

HOUSING INDUSTRY

Motion

MR D.C. NALDER (Bateman) [4.01 pm]: I move —

That this house condemns the McGowan government for its attack on the housing industry, home values and construction jobs, including reducing demand by introducing the foreign investment tax and cuts to the first home owner grant boost.

I look forward to detailing my arguments in this case, unlike the Treasurer's comments earlier, who assumed during question time what my arguments would be. I will step through this process today to explain what is happening in the industry and in the economy and what the government is undertaking that is negatively impacting, particularly on the housing sector at this point in time.

Before I get started, I want to set the record straight about some allegations raised by the member for Cannington during question time when he made accusations about statements I made on Twitter regarding portable pools. He insinuated that I made references about safety and ridiculed his position. I put on record what the actual tweets were. The original tweet was put on by PerthNow on 11 November, and I quote —

Point of Order

Mr D.R. MICHAEL: Relevance to the motion.

Mr S.K. L'ESTRANGE: Further to the point of order, Acting Speaker.

The ACTING SPEAKER (Ms J.M. Freeman): Let me make a decision on the first point of order. We do have an issue of relevancy.

Mr D.C. NALDER: I will tie it in.

The ACTING SPEAKER: Why don't you tie first and then in later. How about we go that way round.

Mr S.K. L'ESTRANGE: This is to do with housing and clearly backyard pools are a very relevant aspect.

The ACTING SPEAKER: You do not have to prosecute the member's argument. I have directed the member to prosecute his own argument, thank you. I have made a ruling on the point of order, which is on relevance. I do not need you to argue the relevance.

Mr S.K. L'ESTRANGE: I am not here to help you, ma'am; I am helping the member for Balcatta.

Ms S.F. McGurk: Sit down.

Mr S.K. L'ESTRANGE: I beg your pardon?

Ms S.F. McGurk: Sit down.

Mr S.K. L'ESTRANGE: No; you are not the Speaker. Do not get ahead of yourself; you are not the Speaker.

The ACTING SPEAKER: Hey!

Mr D.C. NALDER: Thank you, Madam Acting Speaker. I will tie in the relevance because I am here to talk about housing and portable pools.

The ACTING SPEAKER: We are going to have a breather after all of that just so we all feel calm and collected.

Mr D.C. NALDER: I am calm. Thank you, Madam Acting Speaker.

The minister made accusations and I quote the PerthNow tweet, which —

The ACTING SPEAKER: Okay, let us start with how you see it as relevant.

Debate Resumed

Mr D.C. NALDER: Madam Acting Speaker, I will repeat that I am here to talk about negative impacts on the housing industry. Any decision the government makes that detracts from people enjoying their own home has a negative consequence for housing. The Minister for Mines and Petroleum made some accusations in this house and I want to correct the record. I was acting on a tweet put out by PerthNow, not me, that states —

The WA commerce minister, Bill Johnson pushes for portable pool ban.

I replied to that tweet and I quote —

The Minister Against Mining now trying to say he knows best how we should live our lives. #nanny state. I did not say anything about safety for kids in portable pools. This was talking about a pool ban, and had nothing to do with the grubby comments made by the Minister for Mines and Petroleum.

Mrs A.K. Hayden: Misleading again.

Extract from Hansard

[ASSEMBLY — Wednesday, 21 November 2018]

p8401b-8426a

Mr Dean Nalder; Mr David Michael; Mr Sean L'Estrange; Acting Speaker; Dr Mike Nahan; Dr David Honey; Dr Tony Buti; Mrs Alyssa Hayden; Mr Ben Wyatt

Mr D.C. NALDER: He was misleading this house again. It was a disgraceful act and he should learn to stay on the facts. If he is going to stand in this house and make accusations, he needs to be accurate. That was far from accurate and far from professional by the Minister for Mines and Petroleum. There is something about the Minister for Mines and Petroleum —

The ACTING SPEAKER: Can I bring you back to the facts of the —

Mr D.C. NALDER: Thank you, Madam Acting Speaker, I will bring it back in, but there is something about this minister where the truth is here, the lies are there —

The ACTING SPEAKER: Member!

Mr D.C. NALDER: — and he skates in between.

The ACTING SPEAKER: Member!

Mr D.C. NALDER: The opposition is raising this motion because we are aware that the McGowan government has not done enough to help the housing sector. I note, from today's *The West Australian*, that the WA division of the Property Council of Australia highlights the value of this important sector, notably that the sector employs more than 205 000 Western Australians, pays more than \$6 billion in state taxes—a third of the state tax take—and contributes \$31.8 billion in gross state product. What concerns us more is the inaction of the McGowan government in the housing and construction sector through the introduction of policies that actively work against the industry. Not enough has been said about this in this chamber and there has not been enough acknowledgement by the government about the adverse consequences of the policy decisions it has been making. I will repeat over and again that on the surface, some of them are political opportunities the government has taken that might sound great on the surface but the government has not understood the second, third and fourth order consequences.

Firstly today, I will outline the state of the housing industry as we see it. Secondly, I would like to highlight the level of pressure on households and the impact it is having on discretionary expenditure in the economy. Thirdly, I would like to highlight the level of pressure on small business across Western Australia and the impact that is having on the economy. Fourthly, I will outline significant policy issues and risks impacting the housing industry as the opposition sees it. The opposition wants to see the government provide positive and proactive solutions to the issues facing this sector. That is something that is clearly absent today. I note the Premier's comments this week on PerthNow, and I quote —

“Every day you are seeing good signs,” he said. “The confidence is back in WA. You can feel it, you can see it and certainly it is an improvement on where it was.”

He also predicts a turnaround in the long-term declining property market after a jolt to stagnant wages. He says here, and I quote from the article by Josh Zimmerman from PerthNow written on 18 November —

“It is actually a good time to buy (a house),” he said.

“I would encourage people. Prices are low yet economic activity is picking up and so that will inevitably be followed by (demand for) housing.”

I am not sure how skilled and how authorised the Premier is to provide financial planning advice to the people of Western Australia. I hope he remembers his words very clearly in which he is recommending people buy a home now. I hope he remembers them very clearly, because we will remind him. It is really interesting to hear these types of comments from the Premier at this point in time. He is tipping a turnaround. While the Premier must be upbeat about the sector—we support that; we understand the need to not talk down the community—there is an important factor to understand, and that is the reality of what is happening in different industries across Western Australia. We are seeing a great turnaround in the mining sector. The agriculture sector looks like it will have a great harvest, and I hope that continues. I am disappointed for some people because of the electrical storm that went through last week and burnt 3 000 hectares. We know that some farmers suffered some dry conditions and some suffered frost, but, generally speaking, it should be a good year for the agriculture sector. But that is not translating through to the housing or retail sectors in the Western Australian economy.

The Premier's views of the future are quite different from the current reality for many Western Australian households and businesses. I want to refer to a couple of articles that highlight the difference between the rhetoric of the Premier of Western Australia and what we are hearing from industry. The first one I want to refer to is headed “Perth housing market: WA in the midst of home building slump”. Although written a couple of months ago, this article refers to some of the things that are going on in the mortgage market in Western Australia. I will quote a couple of the points that were made in this article on that matter. It says —

Just 3809 dwellings were approved in the first four months of 2018, down from 4263 in the corresponding period last year and 7402 in 2014.

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It is the worst such run since the beginning of 2001—when there were about 700,000 fewer people living in WA—and without financial stimulus from the McGowan Government, Mr McLean does not see it ending unless mining activity and associated population growth begins ramping up.

At the moment we are seeing the mining side of things improving, but we are not seeing the population side of things or the retail sector improving— I will come to the reasons for that—which flows through to what is impacting on housing and housing prices. A couple of things are outside the control of the government. We know that. It is a bit like the current government trying to claim that all the mining upturn is to do with its policies. We know that is not true. The reality is that there are things outside the government's control. Whether we are talking about positive or negative elements, there are things outside the control of government. I am going to be very open and transparent on that today— I will provide a level of gold-plated transparency around what things are being influenced by the government and what are not, which is something it would be nice to hear the government acknowledge from time to time. Another article put out by the ABC has the headline “Amid an epidemic of mortgage stress, a perfect financial storm is on the way, experts warn”. The Premier is again talking things up. I understand some of the basic reasons for being positive about the economy, but here is an article that has nothing to do with the opposition—the opposition is not making this up—that refers to some of the impacts that individual home owners are facing out there. This is what we are losing sight of at the moment. The ABC article, which was written by Kathryn Diss and Elicia Kennedy in September 2018, states —

Homeowners, particularly in the mining states of WA and Queensland, are already grappling with a number of factors including unemployment, under-employment, stagnant wages growth and weak house prices.

The article quotes a couple, who talked about how much they purchased their house for. They had a \$600 000 investment into this property and they will sell it for around \$480 000. The article also states —

Siobhan Meerman, a financial counsellor at the Midland Information, Debt and Legal Advocacy Service ... based in Perth's eastern suburbs, is at the coalface of the problem.

She said 75 per cent of the clients who walked through her agency's door were suffering mortgage stress, an increase of about 25 per cent in the past two years.

“The clients I see coming in can be of any age,” Ms Meerman said. “They can be single people, couples with and without children, most of them are coming in about to lose their house.

...

“Loss of income, persistent loss of income because they can't get another job, under-employment once they get a new job and over-committal of credit from before they got their job.

...

The situation is leading to a rising number of mortgage defaults, particularly in the mining states of Western Australia and Queensland.

Of the 10 worst performing postcodes across the country, six are in Western Australia and four are in Queensland.

If you extend out to the 20 worst performers, 15 of the spots are occupied by WA and Queensland.

...

“ I think the community underestimates the fragility of so many families' wellbeing and their financial situations,” said Mark Glasson, executive general manager of charity Anglicare WA.

This was in September 2018. These comments are in contrast with the comments by the Premier, who is actually encouraging people to buy a house.

I will go a bit further and talk about what is going on in households. Western Australians are really struggling, especially in the outer suburbs. They are starting to feel neglected by the McGowan government. It is no surprise that we witnessed a 9.3 per cent swing against the McGowan government in the Darling Range by-election. This is quite unbelievable for a government that has been in power for only one year. We are saying that the impacts on property prices and what is actually occurring is happening in the outer suburbs of Perth's metropolitan area. It is definitely happening. The Premier has surrounded himself with the trappings of his office. He is travelling all over the world in the lap of luxury and has become detached from everyday Western Australians. I believe that is what we are starting to see from the Premier of Western Australia. He has not only become detached, but also implemented a range of policies that clearly hurt households and damage the economy. He is also arrogantly refusing to recognise these mistakes.

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I would like to outline some of the issues facing everyday Western Australians and the impact they are having on household balance sheets. The first one I would like to deal with is the cost-of-living increases, which I have talked about in this house before. The rhetoric we heard from the Premier, as Leader of the Opposition, when this government was in opposition and the former government put up energy prices by 3.5 per cent, was that he claimed the government was mean-spirited. That was for a 3.5 per cent rise. In fact, over the four years of the previous government, electricity price increases averaged four per cent per annum. What we have seen from the current government is an increase of 13.1 per cent in the space of 12 months. I have talked about this before. That is in an environment of one per cent inflation rates and one per cent real wages growth, and at a time when the average household across Australia has a one per cent savings rate. If the government whacks in a 13 per cent increase at this point in time, in an economy that is not necessarily doing that well—this is the point, Treasurer; it is the timing of the policies that our arguments are about—it will chew up people's discretionary expenditure. Whilst fuel prices have come off in the last week, which is great to see, they had been soaring. That is what is hurting people. People are trying to work out how they will cope.

I want to outline just a couple of other points to do with this. Whilst we have seen this 13 per cent or \$700 a year increase, a further \$500 a year increase is budgeted in the forward estimates. We have asked if there is going to be relief moving forward, but the Treasurer and Premier have clearly stated that there is not. It is going to be interesting to watch the government's future budgets, because I reckon it will have to back off because too many people out there are hurting. Anglicare's "State of the Family Report", released on Tuesday, asked Western Australians the following question: in the last 12 months, have you personally experienced a situation in which you could not afford to buy basic necessities such as food or shelter? The number of Western Australians who responded "yes" was an unbelievable 17 per cent. Nearly one in five people who responded said that, in the past 12 months, they had experienced a situation in which they could not afford to buy basic necessities such as food and shelter. This is at the heart of the point we are making.

Further to this, I want to talk about mortgage stress. The recently released Real Estate Institute of Australia's "Housing Affordability Report" for the June quarter 2018 found that Western Australians spent 23.9 per cent of family income on meeting home loan repayments. That is a significant deterioration compared with previous quarters. It is not just the Real Estate Institute of Australia's findings; Digital Finance Analytics found that 134 333 households are in mortgage stress in Western Australia, which is up from 132 035 households in the previous month. If we say that the total number of houses in Western Australia is around a million, that gives us an indication of the number of households suffering mortgage stress at this point in time. That flows on to what is happening with people's equity in their homes. Australians' investment in their home is one of the biggest investments that they will make in their lifetime. People's sense of financial security is based on the equity that they have in their home. If the equity people have in their home is threatened, it threatens their perception of their personal wellbeing and wealth.

Mr W.R. Marmion: For some people it is part of their superannuation.

Mr D.C. NALDER: Yes, that is true, member for Nedlands. For some people it is part of their superannuation.

