

**LAND TAX ASSESSMENT AMENDMENT  
(RESIDENTIAL CONSTRUCTION EXEMPTIONS) BILL 2023**

*Second Reading*

Resumed from 27 February.

**HON NEIL THOMSON (Mining and Pastoral)** [12.40 pm]: I rise on behalf of the opposition to express our support for the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023. I note the massive challenges faced by people who are having new homes constructed and some of the comments made during private members' business relating to the record low number of homes being completed at the moment.

This is a very serious issue. Unfortunately, many new and aspiring home owners have been caught in the deadly trap of not having the capacity for their homes to be completed on time. The current Land Tax Assessment Act exempts new homes for two years, but that has proven insufficient, given the delays in construction. There are situations in which people have purchased a lot that exceeds the threshold, which I believe is in the order of about \$300 000 taxable value; I would be happy for the minister to confirm that. It is my understanding that in most cases in which the unimproved value is in excess of that value, the second property will become taxable after two years if the person building the home has not moved into that property and sold their primary residence. Obviously, they still need the primary residence to live in while they go through the process of constructing a new home.

This bill will introduce exemptions for newly constructed and refurbished homes, which can be extended for four years in exceptional circumstances, such as delays caused by the builder going into liquidation. Sadly, the construction industry is somewhat in turmoil in Western Australia. A number of construction companies have gone into liquidation or are no longer in a position to operate because they are in various stages of fiscal challenge. That means that there is a risk that there will be inordinately long delays, or that those companies will be unable to complete new home builds. That must be an extraordinarily stressful situation for new home owners.

We are in a period of record interest rates and many new home owners are being subjected to double mortgages. They effectively have a mortgage on an uncompleted new home after having made progress payments and having paid the land component through a bank. Those moneys have already been disbursed to either a land developer or a building contractor, and that comes on top of the mortgage those people already have on their existing home. This puts huge pressure on home owners who find themselves in those unfortunate circumstances. The very least we can do is to provide exemptions in situations in which people qualify for land tax exemptions because they have not exceeded the threshold. There should be exemptions on the application of land tax on houses that people cannot live in. Another aspect of the legislation is the two-year exemption for new homes being built or refurbished while the owner is living in an already existent home. That exemption can be extended to three years in exceptional circumstances, such as delays caused by the builder, building materials or labour shortages.

This relates to the massive challenges in our construction sector. There are incredible delays being caused by labour shortages and supply chain issues. A lot of that occurred during the COVID disruption. Building materials were not being manufactured or not being transported, internationally or domestically, because of COVID. There has been a quite profound post-COVID economic recovery, demonstrated by the massive increase in migration to WA. Last year Western Australia recorded an additional 90 000 residents. That is a significant increase in Western Australia's population, yet as I outlined in an earlier speech, there is also a record low in the number of new houses that are being completed. That is of serious concern.

If we were to look at a graph of this situation, it would look a bit like the jaws of death. On one line of the graph there is a massive increase in population, but on the other line there is a matter decrease in housing completions. This will create a huge problem for us in the future. It is what is driving the record 15 per cent a year increases in rents and the inflationary pressures we are experiencing in Western Australia. That is impacting seriously on new home building contractors.

This is a very complex; there is more to this story than what I have just outlined. There have been some incredible economic stimulus interventions from both the federal and state governments. I think some of those were warranted. It is easy to pass judgement; I am not going to pass judgement on those stimulus decisions, including the first home owner stimulus initiative after there was a drop-off in construction as a result of COVID. A lot of companies at that time were worried about whether they would have enough work to be able to continue. There was both federal and state support for new home owners, but that resulted in an incredible spike in a short period of time. That triggered the triple-whammy issues of supply chain delays, labour shortages and a drop-off in migration. Access to affordable or even available construction labour in that very brief window dropped right off, which impacted the sector at that time. What has certainly happened is that we have not seen a real or genuine stabilisation since then. We have seen some stabilisation but not a stabilisation, and the first home owner grant outcomes continue to trail down, which is showing the long-term impact on the market. I would suggest that it relates to some of the publicity, even

some of the publicity associated with the building collapses. I hear from the building companies and have asked people in the market why this has occurred, and various reasons were given, some of which I have already outlined. We hear that, in addition to all that, some contracts that were struck were not really viable in the long term, and that led to companies not being able to balance the books as they went to final delivery. Escalating steel prices and labour costs, for example, were driving those businesses to the point at which they were simply not able to trade or honour contracts they had signed up for during the stimulus package. I understand what the government is doing here. As I said, we are not standing in the way of this measure. It is the very least we could do.

Sadly, it reminds me of the old Charlie Chaplin movie *The Kid*, in which the urchin threw rocks at the window. Members might recall that silent movie. Charlie Chaplin stood there with glass, ready to be sold to the poor customer who had had their windows broken. Sadly, I think the government has to wear some responsibility for this outcome. The stimulus occurred. I am not pointing the finger too hard at the stimulus package provided during COVID as that period was difficult, but we have not seen the needed structural reforms in the industry to ensure that supply gets going properly. Myriad legislative reforms have come through this place. Every few months, we have another small reform to the Planning and Development Act, for example, and the same press release is rolled out every single time: we are cutting red tape and will make it easier and more affordable. They roll out the same stuff, yet we do not actually see the results because, as I have said many times in this place, those measures have such a small impact.

