and made it a bit harder for us to get back into government. Rather than making it easy for us—do not make it easy for us!—make it hard for us and look after the interests of the Western Australian public because I do not mind having to work harder. I do not mind having to be smarter and trying to contribute more positively and inspire people. It is good to raise the bar. Make it difficult for us.

Mr J.R. Quigley: You weren’t seen in the last campaign.

Mr A. KRSTICEVIC: I was! I was seen doorknocking in the Attorney General’s area, from what he said before. I needed to be seen only in my electorate, luckily. Do not make it easy for us; members opposite should not make

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

it difficult for themselves. They waited eight and a half years to get into government. Do not spoil it now by making it harder for the public of Western Australia, new homebuyers, tradies and all the other businesses that are hanging on because it is tough at the moment. Members opposite keep saying how tough it is for them in government. Can members imagine how tough it is for people out there who are losing their homes? I know lots of people who are losing their homes because they cannot afford to hold on to them anymore. I know people who are losing their jobs. They have it a lot tougher than we do—trust me.

[Member's time extended.]

Mr A. KRSTICEVIC: Unemployment has dropped to 5.6 per cent. I was talking recently to a number of people from overseas. They asked how things are going in Western Australia and I said it was pretty tough. They asked what the unemployment rate is and I said it was 5.6 per cent. They could not stop laughing! They said, "It's 5.6 per cent! My God!" That is full employment for most of Europe and other parts of the world where it is up around the 20 to 30 per cent mark. It is interesting to put things in perspective. I am not saying it is great and I am not saying things are good here, obviously. All I am saying is that if members speak to people from overseas and tell them how tough we have it, they will look at them and say that they wish they had it that tough. I think we need to talk it up; we cannot always talk it down. We cannot always make it seem worse than it is. It is not as good as it can be but—do members know what?—we are a wealthy country and a wealthy state with a lot of innovative people. We have so much opportunity that we should not look to cut things; we should look to add things to promote, help, grow and foster Western Australia. If the government plans to get us out of this hole by doing things itself and taking on jobs by funding its own initiatives and undertaking the work, that will not help the private sector. It will not help people out there to get jobs. Not everyone can get a job in the public sector and not everyone can join a union and be looked after. It is not that simple. The government needs to broaden its thinking. The Treasurer tries to do that from time to time. As the Minister for Energy, he has come up with some great ideas but the union bosses jumped on him pretty quickly. Recently, one of them suggested he might want to join the Liberal Party.

Mr B.S. Wyatt: He suggested a few other things too; don't worry about that.

Mr A. KRSTICEVIC: I am sure he did but we would welcome him over here! He seems like a very intelligent young man who has a lot to contribute, but he cannot do it on that side. His hands are tied behind his back by union leaders and also by his leader. I would have liked to see the Treasurer sitting in the Premier's seat, to be honest. I think it would have been good for the state. Obviously, the member for Cannington and others agreed, but they were not successful. Actually, they were not after the Treasurer; they were after someone else! Sorry; what am I saying? I would have liked to see the Treasurer in that seat. I think today, right now, it would be a different state under his leadership from what it is under the current leader. He does not really care. He is more into spin, not answering questions and trying not to be up-front. The other part is that when we went to the election, the Treasurer did not have to make —

Point of Order

Mr D.T. PUNCH: The member is commenting on members opposite and not dealing with the topic at hand.

Several members interjected.

The ACTING SPEAKER (Ms S.E. Winton): Member for Carine, if I may. I tend to agree. Although I am enjoying the historical opportunities and the contemplation of people changing sides, can we get back to the bill, if you would.

Debate Resumed

Mr A. KRSTICEVIC: That is the whole purpose of what I am saying. Because of these circumstances \$5 000 is being ripped off young Western Australians who want to build new homes. All these decisions and interplay reflect on the First Home Owner Grant Amendment Bill 2017. If some of these things were not in place and the Treasurer were the Premier, I am sure he would not be ripping \$5 000 out of poor young Western Australians. I am sure he would not be trying to give tradespeople a hard time. I am sure he would be supporting young families to get into their first home. I have no doubt about that. I am sure that even now he regrets having to do this, but he has been told, "We have the people who are in and the other people who are out. The people who are in need to be fed, and the people who are out, well, they can look after themselves." So the first home owners, the tradies, the battlers are out. The pensioners and self-funded retirees whose rebates are being cut are out. They are all out. They have already voted for the government, so they are out now. Now, the government has to feed the ones who got it here. The votes were one thing, but it is more important to the government to feed those other people. That all interplays into this bill and how we find ourselves here right now.

I wanted to give people the opportunity to reflect on what this will do in their electorates. If government members have sons and daughters who were relying on this grant to get into their first home, they would not be happy. They

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

would be saying, “There’s only six months to go. It’s only five grand. Please, give me a break.” The guy next door—the plumber, the brickie—does not have a job. Give him a job. Let him feed his family. Let him pay his mortgage. He is getting kicked out of his house because he cannot afford his repayments. I know people who are moving out of their homes, renting out their houses and renting a room somewhere just to pay their mortgage. Do you know what? People cannot even rent out their houses now. People cannot even get someone to rent their house. The number of rental vacancies out there is huge. Even the people who are leaving their homes, renting a room, sharing a house, trying to save their costs and trying to rent their house out to save their house are struggling. But for the ones who maybe have got it all together, have worked it out and said, “I’ve got this five grand, I can do it. I can do it. I can actually do it”—guess what? The opportunity has gone. They cannot do it.

I really think it is great for this government to have the spin there and to say that the former government destroyed everything, but at the end of the day there are winners and losers. There are people to whom the government will give lots of money, and there are people who will have to pay for it. I really think the Treasurer needs to look at who he is making pay for it. The Treasurer has said that everybody is going to feel it, but at the moment everybody is not feeling it. Everybody out there is not feeling it. It is only certain people, and it is generally the ones who do not have it; the ones who are struggling are feeling it. I am sure members are hearing it in their electorates. If members are not hearing it in their electorates, they are not getting out and talking to people because people are suffering. If members go to shopping centres, the business owners will say that people are not spending money. People are not spending money. It is hurting people out there. Members need to get out and talk to them. Other bills will come through this Parliament, and we have had the motion to establish a joint select committee on euthanasia—but do you know what? People are not talking to me about that in my electorate. It is great that we are doing it and I have no issues with that, but they are not talking to me about that. They are saying, “Tony, things are slow. I don’t have a job. Where’s my five grand for the home I want to build?” I do not see that.

Mr B. Urban: Really? That’s what they’re saying to you?

Mr A. KRSTICEVIC: Yes; even in the electorate of Carine. Of course they do! It happens every time the government takes something away. Remember, we are talking about six months. This had only six months to go. It was only for a short period of time. This is called penny-pinching in the extreme, while other people are having their pockets filled, getting jobs and pay rises in some cases, but not in others. I think there is discrimination out there and I am not sure how long the public will put up with it. I know from speaking to people in the local government sector, especially the president of the Western Australian Local Government Association, that local governments—this was quoted in the paper the other day—are doing what state governments are not doing. They are listening to people, they are making sure that costs and rate increases are fair and they are considerate of economic circumstances.

Mr J.N. Carey: That is nonsense.

Mr A. KRSTICEVIC: That is quoting; that is what was said. They are being responsible —

Mr J.N. Carey: Listen to Bayswater council.

Mr A. KRSTICEVIC: I am just saying what the WALGA president said. I have not analysed every single statistic.

Mr J.N. Carey: The WALGA president said they had the best practice in transparency!

The ACTING SPEAKER: Member for Perth, please.

Mr A. KRSTICEVIC: I know the member for Perth does not like WALGA. It is quite interesting because local governments like playing politics, too. When senior rebates were cut or frozen under our government, I think the City of Vincent sent out a letter to every single ratepayer —

Mr J.N. Carey: No, we didn’t; that is actually false.

Mr A. KRSTICEVIC: — telling them that they should see the member for Perth. I have a copy of the letter! It states that they should see the former member for Perth, Eleni Evangel, and complain to her about the state government and the disastrous thing it has done. Guess what? This government has done the same thing. I am waiting to see whether the City of Vincent will send out a letter to every single ratepayer. I have not heard yet, but I know some ratepayers are asking whether a letter can be sent out to every single ratepayer as was done previously.

Mr J.N. Carey: interjected.

Mr A. KRSTICEVIC: Like the former Mayor of the City of Vincent —

Mr J.N. Carey: interjected.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

The ACTING SPEAKER: Member for Perth, please stop interjecting or I will call you; thank you.

Mr A. KRSTICEVIC: I am not saying that I have an issue with Vincent, under the member for Perth's leadership, sending out a letter to every single ratepayer criticising the state government; all I am asking is: where is the consistency? Has the City of Vincent sent out a letter to every single ratepayer telling them to see the member for Perth, who is the former mayor, and jump up and down and tell him to do something about it because his party is in government? He is a parliamentary secretary. He has walked in and flown to one of the top jobs in Parliament ahead of various very experienced people. Obviously, he did a good job promoting the Labor Party through the City of Vincent. I do not know. I would not normally criticise him for this, but he has been harsh on WALGA and harsh on others, and it is quite disappointing that he would do that. I do not think the member for Perth needs to give local government that much of a hard time. I do not think local government is that bad. I do not know why he was the mayor —

Mr J.N. Carey: I suspect you don't even know the details and the problems of local government.

Mr A. KRSTICEVIC: There are lots of problems. I can tell the house about lots of problems with local government because for the last eight and a half years, I have spoken to lots of councillors, lots of officers and lots of constituents. There are lots of problems in local government, depending on who you speak to, of course. Some people would say more; some people would say less.

Mr J.N. Carey interjected.

Mr A. KRSTICEVIC: Not at all.

Mr J.N. Carey: You've even said in here that we need to reform local government, and then in a newsletter you're kissing their butt.

