

**LAND TAX AMENDMENT BILL 2015**

*Second Reading*

Resumed from 17 June.

**MS R. SAFFIOTI (West Swan)** [7.00 pm]: I rise to outline the Labor position on the Land Tax Amendment Bill 2015. It is yet another tax bill. As I have said before, it is another month and yet another tax bill has been brought into this place by the Barnett Liberal–National government. I am getting to know the advisers very, very well. I get to see them regularly. I, too, had the opportunity to go on a family holiday in July and I nearly sent these advisers a postcard because I get to see them so often. My daughter, Grace, was writing postcards and asked whom she should write to. I said she should write to her nonna and Auntie Connie and that she might include the advisers on the tax bills, because I see them very, very often. I could have written, “Dear tax advisers, wish you were here!” Alas, those postcards were never sent to the minister’s advisers. The postcards that we sent to our family only arrived yesterday! As I said, it is another week, another month and there are more taxation bills from this government.

It is an interesting start to this parliamentary session. I am disappointed that the Minister for Planning is not here because a very unusual thing happened today: we saw the Minister for Planning walking around with a copy of the 2008–09 *White Pages*.

**Mr I.C. Blayney**: Why would he do that?

**Ms R. SAFFIOTI**: That is an interesting question. It is no wonder the planning estimates were so wrong in the planning 2031 document when the Minister for Planning walks around with a set of *White Pages* that are so old the pages have turned yellow. That was an amazing thing to see. The Minister for Planning said as he walked out of the chamber, “I like books. You should read books.”

Again, it is an interesting start to the session. It is good to see that the Premier’s demeanour has not changed. He has come back refreshed.

**Mr I.C. Blayney**: He’s lost a bit of weight.

**Ms R. SAFFIOTI**: Maybe he should be bigger and be happier. If he is that unhappy after losing weight, maybe he should put some on and be a bit happier. I love coming back here after having a few weeks off because whatever we raise in Parliament on the first day back, the Premier stands up and says, “Is that the best you can do? A brand-new hospital is falling apart; is that the best you can do?” After another break we came back and said that the government had bankrupted the state. The Premier said, “Geez, opposition. You’ve raised the fact that we’ve bankrupted the state. Is that the best you can do?” After a break we raised the point that Perth is the meth capital of Australia. The Premier came back at us with, “Geez, you’re raising the fact that we’re the meth capital of Australia. Is that the best you can do?” When we raise the chaotic transport planning that continues under this government, all he can say is, “Geez, is that the best you can do?” It is good to see that the demeanour of the Premier has not changed and that his hostility is still there. In some comments to the Leader of the Opposition, the Premier said that he should go back to New South Wales. The Premier should defend every person who has made Western Australia their home. There are hundreds of thousands of people across many government electorates who have come here from other states. That is what the Premier thinks of people who have come from other places and made Western Australia their home. Again, that is the bizarre and erratic behaviour that we have come to expect from him.

Nothing changes. The Premier’s demeanour has not changed. The government’s keenness to increase taxes on good Western Australian folk has not changed either. Actually, it has increased. This bill is all about an \$826 million increase in land tax. Why? Basically, it is to try to manage debt that this government has created. I will go through the key aggregates. The *Economic and Fiscal Outlook* outlines that the reason this government is introducing this tax is to help deal with the debt problem—the debt monster—that it has created. The government is trying to slay the debt monster that it has created.

**Mr P. Papalia**: They’re not slaying the debt monster; they’re trying to placate him.

**Ms R. SAFFIOTI**: The government is trying to placate the debt monster. I will go through the key aggregates. When Labor left government, the state had net debt of \$3.6 billion. The estimated actual debt for 2014–15 was \$25.4 billion, with that debt forecast to be \$31 billion at the end of this financial year—we are in August—and to climb to \$36 billion over the forward estimates.

**Mr B.S. Wyatt**: There is no vision, seriously.

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**Ms R. SAFFIOTI:** We have no vision, because we have always cared about the finances of the state. Yes, we were there. Government members should look behind them because they are creating a debt problem so big they will not be able to manage it. The outcome for Western Australians is a massive new increase in tax. Net debt was at \$3.6 billion when Labor left office. Net debt is now \$25 billion and is forecast to climb to \$31 billion by the end of the next financial year and then up to \$36 billion. Why does the government need this bill? It is because government members created a debt problem because they did not tell the truth during the election campaign. Do members remember what they said? They said that they had fully funded, fully costed election commitments. Basically, that was not the truth. The management of this state has been all over the place under this government. The state's finances are a clear example of that. There is no strategy from day to day on finances. As I said in another speech, on one day it was a financial Xanadu—people could have it all while rollerskating down the Hay Street Mall. That is what the Premier said. He said that we could have this project, this project and this project and that we could afford it all, but we knew that that was not the case. Now there are massive increases in taxes. That chaotic management has been displayed from portfolio to portfolio. The transport portfolio has been incredible.

When someone asked me today about our plans, I said, “Look, it’s really hard to give you the details in our plans because we really need a base with which to compare and, honestly, these guys are making it up as they go along day by day, week by week.” It is therefore really hard to develop a plan on a moving saga that is the Minister for Transport and the transport portfolio. We will try once we get a bit of certainty on exactly what is happening in the transport portfolio, but it is very hard to get a fix on what is happening from day to day.

I want to talk about the management of other portfolios. We have heard the health portfolio discussed today. This issue is important because the requirement to increase land tax by \$826 million really will impact on the finances of the state. We have seen mistake after mistake from the Minister for Health costing millions of dollars. The privatisation of non-clinical services at Fiona Stanley Hospital with no control over the expenditure is one of those examples costing the state millions and millions of dollars, and we have seen massive increases in tax to try to cover that. Again, it is part of the incredibly chaotic and dysfunctional record of this government. The government has absolutely no idea where it is going. As I said, it is very hard for the opposition to develop detailed plans when we do not know the base. These guys in government do not know where the base is; they are making it up day by day by day. Again, here is another tax bill that demonstrates that what was said by the Liberal Party at the election was a complete untruth.

I want to highlight again that fateful *BusinessNews Western Australia* breakfast, member for Victoria Park.

**Mr B.S. Wyatt:** Oh, yes!

**Ms R. SAFFIOTI:** I was not there.

**Mr B.S. Wyatt:** I was.

**Ms R. SAFFIOTI:** But I do remember the then Treasurer debating the shadow Treasurer about the future of the finances and the economy of WA. The Treasurer said—hang on, this is the *Titanic* of finances I am on!—in the debate, “We’re going to deliver tax cuts.” The shadow Treasurer was asked the same question. To his credit, his response, a bold strategy —

**Mr B.S. Wyatt:** Let’s say it didn’t go down well in that room!

**Ms R. SAFFIOTI:** The shadow Treasurer told the truth. He said, “I can’t deliver tax cuts because they will be debt funded.” Everybody booed and hissed at the time.

**Mr P. Papalia:** They hurled their breakfast at him!

**Ms R. SAFFIOTI:** The bacon went flying, the scrambled eggs went flying, but that was the truth.

**Mr D.A. Templeman:** He got hit in the face with a hash brown!

**Ms R. SAFFIOTI:** We call it the hash-brown incident, which we do not like to talk about!

**Mr B.S. Wyatt:** I was traumatised by that morning!

**Ms R. SAFFIOTI:** It was the hash-brown incident of 2013, which we do not like to talk about too much anymore!

At a *BusinessNews* breakfast in a debate about the state finances, the Treasurer said, “Financial Xanadu; you can have it all.” The shadow Treasurer said, “Well, hang on; these finances aren’t looking too good. Maybe we can’t afford tax cuts that are funded by debt.” Anyway, we lost the election. The government won it and these guys in government then went on to basically break every promise they made during that campaign. Remember, according to the Premier, it was not the election commitments that got these guys elected; it was the vibe. People

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were not meant to read all those election commitments in the direct mail in those DL envelopes sent to everybody's letterbox; they were just meant to get the vibe coming from the letterbox! That is again another example of the lie upon lie in the last election campaign. In policy documents released by the Liberal Party at the time of the election, the Liberals said that they wanted to lift the tax burden—that is, reduce the tax burden—on Western Australian businesses to free up funds that could be better used to invest, expand, employ and innovate. Since that time, all that the Liberals have done is increase taxes on Western Australians. That is all they have done. They have increased taxes time and time again.

So here we are with the 2015–16 budget. It is the worst ever budget and the worst ever set of finances delivered. What do we have? We have massive increases in taxes. Let us go through the budget. It removes the cellar-door subsidy to recover \$11 million over four years, which will impact the great southern, the Margaret River–Busselton area and of course some parts of the Swan Valley; it removes the first home owner grant for established homes, which is again a revenue measure costing Western Australians \$109 million; it increases the loan guarantee fee for local governments, universities and Keystart, which will recover \$24 million; of course, there is this new revised tax scale amounting to an additional \$826 million in land tax revenue; and there is also the reform of social concessions, which will impact on older people in particular and increase revenue to the state government by \$200 million. Basically, the new revenue and savings measures amount to \$1.3 billion, most of which will come from increased taxes or reductions in concessions, and is, therefore, a \$1.3 billion impact on Western Australians.

This again demonstrates that the Liberal Party will say and do anything during an election campaign and absolutely not care about it in government. We cannot trust anything it says during an election campaign. A good friend of mine says that the Liberal Party can run a very effective campaign machine because it does not actually care about whether it can deliver the commitments. It just says whatever it wants; I think everyone has wised up to that. The Liberal Party has broken so many promises that it cannot try it a third time. As I said, the Premier seems a bit rattled by something. I do not know what has happened. It may be that the TAB sale is not going as well as the government thought it would; I do not know.

**Mr P. Papalia:** He could call off the Nationals but he couldn't call off his own backbench!

**Ms R. SAFFIOTI:** The Nationals capitulated but it is good that the member for Belmont —

**Mr P. Papalia:** The member for Belmont stood firm.

**Ms R. SAFFIOTI:** What we have seen is broken promise after broken promise. With an increase in taxes, we would normally see a campaign run by the business lobby groups of Western Australia.

**Mr B.S. Wyatt:** Normally.

**Ms R. SAFFIOTI:** Normally—but possibly if a government of another persuasion were to be in power.

I will read from a statement by the Chamber of Commerce and Industry of Western Australia, released after the state budget, headed “Record deficit highlights need for reform, but asset sales welcomed”. The CCI blindly believes, without any thought for the economic future of the state, that asset sales is a good thing. I am not sure why it would think that, but the CCI states —

Land tax receipts are projected to increase by over 25 per cent next financial year, which comes on top of a cumulative increase of 25 per cent in the previous two years.

“At a time when business confidence is at record low levels, another tax increase will further erode competitiveness and profitability and may have further negative impacts on economic growth,” Ms Willmott said.

**Mr P. Papalia:** Harsh words!

**Ms R. SAFFIOTI:** Harsh words! The CCI probably had a phone call from the Premier's office after that, frankly. This government cannot take any level of criticism. But if the Labor Party had tried this, we would have had every business lobby group out there, possibly on the back of trucks and utes creating campaigning calls about high-taxing Labor—yet the Liberal Party just keeps taxing them and taxing them and taxing them, and they seem to say, “Well, this isn't really very good; anyway let's move on.” That is its approach. It shows that we cannot take seriously anything the Liberal Party says, particularly when it is in government. This government has not been held to account. There has been a massive increase in land tax.

I will provide a quick snapshot of other increases this government has undertaken throughout its history. Since the 2013 state election I do not think a month has gone by that we have not debated a tax increase or a cut in concessions. It has been an incredible time for the shadow Minister for Finance, frankly. It has been a very busy time.

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**Mr B.S. Wyatt:** Exhausting!

**Ms R. SAFFIOTI:** It has been exhausting. I suspect that about 50 per cent of the legislation that has gone through has been tax increases. Let us go through it. There was the abolition of the transfer duty of non-real assets; the school fees for 457 visa holders; a land tax increase of 12.5 per cent; another land tax increase of about 10 per cent last year; landfill levy increases; train station parking; and the non-metropolitan regional improvement tax mark 1. I suspect we will soon see mark 2 because the money is in the budget. A new tax will be introduced. There have been changes to motor vehicle concessions. They were removed in two parts—50 per cent and 100 per cent. There have been changes to the transfer duty exemption for first home buyers.

**The ACTING SPEAKER (Mr I.M. Britza):** Members, you need to keep your conversation down. We can hear it from here.

**Ms R. SAFFIOTI:** The loan guarantee fee has been increased. There has been increase after increase. What does that mean for our tax competitiveness?

**Mr B.S. Wyatt** interjected.

**Ms R. SAFFIOTI:** We are still competitive, apparently.

**Mr B.S. Wyatt:** Are we really?

**Ms R. SAFFIOTI:** No, we are not really. That is okay.

I recall then shadow Treasurer, Mr Buswell, saying that tax per capita was the key indicator. Let us look at page 27 of *Overview of State Taxes and Royalties 2013–14*. Tax per capita in WA is well ahead of all the other states. WA's tax per capita is greater than all the other states. Back in 2008 the Premier said that Labor had taken WA from being the second lowest taxing state to the highest taxing state in Australia and that he would reduce taxes. That is what the Premier said. He has done nothing at all to reduce taxes. I will go through this later. In a year that we cut land tax rates, but the land tax collections increased, the Premier said we increased land tax. What is he doing now? He is increasing it twice! In a year that we reduced land tax rates—the tax—but collections increased, the Premier said that we had increased the tax. That is how far he would go —

**The ACTING SPEAKER:** Excuse me, member for West Swan. Members, your conversation is quite loud.

**Ms R. SAFFIOTI:** It is very disturbing!

**The ACTING SPEAKER:** It is off-putting.

**Mr D.T. Redman** interjected.

**Ms R. SAFFIOTI:** They are talking about the poor member for Eyre. What are they going to do with the member for Eyre? Where is that poor member for Eyre?

**The ACTING SPEAKER:** Stay with it, member.

**Ms R. SAFFIOTI:** Member for Victoria Park, does the member for Eyre deserve our preferences?

**Mr D.T. Redman:** That was the Labor Party policy position.

**Mr B.S. Wyatt:** Much consideration needs to be put into that. What does the leader of government business think?

**The ACTING SPEAKER:** Members! Let us come back to the topic. Member for West Swan, stay right away from the electoral boundaries, please.

**Ms R. SAFFIOTI:** It is a pity that the member for Bateman is not here!

**Mr D.T. Redman:** You have just been advised by the Acting Speaker not to go into this topic and you just put it up as the first point you make.

**Ms R. SAFFIOTI:** You also got told not to interject on me, and you're doing it. Grab a mirror!

The purpose of the bill is to amend the Land Tax Act 2002 to implement changes to the land tax scale. This is quite a significant change. It will create a minimum amount payable, which is a \$300 flat rate of tax, for everyone with properties between the values of \$300 000 and \$420 000. It is quite a significant departure from previous policy underpinning land tax. This bill also changes some thresholds and increases all rates, except for the top marginal rate.

Land tax has been around for a long time. The *Overview of State Taxes and Royalties*, an annual publication from the state's Treasury department, is a lovely publication. It goes through the history of the tax and all the changes. It is quite an interesting read. Land tax in Western Australia was originally introduced in 1907–08. Along with stamp duty, it is one of the oldest taxes. It is levied upon the aggregated unimproved value of taxable

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land owned at midnight on 30 June immediately preceding the year of assessment. This is quite interesting because it is the unimproved value of taxable land. It is assumed that there are no services connected to the land; hence the unimproved value. Other things that may improve value, such as rail lines, are built into the base, but basically it is a prediction that it is a non-serviced block of land and it is based on who owns the land by 30 June of the preceding year. I know that many members of Parliament receive complaints or issues from members of the public, particularly about ownership. My good friend the member for Mirrabooka will speak about this tonight. She will present a case about an elderly couple who, while on a cruise for six months, leased their property and were subject to land tax for that period. There is always an argument about what is the principal place of residence, should that property be subject to land tax and the time spent away from that property. It is a tax on all land but of course the major exemptions are for principal places of residence and land used for primary production. We recently discussed that exemption and some of the movements about that.

Exemptions are also available for caravan parks and for land owned by religious bodies, charitable or not-for-profit organisations, retirement villages, public hospitals, universities and other educational institutions. A 50 per cent cap on annual growth in land values applies for land tax purposes. That is of course a significant issue during times of high growth in land values. More recently we have seen some changes. From 2013–14, all marginal tax rates were increased by around 12.5 per cent. All the marginal tax rates were increased to 0.1 per cent, 0.53 per cent, 1.37 per cent, 1.64 per cent and 2.43 per cent. They were all increased for the existing thresholds of \$300 000, \$1 million, \$2.2 million, \$5.5 million and \$11 million. In 2014–15 there was another increase. All marginal tax rates were increased by 10 per cent to 0.11 per cent, 0.58 per cent, 1.51 per cent, 1.8 per cent and 2.67 per cent. All those thresholds remain unchanged.

A number of issues came up in our briefing, particularly in relation to the ownership structure. In WA, for example, someone might have an interest in five blocks of land. I recall from the briefing that if that person is a part owner of some of those blocks—the minister might correct me later if I do not get this right—and the single owner of other blocks of land, they are not totally aggregated. The land is aggregated only when the ownership structure is the same. That is an interesting point. The member for Victoria Park might be interested to learn that in other states even if someone owns part of another block of land, that is part of their aggregation, whereas in WA the land has to be in the same name to get the aggregated impact in the land tax assessment.

**Mr W.R. Marmion:** I think if it's only a small percentage and you've done a dodgy to avoid it, you'll find that the taxation commissioner can —

**Ms R. SAFFIOTI:** He can make some decisions. It is interesting that other states—Victoria and Queensland, I recall—have taken different approaches. I see the advisers looking a bit worried. Hopefully I interpreted that properly but, if not, I am sure the minister will correct it in his response.

