

**COST OF LIVING — FEDERAL LABOR PARTY**

*Motion*

**DR M.D. NAHAN (Riverton — Leader of the Opposition)** [4.00 pm]: I move —

That this house notes the damage that a federal Labor government will have on Western Australia, including increases to the cost of living, reduced income for seniors and damage to the housing and construction sector.

Today's *The West Australian* depicted a bus driving around our city showing a big photograph of Bill Shorten and next to that, a large photograph of the Premier, Mark McGowan. It implies they are conjoint twins sharing the same policies and perspectives, and that is a focus we want to explore. We explored it in question time, when the Premier was not here, but ministers in their respective portfolios indicated to us that they are in lock step with Mr Shorten on his policies on a range of fronts.

The Treasurer cannot see anything but blue sky in our economy, but those who live in the economy, and in reality have to deal with it, see some blue sky but mostly grey. The economy is really doing it tough. We cannot address issues with policy unless we are realistic. The government of the day wishes to believe that everything is great. The Treasurer has said that he cannot find a single piece of negative data and has implemented policies on that basis, and that is the problem we have.

This Western Australian economy always faces risks, because it is a commodity-based economy. Commodity prices go up and down and right now they are up—over \$100 a tonne for iron ore. However, the government has to prepare for some things. That price could go down. I do not know what will happen with iron ore prices, but we are highly dependent on one country—China—which takes 60 per cent of our exports. China has surprised everybody with its continued growth, particularly its need for resources over time. Hopefully, it will continue, but the dependence on and the nature of that economy and of its governance means there is a risk there. Also, as a nation, a lot of our domestic growth has been driven by rapid population growth. Over the last 10 years, Australia has probably experienced the highest sustained rate of population growth of any country since the US in the 1880s, which was driven by migration. I am not criticising it; it is just the reality. That is still going on in the eastern states, but it has declined sharply in Western Australia partly due to government choices.

Something else is happening in Western Australia and, indeed, Australia. Over the last 30 or 40 years, there has been a huge increase in the asset values of households, largely of land. Land values have increased rapidly, making land values relative to income in Western Australia, as well as in Melbourne and Sydney, some of the most expensive. Indeed, in Sydney, median house prices relative to median income are the second most expensive in the world after Hong Kong. Hong Kong is a special place. It sits as an inter-point—a trade centre—on the edge of China and has a large inflow of people on restricted land. Nonetheless, that is what is happening. People who have invested in property or bought a home have done very well—beyond their wildest dreams. Now, nationally, there is a credit crunch underway, driven by a number of factors, many of them beyond the control of the government, especially that of the state government. Banks are re-evaluating credit ratings and loan values relative to property values. Banks are significantly adjusting their aggregate loan book versus dwellings in Western Australia and throughout the nation generally, and it is becoming more and more difficult to get a loan, particularly for small business and dwellings. In part, that is driven by banks looking to the future, realising that the household debt to income level in Australia is over 200 per cent—amongst the highest in the world—almost all driven by increases in house values, and that cannot go on for much longer. The Reserve Bank thinks we have the capacity for about five per cent more and that is dependent on house prices continuing to go up. Sydney and Melbourne went through the largest boom in house prices. The starting point was very high; now it is incredible. Over the last four or five years, median house prices in Sydney have gone up by 75 per cent, which is a huge increase. A credit crunch is occurring.

In 2017, when the McGowan government won the election, this state's economy was going through a very big structural adjustment. It was coming down from the largest investment boom in the nation's history, when business investment in Western Australia alone peaked at \$85 billion to build the huge iron ore, oil and gas projects and everything else. Indeed, \$250 billion was invested in LNG alone. Those projects started to end; they were never going to go on forever. They could not. As they ended, the rate of employment went down. To blame the previous government for the Gorgon project not being infinite was ridiculous, but that is politics. The state ran out of people; unemployment was 2.7 per cent and wage rates in Western Australia were astronomical. Incomes were probably the highest in the world outside those in the Middle East at that time. As projects ended, wages went down. Then, of course, our economy got hit by the mother of all collapses in commodity prices. In 2014, the price of iron ore, which provided the state's main source of revenue, went from \$118 to \$37.70 a tonne. It was a huge collapse in commodity prices. That is a risk this state carries. The Labor Party won government on the basis of a collapse in the investment boom, a decline in the price of iron ore and the residual impact on our budget. The Labor government also inherited—as the data showed—a nascent recovery in certain sectors of the economy. It inherited

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a recovery underway in the mining and oil and gas sectors driven in large part by an increase in commodity prices and other factors—good policy. Western Australia had the best policies for the mining sector in the world. That was recovering. This is part of the McGowan government's luck. It jumped into the saddle of the horse that is the Western Australian government, going in one direction, the saddle was ready, the horse was good in the mining sector and it hoped to ride that into recovery. The mining sector has done very well since then. As Treasury would have told the new government, in early 2017, there was some nascent recovery, albeit low, in the housing sector. It can be seen in the first across-the-board data in 2017, which the Treasurer likes to quote. Things started going off later in that year and in 2018. In part, it was due to the policies of the McGowan government. We have gone through them many times in this house. First of all, the government slammed on the brakes. It increased taxes such as payroll tax, the foreign investor's levy and others. It increased fees and charges at the mines and everywhere else. It swept up as much revenue as it possibly could. It particularly tightened fiscal policy on that.

One of the dumbest things the government ever did to the housing market was to reduce immigration to this state by removing Perth's standing as a regional centre, which reduced the points that people can have to migrate here. That not only impacted the number of people coming here and therefore the demand for houses and people in restaurants and whatnot, but also restricted significantly the number of people who would come here for temporary purposes—in particular, for study at our universities. We have seen a decline in international education numbers in this state. It was one of our largest service industries. We have seen a decline in every sector that relies on household consumption. Worst of all, it hit households at a time when households were trying to get more optimistic. It was a time when households had zero discretionary income. The government hit them with the mother of all increases in fees and charges, such as a 19 per cent increase in electricity charges over 18 months and an 11 per cent increase in water charges. The government did it in such a way that households could not avoid it. The government took any residual disposable income that households had and stuck it in the state coffers. That is what the government did. In doing so, it wiped out all the optimism that was starting to shine through in the household sector. The government is in denial about it, but that is what has happened.

Before the election in 2017, we came up with a policy of a first home owner grant bonus. We did that because we had been told by the housing sector, which employs over 100 000 people, that it was really down. It had peaked at 32 000 new housing starts and was going towards 18 000. The sector was struggling to maintain not only employment, but also new people, apprenticeships and businesses. I remember the current Treasurer saying during the election that the bonus was expensive, but that he supported it. One of the first things he did when he came to government was to take it back. It lasted for six months because it was in when he inherited the Treasury reins, but it worked. He stood in this chamber and said that it would have no impact. It has. I admit that it was expensive, but the government took away not just a stimulus, but also the hope of the housing sector. The housing sector is in a crisis, as is the building industry. During the last two years, 350 building firms went bankrupt and will never come back. Most of them were small businesses. The owners lost equity in not only their businesses, but also the housing underlying them. Those businesses did not go bankrupt leaving any cash around. They are struggling. The government hit them at the wrong time. It hit households and the building sector at the wrong time.

The data is quite overwhelming. We have gone through this in this place before, but let me read it in. We went through this last week. State final demand is the measure of the pace of the domestic economy. Exports are growing. Imports are growing sometimes. Imports are down because we are not importing as much machinery and equipment to build the infrastructure that goes with the mining sector. But what counts for the domestic economy is state final demand. In the December quarter, it went down by 0.3 per cent. Over the year, it went down by 0.5 per cent. In every quarter over the last 12 months, state final demand has declined. In other words, our domestic economy has shrunk throughout 2018. That was when the Treasurer was saying that he could not find any data that was not positive—he could find no negative data. What was he looking at?

Business investment has declined over the years because it peaked. Traditionally, it was growing at about \$15 billion to \$20 billion a year in Western Australia. Then it went up to \$85 billion and it has been coming down. We expected it to come down from the peak, and some of those major projects are still reducing. Inpex and Wheatstone have been reducing over the last year. Those projects dwarf anything that we had seen here before and, I suggest, anything that we will see in the future. I will come to that. Business investment came down by 6.2 per cent in 2018. It was down by 5.4 per cent in the December quarter. We have heard members on the other side say that business confidence is up, consumer confidence is up and everything is going up. I do not know what they are looking at.

Population growth is historically a key underpinning for the Western Australian economy. With the commodity cycles we have always gone through, waves of people come in and then we lose people interstate, but pick up the difference by international migration. It has always been up and down. It is the nature of our economy. But population growth is now running at about 0.8 per cent. That is the lowest of any state and inadequate to fulfil the capacity of this state. It is being held back and will be held back by the policies of this government to restrict regional migration. I believe the government's budget has a recovery in population, which means a recovery in

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international migration. I do not know where that will come from unless there is a policy change. I add that interstate migration is still negative. The state is still losing people to the eastern states. If we do not have overseas migration, which the government is restricting, and people are still leaving, the population of working age people will shrink.

Dwelling investment was down 1.8 per cent in the December quarter. It was down 4.3 per cent in 2018. Private consumption is up by 1.1 per cent. That is not very high. Our wages growth is the lowest in the nation at 1.5 per cent—for both the private and public sectors. That is the lowest in the nation. The international tourism spend is down. Retail trade is flat to negative.

The government said that we should measure it by key performance indicators and that the major KPI was job growth in the state. It said that over and over again. It has failed hands down. The unemployment rate is 6.8 per cent, which is the highest in 17 years. It is 0.5 per cent higher, with 10 000 more unemployed in Western Australia, than when the government came in in March 2017. More people are unemployed. Nearly 100 000 people are unemployed, which is the highest number since records started being kept 41 years ago. If that is not a clarion call to do something, what the hell would be? We get denials from the Treasurer, but this is the reality.

**Dr A.D. Buti** interjected.

**Dr M.D. NAHAN:** The member for Armadale should go and talk to his people.

**Dr A.D. Buti:** I was talking to my people.

**Dr M.D. NAHAN:** I know you do. This is a fact that shocked the hell out of me. In Armadale, house prices have gone down by 25 per cent over four years. It is a shocker! It is not a high-income place. People are struggling. Young people are coming in and some suburbs have been burgeoning. That electorate has responded to the Labor Party in record numbers. The member for Armadale has the largest margin of any member in the state—I think that is the case—but his electorate is struggling. Unemployment is high, negative equity is huge, mortgage stress is high and shops are struggling. It is a place that needs some assistance. It needs something. The government has to do something about it, but mainly, do not make it worse. I am not picking on Armadale. I think it has the largest decline in house prices of any of the suburbs I looked at. This goes beyond the aggregates. If we look at issues of mortgage stress, the third worst suburb or area code in Australia is Wanneroo. It has 6 340 people under mortgage stress. The next one in Western Australia is Clarkson, with nearly 4 600 households. That is a very large share of the total number of dwellings or households in those areas. This is tough. The government has to do something about this, but first it has to admit it, recognise it and respond to it where it can. Personal insolvencies in Perth are up 12.9 per cent in the calendar year of 2018 and bankruptcies are up 10.6 per cent in the same period. This is huge.

**Mr D.J. Kelly:** People need a pay rise, clearly.

**Dr M.D. NAHAN:** Yes. We will go through that, but people need a government that first recognises that this data exists, not a Treasurer and a leader in denial. That is what they have done. The starting point would be to reverse most of the policies I mentioned earlier that the government put in place. They are all duds. I do not know what goes on in cabinet in the McGowan government. Some of the things that come out of there are unreal. Some of them include trying to close down the Schools of the Air—yeah, right—or nationalising 17 per cent of the crayfish industry trying to hide it as getting more crays on the market. Do members know what would have happened? Everybody would have had to eat crayfish every day for years to consume that much. It was ridiculous. What was the government thinking? Another policy was to restrict populations of migrants by taking away the regional migration scheme bonus. What for? I know it was popular during the election to say, “Jobs for Western Australians”, but it destroyed jobs for Western Australians, particularly in the international education and housing sector. The real doozy is that if we talk to people around Perth about what the most idiotic policy was—I think the Reserve Bank deputy governor mentioned this—they say it was the foreign investment surcharge. As we have talked about in this place before, that type of policy has its place, particularly during a period of out-of-control increases in housing prices. It started in Vancouver some years ago and was adopted in Melbourne and Sydney. I sat in meetings, and if I was in all those three places at that time, I would have supported that too. They had to do something to dampen demand, often from overseas, for houses and garnish some money to help locals buy a house or get a dwelling above their head through social housing. They had a market that was completely out of control in a bubble economy but we had a housing sector on its knees. As I said, there was some light coming through, but the government squashed it. Also, its overwhelming capital policy is Metronet, which will be based on infill along transport-orientated development, which means more dense living. Who is going to pay for that stuff? Who is going to buy, fund and develop all those high-rises? Foreigners will pay for some of it. Traditionally, they buy off the plan between 15 per cent to 20 per cent of high-rise developments. They are not coming anywhere near it. Over the past 12 months since the government put in that policy, overall investment in properties dropped 30 per cent. It is a collapse and it is not going to go any better as long as that policy is there, particularly in the context of

a credit crunch and in light of a potential Shorten government. All that money to be collected by the sale of the land around Metronet means the government can kiss that goodbye, unless it does something about it.

I reiterated all these things about the state of the economy, not to be negative, but to reiterate that we are the opposition and we have a government in complete denial. The Labor Party was hoping to be the masters of negativity in opposition, but then it came in and the first thing the Premier, the member for Rockingham, said was that we are in a depression-based economy and that this is the worst seen since the Great Depression of the 1930s. He was really being positive then! A nascent recovery was actually underway. He put in all these policies, most of which were cooked up by the brains trust—who were brain dead—during the election, and he kicked the guts out of our economy and has been in denial. He was hoping that the mining sector would lift us up and that mining sector growth would pull in the tide and the whole economy would float and recover. He would do the hard things during the first few years and blame the previous government, hope the money would come in, and spend big in the run-up to the election in 2021. He played the political cycle, but the trouble was that the economic cycle he accentuated, accentuated it down. That is a problem.