The number of Western Australian mortgage holders who have zero or negative equity in their homes has increased from around 51 000 households in 2016 to 84 000 households in 2018. It was 71 000 households 12 months ago. I have used that number in this chamber before. The number of households in Western Australia that have zero or negative equity has increased to 84 000. Around 33 000 more Western Australians have negative equity in their homes compared with two years ago. If I add to this what is going on regarding personal insolvency, according to the commonwealth government's Australian Financial Security Authority, the number of Western Australians who are personally insolvent increased by 12.9 per cent from 2016–17 to 2017–18. Once again, the number of personal insolvencies in WA increased by 12.9 per cent in the past 12 months. What have we heard from the government that acknowledges this pain in the community? What have we heard from the government that acknowledges these issues, particularly in the outer suburbs of the Perth metropolitan area? We have not heard anything! All we have heard is, "Things are great! It's so much better! Look what we've done as a government; we've created these jobs." Tell that to the people who are really struggling and who are seeking financial counselling, financial advice and financial help to meet their basic living requirements. Although the concern does not paint a complete picture of the number of people impacted by personal insolvency, the truth is that 4 020 Western Australians have become insolvent in the last 12 months under the McGowan government. It is the highest number of insolvencies on record. More Western Australians have become insolvent in WA in the last 12 months than at any other time. Western Australians are really struggling, and we will continue to highlight the impact of mean-spirited increases all the way to the election.

Households are hurting with substantially reduced discretionary spending and a number of other issues are impacting the housing and property sector. Let me just touch on a few. According to the latest statistics from the Australian Bureau of Statistics, the unemployment rate, on a trend basis, has edged down from six per cent to 5.9 per cent. Although monthly figures are volatile, the edging downwards is welcome. It is a reflection of what is

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occurring, particularly in the mining sector. But we must bear in mind that we still have the second highest unemployment rate in the country and many Western Australians are still unemployed or underemployed. In addition, the trend unemployment is still nominally higher than the unemployment rate the McGowan government experienced at the end of its first month in government. The trend unemployment rate is 0.1 per cent higher than when the McGowan government came to power. Effectively, the unemployment rate has not improved in almost two years of the McGowan government. I know that the Treasurer will jump up and grab the seasonally adjusted numbers and use them, because they do paint a more positive picture, and I acknowledge that, but the underlying trend numbers are relatively flat. They were worse and then they got better; there are positive signs there. But, again, it reflects a certain part of the community and a lot more still needs to be done.

We have talked about how population growth impacts the housing industry. Although the monthly unemployment numbers have improved nominally, and will hopefully continue to trend downwards, a further complicating factor is that the falling unemployment rate is in part due to falling population. There has been little or no net migration to Western Australia in recent years. According to the Real Estate Institute of Western Australia data, in the period from September 2016 to September 2017, there was net negative migration out of Western Australia. We know that population growth is a major driver of housing and property activity and that currently the growth in population is entirely due to natural births. Obviously, the birth of babies has no real benefit on the housing sector for decades to come! Currently, population growth is flat or going backwards, which is a significant issue for the housing sector. The question—especially in the context of the current population and migration debate raised by the Prime Minister—is: what is the state government's position on migration to Western Australia? Does the government support more migrants coming to Western Australia? This is an important question because it will have a fundamental impact on the housing and property sectors for years to come. We call on the Western Australian government to clarify its policy direction for Western Australia.

I want to talk briefly about wages growth. A lack of wages growth has been a major problem not just in Western Australia, but also across Australia. Overnight, on this issue, Reserve Bank governor Philip Lowe said —

The picture is pretty clear. Over the period from 1995 to 2012, we witnessed a substantial lift in real hourly earnings; on average real wages increased by almost 2 per cent per year. This occurred alongside inflation averaging around the midpoint of the 2–3 per cent target range and strong growth in corporate profits. Since 2012, though, it has been a different story: over these six years, there has been little change in average real hourly earnings. The wage increases that have occurred have been broadly matched by inflation.

This is quite a change and it is having significant effects. On the positive side, flat real wages have supported the substantial gains in employment that we have seen. So they have benefited many people. At the same time, though, flat real wages are diminishing our sense of shared prosperity. The lack of real wage growth is one of the reasons why some in our community question whether they are benefiting from our economic success.

This is a real challenge for the government. Wages remain flat in Western Australia at a time of increasing household fees and charges, little or no population growth and relatively high unemployment; therefore, it has a cumulative impact.

In the business sector, the McGowan government has introduced a high-taxing anti-business agenda, including multiple attempts at introducing a gold tax, a new Uber tax, payroll tax increases, the banning of uranium mining and, potentially, the banning of hydraulic fracturing stimulation—the list goes on. In the energy portfolio, as I outlined to the house yesterday, the Treasurer has massively increased the daily supply charge on small businesses. This year, over 40 000 businesses have had significant increases to their electricity bills. Of those, 20 000 small businesses have had power bill increases of at least 40 per cent in the last 12 months. I have even had people come to see me with power bills that have more than doubled. The Treasurer's response to the impact of this increase was arrogant; he simply dismissed it as collateral damage in the pursuit of policy reform. The Treasurer fails to realise that these small businesses are mum and dad businesses that have already been hit by cost-of-living increases at home, so they have received a double whammy—a double hit to their household budget. It is no surprise that discretionary expenditure has been sucked out of the economy, which is hurting the retail sector and preventing people from purchasing housing and many other goods and services across the economy.

I want to refer to what is going on with regard to business bankruptcies. WA is actually experiencing a two-speed economy. We acknowledge what is occurring in industries such as the gold, lithium and iron ore industries; however, bankruptcy is a real and significant issue for many parts of the economy. According to the commonwealth government's Australian Financial Security Authority, the number of Western Australian businesses that have gone bankrupt has increased by 10.6 per cent from 2016–17 to 2017–18. That is a 10.6 percentage increase in bankruptcies in Western Australia in one year under the McGowan government. Do we ever hear about these from the government? Do we ever hear this government acknowledge the challenges faced by certain elements of our community? It is fine

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for it to crow about what is going great, and we acknowledge that some elements are going great, but this government needs to recognise those that are struggling to make ends meet. That is what we keep coming back to.

Household budgets are being impacted and businesses are going bankrupt rather than expanding and employing more people at higher wages, particularly in the retail and housing sectors. This is impacting housing prices and activity. What roles have the Premier and Treasurer played in this policy space? They could argue that it was all out of their control or that it is because of the previous government's administration, as they like to do. I would like to hear the thoughts of the members for Joondalup, Midland and Wanneroo on the government's performance. Their seats have experienced the biggest house price falls over the last four years and they are still falling. Not only are those members standing aside as house prices in their electorates collapse, like in other outer suburbs, but many of their constituents belong to trades employed in the housing and construction sector. In those electorates house prices are falling, there is higher unemployment and little or no wage growth because WA Labor and federal Labor are not supporting the housing and construction sector.

I will elaborate further on some decisions of the McGowan government. Firstly, it cut the first home owners grant boost. I will repeat this for the Treasurer's information. I am not a huge fan of stimulus that does not ultimately benefit the intended recipient. The first home owner grant increased demand and often flowed through to the seller of the house rather than the new first home owner. I understand the challenges of that, but the opposition's issue is the timing with which the government pulled the rug. After being elected on 17 March, one of its first acts was to cut the \$5 000 first home owner's grant boost. It obviously seemed like low-hanging fruit for a recurrent expenditure saving. However, the result is that applications for first home owner grants have collapsed. In June 2017—the last month the boost was in place—the number of first home owner grant applicants was 868. By September 2018 the number of applicants had collapsed to 439, which is the lowest on record and an eye-watering drop of 49.4 per cent. Given the demand that has been sucked out of the housing sector and the amount of forgone payroll tax and jobs in the housing and construction sector, the Treasurer's decision is a false economy. The Treasurer talks about an oversupply of stock. He asks whether he should continue to stimulate demand in this area. The government cut the regional migration scheme and we have seen the number of international students fall by around 5 000. We know that a job is created in Western Australia for every four international students and it has a flow-on effect to rental and residential housing. No wonder we are starting to build up additional stock in the state. The government does not understand the consequences of its policies and the flow-through effect in the economy, which is of major concern to the opposition.

That applies to the foreign investor surcharge. That surcharge was applied in New South Wales and Victoria to take some heat out of demand in those overheated markets. The Treasurer here thought it would be a quick stop-gap measure to increase revenue. Again, it is the timing! It could not have come at a worse possible time in Western Australia's housing cycle. Our opposition was not to the policy in principle, it was to the timing of that policy. We believe that it should not be implemented when record numbers of households have zero or negative equity. It will only apply pressure and take further demand out of the property market.

On 21 June 2017 the Premier announced changes to the Western Australian skilled migration occupation list and the regional sponsored migration scheme. That has had a negative impact on the number of international students. Those students all require housing. They either absorb rental stock or, in some cases, parents purchase properties for their children while they study and potentially stay. This is yet another example of a policy decision by the McGowan government that has taken significant demand out of the property sector. What action do we believe is required? The housing sector, which is a huge employer, clearly needs some support from the government. A media release from the Master Builders Association of Western Australia, released in September 2018, states —

Builders Opposed to Impost on Foreign Investors

The Master Builders Association is urging the McGowan Government to reconsider its plans to increase the Foreign Buyer Investment Tax from 4 per cent to 7 per cent. According to Master Builders Director Michael McLean, the stamp duty ... on foreign buyers of new property development is much better suited to "hot" property markets like Sydney and Melbourne rather than a languishing WA economy. "Any objectives by our State Government to reduce the deficit from this tax are misguided and ill conceived," Mr McLean said. "We urge the McGowan Government to think about the loss of much-needed jobs in the building industry rather than the false economy of raising tax revenue. "The residential construction industry is really struggling at the moment with the lowest level of housing approvals and commencements since the GFC about seven years ago, so any tax to further decelerate building activity would be disastrous and could contribute to business failures. "The McGowan Government needs to pull a different lever on tax reform if it wants to boost jobs in our fragile economy.

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The McGowan government wants to spruik the positive aspects, and we understand that the mining sector makes a large contribution to the economy and that some people will be doing really well, but a lot of people are really struggling to make ends meet and this government seems to be ignoring and forgetting about them.

We call on the Treasurer, in conjunction with industry, to take a number of actions in the best interests of Western Australia, particularly the housing sector. We want the government to defer the foreign investor surcharge or at least hold off until the top of the cycle, when demand needs to be controlled. We would also like it to oppose Bill Shorten's ill-conceived negative gearing and capital gains tax changes, which will create further uncertainty and put downward pressure on housing prices and activity. Again, we believe that the timing of this is the primary issue. We believe that the government needs to reverse the changes to a migration policy that has seen the number of international students to Western Australia fall and with it the number of homes purchased or rented for those students. Finally, we call on the McGowan government to publicly outline its policy on the proposed changes to the number of migrants that come to Western Australia. Will the Premier and the Treasurer call for more migrants for Western Australia or call for fewer? That is the question for the government.

I will spend a little time trying to bundle this up and articulate what we see in the economy. The inflation rate is at one per cent or thereabouts, real wages growth is at one per cent, and the savings rate across Australia is one per cent. That is coupled with a rise in household charges by the state government of 13 per cent—13 times the rate of inflation—and rising interest rates across the world. A lot of people do not understand this. They think that the Reserve Bank will not put up interest rates. When I left the banking industry in 2008, 50 per cent of all mortgages in Australia were funded by wholesale offshore funding. The interest rates that banks pay for those mortgages are dictated by what is occurring around the world. We are not solely dependent on what is happening with the Reserve Bank. The Reserve Bank has a lot less control over interest rate movements than it had prior to deregulation of the financial sector in the early 1980s.

We have a low savings rate, a low inflation rate and low real wages growth. State government household charges have increased at 13 times the rate of inflation and we are seeing rising interest rates. A record 84 000 homes in Western Australia have zero or negative equity. We are seeing tightening credit conditions from the banks. Although the royal commission is highlighting bank practices that need to be dealt with and for which the banks need to be held to account, we also need a healthy banking system for a healthy economy. One of the policy outcomes that we are seeing in these tightening credit conditions is banks shifting away from interest-only and low doc loans, for which people need to provide only a five per cent deposit and can borrow 95 per cent on a home. We are seeing banks move back to the old practices of requiring a 20 per cent deposit.

Over the next two years the government needs to keep an eye out for banks shifting people from interest-only loans to principal-and-interest loans. We are in an environment in which Australians, on average, are saving one per cent and there are a number of mortgages across Australia—not just Western Australia—that are interest only. If they are put on principle-and-interest plans at a time when a massive number of houses have zero or negative equity, we could end up with a situation in which we send people to the wall. There is a real risk of people being forced onto principal-and-interest loans when, on average, we have a one per cent savings rate that is really impacting.

On top of that, we have the state government policy impacts that I talked about, with regard to regional migration and the foreign investor buyer's tax. If there is a change of federal government, Bill Shorten's policies on negative gearing, capital gains tax and franking credits will also have an adverse impact. As I said, number one is the inflation rate, wages growth and the savings rate; number two is about the rising household charges that the state government has inflicted on the people of Western Australia; number three is rising interest rates; number four is the rapidly growing number of houses with zero or negative equity; number five is the tightening credit conditions, with the banks not rolling over interest-only loans and forcing people onto principal-and-interest loans; number six is the impacts of the state government's policies with regard to the foreign buyer's surcharge and regional migration impacts on international students; and number seven is the potential risk of a Shorten federal government and the impacts of negative gearing, franking credits and capital gains tax changes.

I have used those seven points to highlight that there are some real concerns in this sector and that there are people who are genuinely struggling in Western Australia. There is a need for the government to be cognisant of this and of the second, third and fourth-order consequences of the policy decisions it is putting in place, and to understand the impacts they are having on the people of Western Australia.