As I said, we have seen significant increases in taxes and some significant changes over recent years. On top of land tax in the metropolitan area is the metropolitan regional improvement tax, which, unlike land taxes, is a hypothecated tax. The MRIT is used to raise money to spend on particular public purposes. The MRIT is another of my favourite topics that I may be able to discuss later.

I turn to the typical impacts of this legislation. If the unimproved land value of a block is \$300 000, the tax payable increases from zero dollars to \$300. For land valued at \$1 million, the tax payable increases from \$770 to \$1 750. For land valued at \$2.2 million, the tax payable increases from \$7 730 to \$8 950. For land valued at \$5.5 million, the tax payable increases from \$57 560 to \$66 550. For land valued at \$11 million, the tax payable increases from \$156 650 to \$186 550. As I said, these changes to the land tax rate total \$826 million over the next four years—increased revenue of \$184 million this financial year. There are always time requirements when it comes to financial legislation. The government's intention is for this bill to be passed by the end of September to allow for the issuing of the 2015–16 land tax notices with the new rates.

I suspect everyone might be aware—it certainly came up in the briefing—that this is a tax deduction for some landowners. It is quite interesting to see the impact it has when we are talking about the commonwealth–state issue. Although it brings in revenue of \$826 million, some of that is being effectively paid for through the commonwealth. In some ways, it is clawing back some of the impact from the GST distribution. It is interesting to note that the full impact can be reduced by way of some tax deduction through the commonwealth tax process. As I said, we have seen significant increases and yet another tax increase from the Barnett government.

I want to talk a little about the issue of tax and tax reform. I think it is something that my learned friend the member for Victoria Park will elaborate on later. Recently the member for Victoria Park started trying to create a dialogue on the state tax base and tax reform. Immediately the government tried to seize on it. The Treasurer basically tried to launch an attack, which failed dismally. We are basically seeing a government that is refusing to engage properly on tax reform by introducing significant new taxes and changing the way taxes are applied anyway. Again, it is a dishonest approach to policy in WA. The government has not tried to deal with the issue

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in front of it but tried to run a scare campaign in one way and then go ahead and change the way we apply land tax in WA and continually increase the tax burden on Western Australians. It has not been keen, willing or able to enter into honest dialogue.

I suppose the Perth Freight Link is an example. I understand that during the recess the Treasurer said something like Labor wants to endanger children because we do not support the Perth Freight Link. The government is running ads with pictures of young children with crayons and drawings, saying that the Perth Freight Link will save children's lives. It is beyond anything I have seen anywhere and is the most cynical of politics. In particular, as I said on the issue of tax reform, the Treasurer stands and tries to launch some sort of attack on the shadow Treasurer, who is saying we should have a dialogue about tax reform and taxation policy in this state. Meanwhile, we have seen a change in the way tax is applied in WA, with the government increasing it constantly, and now for the first time we have a flat rate of \$300 for those values. Again, we have seen the hypocrisy of not wanting to engage in the detail. That is why the Treasurer is pretty much discredited. One would think that somebody with that background would be leading an intellectual debate or discussion on tax, yet he fell for the simple "Let's try to run a scare campaign on this issue without engaging in the substantive policy issue."

Labor finds these bills absolutely galling to deal with because the Liberal Party continually talks about cutting taxes. Under this Premier, all the government has done is increase taxes because of its reckless and poor financial management. That is why we find it absolutely galling. Each member supports these tax increases, votes for them in the party room and votes for them in this place. Then they go out saying they are friends of small business. At a time when the economic situation in WA has changed significantly from even last year or two years ago, and at a time when we should be cutting taxes to try to stimulate economic activity, this government is coming in and increasing taxes. It is doing this because it has mismanaged the finances. At a time when the state was growing at a strong rate, it was increasing taxes. It did that because it has mismanaged the state's finances to such a degree.

Labor understands that we need a tax base to deliver services to our state. We do not normally run tax scare campaigns. We do not like electioneering around tax because basically most of the time we know it is not a credible debate.

**Mr B.S. Wyatt:** Which is why I didn't follow them down that little bunny hole.

**Ms R. SAFFIOTI:** That is why the member for Victoria Park did not follow the government down that little bunny hole. It is very hard to have these debates on tax in an election campaign. It is not hard for a party that will say anything to get elected and then change its tune once it gets elected. If it wants to keep its commitments, it has to be really careful about what it says about tax, particularly in WA where the tax base is volatile, as it is in other places. Also, we have to consider our dependence on a sector such as the mining sector, which is prone to boom and bust, and the GST issue, which is very complicated. This government in its dorothy dixers continues to talk about being a low taxing government. That is absolutely false and misleading.

Let us go through some of these comments on land tax. Like all taxes, many people do not like land tax. I will tell members who really do not like land tax: it is people in small businesses who are hit by rents and falling, little or no growth in demand. Small businesses that are trying to make ends meet, in particular, do not like land tax because when the economy is not going well, costs come in that they cannot meet through their sales revenue. So, they do not like land tax. It is quite interesting to hear the government talking about the cost of business because staff are being paid penalty rates, yet it increases land tax by \$826 million over four years.

Let us see what the Premier has said about land tax in the past.

**Mr B.S. Wyatt:** You are holding him to quotes from the past?

**Ms R. SAFFIOTI:** I know. They are from 2007, too, which is like ancient history to this Premier.

This quote is from 2007, when some of the land tax rose. The headline is "Land tax will go up: Barnett", and the article reads —

Most people paying land tax next year will pay more than they did this year, according to Liberal MP Colin Barnett.

That was probably because land values were increasing because the economy was going quite well. The article continues —

He has campaigned for two years to get land tax lowered.

He said "Land tax is an insidious tax. It is levied every year on commercial property, holiday homes and investment properties.

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“Many people in the Cottesloe electorate have been suffering from massive increases in property taxes under Labor.

“It has been sad to see people forced to sell their long held and much loved holiday homes because they can no longer afford to pay land tax.

“Others hit hard include small business proprietors and self-funded retirees who had relied on property investments for retirement income.

The Premier went on to say that the bottom line was that tax collections were up and that, basically, tax increased because collections were up; yet under his leadership we have seen a 12.5 per cent increase, a 10 per cent increase and now a 25 per cent increase.

An article of April 2006 stated —

Land tax is wrecking the retirement plans of an increasing number of people, according to Cottesloe Liberal MP Colin Barnett.

An article in 2008 stated he said that “Liberals would always tax less than Labor”—absolutely false. He went on to talk about tax cuts again and again and again.

Another interesting article I found was from 2007 and it quoted the Deputy Premier, the member for Dawesville. He said —

... housing in the Dawesville electorate was in dire straits ... “Stamp duty is a major concern for this area. Land tax rate increases by State and Local Governments has had serious effects on people in my electorate.

“There are a lot of people with a second home down who aren’t particularly well off.

**Mr P. Papalia:** Who said that?

**Ms R. SAFFIOTI:** The member for Dawesville. The article continued —

There are also people on pensions who have been here a long time and are looking to downsize and have to pay \$15,000 on stamp duty.”

It is good that the member for Dawesville was looking after people with a second home in Dawesville.

**Mr P. Papalia:** He’s not though, because he’s imposing a tax on them.

**Ms R. SAFFIOTI:** No, he is not.

**Mr P. Papalia:** He was then.

**Ms R. SAFFIOTI:** No, I was being quite sarcastic given the situation.

**Ms L.L. Baker:** That doesn’t work in *Hansard*.

**Ms R. SAFFIOTI:** It doesn’t work in this house either, I think!

What we have seen time and again is commentary from the Liberal Party on how bad land tax is. The member for Victoria Park might get this one. The member for Dawesville said, “There are a lot of people with a second home down here who are not particularly well off.”

**Mr B.S. Wyatt:** Well, except the bit at the end—“not particularly well off.”

**Ms R. SAFFIOTI:** What we have seen is complaint after complaint about tax, and yet a Liberal government has come in and is increasing land tax. As I said, there are other particular issues that many of my colleagues will discuss.

To sum up, this is yet another massive tax increase by the Barnett Liberal government imposed solely because it has wrecked the finances. Basically, debt has increased to such an extent that the government has had to increase land tax—a tax on its traditional support base in a sense—to fund its mismanagement. That is not the way to govern a state. It is day-to-day chaotic management of this state that is honestly across all portfolios. Whether it is the government’s approach to methamphetamine, which I have just found incredible today—the sewerage element has just completely thrown me—or whether it is its decisions on transport, which it makes up as it goes along, there has been no strategy in any portfolio. Even my good friend the Minister for Planning, who embarked on quite an aggressive approach to changes to some of the R-codes for multiple dwellings, has had to reverse many of his policy decisions because he went too far. He knows that.

**Mr J.H.D. Day:** No. Well, therefore you support the change. The R-codes were fine-tuned with support from both sides.

Several members interjected.

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**Mr J.H.D. Day:** It has not been a complete reversal at all.

**Ms R. SAFFIOTI:** It has been backtracked; the minister would have to admit that. Everyone has recognised that the minister went too far.

**Mr J.H.D. Day:** It has been a modification.

**Ms R. SAFFIOTI:** So, even the steady hand of the ship—the safe hands of government—took a bit of a misstep on that one.

**Mr B.S. Wyatt:** The wily old operator.

**Ms R. SAFFIOTI:** Even the wily old operator; the person we look to for sensible planning.

**Mr B.S. Wyatt:** Our parliamentary leader!

**Ms R. SAFFIOTI:** Would the member for Victoria Park call him our spiritual leader?

**Mr B.S. Wyatt:** Our spiritual leader!

**Mr J.H.D. Day:** I wouldn't want to take responsibility for your spirit!

Several members interjected.

**The ACTING SPEAKER (Mr I.M. Britza):** Thank you, members. Can we come back to the debate.

**Ms R. SAFFIOTI:** That was harsh! I am dumbfounded by that.

**Mr B.S. Wyatt:** I am hurt, personally.

**Ms R. SAFFIOTI:** Who was he saying it to?

**The ACTING SPEAKER:** Just come back, member; thank you.

**Mr J.H.D. Day:** It would be a burden that I would not be able to shoulder!

**The ACTING SPEAKER:** I would like to rule on this spiritual matter, but I think we will go past it.

**Ms R. SAFFIOTI:** As I said, minister, maybe we should not be using the 2009–10 *White Pages* to make planning decisions for the state.

**Mr J.H.D. Day:** Don't you like books?

**Ms R. SAFFIOTI:** I love books.

**Mr J.H.D. Day:** Good.

**Ms R. SAFFIOTI:** I love books. I love all the publications the minister, in particular, produces.

**Mr J.H.D. Day:** And there are lots of them.

**Ms R. SAFFIOTI:** There are lots. I love the glossies and I love with ones with pretty pictures. I am so glad the minister produces so many of those.

**The ACTING SPEAKER:** Member, come on.

**Ms R. SAFFIOTI:** Talking about reading, I am still waiting for some answers from the minister, so hopefully we will get those tomorrow.

**Mr J.H.D. Day:** Yes, you will.

**Ms R. SAFFIOTI:** I love reading. But, as I said, all those who enjoy reading the 2009–10 or 2008–09 *White Pages* will find it interesting.

As I said, this is another taxation bill and another significant embarrassment for the government. It is a pity that not more of its members can sit in this place and realise what they actually voted for in the party room—an \$826 million increase in land tax. I again thank, as I said, the Department of Finance and the Department of Treasury officers. I think we will be seeing them again soon; I suspect that in a few weeks we will see them again. I hope the postcard arrives soon for my daughter. This is another taxation bill that Labor opposes because it is a broken promise, and it is yet another example of a party that did not tell the truth during the last election.

**MR B.S. WYATT (Victoria Park) [7.48 pm]:** I, too, rise to make some comments on the Land Tax Amendment Bill 2015 that the government is pushing through Parliament. I must say that it is good to be back in the chamber after six weeks away. I did not go away; I had no travel—well, a little bit of travel, nothing dramatic. It is good to be back. I missed everybody, and I always miss everybody when we are not here to discuss the important issues of state. But a pattern is emerging that every time we come back from a break, the poor old shadow Minister for Finance has to deal with yet another tax bill—another one! Tonight we are dealing with the single biggest tax increase by the Liberal–National government since the fully funded, fully costed

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election campaign. There have been a few tax increases, but this is the single biggest increase. It is the third increase in land tax. I want people to be aware of what this Liberal government has been doing. Early on in my contribution I want to quote from a Liberal Party re-election document in the lead-up to the 2013 election. It states —

The Liberals are committed to lifting the tax burden on Western Australian businesses to free up funds that can be better used to invest, expand, employ and innovate.

Now that I read it, I realise that perhaps I misinterpreted “The Liberals are committed to lifting the tax burden”. It is. I took that to mean that the Liberals wanted to reduce tax and give more money back to Western Australian businesses to free up funds that could be better used to invest, expand, employ and innovate. I did not realise that that actually meant that the tax burden was going to be increased so that business would pay more tax under a Liberal government. I am glad that we have managed to clarify that this evening because I must admit that it caused me some confusion.

During that campaign, I saw a lot of paraphernalia come through my letterbox. No doubt, Mr Acting Speaker (Mr I.M. Britza), your constituents saw the same. They all had this very authoritative stamp—“fully funded, fully costed”. I looked at that wax stamp and I thought that had been done by a government that knew what it was doing. I thought that had been done by a government that had done two things—fully costed its election commitments and, importantly, fully funded them. That is what I thought that meant. Members cannot imagine my surprise when we returned to this place after the 2013 election to find that this stamp that was put next to the smiling dial of the member for Cottesloe was just a slogan and he never said it that much. I did not know that during the election campaign. I did not see the small print: “Authorised by Colin Barnett: it is just a slogan; do not trust a word it says.” I will leave that there for a moment; I may come back to it.

I note that tonight we are debating the single biggest tax rise since the fully costed election promises were made just two years ago. I want to go through the tax increases that this government has made since the 2013 election. I will not go back to the first term, when the Minister for Planning was buying the *White Pages* and getting around Perth with his 2003 edition of the *UBD*. In 2013–14 when we came back to this place—I must admit that I was slightly bruised because we had lost an election campaign—everything was fully funded and fully costed. I was looking forward to debating the government’s first piece of legislation for the Metro Area Express, which, bang, was going to be operating in 2018, and its second piece of legislation for the airport line, which, bang, was going to be operating in 2018, because that is what was promised and they were fully funded and fully costed.

Let us start with the 2013–14 election budget. Do my colleagues remember the fiscal action plan? We remember. The FA plan had a number of revenue measures. Those measures included \$527 million from the deferral forever of the non-real property exemptions; \$338 million from the 12.5 per cent land tax increase, which was the first land tax increase of the three since 2013; \$155 million from halving the private vehicle concession; \$120 million from the school fees for the children of 457 visa holders; and—I liked this one a lot—\$454 million from a tax administration package. The very first budget after the fully funded, fully costed election campaign had \$1.594 billion in revenue measures. They were unannounced and not part of this little fully costed baby.

Then we got to the midyear review, when there was nothing specific; the government was taking a punch. In the 2014–15 budget, the abolition of the private motor vehicle registration fee concession raised \$185 million; the increase in the Perth parking levy raised \$73 million; the first home buyer transfer duty concession changes raised \$222 million; another increase in land tax of 10 per cent raised \$334 million; the 75 per cent interim dividend for the state’s port authorities raised \$93 million; and the increase in the land fuel levy raised \$202 million. Again, I do not recall that being part of the fully costed election campaign. The 2014–15 budget had \$1.113 billion in revenue measures. Before we got to the 2014–15 midyear review, members may recall that on 9 October 2014, a number of measures were announced, including the special energy sector dividends, which would raise \$139 million. But my favourite in the 2014–15 midyear review was the payroll tax increase. Do members remember that increase, which came just a few months after the payroll tax decrease? That is the sensible financial management that we have seen from the Liberal Party! That increase raised \$418 million. Embedded in the 2014–15 midyear review were tax increases of \$557 million. In the 2015–16 budget, \$11 million will be raised from the removal of the cellar-door subsidy; \$109 million will be raised from the removal of the first home owner grant for established homes; \$826 million will be raised from another land tax increase—the beauty we are dealing with tonight and the single biggest revenue measure the government has introduced since its fully funded, fully costed election campaign in 2013—and \$149 million will be raised from an increase in the loan guarantee fees.

What the Liberal and National Parties have done since they said during the election campaign that they would give us MAX and the airport line, and they would be operating by 2018 and that they would give us tax decreases and not one dot of savings would be needed to be made because everything was fully funded and fully

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costed, is bring in \$4.4 billion in revenue measures. I will tell members why that agitates me. It agitates me because of the deceit that the government put to the people of Western Australia.

The member for West Swan went through the debate I had at the *BusinessNews Western Australia* breakfast with the then Treasurer, Mr Buswell. During that breakfast, he announced effectively a payroll tax cut. There were 600 people from the business community in the room. Peter Kennedy officiated. He turned to me and asked, “Mr Wyatt, will the Labor Party match that?” As shadow Treasurer, I knew in January or February 2013 that the finances were under some pressure. I knew that if we committed to that, we would be debt funding a tax cut, and if I knew, Troy Buswell knew and cabinet knew—all government members knew. So I said no. I said to that room, “I cannot commit to that and the Labor Party cannot commit to that. We are committed to the sensible management of the finances and we are committed to an honest account at election time.” I do not recall at any point during that campaign the Treasurer or any frontbencher saying, “If we are re-elected in 2013, we are going to introduce \$4.4 billion in revenue measures by the time we are halfway through the term.” That is what the government has done. Tonight we are debating the biggest component of that \$4.4 billion, which is an \$826 million tax rise.