Mr A. KRSTICEVIC: No, they need reforming. I am a big supporter of reform. The former government was a big supporter of reform. Unfortunately, the way we went about it maybe was not the best way in the world, but that is okay; we will learn from those mistakes.

To get away from local government, because we are not talking about local government, Madam Chair, can you please bring me back to the point because the member for Perth is distracting me and taking me away from the bill?

Treasurer, there are six months to go. How much money are we talking about and how much money has been generated back into the economy? How many people is it helping?

MR I.C. BLAYNEY (Geraldton) [3.28 pm]: I will speak briefly on the First Home Owner Grant Amendment Bill 2017. I have always taken quite a strong interest in the first home buyers grant because it was a crucial issue in the 1983 election which, I think, was the first federal election in which I voted and, of course, it was the issue that Bob Hawke made as the centrepiece of his promises to get us out of the 1983 recession. Of course, we came out of the recession, but it is arguable whether it was down to the first home buyers grant or that we were out of the drought. However, I do not think there was much doubt in the building industry that the first home buyers' grant that Hawke brought in in 1983 was highly effective.

The only other problem I have with this is that I cannot remember whether the first election I voted in was 1983 or 1980. But I can remember it being quite an effective measure to boost employment. The houses built under that first home buyers' scheme were quite small and modest but worthwhile, and it did work. As I said, the economy lifted out of that recession quite well. Not long after Bob Hawke solved the drought, he also brought in the first home buyers' scheme. The decision made by the Barnett government a few years ago to limit the first home buyers' grant to new properties was logical. I remember the member for Thornlie speaking for some length, saying that he did not think it was a good idea to limit the first home buyers' grant to new properties. He thought it should still apply to established properties. Does he recall that speech?

Mr C.J. Tallentire: I recall that the established property market people were telling us they needed the subsidy just as much as the new home builders.

Mr I.C. BLAYNEY: He made such a good speech that I remember it quite well, but I did not agree with a word of what he said. The point that we made was that by limiting it to new properties, it would increase the stock of housing; whereas applying it to existing properties would not have factored in the price of housing, so it would have made housing less affordable. We estimated that by limiting the new properties, it was probably worth about another 600 or 700 properties in the actual housing stock of the state, which is why we did it. That was a very good decision. We also made the decision to cap the value of the property to which it would apply and, once again, it was a logical and fair measure. We cannot make a case for giving someone a \$10 000 or \$15 000 grant on a property worth \$1 million. If a person needs \$15 000 from the government to tip them over the line, they probably should not be buying that property. I have seen quite often in my electorate that the grant makes it possible for

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

people to reach the threshold for them to buy a house of their own. Home ownership, of course, is a real key for stability in a community. It has the added effect of removing some people out of rentals and government housing, so it frees up stock and increases the stock that way as well. It is critical though, at this time, that anybody thinking of buying a property at the moment should start factoring in some interest rate increases. Experts are divided, but they would be wise to expect to be paying one or two per cent more on their mortgage within 12 or 24 months.

Unfortunately, the Treasurer has left us. I was going to ask him how much of the grant is recovered back through the tax system by the increased activity in the economy. The Leader of the Opposition, I think, referred to some work done by the Master Builders Association, but we would find through things such as payroll tax and the increased activity in the building industry that most of that money would be recovered back to the government directly through taxes. I would be interested to know whether it has done some modelling on that. The grant of course results in some headaches for members of Parliament. I remember that for a while there the grant was matched by the federal government. A constituent was building a house and the builder went bankrupt, which meant that she had to get a new builder. The commonwealth said, “Sorry, you have got to re-sign your contract”, and that means she lost that extra money. She had quite wisely put that money into the bank, and eventually had to pay it all back to the commonwealth. I thought that was really quite unfair. She had chosen her builder, she had started building the house, the builder had taken the money she had paid for insurance to finish the house, but not actually written out the policy—it was just a disaster. If the builder goes bankrupt, a person can assume they will have a serious problem with any of these grants. I had another situation in which the home owner had to sell the property—they could not afford to pay it off—and the issue is that if a person sells the property too close to when it was built, they have to pay back the grant as well. I am pleased to say in that case, the government was prepared to be flexible and the constituent did not have to pay it back. A decision such as this, to effectively take six months off, is a quite bold step, because once again we are relying on modelling to assess the impact on the industry.

I note that one of our ministers said yesterday that he did not have any confidence in modelling. He called it fluffy bunny stuff or something. A decision like this surely does rely on some modelling. It would be good if the Treasurer were able to refer to that modelling and tell us what he expects the impact of this decision will be on the industry.

Building is about 11 per cent of the employment in my electorate, so it is quite critical. In Geraldton it is quite possible to buy a good block of land for about \$100 000. Someone can buy the one next to me, if they want to live next to me, for \$170 000—I see that it is on the market. I invite anyone interested to come and have a look in Geraldton. We will find them a good block of land. I will even take a day off and show them around to make sure that they get one of the best blocks in town. With that, I say that I do regret this. I think it is unfortunate, as does everyone else. When the Treasurer was out of the chamber I was wondering whether he had done any work on how much of the grant comes back to the government through taxes through increased activity. If the Treasurer has any work on that, I would be interested in knowing about that. I thank members for listening to my remarks.

MRS L.M. HARVEY (Scarborough — Deputy Leader of the Opposition) [3.35 pm]: I, too, rise to contribute to this debate on the First Home Owner Grant Amendment Bill 2017. I find it really curious that an initiative like this would be cancelled by the incoming government, particularly when we look at what is happening in this state at the moment. Some of my constituents who were looking forward to taking advantage of this extra boost have found that they are struggling to now get their loan approved by the bank. For a lot of the individuals who rely on initiatives like the first home owner grant the banks are being more frugal than ever. When they are asking for a loan to fund a brand-new home, the banks look at what the value of the house will be once constructed and then put a lower value—sometimes up to 30 or 40 per cent—on its resale value. The amount that individuals can borrow against the value of their houses is diminishing. Sometimes it is that little boost of \$10 000 from the first home owner grant or this boost of \$5 000 that gets the applicants across the line to enable them to build their own home.

There are not many opportunities for first home owners in my electorate, because my electorate is largely established. However, there has been a flurry of activity throughout one of the suburbs in my electorate, being Innaloo. Innaloo is one of those areas that the City of Stirling has been targeting with its infill agenda, so we are seeing a lot of the old quarter-acre blocks from the 50s being subdivided and the first home owner grant being utilised by individuals who are building little two to three-bedroom townhouses. There might be two or three or sometimes four or five of those on a block. That is where we have seen a flurry of activity in my electorate. Indeed, some of the mid-tier developers are targeting young families and couples who can take advantage of the first home owner grant to fulfil and achieve the dream of being able to build a house in a central location close to the CBD. Sadly, most of those individuals will now be locked out. With property prices remaining somewhat static in that area and the banks’ valuations coming lower and their lending criteria tightening up, the opportunity for those individuals to own their first home is now slim and next to nothing.

We can go back and look at what caused our government to take on this stimulus package at the time. What we were seeing was a massive decline in applications for houses to be constructed. Even when we looked at first home owner grant applications that were available to individuals, as we started to edge towards August to

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

December 2016, commencements started to drop significantly. It was not a seasonal drop that one would expect from year to year. Sometimes there are periods in the year when commencements naturally decline because of public holidays and other activities, but we were seeing significant drops of around 20 to 40 per cent in commencements of new homes and applications for the first home owner grant. After the stimulus of an extra \$5 000 was announced we saw a dramatic rise. In December there were around 500 applications for the first home owners grant. After the announcement, when people started to take advantage of the boost, that jumped to 542 applications for the grant. It further increased to 610 and 717. After the government's announcement, we saw a drop-off. The other thing that is a bit perplexing is that the lag time for reporting the data for these applications. The data generally would not be available for use or analysis for the grants that had been applied for and approved from January to March until sometime further down the track. The announcement of the decision to end the scheme at the end of June was made in May without the government fully understanding the number of applications that were coming through, being assessed and in the pipeline. In fact, we have no way of understanding what may have been achieved by this stimulus package because once the announcement was made, people changed their decisions immediately.

When we look at the suburbs where these first home owner grants are being awarded, it is a very interesting story. In fact, I am pretty sure that I may be the only person on this side of the house who has seen a flurry of first home owner grant activity in their electorate, in the suburb of Innaloo. The suburbs where we have seen maximum utilisation of this scheme are suburbs in the electorates of the members who now occupy the government bench. They are Brabham, Baldavis, Wellard, Piara Waters, Byford, Aveley, Alkimos, Banksia Grove, Eglinton, Yanchep, Landsdale, Ellenbrook, Banjup, Wandi, Haynes, Harrisdale, Dayton, Balga, Nollamara and Caversham.

It is a curious thing for an incoming government to cancel a boost like this that stimulates building activity in local electorates without giving it time to settle in and for its effectiveness to be fully assessed. I understand that the government says that it is a budgetary measure and that everybody has to bear the pain. One has to be very careful in government when putting a stimulus in place or removing a stimulus to ensure that an assessment of the flow-on effects are understood. From the suburb of Innaloo, I know that in the areas that have been targeted by mid-level developers, in which we are starting to see homes come out of the ground, all the local businesses are receiving a boost. Tradies—often young blokes—are often not the most efficient people when it comes to looking after their stomachs during the day. In the areas where there is a lot of building in the suburb of Innaloo, we have found that the local delis are opening half an hour earlier to cater for the breakfast rush from the tradies who come in to get their choc milk and iced coffee and whatever other healthy sustenance they might choose to purchase for their breakfast. There is also a morning tea boost, a lunch boost and an on the way home from work boost. The local businesses are all doing really well out of this activity. That experience would be replicated right across every one of those 20 suburbs in the outer metro area. Where there is building activity, 20 tradies, with full-time jobs for 12 to 18 months, are on site while houses are being built and completed. That long sustained activity benefits every single local business in that area. When local businesses are doing well, they can generally employ local people if they need an extra person to come in in the morning. That could be a 15 or 16-year-old part-timer or a young person who will get a retail wage for working in that deli in the morning. If these builds are not happening, that local job will go. If the tradies do not come in to purchase their breakfast, morning tea and lunch, there will no requirement for a young person, a family member or whomever it may be to be employed behind the counter of those delis, newsagencies, lottery kiosks or whatever else might be situated in those little strip shops that are the closest port of call for those purchases to be made.