We say there are too many people in Western Australia right now who are being forgotten by this government—absolutely forgotten by this government. We are seeing that in regional areas and, particularly, in the outer suburbs of the Perth metropolitan area. It is simply not acceptable. Yes, we celebrate the success of the areas that are doing well; we actually accept that. We think it is right to celebrate their success, but the government needs to be cognisant of what is happening elsewhere in the economy and in the community of Western Australia. The government clearly does not care about those people and is not looking out for them. Thank you.

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DR M.D. NAHAN (Riverton — Leader of the Opposition) [4.44 pm]: I would like to participate in this debate. Earlier, during question time, the Premier and the Treasurer raised a few things from a speech that I gave last week to the Urban Development Institute of Australia. I thought it was a very good speech, and I would like to summarise it a bit and then get onto the subject of today's motion.

What I basically said is that, essentially, even a bad government—and in terms of mining policy, the McGowan government is a bad government—cannot immediately hold down a good sector like the mining sector, which is properly structured, inherited good policies and has innovated. Yes, there is large, diverse growth in the mining sector, and that is great to see. It is something that we, when we were in government, focused on more than anything else. We pursued policies that would underpin the growth and diversity of our mining sector and put it in such a position that when the commodity prices rose again, which they have, for the lucky ones, they would respond. Can members name one of this government's policies that has helped the mining sector? Banning uranium? Banning unconventional gas exploration? Hiding the report? The government said it would be scientifically driven; the only science I have seen is the science of obfuscation and hiding. The Department of Mines, Industry Regulation and Safety is clogged with bureaucracy. Can members name one thing it has done?

The Premier has announced all these projects, such as lithium and whatnot, but they had nothing to do with him.

Mr W.R. Marmion: They've kept the EIS going but industry has to pay 100 per cent of it.

Dr M.D. NAHAN: Yes, and then it increased fees and charges and increased payroll tax. It tried to lumber one of the really important industries that is helping underpin the recovery—gold—with a giant tax. Each time the government levies these taxes and charges, it claims that they do not have any impact on the mining sector: "Fees and charges, the ports—no. Gold tax will have no impact on the gold industry." That is what the Treasurer says. I understand that he did a degree in economics; he must have been sleeping. If anyone thinks that an increase in tax or royalty will have no impact on the activity of an industry, such as the gold industry, they are either hallucinating, not telling the truth or they slept through the economics class.

Mr D.R. Michael: How did you go in financial management 101?

Dr M.D. NAHAN: Very well, actually. I got through that.

When we look at what this government has done, it has put in place, every inch of the way, hindrances to the expansion of the resources sector and has not helped it. Name one thing it has done.

But the government is lucky: it inherited a well-structured industry with a very vibrant support sector and services around it. It spent four or five years restructuring, lowering its costs and getting ready for commodity prices to increase. When commodity prices increased, as they have, it responded as we would expect it to—quickly and sustainably, with growth. The Labor Party is in government and it is lucky, but it has nothing to do this; nothing whatsoever. If anything, it has hindered it. It has acted like a leech, not a facilitator. Nonetheless, it will crow and take credit for everything, but if there are any problems, we know what it will do: it will blame us. When there is any problem, "Oh, it's their fault". Nonetheless, that is what it is.

I want to talk about the sector that is the most important sector for most people in this economy—the housing sector. Why is it the most important? It is because it is the roof over their heads; the place where they raise their families; their largest asset; their future; and the largest purchase they will ever make, and thousands and thousands of people work in the sector. It is, in many ways, the most important sector for most people, and it is struggling.

The Treasurer has repeatedly said in this place that he cannot find any data that is not positive. Well, he is not looking. I looked at house prices in Victoria Park; they are all right and the Treasurer is all right, Jack, in his electorate. But go down to Darling Range or anywhere else, especially in the outer suburbs, and people are struggling in terms of levels of activity. Whatever data we look at, it is really difficult.

The member for Bateman went through a number of issues. Some things you have to prepare for; some negative Exocets are going to hit you sometimes. In the housing sector it is not because of the acts of this government; it is being hit by a credit crunch. It has already been happening. It has been rolling out since 2015. It is at its premium now and it could well get worse, as the member for Bateman highlighted. The member for Bateman went through it. Every bit of data we look at is a cause for concern. I think the housing sector is bumping along the bottom. I do not think it will get too much lower. People in the sector are listening. I have spent the last two weeks talking with all the groups around there and there is no blue sky out there, except in the glasses of the Treasurer or the Premier. They are the only ones who are seeing blue sky everywhere. In reality, like the mining sector, they are not responsible for a great deal of the activity. There are other factors at work.

Let us go through some of the things the government has done that has hindered the housing sector. The first move that the Treasurer made was to remove the first home buyers grant bonus because it cost too much—it cost about \$20 million or something like that. I might add the Premier can give \$250 million to the people running the

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Koolyanobbing iron ore industry to sustain that for two to three years, it can give the multinational company Cleveland–Cliffs dispensation of \$55 million that was owed to the state so it can leave the country, and it can give almost \$200 million to Mineral Resources to maintain that facility. It can spend \$250 million to sustain the employment of 84 people at the port, but it cannot give \$20 million to sustain thousands of jobs in Western Australia. I will put this in context. The government could have paid off the workers down at the port of Esperance and given them \$2 million to \$3 million each.

Mrs A.K. Hayden: They would have been happy.

Dr M.D. NAHAN: They would have been happy. This is an issue of priorities. I am not necessarily criticising the investments at Esperance port, but I am criticising the magnitude: \$20 million versus \$250 million.

We stood here and debated the first home buyers grant. When we introduced it in December 2016, the Treasurer, then the shadow Treasurer, said that he supported it. After the Labor Party won government, it was killed off. It was another backflip. It was one of its first backflips. It is a specialist at this. We stood here and debated it. The Treasurer told us—members can read it in *Hansard*—“We don’t think the removal will have any impact on first home buyer grant applications and acceptances.” That was absolutely false. The data is through now. It was absolute rubbish. What he should have said is, “Treasury never wants to forecast the effect of policy change; it wants to save money.” Fair enough; it will save money. Treasury assumes it will not have any impact because that is what it wants to assume. Did it? Yes, it did. In September 2018, the first home buyers grant went down to about 480 homes—the lowest on record. It is the lowest since the first home buyer grant was put in place in 2000, with the introduction of GST. Back then, most years it was over 1 000 and then it went down. That is the contribution of the Treasurer to first home buyers. He might deny it; he will stand up and spew propaganda, but out in the suburbs they know it.

I now refer to fees and charges. We have gone through this ad nauseam. The reality is that in the Treasurer’s first two budgets he has increased electricity prices by 19 per cent. The first was on the fixed charge so it cannot be altered by turning off the lights or turning off the heater. That has hit households hard. On top of that, he has jacked up the prices of water, public transport and any other fees. He has gone out and tried to rip it off. That has pulled any possible discretionary income out of struggling households in the outer suburbs. He would deny that, but it is actually the reality.

There was a 9.3 per cent swing against the government in Darling Range. That was despite the Labor Party outspending the Liberal Party five to one. The reason was that households were struggling. They knew the government was ripping money out of their pockets, which they could not afford. It is still doing it. There is no discretionary income. They do not go to the local pub or to the retail shops. People have tightened their belts. They do not buy properties and they do not buy furnishings. They do not spend because they cannot afford it. The government has taken discretionary income off them.

Dr A.D. Buti interjected.

Dr M.D. NAHAN: I would worry, Mr Armadale. The suburb of Armadale is the worst of the lot. There has been a 25 per cent reduction in house prices, and it is still falling. It has some of the most struggling households possible. It has been the worst hit by these increases to fees and charges. You are the local member supporting that impact! That is the result. Stand up for your electorate!

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member, I am on my feet. That is enough now. I will call you if you start again. Member, you started it.

Dr M.D. NAHAN: Some of the silence from —

Dr A.D. Buti interjected.

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

Dr M.D. NAHAN: The silence from many of the Labor people in the outer suburbs is deafening.

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member for Armadale, I will call you again.

Dr M.D. NAHAN: It is deafening. Stand up for your electorates. They put you here; the Labor Party did not. You are not standing up. Look at the data or, better yet, talk to them. We have never seen so many people in the outer suburbs struggling as bad as this. Go and see them and explain to them what you have done.

The Treasurer will say we increased electricity prices dramatically. I became the Minister for Energy in 2013–14. In 2008, the new Liberal government inherited a dysfunctional mess in the electricity industry, with the forward

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estimates having electricity prices going up 10 per cent for the next decade. That is what we inherited from the Labor Party. Under my watch, the total increase over the four years was about the same as what this government has done in two years. The government increased it. Firstly, it put it all on the fixed charge and, secondly, it is now peeling away all the support to solar so people cannot avoid it. That is what this government has done. The Treasurer tries to weasel out of it. Whatever he says here does not count because the people in the community are paying it. They know what their bills are. They know what their income is. They know what they are going to have to pay. They know when they try to access the hardship utility grant scheme they are told no. When they go to Synergy, they are told, "Bugger off; just get away from here." They know.

The Treasurer likes to talk about us being fiscal wreckers. The former Liberal government increased land tax three times. Why? Because our revenue base was in freefall collapse—it was the largest collapse of any state or federal government since the Great Depression of the 1930s. We increased land tax and we suffered the consequences. Do members know what has happened since we did that? This government has delivered two budgets, but what has it done? Cap them. It changed certain things. It changed the royalties for regions program; it cut that right back. It has fired over 3 000 public servants.

Mr S.K. L'Estrange: They tried to do a gold tax.

Dr M.D. NAHAN: It tried to increase gold tax, payroll tax and duties. It has done a whole range of things, but what has it not done? It has not changed land tax. When a person buys a new home, unless they change it, they own it. The cost of the new home includes the land tax that people complain about. It is theirs. This government could have changed it. It could have done something. If it were so wrong, it should have changed it. Members opposite complained about it in opposition, and they complained about it in government. It is theirs—they own it—and the people who are paying it know that.

Another one is the foreign investor levy. The Labor Party in opposition said it would be at four per cent. However, when it got into government it got more greedy and increased it to seven per cent. This was the most stupid action I have ever seen of any government. Let me paint the picture. Our housing sector is on the bones of its bum. There is no growth. House prices are shrinking. There are no investors. These clowns want to diversify the housing sector by building infill, which means high-rise developments. They want to change the structure of our housing. That implies more investors, particularly foreign investors. The housing sector is in the deepest depression it has been in since the recession we had to have in the early 1990s. However, these guys have shut off any possibility of investment. In Victoria and New South Wales, they did this on purpose. They had an overheated economy, so they looked at what Canada had done and imposed a foreign investor levy. That worked. The housing market in Sydney and Melbourne has gone down.

So what have these clowns done? They have said, "The housing sector is as flat as a pancake. Let's put a tax on it and flatten it more. Let's put in policies to ensure that it doesn't recover. Let's keep those foreigners out of this state so that they don't help us diversify the housing base by investing in apartments. Let's also stop these foreign students who are coming to this state and spending thousands of dollars at our universities from coming in here. We're going to stop them from investing in property." That is brilliant. Baldrick could not have thought of this! The Treasurer's explanation is that it will not impact on investment. He also said that the gold tax will not impact on investment. I agree that the foreign investor levy will not impact on investment. There will not be any investors. If foreign investors have to pay the levy, they will leave in droves and stay away. Thanks! The Treasurer has scared them away. What a great contribution to the economy and to the housing sector.

[Member's time extended.]

Dr M.D. NAHAN: I now come to population. The now Premier said during the election campaign that the first thing he would do when he got into power was put the handbrake on immigration and put up a sign saying, "We're full. Bugger off, son." That is what he did. He changed the status of Perth in the regional migration scheme, in which Perth was a region as opposed to a capital city. That removed the incentive for people to migrate to Perth rather than Melbourne and Sydney. Secondly, he reduced the number of migration categories from 180 to 18. A person basically had to be a brain surgeon in order to migrate to this state. Under those categories, how many people migrated to Western Australia in 2017–18? One! It is worse. The government has put the handbrake on population growth. Congratulations! All those people who are trying to sell their houses are patting the government on the back. All the foreign students who are flying over Perth to Hobart or Adelaide are saying, "Goodbye! You don't want me. I wanted to spend \$20 000 a year in your economy, but you don't want me, so I'll move on." That is brilliant.

Today we asked the Treasurer a question. The Prime Minister is trying to deal with a real problem in our national economy. There are high migration rates in our nation, but all those people are going to Sydney and Melbourne. Last year, Melbourne got over 100 000 net migrants. Western Australia got zero—excuse me; we got one. I do not know where they live. They have probably left too. What are we going to do about this? The Prime Minister has said that migrants are needed in certain places, particularly in regional areas. Everywhere I go in the regions,

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people are saying they cannot get enough people to come there, and they cannot get enough people to stay there. What can we do about that? In Perth, we need people. We are building this city on the basis of Perth and Peel @ 3.5 million. However, at the current rate of population growth, we will not get there for another 100 years, unless the government changes, or we change the government. The Treasurer has put the handbrake on the main factor driving housing prices, namely population. The Treasurer is now bragging about the recovery in the mining sector, to which the government has been nothing but a hindrance, and we are seeing labour shortages everywhere.

I would now like to mention something about the budget. It is relevant to this issue. The last budget that this government brought down was a pea and thimble trick. This government has already spent the money from the GST, by the way. It just did not include expenditure in the budget. It has spent the lot. The government is saying it is fiscally responsible, but, by the way, it has not told us that it has already spent the GST money on Metronet and roads and all the other things it has committed to, not only to the public but also to the commonwealth, and it has not put that expenditure in the budget yet. Indeed, the Minister for Police has mentioned in this house her promise to increase the number of police by 137, but that is not in the budget yet. I have never heard of a promise to employ an extra 137 police, but that will be put it in the budget at some later time. We know that if it is not in the budget, it is not a promise. Nonetheless, the GST money has basically been blown. The government has already spent it.