I want to read an email that I received not from a constituent, but from somebody who is rightly concerned about the government’s third hit on land tax. I hear government members talk with great agitation about the impact on penalty rates on business. I hear that, but I do not hear them talk about the impact of three rounds of land tax increases on business. I do not hear that component of the debate raised by the Premier, so I am going to read to members an email that I received. I am not going to name this person, because they do not want to be named. This is an email I received this week, and it states —

Hello Ben

I have recently bought to —

Another member of Parliament’s attention —

the dollar cost and the percentage increase of the proposed Land Tax increases as put forward by the Liberal Party in the recent State Budget.

As you will see from the attached spreadsheet, businesses in the lower value commercial properties 1.8M to 3M particularly (which takes in the majority of small businesses state wide) are going to suffer huge dollar per anum increases which I believe they can not absorb. As you know, many business in WA are struggling. This expense, which is passed on to business through their outgoings, will I think, result in staff being laid off or in some cases, doors closing. In my particular case, the increase in Land Tax will be 90% which adds an additional \$490.00 per month to the outgoings of the business operating in the premises. I know that this company has already taken pay cuts, full time staff member now works 3 1/2 days per week, and all part-timers have reduced their hours. It’s not good.

The Federal Government is openly supporting small business and recognises their absolute importance in the makeup and recovery of our economy.

I say, for the benefit of *Hansard*, by way of an aside, that would suggest to members that this is not a person who is naturally anti-Liberal. I do not know, but I suggest perhaps not. The email continues —

They are financially assisting small business through tax adjustments which will reduce their expenses, allowing them to retain more income for future investment. This Western Australian Liberal State Government is acting completely against the Federal position and taking away any financial benefit gained. A case of “ in the front door and out the back”.

I believe you will be leading the debate against the Liberal Party when the bill is raised.

The shadow finance minister is doing that.

Ben, I really hope that you can strongly oppose this increase and maybe negotiate a more gradual increase over three years. I do believe businesses will shoulder an extra increase to assist in correcting the state debt however, the proposed increases are just unfair. I think the biggest problem is that the general population in WA have no idea of these increases and when the Land Tax bills start to come out in October there will be a lot of unhappy people.

...

Ben, thank you for taking the time to read my email and I do hope some common sense will prevail.

This Western Australian businessperson then attached a spreadsheet that they had done on the Land Tax calculation comparison between the 2014–15 rates versus the new proposed rates. The smallest percentage increase is 19 per cent. On properties valued between \$500 000 and \$1 million, it is a 127 per cent increase. At properties valued at \$2.2 million, it is a 109 per cent increase. That is the real impact this tax increase will have. In the lead-up

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to the last election, the government deliberately made the point that it was not required. It was stamped on every single piece of paraphernalia that the government distributed around Western Australia.

I do not want to hear from the Premier or anybody else complaints about penalty rates on the weekend when they are ignoring these sorts of emails from business owners around Western Australia—through decisions of the government's own making. I am sick of reading about and listening to Liberal members who come into this place and talk about the importance of business and the employing capacity of small business, and stick in their paraphernalia at election time that they are committed to lifting the tax burden on Western Australian businesses. If this is what indeed the government is becoming, then front up and say it. The government has now put a huge reliance—a much bigger reliance—on land tax. It is the third increase since the 2013 election. I cannot imagine the reaction out there from some of those third party groups had this been done by a Labor Treasurer. Three increases in land tax since March 2013. As that email pointed out, that has an impact on jobs, confidence and the ability of businesses to invest, expand and grow—all these things are supposedly sacred to the Liberal Party. I worry sometimes that perhaps the backbenchers do not know what they are doing in that party room when they just let things go. They stood up and applauded the Treasurer at budget time when he announced this land tax increase. Members opposite applauded him. Admittedly, it perhaps was not as robust as previous rounds of applause.

[Member's time extended.]

**Mr B.S. WYATT:** The member for West Swan referred to the overview of state taxes each year. The *Overview of State Taxes and Royalties 2014–15* is another great publication by Treasury. I love reading this. I want to go through this, because I have listened with great interest over the last couple of weeks and with some ironic amusement—that is the way I would describe it—to the Premier berate local government for financial mismanagement. I chuckle to myself. The Premier, who has lost the AAA credit rating, plunged the state into the first deficit since the Liberal Party were last in power and increased debt to unsustainable levels, is berating the local government sector for financial mismanagement. He made the point that these rate increases above consumer price index are outrageous and should be capped. At page 33 of the 2014–15 *Overview of State Taxes*, Treasury was good enough to put together a little table titled “Land Tax Collections”. This is what land tax has done as a percentage increase in real terms since 2008–09. In 2008–09, there was a 31.1 per cent increase and in 2009–10 there was a decrease of 9.2 per cent; I assume as a result of the global financial crisis. There was another decrease of four per cent before some healthy returns of 3.7 per cent and a fairly flat increase of 0.6 per cent, but in the last two years there were increases of 12.9 per cent and 11.2 per cent. When I last checked the inflation rate, there was nothing up there at those rates. Instead of the Premier coming in here and capping land tax at the rate of inflation, we have another increase in land tax of \$826 million. I will say by way of a humble aside that during the time that the member for Cottesloe has been Premier I have had these types of conversations with some of my friends on the Liberal Party side. They say, “He spends. Geez, he likes to spend.” My Liberal friends are a bit nervous and furtively looking around the corridors in case he walks around the corner when they say, “Geez, he spends; we can't control him.”

From 2007–08 to 2014–15, the land tax returned to the state has increased by 77 per cent and is projected by the end of 2018–19 to be a 178 per cent increase during the term of the Barnett Premiership. It is never enough, because ultimately, while the government continues to spend and have the ad hoc management of the finances that lurch from one decision to the next, such as the debacle that is transport, we are going to keep having these sorts of debates in this place. Finance ministers will continue to be appointed as that portfolio rotates through the members of the Liberal Party. The very first call of duty of a finance minister is to come in here with another tax increase and sheepishly explain, “Well, you know, we have to build this; it's so important.” They never say, “Do you know what? This is the financial plan we have as a state”, instead of these gimmicky slogans of fully funded, fully costed, “This is the financial plan and how we will achieve what we want while delivering surpluses.” That was the sort of thing Eric Ripper became very, very good at. Honestly, I am sick of it.

Time and again we hear about a fiscal action plan, a workforce renewal plan. Have we ever seen such a ridiculous, completely undeliverable policy between the workforce development policy, which was announced, I think, in the midyear review 2014–15 and budget estimates? And it slipped by 400 million bucks in six months. Members opposite are finding ways of desperately booking savings into the forward estimates and turning to the Treasurer and asking, “What happens now; how do we achieve this?” The government has gotten away with it over the years because actual revenue has always beaten revenue assumed, so the dodgy savings measures have been hidden by the fact that revenue has always come in stronger. They have now been exposed because, to the shock and horror of the Liberal Party of Western Australia, the iron ore price has declined. I do not think anyone has stood in this place and said that we cannot rely on commodity prices; they have to come off at some point, yet when commodity prices came off, the group that was the most surprised was the state cabinet of Western Australia. I keep saying to the Treasurer, the member for Riverton, that I will give him the fact that the speed at which the iron ore price declined caught everyone off guard, but I will not give him the right to assume

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it was here to stay at record levels across the forward estimates—indeed, across a 10-year horizon. That is what he did. He changed the assumptions around iron ore to record iron ore prices that were here to stay and it would take a lot longer for them to decline. If we look at any commodity prices historically, we can see that that is not how it works. The Treasurer assumed record revenue and allocated every red cent. Surprise, surprise—when something happens, the taxpayer will foot a large bill for those deficits for a long time. That is what the government has done.

Members opposite are not conservatives; they are villains. The one thing that was generally the bedrock of the Liberal Party's conservative governance was its stewardship of the finances. I used to listen to Peter Costello's speeches and I read the member for Cottesloe's speeches when he sat on this side of the chamber. I thought the commitment to lifting the tax burden on Western Australian businesses was embedded in Liberal Party philosophy. I thought that was the key reason for their being. But with the Barnett Liberal-National government, we have seen a big spending, massive taxing government. There have been \$4.4 billion worth of revenue measures since the 2013 election. This Taxation Legislation Amendment Bill 2015 will provide a third round of land tax increases. That is the reality of what the government has delivered during its time occupying the Treasury benches.

**Mr J.H.D. Day:** Would you pay nurses, teachers and police less?

Several members interjected.

**Mr B.S. WYATT:** I will take that interjection. The Minister for Planning asked whether we would pay the police, nurses and teachers less. Interestingly, I have focused only on post 2013 because it was this fully funded, fully costed sign that agitated. It was a blatant lie. We now know that because \$4.4 billion worth of revenue measures since that commitment proves that lie. I remember during the 2013 election clearly reflecting on the government's failure in the first term to stick to its wages policy. It was in caretaker mode.

**Ms R. Saffioti:** It was corrupt.

**Mr B.S. WYATT:** It was against anything we had seen in traditional Westminster government in Australia. In caretaker mode, Peter Conran, the director general of the Department of the Premier and Cabinet, offered the nurses, from memory, a 14 per cent pay rise; it might have been 12 per cent. When Troy Buswell sat on the other side, he would always carry on about the sanctity of the wages policy when the wages policy should have delivered, from memory, seven or eight per cent. I remember thinking at the time that it was unusual and wondering what it would cost. We would have thought that as caretaker, some sort of process would be in place. There was not. It was an extraordinarily partisan approach by those involved—not all of them—in the public service. We called Premier and Cabinet and asked for an idea of the cost. Down trotted this fellow from Premier and Cabinet—I do not have my note book here, but it is in my office—to brief me and Ken Travers, who was then shadow finance minister, on the cost of that commitment. He sat down in the Leader of the Opposition's room and said, "I'm here to brief you." I said, "Great, what's the total cost of the deal for the nurses?" He said, "I don't know." I looked at Ken and Ken looked at me. I asked, "What impact will it have over the forward estimates?" He said, "I don't know." I asked, "Why are you here?" He said, "I don't know." We all have some surreal meetings in our jobs, but that was the most surreal for me. The contempt for the opposition during caretaker period by what should have been independent public servants was extraordinary. In response to the Minister for Planning's interjection, I say that he can continue to carry on about whether we would have done this or that. As I have said before, I do not contradict the notion that members opposite have spent a lot of money. They have spent huge sums. At the same time they have presided over a whopping increase in total revenue. They have spent it, plus some, so I object to a \$2.7 billion deficit. I object to three deficits in a row when we have been fortunate enough to enjoy the biggest period of wealth accumulation in Western Australia in my lifetime.

I will conclude with the comments I made before. Since members opposite won the fully funded, fully costed election campaign, which required no savings; which required nothing but tax cuts, it has raised \$4.4 billion in revenue measures. Members opposite have then walked away from the key election promises they made during that campaign. I will berate them over this every day until the next election because I do not think people are quite aware of what they have done. The email I read shows that the government's measures are having an effect on businesses. They are starting to wake up to what it is doing as a so-called Liberal Party. This is the third round of land tax increases, bringing the total to \$4.4 billion. Ultimately, that will have an impact. As Jonathan Barrett wrote, Mr Topsy-Turvy is in charge of government in Western Australia, and members opposite must realise that that will have an impact.

**MR P. PAPALIA (Warnbro)** [8.18 pm]: I rise to speak on the Land Tax Amendment Bill 2015. I am yet again in the unenviable position of following in the wake of the member for Victoria Park. What a wonderful contribution he has made, as has the member for West Swan, with a vast array of well-documented criticisms of

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the government. But the point that grabbed my attention the most was the point he returned to at the end—an email from a small business person who has become aware of the massive extent by which his business has been damaged by the Barnett government land tax increases. The increases in land tax have been the hidden merciless attack on small businesses in Western Australia.

It is good the Premier has arrived, because I think this is the only time he gets a glimpse of reality in this place—when he is compelled by his presence to listen to those of us conveying the truth to him. He does not get it from his staff and he clearly does not get it from his party room. They have no courage; they are incapable of telling him the truth. The only time the Premier receives a reality check is when he is in here, which causes him a great deal of anguish because it contradicts. It is that fundamental contradiction that he will only get here. His own belief system, based on everything he has been told by most people in his life, is contradicted by a group of people on this side of the house. No matter how much he insists, no matter how much he rails against it, we continue to say the same thing because it is the truth. It is good that he is here to hear it, because everywhere I go now people are becoming very aware of the impact he has had on them, particularly in the business community. I have been fortunate since the last election to have held the shadow portfolio of tourism, so I encounter a great many businesspeople who operate in the tourism sector—in hospitality and people across all manner of tourism businesses. They now know the extent of damage that has been done to them by the increases in tax under the Premier's government. I do not think it has become absolutely clear just how much of an impact these land tax increases have had. This next one will drive that home. People will know.

I was at a function last night. I, like the member for Victoria Park, find it interesting that there is such a focus among some advocates—or people who claim to be advocates for the business community, such as those from the Chamber of Commerce and Industry of Western Australia—on penalty rates. I have heard at a number of functions over the last six months or so that Sunday penalty rates in particular are outdated, based on an old society that we no longer have, and are hurting businesses, particularly small businesses—preventing them from employing people, preventing them from pursuing opportunities—and that is the reason small businesses are suffering. I heard it last night.

Along with a number of colleagues, I attended the annual awards dinner for the Australian Hotels Association and Tourism Accommodation Australia, which is a new organisation. The special keynote speaker was Martin Ferguson, a former federal member of Parliament and a former minister, who is an esteemed speaker. Interestingly, he gave a wideranging speech and articulated a number of key issues particularly confronting the associations' businesses. One of the points he made was that Sunday penalty rates were an inhibitor, a governor, on jobs and opportunity within the sector. I found that interesting. I talked to him later in an aside at the table, because we were sharing a table. When he came around to talk to me and Hon Kate Doust, I pointed out to him that notwithstanding any philosophical view on penalty rates or even, for instance, on Sunday penalty rates as opposed to any other day of the week and whether or not people still observe Sunday as a special day, many people in Western Australia who work on a Sunday and get that penalty rate require that income just to keep their heads above water thanks to the Barnett government and thanks to the massive increases in the cost of living that have been imposed particularly on people on lower incomes during the tenure of the Barnett government. The government has abandoned any attempt to cap a rise in household costs. It disregards the impact on household costs of its revenue measures and now it has joined in this concerted effort to strip people who are barely keeping afloat, barely keeping their heads above water, of penalty rates.

I am informed by a colleague whose daughter works in an industry in which as part of her award she gets penalty rates on a Sunday that they comprise 30 per cent of her income—she is only a part-time employee. If the Sunday penalty rate was removed or reduced substantially, what would be the consequence? It would be a 30 per cent reduction in her income. It is extraordinary that this is the target being pursued by the Barnett government with the support of the Chamber of Commerce and Industry when it is in the process of raising land tax yet again. The truth is that land tax will hurt small business.

**Mr C.J. Barnett:** Can you just tell me then, why is it that the unions have traded off penalty rates under enterprise agreements, because that is exactly what they have done?

**Mr P. PAPALIA:** Is the Premier talking about what happened in South Australia specifically?

**Mr C.J. Barnett:** I am talking about here. Coles and Woolworths do not pay the penalty rates that small business does.

**Mr P. PAPALIA:** That is right, and that is the nature of workplace bargaining. There is the opportunity to ensure that employees do not go backwards, and that is my point. In this case, and I think in the case of many low-income earners, they do not get to bargain for an increase in the rest of their wages during the week. That

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was not mentioned in Martin's speech to the big audience, by the way, but he did suggest quietly in an aside that that is his view.

**Mr C.J. Barnett:** You are arguing against exactly what the unions have done. Good luck to them. It is fine.

**Mr P. PAPALIA:** I am saying that the Sunday penalty rate being reduced is the only focus of the CCI. It does not mention increasing wages for the rest of the week. It says penalty rates on a Sunday are outrageous, and get rid of them.

**Mr C.J. Barnett:** I have consistently said that penalty rates should be traded off against a higher hourly wage through the week.

**Mr P. PAPALIA:** That is fine. What has been done here is exactly what the government hopes to do and exactly what the CCI hopes it will achieve by talking about penalty rates, when the real ogre for small businesses is the government's increase in land tax. I have been a small business operator. When there is a lease with the landlord, the landlord does not absorb tax increases. The landlords do not absorb a 25 per cent increase in land tax, on this occasion, or in the last couple of years a 23 per cent or so increase; they pass it on to the leaseholder. The small business will get hit.

**Ms R. Saffioti:** The Minister for Environment says no. Who pays it then?

**Mr P. PAPALIA:** Has the Minister for Environment been in small business?

**Ms R. Saffioti:** Who pays it?

**Mr P. PAPALIA:** Does the minister think the landlord will say, "Okay; Colin has just put up my land tax by 25 per cent. I will just absorb it and I will not increase my lease to my tenants." Is that what the Minister for Environment thinks?

**Mr A.P. Jacob:** Many will.

**Mr P. PAPALIA:** You are deluded, mate. They will increase their lease. They will increase the imposition on small businesses. That is what will prevent businesses from employing more people, that is what will drive small business owners to work in their own businesses for no wages and that is what will put small businesses out of business completely. The Minister for Environment is deluded if he thinks that the landlord will absorb the cost of the government's incredibly high increase in land tax over the next couple of years. If the minister thinks that, he is deluded, but, worse than that, he is trying to delude the Western Australian public. I do not think it will work. The email that the member for Victoria Park read out indicates that people are on to the government. They will understand that the impact of the government's land tax in the last couple of years is coming home to them. I did not go to Greece or wherever the Deputy Premier went; I spent much of the recess advocating on behalf of small businesses in Western Australia that are being attacked by the Barnett government. I was standing up for small businesses in the tourism sector that are being smashed by a heartless and uncaring Barnett government led by the Premier himself. They even pleaded personally to the Premier. They gave up on the transport minister, their landlord, because he, like other landlords in the state, does not care. He will pass on the cost. In this case, he had the opportunity to give them some respite and he did not do that.