When the then government was considering this stimulus package, I was part of cabinet and we were listening to the tradies, the Housing Industry Association and the Master Builders Association, who were telling us that the hurt had been going on for too long, that they needed a stimulus and that they needed people to get their hands out of their pockets, go to the bank and apply for a loan. They were telling us that they needed a little more to get across the line and we said that we would provide a stimulus for those building companies and tradies in the form of local jobs in the local economies as builders travel to and from the worksite. There are also tilers and grouters and other suppliers of products for the housing sector. A little network of stimulus develops and gets pushed out through the economy at every level. That is what one \$5 000 boost per first home owner grant can achieve locally, and that is why we did it.

I am really disappointed that the government has taken this stance. We will ask questions during estimates to interrogate exactly what the difference is between the number of first home owner grant applications for this year and the number of applications for last year. I put to members in this chamber that the stimulus was working. The Housing Industry Association and the tradies in my area said that it was working. My constituents who have had to go back to renting—some of them still live with their mum and dad—have said that they cannot afford to build their house and will have to save that \$5 000. Who knows where the market will be then? Who knows where the banks will be then? Who knows whether they will be able to get into the market at that time?

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

It is disappointing because this kind of action feeds into pessimism, and pessimism is the killer of our economy. We have seen that when leaders in our community talk pessimistically about the future of the state and the future of the economy—doom and gloom. People respond by not spending, not commencing new projects, holding back on extensions to their properties and doing all those sorts of things that locks it down. Every feeder business to those industries ends up sharing the hurt right across the economy. It is a very disappointing day. I will vote against this bill because I want young first home owners to take that first step with a helping hand from government to build their houses in my electorate. I want those people in my constituency. I want those houses to be built. Sadly, this is being done for the sake of other election commitments that this government has prioritised. Let us be frank about this: this is not about budget repair; it is about funding \$5 billion of unfunded election commitments. It is because the current government went to the election with wild promises amounting to \$5.6 billion and counting, and they are just the ones we know about that were released publicly. We have not managed to gather all the local commitments. I am told that \$23 million in local government grants have been promised in all these electorates. That is one area in which the government has made promises and commitments, but with no plan to fund them. The only way to fund those commitments is to take money from somewhere else. That money is coming from the young people who would be accessing the first home owner grant. It is coming from the pockets of the tradies who are being denied work. It is coming from the pockets of all those sectors that feed into the residential housing industry. It is coming from the local businesses that are not getting that daily spend because the tradies are absent from their area because the jobs are not there.

I do not believe that this has been a considered decision of the current government. I believe, as I think every member in this house is aware, that the reason for this is that it is easy to cancel a project of a former government and say it is about budget repair. It is harder to tell the community how it will pay for its \$5 billion spending spree on the promises that were made during an election campaign when it had no strategy to do so. Coming into government and ruling out every potential strategy to fund those commitments was not wise. I feel sorry for the Treasurer because he is the person who has the invidious job of trying to balance the books, knowing that the community elected each member of the current government based on those election promises being delivered. We will wait with interest. We will be interrogating the budget very, very closely to find out just how effective this stimulus was because the industry and my local government is telling me that it was effective and that the cancellation of it has made the difference in new houses being constructed. Thankfully, as my area is well established, I will probably not be hurt so badly by this. A lot of those members in the outer suburbs, where 700 new homes were commenced, will be suffering. That amounts to 20 tradies a day working on the construction of 800 houses over 12 to 18 months who will no longer be working in those electorates and no longer providing that stimulus because this stimulus package has been taken off the table. I am pleased that there will be a buffer in my constituency. I fear for those in the marginal seats—the outer suburbs—where we have seen a massive uptake of this first home owner grant and the boost. I fear for the economy if the government is going to make decisions like this to not stimulate the economy and instead borrow money to fund the \$5 billion worth of election commitments that were unfunded with no strategy.

I have no further comments to make in my contribution to this debate. I thank all members for their very considered contribution to this debate and look forward to a division on this matter, so that we can see the members who stand up in this chamber for first home owners, people on low incomes who want to own their own home and realise the Australian dream. We will see who stands up for those people. We will see who stands up for the tradies. We will see who stands up for the local economy, local jobs and local businesses. I fear that 13 of us will be standing up for those individuals. Everybody else will run with a stingy government that has failed to deliver an economic stimulus into an economy that needs it desperately.

MR Z.R.F. KIRKUP (Dawesville) [3.53 pm]: I rise to join with the opposition to speak about my disappointment in what the government has proposed in the First Home Owner Grant Amendment Bill 2017. I have some experience in this area, having worked for a company called BGC Construction, which is the largest home builder in Western Australia; in fact, it is Australia's largest home builder. I can talk with some experience about what this grant means to those thousands of people who buy a home every year, many of whom are from my generation. Members have already said that about 10 per cent of our state's workforce is employed in residential construction. That is true. BGC employs thousands of people. It takes around 200 people to assist in the process of building a new home, including 60 people in trades, as has already been covered. A significant number of people are employed in the administration, contracts and compliance side of things. The health of the residential construction sector is vital to this state's economy and it is vital to companies such as BGC, which employs thousands of people. During my time I can remember when there was the downturn or the transition away from the economic upswing as a result of the resources industry. People in the media and economists across the country were saying that the residential construction sector would be expected to shoulder the burden of the contraction in the state's economy. In fact, it was all across the country at the time, around a year to two and a half years ago, but Western Australia still had a really healthy residential construction sector.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

[Quorum formed.]

Mr Z.R.F. KIRKUP: I will reassert that during the downturn, the state's residential construction sector was expected to shoulder the burden that occurred as a result of this transition and the contraction in our state's economy. For those who do not know, it takes about 10 or 11 months these days from the time a building approval is issued to when most project homes are completed. That trend is consistent right across Western Australia. There was a peak in building approvals at the end of 2015 that flowed through to a peak in the construction of homes at the end of 2016. We now know that as a result—this was recorded just last month, I think—a rolling average of 21 000 approvals have been granted and 27 500 homes have been completed. That shows that quite a significant number of homes are yet to be completed and we have still not hit the bottom of how many homes are really under construction or about to be completed. When that rolling approval completion measure is overlaid, it shows those who are interested in the residential construction sector that it is still contracting. It is important that we do what we can to help support such an important sector—one that employs 10 per cent of the workforce and 45 per cent of apprentices in Western Australia. It is important for jobs and for Western Australia's economy. As the Deputy Leader of the Opposition highlighted, it is particularly important for those who access first home owner grants in marginal Labor seats and for tradespeople, who are often from the outer suburbs, outer metropolitan electorates, and who in a lot of cases travel some distance to participate in the construction of those new homes. It is also really important for housing affordability, which is probably not spoken about enough but which certainly impacts a generation like mine. The average wage in Perth is around \$88 000 but the average house now costs \$513 000. That means that the house price to income ratio is about 5.8. That is a significant differential for young people trying to get into their first home. It often means that young people choose to build a home and utilise the first home owner grant to access finance to get into their first home. Typically, new homes are cheaper, and there is an uplift of around 10 per cent once a new home is finished and it gets back up to the established price. Young people on lower incomes are typically drawn to building new homes on smaller lots because it is cheaper for them to get into the housing market, which is still vitally important to young people. I have seen plenty of documents from the Department of Planning and the Department of Housing showing that 75 per cent of people in my generation or thereabouts still think it is important to own their own home versus renting. I think that any measure we can take to help young people get into a new home is a good thing; anything that helps housing affordability for them is a good thing. One of those mechanisms is the first home owner grant. As we transitioned from the mining resources upswing the former government saw that we could help shoulder the burden in the residential construction industry. I think it was a really good measure to stimulate the residential construction sector. When comparing last December and the three or four months thereafter with the preceding financial years, we see a significant upswing in the demand for the first home owner grant. It was a mechanism that worked because it allowed predominantly young people to get into their first homes. Anecdotally, it is something that a lot of friends of mine and of my fiancée, Michelle, have needed to secure their first homes. Any dollar in addition to that \$10 000 helps. Certainly, \$10 000 is generous, but any extra boost—the one that was put in place by the former government—helped people immensely to realise their Australian dream.

It is not a perfect mechanism and it costs the state quite a lot each month, but the reality is that government intervention such as this has existed for some time in the housing environment. It is not perfect, but it exists and it is a real shame that this government has decided to now cut the time to access that boost by six or so months. It is a shame because it brings instability yet again into the marketplace for those who might want to go about building their first home. We saw that in the massive uplift in demand towards the end of the last financial year. People knew that they could not trust this government to look after first home buyers. They were not sure what would happen, and the government has now stripped away \$5 000 of that boost—it sits now at \$10 000. It is really disappointing that the government has done this, because the Labor Party certainly prides itself on providing opportunity and a fair go. I do not think that is something that does not exist on our side, but it is something that those opposite laud as their key tenet, yet young people who need access to a home are being robbed of that opportunity. One-third of what they could have accessed is being stripped away. It is a real shame because I suspect in this contracting economy, in which residential construction is often a lag indicator of the health of the state's economy, we are still yet to reach the bottom of residential construction. It is still contracting. Those tradies and chippies who sit on site now are likely facing the prospect, sometime before Christmas, of not having as many homes to work on and they may not be in a job anymore. Although many people talk about green shoots appearing in the economy, by the end of the year tradies who rely on residential construction may be facing the prospect of having fewer homes and jobs to work on. That in no small measure will be a result of this government's decision to strip back the first home owner grant by 30 per cent and cut off the time in which those people can access it. This government is sabotaging a vital sector of the economy. It is hitting tradies at a time when they need help the most, as we ride through to the bottom of the market of the residential construction industry.