A bus is now driving around with big pictures of two men, Mr Shorten and the Premier, the member for Rockingham, on it. Mr Shorten has a number of key policies that were cooked up in the main before the last federal election in 2016, in a different context that will make no sense, at least here. Let me go through some of them. Paul Keating changed capital gains tax in the 1980s. It was one of his signature reforms and I think the Howard government put a 50 per cent discount on it after properties or assets were owned after a period, I think after 12 months. That led to a large number of investments, particularly in properties. That is important for people trying to save for their retirement, or to invest in various things. In 2016, the Shorten opposition then proposed to reduce that discount from 50 per cent to 25 per cent. We have also had negative gearing on assets for a long time, not just on housing but on all sorts of assets. If a person loses on that specific investment and their income does not cover their costs, they can offset that loss on other sources of income. It has been used particularly in property, but it is used across the board on shares and other assets, and it has been widely used in Western Australia in the housing market. Back then Shorten decided to put those changes in place, and he did it in the context of a bubble housing sector in Melbourne and Sydney. Remember, members, that this is something like what the McGowan government did with the foreign investor surcharge, a policy cooked up at a different time and for eastern states circumstances when the housing market was out of control and capped in 2019, when the housing market in Western Australia was in the doldrums. The government will impose it on us.

The politics of envy is the reason for this. The government believes that most people with investment properties who benefit from negative gearing and capital gains are wealthier and probably vote Liberal, so it is going to garnish many billions of dollars and spend it. The trouble is that a large number of ordinary people use negative gearing, including more than 20 000 teachers and 40 000 police.

**Mr P.C. Tinley** interjected.

**Dr M.D. NAHAN:** Nurses? The last I heard nurses and police vote Labor as much as they vote Liberal. It is kind of logical, particularly for teachers and police. They buy a house but then they get shifted around quite significantly, particularly in our state. They do not live in the house that they own or are buying, so they probably use negative gearing and stay in Government Regional Officers' Housing houses somewhere. This will impact on a substantial number of ordinary people, but it will also significantly affect demand for housing in Western Australia at a time when the housing sector is as low as it has ever been. This is the worst housing market in living memory.

CoreLogic, which is a forecasting group for housing, says that there will be no recovery in the housing sector at least until 2020. If this is put in, it will make things significantly worse. I quote UBS's chief economist —

“My concern would be that if you were to make a material change to tax policy at the same time as banks are tightening lending standards, it could exacerbate what's already a downturn into something more serious.”

That is what the government is doing. It is an issue of timing, particularly in Western Australia. In Melbourne and Sydney, house prices have shot up hugely over the last 10 years. They have been flat and negative and have continued to go down here, and we still have the worst housing market in Australia. Yes, the declines in Melbourne and Sydney at times might be worse than ours, but they are from a peak. They still, over the last four years, are up, while ours are down over the last 10 years by 17.7 per cent.

**Mr P.C. Tinley:** Yes, but from what peak, if you're going to talk about peaks?

**Dr M.D. NAHAN:** Yes, I did. The minister was praised, from what he said, for his policy of pursuing a decline in house pricing. In the long term, retaining growth in house prices might a good idea, but right now the minister is putting in policies that will kick an already low housing market in the guts, and he will ensure that households

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struggling under mortgage stress and increasing insolvencies are going to get worse. The policies are wrong for Western Australia and they are wrong for now.

Our problem is that the government has met with the federal shadow cabinet. Did it raise these concerns? Did the Minister for Housing raise these concerns with Shorten? This is dumb. This is not appropriate now. Adjust the policies. This is serious; this is very serious.

I turn now to retiree tax. Dividend imputation was a policy of the Labor Hawke–Keating government back in the 1980s. The policy was that if you get dividends from a company, you should be taxed only once. In the past, if you get a dividend, the company pays its tax on it and then you hand it to the shareholder and they have to pay their tax, and they were often being taxed above 50 per cent, or maybe 60 per cent, at that time. Tax rates were much higher. Keating quite rightly put in dividend imputation so that, effectively, you were only taxed once. The policy then was that if you do not have a cash income, you retire. Those imputed credits that had already been taxed in the firm were not taxed and you got those in cash payments. It has been a longstanding policy that thousands and thousands of retirees have based their future on.

One of the problems with retiring is basically that once you retire, there is no revising, reviewing or changing the decisions you made up to retirement; you are stuck. We are going to have hundreds of thousands of retirees who will lose a substantial proportion of their retirement income through this decision. Western Australia, which has a disproportionate number of self-funded retirees, will be hit worst. I ask the Minister for Seniors and Ageing if he represented the people he is supposed to represent to Mr Shorten today when he met him. This is serious. These retirees do not have any other option, except going on the pension, but that would require a reduction in income. There is no doubt that this is going to extract a substantial amount of money from retirees' income because the Shorten opposition has budgeted for it and spent the money elsewhere.

I turn to wages policy. The federal Labor Party has decided to turn minimum wages into a living wage, as proposed by the ACTU, and increase minimum wages by six per cent in the first year and 5.5 per cent the following year—an across-the-board increase of the minimum wage by more than 11 per cent. There is no increase in productivity; just an 11 per cent increase in the minimum wage. That might sound nice, and wages growth is low, but what will happen? This is very interesting. The Chamber of Commerce and Industry of Western Australia is the main outside validator of McGowan government policy; we sit here on a daily basis as the Treasurer and the Premier read out what the CCI has said: this policy is good, that policy is good, consumer sentiment is up, business sentiment is up. The CCI went to the same database, the same people, that they survey about business and consumer confidence—in this case mainly business confidence—and asked, “Are you confident?” “Yes.” The Treasurer faithfully regurgitated that and said, “Aren't we doing a great job?” The CCI went to the same people and asked, “What will happen if these wage rates are put in place?” We saw it in the paper today: 76 per cent of businesses said that they would be forced to lay off workers, reduce workers' hours and delay hiring new workers. In other words, these are the same people that the McGowan government relies upon to say it is doing a great job for business confidence, but they are saying that the Shorten government will increase unemployment and underemployment in this state.

To go back to the starting point, the McGowan government came up with a strategy for 150 000 jobs, and the Premier said in an article that appeared in *The West Australian* the day after the strategy was released, “Judge me by my activities. Judge me by the KPIs. Judge me by the 150 000 jobs—of course, after the next election.” The Premier's picture is attached to a bus with Mr Shorten, who is going to undermine the Premier's KPIs. There is absolutely no doubt of that. It is an 11.5 per cent increase, unrelated to productivity and unrelated to capacity to pay. A minimum wage increase of 11.5 per cent over two years will destroy jobs. In an article that appeared in *The West Australian*, the CCI stated —

“At a time when WA has the equal highest unemployment rate in 17 years at 6.8 per cent, Federal Labor needs to consider the WA jobs that would be lost if they proceed with this proposal ...

“There are more than 97,000 West Australians who are unemployed and just over 16,000 advertised job vacancies in WA, which means job creation is critical to turn the high unemployment rate around.”

What has the state government done? In this place, we hear all the time that the McGowan government works closely with federal governments on both sides. We get lectured that when we were in government, we supposedly had a terrible relationship with the then federal government. I can remember the Rudd government showering money on us during the peak of the boom. Nonetheless, let us take that argument. The state government said that it works well with the feds. Get on the bus, go into a cabinet meeting and tell them that this is not on. The best way to help people to increase effective household income is not through an across-the-board productivity-related wage increase but through tax cuts. That is what needs to be done.

Another issue is the energy policy. This policy has vexed governments for decades now. It led to the collapse of the Gillard government and backflipping on both sides. It is a struggle. But it has real costs and Shorten again has

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come in with a policy. He has not articulated it in any great detail. He has been very careful about it. But he has promised a 45 per cent reduction in carbon emissions across the economy by 2030 and a renewable policy of 35 per cent by 2030. He has not modelled this very closely, but it is particularly important to us because: what is our state? Our state is a carbon-intensive state. We produce and export and process energy. We are the largest producer of liquefied natural gas in the region. We also produce a lot of oil. We produce huge volumes of iron ore that takes a lot of energy to extract and export. It goes mainly to China and Asia and it is mixed with coal from Queensland to produce steel. Basically, it is carbon-intensive. We rely on resources. We are a capital-intensive and energy-intensive state. It is best that we do it because we do it very efficiently. Therefore, any move on greenhouse policy is most pertinent to Western Australia.

We saw that last week when the Environmental Protection Authority had a brain shock and decided to come up with its own rather crude cap on carbon emissions, but for only new very large projects. I do not know where the Premier was on that one. He was probably walking around. He was not on the game. He was sleeping. Nonetheless, after that he made the right decision and said, “No way. Go back to the drawing board.” We should not have the EPA trying to introduce carbon emission caps on only big projects in WA. That is brain dead. Labor has put out a policy and the Liberals also have a policy. Brian Fisher, former head of the Australian Bureau of Agricultural and Resource Economics—ABARE—has modelled the cost to the economy of both the Liberal Party’s and the Labor Party’s policies, and had it peer-reviewed. It is out there in debate. The cost of Labor’s policy to reduce emissions by 45 per cent—we are used to big terms here—is \$1.2 trillion Australian accumulative to 2030. That is a huge sum. That is more than one year of Australia’s total gross domestic product gone into thin air. The estimated cost of the Liberal Party’s policy is \$293 billion over that same period. That is a very large difference. Again, we in Western Australia are most compromised because of the nature of our economy. Queensland is probably more exposed than we are because of the nature of coal and the associated concerns. We are highly exposed. This figure is crippling. Of course, it would depend on how it is put in place.

Shorten has not given any clear indication of how the policy would be put in place and Brian Fisher’s study has made a couple of assumptions. We can reduce the impacts significantly, for instance, if we have the starting point as the signing of the Kyoto Protocol, rather than more recently, because Australia has more than met its Kyoto Protocol targets to date, and if we allow offsets to be traded internationally. We could do a number of things that would halve the cost, but a \$1.2 trillion cost is still \$ 600 billion and still large. The government needs to take the lead and talk to Mr Shorten. Get on to that bus and ask him how he is going to do this. What will it do to the new projects that the state government is depending upon such as the Browse project, the Scarborough project, the expansion? How will we protect those projects from these policies or, more importantly, how will those policies affect those projects? What will we do to minimise those effects, and when and how? I think the Premier made a really good remark, after struggling with the EPA, that it makes no sense stopping the production of gas in Western Australia if the alternative in, let us say, Korea, is coal. Unilateral action in Western Australia—he is quite right—makes no sense. We have to look at the totality. Global warming is, by definition, global.

This Shorten opposition policy has the potential, given its magnitude and the lack of clarity, to be even worse than what the EPA suggested last week for the large projects. These are big substantial issues that affect the future of our state more than, I think, any other election coming forward. I think the Minister for Housing stated today that Shorten has not been a small target. He has gone out there and put up a range of policies. He is fighting on the basis of ideas. I might not share the ideas, but I have to admire the guy for that.

He has flagged changes to the capital gains tax and negative gearing. Those changes would adversely impact on our housing sector significantly and, as a result, our whole economy. We have already had 350 building companies go bankrupt in the past 12 months, but I can tell members—I know the Treasurer has been told by the industry associations—that this is the bottom line. The sector would struggle. Also, we indicated in question time last week that the number of apprenticeships is declining. To a large extent, that is in the building trade because no-one in the building trade can hire them because they do not know whether they will be working next week. It is affecting the human capital—both the future and current workers in that industry. This is crucial.

If Shorten does not fix his franking credits policy, it will affect Western Australia disproportionately because we have a large number of self-funded retirees. It would also affect some of the most vulnerable people and, more importantly, it will send a signal to all the retirees that they should not save for their retirement because governments will pull it off them with policy changes; they should simply arrange their financial settings such that they rely on the pension. That is a federal government issue. We do not want to help hurt our self-funded retirees.

The wages policy is daft. I hope and trust that the government will walk away from this. Labor is probably just trying to rattle the drum and get a bunch of union leaders to give it a lot of money and campaign for it in the next election. I hope the government walks away from it, but the worry is the Shorten Labor opposition is not the same as previous oppositions of the Keating, Hawke or Beazley mould. If they give in, I tell you what, the major group that will be hurt by this will be the government. The government can kiss goodbye its modest target of 150 000 jobs.

**Mr P.C. Tinley:** It's modest again.

**Dr M.D. NAHAN:** I always said it was modest. That was our point: the budget predicts 200 000 jobs, but the government predicted 150 000. Members opposite struggle to understand that that was our point. It is modest; it should be higher. The budget states 200 000 jobs and it should be higher. By the way, jobs growth is currently 1.3 per cent and the government has to boost it to 1.8 per cent in order to achieve its target. The government has a lot of work to do. If Shorten gets elected with his wages policy, the government can kiss goodbye to that target. I think Kevin Rudd said that greenhouse emissions was the greatest challenge of our lifetime. If this policy is introduced, the base of our economy will be curtailed and restricted. We live in a very unique place. I think we are the only developed centre on earth, except maybe a few in Canada, that relies so intensively on processing, developing and exporting resources, particularly carbon-intensive resources. To a large extent they do not do that anymore in the United States or Europe. With views about carbon and where we are, unless we get precise and accurate policies, our wealth will be reduced substantially. Yesterday in this chamber, a bunch of well-meaning young people were in the gallery protesting about the development of a mine in Queensland. They were also talking about fracking and some other issues. That zeitgeist is spreading and we have to deal with it. I am not arguing about that. If we do not deal with it in an adroit and targeted manner, we are toast. I understand that Mr Shorten comes to Western Australia quite often. I encourage government members—I implore them—to meet with him and tell him that Western Australia is special. We cannot withstand an 11.5 per cent increase in the minimum wage, an undefined carbon policy with a 45 per cent reduction in emissions and a 45 per cent renewable energy target in our isolated system. Our seniors have worked hard, saved and tried to avoid depending upon the state, and they deserve to be protected, not hit, by the government. And, of course, if capital gains and negative gearing are changed, it will affect our housing sector, and the Labor Party will not win the next election.

**MR D.C. NALDER (Bateman)** [4.52 pm]: I stand to support the Leader of the Opposition's motion, which states —  
That this house notes the damage that a federal Labor government will have on Western Australia, including increases to the cost of living, reduced income for seniors and damage to the housing and construction sector.

