

LAND TAX AMENDMENT BILL 2013

Second Reading

Resumed from an earlier stage of the sitting.

MR F.M. LOGAN (Cockburn) [2.47 pm]: Prior to question time I was referring to statements made in the second reading speech on the Land Tax Amendment Bill 2013 about the government's expectations that a 12.5 per cent increase in land tax rates will be offset by, in the government's view, lower-than-expected land values and therefore will only generate an additional five per cent in tax revenues compared with forecasts in the *Pre-election Financial Projections Statement*. That expectation seems to be contradicted by the latest Real Estate Institute of Western Australia market update for the March quarter of 2013, which I quoted earlier. That showed that land value in Perth over the previous quarter between December 2012 and March 2013 has actually jumped by 11.3 per cent and the value of land in regional WA over that same quarterly period has jumped by 10.8 per cent. If that lift in the value of land continues, the claim made by the government that the 12.5 per cent increase in land tax rates will be offset by lower land values and therefore generate only five per cent in additional tax revenues is just not true. The actual income raised by the state government by way of this 12.5 per cent increase in the land tax rate will be far higher than forecast in the *Pre-election Financial Projections Statement*. I will ask the minister to give us the latest update on estimations about what those increases, and the projected increase in income to the state, will be, on the basis of higher land value, as already has occurred in the first quarter of 2013.

Not only did the government play down the breach of promise and the breach of trust to the general public of Western Australia in not highlighting the increase in land tax before the state election, but it also compared the land tax paid in Western Australia with the land tax paid in other states as being a minimal amount with a minimal increase. Far more people today will be subject to land tax than over the past 10 years.

A significant number of people have opted to invest in property as opposed to the share market, for example, particularly over the past four to five years. The number of people who fall into higher income brackets, particularly those in fly in, fly out occupations who are on fairly good incomes, who have opted to invest in second and third properties for a number of reasons—whether it is to bulk up their long-term investments in superannuation through various trusts or for future occupation by their children—is far higher now in 2013 than 10 years ago. The number of people caught by land tax is far higher than 10 years ago. The impact of land tax across the population of Western Australia will be far higher than a decade ago.

In the second reading speech the government was trying to play down the overall impact of the increase in land tax by saying that approximately 45 per cent of taxpayers will experience an increase of less than \$20 as a result of these changes and the increase in the land tax bills of around 80 per cent of all taxpayers will be no more than \$70. The point that the government is making is that this is a minimal amount, so what is the problem? The problem is that it never told people that this would occur. This is just another on-cost, whether it is an on-cost on someone's business or an on-cost on outgoings for residential home owners with a second or third property, and one that was not expected. One of the questions that I would like the minister to answer because I cannot find it on the website is the number of Western Australians who are eligible to pay land tax. If the minister could provide those figures at some stage during this debate, it would be helpful. The percentages that the minister refers to can then be determined by the number of people who will be required to pay that higher tax.

The question I want to ask is: why increase land tax now? The government has made it clear that it wants to increase land tax because it is a revenue-raising decision at a time when the government has to raise revenue because of the financial situation it got itself into as a result of its own profligate decisions over the previous four years. There is no other explanation for this. The financial circumstances facing the state government today are purely of its own making. As a way of addressing that financial crisis and as a way of addressing the increase in the level of debt that it faces as a government, the government needs to raise revenue. Here is another course of revenue-increasing land tax. It comes at a time when the housing rental market is just recovering from having an all-time low availability of houses on the market.

[Member's time extended.]

Mr F.M. LOGAN: Western Australia has faced one of the tightest rental housing markets ever over the last four to five years. It is just recovering. Rental market availability has risen from 1.3 per cent to just over three per cent as more people are listing their homes on the market as being available for rent. That in itself is bringing a bit of relief to the extraordinary demand for accommodation in Western Australia. Madam Acting Speaker (Ms L.L. Baker), as you know yourself, the demand for housing in Western Australia is unprecedented because of the number of people coming into Western Australia and because of our population increase generally. The housing rental market is just coming good. More houses are starting to come back on the market that are available for

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rent. What does the government do? It introduces a land tax that will increase people's costs. What will happen to the revenue gained from increasing land tax? It will be passed on to the tenant by the owner of the properties. The cost of rent has been at an all-time high in Perth. Rental costs in the north west, in places such as Karratha and Port Hedland, are astronomical. The National Party made all sorts of claims about what it was going to do to bring those rents down. Rents in Port Hedland, in particular, have still not come down. The other day a company indicated to me that one of the houses on the market in Port Hedland that it was looking at cost \$4 500 a week. It must be a substantial house with a view but, nevertheless, that gives us an idea of the range of prices for housing in the north west. Increasing land tax on the people who own those homes will only increase the cost of rentals. Housing affordability is again being pushed further and further away from people's reach because of cost increases like this land tax. I know that the minister will say that it is only a small amount. It is a small amount but it is an amount that will be passed on in the form of higher rental charges.