So they wrote directly to the Premier and pleaded with him. I met with those people and they did not want to publicly criticise the Premier; they actually trusted him. They gave him far more credit for caring about their situation than I did. They wanted me to sit back and wait while they wrote directly to the Premier to plead with him. They gave him an opportunity but he did not respond to them. He has not yet responded to them. I understand that the Minister for Transport has met with them and that what he said was completely unsatisfactory.

As I said, I spent a great deal of time during the recess working on behalf of small businesses that are being punished by the government in other ways. I can tell the Premier that he will hurt a lot of small businesses across this state by increasing land tax, yet again, by this extraordinary amount. That is one of the cruellest things the government is doing. It is appalling that the Premier would seek to divert attention from that attack on small business by talking about penalty rates. It is pathetic that some who profess to represent the business community, such as the Chamber of Commerce and Industry of Western Australia, are engaging in that practice and are supporting the Premier in his attempt to divert attention from what he is doing. The CCI has put out one media release about the massive increase in taxes under the budget, but in the course of doing that, it ensured that the second half of its media release commended the Premier for some other positive thing that it claimed he was talking about—not actually doing but talking about—that is, reining in debt. I am becoming more and more sceptical of the government's ability to retain the AA+ credit rating. It will achieve very few if any of the sales that the Premier has suggested. The member for Victoria Park referred to the workplace reform policy. I just think it is unworkable. The savings associated with that legislation that have been booked in the budget are not

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real. The ratings agencies will not be fooled forever. They will see the reality. They will see that the government will not be able to achieve the savings that it has claimed. It will not really be able to achieve many, if any, of the asset sales that it has claimed and has booked.

**Mr C.J. Barnett:** We haven't booked them at all. The forward estimates don't include any allocation for sales of assets.

**Mr P. PAPALIA:** They have not been booked but the Premier talked about them in the budget speech.

**Mr C.J. Barnett:** We have talked about it but we have not booked it at all.

**Mr P. PAPALIA:** The Premier has talked about it widely in the community. He made a great effort to ensure that the suggestion that he is going to reduce debt in some way by significant asset sales was front and centre in the media. That is what he has done. I do not think he will achieve anywhere near the level of sales he has suggested, if any. It is certainly not the time to be selling commercial property.

During my reply speech on the budget, I spoke about the impact that the government is having on the tourism sector at a time when we, as a state, desperately want that sector and the visitor economy to take up the slack and provide employment. When I talked about how the construction phase of mining is coming to an end and that, coupled with a downturn in iron ore prices, it is all negative and that we are going to be suffering loss of jobs, the Premier ridiculed me across the chamber. He said that I was talking down the state. I pointed out that unlike New South Wales or even Victoria, Western Australia does not have a housing boom going on. There is no housing industry surge here. In fact, as I pointed out, our housing industry is going the other way. It is sad but true. The reason I am saying this is not to talk down the state but to urge the Premier to do something about it. The Premier needs to do something to generate jobs in Western Australia. What he does not need to do is impose more tax on small businesses, particularly in the visitor economy or tourism sector, which is what he is doing. By imposing additional taxes on those small businesses, it will prevent them from expanding to absorb the job losses in other sectors. It will prevent them from putting their shoulder to the wheel on behalf of the state, which we desperately need it to do, because there are not many sectors here. Because the government has constrained the diversity of industry in Western Australia and the diversity of sectors that are capable of providing some form of revenue and jobs —

**Mr W.R. Marmion:** How have we done that?

**Mr P. PAPALIA:** Because the government sat back on the coat-tails of the mining boom and did nothing. When this government took office, I had a particular interest in the defence industry. I have watched in bemusement—and amusement to some extent but it is more bemusement—the Premier's claim that he is standing up for Western Australia and that we deserve a share of the defence dollar in Western Australia. When WA Labor lost office in September 2008 —

**Mr C.J. Barnett:** It was a great day.

**Mr P. PAPALIA:** Okay. I was chair of the Defence Industry Skills Advisory Board that was established under Geoff Gallop. It had representatives from every major defence contractor in Western Australia. It included the president of the Australian Industry and Defence Network, who represented all the small to medium-sized enterprises in Western Australia that worked in the defence sector, and it had tertiary and TAFE representation to ensure that we had outreach into schools, TAFEs and universities to ensure that the skills flowed.

[Member's time extended.]

**Mr P. PAPALIA:** It also had representatives from the Department of State Development to ensure that the public sector team that was focused on that portfolio was aware and supportive of the industry's needs. As a representative of government I was able to talk directly to the Premier on behalf of that industry. We advocated on behalf of the Western Australian defence industry for a share of the Defence Materiel Organisation dollar in Western Australia. We actively did that. We went to DMO and to the federal defence minister. I arranged meetings for these people. They did not have to pay to go there. I put them in a room with the Minister for Defence Science and Personnel. They had one-on-one meetings on behalf of their industry in Western Australia with the people who were responsible for those portfolios at the federal level. We did the same thing with the secretary of the Defence Materiel Organisation. The public servant who was responsible for that was, I think, Kerry Clarke. We put them in a room with our Western Australian industry representatives. Our entire objective with that particular, but relatively small, sector was to support and advocate on behalf of industry in Western Australia.

That industry, by the way, is the primary steel fabrication industry in Western Australia; that is, the one that actually does the work and trains people, unlike the mining industry which just strips people away from other industries and does not train people anywhere near the extent that this industry did. The week after the change of government had been announced, I was walking through the car park outside and Hon Peter Collier, the newly

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minted Minister for Training, was walking towards me. The new government had split education and training; I do not know why. I think it was because the new education minister and the new training minister did not like each other. They both wanted the education portfolio, but that was how it ended up. Hon Peter Collier was coming towards me so I grabbed him and said, “Peter, this is something you must keep. This is something that is acting entirely on behalf of industry. That board does not get paid; they are all voluntary representatives of all the major contractors, of all the small to medium-sized enterprises, with links to the education system and links to the Department of State Development. We are in there and you get to talk to them directly.” I told him to keep this board, because it should be at the heart of any Liberal government’s policy on this sector in this state. He acknowledged me, listened to me and walked on. Subsequently, Mike Deeks, who was the head of Raytheon Australia in Western Australia and had taken over as acting chair of the board during the caretaker mode, went to the responsible ministers and pleaded on behalf of the industry to keep the board.

This was not political, but I know what happened. In the government’s desperate attempt to be seen to be doing something in 100 days, it instituted the stupid red tape reduction committee or inquiry or whatever it was called. The whole purpose of that inquiry was to come up with a whole list of things that the government could get rid of just so that the government could have a list of things it had got rid of. The report from the Public Sector Commission in 2010 shows that one of the boards that was got rid of was the Defence Industry Skills Advisory Board. I have said over and over—I will repeat it tonight—that from that day until about two weeks ago, the government had done nothing to support the defence industry in Western Australia. The government has not advocated for it. It has not argued the case. Does the government know who it is up against? It is up against South Australia. South Australia employed Peter Cosgrove to chair its board. They paid him. When he left the Australian Defence Force, he was its chair. It employed retired admirals to chair its board. The guy who became the Governor-General is the chair of the Defence SA Advisory Board. It is professional. That is what this government is up against. That is in one tiny sector. I know the same approach was repeated in science. This government got rid of the science advisory board. It does not even have an information technology one.

**Mr W.J. Johnston:** It never meets.

**Mr P. PAPALIA:** Does it have one?

**Mr W.J. Johnston:** It is called TIAC, but it has not met.

**Mr P. PAPALIA:** The advisory board for information technology has never met. The government has done nothing. The Premier got on the front page during the last election by announcing that Scitech would move to Burswood. That was under “science”! That was the Premier’s contribution to diversifying the economy in Western Australia. That was the extent of it. The truth of the matter is the government has hollowed out the Department of Agriculture and Food. It is now almost non-existent. This government has slashed and burned across every sector, with the exception of the mining sector. That is because the government does not have to do anything there. For many years the government had it so good, it did not have to put any effort in. The consequence now is that the government is trying to play catch-up. It is too late because Western Australia is way behind the eight ball. This land tax will be another blow to tourism in Western Australia. I feel that no other sector, other than tourism, has the capacity in a short period—I am talking about one to two years—to take up the slack that has been damaged and compounded by the drop in the iron ore price and the transition from construction to production. Nothing can fill the gap like the visitor economy.

At the last budget cabinet attacked the tourism sector. Fortunately the government finally kept its promise on additional destination marketing and events funding, and I commend it for keeping that promise. It took two years to commit to it but it finally did it. But the government attacked the one organisation within tourism in the state that actually targets the highest yield visitors—that is, the delegates who come here for conventions and who fill the hotel rooms. Western Australia is about to have a glut of hotel rooms. It is great that they are finally coming on; there will be enormous capacity. I share the fears of Bradley Woods from the Australian Hotels Association that there will be all these hotel rooms but we will not have enough people to fill them unless there is a greater effort put into supporting the visitor economy. The government cut the Perth Convention Bureau by \$5.3 million. If the Premier is not familiar with the Perth Convention Bureau, I suggest he make himself familiar with it. The Premier could ask Paul Beeson to give him a briefing because that guy is cluey —

**Mr C.J. Barnett:** Don’t be insulting. I have been around the traps years ahead of you, mate.

**Mr P. PAPALIA:** Okay. The Premier will then be aware, because he is years ahead of me, that it has really tight data that enables it, far more accurately than Tourism Western Australia, to provide exactly what return he will get for every taxpayer dollar spent. The Perth Convention Bureau surveys every delegate who attends one of its conventions that it has supported. Those delegates are compelled to fill out the surveys very accurately about how long they stay, what they spend, where they stay, whether they visit the regions and what they feel about travelling long distances to get to Western Australia. It has excellent data.

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**Mr W.R. Marmion:** We know all that.

**Mr P. PAPALIA:** That is right. The minister will therefore know that the Perth Convention Bureau gets the best return on the dollar for any like agency in the nation. Far and away it exceeds the performance of New South Wales, Victoria and Queensland—our direct competitors—yet this government cut it. The Premier would know because he knows everything. Because the Premier is years ahead of me, he would know that a \$5.3 million cut over the next two years means that he has imposed on the Western Australian tourism sector a potential revenue loss of \$84 million. That is only direct delegate spend. That is what delegates spend when they come to Western Australia on their convention and where they stay, on the food they eat and that sort of thing. It does not take into account walking down the street and buying presents to take home. It does not take into account expenditure that is not captured in the surveys of direct delegate spend, so it probably exceeds that figure. Apart from imposing a tax on small businesses operating in the tourism sector, the government has also imposed a direct cut to their potential revenue as a consequence of not being capable of discerning between cuts that must be made in an effort to reduce the overall growth in debt and constrained expenditure, and cuts that actually serve to support the state in a vital sector at a time it is most critical and we desperately need them to step up. The Premier has not taken the time to analyse that. He has drawn a line across that area of activity.

The tourism commission did not want to take a cut—perhaps it was politically unpalatable—to destination marketing and events funding; it was taken out of the Perth Convention Bureau. The government said, “The industry can pick it up.” If the industry can pick it up, that is another \$5.3 million tax. They say they cannot because there was a more than 100 per cent increase in revenue last year that they managed to gain from industry contributions. They are peaked out. At the same time the industry players are already contributing their own destination, their own advertising and their own marketing. The government is saying that even though it is already contributing significantly outside of this particular activity, it wants more money from industry because it does not want to give \$5.3 million over two years. This is despite the fact that we know very accurately that it returns in the order of \$84 million in that time frame. That determination was made by the Minister for Finance and the Premier. That is fine; that is their determination. I am telling that to the tourism sector. I say to everyone I see in the tourism sector that at the same time we are desperately in need of the government stepping up, every single one of the three states on the eastern seaboard that have just had elections is massively increasing funding to their tourism sector.

New South Wales increased its funding for destination marketing and events marketing by 25 per cent. That is what Western Australia is up against. People are naturally inclined to go to the east coast anyway because of its proximity to the other markets. People can travel between Melbourne, Sydney and Brisbane quite easily and cheaply. It is a big decision to come to Western Australia. We are up against it in the first place. We desperately need more people to choose Western Australia over the eastern seaboard. People do not go there and come here—very few people do that. The vast majority go to one or the other. We are all targeting South-East Asia, Europe and North America. Western Australia does not have any right to the tourism market in South-East Asia just because of its proximity, which is a good thing; it does not give us exclusive rights. The eastern seaboard is fighting all the way. There are newspaper articles about the Queensland Labor Party committing \$400 million in extra funding over four years to state tourism. Victoria will be fighting New South Wales because they are trying to ramp up and steal events from them. Western Australia needs to be doing more in the tourism sector. What the government has done today is impose another tax on them. Small businesses operating in the tourism sector will be hit by their commercial landlords with this 25 per cent increase in land tax, and they will suffer.

**MR D.J. KELLY (Bassendean)** [8.49 pm]: I rise to speak on the Land Tax Amendment Bill 2015. Here we are yet again with another bill before the house that has been brought forward by this government to increase taxes. I have been in this house for only a little over two years but I have already seen a conga line of ministers come into this place with bills to increase taxes. We are here to debate the Land Tax Amendment Bill 2015 and the third increase in land tax since the 2013 election. It is not a small increase in land tax. This increase in land tax will raise \$826 million over four years. It is an \$826 million hit to, largely, small business here in Western Australia. The Premier may not be terribly embarrassed about that sort of land tax increase and imposition on small business. I suggest that is because he just does not care about these things anymore. He is so used to ripping up the commitments he makes at election time and going back on his word that he just does not care about more broken promises. He just comes in here and they roll off his tongue one after another as if they do not matter anymore.

As the shadow Treasurer pointed out, since the 2013 election, we have not just seen increases in land tax but increases in tax generally to the tune of \$4.4 billion—\$4.4 billion in revenue measures since the 2013 election. The Premier just does not care. He had the gall to go to the last election leading a Liberal Party that falsely claimed, as we all now know, that its election platform was fully costed and fully funded. We now know that that claim by the Liberal Party was probably the greatest bit of dishonesty that we have seen from a political party at

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election time in a state's history. The Premier does not care. When we say to the Premier that he headed a party that presided over the biggest lie at election time, his response is, "We won." He does not say, "No, we didn't lie", or, "It really was fully funded."

*Withdrawal of Remark*

**Mr C.J. BARNETT:** The accusation was of a lie.

**Mr B.S. Wyatt:** He never said that.

**Mr C.J. BARNETT:** Of course he did. I will leave it up to you, Madam Acting Speaker.

**The ACTING SPEAKER (Ms L.L. Baker):** I am sorry but I did not hear the member say that a member lied. Could you clarify that for me?

**Mr D.J. KELLY:** I said that the Liberal Party's claim that its election platform was fully funded and fully costed was a lie.

**The ACTING SPEAKER:** Member, it is not great that you are using that word. The standing orders say that you are not allowed to accuse a member of lying. You are not doing that; you are accusing a party of a lie. It is not the best use of language in this house. Carry on.

*Debate Resumed*

**Mr D.J. KELLY:** The Liberal Party's claim that its election platform was fully funded and fully costed was dishonest. In response to that, the Premier does not get up and say, "No, in fact, it was fully funded and fully costed." All the Premier says is, "We won." The Premier simply says that it is okay to say whatever he likes before an election to get elected and then do whatever he likes after he gets elected because all that matters is whether he wins. Maybe in politics that is all that matters. What the Premier is doing to the state as a result of having ripped up his election commitments is very serious. He lost the AAA credit rating. Is that a small matter? We on this side of the house think that is quite important. He increased state debt from \$3.6 billion to approaching \$36 billion. We think that is quite important.

**Mr C.J. Barnett:** It's not true. State debt today is \$24 billion, not \$36 billion.

**Mr D.J. KELLY:** The Premier says that it is not true, and it is not \$36 billion. It may be in the budget papers but it is not true! How ridiculous! Even from \$3.6 billion to \$24 billion, we would say that is quite a significant point. Even during the time that I have been in this house, the Premier told us that he would keep state debt at \$20 billion. Now it is \$24 billion, heading to \$36 billion in the budget papers. That is the consequence of the Premier ripping up the commitments he made.

I have mentioned only the Liberal Party in this speech. It does not reflect well on the National Party. In the last week of sitting before the recess, we heard a great speech from the member for Pilbara who got up and said that he thought \$36 billion worth of debt was completely justifiable and given a chance to do it all again, he would. The question that I tried to ask him but he kept ignoring me was that if running state debt up to \$36 billion was such a good idea and such a great plan, why did the government not tell the public of Western Australia that that is what the plan was before it did it? The National Party is equally culpable in this financial mess. The Liberal Party and the National Party both run around claiming to be fiscally responsible, and what has the Premier done? He is doing immense damage to the state's finances. We have lost the AAA credit rating, state debt has gone up tenfold and we have a record deficit. That is the Premier's attitude. He simply does not care. That is reflected by the fact that we have had seven Treasurers since 2008. Admittedly, some of them have been recycled. That is the government's commitment to recycling in this state. It has not met most of its other targets on recycling but it has exceeded its targets on recycling ministers. We have seen seven Treasurers since 2008.