Given that this motion refers to federal government policy, the obvious question that arises is: what is the state Labor government's stance on this? That is the obvious question that arises because there are serious concerns, particularly for the older citizens of our state, about the ramifications of changes to federal policy on franking credits, capital gains tax and negative gearing, and even the flow-on effects from changes to renewable energy targets et cetera. If people have concerns and the government felt that the people of Western Australia would be adversely impacted, one would think that it would move cautiously to investigate, to defend the rights of Western Australians and to stand up to the commonwealth. I will demonstrate that we saw none of that when we asked the government a question about this during question time. We saw none of it!

As background, I want to set the scene by touching on the housing sector. The policy changes we have seen from the state government include the removal of the first home owners grant boost and the introduction of a foreign investor surcharge. During the policy debate in this house on these bills we raised concerns. What we saw from the Treasurer was an attack on the opposition in which he said that, particularly on the foreign investor surcharge, the opposition was favouring foreign buyers over Western Australian citizens. If members go back and read *Hansard*, they will see that the point the opposition was making was that it was not necessarily the principle of the policy that we were concerned about, but more the timing of the policy. Our concerns about the introduction of this policy are laid out in *Hansard*. In principle, we do not mind the concept that people who want to buy a house in Western Australia should contribute in a more sustainable way to the future of Western Australia—we have no problems with that. But when the housing sector is on its knees, we advise caution. This policy is likely to depress demand at a time when the housing sector is struggling.

What did we see today? At an Urban Development Institute of Australia breakfast this morning, the Assistant Governor of the Reserve Bank commented on the impact of the government's foreign investor surcharge. He said that given the market was not typically buoyant to begin with, it would not particularly help. I think he was being kind to this government. For the last two years, I have been saying that this government does not understand the consequences of the policy decisions it has been taking. I am not necessarily talking about the immediate consequences; I am talking about the second, third and fourth-order consequences of this government's policy decisions. We have repeated this over and again. What do we see at a time when we have had a long-term depressed housing sector over a number of years? It is not just the industry that is struggling; housing prices have been on negative trend for a long time in Western Australia—the longest period on record. What is the federal government talking about introducing? It is talking about a reduction to franking credits, making an impact on negative gearing and changes to capital gains tax. Again, this is a time when our housing and retail sectors are particularly struggling.

It was interesting to hear the Treasurer talk about how the amount of money in people's pockets directly impacts upon jobs and the economy. We talk about these things having a negative impact, yet this government has

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introduced increases of \$700 a year to household charges. At the time that was done, it was 13 times the rate of inflation and people's salaries were going up by around one per cent. If household charges are pushed up 13 per cent, it eats into people's disposable income. The Treasurer is correct that households are struggling. It is because the policies the Treasurer has implemented have removed people's discretionary expenditure. The government has taken money out of people's pockets and it wonders why the economy is going down and sections of our economy are struggling. It is quite obvious. If a government is going to come in and impact our elderly citizens, it will take more money out of their pockets. Mark my words, it is going to take money out of their pockets. That is the one thing that is guaranteed from these policies. It will impact the amount of money that these people have to spend on discretionary items. The government will wonder why the retail sector continues to struggle, yet it will be quite obvious why it is the case.

It was fascinating to hear further comments on this today. I will give a couple more. This is a quote from the Master Builders Association on Bill Shorten's negative gearing and capital gains tax policies.

I quote —

The results of the modelling show that within five years of Labor's property tax policy being implemented the construction of new housing would fall in all states and territories and employment would fall over the same period.

The government is talking about the implementation of policies at possibly the worst time for the Western Australian economy. What is the state government doing about that? One would think that the state government would be sitting there saying, "Hang on, Mr Shorten, this is not right for Western Australia." Are we seeing that? No. Today we witnessed a state government that is in lock step with Bill Shorten's policies.

I found more than fascinating today's questions that were put to the Minister for Housing. What we heard in response from the Minister for Housing was that there might be analysis by other people but the government does not agree with that analysis and that it is all about more affordable housing. He said, "We agree with Mr Shorten about creating more affordable housing." If the Minister for Housing's policy about creating more affordable housing is reducing the value of existing homes for every householder in Western Australia, I think he needs to let people know. The minister needs to let the one million households in Western Australia know that his government is all about damaging their property values so he can make it cheaper in the future for people to buy houses. That is what the minister said today. He said he is more concerned about the future affordability of housing, but what he really said is that he is going to do that at the expense of existing home owners.

The Minister for Housing forgets that record numbers of people are suffering mortgage stress. Over 130 000 people are under mortgage stress. Their mortgages are in arrears. Record numbers of people have negative equity. I have never seen the numbers that we are seeing today in Western Australia. Some 76 000 home owners owe more on their mortgage than is the value of their property, and the Treasurer wonders why people do not have money in their pockets to spend at the moment—they cannot. The Treasurer might think he is delivering a great outcome for future home owners by reducing the value of properties so they are more affordable, but he is destroying the homes of a million households in Western Australia. Shame on him!

Looking at the average Australian—I am not talking just WA—their sense of financial wealth and wellbeing is based on the asset value of their home. That is the primary driver of a sense of wealth for all Australians. If the Treasurer is going to implement policies that attack the value of the wealth of Western Australians on the phoney basis that he is creating a more affordable housing environment for future buyers, his policy is totally wrong. The Treasurer is talking about doing these things at a time when record numbers of people are in mortgage stress and record numbers of households are in negative equity. Record numbers of people are unemployed in Western Australia—97 600. We are seeing the highest unemployment rate in Western Australia in 17 years. These are just the tip of the iceberg in Western Australia. What we heard from minister after minister was that they are in support of Bill Shorten's policies that will adversely impact households in Western Australia.

If members do not believe that, look at the bus. The picture on the bus says it all! The Premier of Western Australia is out the front leading the federal opposition into federal government. This is not, "Hi, mate, how are you are going? Good to see you over here." The Premier of Western Australia is at the front and centre of the picture. If members think about that image, the people of Western Australia can only be left to conclude that the Western Australian government is in lock step with the federal opposition. They are locked in solid on these policies. They need to start explaining to the people of Western Australia why they are so supportive of the federal opposition given the potential impacts on the households of Western Australia.

Several members interjected.

**The DEPUTY SPEAKER:** I am feeling sorry for Hansard now. Go ahead, please.

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**Mr D.C. NALDER:** It was getting a bit hard. I thought I would wait for the Deputy Speaker's intervention. Thank you very much.

What I want to talk about now is the issue of franking credits; that is, investments have already paid tax and then it is applied against the individual. That is being removed. Irrespective of whether members think it is right or wrong, they should think through the consequences of this policy. Think through the ramifications of what this will do. Although I talked about the value of property being a true sense of the net wealth that people hold, the fact that people are independent of the government, independent of social security and of the aged pension, this sense of independence is really important to those people who can achieve it. But we are going to shift that and take that away from thousands and thousands of Australians, including Western Australians. It will force more people onto the aged pension. This is going to take a sense of people's independence away and force them onto social security benefits from the federal government. I think that is a shame. We need to foster an environment that allows people to be self-sufficient. I believe it is important for governments to do that.

**Dr A.D. Buti** interjected.

**Mr D.C. NALDER:** Madam Deputy Speaker.

**The DEPUTY SPEAKER:** No interjections; thank you.

**Dr A.D. Buti** interjected.

**The DEPUTY SPEAKER:** Member for Armadale!

**Dr A.D. Buti:** That's right.

**The DEPUTY SPEAKER:** No interjections are being accepted; thank you very much. I have my list and my pen out!

**Mr D.C. NALDER:** Thank you, Madam Deputy Speaker.

Members opposite can get up and explain where I may have this financial analysis wrong: that individuals who are close to the line to get the benefit of franking credits from their investment portfolio will not be thrown below the threshold that will force them onto the aged pension to try to retain a certain standing of living. Thousands and thousands of Western Australians will be impacted by this policy decision. What have I heard from the current Labor government about it? Crickets—nothing.

Other policies pose interesting questions. For example, Bill Shorten talked about a 50 per cent renewable energy target. It is really interesting that we always talk about large-scale energy generation. I think the greatest contributor to renewable energy that this state has ever seen was the former government's rooftop solar policy. Sometimes we are criticised about this renewable energy. That is fascinating because the former Liberal–National government created the greatest surge —

Several members interjected.

**The DEPUTY SPEAKER:** Members, it is not a general debate. An opposition member is on their feet. Member for Swan Hills, I call you for the first time.

**Mr D.C. NALDER:** I was talking about renewable energy. The former Liberal–National government is often criticised for not being supportive of renewable energy, but the greatest take-up—we are talking about over 1 000 megawatts of rooftop solar—can be put down to the policies of the former Liberal–National government. That said, Bill Shorten talks about increasing renewable energy to a 50 per cent target. Treasury did some analysis on this and said that it would increase costs for Western Australia in the order of \$1 billion. We are talking about \$1 000 per household to be able to deliver this.

Again, we are talking about taking the money out of people's pockets, which the Treasurer referred to during question time. He acknowledged that this impacts on the economy and jobs. This government says that jobs is its number one priority. This is the hypocrisy, member for Swan Hills. The hypocrisy is that the government espouses a policy position, and then does something that is contradictory to that. That is when we have every right to be critical, to say that your policies are confusing, and people have the right to start questioning what this government really stands for.

**Mr D.R. Michael** interjected.

**The DEPUTY SPEAKER:** Member for Balcatta.

**Mr D.R. Michael** interjected.

**The DEPUTY SPEAKER:** Member for Balcatta, I call you for the first time.

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**Mr D.C. NALDER:** Today, I put the question to the Minister for Energy, to seek clarity around this and find out what discussions are being held, because the federal Leader of the Opposition is in town today, and the cabinet has met. I have seen the video showing the state cabinet meeting with all their federal colleagues. Boy, it looked chummy; it looked chummy indeed. I put the question—I will restate it—and asked the Minister for Energy —

I refer to Bill Shorten’s plan to have 50 per cent renewable energy by 2030. Did the minister discuss with Bill Shorten the impact of his renewable energy targets in Western Australia; and ... what are those impacts on the state and Collie?

His answer was no, he did not. I asked the minister why he is refusing to seek clarification on this policy that will put in jeopardy the future of Collie and will have a significant impact on the future of Western Australia. What answer did I get? That I had asked the questions in the wrong order! That was the response. There has been no assessment or analysis on the impact, and he is not standing there defending the people of Western Australia. He is sitting there quietly letting it go by. This is what all members opposite are now doing. They can sit there and pontificate as much as they like about the current federal government, but policies are being espoused by the federal opposition that will adversely impact the people of Western Australia, and members opposite are saying absolutely nothing. In fact, the only thing it did, apart from nothing, has been 100 per cent —

Several members interjected.

**The SPEAKER:** Member for Swan Hills, if you want to stay and participate in the debate, it would be a good idea not to keep interjecting. I call you for the second time. Other members, please let your member finish. He has two minutes left.

**Mr D.C. NALDER:** May I seek an extension, please?

**The SPEAKER:** Twelve minutes.

[Member’s time extended.]

**Mr D.C. NALDER:** Getting back to the point, apart from the cricket swing, we asked them what they are checking out. What we have heard is support for these policies. As I said, the most bizarre support I heard today was from the Minister for Housing. When questioned on what the impacts on housing will be, what they are doing and whether he is for or against the policies, he said that he is for the policies and that this will drive more affordable housing. I have heard this before. I have seen this debated on social media when the Labor staffers attack us and say that houses will be more affordable. They think that it is a great policy to create more affordable housing by removing or reducing the current values for existing landholders. I have never heard anything more disgraceful in all my life. I think the million householders in Western Australia would be very interested to understand that that is the current state Labor government’s position. That is something we will make sure that we share, because it is in *Hansard*. We witnessed what the Minister for Housing said today, and it is pretty disappointing for a number of people.

I would like to reinforce this point, because I think that the context of the current environment in Western Australia is the underlying concern of why these policies would be particularly bad for this state at this time. We have an unemployment rate of 6.8 per cent. We have 97 600 Western Australians currently unemployed and seeking employment in Western Australia, which is an all-time record. We are seeing housing affordability and housing construction at record lows. This government is increasing household charges by 13 times the rate of inflation, when real wage growth is sitting at around one per cent. That takes the money out of their pockets to spend in the economy. As the Treasurer said, that affects jobs and the economy. It certainly does.

That is the environment that we are in at a time when federal Labor is saying it will change franking credits, affect negative gearing, change capital gains tax and move to a 50 per cent renewable energy policy. I can tell members now, this is like corporate Australia in some respects, because 60 per cent of the vote will come out of two states. Eighty per cent will come out of the three states on the eastern seaboard. When it comes to Western Australia, we are talking about 10 per cent or 11 per cent of the population. Often, our economy is at a different stage from the economy of the rest of the Australia. We are seeing a lack of consideration for the state of the Western Australian economy and the challenges that Western Australia is facing. What we require at this point, with our current economy, is a state government that will stand up for Western Australia and argue for what Western Australia needs. At this point, it does not need the changes to franking credits and the negative gearing and the capital gains tax. It needs to think very carefully about the ramifications on households if a blanket 50 per cent renewable energy target is brought in and imposed on Western Australia without us having the right to ascertain the glide path that would occur. The government is not doing this, and it should be. It is an expectation that we have.

I feel that the people of Western Australia have been let down quite severely by this state government in how cosy it wants to be with Bill Shorten and his team during this federal election. I do not think I have ever seen a state

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government cosy up to a federal opposition as much as we have seen in the last week, despite this being a time when we need the minister to stand up for the people of Western Australia.

I look across other areas that have been impacted in Western Australia in the context of the environment we are in and see the consequences of the policy decisions that this government makes. Members have to understand that if they go out there with a political position that says, “We want local jobs for local kids”, it sounds great. Everybody would agree with that. There will not be disagreement on this side of the house that we want local jobs for our local kids, and that is the mantra that members opposite went with. But their policy reaction as a result of that was to change the regional migration status of this city, and the consequence of that was that over 5 000 international students went to South Australia and Tasmania. That is the consequence. For every four international students, the University of Western Australia advises, that is one job, so that policy decision took out 1 250 jobs in Western Australia. For every international student, there are five international visitors, and on average they stay in our city five times longer than an average tourist, so we are down the equivalent of 125 000 tourists. Guess where they have gone? They have gone where the students have gone: Adelaide and Tasmania. Go and have a look at Tasmania’s tourism results.