Another weakness of the budget is population growth. Population growth in this state is currently about 0.8. The net interstate migration rate is still negative. The net international migration rate is still there, but I predict it will be revised downwards by the Commonwealth Grants Commission, probably in the new year, and the Treasurer will say that we have been robbed again by the Commonwealth Grants Commission. That will be of this government's doing. The Treasurer will complain about that—he is pretty good at that. The Treasurer has forecast population growth of 1.2 per cent in 2018–19. It will need to skyrocket for the remainder of this year to meet that target. The Treasurer has predicted population growth of 1.5 per cent, 1.8 per cent and two per cent over time. How much of that increase will be due to international migration, and how will the Treasurer be able to get that growth if he puts the handbrake on international migration? The Treasurer in the budget is forecasting a doubling of population growth because of migration. How does that work? It does not. Treasury must be assuming that the Treasurer will do a backflip. That is a pretty good assumption. This government is pretty good at that. It has done that with most things, actually, including the foreign investor levy. The problem is that the budget assumes a return to normalised population growth in this state. The Treasurer has based duties, payroll tax and a whole range of tax collections on that assumption. Unless the government does something to change its migration policy, it will not only hold back the housing sector, but also cause significant labour shortages, which will particularly constrain the mining sector. It also will not be able to meet its expenditure and revenue targets.

I believe that in December, the Premier will be going to a Council of Australian Governments meeting at which the state Premiers and territory leaders will meet with the Prime Minister to discuss population policy. I understand that the Prime Minister is working on a very rational policy. We have a high level of migration. The problem is not so much the extent of the overall target, but its distribution. Melbourne and Sydney cannot cope with more; I agree with that. I think our overall national intake of migrants is too high. But the story is different in Western Australia. We have a two-speed economy. This is not unique; we have had it often. When we had the mining boom other states were down, and then we were jumped over. We need a policy that articulates the needs of the different state-to-state economies. People are not coming partly because of the government's policy to tell them to stay away. So when I ask the Premier about the population policies he proposes, he says, "No, that's not me. I believe immigration should be a federal issue."

Mrs A.K. Hayden: "It's not my fault."

Dr M.D. NAHAN: "It is not my fault." The trouble is that he has already made a decision. He has put the brakes on. It is partly a state issue. The first move he made was to put the brakes on migration—that is just our Premier. It is a difficult issue. He made a policy decision for purely political symbolism and it has backfired on him. Everyone is saying, "Please backflip on this—do another one. You can do a backflip; you're pretty expert at it. If you can't, have your Treasurer do it—he's pretty good at it, too." The best at it is the education minister; she is excellent. On one of the most important issues facing our nation on which we need different policy settings across the nation, he refuses to have a policy. That is the leadership we are getting from him. I can tell members that the public, the housing sector and the mining sector are out there saying, "We need a different policy here. We don't need masses of people coming like during the boom." We are nowhere near a boom situation. We need our population growth to go back towards the norm of two per cent. Therefore, we need to take the brakes off; we need people to stop flying over to Perth and instead come here to live.

Another issue around population growth is that Metronet is based on the idea of 3.5 million people living in Perth–Peel region by 2030 or 2040—something like that. I bet if the government released its business plans, which it refuses to do of course—I think we heard from the transport minister that those business plans have been submitted but

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they are a state secret—we will see, just like the budget, that they are underpinned by rapid population growth forecasts, particularly in Ellenbrook north and around the east metropolitan area. I bet the government is forecasting 1.8 to 2.2 per cent population growth. If that is what underpins the forecast, the submissions to Infrastructure Australia are false. There cannot be a policy to restrict immigration, based on high population growth, that assumes high levels of net migration.

We have a lucky government. The Labor party came into government after the economy had gone through a real trauma—after the mining sector restructured itself, commodity prices came up remarkably and now the economy is recovering. That is fine. But the member for Bateman said this is a dualistic economy, certain sectors of the economy are struggling and this government has completely and utterly ignored them. During the next state election this government will be held accountable for the many thousands of people struggling in the outer suburbs who have been poorly represented by Labor members. The government might feel very comfortable now, but retribution is coming.

DR D.J. HONEY (Cottesloe) [5.14 pm]: I rise to support this motion. In 2014, Treasury did a good analysis of the state economy and published “The Structure of the Western Australian Economy”. I will not go through the whole document, but it was quite illustrative of the importance of construction and building to the state economy. In 2014, construction was responsible for around 12 per cent of the state economy. That is twice the value of manufacturing. We have heard a lot about manufacturing and there have been positive signs, particularly on the mineral processing side, but construction is twice that. It is around one-third of the total value of mining to the economy; that may be surprising to some members. It is a critical part and major factor in the wellbeing of our state economy. Failing to sustain this industry—even worse, implementing policy changes that inhibit it—will have a major negative impact on the state economy and, obviously and more importantly, the lives of Western Australians.

The members for Bateman and Riverton have outlined the acts and omissions of this government that have had such a dramatic negative impact on the housing economy, and I will not go into that in any more detail. I will talk a little about impact, though. The rapid decline of the Western Australian property market and the construction industry, and the ongoing decline in property prices as outlined, have had a dramatic impact on a large number of families, particularly in the outer suburbs. Although we have seen some welcome improvements in employment levels in this state—the member for Bateman outlined that we really welcome that; we think it is fantastic that jobs are being created—the simple truth is that that has not, and it seems unlikely that it will, translated into significant wage improvements.

The negative impact on the construction industry and the real estate market is twofold. A reduction in employment and the concurrent reduction in wages for people working in the industry, and the reduction in housing prices, is somewhat of a perfect storm. The member for Bateman discussed that these impacts have coincided with a significant restriction in the availability of housing finance and an increase in the cost of housing finance. Many households have seen a reduction in household income while maintaining full-time employment. The member for Armadale, and other members who live in the outer suburbs, where a large number of people are employed in the fly in, fly out industry, know that the great majority of FIFO workers have seen wage reductions while their work hours have increased. So more stress at home, but the take-home income has gone down while in most cases staying with the same employer. That is also the case for industries associated with the broader mining sector. I know that, particularly in the Kwinana industrial area, which I knew well before I came into this place, almost all of the contractor businesses on that strip saw significant wage reductions and shift patterns changed to reduce the cost of wages because those businesses had to dramatically reduce their cost structure when the economy came down.

Many households, particularly in the outer suburbs that are dominated by young families, are seeing a convergence of these factors. The excellent new member for Darling Range will go through this in some detail in a little while. But if we look at the outer the suburbs of Perth, on average house prices have dropped by around 20 per cent. If we go back to the median house price about five years ago, we were looking at something around \$600 000; the median house price is now around \$500 000. Banks are insisting on the repayment of both interest and principal, increasing the percentage of family income required to meet mortgage payments. I have said that those incomes have dropped, even though in the great majority of cases both partners are still employed full time, sometimes with the same employer. I anticipate that members opposite—particularly the Treasurer, because I know the Treasurer gets around—know that that makes for desperate circumstances for those families. It is a gut-wrenching, desperate circumstance that keeps people awake at night. If they cannot maintain their house payments, these people may well end up with no home but may still have a mortgage of \$100 000 or \$200 000. In fact, many of those families—pretty well everyone who has bought a house in the last five years—until 12 months ago, have probably seen the value of their house drop by at least \$100 000. If they are forced to sell their house, they will have no home and a mortgage of at least \$100 000. We know that for those families who have perhaps bought an investment home as well, they may have a mortgage of \$200 000 or \$300 000 and no family home. Families will do anything to avoid being forced to sell their house. If they do sell their house and they have a mortgage, their ability to buy something else is in fact substantially reduced because of that debt. The terrible choice they have to make is to

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satisfy other critical expenditure on essential needs or lose the family home and be left with a large and, for many, unpayable debt. The easy choices have already been made, such as cancelling family holidays, keeping vehicles longer, reducing discretionary expenditure.

It is interesting—only a little snapshot—when I was chatting to the gentleman who sells ice creams in the London Court mall, he said that the last two months have been the worst he has seen in his entire experience in business, and he has been there for some time. That is a story repeated in many, many places because people are simply reducing expenditure on things they do not have to have and they do not need to get by. However, many families are making many more serious choices outside those simple cost-reduction exercises I discussed before.

Recently, I had the opportunity to visit Foodbank's headquarters at the airport. I encourage all members to do it. It is an outstanding facility and certainly enlightening to see the demand for its services. I was simply stunned by the growing demand for its services. I will take a few figures out of its 2018 report again. Members opposite, I am certain the member for Fremantle, would have seen this report and perhaps some other members. I encourage all members in this place to read this report and understand the work and the increase in demand for services from Foodbank. This is an organisation that provides food critical for people in desperate circumstances.

In the last 12 months, Foodbank has distributed over 6.1 million meals throughout the state. That is the greatest number of meals it has provided in its 24-year history. What is really striking now is the growing demand from the working poor. Traditionally, Foodbank's services have been provided to people who have perhaps not had jobs or were in extremely low-paid jobs. Now we are seeing what we consider to be ordinary families—families in which both parents work—having to come to Foodbank to get food donations so they can feed their families.

Dr A.D. Buti: Is that Foodbank you are talking about?

Dr D.J. HONEY: Yes, I am.

Dr A.D. Buti: The one the Morrison government took the money away from?

Dr D.J. HONEY: Foodbank got all its money.

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member for Armadale!

Mrs A.K. Hayden interjected.

Dr A.D. Buti: Only for a short time.

Mrs A.K. Hayden interjected.

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member for Armadale, I call you for the second time.

Point of Order

Dr A.D. BUTI: Why would you not call the member for Darling Range before me?

The ACTING SPEAKER (Mr R.S. Love): Do not query me, member for Armadale. You interjected several times on the member for Cottesloe. I asked you to stop; you kept going.

Dr A.D. BUTI: So did the member for Darling Range.

The ACTING SPEAKER: Sit down, member, I do not want to call you again.

Debate Resumed

Dr D.J. HONEY: Member for Armadale, I know that a lot of people in your area are in difficult circumstances. I am certain he is interested in this information.

Dr A.D. Buti interjected.

The ACTING SPEAKER: Member!

Dr D.J. HONEY: Similarly, Foodbank has a major concern with the growing demand for food relief in regional Western Australia. It surprised me that it now accounts for 57 per cent of the food delivered by Foodbank, with a strong emphasis on regional areas—I was a bit surprised by this—Albany, Geraldton, Bunbury, Kalgoorlie and the Peel region in particular. The largest growth is in the Peel region. That is an area we would normally think is quite a wealthy area, being associated with mining. Mining has a major impact there. We hear that mining is supposedly—and it is—getting better, yet that is not translating through to improved circumstances for the people who live in that community. The demand for services continues to grow. This is the one that really surprises me. We have a government two years into its term, effectively. We hear a lot of talk about what happened before, but we are onto the turf now of where the government should take accountability for what we are seeing. Foodbank

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has seen a 44 per cent increase in the demand for its services based on a year ago. I repeat: a 44 per cent increase in demand for its service based on a year ago. It is now supporting over 94 000 Western Australians, more than a third of whom are children. There are 31 000 children being fed because they are getting charitable donations from Foodbank. The families and those working families who are now having to avail themselves of this service from Foodbank have been hit hard by a number of factors, particularly the McGowan Labor government's unfair and large increases in fees and charges. It is such that one in five children in this state—this seems unbelievable in a state of this wealth—are living in food-insecure households and have gone without food in the past year. That is 20 per cent of children. The School Breakfast Program, which is about kids having a feed before they start school so they can get some benefit from school, is seeing higher and higher demand. In the past year it served 2.5 million breakfasts in over 450 schools across the state. These are kids who are not getting breakfast at home and Foodbank is providing that critical service of breakfast so they can concentrate and study. The number of emergency meals has continued to rise, with 876 280 meals provided to children who otherwise would not get a packed lunch, with no means for their stressed household budgets to buy sufficient food. Again, that is thousands and thousands of meals for tens of thousands of hungry kids every day due to the stress on household budgets. On top of that, Foodbank provides heavily discounted food sales on general grocery items and fresh fruit and vegetables to other welfare bodies such as the Salvation Army and the churches so they can give them to individuals.

The observations of hardship in the Foodbank report are also supported by a recent article in *The West Australian*, commenting on the Anglicare annual report. I will go through the first part of it. It is from 19 November, so it is not historical, it is almost two years into the term of the McGowan Labor government. It states —

A growing number of West Australians are seeking help after plunging into poverty according to a national social services charity.

A report to be released today by Anglicare WA reveals that almost one in six WA people experienced poverty in the past year. A State-by-State analysis shows 17 per cent of West Australians could not afford basic necessities such as food and shelter in the past year compared with the national average of 16 per cent.

I will not go on with the full article but I will read the conclusion. According to the article, Anglicare WA services director Mark Glasson stated —

“We are not optimistic that people living in poverty or disadvantage will see any benefit from the recent economic growth in WA.”

As was very ably outlined by the member for Bateman, we have a two-speed economy. Yes, mining is improving but there is no sign whatsoever that that is filtering into the general community, in particular to those communities in the outer suburbs. The facts that I have summarised so far contextualise why I have previously expressed such concern about the unwarranted increase in government household fees and charges. The simple fact is that this government, this Treasurer and this Premier are responsible for increases to fees and charges of around \$700 per household. That may not sound like much to some people, but for many of those people who cannot currently feed their families—their own children—it is an insurmountable increase, and particularly for those families who are desperately doing everything they can to keep a house over their head so that they do not lose their home and inherit a major debt.