We clearly understand why the government is introducing the land tax—because it has got itself into financial difficulty—but it is doing so at probably the worst possible time, knocking the top off a recovering market and increasing the cost of rental accommodation in Perth. It will have two impacts in the marketplace. The government stands condemned for what it is proposing. Again, that is one of the reasons we will be opposing this piece of legislation.

Earlier, the member for West Swan referred to the impact of the increase in land tax on land availability. It is interesting to look at the statistics that were provided by the Minister for Housing relating to land supply and housing activity. I quote from last year's September quarter figures. These figures have changed since then but not by much. If we look at land supply availability over the last few years, we see a dramatic decrease in the amount of land made available for development. Regardless of what the Minister for Planning said, not only has there been a reduction in land being approved, but there has also been an increase in the number of lots awaiting approval. The stock of residential subdivision applications in lots awaiting decisions at the end of last year's quarter, which I am referring to—the end of the September quarter—was down to about 25 000. Minister, it may well have improved, but not by much. In June 2008, the available lots were in the region of more than 1 000. The availability of land and available lots have been continuing to decrease because of the decision making and the speed of processing. It may not all be related directly to the Department of Lands or the Western Australian Planning Commission; it could obviously be related to local government and its procedures as well. However, the number of lots waiting for approval has simply increased dramatically. That puts further pressure on the housing market. I referred to this earlier. That type of pressure on the housing market is one of the fundamental reasons for driving up rental prices. The Minister for Planning has already said quite a few times that it is about supply and demand, but the demand is still there across Western Australia, particularly here in Perth, for housing.

Mr J.H.D. Day: There is a higher demand now, but it did go down quite substantially.

Mr F.M. LOGAN: I accept that; that can be seen in the statistics that the minister's department provided. Obviously after September 2008, demand for land had a dramatic dip. There was a sharp dip that came back, and then it gradually fell off. Demand is now coming back and that relates directly to the prices that I was just referring to earlier that is seen in the value of land in the March quarter of the Real Estate Institute of Western Australia's figures. Obviously, people are seeing value of their land increase, therefore making that land more available. That is why we have seen that blip.

Mr J.H.D. Day: And interest rates have been lower, and that's increased demand.

Mr F.M. LOGAN: Sure, I agree with the minister. I am an absolute advocate for interest rates being the driver of many economic decisions in our society—that obviously being one of them. The point I make is that that development activity will not be assisted by these land tax increases, and its overall impact will put further pressure on housing availability in Western Australia and prices, particularly in the rental market, that people will pay for housing. We have seen that already with sky-high rents. This change, albeit small, as the minister will argue, will mean that we will see that increase translate into an increase in the price of rents in Western Australia, a reduction possibly in the availability of homes for rent, and then a knock-on effect to the homeless or people seeking a home in Western Australia. That is why we oppose this legislation and why we condemn the government for taking this awful decision of sticking up prices or sticking up taxes when its members specifically said to small business that they would lift the cost burden on small business—they failed to mention to electors in the March election that they would be increasing taxes.

MS J. FARRER (Kimberley) [3.05 pm]: I would like to make a contribution on the Land Tax Amendment Bill 2013 that is before the house. The bill seeks to dramatically increase land tax in Western Australia by 12.5 per cent. For those affected by this tax grab, it is very significant; but for me and my community it is where this extra revenue is spent that remains my priority. Recently I visited the Kalumburu community, a place that has a

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number of issues that must be resolved. It is my responsibility to raise these issues during debate on a bill that is seeking to increase government revenue. I want to raise three key issues in Kalumburu that this government should focus on as priorities. These priorities could be funded easily from the money the government will get from its increase in land tax, as well as from funds such as the royalties for regions programs.

The key concerns for the Kalumburu community that need attention and funding from the Barnett government are as follows. First, they seek a community swimming pool with a safe environment. As we know, there were drowning tragedies when very young children were taken while swimming in a river waterhole near the community. It has been a tragic time for those people in the community.

Second, a multi-use building is needed for everybody to utilise that captures the living style in Kalumburu, including for funeral services, as these are sometimes held outside; for school and community functions; a place where women can gather to hold meetings and do things like sewing, art and craft, and where men can start to engage with other members in the community about issues and teenagers and youth can utilise for discos and other activities. These concerns were some of the things that the women asked me to bring forward on behalf of their community because of the lack of buildings they could utilise.

The third point refers to the question that they have asked; that is, regarding police to have a presence in the community. There are two police officers in the community, but the women feel that they are not given proper cultural awareness training in how to engage with Aboriginal people—more so with Aboriginal women. Cultural awareness is a very big issue as it does not address the basic formality when dealing with sensitive issues. They would much prefer a woman police officer to be stationed in Kalumburu to deal with women's issues alone.

It is only a short speech from me. Thank you.