Several members interjected.

**Mr D.C. NALDER:** Go and have a look at Tasmania’s tourism results. They are the highest.

What we hear from the Minister for Tourism is that we need direct flights to solve our tourism issue. Tell me how many direct international flights there are into Hobart, and ask the question: why are Tasmania’s tourism numbers going up? It is because the number of international students has gone up.

These are the consequences of the policy decisions the state government has made. We are flagging to the government that there will also be consequences for the people of Western Australia from the policy decisions that the federal government has said it will make and which this government has said it will be supporting. The question we ask is: why is the state government supporting those decisions and not standing up for the rights of the people of Western Australia?

**MR P.C. TINLEY (Willagee — Minister for Housing)** [5.19 pm]: I want to spend five or 10 minutes on this motion, and I thank the opposition for allowing me to make a comment, because I have been part of this debate and have been a vocal supporter of the proposed Shorten tax treatments for housing. Therefore, it is important that I put on the record some of the issues that surround that policy and make a defence, if you like, of that policy to ensure that members in this chamber get the full picture.

The opposition has relied heavily on some modelling from the Master Builders Association. It is important to put on the record exactly how that modelling was done and some of the consequential comments that have been made about housing affordability. The Grattan Institute is a very credible institute—some people might have heard of it. In its recent report “Renovating Housing Policy”, it refers to the total impact of tax concessions—in fact, subsidies by another name—on the housing industry and on supply. This is ultimately an argument about supply and affordability. If we increase the amount of supply, it will put downward pressures on prices, or stabilise prices, and that will make housing more accessible to the average income earner. Do not forget that the multiple of average household income to the median property price is 5.3. Over the last 15 to 20 years, it has risen from about 2.52 or something—do not quote me on that. It is becoming more and more structurally unaffordable for Australians and people in other Organisation for Economic Cooperation and Development countries to get into the housing market. That is not helped by the fact that wages growth has been sluggish, and, as a consequence, people have not been able to build equity in their home fast enough to enable them to upgrade and move through the continuum of housing.

The report from the Grattan Institute states at page 13 —

The combination of capital gains tax rule changes in 1999 and negative gearing has strongly increased the demand for investment properties. Investors compete directly with potential home buyers, particularly for established houses. This makes it harder for first home buyers to secure a property.

The report goes on to refer to how the tax subsidies benefit the wealthiest Australians. In saying the “wealthiest” Australians, I am talking about a large number of the people who sit in this very room. That is because for those of us who have to pay the full amount of tax, we attract the highest tax bracket of 48 per cent. We are emblematic, and in fact representative, of a large part of middle Australia, if you like, or the middle class of Australia, who have been the beneficiaries of gearing. I imagine that if we had to declare an interest in this policy area, we would have to declare whether we ourselves have investment properties.

Several members interjected.

**Mr P.C. TINLEY:** Or other investments that enjoy certain tax concessions.

Several members interjected.

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**Mr P.C. TINLEY:** Or a member's partner or family or anyone else.

The member for Bateman and the Leader of the Opposition made a great fist around the MBA's modelling. Just to recap so that it is on the record, the MBA absolutely sledged the policy of Bill Shorten and Chris Bowen around negative gearing. I will read the quote from the MBA's own statement —

Labor's plan to end negative gearing and change the capital gains tax would result in fewer homes being built across the country and the loss of thousands of full-time jobs, according to a report.

Within five years of the Labor property policy being implemented, up to 42,000 fewer homes would be built in all states and territories, with the loss of 32,000 full-time jobs, according to the independent economic modelling by Cadence Economics, which was commissioned by Master Builders Australia.

"Labor's policies on negative gearing and CGT fails its own test," said Denita Wawn, the head of the building and construction body.

"Master Builders calls on the ALP to rethink their policies ...

It is interesting to contrast that with what has been said by one of the biggest players in the property market, Stockland. It said in its statement —

The Labor Party's plan to limit negative gearing tax breaks to new housing —

That is an important feature of this particular policy, because it will be limited to new housing —

would put a rocket under the business of residential developers because demand from investors would surge, Stockland chief executive Mark Steinert says ...

"Our business will rip," he said at the Property Council of Australia's annual congress in Darwin.

He gave a straight bat to Stockland's own industry body, the MBA, of which it is a constituent member. He went on to say —

"We're all about new product. At the end of the day, half our buyers are first-time buyers, and 80 per cent of our buyers are owner-occupiers. If the investors are going to participate in the market like they have in the past, that means they're all pointing at our product and other developers' products" ...

The data backs that up. That is the market talking straight back to its own peak body and to the community. It embraces the idea. It says that it will increase supply, not decrease supply, and is highly welcome. The features of this particular policy are threefold. The first is that it will be grandfathered. That means that all of us in this room who have a geared property or have enjoyed the benefits in the past of a geared property will get to retain that, so I think everyone should declare a little interest in that before they make public comment on it. The second is that it will be applicable to new housing. That is exactly where the state government provides most of its incentive—through the first home owner grant, and through the two per cent deposit for first home buyers who borrow from Keystart. Therefore, as I said in my answer to the question today, it is a great Labor policy.

The opposition should be very careful about what it quotes from the federal government and from the Prime Minister and Kelly O'Dwyer, the former Assistant Treasurer. I refer to a document that was provided under FOI from Chris Bowen's office to Kelly O'Dwyer's office, which questioned the Treasury advice which was given to Kelly O'Dwyer and which she used to attack the ALP's proposed negative gearing deductions. I will give members the full context. Assistant Treasurer O'Dwyer's office asked officials to fact-check the statement that Labor's policy to increase capital gains tax by 50 per cent and abolish negative gearing would reduce housing prices. After consulting specialist teams, her department, being Treasury, sent back the following correction —

"The ... statement is not consistent with our advice.

"We did not say that the proposed policies 'will' reduce house prices.

"We said that they 'could' put downward pressures on house prices in the short-term depending on what else was going on in the market at the time.

"But in the long-term they were unlikely to have much impact."

That is Treasury's assessment of the national market.

**Mr S.K. L'Estrange:** Would that apply to Perth?

**Mr P.C. TINLEY:** Yes, of course. The member would know from when he was in government that every area of public policy sometimes has unintended consequences. There is nothing in the statements made by Chris Bowen or Bill Shorten, or in the modelling that has been accepted by the industry, including large players like Stockland, to say that this policy will have a significant inflationary, or deflationary, impact on house prices. That is simply

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because they are sensitive to the fact that it will be applied to new houses and the old stock will be grandfathered. Supply and demand and the concessions provided to the property sector for the supply of housing has a long history. The economist Saul Eslake refers in his paper “50 Years of Failed Housing Policy” to the accumulation of subsidies and the distorting effect of those subsidies on the supply and affordability of housing. We cannot ignore it and we have to look at history to actually understand it. I would read more into *Hansard* about the impacts and the facts of that from people like Saul Eslake, who is highly credentialed and highly regarded, but I did promise that I would not go for too long and I am preparing for a function.

**Mr B.S. Wyatt:** It is also just worth noting in those comments from commonwealth Treasury that WA has the lowest proportion of investors of all states in the nation.

**Mr P.C. TINLEY:** Yes, that is right, and the majority of our investors are actually in the established market as well. They were probably one of the biggest contributors to the renovation market when we were on the up-trend of the market.

I refer to the point I made last time that the Hawke–Keating government, when Keating was Treasurer, abolished some of these taxes. They were largely accused of causing what they call a landlord strike. I will quote from Saul Eslake’s paper —

Supporters of ‘negative gearing’ argue that its abolition would lead to a ‘landlord’s strike’, driving up rents and exacerbating the existing shortage of affordable rental housing. They repeatedly point to what they allege happened when the Hawke Government abolished negative gearing (only for property investment) in 1986 — that it ‘led’ (so they say) to a surge in rents, which prompted the reintroduction of ‘negative gearing’ in 1988.

The facts of the 1986–88 response are true. He goes on to say —

It’s therefore hardly surprising that ‘negative gearing’ has become much more widespread over the past decade, and much more costly in terms of the revenue thereby foregone ...

In 1998–99, when capital gains were last taxed at the same rate as other types of income (less an allowance for inflation), Australia had 1.3 million tax-paying landlords who in total made a taxable profit of almost \$700mn.

This is in 1998–99 —

By 2010–11, the latest year for which statistics are presently available, the number of tax-paying landlords had risen to over 1.8mn (or 14% of the total number of individual taxpayers), but they collectively lost more than \$7.8bn —

That is \$7.8 billion of losses —

largely because the amount they paid out in interest rose more than fourfold (from just over \$5bn to almost \$23bn over this period) —

Which was all claimable —

while the amount they collected in rent ‘only’ slightly less than trebled (from \$11bn to \$30bn), as did other (non-interest) expenses.

If all of the 1.2mn landlords who in total reported net losses in 2010–11 were in the 38% income tax bracket, their ability to offset those losses against their other taxable income would have cost over \$5bn in revenue foregone; to the extent that some of them are in the top tax bracket then the revenue loss is obviously higher.

The point he is making is that it structurally bends the market or distorts it to the point at which supply is actually constrained and artificially inflates the prices. The paper continues —

Supporters of ‘negative gearing’ argue that its abolition would lead to a ‘landlord’s strike’, driving up rents and exacerbating the existing shortage of affordable rental housing.

He then goes on to say that they repeatedly point to what happened in 1986 and 1987, as I said. In fact, the prices spiked in only Perth and Sydney—I am now paraphrasing for expediency—because, for example, in Sydney’s case, the regional vacancy rate was one per cent and it had a consequential impact.

The issues here are fundamental. The structural nature of our system and the concessions that are provided for the supply of property into our market have failed. Bill Shorten and Chris Bowen are the only two who are putting it on the table. They did it at the last election and they are doing it again at this election. They are very clear-eyed about the sorts of things that they want to achieve in relation to the affordability of housing and providing a fair and equitable opportunity for all people in Western Australia and Australia to get access to the property market.

**Extract from Hansard**

[ASSEMBLY — Wednesday, 20 March 2019]

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Dr Mike Nahan; Mr Dean Nalder; Mr Peter Tinley; Mr Zak Kirkup; Mrs Liza Harvey; Dr Tony Buti; Mr Ben Wyatt; Dr David Honey

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At every point we have always said in this place that it is a fundamental right for a person to have a secure, safe home, be it either rental accommodation or purchased–mortgaged accommodation. I put some of those facts on the record to debunk some of the crazy statements made by the federal government and certainly by those opposite. It does not help the debate. It does not move us to a position whereby our kids and their kids can get fair and equitable access to the property market, which they so richly deserve in a state as rich as Western Australia.

**MR Z.R.F. KIRKUP (Dawesville)** [5.35 pm]: I, too, rise to speak to the motion that states —

That this house notes the damage that a federal Labor government will have on Western Australia, including increases to the cost of living, reduced income for seniors and damage to the housing and construction sector.

I was interested in the Minister for Housing's response just then. I felt like that was a 14-minute answer to the question originally posed this afternoon in question time by the member for Darling Range. Nonetheless, it is interesting when the minister unequivocally supports what we think would be a damaging housing policy, and what the coalition and many economists have suggested would be damaging to Australia and the nation. I think that Hon Peter Collier put out statistics recently on building approvals. We have seen year-on-year building approvals decline another 15 per cent in Western Australia. As someone who came from the residential construction sector before being elected into this place and had the great opportunity to work with the largest home builder in Western Australia, I know it is important for that sector to have government policies in place that support new construction. Of course, the number of trades and apprenticeships derived from the residential construction sector is exceptionally large and that should not be ignored by any government. Certainly, one would expect that a government would not want to damage that. As part of my contribution this evening, I will also go through some other areas that we think would be damaged by a federal Labor government in Australia, particularly in the Western Australian economy and our state as we know it.

This is the first opportunity I have had to speak since the terrorist attack in Christchurch. My mother was born in New Zealand and grew up in Dunedin. I also have the privilege of representing Mandurah, which has a large population of Kiwis. I would like to express my condolences for the terrible attacks that happened in Christchurch at those two mosques. It has been heartbreaking to see this happen. Last evening, the member for Carine and I signed a condolence book. Our thoughts and those of all members in this place are with those in Christchurch. I also have to place on record—not that it will reach her—my admiration for the leadership that Prime Minister Jacinda Ardern has displayed in what is a crisis moment for that country. We are very lucky to have New Zealanders as part of our Anzac family. The spirit that we have seen from all New Zealanders and, indeed, represented by the Prime Minister has been exceptional. It has been heartbreaking to see this tragedy unfold. The Leader of the Opposition made some very poignant remarks yesterday that absolutely sum up how all members on this side feel.

I will talk to the substantive motion. I absolutely believe that a federal Labor government would be damaging to the state of Western Australia. In my time as a member, even after removing all political motivations that might exist, I doubt that I have seen a potential Prime Minister who could be more damaging to our state. I find it remarkable that we have an alternative Prime Minister who revels in being as anti-Western Australian as possible—anti-jobs, anti-free market—and someone who patently does not care about our state. It is a real risk when the prospects are that possibly, in less than 100 days, there will be a change in party at the federal level and possibly a Shorten-led Labor government. It is not surprising to me, as the member for Churchlands pointed out by way of interjection, that 36 per cent of people support Bill Shorten as preferred Prime Minister and far more prefer Scott Morrison as Prime Minister.

**Mr R.R. Whitby:** That is always the case. It is not unusual.

**Mr Z.R.F. KIRKUP:** What is unusual, member for Baldvis, is that his net satisfaction rating is -15 points. That is quite significant. That is undeniable.

**Dr A.D. Buti:** What is the two-party preferred polling?

**Mr Z.R.F. KIRKUP:** As I pointed out, member for Armadale, his net satisfaction rating is -15 points. We all know in our hearts —

**Ms C.M. Rowe** interjected.

**The DEPUTY SPEAKER:** It was going really well!

**Mr R.R. Whitby** interjected.

**The DEPUTY SPEAKER:** Basically!

**Mr Z.R.F. KIRKUP:** Always very happy to have the member for Baldvis here!

We all know in our heart of hearts that the possible Shorten prime ministership would be awful, and most people in Western Australia would not support it.