The Premier is really doing serious damage to the state's financial future yet at the same time, he manages to find money. He does not actually find the cash; he is willing to increase debt for things such as Elizabeth Quay. A total of \$400 million has been budgeted for what the Premier considers to be his pet project. He is happy to find the money for that but he does things like cut financial counselling. He has cut financial counselling in a way that will hurt the most vulnerable —

**Mr C.J. Barnett:** So you're against Elizabeth Quay, are you?

**Mr D.J. KELLY:** We have said that it is not a good priority.

**Mr C.J. Barnett:** That's okay. You're against it. That's fine.

**Mr D.J. KELLY:** I support financial counselling. Is the Premier against financial counselling? Yes, he is because he has cut financial counselling. He has cut a service that assists the most vulnerable in our community. The Premier is a bully. He cut financial counselling. Because there was such an outcry, he is now scrambling around to come up with an alternative service. When the public said that cutting financial counselling was

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completely unacceptable, what did the Premier do? He sent his minister out to attack the counsellors and say that they were inefficient. That is what his minister said. Day in, day out these financial counsellors try to unravel the financial situations that ordinary Western Australians have got themselves into because they cannot handle the Premier's massive increases in water rates, electricity rates and every tax and charge that he can think of. These counsellors work hard doing a job that most people would find incredibly difficult. When the Premier cuts funding to financial counsellors and the community says that is unacceptable, he sends his minister out to attack the people on the front line—the people at the coalface. Now he is going to come up with some cobbled together scheme to try to cover his backside because he has got burnt misjudging the community mood on this issue.

The decisions that the Premier makes and the way he treats the state's finances with the increases in taxes that we are debating now have serious consequences. He had the absolute cheek to come out last week and criticise local councils for increasing their rates by more than the CPI when he has put fees and charges up by much more than the CPI. The Premier should get up in the morning and look in the mirror to see who cannot manage the state's finances—it is the Premier.

**Mr C.J. Barnett:** If this is your leadership, you're going to have to do a lot better, because you're not getting anywhere, mate.

**Mr D.J. KELLY:** The most unpopular Premier in the state's history is lecturing us. He has a go at financial counsellors for not working hard enough; he has a go at councils for putting their rates up higher than the consumer price index; and he has a go at workers who want to get penalty rates on the weekend. He is looking around for someone else to blame, but the problems are on the Premier's side of the house. The buck stops with the Premier, but his whole cabinet is hopeless. None of them has the guts to stand up to the Premier on this. The National Party is quite happy to spend, spend, spend and take no responsibility for what is happening to the state finances, and a bunch of Liberal ministers in the cabinet simply will not stand up to the Premier. When a tax increase like this one we are debating comes before cabinet, I can imagine all the ministers shuffling their feet, wondering whether he is at it again. The Treasurer wonders what has happened to the Premier. He spent all his working life preaching lower taxes. He dreamed of getting into government and being able to implement some of these things, and he has woken up as the Treasurer in the biggest taxing, biggest spending government that the state has ever seen. There is more state debt than ever before, and a record deficit. I am sure the Treasurer cannot believe where he has arrived.

**Mr C.J. Barnett:** At least we're not corrupt. You had five ministers before the Corruption and Crime Commission.

*Withdrawal of Remark*

**The DEPUTY SPEAKER:** I ask you to withdraw, Premier.

**Mr C.J. BARNETT:** I will withdraw, but all I said is "At least we're not corrupt". I will withdraw that, if that is a problem; that is fine.

*Debate Resumed*

**Mr D.J. KELLY:** That is what happens when the Premier is presented with his financial record. He does not actually say that the government is a good financial manager, and outline a plan for the economy and for jobs. He does not do that; he just gets up and lashes out. He has a go, and attacks people on this side of the house.

**The DEPUTY SPEAKER:** Member for Bassendean, can you direct yourself to the bill please.

**Mr D.J. KELLY:** This is at the core of this bill. This bill is a further measure by this government to increase taxes, and a desperate attempt to claw back some revenue to deal with the financial mess that the government has got this state into, with the loss of the AAA credit rating, massive mountains of state debt, record deficits, seven Treasurers, and cuts to financial services.

**Mr C.J. Barnett:** I'd rather have seven Treasurers than five ministers before the corruption commission.

**The DEPUTY SPEAKER:** Order, Premier. The member for Bassendean has the floor, thank you. I ask you to give him the courtesy of hearing him out.

**Mr D.J. KELLY:** When we mention this financial record to members opposite, particularly the Premier, and we try to have a rational debate with the Premier about his financial record, he lashes out. That is the problem. He does not listen.

**The DEPUTY SPEAKER:** Member for Bassendean, when you went in that direction last time, I asked you to return to the bill. Now you are repeating yourself. Will you address yourself to the bill, please.

**Mr S.K. L'Estrange:** He does struggle.

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**The DEPUTY SPEAKER:** Member for Churchlands, I do not need your assistance, thank you.

**Mr D.J. KELLY:** The government does not listen to complaints about these increases in taxes from us or the business community. Does the government listen to complaints from the small businesses that will be hurt by this tax increase? No, the Premier in particular is completely deaf to these complaints from business. This bill is symptomatic of the damage that this government is doing to the economy, the budget and the finances of the state. This bill is a desperate attempt to claw back some revenue.

I want to touch on an area in my portfolio that has been particularly damaged by the financial mismanagement of the government, which is symptomatic of why we are here asking for a further increase in taxes. If the government had managed the state's budget well, we would not be in a position in which we needed to increase taxes, as we are doing with this bill. The Water Corporation is one of the most important utilities owned by the state. In Western Australia, water will always be an important issue. What is this government doing? Just as it is increasing land tax, it is taking record revenue payments from the Water Corporation. I think the net accrual to government from the Water Corporation in the last financial year was \$245 million.

[Member's time extended.]

**Mr D.J. KELLY:** In the last financial year there was a record net accrual to government from the Water Corporation, built on the back of record increases in the price of water. As at the last state budget there had been a 53 per cent increase in the price of water to consumers. Interestingly, the Premier might be surprised that those increases in water prices that he has put in place are much higher than the rate of inflation. The Premier is critical of other people for increasing charges to the public by more than the rate of inflation, but that is what he has done with water. In the last budget there was a 4.5 per cent increase in water charges. The net accrual to government in the last financial year of \$245 million from the Water Corporation is built on the back of massive increases in the price of water that consumers pay. It is absolutely massive.

**Mr C.J. Barnett:** If you think water is abundant and free then you are naive.

**Mr D.J. KELLY:** That is interesting. The Premier just said that if we think water is abundant and free we are naive. The minister has actually been running around saying that the government has droughtproofed Perth. If the government wants to send a message to people that water is not free and is not abundant and that we have to save water, it should not go around falsely telling people that it has droughtproofed Perth, because it has not.

**Mr C.J. Barnett:** I never said that.

**Mr D.J. KELLY:** The Treasurer said it in the last budget train wreck speech that he gave. He claimed as one of the government's achievements that it had droughtproofed Perth. Over 40 per cent of Perth water is still sourced from groundwater, and groundwater is not climate independent. The only people in Western Australia who believe that Perth has been droughtproofed —

**Mr C.J. Barnett:** I never said that.

**Mr D.J. KELLY:** The Premier has never said it, but his minister has said it and the Treasurer has said it. Who is running the show? Honestly, the Premier just makes it up as he goes along, and that is why we are here again debating yet another increase in taxes.

**Mr C.J. Barnett:** For a little while.

**Mr D.J. KELLY:** So there will be more increases in taxes soon. Is that what the Premier is saying?

**Mr B.S. Wyatt:** There actually will be.

**Mr D.J. KELLY:** Oh, more?

There have been many impacts on the Water Corporation as a result of the Premier's poor financial decisions in the state budget. He has not only taken a record net accrual to government and presided over record increases in the price of water, he has also cut 300 jobs at a time when he is imposing tax increases like this one that will further suppress the ability of businesses to employ more staff. He is cutting 300 well-paid, secure jobs from the Water Corporation, so that is another hit to the economy, and he is gutting capital expenditure in the Water Corporation. In August last year the minister accidentally released the five-year plan for the Water Corporation, and that plan—which was signed off by the minister, by the board and by the Treasurer—revealed that the Water Corporation needed \$5.4 billion to spend over the next five years to adequately maintain and extend its assets to meet the state's water needs.

What has the Premier done as a result of a series of decisions? He has reduced that amount in the last budget down by nearly \$1.5 billion. He has taken nearly \$1.5 billion out of the Water Corporation's capital expenditure,

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and it is not because the Water Corporation cannot afford it, but because he has told the Water Corporation that it cannot spend the money because of the state debt the government has piled up. Debt in the Water Corporation shows up in overall state debt, so the Water Corporation has been told, “You can’t spend what you’ve said you need, not because you can’t afford it, not because as a corporation you’re financially responsible, but because of the debt problem that the government has created in the overall state budget.” That is what the documents say.

Since then, the government has ripped out \$1.5 billion from the Water Corporation’s capital budget. When we ask for an explanation of that, we just get a glib one-liner from the minister, saying, “Oh well, we’ve reviewed the capital needs of the Water Corporation and we’ve recalibrated risk. Construction’s not as expensive as it used to be. Therefore that adds up to \$1.5 billion less required.” I have tried to access through freedom of information the capital review and, as usual from this government, I have been stonewalled.

We cannot have a major utility like the Water Corporation preparing a five-year plan in 2014 that is ticked off by the board, ticked off by the minister and ticked off by the Treasurer, and then in the very next budget have the same five-year period with a capital expenditure of nearly \$1.5 billion less without the government having to do a bit of explaining, I would have thought, but it has not. It has just said, “Oh well; we’ll make do.” I suspect what the government has done is push all the risk profile for those assets out to the never-never. It is hoping that by doing a few things like turning the water pressure down, the chewing gum and masking tape on the system will hold. I suspect that that is, figuratively speaking, what the government has done.

The Water Corporation has suffered terribly because of the poor financial decisions that the government has made in the state budget.

**Mr C.J. Barnett:** That’s rubbish.

**Mr D.J. KELLY:** The Premier says that that is rubbish.

**Mr C.J. Barnett:** Of course it is.

**Mr D.J. KELLY:** The government has put up water prices by more than 50 per cent, so now record numbers of Western Australians have had their water reduced to a trickle because they cannot pay their bills. There are record numbers of water consumers in this state who have to apply for grants from the hardship utility grant scheme, and there are record numbers of water consumers paying penalty interest because they have not been able to pay their water bills on time. These are all at record levels —

**Mr C.J. Barnett** interjected.

**Mr D.J. KELLY:** It is all part of the mix of what the Premier is doing in the Water Corporation. By deferring that capital expenditure, he is only deferring capital expenditure to a later date. Someone has to pay for those renewed assets eventually. The Premier could do two things. He could not take so much money out of the Water Corporation by way of dividends; he is taking out record levels of accruals to government, but he cannot do that, because he has blown the state budget, so he has to deal with state debt. The Premier can just sit there and glibly say, “Everything’s fine in the Water Corporation”, but all these things come back around.

When the government cut financial counselling, I knew who the financial counsellors were in my electorate so I could easily give them a call and find out the impact of the government’s decisions. I got to know them very well in a reasonably short period of time as a member of Parliament because I have been talking to them about the impact that water prices have had on the people in my electorate. It used to be that it was only people on fixed incomes like pensioners or the unemployed who could not pay their electricity or water bills. The financial counsellors have told me that it is now people with jobs who cannot pay their water and electricity bills because of the massive increases in those utilities that the government has presided over.

Whenever the Premier’s record is put in front of him, all he does is lash out. Here we are, yet again, with another bill, another tax increase. It is not a little one, mind you; it is an increase in land tax that is going to bring in \$826 million over the next four years. If the Premier were on this side and a Labor government did this, he would be baying for blood —

**Mr C.J. Barnett** interjected.

**Mr D.J. KELLY:** That is right, and that government delivered balanced budgets, record low debt and record low unemployment.

Several members interjected.

**The DEPUTY SPEAKER:** Order, members!

**Mr D.J. KELLY:** The government is jacking up taxes —

**The DEPUTY SPEAKER:** Member for Bassendean, can you direct your remarks —

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Several members interjected.

**The DEPUTY SPEAKER:** Order, members! Member for West Swan!

**Mr B.S. Wyatt** interjected.

**The DEPUTY SPEAKER:** I call you to order, member for Victoria Park. I am on my feet. Member for Bassendean, can you direct your remarks to the Chair, please.

**Mr S.K. L'Estrange:** It's over here.

**The DEPUTY SPEAKER:** Member for Churchlands, I call you.

**Mr D.J. KELLY:** One thing that the Premier and I agree on is that the member for Churchlands probably should not be here. He is not worthy of the seat, and that last remark just confirms it.

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

**The DEPUTY SPEAKER:** Member for Churchlands, do not get dragged into this. Member for Bassendean, direct your final remarks to the bill, please.

**Mr D.J. KELLY:** One of the industry sectors that will be hit hardest by this is some of those small businesses out there, and some of them are probably going to be in the restaurant sector. I know that there are good people in the restaurant sector that the Liberal Party would have loved to have in this house instead of that bloke over there, the member for Churchlands. I do not feel sorry for the Premier very often, but I certainly feel sorry that he has so little control and so little influence within his own party that he —

**The DEPUTY SPEAKER:** Member for Bassendean, the bill, please.

**Mr D.J. KELLY:** This bill is the product of the very poor quality of the people that the Premier has in his cabinet, and the very poor quality of the people he has on his back bench. Every time the Premier looks around for someone new to put in his cabinet, he sees the member for Churchlands and thinks, "If only."

This is a dog of a bill from a dog of a government, and the Premier should take responsibility for it.

**MR W.J. JOHNSTON (Cannington)** [9.19 pm]: I rise to make some comments about the Land Tax Amendment Bill 2015. I start by making the observation that according to the budget papers, the government is intending to raise 123 per cent more in land tax than the Labor government raised in its last full year of 2007–08. I notice that the Premier has left the chamber. I am sure he has important parliamentary responsibilities elsewhere. Unfortunately, he is not here to be held to account for this bill. I am sure he has not run away. I know that he is not a gutless man and I know there must be important work elsewhere in the chamber.

**The DEPUTY SPEAKER:** Order, member for Cannington. You are sailing close to the wind.

**Mr W.J. JOHNSTON:** He has raised land taxes 123 per cent higher than the Labor Party raised them in its last year in office. A moment ago, with a disorderly interjection during the member for Bassendean's contribution, the Premier complained about the three consecutive tax rises by the former Labor government. But this government's increase is 123 per cent higher than the land tax charged by the former Labor government.

**Ms R. Saffioti:** It has increased land tax three budgets in a row.

**Mr W.J. JOHNSTON:** Yes. I make the observation that, according to the budget papers, the forward estimates in 2018–19, shown in table 2.1 on page 246 of the member for Riverton's budget this year, the government will raise 178.6 per cent more in land tax than was raised in this state in the last full year of the Labor government. How can a Liberal come into this chamber and even raise a question about taxation? As they are now, they should all be silent; they must die of embarrassment if they discuss the question of taxation in this state. As I have made the point before, once upon a time, the Liberal Party talked about lower taxes. That never happens any more. Liberal Party members talked rubbish in their inaugural speeches. The member for Riverton, as the original Minister for Finance, raised land taxes. Members should read his inaugural speech, where he talks about cutting taxes. The member for Alfred Cove—or is it Toohey—talked about cutting taxes in his inaugural speech, but he became a minister and increased land tax. However, my good friend the member for Nedlands was a clever man because in his inaugural speech he did not talk about cutting taxes, so when he became Minister for Finance and increased land taxes—now for the second time—he is not a hypocrite for doing that because he did not say it was part of his agenda. He is part of the new wave of Liberals who will never again discuss cutting taxes. There is no capacity for any Liberal in the state of Western Australia to ever discuss lowering taxes because if the Liberal Party loses at the next election or the election after that, it will retire from this chamber never having cut taxes.

You might be a similar age to me, Madam Deputy Speaker, and you might remember the bottom-of-the-harbour tax schemes in the 1970s. The Western Australian Liberal Party fought against John Howard as Treasurer in the Fraser government because John Howard was trying to retrospectively collect taxes stolen from the people of

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Australia through the bottom-of-the-harbour schemes. Not anymore. The Liberal Party is in there with its gloves on getting every little bit of land tax it can—123 per cent more land tax in the current financial year and 178.7 per cent more land tax in the 2018–19 budget. That is this government’s belief in cutting taxes. It cannot touch cutting taxes; cutting taxes is no longer something that can come into the mind of a Liberal. As I am sure you have, Deputy Speaker, a number of Liberals and Nationals come into the chamber and talk about the need to raise enough taxes to provide the services for the people of the state. I 100 per cent endorse that comment; the Labor Party agrees wholeheartedly. That is why we do not say hypocritical things in our inaugural speeches about cutting taxes. We do not go to the election saying that people can have every piece of infrastructure they can think of and promise more for everyone in the state and at the same time talk about cutting taxes.

We heard the member for Victoria Park talk about debating former Treasurer of the state Hon Troy Buswell. At a lunch or breakfast or whatever it was in the lead-up to the 2013 election, the member for Victoria Park told the truth. He went to the business audience and said, “The state’s finances don’t allow a tax cut”, but the then Treasurer said, “We’ll give you a tax cut”, but he never said that those tax cuts would be paid for by dozens of tax increases. The Liberal Party was being dishonest. This government was elected on a lie—that it was going to reduce taxes in Western Australia. That was not true then and it is certainly not true now. At least now that the election is over, Liberal members are not coming in here and spinning the rubbish they used to spin. We all now happily acknowledge—both sides of Parliament agree—that we have to adjust taxes to take account of the state’s economic circumstances. I am looking forward to honesty at the next election, and to hearing no nonsense from the Liberal Party or indeed the National Party that they will cut taxes. The problem for the Liberal and National Parties at the next election is that no-one will believe them if they try. The public have been burnt twice. They were told in 2008 that taxes could be cut but then taxes increased and they were told in 2013 but taxes increased. No-one will cop that dishonesty again.