As the Deputy Leader of the Opposition said, it will hit marginal seats. It will definitely have an impact on my friends who are tradies, and those in the Forrestfield and Belmont electorates in particular. As the Deputy Leader

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

of the Opposition said, first home owner grants are in high demand for properties being built in the electorates of Swan Hills and Baldivis. It is time the government reconsidered this matter. I urge it to rethink this matter, because it will not only hurt constituents in Labor electorates but also, unfortunately, sabotage a successful industry and those trades and people involved in residential construction.

That is all I have to say. I, too, join the Deputy Leader of the Opposition in opposing this bill. I am standing up for first home buyers, particularly in my generation, who had hoped to have better access to more affordable residential accommodation.

MR B.S. WYATT (Victoria Park — Minister for Finance) [4.04 pm] — in reply: I thank all members who have contributed to the debate on the First Home Owner Grant Amendment Bill 2017. I found the contributions interesting. Members raised very valid arguments. Some of the language used by some of my colleagues from the other side might have been over the top, but that is the role of opposition. That happens from time to time. I would like to get to consideration in detail. I think the shadow Treasurer has indicated he wants to move an amendment during consideration in detail, but I want to deal with a few issues here.

I noted the member for Cottesloe said last night that even though we have been in government for five months, we have not done anything great. When I look back on the former Labor government, the Gallop–Carpenter government, one of the great things it did was ensure that the state’s balance sheet was ready to respond to the global financial crisis. What worries me at the moment is that the balance sheet left to me by the member for Cottesloe means that if a global financial crisis were to hit now, the state could not respond in the way it was able to respond when we gave to the former Liberal government such a strong balance sheet. The member for Cottesloe’s irresponsibility in leaving this new government with a balance sheet —

Mr C.J. Barnett: Grow up!

Mr B.S. WYATT: I am just pointing out the reality, member for Cottesloe.

Mr C.J. Barnett interjected.

Mr B.S. WYATT: No; I am just pointing out the reality. The member for Cottesloe got up and gave a three-minute spray, so I just want to respond to that.

We do not have the luxury of saying, as the member for Hillarys said, this is just pennies. I am actually keen to recover the pennies. I do not see \$20 million as pennies. It worries me that if there were a sudden downturn in the WA economy, we do not have the balance sheet to respond because of the behaviour of the former Liberal government. That is why I worry about the pennies. That is why I look at the value of spend. I listened intently to all members from the other side because they raised questions that a Treasurer looks at: Is this spend of value? What is the broader market doing? I want to make some comments about the broader property market and the \$20 million by way of a boost. I am not getting rid of the first home owner grant—I think some members think we are—it is just the \$5 000 boost. The grant stays in place, as it was always going to, as with the transfer duty exemptions that have been in place for a long time. All other support for first home buyers stays in place.

The shadow Treasurer made the point that the responsibility of government is to find a balance. I think we have found a balance—six months instead of 12 months. I note that a range of members from the other side pointed out that they are worried about the impact on the economy. I have to tell members that that would have nowhere near as dramatic an impact on the economy as the three rounds of land tax increases the former government introduced! That is nowhere near as dramatic as those increases. Members opposite have said there was not enough notice. Referring to self-funded retirees with rental vacancies, who had two or three properties, the former Premier, the member for Cottesloe, stood and said, “They’re all large landowners. They can just restructure their property holdings.”

Mr C.J. Barnett: I didn’t say that at all.

Mr B.S. WYATT: You did. The former Premier said it to me in answer to a question I asked. That is what he said. He flippantly assumed it was just the big property owners who would be impacted by those land tax increases. The former Premier increased the land tax liability on all those self-funded retirees, people with investment properties, by over 100 per cent off the back of increases in valuations of zero! That is what the former Premier did. That had a much more dramatic impact on the economy than anything this boost would do.

I know that some questions have been asked about the numbers et cetera, and we will probably go through them during consideration in detail. People have different views around this: what impact will it have on the economy? I have heard the quotes from the Housing Industry Association and the Master Builders Association. Gavin Hegney has also been quoted at length by a range of members. I will also do a bit of quoting from when we announced the boost would cease early. I will not quote from a peak body. A peak body is there to ensure that benefits from government stay there—I understand that—that is what all peak bodies do. I want to quote somebody who has

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

some real skin in the game, Dale Alcock. I quote from *The Australian Financial Review* of 18 May 2017, not long after I announced the boost would cease. It states, in part —

Dale Alcock, the managing director of Perth-based ABN Group, the country's fourth-largest home builder, —

I reiterate, the country's fourth largest home builder —

said the cut wouldn't make a significant difference and that the state government was under pressure to rebuild its fiscal position.

“If you look at what they inherited in terms of an economy —

That is correct, what you left us —

and the impact of the very poor GST allocations into WA, then they've got very little room to move,” Mr Alcock said.

I read that with great interest. I was very, very interested in what Dale Alcock had to say, because he understands that the member for Cottesloe left a diabolical financial situation. He understands that. I think most people understand that the member for Cottesloe did not have the foresight, beyond his own political career, to leave a financial landscape for in which future state governments could respond to situations beyond their making—for example, when we are in a trade-exposed economy, we are vulnerable to downturns. Unfortunately, the balance sheet that the Liberal Party left us with leaves us vulnerable to further downturns.

Today, in interesting timing, an article appeared in ABC online news about BIS Oxford Economics' latest housing report. It makes the point that Western Australia's housing market is the most oversupplied in the country and is only going to get worse. According to the report, there are already 25 000 unnecessary homes in this state, which will increase to 26 000 by 2019. About 70 per cent of these are freestanding homes.

I dare say that one of the biggest reasons we are seeing a decline in building starts is this huge oversupply. I have no doubt that that is a big part of it. The market is doing what the market does, my Liberal friends. That is what happens when we have an oversupply. The member for Carine made the point, “Well, you should just be pushing more into this market. What are the economic impacts?” I would be curious to know what the broader economic impacts would be if we were to continue to push more and more construction into a market with a declining average price. What is the economic impact on people who own their homes seeing their equity eroded? What is the economic impact of that, member for Carine? He is not here, but he made that point. I dare say it is pretty stark.

I want to read more from the article about the BIS Oxford Economics report. It states —

“The bottom line is there's excess stock out there. We need to see construction fall well below demand,” BIS Shrapnel managing director Robert Mellor said.

Interestingly, Gavin Hegney has been quoted a number of times today by the member for Vasse and others, and he is quoted in this story about this report as well —

Perth property analyst and licensed valuer Gavin Hegney said as prices drop, a lot of first homebuyers were getting into the market, while household sizes were getting smaller and people were looking for entry-level homes in the western suburbs.

“That tends to mean [a price slump] won't last as long as you think it will, because it will change behaviour as a result of dropped prices,” he said.

“All those entry-level homes are up 10–20 per cent ...

Ten to 20 per cent—that is a much more dramatic impact than any \$5 000 boost is likely to have on the interests of first home buyers.

He then said, reflecting on the member for Cottesloe —

... but at the same time investors are in a world of pain because they've had a 30 per cent drop in rents and a 30 per cent increase in interest rates.”

He could have added on top of that about a 100 per cent increase in land tax liability, because that is what the member for Cottesloe did. In an environment of increasing residential and commercial vacancy rates and an environment of declining values, the Liberal Party, led by the member for Cottesloe, increased land tax not once, not twice, but three times in three years. That had a dramatic impact in an environment in which liabilities were increasing by more than 100 per cent on the valuation not increasing at all.

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

The member for Geraldton asked a couple of questions about the economic benefits of the first home owner grant and the revenue —

Mr C.J. Barnett interjected.

Mr B.S. WYATT: I am not particularly fussed about what happens in Cottesloe. I am talking about the member for Cottesloe's record, which is abominable.

Mr C.J. Barnett interjected.

Mr B.S. WYATT: See, this is the member's problem. He sees the world according to his constituency, which is why, when I asked about the impact of the land tax increases, he said, "But everybody's a large landowner. Everybody owns loads of land. You just restructure; that's what people do." The member does not understand that most people are not large landowners. The vast majority of people hit by those land tax increases owned two or three properties.

Mrs L.M. Harvey interjected.

Mr B.S. WYATT: Well, given the member's performance smashing the economy, you talk about overreach? Give me a break! This is what the member for Cottesloe said, thinking that everybody lives in grand estates like Cottesloe: "Well, you know what? The first home buyers, who own two or three properties, they can be ignored by the land tax increases of the former Liberal government"—once, twice, three times, in three years. The Liberal Party thought at the time, "What a great idea we have, increasing residential and commercial vacancies. We have declining property values; let's increase land tax liability by over 100 per cent and shove it onto those self-funded retirees." Members opposite should not come in here and start talking about the impact on the broader economy when they did that. Too right, member for Cottesloe—I have shown the *Hansard* around showing who voted for that, and I will do it again and again, because that is what the member did. What I love most about this is that we very rarely see a bunch of Tories, when the market is forcing prices down and there is a glut of properties, calling for that area to be stimulated—throw money into that area, and let us continue to throw money at it. The market, Liberal people, is doing the right thing. When there is a glut, prices will come down. That is what we know—10 per cent to 20 per cent. I must say that I feel sorry for the shadow Treasurer, because until the member for Cottesloe finally realises that he is weighing opposition members down like the anchor that he is, the shadow Treasurer will not be able to move on. I feel sorry for him, and I feel sorry for the member for Vasse.

Several members interjected.