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**Extract from Hansard**

[ASSEMBLY — Wednesday, 20 March 2019]

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**Ms C.M. Rowe** interjected.

**Mr Z.R.F. KIRKUP:** Member for Belmont, if the federal Labor leader is so well supported, why is his net satisfaction rating at -15 points? Does someone want to tell me? I welcome any interjections from the Labor Party about why that would be the case. To be frank, I do not hear any answers. The reality is that Bill Shorten is immensely unpopular in Western Australia —

Several members interjected.

**The DEPUTY SPEAKER:** I thought we learnt the lesson about asking questions to the chamber during question time with the Treasurer's question. Can you just not ask questions if you do not want interjections, member?

**Mr Z.R.F. KIRKUP:** I welcome the answer! I would like to know why Bill Shorten has such a poor satisfaction rating when it comes to Western Australia. Members? Nothing.

Several members interjected.

**Mr Z.R.F. KIRKUP:** What we know is that Bill Shorten has the worst numbers in the history of numbers when it comes to preferred leader and Prime Minister of this country. Quite frankly —

Several members interjected.

**The DEPUTY SPEAKER:** All right, that is it. Hansard cannot possibly make any sense out of this. Enough, thank you. Please do not do that again.

**Mr Z.R.F. KIRKUP:** All I am trying to do is to contribute to this debate!

**Mr A. Krsticevic** interjected.

**Mr Z.R.F. KIRKUP:** Thank you, member for Carine.

I think it is interesting that on the federal Labor Party campaign bus in Western Australia we saw a photo of Bill Shorten, a photo of the deputy Labor leader and a photo of the Premier of Western Australia.

Several members interjected.

**Mr Z.R.F. KIRKUP:** I am going to get to the buses very quickly, member for Swan Hills.

I find it very interesting that the Premier thinks it is wise to be so close to the federal Labor leader, given what will happen in the lead-up to the 2021 election —

**Ms J.J. Shaw** interjected.

*Point of Order*

**Mrs L.M. HARVEY:** The member on his feet is standing less than a metre and a half away from me, yet I cannot hear a word he is saying because of the interjections from that member over there.

**The DEPUTY SPEAKER:** Point well made.

**Mrs L.M. HARVEY:** I do not believe it is fair on the member on his feet. He did not interject when the minister delivered his response and I am fed up with it.

**The DEPUTY SPEAKER:** Got it; thank you. Member for Swan Hills, you are now on three calls, so I think it would be good to be quiet. I remind the member for Dawesville to not invite interjections while we are having this kind of debate, because as you can tell, members of your own team cannot hear what you are saying.

*Debate Resumed*

**Mr Z.R.F. KIRKUP:** It is surprising to me that the Premier has decided to hitch his wagon to Bill Shorten, but I am sure that all members on this side will remind him of that in the lead-up to the 2021 election.

**Mr S.K. L'Estrange:** Writing our own billboards for us!

**Mr Z.R.F. KIRKUP:** That is right—he is writing our billboards for us, member for Churchlands. I hope they get a hug together or something like that—something really chummy. We look forward to using that in the lead-up to the 2021 election.

It is especially interesting when we compare that bus with the Labor buses in Queensland and New South Wales. I have photos of them, which I will use only for reference. In Queensland, on Bill's buses, the caption was "Qld Jobs Not Cuts—Bill Shorten and Labor"; nothing about Annastacia Palaszczuk, the Premier of Queensland. In New South Wales, it was simply "Bill Shorten and Labor—Standing Up for Local Jobs, Families and Apprenticeships, Protecting Penalty Rates". Once again, there was no-one else on that bus at all that I could see. When it came to the Western Australian bus, the hopeful prime ministerial aspirant had to make sure that he used whatever popularity the Premier has here to maybe rally the Labor faithful.

**Mr S.K. L'Estrange:** Why?

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**Mr Z.R.F. KIRKUP:** Why indeed, member for Churchlands, would he want his photo on that bus? But here we are. In New South Wales and Queensland, there were no Premiers to be seen —

**Mr S.K. L'Estrange** interjected.

**Mr Z.R.F. KIRKUP:** As the member for Churchlands quite rightly points out, the federal Labor leader's judgement has been found wanting many times, especially when it comes to the Western Australian campaign bus. Quite clearly, whatever reason they may have had to use the member for Rockingham's photo on their bus, I cannot help but think it was because the federal Labor leader is so poorly known and, indeed, so little liked in Western Australia that he will do anything he can to try to get out of that net satisfaction rating figure of -15. I do not think that is a good strategy whatsoever; I do not think it will work for him here.

Most Western Australians are absolutely certain. They have their fix on Bill Shorten already and they know he is going to be an awful Prime Minister, if he ever gets into that office, because he is so anti-jobs, anti-free market and anti-Western Australia. I suspect that most Western Australians do not support Bill Shorten because they have already had their pay packets raided by the McGowan state Labor government here in Western Australia, and they do not want to see what might occur if there were a federal Labor government in office in less than 100 days. I suspect they are a bit too scared to see another high-taxing, anti-jobs, anti-free market, anti-Western Australia federal Labor government in office. I think that would cause real concern here in Western Australia.

**Dr A.D. Buti** interjected.

**Mr Z.R.F. KIRKUP:** I am surprised by the interjections because we all know that Bill Shorten and the Labor Party want to increase taxes by \$200 billion—\$200 billion worth of taxpayers' money that the Labor Party thinks is better spent by the government rather than by those who earn it. I find that remarkable. In Western Australia, people's wallets and purses are already a lot lighter because of the state Labor government. We saw the results in Darling Range. If the federal Labor Party ever gets into office, it will raid purses and wallets to the value of \$200 billion in new taxes. That is remarkable to me.

This is the pattern of behaviour we have seen from federal Labor. It wants higher taxes on retirees, higher electricity prices, and tax increases on family businesses, incomes, investments and superannuation—higher taxes across the board, for all those areas. In my district of Dawesville, part of the federal division of Canning, the impact on retirees of a federal Labor government will be very significant. That is a very real risk, and I can promise members that Labor is already not very popular because of its total ignorance of Mandurah when it comes to things like Peel Health Campus, which I will get to in a moment. If we talk about franking credits, for example, there are a lot of people in my district who rely on the dividends from those to make a living.

**Dr A.D. Buti** interjected.

**Mr Z.R.F. KIRKUP:** I look forward to the member for Armadale's strident defence of this at a later point in time. I can tell him that there are people in my district who are very concerned about the prospect of a future Shorten Labor federal government. They are fearful about what it might mean for their future. These people have worked all their lives and have been assiduous in putting money away, taking care of themselves and not relying on the state to ensure that they can survive. They are fearful about what it might mean. We know that the retiree tax would hit 900 000 individuals, 200 000 self-managed superannuation funds and 2 000 super funds more directly, punishing —

*Point of Order*

**Dr A.D. BUTI:** This is a matter of truth and misleading statements. Can the member please tell us: where is the retiree tax? They are talking about the retiree tax; what is it? He still will not give us an answer, will he? There is no retiree tax. It is a lie.

**The DEPUTY SPEAKER:** Member for Armadale, I am glad you are going to be keeping the member for Swan Hills company if you keep going. She is on three calls and you will be, too, in a minute.

*Debate Resumed*

**Mr Z.R.F. KIRKUP:** I appreciate your assistance and counsel, Deputy Speaker.

I reiterate for the member for Armadale: Labor's retiree tax will hit 900 000 individuals. It will seek to punish those Australians who have worked hard and saved for retirement. Why does Bill Hatzenruechle hate retirees —

**Dr A.D. Buti:** Hatzenruechle?

**Mr Z.R.F. KIRKUP:** Shorten, sorry—not Bill Hatzenruechle. Why does Bill Shorten hate retirees, particularly those in Western Australia and in particular those in Canning and my district? I do not know. More than that —

**Mr D.R. Michael** interjected.

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Dr Mike Nahan; Mr Dean Nalder; Mr Peter Tinley; Mr Zak Kirkup; Mrs Liza Harvey; Dr Tony Buti; Mr Ben Wyatt; Dr David Honey

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**Mr Z.R.F. KIRKUP:** His satisfaction rating is -15, member for Balcatta. More than that, Labor's housing tax will hit property values here. The market has already been depressed because of state government policy and increases in things such as power prices, water fees and car registration. There is a lack of confidence in property prices in Western Australia due to the impact of the state Labor government. A Labor housing tax will hit property values here and hurt 1.3 million mum-and-dad investors who use negative gearing. I cannot imagine why a federal Labor opposition, if it ever wanted to be in government, would want to introduce a housing tax on a market that is already very soft and vulnerable in Western Australia. The reality is that Bill Shorten and Labor simply do not care about our state, Western Australia. We have seen Labor's plans to increase capital gains tax by 50 per cent, which would obviously punish investors and give Australia one of the highest capital gains tax rates in the world.

**Mr A. Krsticevic** interjected.

**Mr Z.R.F. KIRKUP:** We have seen Labor's 45 per cent target for carbon emissions; the member for Carine is quite right. More than that, I have to point out what we all know in our hearts, which is it that the federal Labor leader is, without a doubt, a plant of the militant construction unions. If we cast our minds forward and unfortunately see a federal Labor government, the militant unions will have their way in this country. More than that, it will be Labor wall-to-wall. The New South Wales election is coming up on Saturday. If we look at the polls there, we see that it will be very tough. Imagine if Victoria and New South Wales—two very large states—have Labor governments, and a possible commonwealth Labor government.

**Ms C.M. Rowe:** Beautiful!

**Mr Z.R.F. KIRKUP:** Of course, with her background, the member for Belmont would say "beautiful". I promise the member that the people of Western Australia would be fearful of what that means if we have wall-to-wall Labor governments. I can see members on that side all frothing at the prospect of that, but we know that militant unions will have a greater role in the economy, society and government of Australia. Across those states, there is a very real concern, especially for people in Western Australia. I find it remarkable when members on this side of the house ask ministers during question time whether they support these very flawed policies that will harm Western Australia. We have to question those ministers' loyalties. Are they more loyal to the Labor Party or the people of Western Australia? Their answers indicate to me that they care more about Labor than they do about the state of Western Australia, because they back federal Labor policies that will damage the state of Western Australia and, moreover, damage the country as a whole. That is very concerning for us. Australia cannot afford Labor because under Labor we pay more. We all know that. If we had a federal Labor government, we would see consistent tax increases, new taxes introduced, and \$200 billion of taxpayers' money ripped out and given to a government that thinks it knows best. A federal Labor government would want to take money from the people of Western Australia and spend it in urban areas such as Sydney and Melbourne. It would not care. It would turn its back on Western Australia because, to be frank, we need only to look at Labor's federal shadow cabinet. Aside from the member for Brand, who is a very good contributor, there is not a single —

**Ms S.F. McGurk:** What good did it have to have so many Western Australians in there?

An opposition member: We got the GST.

**Ms S.F. McGurk:** How long did it take?

Several members interjected.

**Mr Z.R.F. KIRKUP:** The member for Fremantle asked me what good it is to have so many Western Australian Liberals in federal cabinet. Tell us about the GST changes.

Several members interjected.

**Mr Z.R.F. KIRKUP:** I welcome interjections from the member for Fremantle because, obviously, as we all pointed out very quickly, the GST changes are top of mind. The biggest thing that people talk about around barbecues —

**Dr A.D. Buti** interjected.

**Mr Z.R.F. KIRKUP:** Every Western Australian —

**Dr A.D. Buti** interjected.

**Mr Z.R.F. KIRKUP:** Every Western Australian knows about the GST issue and that was solved because of the Liberal —

Several members interjected.

**The DEPUTY SPEAKER:** Members! When Hansard turns around and looks concerned, I stand. You have three minutes. Can you please not invite interjections? Definitely do not interject!

**Extract from Hansard**

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[Member's time extended.]

**Mr Z.R.F. KIRKUP:** I have 13 minutes left and I can explain in detail, I hope, why it is so great to have so many Western Australian Liberals in the cabinet at a federal level. Member for Fremantle, everyone knows how much the GST share affected people in Western Australia. That was resolved thanks to a federal Liberal government that understands and cares about Western Australia, in contrast with a federal Labor Party that has one member in the outer ministry and none in cabinet. We are hearing rumours that we might see the member for Perth somehow elevated to federal cabinet. That is an interesting prospect in itself that the former state secretary might find his way into the federal cabinet. That aside, as it stands, no-one from Western Australia is in the shadow ministry. Even on something like that, what people would say is a beltway issue, when it comes to the composition of the central body that helps govern the Commonwealth of Australia, there is not a single Western Australian. If Bill Shorten cared about Western Australia, we would expect to see at least proportionate representation.

**Dr D.J. Honey:** He likes the frequent flyer points.

**Mr Z.R.F. KIRKUP:** Absolutely; he likes the frequent flyer points.

The number of Western Australian Liberals who found their way into cabinet in the last term is huge. Scott Morrison cares about Western Australia. Scott Morrison loves Western Australia. He loves Western Australia so much so that he puts so many Liberals in his cabinet. Let us go through and remind members how many Liberals are in that cabinet; those members who went ahead and helped lift to see things such as the GST reform achieved in this country.

**Dr A.D. Buti** interjected.

**Mr Z.R.F. KIRKUP:** Mathias Cormann, Leader of the Government in the Senate; Minister for Finance, and Steve Irons, member for Swan —

Several members interjected.

**The DEPUTY SPEAKER:** I remind members that you need to be in your seat if you are going to rudely interject in the chamber. You can at least do that. Member for Armadale, please!