I was interested in some of the interjections from the Premier on the member for Bassendean about increases in rates and what local governments are doing. I draw the chamber’s attention to Liam Bartlett’s excellent opinion piece in *The Sunday Times* of 9 August under the heading “Why Colin Barnett’s ‘cap’ just doesn’t fit”. His subheading is “Council rates pledge the latest thought bubble”. I will quote quite extensively from that article. It reads —

Take the time he —

“He” is Colin Barnett —

promised to “cap” the state’s net debt at \$20 billion. OK, so that didn’t work so well now that it’s heading for \$36 billion, but this is a man of many hats.

During his 2013 election campaign he pledged he would “cap” power price increases “at or around the rate of inflation”. And yes, at almost 100 per cent over the CPI, that’s looking more than a bit sick.

Then Colin threw his support behind Twiggy Forrest’s call for a “cap” on iron ore production and, well, we all know how that ended.

Next “cap” off the rank were the pensioners. Colin went for a cap on council rate rebates for the elderly, which means as of July 1 next year about 45,000 seniors will be hundreds of dollars worse off.

Mr Bartlett goes on in his opinion piece to say the following in relation to analysis of what the government is doing about local governments —

However, that ignores the fact that a shaky, ill-conceived plan with more cracks in it than a burnt pavlova doesn’t require a lot of opposition to fall over. More likely, Colin’s latest love of a “cap” is more about the politics of blame shifting than any real concern with the average household struggle to pay bills.

He continues further on —

A more forensic analysis of some of those big-ticket items —

That is what is driving up local government rates. To continue —

shows clearly they are being driven upwards by none other than “Cap-tain” Barnett. The emergency services levy (that’s ESL on your bill) for example has been increased by 10.6 per cent this year. Incredibly, since Colin came to power, the ESL has been jacked up a staggering 81 per cent—and there are question marks about how it’s being used.

Mr Bartlett continues further on —

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That's also the way with Waste Avoidance and Resource Recovery levy, better known as the Landfill Levy, which is slapped on all metropolitan waste received at landfills. Colin's mob decided to rack that up from January 1 this year, from \$28 to \$55 a tonne for putrescible waste (almost 100 per cent) and from \$8 to \$40 a tonne for inert waste (500 per cent).

Mr Bartlett's article about the electricity charged by the state government to councils for their street lighting continues —

Since the 2007–08 Budget, they are on track to have been pumped up 208.2 per cent by the end of 2017–18. That's a lot of money that is pulled from your pocket, into the cash register at your local council and then pumped straight into the black hole of the WA Treasury.

So, next time you're looking at that rates bill and reaching for the defibrillator, strike out the ESL, subtract most of the waste collection and then take away a hefty portion for street lighting. What's left might leave you thinking the local council is not doing such a bad job after all.

Oh, and someone should really tell Colin that caps don't do it for him. Perhaps he's more suited to a balaclava?

What an excellent summary of the truth of this government. I do not know Mr Bartlett well. Like most journalists, I meet him occasionally, but I reckon he has pretty well nailed it. We can tell that the Liberal Party members on the other side know what I am saying. They know what I am saying: it is time for a new Premier. Everybody in this chamber knows it. Until the 2017 election there is very little I can do to change the Premier, but there are a lot of people in this chamber who have the power to change the Premier. Do the favour for the people of Western Australia. For crying out loud, do the favour for the Liberal voters of the state and dump the Premier.

**The DEPUTY SPEAKER:** Member for Cannington, stick to the bill, please.

**Mr W.J. JOHNSTON:** If they do not, the Land Tax Amendment Bill 2015 will not be the last time they vote for a tax increase. The Premier loves to say that he was spending the taxes on infrastructure. My favourite one, as members on this side of the chamber know, is \$230 million for an underground bus station. Recently I paid for a poll in my electorate and I asked, "Do you agree or disagree that spending \$230 million on a bus station is a good way to spend your tax dollars?" Of those surveyed, 23.5 per cent of people agreed that it was good value and 76.5 per cent did not agree that it was good value. I also asked, "The Barnett Liberal government has spent \$440 million of taxpayers' money on Elizabeth Quay. Do you think that this is good value for money?" Of those surveyed, 19.5 per cent of people said yes and 62 per cent said no. The Premier often baits me and asks me, "Don't you agree? Don't you like Elizabeth Quay?" Again, I say it is a dumb project that is badly executed and poorly thought out and it has not delivered and can never deliver for the people of this state because it was so badly thought through. That \$440 million could have been spent in many other ways and I have made a point that the way I would have spent that money is to build an Indigenous people's museum on the waterfront instead of wasting the money on the foundations for buildings that may never be built. Had the Premier done that with that \$440 million, I would have given him the stamp, but no, he spent it on Elizabeth Quay and now he baits me. I make this point to members in the chamber: if my electorate is just typical—it is in my view just typical of other electorates in the metropolitan area—62 per cent of people do not agree that the spending of taxpayers' money that we are raising through the Land Tax Amendment Bill 2015 has been good value. I tell members what: outside the metropolitan area I bet that figure is much, much higher than 62 per cent. People outside the metropolitan area would have an even dimmer view of that expenditure by the government.

I want to continue examining whether the chamber should support the Land Tax Amendment Bill 2015. I draw members' attention to a note I made of the Premier's comments during the matter of public interest today. He said words to the effect—these are my own notes of what the Premier said—"The opposition leader has no standing in the community." Is it not interesting to look at the Newspoll from *The Australian* newspaper of Friday, 3 July 2015? What do we find about people standings? As I am sure you are aware, Deputy Speaker, there is a table about the performance of the Premier, and this table ranks "satisfied", "dissatisfied" and "uncommitted". It is noted underneath that the specific question is —

Are you satisfied or dissatisfied with the way Colin Barnett is doing his job as Premier?

What do we find, Deputy Speaker? We find that 36 per cent of Western Australians are satisfied with the way the Premier is performing and 57 per cent are dissatisfied with the way he is performing. In politics we talk about net approval ratings by which the number of dissatisfied respondents is taken away from the number of satisfied respondents and a number, either positive or negative, is obtained. If there is a negative rating, it is bad, and if there is a positive rating, it is good. The Premier's negative net rating in Western Australia on the question of satisfaction about his performance is minus 21 per cent. That is interesting, because, of course, the Newspoll asked a similar question about the opposition leader. There is a long tradition in these things that it is harder for

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the opposition leader to be rated well because he does not have the facilities of government to be constantly in the media; he has to struggle with the little resources an opposition has. Can I have an extension, Deputy Speaker?

**The DEPUTY SPEAKER:** Extension granted as long as you talk about the bill.

[Member's time extended.]

**Mr W.J. JOHNSTON:** Yes indeed, about whether we should support it. This is the second reading debate on the Land Tax Amendment Bill 2015, so we are discussing whether or not we should support this bill. I am drawing attention to whether we should be satisfied with the way the Premier is handling the finances of the state, which is leading us to the need to increase land taxes by these unbelievable amounts. The Newspoll asked the following question —

Are you satisfied or dissatisfied with the way Mark McGowan is doing his job as Leader of the Opposition?

We find that the satisfaction rate is 49 per cent and the dissatisfaction rate is 33 per cent, giving a net positive of 16 per cent. In other words, the satisfaction rating between the Premier and the opposition leader is that 37 per cent more Western Australians are satisfied with the way the opposition leader is conducting his business than the way the Premier is. When the Premier comes in here and says—as I say, I am quoting my notes—“The opposition leader has no standing in the community”, 37 per cent of Western Australians think that the opposition leader is doing a better job. It might interest members opposite to understand exactly what this is doing to the Liberal Party. At the 2013 election, the Liberal Party got 47.1 per cent of the primary vote. It is now recorded in Newspoll as 33 per cent.

**The DEPUTY SPEAKER:** Member for Cannington, can you please talk about the bill. If you persist with this line, I might have to sit you down. Will you talk about the bill, please?

**Mr W.J. JOHNSTON:** Yes, thank you very much, Deputy Speaker. I am talking about the philosophy, as we are entitled to do in the second reading debate. I am not trying to canvas your ruling; I am just making it clear what I am doing. The objective of the second reading debate, as I am sure you would point out to me, Madam Deputy Speaker, is to discuss principles underlining legislation. The point I am making, Madam Deputy Speaker, and I am indebted to your continued leadership and guidance on my conduct in the debate on the bill, is that we are trying to work out whether the chamber should support a 123 per cent increase in land tax that will rise to a 178.6 per cent increase in land tax, and the consequences of us supporting that exorbitant increase in land tax. What it states here is that three out of 10 Liberal voters told Newspoll they will not vote Liberal again. Let us understand what members opposite are doing. Keeping the member for Cottesloe as Premier is helping the Labor Party. If they want to help the Labor Party, they should continue to support the Premier, because that is helping the Labor Party, and I imagine that if they wanted to help the Liberal Party, they would probably get rid of him. The Premier stood up during the MPI and talked about the opposition leader having no standing in the community. That was a very interesting opinion. Like most of the opinions that are urging us to support the Land Tax Amendment Bill 2015, it was badly founded.

I also want to make the observation that when Troy Buswell was Treasurer, the government commissioned the Economic Regulation Authority, under the powers that are included in that act, to do a microeconomic review of Western Australia and to suggest reforms to improve the conduct of Western Australia at a microeconomic level. One of the recommendations of the ERA was that there be a restructuring of land tax. As is often done in these sorts of economically dry reviews, it recommended that the base of land tax be broadened so that the rate could be reduced. We know from the last time we debated land tax that the government has rejected that approach. I was surprised by the decision of the government to reject that approach because the Property Council of Australia, which is the principal lobby group in the property sector, particularly for large property holders, has strongly urged Western Australians to support a broadening of the base to lower the rate. Indeed, I believe that the PCA wrote to every member of this chamber to urge us to support a broadening of the base. I wrote back to the PCA and asked whether it wanted to support a land tax being applied to the family home. I made the point to the PCA that before I, as a Labor member of Parliament, could advocate that policy, I had to have a clear picture from the PCA about whether that was what it wanted us to do.

Unfortunately, the PCA did not directly address that question in its reply. I was, in fact, given a copy of the PCA's reply to the member for Victoria Park's questions rather than to the specific questions that I had asked. I make the observation that the Labor Party actually tried that in the past. Back in the early part of the Gallop government, we did try to broaden the base to family homes through the premium property tax. It was a tax that would have applied not to ordinary houses but to very large and expensive houses. We would have been pleased to have done that, but

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it was rejected by the PCA and others. I would be interested to know, clearly and simply, whether that is what the PCA is asking for, because then we could have an understanding of where it wants to go.

I also want to draw the attention of members to the comments of the minister in his second reading speech. He said —

Under the current scale, the top 1.5 per cent of taxpayers who own land with an unimproved value of \$5.5 million or more pay 74 per cent of total land tax revenue.

He went on to make some comments and then said —

In this regard, under the new scale, the top 1.6 per cent of taxpayers who own land with an unimproved value of \$5 million or more will pay 66 per cent of total land tax revenue, ...

The point I make is that this legislation is not proposing to reduce the top rates; all it is proposing is to increase the rates and bring in this minimum threshold on the low value property. This is not lowering rates by broadening the base; it is just broadening the base, I assume so that the government can continue to cream this incredible 123 per cent increase in land tax, which is going to rise to a 178.6 per cent increase in land tax. That is not reform. The government is not changing the structure of the land tax system; it is simply adding another tier at the bottom to raise even more revenue. The government does not have any interest in reform in this area. As the member for Gosnells has said on a number of occasions, there is much literature that shows that land tax is a very efficient method of collecting revenue. Of course, if we are to move beyond the current base of land tax, other taxes will need to be reformed to ensure that it does not just add another level of taxation on people. That is not tax reform; that is simply tax extortion. That is why we are surprised that the Liberal government has decided not to do any reform of land tax in that way. The government is not actually changing the structure of the tax; it is just extending it down, in much the same way as recently occurred with payroll tax when the government removed the threshold for large taxpayers. Now, large taxpayers pay payroll tax on every dollar of payroll and the threshold does not apply, whereas previously there had been a threshold on payroll tax so that large employers did not pay tax on every single dollar of payroll. Again, that is not a reform because the government has not followed the recommendations of the ERA in its microeconomic review, which recommended that a much broader base be introduced so that all payroll in the state would be taxed at a lower rate with no exemptions. It is very clear that that would be a very controversial policy. I am not saying that that is in any way the position of the Labor Party, but I make the point that that would have been reform. Once again, the government is skipping reform to simply go along and milk the taxpayers of this state.

I want to point out, too, that there are going to be many taxpayers caught in the land tax net who have no holding income for the property that they own. Mum-and-dad investors who have vacant land will now be paying land tax for the first time ever. If it is vacant land, the investor will have no holding income to support that tax revenue. I am sure I am not the only member of this chamber who has had people come to see me about the problem of land tax accruing on vacant land. Some people complain about how high the impost is on them in that regard. They complain bitterly about that. There are good reasons that a government might want to tax vacant land. There are some arguments that if the land is being taxed, it is likely to be used for its highest and best-value use, but if a mum-and-dad investor does not have the money or resources to develop the land, they will still have to pay land tax. That is a nice economic theory but it does not necessarily help one out. From my experience in my electorate, many people who migrated to Australia in the 1950s and 1960s have used land banking as a way to hand wealth on to their family. Now they are having to pay what they believe are exorbitant land taxes. Once upon a time, the Liberal Party could have been relied upon to come into this chamber and champion those people, but we do not have to worry about that anymore. We do not get that now. Now the only debate we get from the Liberal Party about taxes is how to increase them, how to get more, how to collect more, how to spend more and how to milk every single last dollar from the tax system of this state. That is now the new paradigm of the Liberal Party in Western Australia and, indeed, in my view, of the National Party as well. The National Party should have an opportunity to say where it stands on these matters. The absence of its members from the debate speaks as much as if they were here commenting on it. They have the power to do something about these ridiculous tax increases that have underpinned this government but they do not use it.

**MS J.M. FREEMAN (Mirrabooka)** [9.49 pm]: I also rise to speak on the Land Tax Amendment Bill 2015. I do so in appreciation of my colleagues' great contributions, particularly the member for Cannington, who pointed out that this bill increases land tax 123 per cent higher than the former Labor government. I appreciate his capacity to clearly articulate the issues around this tax. I also appreciated the advisers' briefing. I was interested in attending the briefing because of a particular situation that occurred in the past with a constituent's land tax valuation. I will talk about that a little later in my speech. I found the discussion with the advisers extremely enlightening. It gave me a better appreciation of one of the most important taxes we have in this state.

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The Economic Regulation Authority's review of taxes refers to the three pivotal taxes that are at the foundation of Western Australian income—land, payroll and transfer taxes. Constituents often talk to members about having paid too much income tax. We often have to point out that the state government does not collect income tax; the federal government does. The state receives payments out of the GST but these are foundation taxes in our economy. For the purposes of my speech I will go through the history of land tax. I am referring to the Economic Regulation Authority. Land tax is levied on the aggregate, unimproved value of land, using a progressive rate scale that we are changing today by increasing that tax. When I asked the advisers about unimproved tax rates, I understood that rates were assessed not on the unimproved value, but on the improved value or the gross rental value. Local governments have a similar land tax. From the landowners' point of view, the valuation of the land has a big impact on the amount of tax paid to state and local governments.

It was noted previously that the original tax was introduced in 1907. As is my wont, I looked at the introduction of the initial bill. It looks as though it took three attempts to get the bill passed. On the first two occasions, there were arguments that it was not enough, it was too much or it was unfair. Interestingly enough, the tax had to be introduced because of the financial position of the state—Western Australia was in debt. I quote from page 1213 of *Hansard* of 4 December 1907. The Colonial Secretary, Hon J.D. Connolly, said —

I may justly claim that last session, and indeed the session before, I proved to the House that it was necessary to enact direct taxation legislation for the purpose of revenue. Unfortunately a greater necessity exists to-day than it did last session or the session before, principally on account of the decrease in the Commonwealth returns and the accumulated deficit at the end of last month of £227,000. At the end of the financial year the deficit was £208,000. The necessity for direct taxation is chiefly due to the loss in our customs, that is to say through our losing control of the customs and handing them over to the Federal Government.

History tends to repeat itself in some ways. On the following page, he states —

For the financial year just closed we had £228,000 less revenue with which to govern 263,000 people than we had to govern 213,000 people; therefore we have to find all the means for the government of 50,000 people more, and we have to do it on £228,000 less.

As I said, history repeats itself. I researched who James Daniel Connolly was. He was from Kalgoorlie. His local government service was at Kalgoorlie town council. He was a member for North-East Province in the Legislative Council and then the member for Perth in the Legislative Assembly. He was a Kalgoorlie boy who came to Perth. What interested me most was that he was a Liberal. Yet again history repeats itself—Liberals and taxes! Despite the idea that Liberals do not increase or introduce taxes, it would appear that there is a great connection between the two. As people in this place would probably acknowledge, I am not one to suggest that we should not have taxes to pay for goods and services, the requirements of health and education, and financial counsellors and others in our community, but I find it somewhat anathema that people in the community think Liberals tax less and look after small business. Ever since I have been a member in this house, the opposite seems to be the case. There has been great opposition to this increase, particularly by the Chamber of Commerce and Industry of Western Australia. Unfortunately, I do not have the date of the CCI's document, but would have it at around the time of the increase. It states —

... the business community would be deeply disappointed the Government had again chosen to increase land tax as a way to address its short term budget challenges.

Land tax receipts are projected to increase by over 25 per cent next financial year, which comes on top of a cumulative increase of 25 per cent in the previous two years.

The CCI points out that at a time of business lows and at a time of need for economic growth, small business is being attacked. The CCI would not necessarily have this concern, but my concern is the impact on mum-and-dad investors; the mums and dads who put their superannuation and their self-managed —

**Mr F.M. Logan** interjected.

**Ms J.M. FREEMAN:** The member for Cockburn raises an important issue about increases being passed on to tenants. I put that to the advisers. The advisers told me that the land tax is not to be passed on to tenants. There was a view that it could not be passed on to tenants in terms of a written agreement.