Small business has not been spared the pain, with large increases in utility charges. Again, the member for Bateman went through that. An article on WAtoday of 20 November—yesterday—carried the headline “Massive electricity cost blow-out hits WA small businesses”. Small business owners are often the ones who have massive mortgages. The article quotes our shadow Treasurer talking about the figures for customers who use five units or less of electricity, which is quite common for small businesses. A lot of warehouses and the like do not have high electricity use, so it is the base charge that hits them. Their annual bills have jumped from \$723 to \$1 012 a year, which is a really substantial increase for those businesses. The simple fact is that those charges are causing enormous pain. The obvious stress is reflected in retail sales. Outside the mining sector, every retailer that I speak to, and I speak to a lot of them, whose business relies on discretionary expenditure is struggling, and many are closing their doors. The increases in charges, the declining economy and the impact on housing is affecting what were already quite significant negatives.

[Member's time extended.]

Dr D.J. HONEY: More than 80 000 people are unemployed in this state. As we have already discussed, house prices have dropped. There has been a 20 per cent or more drop in the median house price. More than 84 000 people who live in Perth have a mortgage that is now greater than the value of their house. I know what it was like when I bought my house and how worried I was. My house doubled in value in four years. I cannot comprehend how those people feel who owe \$100 000 or \$200 000 if they lose their house. Thirty three per cent of families with mortgages are suffering mortgage stress, defined as 30 per cent or more of their family income being committed to paying the mortgage each month. That has not gone unnoticed. An article by Charis Chang on news.com.au on

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19 November—a couple of days ago—was headed “Report reveals suburbs struggling the most from mortgage stress”. The member for Wanneroo may be interested. In Tapping in the City of Wanneroo, some 7 409 households are suffering mortgage stress—that is, more than 30 per cent of their income is going on their mortgage—and almost 300 of them are at serious risk of imminent default of their mortgages. That is just in Tapping, one area within the City of Wanneroo.

In my own shadow portfolio, the last budget delivered a 5.5 per cent increase in water charges on top of a six per cent increase the previous year. That has hit every family household in Perth. We can go through the budget figures. It is pretty clear in the budget. I refer to table 8.1 in the *Economic and Fiscal Outlook*, which was published for the last budget. The budget showed that the overall income for the Water Corporation was \$831 million, of which \$423 million was used for subsidies, almost exclusively for regional water. Metropolitan water users were in fact charged \$831 million more than the cost of providing that service. There are about a million households in Perth. On average, in this financial year households are being charged more than \$800 above the cost of providing water to their household. That is a massive hit. It is a tax on all of those households. In the forward estimates, that will increase from \$831 million to \$1.2 billion in 2021–22. That is a continuing massive increase in tax on households that are suffering enormous financial and personal stress. It amounts to a \$4.4 billion tax on those households and water consumers over the forward estimates.

It is funny; the government has a problem with accountability. It tries to put it off onto all sorts of things. With that increase, the government says it is because of the water guzzlers. I do not have time to go through that issue in detail this time; I have spoken about it before. The average water use per person is 127 kilolitres, so a four-person house is already over the 500 kilolitres of water use because the average per person is 127 kilolitres. They are the water guzzlers. Mum and dad and two kids are the water guzzlers who are being smacked! Where are those houses? Okay, there are a couple in the wealthier areas of Perth, which was the justification for it. The simple fact is that the majority of those households are in the outer suburbs of Perth, where people have gone for lower cost housing because they have larger young families and they cannot afford to buy an expensive house nearer central Perth. They are the ones who are being belted by the so-called water guzzlers' tax.

One thing I have observed in this house in the time I have been here is that the McGowan Labor government has a real problem with accountability for its own decisions. In particular, it seems to have a completely contradictory view of the legacy of the last government. It is happy to take full accountability for the successes of the last government. Government members were happy to roll up in their droves for the opening of OptusStadium, which they had nothing to do with, and they were happy to roll up and take accountability for the children's hospital when they were only there for the end of the process. They were happy to be at all those openings and to take the glory for the improvement in the mining industry—the shadow Treasurer ably pointed out that those projects were almost exclusively the result of the previous government—but they are not happy to take accountability for their own decisions. It is worse than that. They actually want to bully anyone who points out that there may be a shortcoming in this government. They want to say, “It's their fault; they're talking down the economy.” The reason house prices are dropping is not because the government has destroyed migration to the state or taken away the first home owner grant, but because the opposition is talking it down! What a wonderful power to have. Would it not be good if the opposition could just say, “Things will improve”, and we talk it up and it will be better? What a load of absolute rubbish! The simple fact is that the government does not want to take accountability and wants to bully anyone who says it is not doing a perfect job, or it engages other people to bully the opposition. It does not want to take accountability and does not want to learn from the opposition and understand how to do things better.

An example is the substantial reduction in the number of professionals eligible to participate in the regional migration scheme. Talk about not taking accountability! In the Treasurer's own press release on 21 June 2017, he boasted to his union mates that he had reduced the skilled migration occupation list from 178 occupations to 18. Do we think that might have a little bit of an impact on migrants being able to come into the state? It went from 178 occupations to 18 under the regional migration scheme. That stops families and people from different areas coming into the state— I hope it was not an intended consequence. What else does it do? It reduces student migration. I have spoken to people at a number of tertiary institutions. The member for Armadale is a highly regarded academic from one of the state's tertiary institutions. Government members should speak to the tertiary institutions, because they will tell them that in order to attract overseas students, they need two things: students need jobs and they need accommodation. That is what they need. The government has taken us out of the regional migration scheme and reduced the number of occupations from 178 to 18. Guess what? Students have not come here. If I look at the comparison from 2016–17 to 2018–19, the number of students has gone from 27 368 to 23 708. For every foreign student we have in Western Australia, we get five overseas visitors a year. I wonder why our tourist numbers are down, members opposite. That equates to 18 300 fewer overseas tourist visits to the state every year. The government wonders why tourism numbers are depressed. On 10 November, the ABC news website published an article by Jacob Kagi titled “Overseas visitors continue to shun WA as economy cops fresh \$200 million

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tourism blow". Guess which state is the worst performer for tourism in Australia? Every other state is increasing international tourist numbers. What are we doing? Our tourist numbers are going down. Why is anyone surprised?

As well as turning up to all the openings of various projects and taking credit for them, this government also needs to be accountable for the fact that its actions have driven a substantial collapse in our local property and construction markets and delivered a substantial negative impact on migration, in particular student migration. The government has also delivered a substantial hit on every single household in Perth with massive fee increases. As pointed out by the shadow Treasurer, there was an overall increase in fees and charges of 13.1 per cent. That is 13 times the rate of inflation in a year or 6.5 times the rate of inflation over two years. That is a massive increase in charges for families—as I have pointed out, families that cannot even afford to feed their own kids when mum and dad both have jobs. The government needs to be fully accountable for its role in creating the extremely difficult situation that the local housing and construction industries are facing, and the extremely negative impact that this is having on struggling Western Australian families.

MRS A.K. HAYDEN (Darling Range) [5.43 pm]: First, I would like to congratulate the member for Bateman for bringing on this great motion that highlights issues that are important and that matter to Western Australian communities, in particular outer-suburbs communities and the community in my seat of Darling Range. I also want to note the comments made by the Leader of the Opposition, the member for Riverton, that this government needs to take responsibility for this and realise that nearly two years into its term—that is nearly halfway through the government's term—it cannot still appoint blame to the opposition. The government has had two budgets. The government could have fixed anything or changed anything that it wanted to, but it has not. The government has only changed what it chooses to change and then appointed blame. It is like two children at home. When mum and dad walk in and ask, "Who did that?", they say, "He did" and "She did." That is exactly what the government is doing: "Don't blame us—blame them." Take responsibility—it is time for the government to step up and do its job!

I have been in this place for 14 weeks and the behaviour in question time is of such a low standard. We have to endure —

Several members interjected.

The ACTING SPEAKER (Mr R.S. Love): Members!

Mrs A.K. HAYDEN: We have to endure a ridiculous show from government members who do not even attempt to show respect for process or answer the questions given to them. Government members stand and name call, which is so mature and so professional! That is not what the Western Australian community demands from the Western Australian government; we expect far more from this government. It is disappointing, 14 weeks in, to see this government's unprofessional and low standards.

Mr D.R. Michael: How many calls are you on today?

Mrs A.K. HAYDEN: Sorry?

Mr D.R. Michael: How many calls are you on today? How was question time for you today?

Mrs A.K. HAYDEN: Are you looking for one?

Several members interjected.

Mrs A.K. HAYDEN: I am asking—you are interjecting.

Several members interjected.

The ACTING SPEAKER: Members!

Mrs A.K. HAYDEN: I am the one on my feet, right?

The ACTING SPEAKER: Members, settle down. Member for Darling Range, if you do not want to be interjected on, do not directly attack members of the government.

Mrs A.K. HAYDEN: Thank you very much for your excellent advice, Mr Acting Speaker. I will address my comments to the Chair.

I have been in this place for 14 weeks. I gave my maiden speech on 14 August and promised the people of Darling Range that at every opportunity I would stand up and remind everyone in this house of the number one issue that matters to them—that is, the cost of living. Cost-of-living pressure is the most important issue people in our outer suburbs are facing. Government members in outer-suburb electorates need to be very mindful and they should not get too comfortable. If they are not going to hold their front bench to account and stand up for the people who voted for them, they will not be in those seats for very much longer. So far under this government, we have seen increases of \$700 to household fees and charges, with another \$500 increase in the forward estimates. The government has shown no mercy to struggling Western Australians and it wants to increase fees again. House values are down; they are the lowest they have been for many, many years. House values are down in the outer

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suburbs. Households in the western suburbs are not doing too badly—prices have dropped, but people are doing okay. It is the outer suburbs that are really struggling. I will get onto that issue a little later.

We have a small decline in unemployment, but people in Darling Range are not enjoying that drop in unemployment numbers. People with a job have not seen any pay increases; in fact, if the businesses they work for are struggling, they have seen their hours reduced. When people's hours are reduced and the cost of living keeps going through the roof, how are they meant to pay their mortgage? Instead of supporting the hundreds of thousands of families, seniors and small businesses that are trying to stretch their last dollar in their purse or their wallet, what is this sympathetic government doing? It just keeps slogging them at every possible turn it can. Across the board, how are households in the outer suburbs doing it tough? People are struggling to keep their hours at work or to find work, they are struggling to pay their mortgages and, under this government's increases, they are struggling to pay their water and electricity bills, their car registration and their rates. People are struggling to put food on the table, as we heard from the member for Cottesloe, who talked about Foodbank's great services. Sadly, Foodbank should not be required in the First World country we live in. Foodbank should not have to be feeding people; we should have a country and a state where people can feed their own. But they cannot because they simply cannot afford this government's increases to the cost of living.

To add to these families' pain and the cost of running their households, this government has shown no mercy with a \$700 increase to the cost of living, with another \$500 increase planned. What does the McGowan government expect to see for this state in the next few years? I do not think it will be a rosy future unless the government changes its ways. When I was doorknocking, attending events and meeting people during my campaign, the number one issue was the cost of living. Since I was elected, the number of those conversations has only increased. It takes a lot for someone to come to their member and tell them about their private financial situation. When people talk to me about how they are struggling and cannot pay their mortgage or power bill, it is not an easy conversation. People do not just think, "I'm going to pop in and tell my local member I'm not doing well!" It is a difficult conversation and the fact that the number of these difficult conversations is increasing demonstrates how much trouble we are in.

The increases are crippling households. Those increases are, in turn, affecting the state economy, which flows on to every sector, including the housing sector, the small business sector and the construction sector. Who decided to make these cost-of-living increases? It was this government and this Premier! They decided that every mum and dad, every nanna and pop, every single family, every young adult moving out of home, every senior and every small business owner would pay. They are the ones the government chose to slug. It was the government's choice. It decided to make their cost of living unaffordable. Why has it done that? It wants to pay off its unfunded \$5 billion election promises. It promised \$5 billion to win this election—to win at all costs! It has no money for it. The money is not in the forward estimates, so where will the government get it from? It will get it from mums and dads. There is proof of that. The Treasurer's media release of 22 June states —

Every Western Australian will need to share the burden of repairing the State Budget, with increases to household fees and charges ...

That is the government's plan—mums and dads, nannas and pops, seniors and small businesses will pay for this government. It made \$5 billion worth of election promises. How about it saves \$1 billion and helps those people who are struggling, such as seniors? It appears there is no limit to how low this government will go. It is not afraid to put its hand into anyone's wallet. Our seniors have built our state and provided for us all. Our seniors have made us aspire to be better than our parents and grandparents. They worked tirelessly for their family and invested in their family home. Many of them do not have superannuation. Their family home is their golden egg. They bought it and put every last cent into it. Whatever was left over went to their children. Their plan was to sell that home, downsize or buy a caravan and go travelling and enjoy the life they deserve. Yet with these increases in costs, housing values have been driven down. Seniors can now not sell their home. They do not have the equity or money that they planned to have to be able to sell it and enjoy the lifestyle they so deserve. Instead of earning and enjoying their money, what are they doing? They are paying for this government's decision. They are paying to make this government's budget look better than it could do on its own.