The DEPUTY SPEAKER: Although some of us may be enjoying the yelling, I doubt that *Hansard* is, so can we please just stop the interplay?

Dr A.D. Buti: *Hansard* is loving it.

The DEPUTY SPEAKER: Member for Armadale, that was not asked for, thank you. Please go ahead, Treasurer.

Mr B.S. WYATT: Thank you, Madam Deputy Speaker. I will come back to the remarks of the member for Geraldton. The issue we have is that most first home buyers do not pay any stamp duty. That is the nature of the other benefits they get. They will not pay other taxes on the construction of their property, so any additional revenue generated will be from second-round effects, such as taxes paid by builders or subcontractors. That will come only from genuine additional activity. That was the point I made back in May, when I said that the reason we were ceasing was the value that it was actually bringing. What behaviour was it changing? The \$5 000 boost payment was ceased early in recognition of the fact that it was not a cost-effective way, and that is still my view. About 380 first home buyers were expected to respond directly to the \$5 000 boost payment by switching from buying an established home—remember the Liberal Party removed its application on an established home, on which they would not receive a first home buyer grant—to building or buying a new home. However, anyone who was intending to buy or build a new home anyway would also benefit from the additional \$5 000 of assistance. That was the point. The 380 direct changes in behaviour worked out to cost about \$120 000 per change, and I did not think that was a useful way to spend money. As I said before, because of the balance sheet that has been left to us we can no longer fritter away money like the former government did, and so we have to make these sorts of decisions. They are not easy—I get all that—but that is the reality of what has been left to us by the former Liberal government, under the member for Cottesloe, who was an abominable financial manager.

The member for Churchlands mentioned government policies designed to cushion the blow. That is why I made the point that I am actually worried that, despite the fact that the former Labor government left the previous government a wonderful balance sheet in 2008 to respond to the global financial crisis, should WA be subject to a sudden economic downturn now, we do not have the balance sheet to respond. That is one of the important things governments should remember—they do not govern just for their own time; they govern for a period a lot longer than that for which they are in power.

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

The member for Vasse worried about increasing housing stock. That is probably not an issue at the moment. I think she was also worried about the retrospectivity of this measure. That is how it tends to work. Although the money is now paid under an administrative arrangement, the legislation effectively sets up a time frame and also allows the government, for example, in the event that a \$5 000 boost is paid and it is subsequently discovered that it should not have been paid, to pursue the person to pay back that \$5 000. It also allows an appeal, so that if somebody applies and does not get the \$5 000, they can appeal. Until this legislation goes through, none of that can happen. That is why it is an important piece of legislation. It also relates to some issues around a State Administrative Tribunal decision that we need to deal with. I hope Liberal Party members can see the importance of doing that. The member for Hillarys is not here but I think I dealt with his comments. I think I have dealt with most of the member for Carine's issues but he wanted to know how the government makes its decisions. It makes decisions by examining the value of spend. Members will see in the budget that a lot—a hell of a lot—of those decisions have been made about whether there is value in the spend of the former government because the government now has a rigorous process to ensure value is created from government spend. As I have always pointed out, member for Carine, there would be a financial reckoning. I get that people do not like these decisions but I have made the point time and again that if a government spends the way that the former government spent, there would be a financial reckoning—and that is upon us. We will not resile from that reality. Worrying about the time available for people to respond and arrange finances is very true but the member for Carine was not so fussed when land taxes increased under the former government by over 100 per cent with a zero per cent increase in value. The question of economic benefit is a good question and I do not have the answer. What is the economic benefit of 380 new homes or, more broadly, the economic benefit of pushing more homes into an oversupplied market versus the impact on every home owner losing equity as median prices come down? I dare say that the result of every home owner in Western Australia losing equity would have a much more dramatic economic impact than cutting short this six months, to be frank. I think that point was made by BIS Shrapnel, Gavin Headley, Dale Alcock and others. I hope I have answered the member for Geraldton's question. I think I have dealt with some of the issues the member for Scarborough raised. I hope I have dealt with members' questions but, if I have not, they can certainly ask them specifically again during consideration in detail. I thank members again for their input this afternoon and I look forward to moving into consideration in detail.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1: Short title —

Dr M.D. NAHAN: We only want to go to clause 9.

Mr B.S. Wyatt: Is that your amendment?

Dr M.D. NAHAN: Yes, but I want to get some data from the minister beforehand so I will go to the short title to explain what I am doing to make it an efficient process for us all.

When the minister made the announcement in Parliament and read his second reading speech, he provided some data. On Wednesday, 17 May, he made the announcement that the first home owner grant would cease on 30 June. I would like some updated data on that from the Treasurer, now that it is 10 August. The Treasurer made a couple of forecasts and I would specifically like to ask a question about them. At that time the Treasurer said that the forecast was that first home buyers would have purchased about 7 686 new homes without the home buyers' boost. From the data I have, the Treasurer was forecasting 7 686 applications without the home buyers' grant, and substantially fewer with the grant. For grants paid and grants received, 7 343 grants were paid. In other words, even with the boost, the number of grants paid was substantially fewer than the Treasurer forecast without the boost. Clearly, from the Treasury estimate, there has been a greater deterioration in the demand for the first home buyer grant than was expected in April–May of this year, when the Treasurer made his decision. In other words, has there been a deterioration in the number of grants being asked for without the boost than was expected earlier this year when the Treasurer made the decision?

Mr B.S. WYATT: I thank the member for the question. I will try to answer it with some statistics that I have. They have been updated from May. It is estimated that close to 4 600 first home buyers will qualify for the \$5 000 boost payment on the building or purchase of a new home in the first six months of 2017. It was originally estimated that around 8 250 first home buyers would qualify for the \$5 000 boost payment if the payment were available for 12 months. A further 500 first home buyers who entered the market to build or buy a new home as a consequence of the changes to the Keystart eligibility criteria were also eligible for the boost, bringing the total number of first home buyers to around 8 750 expected for the full 12 months. It is estimated that 4 150 first home

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

buyers will not qualify for the boost as a result of the 30 June 2017 cessation. I might have some more information for the Leader of the Opposition that might assist with this. In the six months prior to the commencement of the boost—this is sort of a comparative six months—3 725 grant applications were received for the period 1 July 2016 to 31 December 2016. That is compared with 3 986 applications received for the six months to 30 June. So we can see there an increase of 250-odd. Of those applications for the six months to 30 June, 2 650 were for the boost payment of \$5 000 as well as the standard amount of \$10 000. I am hoping that is clear.

Mr D.C. NALDER: Just further on that. There has been an increase in the uptake —

Mr B.S. Wyatt: Sorry; there has been an increase in the grant applications.

Mr D.C. NALDER: It was in the applications, and there is a lag effect to when those are paid.

Mr B.S. Wyatt: Yes.

Mr D.C. NALDER: That tail could last 18 months or longer?

Mr B.S. Wyatt: Quite a while; yes.

Mr D.C. NALDER: Has any work been undertaken by Treasury or any advice provided to the Treasurer that indicates the impact on the broader economy about jobs that get created, whether it be tradesmen, building constructors et cetera?

Mr B.S. WYATT: The answer is no. I was making the point to the member for Geraldton, I think, that any additional revenue generated is, effectively, through the second-round effects—the majority of first home buyers do not pay transfer duty—such as taxes paid by builders or subcontractors. This would only come from genuine additional activity, hence my reference to the 380 extra homes actually brought on. Treasury does not forecast the second-round effects.

Mr D.C. NALDER: In making a decision, would it not be prudent for us to understand those broader financial impacts? The whole discussion over the last two days, not just on this bill, has been around the fact that we have a soft, fragile economy, although there have been some green shoots. Any stimulus that a government undertakes is an attempt to soften the blow of a downturn or restimulate the economy. A package was put into place to assist an industry, being the housing industry, of which there were some serious concerns about what was happening, yet, it was pulled three or four months later, only two months after the Labor Party won government. I am concerned that proper, prudent information was not supplied to the government so that we could understand the broader impact on jobs, given that jobs in the economy is such an important factor that government is considering.

Mr B.S. WYATT: That was exactly the issue that was raised, hence my doubt around the value of the full 12 months. Bear in mind the comments I made during my second reading reply around the broader economy having a much stronger impact when a 20 per cent reduction in price is a much bigger stimulus than a \$5 000 boost to the existing first home owner grant. However, the information that I got from Treasury was that the previous government's estimate was that an additional \$5 000 would create a number of jobs and was based on an extra 650 first home buyers choosing to buy or build a new home in 2017. That is made up of 380 buyers switching from the established market to the new home market and 270 bringing forward their decision. They would have done what they did anyway, but they brought it forward because of the boost. My view was that because of those 380 buyers, it effectively meant an \$120 000 subsidy was simply not worth the spend. Of course we take into consideration, as much as we can, broader economic impacts. My assessment was that with the direct change behaviour of those 380 buyers, I could probably find some better ways to spend the money. We will be proven either right or wrong, and the member for Bateman is right: the tail on this goes through to 30 June 2020 before we will know the final detail of who applied for the grant and who it was paid to.

Dr M.D. NAHAN: The data the Treasurer used of 380 and 270 first home buyers being expected to bring forward is data that we made our decision upon.

Mr B.S. Wyatt: Yes.

Dr M.D. NAHAN: It is now six to seven months down the track. The Treasurer has actual data.

Mr B.S. Wyatt: I read that out; that is the data I have.

Dr M.D. NAHAN: We have some data from Treasury that showed that applications received in December, when we made the decision, were 499, which was the lowest in years.

Mr B.S. Wyatt: Is this is the FHOG applications?