**Mr Z.R.F. KIRKUP:** Steve Irons, the member for Swan, is the Assistant Minister to the Prime Minister. It is interesting to see what is occurring in Swan. I suspect that Labor is a bit fearful of what is happening in Swan. I have some photos here of state members supporting the Labor Party candidate in Swan. At the back of the member for South Metropolitan Region's electorate office is Hannah Beazley's trailer just sitting there. I think that might be an interesting prospect for the Department of the Premier and Cabinet to look at when it comes to electorate office resources. I wonder whether more is going on there. I expect that if someone is using the back of an office to park a campaign trailer, what other campaign activities are happening out of state government MP offices? It is very, very interesting. I look forward to seeing whether the Department of the Premier and Cabinet will take up our complaint on that. I look forward to what will be a very interesting contest in Swan. I am certain that Steve Irons, Assistant Minister to the Prime Minister, will prevail there. Michael Keenan has provided exceptional service to the state of Western Australia in the federal Parliament. He is the federal Minister for Human Services. Christian Porter, the member for Pearce, is the Attorney General. Melissa Price, member for Durack, is the Minister for the Environment. Senator Cash is the Minister for Small and Family Business, Skills and Vocational Education. The retiring member for Curtin is a former foreign minister. The member for Forrest is Chief Government Whip. The members for Tangney and Canning have been chairpersons of their respective committees. Senator Reynolds is an outstanding contributor. Western Australian Liberals continue to be supported by Scott Morrison because he loves Western Australia. Scott Morrison loves Western Australia so much that he surrounds himself with Western Australian sandgroppers in cabinet and in the outer ministry. He understands Western Australia absolutely more precisely than a possible Bill Shorten-led government because he surrounds himself with Western Australians. Who do we have in the federal Labor government cabinet? There is no-one from WA. In the outer ministry, of course, is the member for Brand.

**Mr W.J. Johnston:** We are not in government. We do not have a cabinet.

**Mr Z.R.F. KIRKUP:** Importantly, as the Minister for Mines and Petroleum quite rightly points out, the federal Labor Party is not in government yet. In a shadow cabinet process, as the minister knows and as he quite rightly points out, at this point in time we would expect Labor to have input from Western Australians in forming up its policies but it does not have anyone from Western Australia there. It is a real concern for me.

**Mr W.J. Johnston:** When Colin Barnett wrote a letter to the Mayor of Gosnells to say that Peter Abetz was allowed to use his office for federal and local government campaigning, did you help him write that letter?

**Mr Z.R.F. KIRKUP:** I am not aware of any —

**Mr W.J. Johnston:** Do you agree with what Colin said to —

**Mr Z.R.F. KIRKUP:** I did not see it, member for Cannington.

**Extract from Hansard**

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**Mr W.J. Johnston:** Sorry, I am just clarifying, do you agree with Colin Barnett that members are allowed to use their offices for federal campaigns?

**Mr Z.R.F. KIRKUP:** As I said, I need to see it. I am happy to discuss it with the member for Cannington after that. I look forward to seeing —

Several members interjected.

**Mr Z.R.F. KIRKUP:** No. I have responded. I appreciate that, but I simply do not know what the member is referring to.

I do know that Bill Shorten does not like Western Australia and Scott Morrison loves Western Australia. One only needs to look at the composition of his cabinet —

**Mr P.J. Rundle** interjected.

**Mr Z.R.F. KIRKUP:** That is right, half the federal Labor Party is out in the courtyard. They have been traipsing around Parliament, member for Roe. I wonder where they are staying tonight. I wonder whether they will get a room in Government House; who knows?

**Ms C.M. Rowe:** That's low.

Several members interjected.

**Mr Z.R.F. KIRKUP:** That is not low at all, member for Belmont. That is a matter of fact.

I find it remarkable that Bill Shorten thinks it is worth getting close to the Premier of Western Australia; his judgement is quite flawed. When Bill Shorten talks about health funding, is he aware that Labor has cut health funding in Western Australia and that it turned its back on regional hospitals like Peel Health Campus? When Bill Shorten comes here and talks about education funding, is he aware that Labor has cut funding to our education system and tried to close schools like Moora Residential College? Mark McGowan and WA Labor are not a model on which a future possible Shorten-led Labor government should be based, because what has occurred in WA has been so flawed. The people of Western Australia know that if they vote Labor, they will get cuts and cuts and cuts, backflips, and increases in taxation. That is all they are going to get. It is a real problem here. It does not surprise me, when I look at this in context, that the federal Labor leader is so unpopular in Western Australia. He needs to attach himself as closely as possible to the state Premier, because no-one here knows who he is; and, if they do, they do not like him. That is what they know.

In my remaining five minutes, I would like to quickly talk about infrastructure that could possibly be invested in Peel Health Campus if there were a federal Labor government. Obviously, we have seen federal Labor commit \$6 million to a 10-bed withdrawal facility at Peel Health Campus. Andrew Hastie, the member for Canning, and I both welcome that important investment. I draw members' attention to what the federal Labor leader said when he came out with that announcement as reported in the *Mandurah Mail* by Caitlyn Rintol —

“The reality is police cannot arrest their way out of the ice epidemic, which is afflicting us.

...

“We've got to do more to help our first responders. We've got to do more to help the people in our emergency departments.

It seems to me, as much as I welcome \$6 million for a withdrawal unit at Peel Health Campus, that if federal Labor really wants to help the emergency department and the people who work in it, it would put money towards expanding the emergency department. How much of the Shorten Labor Party's billion-dollar investment across the country has gone to the Peel Health Campus emergency department? Not a cent—zero dollars and zero cents. Contrast that with the achievements of Andrew Hastie and the Liberal Party since it was elected. We have seen \$21 million go into the expansion of the emergency department at the health campus, \$4 million for an eating disorder and community health clinic, \$2 million for the Peel Youth Medical Service Health Hub and bulk-billed MRI licences granted to SKG Radiology in Mandurah. Because of the confidence that investment has brought to Mandurah, GenesisCare has invested \$10 million in a world-leading cancer treatment centre. I find it interesting that federal Labor came to Western Australia and announced a billion-dollar plan for better hospitals, of which \$87.9 million goes to other hospitals in Western Australia. If the federal Labor leader really was as concerned about the emergency department and those in the emergency department as he said he was, we would see money spent on the emergency department. One would think that we would see some of that money—those millions of dollars—but it simply has not occurred.

Several members interjected.

**Mr Z.R.F. KIRKUP:** That is right. He is trying to find out. He has heard the fire.

We all know that if federal Labor cared about Mandurah, it would invest more in our local hospital; it is simply not doing that. Our emergency department is one of the most under pressure departments in the state. If Labor actually cared about WA, including Mandurah and Canning, it would have put money into that hospital emergency department. Of the billion dollars that Labor announced for hospitals in the country, not a single dollar will go to Peel Health Campus' emergency department. I think that is very, very dismal. The federal Labor Party could do a lot better. If it wants to be taken seriously in Mandurah and Canning in the contest within the next 100 days, when the next federal election will be held, it needs to make sure it puts some money into our emergency department, because, to be frank, if it ignores it, it will do so at its peril. Andrew Hastie and the Liberal Party have already achieved and delivered cash in the bank of more than \$25 million for our emergency department, expanded radiology services and the associated equipment and infrastructure upgrades that are needed with that. That is \$25 million versus zero dollars. It is a very real contrast.

**Mrs A.K. Hayden:** It's a bit like the shadow cabinet.

**Mr Z.R.F. KIRKUP:** That is right. It is a bit like the shadow cabinet, as the member for Darling Range quite rightly points out.

I would like to reiterate that when Bill Shorten comes to Western Australia and talks about health funding, he is supporting a state Labor government that has cut health funding in Western Australia. When he comes to Western Australia and talks about education, he is supporting a state Labor government that has cut funding to education and that wanted to close critical schools like Moora Residential College. When Bill Shorten comes here and talks about the cost of living, he is supporting a state Labor government that increased power and water bills and car registration by more than \$700 a year. Bill Shorten should not model his government on the Western Australian Labor government, because we do not want to see that government elected federally. I am certain that in the campaign leading up to the federal election, the federal Labor Party will be absolutely rejected here. Bill Shorten's plan, whatever that looks like, for \$200 billion in more taxes will quite significantly impact upon the people of Western Australia and will be absolutely and overwhelmingly rejected. We will see members of the federal cabinet and Liberal Party members who are very close to Scott Morrison—cabinet is well comprised with so many Western Australian Liberals who are loved by Scott Morrison—returned to government and the Liberal Party will be back in office in less than 100 days. We will see a Shorten Labor government rejected because it is closely modelled on Mark McGowan's Western Australian Labor government. That government was rejected in Darling Range and it will be rejected at the next election also.

**MR B.S. WYATT (Victoria Park — Treasurer)** [6.07 pm]: The only thing that I missed from the member for Dawesville's speech was that at the end he did not say, "Written and authorised by Zak Kirkup for the WA Liberal Party, Perth." It is the only thing that I missed out of that entire speech!

I am quite interested in what has been two hours of rage against a potential federal Labor government. I have to say how disappointed I am with how easily members opposite seem to have given up. We have not even had a federal election yet, and they are in here raging against a federal Labor government. I just say, guys, give it a bit of oomph! We have an election to come yet and I want them out fighting for it at the very least. I cannot get over the desperation that I have heard from the other side of the house before the federal government is even in caretaker mode. The member for Dawesville said that he cannot wait for 2021, when he will be able to talk about the long-term federal Labor government. I do not think "Scomo" would appreciate the defeatist attitude we have heard from the WA Liberal Party here today. From what I can gather, all this agitation seems to be about the bus and the fact that the Premier's face is on the side of a bus with that of the leader of the federal opposition, Bill Shorten.

**Ms S.F. McGurk:** You wouldn't think they would want to talk about buses.

**Mr B.S. WYATT:** That is correct.

I find that curious. I saw the bus today. I guess at some point there will be a bus with Scomo's face on it and that of the Leader of the Opposition. I can only assume that is coming. When the Prime Minister was here last week for, I think, four days, I did not see one article or photograph of the Prime Minister and the Western Australian Leader of the Opposition—not one. I figure they are saving that image for the side of a bus! The "Nomo" bus, I guess they will call it. It is only a matter of time before the Leader of the Opposition and Scomo are seen in the same room together, so I for one can no longer assume that they are actually the same person, flitting around trying to convince Western Australians that they actually are not.

I say to the Liberals, "It is still a campaign. Don't give up. Fight the good fight. Stand on your record because we will be standing on your record—don't you worry about that—when it comes to the federal election campaign!"

The motion reads —

... this house notes the damage that a federal Labor government will have on Western Australia ...

**Extract from Hansard**

[ASSEMBLY — Wednesday, 20 March 2019]

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Dr Mike Nahan; Mr Dean Nalder; Mr Peter Tinley; Mr Zak Kirkup; Mrs Liza Harvey; Dr Tony Buti; Mr Ben Wyatt; Dr David Honey

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The member for Dawesville, after raging against Bill Shorten and the range of policies that the federal Labor Party is taking to this election, concluded his speech by saying he is convinced that WA Labor will be absolutely and overwhelmingly rejected. What has been the point of the last two hours if we are going to have this debate that is simply all about, I think, a rage against Bill Shorten and the fact that it appears there may be a change of government in the offing?

I want to make this point at the beginning; it is a point I made in question time: after listening to some of my friends on the other side of the chamber, I do not think it has quite sunk in that at a federal election, this room does not get to decide the outcome. Australians will make their choice. Like everyone else, we will live with the consequences of that choice. That is the nature of the democratic system. I pointed out in question time today—even the shadow Treasurer made the point—that the one thing we certainly cannot deny with Bill Shorten and federal Labor is that we know what they stand for. They have clearly articulated a range of policies over a long period, some of which are contentious. I have heard my friends on the other side of the chamber rage against them. Indeed, I am watching the rage and the debate play out in all the media across the country—on TV and in print media—but in the end, the ballot box will decide. I do not think the WA Liberals should write it off just yet as they appear to have done; I think they should fight the good fight. But the reality is that Australians will make that choice and the government will govern. To be honest, I hope that a new government governs better than the current one because it has been diabolically bad. Once we have that election, whoever gains government will go around implementing its policies with the mandate of the people of Australia. That is the reality of it.

I want to respond to a couple of points that were made by a range of members on the other side. There is one comment in particular that I have to respond to. The Leader of the Opposition said that when we won the election in March 2017, we inherited—I wrote this down because I was incredibly surprised he would say it—a nascent recovery. I want to remind people about the nascent recovery that we allegedly inherited. Petroleum exploration was declining at the rate of 51 per cent a year at the time of the last election. It is now growing at about 38 per cent. Building approvals were declining by eight per cent a month at the time of the last election, and are now growing at 29 per cent a month. I was interested that the Leader of the Opposition dared even raise a question about state final demand last week. When the Leader of the Opposition was Treasurer, at no point did state final demand increase. At no point during his time as Treasurer did the domestic economy grow. When I became Treasurer, state final demand was declining at 8.5 per cent a year. In the first 12 months after we came to government, we saw the first growth in state final demand in five years. We were expecting a small contraction in 2018–19, but the budget predicted that back in 2017–18, and we are expecting that again in the 2018–19 budget. Business investment was declining at 33 per cent a year.

**Mr I.C. Blayney:** Will you take an interjection, member?

**Mr B.S. WYATT:** Let me finish off the stats because I want to highlight the nascent recovery that I apparently inherited. Business investment is still declining. It is down to six per cent a year but we did see some quarters of growth. Dwelling investment was contracting at 20 per cent a year at the election. It is now growing at four per cent a year. All the statistics around this so-called nascent recovery that we apparently inherited contradict the comments made by the Leader of the Opposition. In 2016–17, the last year of the former Liberal government, we had the only recession that we have had on record. One of the reasons for that—again, I have talked about it in this place a lot—is the confidence that consumers and businesses felt at the end of what was, let us be honest, a very chaotic government, particularly in its second term when the Liberals and Nationals were raging and fighting against each other. There were two governments within cabinet. It was clearly bad for investment decisions. I think most reasonable people would accept that. That is why the confidence data is now so much better. It is coming off historic lows, as I said—the equivalent of the global financial crisis towards the end of the former government. That confidence data is increasing.

I cannot help but bring myself to reflect upon the words in the motion moved by the Leader of the Opposition when he referred to “increases to the cost of living, reduced income for seniors and damage to the housing and construction sector”. I guess the Leader of the Opposition would know because ultimately he inflicted all of those on the WA economy during his tenure as Treasurer. I want to remind everybody about all of those. Again, this is what the Leader of the Opposition gave us all and the WA economy has taken some time to recover. Slow growth will continue because we will never get the trajectory of economic growth that we saw in the lead-up to the last mining boom.