A couple of weeks ago I went to the National Debt Helpline with the Leader of the Opposition and we heard firsthand the issues coming in on those phone calls. Those operators are outstanding individuals. A unique skill set is required to listen on the phone to someone who is in financial need. By the time they have picked up the phone, these people are at their wit's end. The people who ring are small business operators who work from home. Other people are not paying their bills so they cannot pay their bills and it flows on. They are struggling and are not able to pay their mortgage. For most small businesses it is the equity in their home that allows them to continue and to invest in their business. If they do not have equity in their home and customers are not paying their bills because the cost of living is through the roof, those small businesses will end up going out of business. What happens to small businesses when they go out of business? They stop employing people. The member for Armadale

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raised the issue of penalty rates. I understand his passion about that, but there are no penalty rates if there are no jobs. If businesses are not open to employ people, we can forget about penalty rates. They will not even get a normal hourly rate. That is where we are sitting. It is a roll-on effect. The little decisions that members on that side opposite make to increase electricity, water, and car registration fees compound, and roll on and affect bigger industries. They affect jobs and employment.

Mr D.R. Michael: Do you agree with the reduction in penalty rates?

Mrs A.K. HAYDEN: I do not, but that is for another day. I will always be honest with you.

Those decisions have a roll-on effect that slows our economy. I know a lot of people in small business and they have never done it tougher, especially in retail. Normally at Christmas and at the end of the financial year people go to the shops and pick up the best bargains they can get. I do not know whether members have noticed that in the last year and a half those sale signs have not come down. Every shop has a sale sign in it such as “50 per cent off!”, “Buy one, get two free!”, “Get another 30 per cent off on sale items!” —

Dr A.D. Buti: Member, you're right. I don't disagree. You have to understand that online purchasing —

Mrs A.K. HAYDEN: It is not just online! Online purchasing plays a part, but when people cannot pay their water bills, power bills or mortgage, what stops? Shopping stops. The luxury stops! I have short hair. Women with long hair would go to hairdressers a lot less frequently than I, but men in this place and the average person goes to a hairdresser every four to six weeks to get their hair done. Hairdressers say that people are extending that time, so instead of going every four to six weeks, they are pushing it to eight or 12 weeks. When hairdressers' customers extend the time until they come back from four weeks to eight weeks, that hairdresser is losing 50 per cent of its customers. That is a 50 per cent downturn! What happens then? They need to say to their staff, “I'm sorry. We're going to have to reduce your hours.” Hairdressers are on a low income base. These are the people affected by cost-of-living increases and are in mortgage stress.

Right now across the outer suburbs of Western Australia, people are experiencing serious mortgage stress. We cannot open the paper or turn on the radio without seeing or hearing a report about the housing market. We cannot go one day without seeing a new piece of media on the housing market being down, mortgage stress being through the roof and people struggling. Yet this government is choosing to ignore that. On Monday, Dale Alcock was on the 6PR show Mornings with Gareth Parker. Callers phoned in and told their stories. I was in the car on the way to somewhere, so I heard only part of it, but one gentleman rang in and said that a couple bought a house in Ellenbrook for \$450 000. They now have it on the market for \$328 000, but they have had no bites. That is a \$122 000 drop in the value of a house in Ellenbrook. How do members think those people feel? They have just lost \$120 000! Do members know how hard it is for people living in the outer suburbs to save \$120 000 or how long, if ever, it would take? They rely on the value of their home to be able to make money and better their lifestyle. When someone's home in Ellenbrook drops \$120 000, they are in mortgage stress. In Baldivis, in my electorate, a house was valued by the bank three years ago at \$450 000. Bank valuations are always lower than the market value, but let us go on the bank valuation of \$450 000. It has been on the market at \$409 000 and it has just dropped to \$379 000.

[Member's time extended.]

Mrs A.K. HAYDEN: There have been six home opens, but only two people have come through the door.

I took some time out to have a look at how many mortgage foreclosures are on the market at the moment. Right now in Western Australia we have 149 mortgages in possession on the market for sale. That is 149 houses up for sale because people cannot pay their mortgage. Do members know what the next highest state ratings are? It is four in New South Wales, four in Queensland, one in South Australia and one in Victoria. We have 149 mortgage repossessions on the market right now in WA, yet this government is in denial that people are under mortgage stress and it is in denial that it is because of its cost-of-living increases. It is also in denial that it has to step up, start acting like a government and play its role. Its role is to stimulate the economy to enable people to save that extra dollar in their purse, instead of the government taking it, and to spend it when they are feeling more confident. When they spend it, guess what? The economy goes around. Business gets customers, businesses employ staff, staff earn money, staff can pay their mortgage, and on and on it goes.

I want to highlight the property values in couple of suburbs. Roleystone, in my electorate, is a lovely suburb with big blocks and big homes. House values there have dropped from \$579 000 to \$517 000. That is going to hurt. That is in Roleystone, where there are nice big houses and nice big blocks. Moving on to Byford, there are 300-odd new homes being built per year there at the moment. House values there have dropped from \$455 000 to \$400 000; that is a drop of \$55 000. These people have only just bought their homes, so they will be at maximum capacity with no equity, and they have just gone and lost \$55 000 from their property value.

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Baldivis is one of the suburbs that has been discussed many times on the radio and in the media as having been hit the hardest. There has been a nearly 16 per cent drop in house values in Baldivis. House prices have gone from \$470 000 down to \$395 000. Just imagine losing nearly 16 per cent from the value of your home and how you would feel. Just imagine how you would feel every time your power bills, water bills and car registrations come in. How do members think these people are feeling? This is what backbench members on the other side need to start realising.

Most people in this place know that I have an affinity with Midland; Midland has been in my entire life. I have worked, shopped, played and grown up around Midland. Midland is a very important place in my life, so it saddens me to see that Midland's property values have dropped by 23.6 per cent. These are people who have their life savings in these properties, and we are just ripping them out. Property values there have dropped from \$420 000 to \$321 000; we have robbed \$108 000 from these people. They will never be able to save that money in their lifetime; they are relying on their houses to do so.

Property values in Ellenbrook have dropped by nearly 18 per cent. I used to live in Ellenbrook; I was one of the first people to move in there and spent 15 years there. I have many friends who still live there. The gentleman who bought my house there nearly four years ago has taken it off the market; he could not sell it at \$130 000 less than what he paid me. Friends of mine have a house in Ellenbrook into which they have put everything. They bought an investment property; they are close to their retirement age. Their superannuation is low, so over the last 10 years they put every cent they could into an investment property. The property they bought 10 years ago is now worth less than what they paid for it 10 years ago. People do not buy properties that are worth less 10 years later, yet these are the people who are suffering because this heartless government is not stimulating the economy. All it is doing is taking money out of their pockets and making things worse.

The member for Armadale is a good local member, and that is why he has the margin he has in his electorate, but the people in his electorate are among those who are hurting the most. There has been a 25 per cent drop in house values in his electorate. I am asking government members of the backbench to talk to their frontbench and to tell them, "WA cannot afford your charges. They cannot afford your ongoing increased cost of living. Help them out; throw them a bone. Give them a couple of million dollars out of your GST windfall. Save some money on the \$5 billion promises that you made at the election." I can tell government members now that people will thank them if they help them out instead of delivering on their \$5 billion of unfunded election promises. They need to look after the people who voted them in, or they will not be there for very much longer.

I have already touched on small business. The hardest thing with small business is that it is not just the new ones that are feeling the pinch. I have friends who have been in business for 40 years and they are having to close doors. Do members know how hard it is to stand up in front of staff that have been working for you for years and say, "Sorry guys, retail's down. I've got to shut the doors and I've got to let you go. I can't take you to any other stores because I'm reducing the staff there as well." These people are hurting and businesses are hurting, and when businesses hurt, staff lose their jobs.

The priority for people right now is to keep a roof over their head, keep the lights on, put food in their tummies and keep their cars on the road. Car regos and fuel do not help, either. They are saving money by not turning the heater on in winter and reducing their social activities. The kids' sport participation will drop, and instead of doing two sports they will do one. Dining out becomes a special event and cheaper food is sought rather than the healthier food options. It is far cheaper to drive through McDonald's to feed a family of four than it is to buy a healthy alternative. These problems are happening as a result of cost-of-living increases. As I said, these people no longer go out shopping. It used to be that one could not find a parking space in shopping centres on a Thursday night or on a Saturday. Now it is easy to find a parking space. People are still roaming the malls, but they are window shopping; they are not actually buying. People are not walking out with bags full of shopping; they may be walking out with one bag, if they are lucky. They are mainly doing window shopping and catching up with friends and having a coffee, and that is their day out. The next things that stop are health and beauty services, hairdressing and other professional services. People just start extending them out. When members see the sales at Christmas time, have a look and see how many bags people are actually carrying compared with the trolley loads of a few years back. There will be a lot fewer bags than there have been for a very long time.

I want to touch on some statistics I had a look at from the Australian Financial Security Authority, and I encourage members to also have a look. This shows how Western Australians are really going with their money. In WA, there has been a 12.9 per cent increase in total personal insolvency activity. The member for Bateman raised this in his speech. I do not know whether members understand what a 12.9 per cent increase means. In WA, there have been 2 064 bankruptcies in the past 12 months. That is how many businesses have gone bankrupt. That is businesses, members—2 064. There have been 4 020 personal insolvencies. That is how many people have become insolvent. Times are tough and we cannot continue to ignore them. We cannot continue to ignore the data. We cannot continue to ignore the media cry. When the media is out there saying, "Hey, listen to us, we've got people

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doing it tough, their house value is down, they've not got jobs, they can't afford the cost of living", now is the time for you guys to step up and be what I said at the beginning—a responsible government. A responsible government does what the private sector cannot do. The private sector cannot stimulate the economy on its own. The private sector needs the government to lead. The private sector needs the government to step up and start stimulating the economy.

I now refer to the GST. Treasurer, I know everyone wants a piece of the GST pie, but think of every Western Australian and throw them a bone and help reduce their cost of living. Help them along just a little. The problem is that I do not believe anyone on that side will listen. I think the people on the front bench will be heartless; they are going to continue to bank their money because they just want to say at the end of four years, "Look at my piggy bank, aren't I good?"

Dr D.J. Honey: "Look at my war chest."

Mrs A.K. HAYDEN: a war chest—that is exactly right, member for Cottesloe: "My piggy bank is this big. I've got a war chest to go into and buy every vote I possibly need at the next election." But I tell members right now, people are doing it tough. The people who have lost their home and the people who have gone bankrupt or insolvent are not going to forget. I am calling on this government to be responsible and to start doing its job.

MR B.S. WYATT (Victoria Park — Treasurer) [6.12 pm]: I rise to make some comments. I must point out at the beginning that it has been a wideranging debate. Some members of the opposition even talked about housing—not many of them, I must admit. I think the member for Cottesloe perhaps spent the most time on housing. I want to bring the house back to the actual motion that we are talking about. The motion moved states —

That this house condemns the McGowan government for its attack on the housing industry, home values and construction jobs, including reducing demand by introducing the foreign investment tax and cuts to the first home owner grant boost.

I think the contributions have been a wideranging reflection on all things to do with the state government, all things to do with the commonwealth government and all things to do generally with the glow. The fact that the motion refers to both home values and construction jobs highlights the issue I was pointing out today during question time; that is, the opposition still does not know whether it is complaining about falling house prices or whether it wants to contribute to that by stimulating supply. That is still the conundrum that the opposition has not yet resolved.

I could not help but notice that in the short time the Leader of the Opposition contributed to what he thought about the housing sector he made two points. I wrote these two points down. He said that the housing sector is on the bones of its bum and is in the deepest depression since the 1990s recession. That is a big claim, considering on Friday the Leader of the Opposition said in his speech to the Urban Development Institute of Australia that "House prices haven't done anything but bump along downward for 10 years. We have reasonable house prices." Either it is on the bones of its bum and in the deepest depression since the 1990s or we have reasonable house prices. This is the problem with the Leader of the Opposition—he kind of says anything that needs to be said depending on the audience that he is in front of at the time. It is either one or the other.

The most interesting contribution made tonight was by the member for Bateman. He raised an issue of legitimate concern around the reaction of banks either as a result of the mortgage arrangements banks have with their customers or the result of the Australian Prudential Regulation Authority's direction or guidance around the movement of interest-only loans and principal interest. I might make some comments about that in a minute. I want to go through a few issues that have been dealt with. I made the point at the beginning that members opposite said we either have a problem with negative equity, or falling house prices—most members who spoke tonight made that point—or they want me to stimulate to create more supply. As I will point out in just a minute, we have a lot of supply in Western Australia, as no doubt the housing minister will highlight. This is not surprising when we look at the investment decisions made and the time for delivery. The reality is our supply is high. Although we have seen vacancy rates for rentals decline, getting closer to their long-term average after hitting, from memory, a historic high, they are coming back but it will take more time to soak up that supply, to use a lay term. The sad reality is that house prices will fluctuate with economic activity. We are seeing that right now. That is not consistent with demanding the government look to pump prime activity to create more construction.

A couple of measures have been cited, including the foreign buyers surcharge. It is interesting because the Leader of the Opposition has committed to abolish that tax. The Leader of the Opposition said to the UDIA that he will abolish the foreign buyers surcharge. I find that interesting because the point I have made in here many a time is that it is not unreasonable for Western Australians to expect that those foreign nationals who buy property in Western Australia, like they do in every other state in the nation, pay a surcharge to contribute to the infrastructure from which they benefit. That is not an unreasonable position. The Leader of the Opposition wants to abolish that. I will not be forgetting that any time soon. Every state in the nation has that. Interestingly, the Leader of the Opposition again said that was introduced by other states as a cooling mechanism and it worked. The reality is that

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more things are at play. South Australia's came in at seven per cent on 1 January this year. Mr Acting Speaker, I am not quoting from my phone because I know we are not allowed to do that. I am just going to remind myself of a number, and I have just reminded myself of that number! After being introduced on 1 January this year —

The ACTING SPEAKER (Mr I.C. Blayney): Your phone does not have an official document on it, does it, Treasurer?