Dr M.D. NAHAN: Yes. There were 499 in December 2016. I cannot remember how far we went back. In at least five years we had not seen anything even remotely that low. In January, it was 498—the same trend. That is what the industry was telling us was going to happen. It was not going to get any over 500. It was rounded up to 500. Then with the lag, we saw applications received growing dramatically in June 2017, to 867. That is substantially

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

more than Treasury forecasted when I received them as Treasurer. My point is that the Treasurer is right about the data that he used to decide to seize the boost after six months. It was the data that Treasury put forward to the Treasurer and I think to me. But my assessment of the data is that the response to the boost was substantially higher than Treasury forecast, and the underlying growth without the boost was substantially less than Treasury forecast. The Treasurer made the decision in May. I am trying to recalibrate the decision now, in mid-August, about what data the Treasurer has in hand. What were the actual responses from the boost, if he could provide me the data? In other words, he made the decision in May, but would he make it again in August, based on the advice that he has received and the actual impacts of six months of the boost?

Mr B.S. WYATT: I have a couple of bits of data that I can give the Leader of the Opposition. The figure of 499 in December is obviously for grants actually paid for new houses.

Dr M.D. Nahan: It was for grants received—no, it might have been paid.

Mr B.S. WYATT: It is for grants paid. The figure of 499 is for grants paid in December 2016 on new homes. I want to go through two things to try to give the answer that I think the Leader of the Opposition is looking for. The number of first home owner grants paid in December 2016 was 499, and then the numbers went to 542, 610—I am just going month by month now; I assume the Leader of the Opposition has this data—717, 495, 631 and 606 through to June.

Dr M.D. Nahan: I have very similar data.

Mr B.S. WYATT: But in respect of applications —

Dr M.D. Nahan: The difference during that period, it would seem, between grants paid and applications received is actually the result of the decision, to a large extent, on the boost.

Mr B.S. WYATT: It may well be, or it may be the result of an oversupply and, as a result, prices are coming down. There are a range of things in here. The actual low point of first home owner grant applications was in January this year, and then they started to increase again. Applications increased dramatically, unsurprisingly, in May–June as people brought things forward to get that last \$5 000, and similarly with first home owner grants paid. As the Leader of the Opposition knows, data will be flowing in on grants paid for a while yet, but it still indicates a May–June surge, if you like, as people brought things on to try to grab that last \$5 000.

Dr M.D. NAHAN: I guess my question is that Treasury provided advice to me and basically provided the same advice to the Treasurer in May, based on its forecast. That was valid, because nothing had come through yet—it took that long. We are now in August. What would Treasury say the benefits from the boost would have been? Would they have been larger than the forecasts in May; that is, more than the 380 who were expected to respond to the first home owner grant? Given the Treasurer has some data—admittedly only for about four months because of the lag in applications—and because he made the decision based on a forecast that it would only boost new housing by 380 every year, is that still his view?

Mr B.S. WYATT: The results are tracking with what Treasury was forecasting and the advice it gave. There has been no significant change to that advice.

Dr M.D. NAHAN: Did Treasury forecast the lag—the flow-through effect? As the Treasurer’s data would show him—I have looked at that same data—he will see the lag by looking at the existing homes and removing the first home owner grant. It was about 18 months that we were still flowing through with grants received.

Mr B.S. WYATT: The answer is yes, and the Leader of the Opposition is right. Because people can apply for this up to 12 months after the completion of construction, that means, really, the lag will continue until 30 June 2020. We can see the trend already with the applications coming in, which are basically matching the forecasts from Treasury.

Mr D.C. NALDER: Just on that point, on the data we have been provided with, the number of applications received spiked in May and June. I am trying to understand the Treasurer’s last answer that indicated the advice is still the same. When the Treasurer announced in May that the government was going to close it, he said that there was not enough going through to make this worthwhile, and he gave some statistics around it. What we are saying is that we subsequently saw a large spike in the number of applications received in that May–June period. We are trying to understand whether that has made it more difficult for the Treasurer to substantiate his decision, based on the advice he was provided with earlier.

Mr B.S. WYATT: That was not unexpected, of course, because it got out there that instead of expiring at the end of December it would expire on 30 June, so decisions were brought forward, but were they new decisions or new activity? There is still broadly no change from the advice of around 380 new homes, or people changing from an established home to building a new home, hence getting hold of the boost.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

Mr D.C. NALDER: The Treasurer indicated that there has not been a substantial change, but we see that the number of applications has substantially increased. That would normally be expected to flow through to an increased level of payments. I am trying to understand why there is not a change, given that we have seen this two-month spike in applications received.

Mr B.S. WYATT: Although a lot of it will be influenced by the closure of the boost on 30 June, but I do not have here what May–June data is from contracts entered into in January or February. Even though the data shows the low point for first home owner grant applications was January 2017, a lot of these ones from May–June may just be applications for contracts that were entered into in January. Broadly, I think it is still showing a bring forward of activity—hence the increase from April to May and June—but as more data comes in, I daresay that we will see applications all the way through to the end of the year, but for contracts that were entered into prior to 30 June.

Dr M.D. NAHAN: Just like the government, we have data for June and it closes on 30 June. What numbers is the Treasurer forecasting for July and August for applications received? The applications are made after they have signed a contract and put a slab down; it takes a while. They put their applications in and there will be a lag in finance or whoever receiving those applications. Does the government forecast substantial new applications in July and August?

Mr B.S. Wyatt: Do you mean on the normal FHOG without the boost?

Dr M.D. NAHAN: Will there be applications due to the boost still coming in in July and August?

Mr B.S. Wyatt: Yes.

Dr M.D. NAHAN: Okay. How many of those are yet to come in? What is the lag for applications? I am trying to get to the bottom of whether Treasury was accurate when it provided the forecast to our government and the current government about the impact of the boost.

Mr B.S. WYATT: Obviously, this is very much dependent upon applications coming in, but I am advised that Treasury will have a forecast of those. I do not have it here, but I am happy to get Treasury's forecast for July through to September for the Leader of the Opposition, bearing in mind that there will probably be some change when we get to the actuals.

Dr M.D. NAHAN: One piece of data that the government used in its decision in May puzzled me, but it might be a semantic issue. The Treasurer stated —

Furthermore, in the absence of the boost, it was forecast —

By Treasury —

that 7 686 first home buyers would have purchased a new home anyway in 2017.

I do not have data on all first home buyers; I have only FHOG data. That might refer to first home buyers outside the FHOG arrangement, but I do not know that. That 7 686 is larger than the number of first home buyer applications or grants in 2015–16. We know that the first home buyer market was shrinking. My concern is that Treasury might have had an elevated or optimistic perspective on the underlying growth of the first home buyer market before the boost was put in. My assessment of the housing market generally and the first home market since then is that they have deteriorated somewhat since December when the forecast was first given to us.

Mr B.S. WYATT: Hopefully, this answers the Leader of the Opposition's question; and, if not, let me know. The total number of first home owner grants paid in 2015–16 was 8 361 and the total number paid in 2016–17 was 7 343. That is the total grants; in a breakdown there would be the boost. Between 2015–16 and 2016–17, the difference was just over 1 000.

Dr M.D. NAHAN: The 2016–17 data includes the boost.

Mr B.S. Wyatt: Yes.

Dr M.D. NAHAN: My problem is that the actual was lower than Treasury's forecast of the number of first home buyer grants before the boost. I believe the starting point for this forecast from Treasury was optimistic. The actual has been significantly lower than Treasury estimated in December. The anecdotal information I have indicates that, since December, the first home buyer market has dropped off by about 1 000. The boost has picked up some of that, but I do not know how much. Again, this is not a criticism. When we made the decision, the industry was telling us that the first home buyer market, as well as the rest of the market, was falling in a big heap. This is one instance when we had an instrument that we could put in place. When we were looking at this, we were talking to the Housing Industry Association and the Master Builders Association about their forecasts and they kept saying that Treasury was underestimating the expected dip in the market that was coming. I think this data shows that that indeed was the case.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

Mr B.S. WYATT: On the point about the 2016–17 data, obviously the boost data is still coming in; people will be putting in their applications for some time yet, because they entered into their contracts prior to 30 June. I probably take it more as a comment when the Leader of the Opposition talked about the Treasury assumption versus the HIA and the MBA data. I listened to him make the point about the HIA and the MBA and who is optimistic and who is pessimistic et cetera. I will ask them to look at that and do their comparisons. I do not have that with me now, of course, but I will look at it.

Mr D.C. NALDER: Earlier the minister made the comment that a number of factors could have influenced that spike over the last few months. I am sure that he would also acknowledge that only with the benefit of hindsight will we be able to determine that. We will see what happens in July, August and September and how quickly it drops off and we will be able to say that that was the level that was directly attributable to the boost. With the benefit of hindsight, we will know not only the number of additional jobs that that created throughout the economy, but also the number of jobs that were missed out on by closing off the boost instead of letting it run for the full 12 months.

Mr B.S. WYATT: I guess the member is right. As the data comes in, and it will continue to come in for a while, we will be able to do a comparison between FHOG applications, grants paid, boosts paid et cetera and whatever the assumptions are around the number of jobs created and then I guess we can work backwards.

Dr M.D. NAHAN: This was also put in the context of widening Keystart applications. I was advised by industry that that would have a significant impact on not just first home buyers, but also buyers of existing homes. The argument that was put to me was that the figure of 499 in December was really low and it was going to get worse without both the boost and Keystart moves. We flagged the change to Keystart before the boost took effect. We made a number of changes. Has Keystart led to widened eligibility for and increased the take-up of the first home owner grant; and, if the Treasurer has any data, how does that interact with the boost?

Mr B.S. WYATT: I do have some data that I will read to the member. There are four components. This is the data that was underlying what occurred when the previous government was making its decision about the boost. Of the 8 750 total, 7 600 people were going to buy or build a new home using the \$10 000 grant, so there was no behavioural response. A total of 380 people switched from the established market to buy or build a new home, so that was a behavioural response, and 270 people brought forward their decision from 2018 to 2017, to get the boost, presumably. With respect to the Keystart changes, 500 entered into the new market as a consequence.