DR M.D. NAHAN (Riverton — Minister for Finance) [3.08 pm] — in reply: In commenting on the Land Tax Amendment Bill 2013, I will try to answer the various questions asked. I thank everybody for their comments. The bill raises across-the-board land tax rates by 12.5 per cent. It does not alter the exemption rate or thresholds of this tax. The purpose of the bill, as was made clear, is to raise more revenue. The reason for it is to align growth and expenditure with growth and revenue, and to meet the government's fiscal objective, particularly with balancing the budget. It is a necessary thing to do. I might add that this tax has some implications that I will refer to, both to answer questions raised by members and to address some other issues. As indicated, the measure is expected to raise \$73 million in the current fiscal year and \$338 million over the forward estimates. This is a very progressive tax in the sense that the rate of tax starts low and grows very rapidly as the tax base grows. I had not looked at this tax for a while but I note that its progressivity is quite large. Another aspect of this land tax is interstate comparisons. The member for Cockburn indicated that they are not relevant.

Mr F.M. Logan: That's right.

Dr M.D. NAHAN: Yes, but a large number of investors look around the nation to see where they will invest in housing and large buildings. People look around the nation increasingly because Western Australia is a single economy. People compare rates of return, the cost of land and the tax burden. I will not say that land tax is a dominant driver of investments, but one thing that jumps out at me in the comparisons is the very high rate of taxation in other states. There are various estimates of them but according to the Commonwealth Grants Commission, our tax effort—the amount of effort we put in to extract \$1 of return from land tax—is about 28 per cent below the national average. Our tax effort therefore in land tax is lower than the effort in other states. The Treasury estimate is about 68 per cent, but there are various other estimates. I will indicate to members the different rates of land tax in other states. The total land tax on a \$1 million property in Western Australia after these changes will be \$700. That is not insignificant. However, in New South Wales it is \$9 604; in Victoria it is \$2 975; in South Australia it is \$9 447; and in Tasmania—maybe there are not too many \$1 million properties there—it is \$11 588. Therefore the land tax in New South Wales for a \$1 million property is \$9 604 and in Western Australia, after these changes, it will be \$700. These are very large differences.

Mr W.J. Johnston: Not for Eric Ripper.

Dr M.D. NAHAN: I will go to the past in a minute.

Mr W.J. Johnston: Eric Ripper was the one who cut the rates and you're putting them up again. Eric Ripper was the one who put them down.

Dr M.D. NAHAN: That was in the second government, not the first.

Mr W.J. Johnston: The Labor Party cut the land tax and you're putting it up again. You must be very proud!

Dr M.D. NAHAN: The first government, the Gallop government, was noted for its significant tax increases.

Several members interjected.

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The ACTING SPEAKER: Members!

Dr M.D. NAHAN: I will go over that.

Mr W.J. Johnston interjected.

The SPEAKER: Members, do not heckle.

Dr M.D. NAHAN: The progressivity of this tax is also apparent; 80 per cent of taxpayers will as a result of these increases experience no more than a \$70 increase.

Mr F.M. Logan: How many taxpayers is that, minister?

Dr M.D. NAHAN: I will go through all that. I might add that the progressivity of this tax is very apparent, in that one half of one per cent of taxpayers pay 60 per cent of the revenue; that is, 0.5 per cent of taxpayers pay 60 per cent of the revenue.

Mr W.J. Johnston: Is that a good thing?

Dr M.D. NAHAN: No. Let me finish my statement. It illustrates that businesses and wealthy individuals own a lot of land with property on it and they use it by renting it out for office space, business space and homes. This land tax does without doubt percolate down to renters of office space, business space and dwellings; I am not arguing against that. I am just saying that the incidence of the tax in the first place is very heavy on owners of high-value property. This is an issue. This tax is also largely imposed on businesses. Businesses offset the cost of land tax against their profit and income tax. That defrays the cost for them, but in the end it is passed on generally to the users of the land such as renters and leaseholders. Interstate comparisons therefore are relevant. The member for West Swan read out a report apparently produced by Treasury for the 2015 grants commission meeting. I have not seen that report and cannot comment on it too much. All I say is that the Western Australian effort on land tax, according to the grants commission, is currently below parity—it is 72 per cent. It is my understanding from the grants commission that if a state increases its tax effort to parity, it does not lose its GST share.

Ms R. Saffioti: Yes, that's my understanding too, but what about the methodology submission?

Dr M.D. NAHAN: Yes, I know. I am not sure what the grants commission says about the compliance issue raised by the member for West Swan. It has debates on that but the assessment process has not come out with a calculation for compliance. The point is well taken. It might be that Treasury is arguing that the compliance effort in Western Australia could be improved. That is my understanding of what the member for West Swan read out. Again, the tax effort on land tax in Western Australia is the lowest of any jurisdiction. It is an unpopular tax for a variety of reasons. That is one reason it is very progressive. The rate of tax on properties of less than \$400 is not high —

Mr F.M. Logan: Is it \$400 or \$400 000?