Mr B.S. WYATT: No. There is nothing official on this phone, I assure members.

Despite introducing that surcharge, what we have seen in South Australia is that the June quarter increased another 2.41 per cent and the Real Estate Institute of South Australia CEO said how delighted he was with the June quarter. He described the June quarter performance as nothing short of spectacular. That is despite the fact that a foreign buyers surcharge was introduced. I make the point that there are so many other things at play that influence house prices, and I say now, as the Leader of the Opposition said, “bumping along about the same for 10 years; house prices are reasonable”—the Leader of the Opposition's own words—it is the movement of the economy more broadly that has a much bigger impact. I want to remind everybody about this point, because the foreign buyers surcharge has got some comment today: the opposition claimed during the debate that 12 per cent of properties in WA are owned by foreign nationals. That was their argument when they opposed foreign nationals contributing to the infrastructure that has been funded by taxpayers over many generations. We know that it is probably less than two per cent. That is from the data that I have outlined before. I also want to quote from the Acil Allen Consulting report of 2017; I have quoted this before. It was commissioned by the Property Council of Australia; an organisation that has been referred to tonight. Its quote about WA states —

... the amount that foreign buyers add to prices is minor and may actually be better described as rounding error.

In that environment, in which the former government left us with a net debt of \$41 billion, one of the first commitments the Leader of the Opposition made from opposition was to abolish the foreign buyer surcharge and to put all the effort onto Western Australians families who work so hard to contribute to the infrastructure that we all enjoy in Western Australia.

We saw an interesting performance from the Leader of the Opposition when he attacked Treasury and said it would have cooked its advice to justify the early withdrawal of the first home buyer boost. It is interesting that the former Treasurer offered that to the Parliament of Western Australia. The reality is that Western Australia has a very generous first home buyer scheme compared with the other states. Tasmania and South Australia have no stamp duty concessions for first home buyers. That is probably why Western Australia has the strongest first home buyer market of all the states. About 25 per cent of all dwellings in Western Australia are financed by first home buyers. The second is daylight, with Queensland at 20 per cent. That is probably because we have a generous support scheme for first home buyers. The opposition says that we need to take responsibility and ownership of our decisions. I get that. I agree. We are doing that. I have said in this place that every single decision this government makes, it does not matter in which ministerial portfolio it happens to be, is utterly bound with the impact that the former government had on the finances of this state. That is the reality. I have said time and again from the other side of the chamber that the performance of the then Liberal-National government would impact the decision-making capacity of future governments for at least two terms. I get that that stings the opposition. However, the reality is that every decision we make is in the context of the constraints that we have been left with. I am afraid that will be hanging around and I will be referring to the performance of the former government and the legacy that it left for a lot longer yet.

In talking about the impact of government decisions on various sectors, I remind the house of the impact of the land tax increases under the former government. The former government and now opposition does not like to talk about that topic. I want to remind members of the context. In the couple of years leading up to the first land tax increase in 2013, private dwelling building approvals were growing at a pace of 49 per cent—not a bad clip. After that first land tax increase in 2013, growth moderated significantly to 15 per cent over the next 12 months. In 2014, the then government, under the now Leader of the Opposition as Treasurer, had another go at increasing land tax, and, after a short lag, investment fell by 10 per cent in a seven-month period. After that time, the market started to stabilise, and indeed made a modest recovery and started to grow again. However, then came 2015 and the third and biggest land tax hit, with a 100 per cent-plus increase in land tax bills. That had the most significant impact. That finished off the market. The market plummeted 24 per cent in a nine-month period. The total decline on the back of those three land tax increases was around 50 per cent.

Interestingly, there was a similar story around housing prices. The first increase in land tax was into a growing market, the second was into a stable market, and the third was as the market was beginning to decline. The biggest land tax increase was into a declining market. In the 12 months before the third land tax increase, house prices declined by around 1.1 per cent. In the 12 months following that third land tax increase, house prices declined by

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over 4.7 per cent. That is what happened with those land tax increases. We have not yet recovered properly from those increases.

That is why I find it so interesting that on Friday, the Leader of the Opposition said to the Urban Development Institute of Australia, and I quote —

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

That is what the Leader of the Opposition said on Friday, yet today he comes here and says the housing sector is on the bones of its bum, with the deepest depression since the 1990s recession. Honestly! In modern politics, people follow what we say. We cannot get away with saying something one day to one audience and a couple of days later saying something completely different to another audience. That is the problem with the Leader of the Opposition. He was quite expansive in that UDIA speech. I found it very interesting. I accept that the housing sector has done it tough. That is why I celebrate the small increases and the small positive news that is coming out of the housing sector. There is no doubt that housing, and retail in particular, are still soft.

However, importantly, there are some positive signs. In September, WA recorded its highest monthly growth in seasonally adjusted housing commitments since February 2014, at 4.7 per cent. That is not bad. That is the highest growth since the second land tax increase of the former government. This trend measure had its highest month of growth since June 2013. This measure had fallen every single month for the last 40 months of the previous government. This has been a long haul. I had hoped that we had troughed earlier this year, but apparently not.

Australian Bureau of Statistics data released last week showed that the total construction sector expanded by 2.4 per cent in 2017–18— I referred to this in question time today—compared with a contraction during the last year of the former government of minus 24 per cent. That is one of the reasons that the domestic economy and the GST are growing again.

I have made some points about housing supply. Western Australia has a lot of supply. It is not just me saying that. BIS Oxford Economics in its report this year titled “The QBE Australian Housing Outlook” concluded that Western Australia’s housing market is expected to be the most over-supplied of all Australian states in every year from 2018 to 2021, Minister for Housing—the most over-supplied state in the nation.

Mr P.C. Tinley: It's a good time to buy.

Mr B.S. WYATT: It is a good time to buy. I want to quote from that report. It states that in Western Australia —

there exists a sizable surplus of stock to be absorbed. At June 2018 this was an estimated 21,700 dwellings, which in a period of low underlying demand will take some years to be fully absorbed.

I think that is right. It will take a few years to be absorbed when we have that sort of oversupply. ANZ has linked the oversupply of dwellings directly to those soft prices, unsurprisingly. It is supply and demand, colleagues. Alan Langford, the Bankwest chief economist—we all know Alan—has said that dwelling construction needed to fall significantly in the face of the oversupply of dwellings built when Western Australia’s population was growing at an annual clip of three per cent.

Everyone who owns a house has experienced that impact on the value of their house. If people have an investment property, perhaps it has had a bigger impact. As some members have said, it will have different impacts in different suburbs around the place. The Leader of the Opposition said about me that “I’m all right, Jack”, being in Vic Park. Actually, Victoria Park has had a decline, although probably not as much as in some of the outer suburbs. I get that. I suspect that the Leader of the Opposition’s house in Shenton Park has not had a huge decline and has probably held its value quite well. Some of us will have experienced that. I suspect that most owner-occupiers are thinking in the longer term, in any event, because they are not investment properties.

This has been a fairly wideranging debate. The opposition spent a fair amount of time critiquing the cost of living generally to Western Australians because of decisions made by this government, mainly around power and water prices— I do not think any other fees and charges were mentioned.

One of the impacts on this government, as we go about making decisions that have been bound up to us by the fiscal restraints left to us by the former government around the large debt and significant deficits that we inherited, was the capacity to make decisions around particularly power bills because there was such an outdated and inappropriate tariff structure—hopefully everyone accepts that. When the Leader of the Opposition sat on this side of the chamber he would often say that the tariff structure was unfair, but never did anything to fix it. So, with the finances creaking under the debt and deficits the Liberal Party left, we had to do something about it. Indeed, I note that that is exactly what was demanded of me by the Leader of the Opposition in an interview he did on the ABC

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on 5 July 2017, as we were moving into our first budget. According to my notes, this is what the Leader of the Opposition said, and I quote —

Well, especially with Ben Wyatt ... restraint in the growth and expenditure, —

Tick —

trying to actually reform the public sector, —

Tick—

energy policy ... squeeze out the subsidy in electricity so people pay the full cost ... Those types of things, SUPPORT FULLY.

Tick, tick, tick! But when we try to do those things, the Leader of the Opposition, like his comments on housing, changes his tune entirely and says something completely different, depending on the audience. The points the Leader of the Opposition used to make when he sat on this side of the chamber around squeezing out that subsidy were correct. He did not make the decisions he needed to. This is going back as far as 18 August 2010 in the Legislative Assembly, and was on the back on the 16.1 per cent increase in power bills. The now Leader of the Opposition said —

... subsidising across-the-board electricity prices, no matter the income or circumstances of the consumer, is dumb and, I might add, inequitable.

That was the position of the Leader of the Opposition when in government. I have another quote —

There must be cost-reflective prices for water and energy so that reforms for driving the efficient production of energy are transparent.

Yet again the Leader of the Opposition—with a different audience and in a different role—expressed a completely different view. I think that will be to the permanent detriment of the Leader of the Opposition's reputation—a man who spent the better part of his life outside politics commenting on budgets, finances and things, and then came in here and, depending on which side of the chamber he was on, took a very different position. Indeed, it is not just that: when he is out speaking to peak bodies, he has another view.

Mr P.C. Tinley: a man for all seasons.

Mr B.S. WYATT: The Leader of the Opposition is a man for all seasons.

Dale Alcock has been mentioned. A critique was given by the shadow Treasurer around the Premier saying that now is a good time to buy. I think that reflects the reality of declining house prices and housing affordability. For the first few years I was in Parliament—from 2006 until about 2008-ish—the single biggest issue in my electorate office was housing affordability. Members may recall that up until about 2008 house prices had gone up dramatically. That is why we had the supply, ultimately; it caused a lot of investment decisions. I had lots of people in my electorate who had lived in rentals for most of their lives. Rentals really had not moved—they may have been inflationary for a long period of time—and those people were pushed out of Victoria Park and the surrounding suburbs. That was the single biggest issue. Housing affordability is not something that comes in my front door much anymore. So there is opportunity at the moment, and that was the Premier's point. But I cannot help but reflecting, Minister for Housing, when we sat over there, watching Channel Seven on the day the former government announced Metro Area Express light rail. There was Colin Barnett, the former member for Cottesloe on TV, saying, "Let me give you the tip, people: buy around here now", while standing where MAX light rail was going to end. I remember that.

Several members interjected.

Mr B.S. WYATT: In Mirrabooka—thank you!

I remember that quite clearly because I used to consistently refer to it.

Dr D.J. Honey: I thought you were talking about me for a minute.

Mr B.S. WYATT: No, it was the former member for Cottesloe. There he was on TV, giving healthy advice, "Buy here now." We have since found out that the Premier of the day, Colin Barnett, was basing that, as the Leader of the Opposition has since told us, on a project on which no work had been done, no costing had been done and no route had been set. The Premier of the day knew it; nonetheless, he went on TV and said to Western Australians, "Come and buy here now on a project that we really have no idea about." I mean, give me a break!

Someone mentioned Dale Alcock; he is a person I pay attention to. He builds a lot of houses and employs a lot of Western Australians.

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Several members interjected.

Mr B.S. WYATT: This was on 6PR on 19 November, in response to the Premier's statement about it being a good time to buy a house. I quote Mr Alcock —

“I take confidence that that view aligns with where we're seeing it.

“I think most West Australians would like to see an upturn in the market as well and I think with a lot of what's coming through the pipeline, the fundamental issue I see holding us back from improvement in the market now is one of consumer sentiment.

“So the Premier coming out and flagging that as an excellent time to get into the market is, I think, very positive in relation to consumer sentiment in WA”.

He also said a range of other things.

Mrs A.K. Hayden: What's his last line?

Mr B.S. WYATT: The last line was —

“So the Premier coming out and flagging that as an excellent time to get into the market is, I think, very positive in relation to consumer sentiment in WA”.

That is not bad from a person who I think is the single largest employer of apprentices in Western Australia. The point is obvious. When house prices have declined, it is a good time to buy. I do not think there is anything dramatic about that.

Another point I want to make as I get towards the end of my contribution is on the issue of the economy in general. A few members commented on the economy during their contribution. The economy is turning. We are now out of recession. Goods and services tax growth is at about 1.9 per cent and domestic growth is, from memory, 1.1 per cent. That is good news for Western Australians. Why? It is good news because it confirms what we have been seeing in all the other data around business investment, and confirms that business and consumer confidence is increasing. That is good. That is why 48 000 Western Australians have been employed since the last state election. We are now seeing that the majority of those are in full-time work. That is how to restore all the things that worry Western Australians and that the opposition is now apparently concerned about. As to wage growth, under-employment needs to be absorbed but I suspect wage growth is coming. Dale Alcock made the point in his interview. We are seeing skill shortages in parts of Western Australia—particularly regional Western Australia, which has obviously been impacted more directly by the mining sector—but we are seeing growth in all those different areas I referred to today. Manufacturing, accommodation and food, professional and scientific, arts and recreation and construction are all up. That highlights that the diversity of the growth across the economy is more broad based than the Leader of the Opposition is willing to accept. That is Australian Bureau of Statistics data. The tides are turning. No longer is the economy contracting, no longer are we losing 17 000 jobs a year, and no longer are we seeing consumer and business confidence plummet; they are all going the right way.