Dr M.D. Nahan: That's data that we provided.

Mr B.S. WYATT: Yes, that is the former government's data. That has not changed yet.

Dr M.D. Nahan: Hasn't there been any updated analysis?

Mr B.S. WYATT: No. There will probably not be any updated analysis. The actuals will shift, I guess.

Dr M.D. NAHAN: I have heard that the impact of Keystart was not as significant as estimated. That was my point. We were surprised by it. It can be measured because the data relating to Keystart applications are there too.

Mr B.S. Wyatt: I will find out. I am curious.

Dr M.D. NAHAN: I do not know why. Industry was pushing us as much for Keystart as for that. The advice that I have from industry is that the impact of Keystart was as significant as it thought it would be. Keystart was very important because it was a lure to get people into the door of display homes. Prospective buyers identified with Keystart, so it was a major advertising thing, as was the first home owner grant boost. Traffic through display homes collapsed in December and January. That was one of the indicators they used to perceive the demand. I think that is an analysis that we need to do because there is no take-up but the scope for that is quite significant.

Has the Treasurer discussed this widely with the industry—with the Housing Industry Association, the Master Builders Association of WA—and all the mirror groups such as the brick companies? There are a lot of people in this industry.

Mr B.S. WYATT: I have heard the critique about a lack of consultation prior to the decision being made.

Dr M.D. Nahan: No, since then.

Mr B.S. WYATT: Since then, yes, I have had much feedback from many people in this place. Whether I wanted to or not, I had lots of feedback.

Dr M.D. Nahan: Of course you did want to.

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

Mr B.S. WYATT: Of course I wanted to. The conversation has been pretty good. The issue that I raised before related to today's report from Bis Industries about the oversupply and the impact that is having. I am curious about how long the industry sees the oversupply hanging around. That does worry me. If we start to get equity eroding across the spectrum, that will have an impact on confidence and on the spending priorities of people.

I will be frank in saying that I am not a property expert. People have different views on these things. I can only go with the data that I get out of Treasury. Since then, I have heard from a range of different organisations.

Dr M.D. NAHAN: I will not dwell on this, but this gives us a chance to interact. The Treasurer stated that we have an overstock—a lot of empty stock, excess stock. There is no doubt about that. The first home owner grant will create excess stock so the best thing is not to build capacity but to utilise existing capacity and increase prices because the price effect is more significant. The difference is that the price effect goes on people's balance sheet whereas building new houses employs a lot of people. That is the difference.

Mr B.S. Wyatt: Yes, and it is also the nature of the stock. Sometimes there is not a match.

Dr M.D. NAHAN: By the way, I have been told that the western suburbs has the largest utilisation of Airbnb in Australia.

Mr B.S. Wyatt: The largest?

Dr M.D. NAHAN: Yes, because there are a lot of empty rooms and a lot of empty stock in the western suburbs. The distribution of that empty stock is different across the categories of housing. In my electorate where people are cramming in to get into schools there is very little empty stock, whereas in the western suburbs there is, and there may be elsewhere. That is the reason we made this move. I understand that the real cost of us giving the extra \$5 000 was a margin effect; that is, we gave \$5 000 of additional money to people who would have taken up the grant anyway, otherwise, if there could have been focus on the margin, it would have been an absolute no-brainer given the data we had, but it is a difficult one. The reason we did this is that we understood the stock issue pretty well because many of us represented electorates with a lot of empty stock and the effect on wealth of declining or stagnating house prices affected people's willingness to vote for us—I will tell the minister that. This was all about jobs in the industry, particularly with a focus on the self-employed and whatnot. We took the estimate that this was one of the most direct things that could be done in that economy to spur jobs dispersed around the economy.

Mr B.S. WYATT: I get that. I am not saying that the boost should never be considered by government—absolutely not. We do what we can with the levers that we have, but my view was that in light of the increase in behavioural change, cost, finances and the state of the broader property market, we could shorten the term to six months instead of 12 and deliver a similar outcome. I understand the arguments, believe me, that have been made from the opposition side of the chamber.

I sat on the opposition side for a long time and asked lots of questions on the short title of bill. Does the opposition want to deal with any of the broader issues before clause 9 or just wait to get to clause 9?

Dr M.D. NAHAN: It is a very simple bill and other than the date being truncated to six months we have no problems with those issues, so we are not going to waste time. We know that there has been an administrative arrangement operating with the various issues the bill deals with for a while and that has to be verified. The bill is absolutely essential and I think we want to go to straight clause 9.

Clause put and passed.

Clauses 2 to 8 put and passed.

Clause 9: Section 14B amended —

Mr D.C. NALDER: Further to the conversation, there was an acknowledgement that the impact of this legislation on employment in the market is not clearly understood and that we have a very fragile economy. Yet, after the government made the decision to close this provision after 30 June, we saw an enormous spike in applications received in the months of May and June. I reiterate that given that there is not an understanding of the financial impact and the fact that the economy is fragile, we are of the view that we should be considering maintaining this boost. Because the government has not had advice on the impact on employment, we should maintain this boost right through to 31 December. Therefore, I move —

Page 4, line 6 — To delete “30 June 2017” and substitute —

31 December 2017

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

Dr M.D. NAHAN: I was listening, not in the chamber but in my office, to the Treasurer and most of the data he was referring to. I have a couple of things to say. I think the Treasurer said he made his decision in May on the basis of data that I knew about because Treasury provided it to me. My assessment of the situation is that Treasury had been more optimistic than it eventually determined about the underlying growth in the first home buyer market and the housing market. I imagine that it is the case that the Treasurer has already been told that Treasury has probably downgraded most of the data on land taxes and, in particular, transaction taxes on housing. Upon my reading of the data, although much of it is rather rudimentary and incomplete—that is not a criticism; it is just reality—it is my assessment that the first home buyer grant benefits were more than Treasury had forecast in December and therefore more than the data upon which the Treasurer based his decision in May to eliminate the boost.

Since then we have had a significant and profound further deterioration in the housing market. I can give an example of this. More than any other state, Western Australia has the highest percentage of households in negative equity. Slightly more than 10 per cent of houses in the metro area are in negative equity. Although for a while additions and improvements were coming on, everything slowed down to a trickle and then down to nothing. This is a large industry and the area that could be stimulated the most was in building new homes.

The Treasurer said that he is worried as much, if not more, about building excess stock. Our valid concern is about jobs in the building industry, which is hugely labour intensive and employs many people. That is why the former government made that decision. I think that the data I have seen, if anything, supports the decision we made back in December, and the six months' boost that we provided really helped stabilise the industry quite a bit—in fact, it boosted the data even more than anticipated. Things could have been much worse than Treasury had forecast in December. That is our view and, therefore, the savings of \$22 million or \$24 million are a lot of money in this context. I do not know what the government is going to do with the savings—that is for the government to decide—but if it spends that money elsewhere on election commitments, that will boost many more things than I have heard that the government has done in employment and incentives. This industry is always highly cyclical, and when it builds up too much excess capacity, prices go down and things really get painful.

Mr B.S. Wyatt: That is what we are dealing with now—that excess capacity.

Dr M.D. NAHAN: We are dealing with that now. I remember in the first part of 2010 and then year after year to 2012, there were fewer than 15 000 houses in the housing stock. That grew very quickly to 32 000 for two years in a row. It was double the average and it has now come down. We are going to see a large amount of excess capacity and a lot bankruptcy among subbies. There will be a lot of real pain in the trades industries. That is why we think it is very worthwhile to continue the first home buyer grant for the remainder of the year.

I also want to discuss the underlying trends in the housing industry, including among first home buyers, which are getting worse. The amendment proposes another boost for six months.

Mr D.C. NALDER: I would like to hear more from the Leader of the Opposition.

Dr M.D. NAHAN: We made the decision back in December 2016. Now the Treasurer is sitting here in August looking at the data and asking whether the industry needs this further stimulus for six months. I think it does. On all the data that we have in front of us, the housing market has excess capacity in terms of business and demand. I met with the three brickmaking companies. I might add that even at the peak of the boom, they were struggling at times. I am not sure why. They have hit a wall. I should not use that analogy, but they have. They are really struggling. From talking to their various input providers, some just sell tiles and whatnot, but the tilers, plasterers and the rest of them are really struggling for work. Without this boost, I think we will see a substantial drop in the first home buyers' market over the next six months. In fact, the drop will be accentuated because people will bring it forward and then they will not do anything. I think the Treasurer will rue his decision to pull this out earlier than expected. The Labor Party was elected on a clear mandate to create jobs. Sometimes governments have to spend money to create jobs. I notice one of this government's focuses is local content. There could not be too much more local content than building houses. One of the government's proposals to stimulate the economy was to build a rail manufacturing plant. I am not sure how that will work. The government will be subsidising relative to importing those somewhat, but that is its decision. In effect, the government is going to subsidise jobs elsewhere. This is an industry that needs it and is ready to go. It is ready to invest. This stimulus works. The government does not have to create a new one. This industry needs this boost for another six months. That is why the opposition has moved an amendment to this clause. The government has the numbers, but it has a choice.

Mr B.S. WYATT: This was a big part of the second reading debate. I will make a couple of points. I want to emphasise that there will still be a recording of subsidies; they will still be there. The first home owner grant of \$10 000 will still be there and the benefits for first home buyers buying properties under \$430 000 will still be

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

exempt from transfer duty, phasing out at \$530 000. There will still be benefits for first home buyers. Ultimately, the key issue I based my decision on was the changed behaviour. In my view that was not significant enough.