Dr M.D. NAHAN: It is \$400 000, excuse me. For a property valued at \$400 000 the new tax will be \$100; at \$500 000 it will be \$200; at \$600 000 it will be \$300; and up to \$1 million it will be \$700. On a property valued at \$5 million the new tax will be \$45 420. It is therefore very, very progressive. That is why politicians through the years have responded to rapid increases in land values by making people in businesses who own high-value properties bear the tax burden. I might add that land tax does not apply only to single-property owners; there is a range of rates for cumulative property ownership. Property ownership is aggregated; however, it is very progressive. Generally we know that progressive taxes are not popular and that people respond accordingly. There are a couple of other issues with land tax. It is imposed on properties that do not necessarily earn any income, such as holiday homes and unimproved land. It is therefore a tax imposed on the capital value of the land even if there is revenue to offset it. That is a significant issue and it is particularly relevant to lower priced properties, which is one reason that it is very progressive. One assumes that taxpayers with very high-value properties, particularly cumulative properties, put them to income-earning purposes. Nonetheless, there are issues. I might also add that this tax base is used for other purposes. Local government rates are related to land values; a fixed charge for water is related to land values; land values also attract conveyancing fees in the transfer of land; and there is also income tax. So there is a lot of tax on the transfer of land, including duties. That is another reason it is unpopular.

The member for Gosnells went into Henry George's idea that the optimal tax is a land tax. I have come across that many times. A Henry George organisation lobbies anybody who writes about economic matters, and I have been pestered for decades on that. Its argument is that total land values are fixed. It argues for a single tax on the land and because it is fixed in number we can impose a tax on land that is pure—it does not have a distortionary effect because we cannot change the supply of land; and also, as the member for Gosnells indicated, it defrays speculative activity that is prone to occur on land. In Australia, in particular at a state level, we apply that to a

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greater extent because a great deal of our taxation at state level is based on land. Members also raised issues of exemptions and what those exemptions are. The government will make no changes to the exemption pattern of this tax. The member for Cockburn raised the land tax base. I do not know where the member for Cockburn took his data from, but I will take it as given. I have been told by Treasury that, based on the latest land values, there will be a decline in land values in the current year in the forward estimates.

Mr F.M. Logan: I quoted REIWA's first quarter figures a couple of times.

Dr M.D. NAHAN: That is the information I have been given from Treasury. If the member for Cockburn wants to ask that in consideration in detail, I will have my advisers there. The advice I have is they expect land values to decline somewhat over the forward estimates. I might add that surprised me.

Mr F.M. Logan: That is not what the market is saying.

Dr M.D. NAHAN: There has been some improvement in the land market in recent times, although it has been pretty stagnant, and volatile, over the last three or four years.

Mr W.J. Johnston: Is the minister saying the advice is land values are going to fall?

Dr M.D. NAHAN: No; values are going to be stagnant over the forward estimates and in some cases they will fall.

Mr W.J. Johnston: The minister is predicting a very significant increase in revenue.

Dr M.D. NAHAN: That is because we are raising the tax rate by 12.5 per cent.

Mr W.J. Johnston: The government is raising it this year, and over the forward estimates it is expecting \$200 million extra, so where will that money come from?

Dr M.D. NAHAN: I suppose on transactions.

Mr W.J. Johnston: This is land tax.

Dr M.D. NAHAN: There will be growth in revenue, but the fall I referred to relates to what was predicted in the pre-election economic statement. They came out with an estimate of land tax, and the budget fall is relative to that forecast in the pre-election budget and now.

Mr W.J. Johnston: You are saying it is going to rise less than expected and not that it is flat?

Dr M.D. NAHAN: That is right.

Mr F.M. Logan: But in reality it is going up.

Dr M.D. NAHAN: The estimated number of land taxpayers for 2013–14 is 112 254. Of those, 80 per cent have properties valued at \$1 million or less. The largest number of taxpayers, 31 957, are those with properties of the smallest amount; that is, \$400 000. Again, that illustrates progressivity.

One of the issues raised repeatedly by commentators is whether or not we flagged before the election what we were going to do on revenue measures. Implied in that is that in election campaigns governments have to indicate all the possibilities that they would do, and irrespective of what they find in a budget they have to indicate tax rises. Of course, members opposite are setting a standard they must apply to themselves. When Dr Gallop, the former Premier, came to power in 2001 he faced a difficult budget position. From memory, he knew it was going to be a difficult position.

Mr W.J. Johnston: That is rubbish. No, that is not true at all. Do not make things up!

The ACTING SPEAKER (Ms L.L. Baker): Minister, are you accepting interjections?

Dr M.D. NAHAN: No.

Mr W.J. Johnston: The minister has not told the truth; he is obliged to tell the truth.