**Mr F.M. Logan** interjected.

**Ms J.M. FREEMAN:** The member for Cockburn and I both know that when there are increasing costs, and in challenging times when people need to pay mortgages and get a return on their houses, those costs will be passed on to tenants. I do not disagree at all with the member for Cockburn. However, I think it is quite interesting that a land tax assessment is based on a valuation done on 1 August the previous year and on what the land is used

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for up to 30 June. Investors need a principal tenant on 30 June, but the assessment is based on the land value as at 1 August the previous year. It is really interesting for me that those mum-and-dad investors who have invested in various properties because they think that will give them a return during retirement will have a double hit. It is almost as though they will have an increase in taxes while they have had a decrease in property values since 1 August 2014.

If we look at reports from 12 June 2015, we see that Perth house prices have declined by about 2.7 per cent. There is an article in PerthNow dated 12 June that states that Perth house prices declined by 2.7 per cent versus what is happening in the rest of Australia, whereas Sydney house prices are up by 4.9 per cent. Some of the contributors and commentators—I am not suggesting that they have any great knowledge other than what they have expressed online—are giving personal accounts of the decline being much greater than 2.7 per cent. A number of people are saying that it is more like eight per cent. From 1 August, when someone's house was worth more, they will have an increased tax assessment based on that valuation. It is almost like a double whammy for them. The house has lost value but that will not be reflected and they will have increased taxes. What a double whammy for those mum-and-dad investors who bought property for the purpose of having a sustainable retirement in the future. What do they do? They have to pay it.

What is really interesting about all this is that if those investors have an income, they can offset this land tax when they submit their tax return. They can get a tax deduction on it. I am trying to work out who is going to pay, apart from the tenants—we have established that—and the small businesses, which can include land tax. Who else will pay? It would appear that we as taxpayers will all pay because the federal government will pay. The advisers kindly gave me an indication that although this tax raises about \$126 million for the state government, it will probably result in about \$300 million being taken from commonwealth revenue. It is like taking from Peter to pay Paul. That is not the way to collect tax.

I note that the member for Cannington referred to the second reading speech and the Economic Regulation Authority's report, which stated that this was an efficient tax but to make it more efficient we should broaden its base and make it less. The member pointed out, and rightly so, that the one-point-five-per-centers—we all know about the one-per-centers because they were from the Occupy movement and stuff like that—will be paying less for this tax while the rest of the community will be paying more for the tax increases because it has broadened. Guess what? The mum-and-dad investors will pay. They are probably investing in areas in which houses are valued at between \$300 000 and \$1 million because that fits into property values if people have self-managed funds or other ways to ensure that they have a sustainable retirement income. I am certain that most of those people who are saving for retirement probably do not own a piece of land with an unimproved value of \$5.5 million.

**Mr W.R. Marmion:** Those people will be paying less tax because they are down at the lower end of the valuation.

**Ms J.M. FREEMAN:** No, they will be paying more tax under the government.

**Mr W.R. Marmion:** They will be paying less.

**Ms J.M. FREEMAN:** I understand that they will be paying less than that because it is scaled but they will be paying a bigger share of that tax.

**Mr W.R. Marmion:** The individual person can pay a smaller amount. In terms of the quantum, it will not be as big as the person who has an \$11 million property.

**Ms J.M. FREEMAN:** Yes, but the government is not increasing it. The top scale is not being increased as much as the bottom scale.

**Mr W.R. Marmion:** Yes, I know, but there is —

**Ms J.M. FREEMAN:** But the government is not increasing the top scale as much as it is increasing the bottom scale.

**Mr W.R. Marmion:** Yes, but I am just saying that the quantum is that big for the little one, and it is this big for the big person.

**Ms J.M. FREEMAN:** For the purposes of *Hansard*, the minister is showing me that the bottom has two centimetres, and the top, he is suggesting, has about 7.5 centimetres.

**Mr F.M. Logan** interjected.

**Ms J.M. FREEMAN:** I do not speak in inches; I am young enough to have never had that taught to me.

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**Mr F.M. Logan** interjected.

**Ms J.M. FREEMAN:** I thank the member for Cockburn very much! For the purposes of *Hansard*, the minister is saying that for this section that might increase one centimetre, but this section is going to increase by probably twice as much and will probably get up to about four or five centimetres.

**Mr W.R. Marmion:** Let us talk figures. For something worth \$500 000, you will be paying an extra \$280.

**Ms J.M. FREEMAN:** No, it will be \$300; they will not be paying \$200 because the government has a flat tax rate of \$300.

**Mr W.R. Marmion:** That is the difference since 2014. So \$220 going up to \$500 makes a difference of \$280.

**Ms J.M. FREEMAN:** For a mum-and-dad investor trying to manage a property because for some strange reason out there they have been sold on the fact that they can buy properties, \$280 is a huge whack.

**Mr W.R. Marmion:** And that's tax deductible as well, so the mum-and-dad investor will be paying less than that.

**Ms J.M. FREEMAN:** That is right. So the taxpayer will not benefit and education, health and police will not benefit. Let us go back to that. Of the \$826 million the government is reaping, \$300 million will be harvested from the commonwealth. Somehow the benefits and the services —

**Dr K.D. Hames:** That sounds all right to me.

**Ms J.M. FREEMAN:** It sounds great until the minister does not get his health funding. It sounds great until education does not get funded.

[Member's time extended.]

**Ms J.M. FREEMAN:** Thank you very much. I am just on a roll here.

**Mr W.R. Marmion:** The investor can deduct any cost against an income—rates, taxes, interest. They can deduct everything. That is what they do; that is the cost of incurring that income.

**Ms J.M. FREEMAN:** Yes, but it is not fully tax deductible; it is only partially tax deductible.

**Mr W.R. Marmion:** It depends on their marginal tax rate.

**Ms J.M. FREEMAN:** Yes, that is exactly right. It depends on a lot of things. Really, what the minister is saying is that the government is more than happy to put up its taxes and to take it out of the system somewhere else. That is not how I look at taxes. I look at taxes as being all about us as a community contributing to a body of money that runs our services, not, "I am going to put up taxes over here because it will all be okay because they can harvest that off the commonwealth government." That, to me, is just robbing Peter to pay Paul, and in no way does that benefit any of the community.

I turn to the *Financial Review Smart Investor* of August 2015—this is in reference to the mums and dads. It states —

For loyal investors in bricks and mortar, there's nothing quite like being able to drive by your investment and to sit back and wait for its value to grow.

Currently, its value is not growing but its costs are, and all the management that goes into that. I always question —

**Mr W.R. Marmion:** It is growing in Sydney.

**Ms J.M. FREEMAN:** Yes, but they are not buying in Sydney, and they are not increasing taxes in Sydney, minister.

**Mr W.R. Marmion:** They pay more tax in Sydney than they do here.

**Ms J.M. FREEMAN:** Just let me move on on the basis that I know it is late and I think we can all go home when I finish, so I should finish.

**The SPEAKER:** Please, God!

**Ms J.M. FREEMAN:** The Western Australian Local Government Association response to the Economic Regulation Authority review into tax commented on a number of areas. I thought it worth noting that WALGA—the other area that taxes land—looked at taxation and revenue in Western Australia. It actually wants a decent discussion and debate about tax that is not political but is based on how broader based taxes might be implemented in Western Australia, leading to greater efficiency than the current narrow taxes. It refers to a few

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other things, but one of the interesting things stated on page 38 of its response is that the association is opposed to the idea of broadening the current land tax regime, meaning that land taxes and local rates would effectively have the same tax base if applied to principal properties. At present a landowner is exempted from tax if the property is their principal place of residence. My interest in this was that I recall two constituents, a husband and wife, who came to see me because they had gone overseas on a trip and rented out their property. Unfortunately, although they went for only six months, their trip went past 30 June. I think they even left a couple of days before 30 June. My advice to unwary travellers is to make sure that they are in their house on 30 June.

The minister's advisers assured me that there was a decision that said that that was not the case—a case in the Supreme Court of Western Australia between the Commissioner of State Revenue and Guy Robert Louis Burdinat and Rhonda Dorothy Burdinat. The case turned on its facts. I had a look at the decision, and it did not make it any clearer. All it said was that the Commissioner of State Revenue had to adopt the decision of the State Administrative Tribunal, because it could go either way. The Supreme Court went through any number of decisions in which someone went away for a year and rented out their property, and it was found that they did not have significant connection with the subject property for it to be their sole or principal place of residence, and the tenants in possession enjoyed exclusive occupation. The couple who were the subject of this decision also rented out their property when they went away for three months. It was really interesting that they moved to Broome to live in a caravan in their own vacation village. However, caravan villages are exempt from land tax. They were not paying land tax on the property that they moved to, and then the decision of the State Administrative Tribunal was that their Bicton property, which they had rented out, mainly for security reasons, and to which they always intended to return even though they owned the other place in Broome, was not subject to land tax. I think that is fine but it is completely contrary to what occurred in the case of the family that I was dealing with. When I asked the minister at that time, he was really clear. The people had gone away and rented out their house. There was no mention to me of these decisions, so I will go back and revisit the advice that I was given by the minister at the time, who is not the present minister.

The decision seems really unclear to me, and it will become a more important issue as people travel. One of the other decisions was about a master mariner who had a home in Glasgow, where his wife and family lived and to which he returned during the interval during sea voyages. He was held to reside there, even though he spent the greater part of the year at sea. I would think that his home in Glasgow was his principal residence. It makes sense. I thought it was really interesting that this decision seemed to go completely against another decision in *Browne v Commissioner of State Revenue* before the State Administrative Tribunal in which the absence was for a greater period, although not substantially different, but the property was found to be not the principal place of residence. That needs to be clearer. If a person is on holidays overseas and has rented out their house because that seems to be the wise thing to do, should they be paying this tax? I do not think so; I do not think that was the purpose of the tax.

Obviously, the purpose of the bill is not to clarify that anomaly; the purpose of the bill is to increase the taxes paid by the citizens of Western Australia. The bill will increase not only the taxes paid by the citizens of Western Australia, but also the taxes paid by the lowest proportion of taxpayers. People who have properties with an unimproved value between \$300 000 and \$1 million will pay more. The amount of land tax they pay will double. We can do the measurements again. The top 1.5 per cent of taxpayers with land with an unimproved value of \$5.5 million or more pay 74 per cent of the total land tax revenue. The percentage of the total land tax revenue that they pay will be reduced to 66 per cent, so there will be a 10 per cent reduction for them.

However, the percentage of the total land tax revenue paid by those taxpayers with land with an unimproved value of between \$300 000 and \$1 million—the mum-and-dad investors who comprise 81 per cent of land tax payers and contribute three per cent of the total land tax revenue—will double to 6.3 per cent. I get it if the government wants to broaden the tax, but to both broaden it and increase it goes against what the Economic Regulation Authority has said. It seems incredibly unfair. It is a double whammy because property values have decreased. The government is increasing the tax but property values have gone down, so those people will have a debt that the government says they can claim as a deduction from the federal government. At the end of the day, there are costs involved in doing that and they are not doing it. People who have land with an unimproved value of between \$300 000 and \$1 million are not doing it because they are seeking fame and fortune; they are seeking a sustainable retirement income that all taxpayers will thank them for in the future. I think it is a bad move to both increase and broaden the tax. If the government just wanted to increase it, so be it, but what it is really doing is burdening a part of the community that can least afford it.

**MR F.M. LOGAN (Cockburn)** [10.17 pm]: I will just pick up on the theme that we have heard in the debate on the Land Tax Amendment Bill 2015 that it is a bad move by the government to broaden and deepen the collection of land tax. I could not have put it better if I tried. As we have heard from many members tonight, we could not fathom the fact that the Liberal Party of Western Australia is a tax-and-spend government. If we put it

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to previous Leaders of the Liberal Party, such as the Court family and other Premiers of Western Australia, that the Liberal Party of Western Australia would be a tax-and-spend government, they would not believe us. But here we are in Parliament in August 2015 overseeing the third increase in three years in land tax to be paid by landowners in Western Australia. It is not just land tax. Members have been on their feet already this year to criticise the government for its increase in payroll tax. Mr Speaker, you know what small business people think about payroll tax. They do not like paying it. It is one of the government revenue measures that really upsets them. They see payroll tax as a tax on the employment of more people and the growth of their business. I have been on my feet already this year to criticise the Western Australian Liberal Party and National Party as the government for increasing payroll tax, and that was not the only increase in payroll tax that has occurred over the life of the two Barnett governments. I find that quite incredible.

During debate on the Loan Bill 2015, when I talked about the issue of the increase in payroll tax, I went back to the 1990s to reflect on the then views of the Western Australian Liberal Party. The then Premier of Western Australia, Hon Richard Court, indicated on two occasions, in 1993 and in 1997, that the Liberal government would get rid of payroll tax altogether. That was the commitment the Liberal Party took to both the 1993 and 1997 elections—that it would get rid of payroll tax—but by the time we got to the 2001 election, which the Liberal–National coalition lost, payroll tax was more than 100 per cent higher than what it was in 1993!

On one hand, we have the Western Australian Liberal Party commiserating with a lot of its members and people who are naturally allied to the Liberal Party, such as small business people and conservative voters, and empathising with them about state taxation, land tax and payroll tax. The Liberal Party empathises with them on the tax burden that is placed particularly on small business, but when in government, does it relieve them of that burden? No; it does not relieve them of that burden. In fact, it makes that burden worse. As I have indicated, it certainly made it worse through payroll tax during the Court governments of 1993 and 1997, and now under the Barnett governments of 2008 and 2013. Payroll tax has gone up and now, here this evening, land tax is being increased, broadened and deepened, thereby increasing the burden on both small business and investors.

If we look at the overall increase in land tax income since the Barnett government came to power, we will see that it has increased by 123 per cent. Just to put that in perspective, the figure for land tax revenue in 2008 was \$400 million; it is estimated that for 2015 it will be approximately \$754.9 million. These figures are from the Department of Treasury's *Overview of State Taxes and Royalties 2014–15*. If we look at the way in which the new scale has been structured, in the out years we see that revenue from land tax will rise to nearly \$1.2 billion in 2018–19. Remember, that is going from \$400 million in 2008 to nearly \$1.2 billion in 2018–19. That is how much land tax has increased over that decade. I challenge members of the Liberal Party to take that information back to their own constituents, to their party membership and to their party branches and try to explain to them why those taxes have gone up. Members opposite should try to explain to their own party members why those taxes have gone up and why that is good for them, and see what the responses are from their own party membership. I challenge all members opposite to do that. I have very, very strong doubts that any members will take up that challenge.

The Barnett government is a tax-and-spend government. One of the things about this bill is the amount of money that the minister expects it will raise. I raise this because, as the member for Mirrabooka has just pointed out, some of the figures coming out of the Real Estate Institute of Western Australia at the moment on land values, house prices and rental returns in Western Australia show that they are on the decline. The current REIWA figures show that the median sale price of established houses in the Perth metropolitan region for the March 2015 quarter is \$535 000, which is a 2.7 per cent decrease on the three months prior to March. Over the 12 months to March 2015, there was a 2.9 per cent decrease in property values in Western Australia. In regional Western Australia, of course, that figure becomes significantly worse. For example, in the Broome urban area there has been a 10.6 per cent decrease in property values in the 12 months to March 2015. In Karratha there has been a 30.8 per cent decrease in property values in the 12 months to March 2015. I wonder whether the estimated figures I just referred to of nearly \$1.2 billion being collected by 2018–19 will be correct given the current decrease in property values and the estimated future decrease in property values—that is, even at a conservative estimate.

**Mr W.R. Marmion:** Treasury is smart.

**Mr F.M. LOGAN:** I am sure it has —

**Mr W.R. Marmion:** If they can do it with iron ore, they should be able to do it with property.

**Mr F.M. LOGAN:** They did a great job for iron ore, Minister for Finance—they did a terrific job in their estimations for iron ore! It was a bit like its estimations on the future price of oil and gas as well; Treasury seems to get those estimates wrong every single time.

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I am making the point that there is a reliance on a future revenue stream from these increases that are being passed through this house tonight and I put to the minister that the reliance on that revenue will come under severe strain on the basis of the continuing decrease in property values in Western Australia that we have already seen in the last 12 months, and the view from professionals in the area is that that will continue for some period. That will certainly put the skids under the state government's estimated revenues. That is for the government's own revenue collection. However, as the member for Mirrabooka indicated, it makes it even more difficult for owner investors in property, because their income is decreasing. Figures for the Perth rental market to March 2015 show that weekly rent is now \$430 in the metropolitan area. That is a decrease of 2.3 per cent from three months ago and a decrease of 5.5 per cent over 12 months.

Anyone who owns investment property in the Perth metropolitan area will have seen on average a 5.5 per cent decrease in the weekly rent they can charge. That is obviously based on the negotiated changes that occur at the end of the rental contract period. That is not reflected as badly across regional Western Australia other than in Karratha and Port Hedland where the decreases are much worse than that. In the Perth metropolitan area there is a 5.5 per cent decrease in rental income. That will hit mum and dad investors and certainly will hit people in my electorate. As the minister knows, and as I mentioned before, many people in my electorate work, or did work, in the mining industry and have invested in properties in and around Cockburn. Some of the properties have probably been bought from the minister when he was Minister for Housing. They have seen not only the value of their property decrease but also the income from it decrease. On top of that they will receive a further increase in the cost of running their property due to the increased land tax.

In response to the member for Mirrabooka, the minister said that the increase was okay because it can be written off under federal tax because people can make a claim against it as an outgoing expenditure on the property investment. That is true, but they will never get it all back. It will depend on the property owner's income levels and the rest of their claims. They certainly will not get all their land tax back from a normal income tax return. There again is a further increase whether they be small businesses, mums and dad investors, larger investors or particularly property speculators—large companies that will pay tax on investments of up to \$11 million, which is the maximum component under the land tax arrangements. In itself that is particularly galling for broadacre landholders because due to the state of the market they may not be able to bring on that property speculation at this time. They will want to hold onto the land until the market is appropriate for them to make a larger investment in developing it. They will not want to get rid of it because of what they paid for it in the first place. They too will get whacked with this land tax.