I want to highlight one point to confirm a point that the Leader of the Opposition made and also some of the data that we have talked about tonight in respect of the significant housing oversupply that we now have in WA. Looking at the FHOGs paid over the last couple of years, all the way through 2013, there were nearly 2 000 each month. It was clicking along and stayed around there all the way through to July 2015. In July 2015, the number was 1 800; in August 2015, it was 1 500; in September and October, it was 1 600; in November, it was 1 200; and in December 2015, it was 819. It has never clicked over 1 000 since. Looking at these, that activity goes back to at least the early 2000s. It has created the issue that we now have. I understand the opposition's arguments. I think they are well made. The Leader of the Opposition is right that it creates a stimulus. There is no doubt about it. I guess the only dispute I have is the extent of the stimulus and whether that is worth the value.

We will find out in due course when all the data is in. We will probably still have some dispute, as everyone will, about what is actually influencing the drive in the first home buyers' grants and applications. That is the decision we made. What the Leader of the Opposition said is right, if the government were not doing anything else. It will be seen in the budget that the government is still a big beast. It still does a lot of things and we will do a lot of things in the budget to ensure that jobs are created and that jobs continue, including for people who would otherwise be employed, and have been employed, in the housing industry quite well for a long period.

Division

Amendment put and a division taken, the Deputy Speaker casting her vote with the noes, with the following result —

Ayes (12)

Mr C.J. Barnett	Mr P. Katsambanis	Mr S.K. L'Estrange	Dr M.D. Nahan
Mr I.C. Blayney	Mr Z.R.F. Kirkup	Mr W.R. Marmion	Mr D.C. Nalder
Mrs L.M. Harvey	Mr A. Krsticevic	Mr J.E. McGrath	Ms L. Mettam (<i>Teller</i>)

Noes (33)

Ms L.L. Baker	Mr F.M. Logan	Mr J.R. Quigley	Mr P.C. Tinley
Mr J.N. Carey	Mr M. McGowan	Ms M.M. Quirk	Mr B. Urban
Mrs R.M.J. Clarke	Ms S.F. McGurk	Mrs M.H. Roberts	Mr R.R. Whitby
Mr R.H. Cook	Mr K.J.J. Michel	Ms C.M. Rowe	Ms S.E. Winton
Mr M.J. Folkard	Mr S.A. Millman	Ms R. Saffioti	Mr B.S. Wyatt
Ms E. Hamilton	Mr Y. Mubarakai	Ms A. Sanderson	Mr D.R. Michael (<i>Teller</i>)
Mr T.J. Healy	Mr P. Papalia	Ms J.J. Shaw	
Mr M. Hughes	Mr S.J. Price	Mrs J.M.C. Stojkovski	
Mr D.J. Kelly	Mr D.T. Punch	Mr C.J. Tallentire	

Pairs

Mr D.T. Redman	Mr W.J. Johnston
Mr K. O'Donnell	Mr D.A. Templeman

Amendment thus negatived.

Clause 9 put and passed.

Clauses 10 to 18 put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR B.S. WYATT (Victoria Park — Minister for Finance) [5.16 pm]: I move —

That the bill be now read a third time.

MR D.C. NALDER (Bateman) [5.16 pm]: I want to finish off by thanking the minister for his time on the First Home Owner Grant Amendment Bill 2017, and reiterate that broadly the opposition supports the bill. Our concerns emanated from the fact that a decision was taken to shorten the length of time for the boost payment. The concern that we were able to articulate during consideration in detail was that the decision, in our view, was taken without having the facts at hand about the impact that has on the economy. When we talk about that, two things flow through. The first is that the applications received dramatically increased following the decision that was taken to reduce the time, and the second is that no analysis was undertaken by Treasury or the Treasurer to

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

understand the flow-through effect on the economy for the work undertaken. Our concern emanates from a very fragile economy that is showing signs of recovery but is very sensitive to shocks at this point. Therefore, our concern is that a decision was taken. We understand the need to balance the financial position, so our concern was not so much that action needed to be taken around the financial position; it was that there was not adequate research on or understanding of the broader impacts on the economy. That is what I would like to conclude on, and I thank all members involved in this debate.

MR C.J. BARNETT (Cottesloe) [5.18 pm]: In addressing the third reading of the First Home Owner Grant Amendment Bill 2017, I take this opportunity to thank the Treasurer for his compassion for first home buyers in Cottesloe. With an average price of \$2 million, I will pass on the Treasurer's good works. I note that not a single member of the Labor Party, apart from the Treasurer, bothered to stand up for their constituents—builders and tradies in the construction industry and, more particularly, first home buyers in many of the outer suburbs of Perth. I did not expect members opposite to vote against the bill, or vote in favour of the opposition's amendment, but I just note, because it is on the record, that not one of them —

Several members interjected.

Mr C.J. BARNETT: Members opposite can laugh, but they should just think about it for a moment.

Several members interjected.

The DEPUTY SPEAKER: Members, it is a bit late in the day to be throwing people out of the chamber, but I am really up for that if that is what you want. Can you please stop interjecting. The member for Cottesloe may be saying things that you do not agree with, but would you please let him complete his contribution.

Mr C.J. BARNETT: It will be short. I am not suggesting for a moment that members opposite are going to vote against the position of the Labor government. They are not going to do that, but I would have thought that one of them at least would have shown some compassion and concern for the plight of the building industry, and for people who want to get a loan to buy their first house. Not one government member actually stood up.

Several members interjected.

Mr C.J. BARNETT: I can say what I want because not one government member stood up. Think about it, maybe over the weekend; not one member stood up —

Ms S. Winton interjected.

Mr C.J. BARNETT: I do not have to listen to the member. Not one member thought about first home buyers who will find it very hard to get that loan.

Ms S.F. McGurk interjected.

Mr C.J. BARNETT: The minister can snigger and smile like a fool but members should have stood up for their constituents.

MR B.S. WYATT (Victoria Park — Minister for Finance) [5.20 pm] — in reply: I cannot help but take a minute to reflect on the fact that not one Liberal backbencher spoke in opposition to the Liberal Party's three rounds of land tax increases when it smashed the housing sector not once, not twice, but three times in a row!

Several members interjected.

Mr B.S. WYATT: Not one Liberal backbencher stood when all those poor, self-funded retirees—the former bedrock of the Liberal Party —

Several members interjected.

The DEPUTY SPEAKER: Thank you; there is still a Speaker in the house. Will you please not yell at one another. The Treasurer is on his feet doing a very good job of yelling at everyone.

Mr B.S. WYATT: The former bedrock of the Liberal Party was punished by the Liberal government with land tax increase after land tax increase after land tax increase! I remember that it came off the back of zero increases in value and 100 per cent increases in liability! That is what the Liberal Party did, and not one Liberal backbencher said a word! They did not say one word, but do members know who has said a word since? Let me read a media statement from Hon Phil Edman. When he retired from the upper house, he put out a media statement; I think it was titled, "A Farewell to Miss Member for Cottesloe". Hon Phil Edman reflects back on his political career and stated —

"I also tried incredibly hard to stop the increase in land tax and to ensure the long-term viability of the property market —

Point of Order

Mrs L.M. HARVEY: The third reading debate has to be relevant to the bill.

Extract from Hansard

[ASSEMBLY — Thursday, 10 August 2017]

p2668d-2691a

Ms Libby Mettam; Mr Colin Barnett; Mr Tony Krsticevic; Mr Ian Blayney; Mrs Liza Harvey; Mr Zak Kirkup;
Mr Ben Wyatt; Dr Mike Nahan; Mr Dean Nalder

The DEPUTY SPEAKER: The Deputy Leader of the Opposition is completely right. Treasurer, I ask you to return to the third reading.

Mr B.S. WYATT: I am just responding, if I can, to the issue raised by the member for Cottesloe. I want to finish off this sentence, if I can. The member for Churchlands does not want it to be heard, and I understand why.

Mr S.K. L'ESTRANGE: The minister is reading a new document into the third reading. It is not relevant to the second reading debate.

The DEPUTY SPEAKER: Correct; thank you. Treasurer, is this new information?

Mr B.S. WYATT: No, I quoted it in the second reading speech, Madam Deputy Speaker, I think you might find!

The DEPUTY SPEAKER: I will give you some leeway; go ahead.

Debate Resumed

Mr B.S. WYATT: It continues —

I ultimately failed in this effort. It has had negative impacts on people's ability to purchase and keep property, and should never have been increased to pay down state debt."

Point of Order

Mr S.K. L'ESTRANGE: I seek clarification whether this document was at all read during the second reading.

The DEPUTY SPEAKER: I am sorry member; sit down. The document is really irrelevant. It is about the issue that is being raised and the Treasurer claims to have already raised it in his second reading speech.

Mr B.S. WYATT: Actually, the member is right; it was not this document that was read, but I have finished reading it in!

Debate Resumed

Mr B.S. WYATT: Can I make the point, as was discussed, Madam Deputy Speaker, that at the second reading stage and in consideration in detail, land tax was debated extensively. I understand that members opposite do not want to talk about it because, as Hon Phil Edman said, they locked people out of the property market. That is what members opposite did, regardless of where people live. I make that point in response to the member for Cottesloe. The member for Cottesloe is here; I was going to say that he had stormed out in high dudgeon, but he is sitting over in the corner.

I make the point that not one Liberal member of Parliament uttered a word when the land tax made its way through—not once; not twice; but three times. The impact it had was much more dramatic than any impact this is likely to have.

Several members interjected.

Mr B.S. WYATT: Oh, Zak! Hell's teeth, boy! I conclude by noting the member for Dawesville's lack of understanding of supply and demand and things like that. I simply make the point that I want to thank my colleagues for the debate because I thought it was useful. Most members of the opposition raised very valid points. I think some of the language around destroying the world economy as a result of this was perhaps a bit exaggerated, but I think the points raised by particularly the shadow Treasurer and the Leader of the Opposition were very good. They were all the issues that we considered in this decision and they were not taken lightly. Unfortunately, they were decisions that had to be taken because, although the member for Hillarys denigrated the fact that these are just pennies, I am, unfortunately, in the position of having to worry about the pennies. I thank all members for their contribution.

Question put and passed.

Bill read a third time and transmitted to the Council.