The ACTING SPEAKER: If the member wants the minister to take an interjection, he needs to ask him. I have asked him and he said no. I think that is settled.

Dr M.D. NAHAN: When the Gallop government came into power in 2001 it knew the fiscal position was pretty tight.

Ms R. Saffioti: The Premier denied there was a deficit!

Dr M.D. NAHAN: That is my point!

Mr W.J. Johnston: Your Premier denied it! You are making things up. This is just not true.

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The ACTING SPEAKER: I have said it twice!

Dr M.D. NAHAN: Mike McLure, a professor at University of Western Australia, wrote a paper on the Gallop government's taxation policy in its first government, from 2001 to 2005. He said that on taking office the Gallop government had no real expectation of introducing significant revenue-raising measures. The Labor Party came into the election when things were very tough and the budget was in deficit and it committed to major reforms, some of which it undertook, but it did not commit to revenue-raising measures. The Labor Party did not expect to and did not commit to it. It did not commit to the significant revenue-raising measures that became the defining characteristic of its first-term fiscal policy. As early as the second financial year of that term, the revenue budget came under considerable pressure from unanticipated growth in general revenue operating expenditure and the desire to maintain the good credit rating. In reacting to this, the Gallop government embarked on revenue-raising measures that were little more than short-term solutions. That is what the professor had to say.

Mr F.M. Logan: Such as?

Dr M.D. NAHAN: The largest increases were in conveyancing fees and land tax. There was also a debate at that time of a super profits tax, but that never came off.

Mr W.J. Johnston: There was no such thing!

Point of Order

Ms R. SAFFIOTI: The Minister for Finance just alleged that we were introducing a super profits tax.

The ACTING SPEAKER (Ms L.L. Baker): Member, I am sorry; that is not a point of order.

Ms R. SAFFIOTI: He is misleading the house!

The ACTING SPEAKER: That is a different issue. What you are raising is not a point of order.

Mr W.J. JOHNSTON: I would appreciate some guidance, Madam Acting Speaker. Is there an obligation on the minister to tell the truth in the chamber, because it makes us very confused when he says things that are patently untrue? I am a little confused whether there is an obligation on the minister to be honest or not, because if there is then perhaps you could direct him to be honest.

The ACTING SPEAKER: Thank you, member for Cannington. That is not a point of order. The minister is on his feet giving a response to the second reading debate. We need to let him continue. I suggest if you have further points to raise, you raise them in the third reading speech.

Debate Resumed

Dr M.D. NAHAN: It makes them wriggle!

There was extensive debate over a proposal to put a tax on high-value properties. I think New South Wales did it just before that. The Gallop government proposed it and backed off. That is not included.

Mr F.M. Logan: We discussed it and got rid of it.

Dr M.D. NAHAN: I am just clarifying that that is not included in these revenue-raising matters. Over the first term of the Gallop government conveyancing fees, land tax and payroll tax went up.

Ms R. Saffioti: Same as you!

Dr M.D. NAHAN: Yes. That is my point, is it not? Members opposite have set up a standard. I have listened to all the debate. The opposition criticised us for going into the election and not indicating which taxes might go up.

Ms R. Saffioti: But you were in government! It's a key difference.

Dr M.D. NAHAN: I am just showing that the same pattern applied to the Gallop government.

Several members interjected.

Dr M.D. NAHAN: In fact, the Gallop government increased taxes overall by 13 per cent.

Several members interjected.

The ACTING SPEAKER: Member for Armadale, I call you for the second time. Minister, would you not direct your comments in response to the interjections; talk to me.

Dr M.D. NAHAN: I suggest that people opposite apply the same standards to us that they undertook and applied to themselves.

Mr W.J. Johnston: We tell the truth; that's the standard we apply!

The ACTING SPEAKER: Member for Cannington, I call you for the first time.

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Dr M.D. NAHAN: The member for Cannington likes to accuse people of untruths very liberally.

Several members interjected.

The ACTING SPEAKER: Members! That is enough.

Dr M.D. NAHAN: In conclusion, yes, this is an increase in tax. It is a 12.5 per cent increase across the thresholds of land tax. It is used to increase revenue to meet the expenditure needs of the community, including those whom the member for Kimberley outlined. I ask Parliament to support the bill.