I have talked a lot—I am going to talk about it again—about the Mike Nahan land tax increases. There were three of them in two years. They had a dramatic impact on the property sector in Western Australia. We are still feeling that; it has taken some time to get over. Again, I remind members that in the couple of years leading up to the first land tax increase in 2013, private dwelling building approvals were growing at 49 per cent. There is always an immediate reaction. After the first Nahan land tax increase, that growth reduced to 15 per cent over the next 12 months. It was still healthy but it went from 49 per cent to 15 per cent. The next Nahan land tax increase was

in 2014. After a very short lag, investment fell 10 per cent in a seven-month period. That was the biggest hit to the property sector in WA. It was the third increase in land tax. There was a hit of about \$1 billion to the property sector in 2015. We have still not recovered from that. The market plummeted a whopping 24 per cent in just nine months. Overall, the total decline as a result of the three rounds of the Nahan land tax increase was around 50 per cent. It has taken some time to get over that. I have made this point before. The Leader of the Opposition comes in here and says—I wrote this down as well—that we have the worst housing market in living memory. Yet when he goes to the Urban Development Institute of Australia—he did this recently, and I quote him again—he said, “House prices haven’t done anything but bump along downward for 10 years—we have reasonable house prices.” The Leader of the Opposition’s view is that we have reasonable house prices.

I think most people in this place accept that the housing sector is going through a phase during which we have had a huge period of investment and a huge period of supply and demand due to a range of things, including the state of economic growth and population growth. For a range of reasons, the demand has seen further property declines. I do not think there is any great surprise about that. It comes back to the laws of supply and demand. I find it interesting that the member for Bateman complains, critiques and worries about negative equity in properties—we all do—but then in the next sentence wants the government to pump-prime the housing construction sector. That is the great conundrum that he faces. Either we pump-prime and create more supply in the market when the demand is not there to satisfy the current supply and further decrease property prices, or we let the market do what it does. I know that the member for Dawesville—I wrote this down too because I was surprised at the comment; I have not heard the Liberals say this in quite some time—supports a free market. Effectively, this is what happens with properties. We all remember the property boom of the mid-2000s when I was first elected. We have had a long decade of not dramatic property growth. That is what happens with supply and demand.

I have met with the Master Builders Association and others. How do we fix that without actually fixing the fundamentals and increase the demand by increasing population growth? We are seeing better statistics around rental vacancies coming back down to their long-term average. I expect that to flow through to construction activity. Early indicators on some of the finance commitments are getting better. I made this point here, and this is why the Minister for Housing referred to it: it is really around access to finance, which is why the government made the decision at the time of the midyear review to increase the borrowing capacity of Keystart by \$430-odd million. As has been pointed out to me, first home owners and others are making offers on property but falling over with a lack of capacity to get finance. Some members may have seen in the media the issue I took up with the Australian Prudential Regulation Authority around that particular issue. What worries me is the movement that has been led by APRA—I think even APRA now understands the potential impacts of its demands nationally on something that has been an east coast property boom—related to the conversion of interest-only loans to principal and interest loans. I do not want to see a further increase in properties coming to market simply because people cannot make principal and interest payments. The member for Bateman agreed with me on that point. He agrees with me on the point about properties coming to market through investment properties being forced to sell, yet he still wants me to pump-prime construction activity to create more supply. That will only create more of the problem that he talks about—negative equity. There are not many levers the state government can pull that will correct negative equity, but ultimately over time population growth, hopefully, will resolve that. That is the nature of property; it is a long-term play.

Another issue raised was cost of living. Cost of living is a perennial issue for state governments that spend a lot of time considering what we call the basket of household goods; that is, what do we do during the budget process around a full range of prices? Obviously, the main two are power and water. Do we increase those, bearing in mind that if we do not increase them and they are not at cost reflectivity, Western Australians will still pay through the budget separately from their relevant bills? There is no question about this: from 2008–09 until 2018–19 there were significant increases, mainly in the first term of the Barnett government. They were historically very, very high increases. There has not been anything like that, including during the second term of the Barnett government or indeed so far in our term of government. We have not seen the sorts of increases that were imposed during the first term of the Barnett Liberal–National government. We have to find that balance.

The point I made at question time today, and the point I have made time and again, is that one of my main critiques when I sat on the opposition side of the chamber was that we had a government, then led by Colin Barnett, that took it upon itself to take the fiscal capacity of future governments. The former government inherited a very, very healthy balance sheet with lots of capacity and rapidly filled it with debt and drove the operating balance into deficit. That is what made things so difficult. It is what limits our levers. I have already made the point that state governments already have limited levers. We do not have the sorts of levers that a commonwealth government does. Being left with a balance sheet that was in as much trouble as the former Liberal–National government left us with makes it even more difficult. I do not have the capacity to pull the levers that I would like to pull. That is why we had to make decisions, whether they be around power prices or wages policy. We had to implement a range of policies that people do not like, but the reality is it is now delivering record low expense growth so that we can

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take advantage when there is an uptick in revenue. At the moment we are seeing better revenue figures, driven healthily by the work that the state government did in securing a GST floor. The GST floor was fundamental. In the long term, one of the great legacies of the McGowan Labor government for future governments will be that GST floor because it has removed the volatility in GST by effectively bringing the commonwealth balance sheet into play to protect Western Australia. That has been a fundamental reform. Over time, Western Australians will certainly come to appreciate that.

A lot has been made about the housing and construction sector. Referring to—I say this with my tongue firmly in my cheek—the “nascent recovery” referred to by the Leader of the Opposition, in the last year of the former government the construction sector contracted by 24 per cent. According to the Leader of the Opposition, the contraction of the construction sector by 24 per cent is a nascent recovery! In 2017–18, that sector expanded—just—by 2.4 per cent. I expect that to be a genuine nascent recovery.

The number of dwelling approvals went up 29 per cent in January, which was the highest monthly gross growth since September 2017. That is important. The Leader of the Opposition made a point about the Chamber of Commerce and Industry of Western Australia’s confidence data and its comments about wages. The main issue raised by the CCI, either in public commentary or in meetings with me, is budget repair. There is no doubt that that is the priority. Rather than forward estimates full of the deficits that I inherited and debt continuing its trajectory towards \$42 billion, I want to ensure that when I leave this role I have a forward estimates full of surpluses, and debt is on its way down. That is what I am trying to achieve. Regardless of the individual policy peccadillos that the CCI may run, that is fundamentally what it wants the government to achieve as well.

I made this point in question time: there is no doubt the retail sector is doing it tough. The stats will highlight that. This is not unique to Western Australia. I suspect New South Wales and Victoria are about to experience some significant pain in their housing sectors. They have gone through a long period of very high property prices. I think we will see Treasurers over there considerably unwinding their expectations around land-related taxation revenue.

The retail sector is in a much better position now than it was when the Leader of the Opposition was Treasurer and when the former government was in play. Year on year growth was 0.6 per cent in January. Clearly, we want to see that higher. At the time of the last election, the retail sector was contracting by 22 per cent. In respect of those January figures that were released in February, I quote the executive director of the Australian Retailers Association commenting on the December figures in WA. He said —

It’s the strongest growth [in retail turnover] year on year that we have seen since July 2017, so a long time since we have seen such growth out of Western Australia and certainly very good, and I think it’s a sign that people are very confident and happy with the economy in Western Australia.

I get that to a certain extent. All organisations talk their own book. Whether it is the Chamber of Commerce and Industry of Western Australia, the Western Australian Council of Social Service, the Master Builders Association, the Real Estate Institute of Western Australia or the Australian Retailers Association, it does not matter—a membership-based group talks its own book. It will try to get outcomes for its own members. But the reality is the one organisation that is trying to make decisions for the entire state is the state government. Regardless of who is in power, whether it be Labor or Liberal, the state government is the one organisation that has to compile, consider and digest all those different views from all the stakeholders that want a piece of the pie. It is up to the government to make decisions that overall, in the view of the government, are in the interests of the state. That will change as governments change. That would inevitably disappoint some stakeholder groups—some decisions they are happy with and some they are not, but, hopefully, we get a balance. I am not immune to that. I was tickled up recently by the president of WACOSS at a breakfast. She does not think the state’s finances are as much of an issue as the government, including me, does. She is not happy with some of the decisions made by government. The CCI wants more spend around taxation reform; the MBA wants a first home owner grant boost; and REIWA does not want a FHOG boost and wants it extended to established homes. Every single group will have a different view. Some might be consistent with each other; some might be contradictory. Overall, we have to digest that and come up with a budget and a priority that we think is in the interests of the state and, as I said, state governments will have those views over time.

Some questions were raised recently around wages and employment. I want to emphasise this: jobs are being created in Western Australia. Jobs are growing at about 1.3 per cent. There is no doubt that our unemployment data is being penalised by our participation rate. Western Australians are now flooding back into the labour market looking for work, I would like to think buoyed by confidence that there might be work out there, or certainly the capacity to increase their hours. That is good, but it is inflating our participation rate. Therefore, although jobs are being created, our unemployment rate has been increasing because of the surge in participation. I have previously quoted Alan Duncan from Bankwest Curtin Economics Centre, and I will quote him again. He said on 1 February that the unemployment figures are a positive sign; unemployment is rising because more people are looking for work rather than there being a decline in the number of jobs available.

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That is important, because a decline in the number of jobs available is exactly what happened during the second term of the former government. Between March 2013 and March 2017, not one job was created in Western Australia. Indeed, overall, the economy lost 673 jobs during that four-year period. We have created 33 000 jobs in the two years we have been in government. I would like to see that higher, absolutely. The fact that the target that was set at 150 000 jobs has been critiqued on both sides—as being not ambitious enough, and as being too ambitious—suggests that maybe we have got that right. It is a challenge that has been set, and we want to deliver on that. It is good that we have done that. As we said, 2018–19 was always going to be like 2017–18, when we saw a return to domestic growth and a return, importantly, to GST growth after the recession that the Liberals left me with in 2016. We are no longer expecting recessions. Importantly, economic growth is expected to continue, and in 2019–20 we expect to see a return to domestic growth as well. On the back of that, we are certainly expecting job creation to continue. However, as we see in the monthly data, it will be erratic. The monthly data always is erratic. The Australian Bureau of Statistics does its assessment, and its data is erratic. But it is going the right way. We have created 33 000 jobs thus far. I want to see that continue and increase.

That is why the government has set itself a target for job creation, and that is a good thing. The fact is that we are seeing economic growth. We are also seeing datasets that are much better than what I inherited. Whether it be around construction activity, dwelling activity, retail activity, and confidence, the data is all better than it was when I became Treasurer. I have made the point time and again that that is underwritten, of course, by activity and investment by the private sector. That is why I keep a keen eye on the business investment data, which is usually a lead indicator around employment. That is why I think most members, when they move around Western Australia, are feeling an increasing positivity. It may not have hit my colleagues on the other side of this place, but things certainly are getting more positive. I suspect that we will never get in my lifetime the sort of economic growth that we saw during what we loosely call the mining capital investment boom. We will not get that again. Even now, with very healthy mining investment, it is running at about 25 per cent of what it was during the peak of that mining investment period under the former government—it is not even close. That is why the unemployment rate was 2.9 per cent when Alan Carpenter lost government—a 2.9 per cent unemployment rate is extraordinary! That increased under the former government, and now it is our job to try to bring that down over the time we are in government.

Some interesting comments have been made around youth unemployment. Youth unemployment is an interesting issue. I say that because the data around youth unemployment is often contradictory. Historically, there has been, for whatever reason, a disconnect. When the overall unemployment rate in Western Australia is declining, the youth unemployment rate will increase. It would seem that when it comes to youth unemployment, other things are at play rather than just economic growth. Indeed, the record of the previous government is that during the historically highest economic growth that this state has seen, 32 000 young people lost their jobs. That includes the time when the unemployment rate was declining. The number of unemployed youth increased by 200 per cent during the term of the previous government. The youth unemployment rate increased by 200 per cent, and the unemployment rate increased from 5.2 per cent to 14.9 per cent. There are things at play in the general youth unemployment data other than just economic growth, as we can see from looking at the flows, but certainly, for whatever reason, that is the case. That is why the Minister for Housing made the point earlier this week, or maybe last week, around the youth unemployment data. That is why we believe it is so important to keep things like TAFE affordable so that young people who want to train and get skills have the opportunity to do so. Shortly, we will bring to the Parliament the next round of our training reforms. We need to ensure that we can identify those skill sets that are a priority for government and in which we need to train people. For example, in the medium term we will need a lot more people who are trained to be carers in what we call the disability space. That is clearly a skill set that we need.

I note that today the Prime Minister announced a cap on immigration. That was not referred to in the Leader of the Opposition's contribution tonight, but I assume he would be very critical of the cap on immigration announced by the Prime Minister today. That was apparently to resolve the population conversation that the Prime Minister instigated. I have to say that issue was referred to the Treasurers. A few weeks ago, there was a meeting of Treasurers in Canberra, chaired by Josh Frydenberg, around population. It became clear to me again, and I think ministers on both sides of the house have had this experience, that the conversation is very much being led by what is happening in New South Wales and Victoria, forgetting that there are other states in the commonwealth beyond New South Wales and Victoria. Certainly, the Liberal government in South Australia made the point that South Australia is desperate for people and will do whatever it takes to get more people. That is very different from the Treasurer of New South Wales, because New South Wales clearly has population and infrastructure issues. I made the point as well that our population growth in Western Australia is below the historical long-line average, and I want to see that increase. That is also linked to economic growth, and to the concerns raised by the member for Bateman around negative equity in properties. I will have a good look at what the Prime Minister has announced and at whether the cap is a cap, or broadly what the immigration cap has been over the last few years, and at the policies to encourage people to go outside of the major cities of Melbourne, Sydney and Brisbane. I would like to see some

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population growth in Western Australia, and certainly we have some emerging skill shortages in particular places. That is, again, because of the economic growth that we are seeing, which I think is a good thing.