On a couple of occasions the minister has raised the comparison of our land tax with other states. He indicated that, on examination of land tax scales, it can be seen that the amount of money WA pays in land tax is at the lower end of the scale. That is true, but the minister does not seem to mention the threshold. The new threshold the minister introduced at \$300 000 is not as generous in Western Australia as it is in other states.

[Member's time extended.]

**Mr F.M. LOGAN:** The maximum taxation threshold is significantly higher in WA than it is in other states. I find it amazing that in the previous two debates on land tax, this issue was not raised. A comparison with the land tax scales in other states was raised as a justification for this increase in land tax. I bring the attention of the house to the land tax scales.

**Mr W.R. Marmion:** I have it in front of me as well. I think we are doing very well. You can cherry-pick the worst one.

**Mr F.M. LOGAN:** Come On! We need to be honest in this debate. I want to put it on the record. The minister has been going on about how great Western Australia is in terms of the overall land tax paid compared with what other states pay. In Queensland, the threshold is \$600 000. In New South Wales, in which the minister claims people pay a lot more land tax —

**Mr W.R. Marmion:** They certainly do.

**Mr F.M. LOGAN:** That is not surprising given that property prices are much higher in New South Wales. The average house price in Sydney is now over \$1 million.

**Mr W.R. Marmion:** Western Australia is the cheapest in Australia for a property with \$1 million unimproved land value.

**The SPEAKER:** Minister!

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**Mr F.M. LOGAN:** In New South Wales, the minimum threshold for land tax is \$412 000 higher than it is in Western Australia. In South Australia, the threshold is \$16 000 higher than it is in Western Australia. Therefore, Western Australia is not that generous and that good.

**Mr W.R. Marmion:** In South Australia they pay \$9 000 in land tax for a \$1 million property, and we are going up to \$1 700. That is a massive increase.

**Mr F.M. LOGAN:** If the minister talks about South Australia, the maximum threshold on which people would pay land tax is \$1.05 million. After that, people have reached the maximum threshold. There is no scale above it. In Western Australia, it is \$11 million. In New South Wales, it is \$2.5 million, in Victoria it is \$3 million and in Queensland it is \$5 million.

**Mr W.R. Marmion:** That is being disingenuous in terms of explaining it.

**Mr F.M. LOGAN:** No, it is not. It is not being disingenuous. The way in which the threshold is structured means that more and more tax is being paid, up to a total of \$11 million. If the minister wants to do comparisons with other states —

**Mr W.R. Marmion:** I have a chart. I will give it to you.

**Mr F.M. LOGAN:** Let us be honest and open about how good Western Australia is or is not.

**Mr W.R. Marmion:** Here it is. I will give it to you.

**Mr F.M. LOGAN:** I know. I have the same page. Here we go. This is the amount of money that is being collected on unimproved value. I am talking about the thresholds themselves as opposed to the income.

The point that I have been making throughout this whole debate is that the Western Australian Liberal Party and its colleagues in the National Party cannot be trusted when it comes to taxation. I have spoken on payroll tax before and about how the Liberal Party went to its membership and to the general public in elections in the 1990s and said not only that it opposed payroll tax but that it would get rid of payroll tax, and on both occasions when the government had the opportunity to do that, over two four-year periods of administration, it did not get rid of payroll tax. In fact, by the time those two administrations had ended, the government had increased payroll tax by over 100 per cent.

We are now talking about land tax. The Liberal Party has said, particularly to its own membership, and to the general public, that it is a party of small taxation and it does not agree with increased taxes, yet when in government it has increased taxes and broadened the tax base to capture more people. Why is that? Why are these taxes being introduced this evening? Why is the tax base being broadened? We have heard from the minister himself: we have to raise revenue, we have to deal with our budgetary situation, we have to deal with our ever-expanding debt and we have to deal with the fiscal situation that this government has created. It has not appeared by magic; it is not the result of any particular catastrophe. It is just the fact that the Barnett government has not been able to control its own pattern of spending and as a result of that it has got itself into the fiscal difficulties it currently is immersed in. Its only way through those fiscal difficulties is to cut expenditure and increase taxes.

I put to the house that cutting expenditure is a natural behaviour of Liberal–National governments, which supposedly believe that they are better microeconomic managers than Labor is. To increase taxation is not a natural strategy or a natural behaviour pattern of Liberal–National governments. Nevertheless, over the last decade in Western Australia we have seen that when a Liberal–National government gets into power, it cannot stop itself; it has got to spend money and raise money by increasing taxes, and here we are tonight. I think this is an absolute disgrace. It will impact significantly on small businesses at a time when they just do not need this tax increase, and it will have a further impact on the housing and rental markets in Western Australia at a time when investors simply do not need this taxation increase. It will be passed on. I know that the Department of Finance and Treasury say that it should not be passed on and that it cannot be written into a contract. Of course it cannot be written into contract, but when the lease comes up on most rental places for a renewal, we will find as a result of this change tonight, a slight increase in the cost of renting in Western Australia, even though rental prices are going down. That will be a direct result of these changes tonight. This tax will be passed on as contracts expire and the renewed contract for the rental property is put in place. It is just the wrong thing to do at this point in the cycle of the Western Australian economy and it is all as a result of a tax-and-spend Barnett government. It is outrageous, it is unacceptable and we will vote against it.

**MR P.C. TINLEY (Willagee)** [10.43 pm]: I rise to make a contribution to the debate on the Land Tax Amendment Bill 2015. I do not want to unduly delay the house, but I feel it is important that as many of us as possible are heard on this very important matter of the cost of doing business and the cost of living in Western Australia under a Liberal–National government, such as it is. In my estimation we have a crisis on two fronts. We have a crisis of

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philosophy between this side of the house and the government side of the house. One side of this house is completely open and honest about its expectations of the citizens to contribute to the benefit of all the various mechanisms of taxes and charges and the other side of this house pretends that it operates on the basis of supporting business in some sort of version of austerity, fiscal restraint and economic responsibility. In fact, what we have is one side of the house that is honest about its approach to taxes and the revenue required for the delivery of the services expected by the people of Western Australia, and the other side of the house that is undertaking some form of a sham; it is a pretend conservative government. The pretend Liberal–National government has created a crisis of philosophy that must be rocking every one of its branches, units and/or contributors to their very core. I can only imagine what it would be like to be a Liberal minister or member of Parliament and to go to an event run by the 500 Club, such as a breakfast or sundowner. They would look at a whole bunch of generally conservative-minded or business-oriented people at that gathering and wonder what they actually think of them. Those are the very constituents whom Liberal members pretend to represent. They pretend to be acting in their best interests. A whole range of evidence can be produced to show that they are being completely dishonest with their own constituency, and certainly with the wider voting public of Western Australia.

This is the third time we have been here to put up taxes on land—the third time—yet not one government member will speak out against it or challenge the Premier. This is the Liberal Party’s crisis of philosophy. What does the Liberal Party stand for anymore? Does it stand for business? Does it stand for the 300 000 small businesses in Western Australia or does it stand for big business—the multinational listed public companies? Does it stand for employment? By any measure, this government, this bunch of conservatives, has failed. I reiterate the member for Cannington’s point about land tax. He said that we have had a 123 per cent increase in land tax under this government, over and above what we did in our last year of government. Not one Liberal–National member could come into this chamber and defend their philosophy or their fundamental credentials to call themselves conservative with any level of honesty or satisfaction. I really do challenge them to do so. I reckon that members opposite might go to a branch meeting in one of their divisions and be asked if they are a true conservative. They would have to produce the evidence to prove it. Could they produce enough evidence to their own branch members, their own rank and file, to prove that they are conservative; that is, economic rationalists, supporters of low tax, fiscally responsible and financially prudent in the expenditure of the hard-earned taxpayer dollars of this state? I do not reckon that there is one amongst them who has the capacity to stand in front of a branch and produce the evidence that they are all the things that they espouse to be, because they are none of those things. We have been here three times to talk about tax on land and three times the landholders of Western Australia have come away the worse for wear.

This government inherited the best set of books in the history of the state, with the lowest deficit and the lowest general government debt. We have seen nothing but a complete wrecking of the ship under this Premier and these so-called fiscal conservatives in the Liberal–National Parties. It is an absolute rot. The government really ought to come clean and admit that a reasonable level of taxation and a reasonable increase in taxation and revenue is absolutely essential to deliver the services expected by the citizens of Western Australia.

When we look at the economic performance of this government, we see plenty of evidence to highlight the fact that there is no opportunity for any short-term relief. We have lost our AAA credit rating to an AA+ rating. There are some significant concerns about whether we will achieve anything more than that in the next four or five years. It will be a very difficult circumstance for any incoming government, no matter which persuasion it is and which side of the house occupies the government benches, to hit the financial targets or anywhere close to the financial targets that are required under the Government Financial Responsibility Act 2000.

I reiterate that if we are looking for a hard point in this debate around the general application of the tax regime across the state, it is that the Government Financial Responsibility Act 2000 requires the Western Australian government to set financial targets. I reiterate that the current government updated its financial targets in the 2013–14 state budget and of course in this 2015–16 state budget to better reflect the criteria assessed by the rating agencies. The government, therefore, under the Government Financial Responsibility Act 2000, has already acknowledged the criteria laid down by the likes of Standard and Poor’s and Moody’s and so on in the assessments by those rating agencies; they have actually given the government guidance. But what do we hear from the Premier in relation to Standard and Poor’s and other rating agencies? We hear nothing but dismissal. He said in this chamber this evening that state debt will not be at \$36 billion. If we cannot take the forecasts of the Treasury’s own documents—the government’s own budget—then what can we take? State debt is at \$24 billion now and climbing. Each government member has a duty to their own philosophical constituents to stand up to this Premier in their party room. Who among them can say that they stood at any point in the last six years and said, “Enough is enough, Premier. Enough is enough. Your choices and priorities with spending cannot be patched up by this incremental increase to the revenue side of the budget, the fees and charges that you are imposing on the people of Western Australia”?

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I would not mind if the government had a mandate for it. I would not mind if the government had gone to the 2013 election and said, “We need to have a better reflection of the imposition of land tax that reflects the national norms.” The minister has been interjecting happily on several members on this side of the house about the scale of land tax and our relativities to the other states. That is a very important point because we do not want to lose a competitive advantage of any kind or disadvantage ourselves as a jurisdiction generally relative to the other states. But the government did not do that. The government did not go to the 2013 election and say, “We’re going to have a taxing regime that will reflect and normalise Western Australia with the rest of Australia.” It did not do that. It went to the 2013 election and said things such as increases to utilities and electricity in particular would be at or around inflation. That was a massive fail. That was a response to something that might have been closer to the philosophy I would have expected from the conservatives in the 2008–13 period when they were pushing cost reflectivity for electricity prices. I completely understand how that might fit in with the philosophy of a fiscal conservative—but the government squibbed it.

That brings me to the second crisis we have here. It is a crisis of courage. It is a crisis of courage in the government parties that is debilitating this state. It is delivering \$36 billion worth of state debt. It is a crisis of courage for each and every government member individually and for them as the two parties forming government that they cannot stand up to the one person who cannot lay any claim to being a conservative—that is, the member for Cottesloe. The crisis of courage on that side of the house is breathtaking and I sheet home a principal amount of blame for that on members of cabinet. I know cabinet deliberations are highly confidential and I could never possibly know what is discussed or what is said in cabinet, but I do know that there is no evidence, short of a cabinet leak, to suggest for one second that cabinet members are standing up to the debt-and-deficit, tax-and-spend Premier of this state—the worst Premier in the history of this state—who is delivering record debt, record deficit and the worst set of books.

No other government has been able to crash a set of books as fast in this government has done in six years, a government that inherited some of the best set of books in the country. The Gallop–Carpenter governments never had the benefit of a once-in-a-lifetime revenue bonanza that was delivered by the resources sector, a \$115 billion industry. They did, however, benefit from a record increase in stamp duty revenue from a property boom that occurred during the period of the Gallop–Carpenter governments. The crisis we are seeing inside the government is a crisis of philosophy. We do not know where the government stands; the electorate does not know where the government stands. That is why we have the most unpopular Premier in the history of this state. We also have a crisis of courage. Each and every member of the government has a responsibility to stand up to this guy and say, “Enough is enough.” We have heard nothing from the Treasurer about any application of fortitude to tough it out and stare the Premier down.

We also have, however—which brings me to this bill—a crisis of courage in the form of policy. This bill is just a revenue increase by stealth. We have been here three times to increase the rate of land tax; an impost on business. I do not care that it is being treated as though it is an input cost and will be reclaimable at tax time; there is still a cash lag and a cost withholding issue that will have a net increase effect on business. Like the member for Cannington, I will gladly quote journalist Liam Bartlett’s opinion piece in last Sunday’s *The Sunday Times*. He laid out in colourful detail the issues facing this Premier. Liam Bartlett talked about caps, a central theme of his article, and about the Premier’s obsession with capping things, when he stated —

Take the time he promised to “cap” the state’s net debt at \$20 billion.

We have gone way past that. That line is behind us; it is way over there. We are heading towards a \$36 billion forecast of debt with no management or fiscal action plan to redress the level of debt or deficit this state has to hold.

Liam Bartlett also went on to say that the Premier said he was going to cap power prices at around the price of inflation, and it is now almost over 100 per cent over the consumer price index. It beggars belief how we have gone from that one point to another. He goes on to talk about the cap on seniors’ rebates and the cap on council rate rebates for the elderly and how 45 000 seniors are going to be worse off. He also talks about the emergency services levy, which has increased by as much as 81 per cent since 2008. We should have gold-plated fire appliances given the amount of revenue and the reasons given for the increase of the ESL. Time and again the government has come in here and said that increases to the ESL have been for the benefit of the infrastructure of firefighting and emergency services. It would want to be absolutely Rolls–Royce. There should not be a volunteer fire brigade that does not have a new appliance or a professional firefighting unit that does not have all that it needs.

I will move on to the waste levy. There has been an almost 100 per cent increase in the recyclable waste levy, from \$28 to \$55. For inert waste—straight landfill—there has been a 500 per cent increase in charges. That is all in aid of putting a bandaid over the rupture that is the state finances. Those charges alone are scheduled to

**Extract from Hansard**

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deliver about \$202 million over the next four years. It is an absolute rort. This crisis of courage in the policy area would be a better way to do away with the balaclava-clad approach, which Liam Bartlett accuses the Premier of, by stealth. The government should just come around and try to incrementally increase the burden on Western Australian citizens and do the one thing it ought to be doing, which is showing courage in its reform agenda to redress the base and form of the taxation regime across this state.

[Member's time extended.]

**Mr P.C. TINLEY:** In his final speech in this place, the former member for Belmont, Hon Eric Ripper, laid out a very good assessment of the problems with state revenue. No matter what is done, it must be revenue neutral. Hon Eric Ripper referred to them as the three ugly sisters of state revenue—land tax, transfer duty and payroll tax. Government must work within those either to shape them one way or another, to ensure the rough edges are smoothed, or to deliver genuine reform that will increase revenue. There is plenty of opportunity for the government to do that.

The Economic Regulation Authority's 2014 report entitled "Inquiry into Microeconomic Reform in Western Australia" is very interesting. I do not agree with a lot of it and I do not agree with a lot of its assumptions. If I had time, I would talk about it more. In its report, the ERA presents three different options for reforming state taxes. I do not know whether I have heard the Treasurer, the Minister for Finance or even the Premier respond to this report. I will take an interjection if there has been a government response. The only response I have heard from the government is that it rejects it, without any reason or without any cause. The ERA is not exactly a hotbed of socialist intent that will rise up and seize the means of production. The ERA is full of people of economic rationalists with a similar philosophy to the one that the Liberal Party ought to have, or it pretends to have—the sham that it believes it has. There is plenty of evidence to the contrary. The ERA presented three options and we got nothing from the government. There is no policy courage in this government to go out on the front steps of Parliament and grab the public microphone to start to build consensus for genuine root-and-branch reform of the revenue base for the state, which are the bits we can control. What do we get? We get the Premier going out there, in the best of parochial Western Australian fashion, blaming the federal government for the GST take and blaming the federal government for a lack of support in the fastest growing jurisdiction in the country.

This Premier and this government have no capacity to build consensus in the community, to actually do what the government ought to do, and to do a decent service to the state by genuinely reforming the revenue base. As the ERA says in its report, there are plenty of different ways to do it. Option 1 is to broaden the base and lower the rate of all three taxes—the three I mentioned—to increase efficiency. I would love to see government members go to the 500 Club and advocate for the idea of halving payroll tax and applying it across every business to a certain degree, with very few exemptions. Not one of them has had the courage to go out and say that. Not one of them has had the courage to talk about one of the lumpiest bits of revenue in our entire fiscal revenue landscape; that is, transfer costs on property. They are happy to tax the land but they will not talk about any sort of reform in the area of the transfer costs of property, particularly with an ageing population. We wonder how many people are caught. A single person household on a quarter-acre block who does not want the imposition of stamp duty is therefore sitting on unproductive, unleveraged land.

The government has a stated objective of 47 per cent infill, yet the 13 kilometre ring around the CBD has some of the lightest density of people in single residential dwellings than any other part of the city. The government is not serious about any opportunities that are being presented to it. It is squandering its time in government when it has full use of the public microphone to convince people to go out there and manufacture the consensus it needs to have genuine reform and genuinely live up to the philosophy it thinks it espouses as conservatives.

Debate adjourned, on motion by **Mr J.H.D. Day (Leader of the House)**.