Division

Question put and a division taken, the Acting Speaker (Ms L.L. Baker) casting her vote with the noes, with the following result —

Ayes (33)

Mr P. Abetz	Mr W.M. Duncan	Mr S.K. L'Estrange	Mr J. Norberger
Mr F.A. Alban	Mr J.M. Francis	Mr R.S. Love	Mr D.T. Redman
Mr C.J. Barnett	Mrs G.J. Godfrey	Mr W.R. Marmion	Mr A.J. Simpson
Mr I.C. Blayney	Mr B.J. Grylls	Mr J.E. McGrath	Mr M.H. Taylor
Mr I.M. Britza	Dr K.D. Hames	Mr P.T. Miles	Mr T.K. Waldron
Mr V.A. Catania	Mrs L.M. Harvey	Ms A.R. Mitchell	Mr A. Krsticevic (<i>Teller</i>)
Mr M.J. Cowper	Mr C.D. Hutton	Mr N.W. Morton	
Ms M.J. Davies	Dr G.G. Jacobs	Dr M.D. Nahan	
Mr J.H.D. Day	Mr R.F. Johnson	Mr D.C. Nalder	

Noes (19)

Ms L.L. Baker	Mr W.J. Johnston	Mr P. Papalia	Mr P.C. Tinley
Dr A.D. Buti	Mr D.J. Kelly	Ms M.M. Quirk	Mr P.B. Watson
Mr R.H. Cook	Mr F.M. Logan	Mrs M.H. Roberts	Mr B.S. Wyatt
Ms J. Farrer	Mr M. McGowan	Ms R. Saffioti	Ms S.F. McGurk (<i>Teller</i>)
Ms J.M. Freeman	Mr M.P. Murray	Mr C.J. Tallentire	

Pairs

Mr G.M. Castrilli	Mr D.A. Templeman
Mr A.P. Jacob	Mr J.R. Quigley

Question thus passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1: Short title —

Ms R. SAFFIOTI: We have heard a lot of debate today about when bills were initially drafted. When was there a decision to start drafting the Land Tax Amendment Bill 2013 to increase land tax for this year and the forward estimates?

The ACTING SPEAKER: Before the minister answers that question, I direct members to the fact that there is no general debate on the short title. Minister, you are more than welcome to respond to this question, but I do caution members.

Dr M.D. NAHAN: It was after the election and after the Economic and Expenditure Reform Committee made a decision.

Mr W.J. JOHNSTON: Minister, I am a little confused about this. The front page, page i, of the bill states "Land Tax Amendment Bill 2013" but clause 1, "Short title", states —

This is the *Land Tax Amendment Act 2013*.

I am not quite sure which is right. Is it an act or is it a bill? It would seem that this legislation is in front of the chamber as a bill. Does that mean that we need to correct the drafting to ensure that it is consistent with standing orders?

Dr M.D. NAHAN: It is the normal drafting protocol for parliamentary drafting, and has been for years.

Mr W.J. JOHNSTON: I wonder whether the title of the bill is an accurate description of what we are doing. Are we not really doing here a land tax grab? As the minister said, this bill was apparently decided upon immediately after the election. At no time prior to the election—I am happy to wait for the minister's return—did the minister tell the people of Western Australia that the government was intending to make this land tax

Extract from Hansard

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grab. Is this really appropriate given that the only discussion by the Liberal Party during the election campaign about taxes was a promise to reduce taxes? This legislation seeks to increase land tax by one-third. I wonder whether this banal title is the proper one for this bill, and whether it should more accurately reflect what the bill seeks to do.

In considering that, the minister should remember that yesterday the Premier spoke about mandates and explained the federal Liberal Party's decision to remove the mining tax, but not the petroleum resource rent tax, and that that was about a mandate. Given the government does not have a mandate to introduce this land tax grab, is the minister satisfied that this is a proper reflection of the bill's objectives? As the minister has outlined in his reply to the second reading debate, there is no particular public policy reason that we should be considering this land tax. No reform process is in place. It is not about simplification of the tax code; it is not about making the system more equitable. In his second reading reply, the minister reflected on land tax in other states. Of course, as the minister outlined, we are very lucky that the former Labor government brought down land tax to very low rates here in Western Australia, which the Liberal Party has never been able to match. The benefits of that low tax rate have been available to investors in land and property in Western Australia. Does a benign title such as Land Tax Amendment Act 2013 properly reflect what the legislation will achieve? Is it not really just another Liberal tax-and-spend agenda? Rather than dealing with the budget position, is the government just taxing investors in this state more and that is not really reflected in this suggested title of land tax amendment? Should it not be something like "Land Tax Grab and Liberal Tax and Spend Act"? Is that not a much more accurate reflection of what this legislation will do?

I note in his second reading comments the minister reflected on the position of the former Labor government. However, the former Labor government came to power and the books of Western Australia were corrupt; they did not reflect —

The ACTING SPEAKER: Member! I am sorry, I bring you back to —

Mr W.J. JOHNSTON: The land tax.

The ACTING SPEAKER: Yes; that would be wonderful.

Mr W.J. JOHNSTON: Yes, the title. In considering whether this title accurately reflects the bill's objectives, we do not have the same issues about corrupt reflection of the accounts by a former government of a different political persuasion, which happened for Geoff Gallop in 2001. Here, the only corruption of the books was by the Liberal Party before the election. Why are we not being more honest and giving the bill a title that reflects what the government is doing with this legislation before us today?

Dr M.D. NAHAN: The member for Cannington is very liberal throwing around the words "corruption" and "dishonesty" and what not; I just ask him to look at himself.