I want to conclude by emphasising two points. The member for Bateman faces a conundrum around the comments he made about property and the reaction that he wants. He made the point that he has a philosophical view around the first home buyer grant and that it does not stimulate activity. He has expressed that view in this place. My view was that the boost was simply a very expensive way, at a cost of about \$120 000 per house, to bring on genuinely new activity. I had a very good conversation with a delegation led by John Gelavis from the MBA, with a broad range of builders, and I said “Okay. I understand fully and appreciate the fact that the housing sector is doing it tough.” A lot of people are employed in the housing sector. That includes, as has been mentioned in this place, apprentices et cetera. I then said, “What policy levers can the state government pull to ensure that you do not simply bring forward, say, 12 months of activity and then leave yourselves with the problem for 12 months thereafter? What will encourage genuine activity?”

I think there is broad agreement that economic growth and population growth—historically population growth and economic growth have been very closely linked in WA—would be a permanent solution to wiping out the long-term trend of negative equity and property growth, as opposed to what we have been seeing. However, I still do not understand why the member for Bateman wants me to pump further construction into a market that is already oversupplied. That is something on which I am still to get a sensible position from the opposition.

I was interested in the member for Bateman’s comments on renewable energy and how proud he is to own solar rooftop panels, which were taken up with great gusto under the former government, primarily under the feed-in tariff, and which became a very expensive exercise for the state government. There is no question that it worked. Governments around Australia, indeed governments around the globe, had various policies encouraging the uptake of residential solar panels, and it worked. But then, bizarrely, the member for Bateman railed about the future of Collie and coal-fired power stations. Without any shadow of a doubt the single biggest negative impact on coal-fired power stations in Collie has been the uptake of rooftop solar panels. The member for Bateman is correct when he says that rooftop solar, if it is aggregated, is the single largest generator of energy in the south west interconnected system; it has had the biggest impact on Collie’s coal-fired power stations. It is interesting that the Leader of the Opposition has guaranteed that no coal-fired power station will close. I can guarantee members that that will have—I will come back in due course with the costs—an impact on power bills. If that is a long-term guarantee, it will have an impact, especially when those power stations reach the end of their life. But I will come back to that in due course.

The member for Dawesville, who has left the chamber, was raging about the 2021 state election and how he is looking forward to seeing the Premier and Prime Minister Shorten, presumably when Labor is in power in Canberra, on billboards. How quickly has the member for Dawesville given up on the coming federal election? The member for Dawesville referred to Bill Shorten, the federal opposition leader, as anti-free market. I make the point again that every day the WA Liberal Party is demanding that I intervene in the housing market because it does not like what supply and demand is doing naturally to the price of properties. On a daily basis I hear federal Liberals and Nationals demanding that taxpayers build a new coal-fired power station, yet the member for Dawesville has been critiquing Bill Shorten as being anti-free market. As I said, the state Leader of the Opposition, the member for Riverton, has guaranteed the ongoing operation of coal-fired power stations in Collie. I guarantee that if we leave it to the free market, there will be a much different outcome than that.

I hope that I have dealt with most of the issues raised in the motion. To be honest, I think it is probably a little bit premature. Although the coming federal election may see a change of government and a federal Labor government elected, the reality is we still have to go through an election. I do not think WA Liberals need to be so disheartened that they must now critique the state Labor government on what the federal Labor opposition is taking to an election. They will take that to the election. They have made that clear. Some of the policies that federal Labor is taking to the election have been around for a long time; they have taken them to consecutive elections. I think that Australians have had a fulsome chance to inquire about, to question and challenge, and to either agree or disagree with those policies. Ultimately, that is where the decision will be made.

I make the point again that the current federal government’s single biggest failure has been in its energy policy. We were nearly there when Prime Minister Rudd proposed the carbon pollution reduction scheme, which I think the Australian business sector wishes had survived because we would not have had more than a decade of this madness. The Greens, ironically, killed off that scheme by voting against it in the Senate and that plunged us into more than a decade of energy and climate change policy madness. By and large, the Labor mechanism for delivering a policy on energy and climate change—that combination that has been so difficult to achieve at a national level—is based on the policy work Josh Frydenberg did as the federal energy minister on the national energy guarantee. I think I have said in this place that while I was Minister for Energy I was involved with Minister Frydenberg on that matter. Although WA is not a part of the national energy market—our voting capacity is limited—it was my view at the time that the nation needed to land a viable, sustainable position that

was going to survive. That was the feedback we got. I have never seen anything like it. On the day, night or morning before energy ministers meetings there would be an industry forum, which representatives from the Australian Chamber of Commerce and Industry, the Minerals Council of Australia, farmers and pastoralists, and the Australian Council of Social Service—the full spectrum of peak body groups we come to deal with in Australia—would attend. They were all in furious agreement—all of them—that the nation could not afford more uncertainty around the national energy policy. In the end, Mr Frydenberg, to his credit, got broad agreement on the national energy guarantee. Federal Labor, smartly, has picked up the NEG as a mechanism by which to deliver on that policy. I think that is a smart thing. I suspect that the debate will be over the size of the target. Bill Shorten has made it clear what he wants it to be. I assume the federal Liberal position—I am not entirely sure—is 26 per cent. It has to work out how it will get to that target. But the NEG is really the mechanism by which we will get there. We can then have a policy debate over the size of the renewable energy target within that. If that can survive, that will be good for WA, not because it is part of the NEG, but because—I have said this in this place before—companies like Alinta that invest around the country, do not want a policy that is a disincentive for the private sector to invest in energy assets in Western Australia because of the construction of some flawed national system. I think the point that has been made very firmly in the last week in the light of the Environmental Protection Authority draft guidelines, by the Premier, me and others, is that we need a national response. At the moment this is something, and I think it still is. Sometimes in politics there are things that some political parties just simply cannot do. That is what has happened in the marrying up of energy and climate change within the federal Liberal Party, and the coalition more broadly. It is such a divisive issue that they cannot land a coherent and consistent policy position. I suspect that is why Tony Abbott is likely to lose his seat in Warringah, because he is under attack from a local independent Liberal candidate. With a change of government I would like to see a coherent policy emerge that gets the support of a potential opposition leader, Josh Frydenberg, who understands that the NEG can deliver, because he is the architect of it. I think potentially we may see that.

This is a classic pre-election motion. As I said, the member for Dawesville should perhaps have concluded his speech with, “Written and authorised by Zak Kirkup of the WA Liberal Party, Perth.” His speech was exactly that. However, I remind everybody in this place that this is not the commonwealth Parliament; this is the state Parliament of Western Australia. We do not get to dictate the policies of the commonwealth government, but we in this place get the same opportunity that every other Australian gets—very shortly the right to make a choice on who to vote for. Whether it be the Liberal Party or Labor Party—there are a range of other parties but broadly the Liberal Party and the Labor Party —

**Mr R.S. Love:** And the Nationals.

**Mr B.S. WYATT:** And the Nationals WA. Sorry, I apologise, member for Moore. There are a range of parties to vote for. Either way, we will have a chance to decide who we want to form government—the Labor Party or the coalition—and that choice will be made. I think some of the hysterical commentary of opposition members tonight highlights the fact that they have already ceded the coming commonwealth election. I think they are looking at Scott Morrison and what has been going on with Barnaby Joyce—“still the elected Deputy Prime Minister of Australia”—the madness around energy policy and the fact that the Nationals have gone rogue and are no longer interested. Funnily enough, it is kind of like looking back on the dying days of the former Barnett government; it is very similar: the Nationals go rogue and throw the Liberals under the bus. That is what the state Nationals did under Brendon Grylls and what the federal Nationals are doing under—not Barnaby Joyce, but whoever the leader happens to be, the current Deputy Prime Minister. That is what is going on, and Australians are looking at that and have given up listening. That is never a good thing, because we want an election to be a contest of ideas.

I have seen this before, when we saw the defeat of the Rudd government, again because of the then government’s behaviour and its leadership changes. Australians had stopped listening and made the decision that if you cannot govern yourself, you cannot govern the nation, and I think that is exactly where Mr Morrison finds himself at the moment. That is why we are getting these sorts of motions in the state Parliament, predicated on defeat at the commonwealth election.

If the Australian people choose to change governments, member for Dawesville, you have to like it or lump it. That is what we get in this game. The democratic process delivers results that we may find disappointing along the way, but we accept it and we deal with it. What we have shown, certainly at the state level, is a capacity to work with commonwealth governments. I think this government has worked very well with the current federal Liberal government on a range of different areas. Hopefully, we will get the chance to work with a federal Labor government in the not-too-distant future. Ultimately, I expect that the period of consecutive leadership changes and policy dysfunction at the national level hopefully might be coming to an end. If we can get the nation back onto a more sensible, stable footing around policy development and implementation, budget management

**Extract from Hansard**

[ASSEMBLY — Wednesday, 20 March 2019]

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and leadership, it will be good for the nation in terms of both creating our own confidence, momentum and investment and, even more importantly, in our international relations. We have seen our relations with some very important trading partners suffer as a result of that dysfunction, and that needs to be brought back to a much more professional and respectful footing, bearing in mind that I always expect the commonwealth government, regardless of its political stripe, to represent Australia's interests first and foremost, and not with the clumsy rhetoric that we have seen of late.

Members will not be surprised that we think this motion is misconstrued. It is also based on the Leader of the Opposition having a very interesting view of history in terms of his own contribution to the economic status of Western Australia, illustrated by the fact that he would even think that at the time the former Western Australian Liberal government was defeated, it was in a period of nascent recovery. I have gone through the statistics to highlight the fact that everything was going down, and going down in big numbers. That is why the confidence data was so bad, but we are creating jobs, we are creating opportunities, and the finances are getting back onto a footing that we have not seen for a long time. There is a lot of work that needs to be done on that, but as I have said, when I finish as Treasurer—we are all only here for the blink of an eye, in the scheme of things—I want to ensure that, rather than giving the next Treasurer what the Leader of the Opposition gave to me, which was nothing but forward estimates full of operating deficits and increasing net debt across the forward estimates, I pass on forward estimates hopefully full of surplus positions and declining net debt across those years. Ultimately, that is how you ensure that the next government is in a position to respond to the circumstances of the day, regardless of what they are. I do not have the arrogance to assume as I stand here today that I know what a government in 10 years' time is likely to face, which is exactly the critique I made of former Premier Barnett. He assumed that his government was effectively the last government of the state and that it could do what it liked with the balance sheet. The reaction around the state highlighted that that was not the case.

**DR D.J. HONEY (Cottesloe)** [6.54 pm]: I will not compress my entire prepared speech. The reason we put up this motion, which I think was explained pretty clearly, is quite straightforward; that is, we on this side are extremely concerned that the election of a federal Labor government will cause serious harm on top of the harm this government has already caused to this state economy. Also for some reason—what we think is a foolhardy reason—the Treasurer's side of politics is supporting what would have to be the most left-wing Labor government since the Whitlam era.

It is funny. Imagine being the Premier getting a phone call from Bill Shorten saying, "I need your help, Premier; you had such a fantastic outcome in Darling Range, you got only a swing of 9.3 per cent against you. We'll use you here because you're the poster child." The Premier thinks: "Hang on, I have to help this turkey but, you know what, I desperately hope he doesn't get elected", probably for a couple of reasons; first, to preserve himself for the next election so that he is not a one-term Premier. Second, I think the Premier cares about the state and he knows that a Shorten Labor government will cause enormous damage to this state.

This government is more than halfway through its term. That is when we would expect its policies to have some impact. I will not have time this evening, but I am sure I will at another stage, have time to benchmark this government's performance. Members opposite will all remember the drama—Friday, 7 April 2017 "WA's great depression", the greatest depression in the history of the state. The Premier was on television—here we are the poor Premier. He looks a bit like that now, does he not, members? He does not look quite as bright and shiny as when he started. "WA's great depression" and the Premier is telling us that it was the greatest depression the state had ever had since the actual Depression. It is extremely insulting to the people who lived through the Great Depression. My father as a young man lived through the Great Depression and had to work to support his family. He was a young boy really. That was a time when people literally starved to death. Quite obviously, the Premier was using extreme hyperbole and telling a demonstrable untruth. It is really important to take April 2017 as the benchmark and go through the numbers. The Minister for Mines and Petroleum is a great one for facts and says "Get your facts right." I had that ringing in my ears and I thought: The best facts to get are those from the Treasurer's own Treasury. Let us look at the facts between April 2017 and 2018. Annual growth in business investment is heading down and is lower than it was in April 2017. It is going backwards, heading down. Annual growth in private consumption is completely flat. There is barely a whisker of difference between 2017 and 2018 annual growth in final state demand. Let us go a little further. Population growth has been flat for a while. Beyond that—this is something that I will bring up again and again—population growth now is around 0.25 per cent. No-one wants to come here, but with this Labor government in why would they? What a difference when the Barnett government was in: population growth was 0.75 per cent, two and a half to three times the current population growth.

We hear a lot of rubbish about state debt. Forward estimates have the Labor Party —

Several members interjected.

**The ACTING SPEAKER (Ms S.E. Winton)**: Members, there are two minutes left. Keep it together.

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**Dr D.J. HONEY:** Forward estimates show that the debt was going to \$12.5 billion under you lot. Colin Barnett had a government that had to cope with a 25 per cent increase in the population, essentially in the term of that government. Do members know what? That government provided all the infrastructure. A tiny fraction of that went on the projects you lot like to talk about, the projects that have saved tourism in this state—Perth Stadium and Elizabeth Quay. There are all the new hospitals. You guys have a bright, shiny completely renewed state and school system. It had to be done for the 500 000 people who came to the state.

Several members interjected.

**The ACTING SPEAKER:** Members! He has only a couple of minutes; give him a go.

**Dr D.J. HONEY:** The consumer price index is tonking along; inflation is up. Do members know why? It is due to the increased charges this Treasurer has imposed. Other consumer price indexes are down. Inflation is up due to the 18 per cent increase in power charges and the 11.5 per cent increase in water charges. I am quoting from the Treasurer's department's documents, so I hope it is telling the truth.

On the other side there are rivers of gold. I love a bit of basic arithmetic, as members here know. Basic arithmetic tells me there is probably over a \$1 billion increase in iron ore royalties above Treasury's forecast. Treasury does not always get it right, does it? It is probably about \$1.2 billion, but I am sure the Treasurer will enlighten us. All royalties are up.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

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