There will be challenges along the way—of course there will. The shadow Treasurer made a point that I think he is right on. I want to conclude on a positive bipartisan point. There is an issue that worries me, and we are seeing this in respect of the impact of the royal commission into the banking sector. At my very first meeting in Canberra as Treasurer a few weeks after we were sworn in, it became an issue in conversations that the Australian Prudential Regulation Authority was making comments based primarily on what was happening—this was 20 months ago, or whatever it was—in the New South Wales and Victorian property market. We all remember how the WA housing sector was 20 months ago. That worried me. So what is happening now is a combination of the timing of the mortgage contracts that investors have with banks and the very blunt application by the banks, as a result of APRA, of the move from interest-only to principal and interest. That concerns me, because I think it has the capacity to force more properties to market than I would otherwise like to see, particularly over the next 12 to 24 months. APRA is a national body, but banks can react individually to the various markets they find themselves in. I give the banks in Western Australia a word of warning: the Western Australian market is different. Just a blanket application, as APRA is indicating, is not appropriate in Western Australia—it needs to be more individually based with an understanding of the financial position of individual borrowers. That, for me, is probably the worry around those loans and the impact on properties coming to market over the next two years. That is reasonable.

Overall, the WA economy is in a good position. I want it to be better. We are working hard to make it better. Housing is coming through a long period of decline. The Leader of the Opposition said the period of decline has been bumping along for about 10 years, but I expect the housing sector to increase. Most people expect it to increase. I was very pleased to see in the paper this week a Victoria Park-based real estate agent expressing some very high confidence around the property sector, but I think we all expect it to increase. Yes, it will take some

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time. BIS Oxford Economics made the point that the oversupply is probably going to be around through to 2020–21, so it will take some time—supply and demand. As a result, it is not appropriate for the state government to stimulate more construction and create more supply, because that would create more negative equity, which I am already critiqued by the opposition for doing.

I think I have dealt with all the issues raised in the debate today. I think people are generally pretty happy with how the government is performing. Yes, I am the Treasurer and I get around the place, so I know pretty quickly when people are unhappy with decisions made by the government. I think everybody accepts and understands, even those who are not happy with some of the decisions, that we are making decisions out of necessity because of the fiscal position of the state. I do not think anyone objects to that proposition. I think the vast majority of Western Australians expect us to do that.

I want to reflect on the Leader of the Opposition's comment that Treasury effectively doctored its advice to government to secure the early withdrawal of the first home buyers' boost. I am surprised that a former Treasurer would make that comment. I think it is an unfair reflection on him and Treasury. I do not think people think that is indeed the case. That is perhaps something I will deal with at a later time. My contribution has dealt with all the issues raised this evening.

MR S.K. L'ESTRANGE (Churchlands) [6.43 pm]: It is good to be out of the blocks fast this time, Mr Acting Speaker, to get your call that I missed last time! The Treasurer managed to use a fair bit of his time going over aspects of this motion, which he should be supporting, but he continues to make up his own version of events. Out in the real world, in the real Western Australia, Western Australians are actually doing it pretty tough, but the Treasurer prosecuted the case that everything is okay. He also made the case that we should be talking up the housing sector and saying that the housing sector is good. Of course, the Dale Alcocks of the world will like commentary like that, because talking up the housing sector should, if people buy into that, mean that more houses will be sold, which generates more interest in the economy. We get that. But on the other side of the Treasurer's argument he says that prices are really down, it is a soft market and nobody is buying, so the government is trying to pump up the market by saying there is no better time to buy. I do not exactly know what fiduciary responsibility the Treasurer or the Premier have to be out there telling people to buy a house, when the shadow Treasurer today told us that people are under mortgage stress because there is not enough employment out there. A number of people are what we call underemployed, which means that they are not earning the maximum income they could be earning under a better, more buoyant economy. We get mixed messages from the government, which says on the one hand that we are in a housing slump and it is a good time to buy and on the other that, no, the housing market is great and it is all going well.

The other confusing aspect of this government, the Treasurer and the Premier is that they love mixing policies together to make it really confusing, so that hopefully a bit of that rubbish baffles the brains of people in the community. That is their method. They are also saying that unemployment is great, yet it does not match the CommSec report from earlier this month, which said that Western Australia is not performing as well as it could be relative to the other states in Australia. We have a fascinating situation in which there is a genuine disconnect between what is happening in the community and what is being debated in this place. The policies this government is putting out to support its rhetoric are not good enough. One government policy stopped overseas students from wanting to study tertiary courses or English as a second language in Western Australia. It is preventing them from doing courses here. The government implemented that policy when it came in last year, which has meant that those students go to places like Adelaide, which has regional status, or they say that if WA is going to be a capital city status provider, they might as well go to Melbourne or Sydney, because they are not being provided with any extra incentives to stop here in Perth. The government then argues that the reason it did that was to create more jobs. As we found out, only one extra job was created. That is a remarkable situation, in that the government's policies are actually not working. Today in question time the Premier got on his feet and said that the government was doing an absolutely wonderful job at growing jobs for Western Australia. Firstly, the stats do not add up. As the shadow Treasurer said, it is a 0.1 per cent change from when the government came in to now. A 0.1 per cent change is heading in the right direction, but come on! The hubris attached to that outcome is remarkable. All the policies the Premier announced that will increase jobs were signed off by the former government! I even heard him mention Kings Square in Fremantle, where we are moving in hundreds of public servants. There is a big public–private redevelopment of that whole Kings Square to grow jobs and to energise and revitalise Fremantle. I was there for the announcement. I was the Minister for Finance at the time. The Mayor of Fremantle said to me, “This is the best thing your government's done since the America's Cup”, yet today in question time the Premier said he had done it. That is rubbish—absolute rubbish!

The government has not come up with one tangible policy that is actually helping households—not one! Every policy it has come up with has actually done damage to households. It has sent housing prices down. It has made

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people put their hands in their pockets; they are too scared to spend because the government keeps ramping up fees and charges. They do not have the disposable income to feel confident about the economy and to spend on small businesses in the local area, so businesses are shutting up. The government is blaming us. The Leader of the Opposition gave one really amazing, sensible, articulate piece of advice in this place today. He said words to the effect of, "You bought the house; you own it." No truer words could be said. Labor bought the house, meaning the government of Western Australia, so it owns the government of Western Australia. You bought it, you own it. When we buy a house, sometimes, like with my house—a 50-year-old house—things start to break down and repairs are needed. I do not go ringing up the former owner five years down the track and say, "Look, I've just bought this house and I have to do some repairs to the balcony. You need to come and pay for it." How do members think that is going to work?

Mr M.J. Folkard interjected.

Mr S.K. L'ESTRANGE: I will tell the member for Burns Beach, carrying on over there, that he bought this government with a dud cheque. I will tell him why. The members opposite went to the people of Western Australia with their chequebook, saying, "We will not increase taxes, we will not introduce new taxes and we will keep fees and charges down. We will grow 50 000 jobs." They went with their cheque book, bought the Western Australian public and landed themselves in office with a windfall of 41 seats in the Legislative Assembly.

Mr P.C. Tinley interjected.

Mr S.K. L'ESTRANGE: But, does the Minister for Housing know what his litmus test was? The big test for him was one year in, when we found that one of those 41 members was not who he said he was. Then the Premier came out saying, "Nothing to see here. It's all fine; everything's fine." It was not fine and we had the Minister for Housing jump from his seat in this place and say, "I stand by my mate." He reiterated it twice. He was very quick to his feet on that topic. He was not going to let his mate down; he was going to stay with him. Within a heartbeat, he was sent to the crossbench. The Minister for Housing should not pipe up in this place and say that I am off track, because I will tell him right now that 12 months in, one of his party's 41 members was very much wanting in how he treated the people of Darling Range. The Premier and the minister were heavily backing him in, but what they both did not realise was that buying government with their dud cheque did not wash with the people of Darling Range when they got a chance to vote. When they got a chance to see the government's policies and to see that its dud cheque bounced, they got a chance to do something about that, which created a remarkable 9.3 per cent swing to the Liberals. We now have the outstanding member for Darling Range, whose CV stacks up and is real, who cares about the people of Darling Range and who works hard. I see her Facebook and Twitter feeds and she is out there all the time. She does not want to be here right now; she wants to be out at another community group meeting because she cares about those people and the businesses in Darling Range, and she will leave no stone unturned to try to make sure they are looked after. Is that not right, member for Darling Range?

Mrs A.K. Hayden: Absolutely.

Mr S.K. L'ESTRANGE: She is an outstanding member of Parliament. The government went down to 40 members and we went up to 14 members, and we are pretty happy with that. We are moving in the right direction, shadow Treasurer. I will tell members why we are moving in the right direction.

Mr M.J. Folkard interjected.

Mr S.K. L'ESTRANGE: There is a very good chance that my friend the Member for Burns Beach will be a oncer, so he should keep enjoying his interjections for the next couple of years. We will send him a happy goodbye card when he marches on out in 2021.

Mr M.J. Folkard: I look forward to it.

Mr S.K. L'ESTRANGE: We look forward to seeing you off, my friend. He can ring up his old mate Barry who used to sit next to him on that side and he can ask him how he is going.

Mr M.J. Folkard: You can do better than that. Come on; let's not get grubby.

Mr S.K. L'ESTRANGE: Let us move on because there is no grubbiness in this; this is all about facts and fiction. The fact is that the Labor Party went to the election on fiction and now I am holding it to account on facts, it is as simple as that. If the member thinks anything I have said so far is fiction, he is free to get to his feet at any point in time and correct me, because I would not mind hearing on the record what the member has to say. We do not get to hear enough out of the member for Burns Beach. I think he sits there too quietly too often. He needs to have a word to some of his frontbench members to let him have more of a say.

The Labor Party went into that election saying that it would not increase taxes or fees and charges. What did it do and how does it impact on the housing sector? It ran a late budget in 2017 that came out in September, and it ran

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the next budget in May 2018. What did it do? It increased fees and charges by 13 per cent. The rate of inflation was about one per cent. The government increased fees and charges 13 times the rate of inflation, while people were doing it tough. It is no wonder we had a 9.3 per cent swing in Darling Range. A large percentage of that would have been attributed to the fact that the government is mismanaging the economy. It continues to mismanage the economy because it is not doing what it said it should be doing. Members opposite are focusing a lot on media announcements. They are out there all the time telling people how wonderful they are. We hear a lot about Metronet, but so far the only pieces of the Metronet jigsaw we are seeing are things signed off by the former government. Is that right, shadow Treasurer?

Mr D.C. Nalder: That is correct.

Mr S.K. L'ESTRANGE: There is a lot of rhetoric out there. There is nothing in the government's budget that shows us what it is doing, even with its Metronet project. I love how I get misquoted very often by the ministers in this place, the Minister for Transport, the Treasurer or the Minister for Mines and Petroleum. I think it was the Minister for Transport who earlier said that I thought this whole Metronet plan was some grandiose monument. I will correct the record. I said —

Members opposite are only interested in creating narcissistic, grandiose monuments under their own name. They are not interested in getting the books back to surplus and they are not interested in paying down debt.

That is what I said in the context of what the priorities should be for Western Australia right now. The priorities for Western Australia are getting people into work and looking after the economy. The priorities beyond that are making sure that the government delivers frontline services—another part of the dud cheque that the Labor Party said it would improve going into the last election, which it has not.

In my shadow portfolios in health and mental health, the government has demonstrated irresponsibility about how it is improving frontline services, because it is just cutting money out of the health budget without coming up with a way of improving health service delivery. That means that people are missing out. We are seeing that in a number of indicators through that sector. We are seeing that with hospital ambulance ramping, surgery wait times surging, emergency department wait lists and the four-hour wait time rule blowing out. The government is simply not doing enough.

I asked some questions in this place on the government's management of frontline services, which impacts on households and how people feel about what is going on in the community and in the society around them. It was fascinating that when I asked the Minister for Health, "Why are you cutting your funding to activity-based services and hospitals?" he said, "No, we're not. It's the commonwealth government's fault." That is rubbish! The report showed us that the commonwealth government increased its activity-based funding to hospitals. The state government decreased it. The net result was a \$222 million decrease to activity-based funding to hospitals. The activities under activity-based funding are the things that people go to hospitals to have done. It is about fixing people up. The government is cutting funding to hospitals that are there to help people get better. That is not improving frontline services, that is just cutting money out of the health budget. Why? Thank goodness that the leader of the upper house, Hon Sue Ellery, understood the need for an inquiry into the government's local projects, local votes fiasco of \$39 million. Do members know what that \$39 million could have bought? It could have bought some better activity-based hospital services. It could have supported the people of Darling Range. It could have come up with a really innovative and creative tourism policy that could get people landing in Western Australia so that they visit the south west, Rottnest Island, Swan Valley or stay in Perth and walk along our pristine local metropolitan beaches, spend their money in the shops around Perth and encourage economic activity so that those households can win from that activity and the economy can keep going.

Do members know what the last government did really well that members opposite all claim as their policies now, by the way? It built Perth for the future. Who thinks that the stadium was a mistake? Does the member for Balcatta think the stadium was a mistake? No comment. Of course there is no comment from the member for Balcatta. He hides on that question. The stadium is near the member for Belmont's electorate, does she think the stadium was a mistake? No comment. The Premier thought it was a big mistake. He did not want it! He thought it was outrageous that former Premier Barnett thought that building a state-of-the-art world-class sporting and cultural events stadium was a ridiculous idea. Now he wants to bungee jump off the stadium! The Premier is on the front page of today's paper in a Manchester United T-shirt saying, "How good's this stadium." It is pretty good. It is really good. Government members should look very carefully at what the former government did to create employment opportunities in this state. The former Liberal–National government has done more for jobs growth in this government's first term than it has even thought about, because it is bereft of ideas and has nothing to offer.

Debate adjourned, pursuant to standing orders.

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House adjourned at 7.00 pm