Withdrawal of Remark

The ACTING SPEAKER (Ms L.L. Baker): Is this a point of order? I am sorry; I missed that. Go ahead.

Ms R. SAFFIOTI: I know you were talking to the Clerk, Madam Acting Speaker, but the minister just reflected very badly on the member for Cannington.

Mr P. Papalia: In an unparliamentary fashion.

Ms R. SAFFIOTI: Yes.

The ACTING SPEAKER: Can you give me a minute, please. We did not hear what the minister was saying. I am sorry; I was making sure the call was in the right place. I do not think it was a point of order. I certainly did not hear it; I am very sorry. Minister would you like to restate —

Mr W.J. Johnston: He said something that reflected on me and he needs to withdraw.

Dr M.D. Nahan: No, no; I have nothing to withdraw.

The ACTING SPEAKER: I asked the minister to restate what he said because I did not hear it.

Dr M.D. NAHAN: The statement stands.

Mr P. PAPALIA: I heard what the minister said. In a direct reflection on the member, he suggested that in relation to corruption, the member for Cannington should take a look at himself. That is clearly unparliamentary and the minister should withdraw. He knows he was unparliamentary. He is now being dishonest, which is —

The ACTING SPEAKER: Member! That is fine. I have the gist of what was said; you cannot continue to call him dishonest. Minister, if that is indeed what was said —

Dr M.D. NAHAN: What I said is what I said; it is accurate and I stand by it.

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Mr W.J. Johnston: What did you say, you wimp?

The ACTING SPEAKER: Excuse me, members!

Mr P. Papalia: We'll check the *Hansard*.

The ACTING SPEAKER: Members! Minister, are you making any response? No?

Dr M.D. NAHAN: I will respond to the questions. He went on for four or five minutes. Can I respond to that?

The ACTING SPEAKER: I am asking if you would like to take the floor and respond, minister.

Dr M.D. NAHAN: We are not going to change. I thought on a point of order we were not supposed to have a debate on the short title.

The ACTING SPEAKER: I said that it was not a general debate. I am satisfied that the member for Cannington did —

Dr M.D. NAHAN: There is no need for a change to the short title.

Debate Resumed

The ACTING SPEAKER: The question is that clause 1 stand as printed.

Ms R. SAFFIOTI: I seek information on the background involved in choosing a title for a bill. For example, should it be called the Land Tax Amendment Bill 2013 under an existing protocol? What choices are available when we look at titles of bills? Is there a precedent for such bills throughout the history of land tax? As I indicated in my second reading contribution today, land tax began in 1907 by the then honourable Treasurer, Hon Frank Wilson. What protocols exist for choosing a title and name for a bill?

Dr M.D. NAHAN: The general policy is that if it is an amending act such as the Land Tax Act, it is called the Land Tax Amendment Act. If it were changing multiple acts, it would have a different name. It is up to parliamentary counsel to determine that. This title is fully consistent with that.

Mr B.S. WYATT: It does not do the minister any justice throwing around corruption words to members here. He was not accused of being corrupt and, as a minister in the state of Western Australia, I hope he reflects on that in due course.

My question on the short title—the member for Cannington has made a useful point—is something I have raised time and again on tax increases by this government. We will recall the government's decision to initially defer Eric Ripper's tax cuts surrounding payroll tax grouping provisions and duty on non-real property, initially deferred for three years by this government, and now deferred indefinitely, which is effectively a tax increase of more than \$1 billion. At the time I moved to try to get some honesty in the short titles of those pieces of legislation by moving to amend the title to the "Tax Slug Amendment Act", you may recall, Madam Acting Speaker.

Mr F.M. Logan: Very appropriate.

Mr B.S. WYATT: It was very appropriate, and I think it reflected quite accurately what the Barnett government was doing with that bill. I recall that the Treasurer at the time, the member for Vasse, was inclined to support it during that debate, although he did not, provided they could then bring to the house the "Anti-tax Slug Amendment Bill" when he abolished that piece of land legislation. I thought that was a great idea and I was keen to support it! Of course, unfortunately, the "Anti-tax Slug Amendment Bill" became the "Two Times Tax Slug Amendment Bill" when the government removed that legislated tax cut forever. That is where the member for Cannington was going in his reflection on the rather benign short title of this legislation—Land Tax Amendment Act 2013—because I do not think the small business sector would really appreciate, when looking at this title, that its rents are about to go up. I do not think small businesses would appreciate that they are being looked to to make up for the fully funded, fully costed 2013 election line. That is what this legislation does and the member for Cannington has raised a very good point about the short title the Land Tax Amendment Act 2013. The minister may recall that last night we debated the tax administration act.

Mr F.M. Logan interjected.

Mr B.S. WYATT: The Revenue Laws Amendment Bill 2013, I thank the member. Again the title does not reflect what the government is actually doing; I can never remember what it is called. I asked the question about whether the legislation had gone to the regulatory gatekeeping unit. The minister said no, because legislation that goes to the Economic and Expenditure Reform Committee does not go to the regulatory gatekeeping unit and a regulatory impact statement is therefore not prepared. My question about this bill is: is this a similar bill? I

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assume it also went to the EERC and therefore was not required to go to the regulatory gatekeeping unit and no regulatory impact assessment was done.

Dr M.D. NAHAN: That is right.

Mr W.J. JOHNSTON: I assume the question is that clause 1 stand as printed, but I think it is important to consider whether we accurately let the people of the state know what the minister is trying to do. There could be a bill with the short title the Land Tax Amendment Act 2013 intending to reduce land tax, when in fact the bill before us increases land tax. A bill could come into this place that changes thresholds to make things more favourable to certain categories of landowners. For example, thresholds might be adjusted so that fewer taxpayers pay tax, with fewer landholders included in the revenue base camp—the number of people paying. A bill could come into the chamber changing the nature of the properties to be included in the tax. For example, under legislation called the Land Tax Amendment Act 2013 properties held for the national rental affordability scheme might be exempted. That could be done with legislation called the Land Tax Amendment Act 2013. The government bringing legislation into this chamber with the sole purpose of slugging the people, the investors, of this state with more land tax is not really reflected in the short title Land Tax Amendment Act 2013. It might be said that the Liberal Party claims to represent small investors in the state and perhaps proper title for the legislation would be the “Liberal Party Betrayal of Our Supporters Act 2013”. That might be a more accurate title for a bill of this nature, because that is what the Liberal Party is doing. In their inaugural speeches, a number of new members to this chamber talked about the need to support small business and investors. Clearly the title Land Tax Amendment Act 2013 does not reflect the betrayal this legislation represents. There are many, many different ways that this title could be reworded to make it more accurate and to represent this legislation. In considering whether this is a proper title, a number of members on the other side have talked about the need for governments to raise revenue to spend on the services demanded by the people of this state. That is always a valid argument and I have never had any trouble with that. Of course, in America that would be called the liberal tax-and-spend agenda and maybe there needs to be something in the title of the bill that reflects the fact that we have a government that likes to tax and spend. When the Liberal Party was in opposition it criticised former Labor governments for spending and taxing and now the current Liberal government is doing just that. At the end of the day, we are just talking about a land tax grab. That is why I will move an amendment. I move —

Page 2, line 2 — To delete “*Land Tax Amendment Act 2013*” and insert —

Land Tax Grab and Liberal Tax and Spend Act 2013

I think that title more accurately reflects what is going on here. This Liberal Party is determined to tax and spend and this is a land tax grab. I think my proposed amendment is a much more accurate and honest way of dealing with this legislation.

Dr M.D. NAHAN: That is a bunch of nonsense. We do not support the amendment.

Ms R. SAFFIOTI: I think the member for Cannington has highlighted a more appropriate name for this legislation. Let us cut to the chase. With this year’s budget this government is implementing \$1.6 billion worth of revenue raising. That is \$1.6 billion of new and increased taxation measures, which is unprecedented. In his reply to the second reading debate, the Minister for Finance spoke about taxes that the Labor Party never introduced—namely, the super profits tax; we have never even contemplated one.

Mr F.M. Logan interjected.

Ms R. SAFFIOTI: The term “super profits tax” was completely misleading and deliberately intended to cause confusion between the two different levels of government. In relation to his government’s taxation effort, the minister tried to compare what the previous Labor government did with what this government is doing currently. During the debate I was checking past budget papers, as you do, just to get an indication about the taxation effort and decisions made in the early 2000s compared to now. I am just starting my little analysis, but in 2003–04, for example, the annual impact of the taxation increases was around \$100 million. In 2002–03, that figure was probably around the same. In this budget alone, that impact is \$1.6 billion. Let us go through this again, the Labor government inherited a budget from the Court Liberal government in 2001. The Barnett government inherited a budget from itself. There should have been no surprises. The government knew the entire financial landscape because it created it. As I have said on numerous occasions, Labor left the best set of books in this state’s history—strong operating surpluses and net debt at record lows. In fact, the general government sector debt position was positive. We had cash in the bank. The Liberal government took the best set of books and turned it into the worst set of books. During the election campaign the government said that it would lift the tax burden off small business but it is now increasing the tax burden on small business. That is clearly a broken promise. The key point is that the government inherited books that it created. There were no surprises.

Extract from *Hansard*

[ASSEMBLY — Wednesday, 11 September 2013]

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Let us go to the management of the increases. I will continue with my analysis. As I said, these taxes will amount to \$1.6 billion of additional revenue raising. These are not just parameter changes or revenue picked up from changes in the Australian dollar, the oil price or the iron ore spot price; these are policy decisions to increase revenue.

Debate interrupted, pursuant to standing orders.

[Continued on page 3920.]