One recent measure was the stamp duty relief grant of up to \$50 000 for people purchasing off the plan. It was quite a costly matter and very costly per person. People can be eligible if they purchase an apartment up to \$1.6 million. Someone who can purchase an apartment for \$1.5 million or \$1.6 million is eligible for that \$50 000 rebate. Some people out there probably appreciate that measure, and I am sure that some apartment construction companies involved in that are appreciative, but the problem is that the numbers are quite small for the cost of return. We must question the merits of some of these measures. I think it is our right in opposition to raise questions about their merits. I talk to people in the apartment construction sector, and they say that the biggest impact on them was not that. Of course, they welcomed it because it meant that a few more people got the \$30 000 or \$50 000 rebate or whatever, bought properties off the plan and moved into their million-dollar-plus apartments. We cannot say that it was a first home owner program; they would be pretty wealthy first home owners if they were going into that style of dwelling, but they got the grant nonetheless.

My point is that people involved in the construction industry said that the biggest issue is the overheated civil construction sector, and we know that this was certainly a criticism raised by the Auditor General. Again, I commend the Auditor General for her sterling work on behalf of the state of Western Australia. Her work is particularly pertinent in the forty-first Parliament in which the opposition has been depleted to the point that the government can pretty much do what it likes. As I mentioned earlier, we have seen this with the data-harvesting schemes that are organised through the myriad 59 lower house electorate offices. This is the way the government rolls. It hands out cash to make sure people sign up for an app. That is what this government does. It is an unprecedented approach to governing, I must say, in Western Australia.

Several members interjected.

**Hon NEIL THOMSON:** We have chirping from members opposite. There are 59 members in the lower house. If they listened to the point, my point is that I am very glad that we have an Auditor General who is prepared to look at the hard issues and dig in. A very interesting comment in the Auditor General's report *Roll-out of state COVID-19 stimulus initiatives: July 2020 – March 2021* reads —

Of particular concern are the Department of Communities' social housing initiatives, which as of 31 March 2021, only \$6.42 million (2%) of the \$319 million budget was spent. Although planned to be rolled-out over 2 years, these initiatives are now competing for resources in a building and construction boom in WA that's been driven by other pandemic-induced stimulus measures (including federal and state building grants) aimed at the private housing sector. It is relevant to also recognise that the economy is now larger than it was pre-COVID-19.

This leads me to a key recommendation of the report. When deciding on any future stimulus funding and relief measures, State government entities should consider predictable events in their planning such as market limitations (including reduced contractor and builder availability.)

That was what the Auditor General said! Continuing —

It's also important they improve their planning and coordination when initiatives are competing with one another, as is the case with social housing, to ensure all initiatives reach the relevant beneficiaries.

I am not saying that we should not have had a stimulus package. In fact, prior to coming to Parliament, I was strongly of the view that we should have had more social housing construction in my region in the Kimberley. There was a hard period in the economy when we could not even get anyone to build a house and we did not see much construction. That was when the government should have come in to fill the gap. Unfortunately, this government

came and exposed an already constrained industry to some of the biggest challenges ever. We saw that come through with some of the pipeline of work in the civil construction industry about two years ago, which we have discussed in this place. The civil construction industry was under enormous pressure. This comment was made to me by a very reputable apartment developer. They found it extraordinarily difficult to access materials in the volumes required for major development because of limitations on simple things like cement and steel. We were talking about the construction of 20-storey or 30-storey apartments. We need to build more of them to house our community, but we need to get the price point down to a level closer to the median house price, rather than just the high end of the market. That is certainly not the case at the moment with some of those new builds. It has been driven by some of the restrictions and delays caused by the overheated construction sector, which was largely driven by some of the projects of the then Minister for Planning; Transport and now Treasurer as part of the rollout and timing of the massive construction projects in Main Roads and the \$13 billion spent on Metronet. The government tried to compress the timing of it into the election cycle. That is what we have seen with this government. It has been absolutely fixated. Instead of having a long-term vision and making sure that we do not penalise the private housing market, we saw the limited labour pool soaked up by those projects.

*Sitting suspended from 1.00 to 2.00 pm*

**Hon NEIL THOMSON:** Before we broke for lunch, I was explaining the challenges in the building sector and some of the drivers of those challenges, and we looked at the recommendations and some very important comments made by the Auditor General. We are seeing the challenges of a couple of years ago. I was about to comment on some civil construction projects that have actually been contracted by the state government.

The state government has been a major part of the civil construction sector over the past few years. The Australian Bureau of Statistics keeps various data on the proportion of the civil construction sector that the state government has played a role in; I am very grateful for the information that comes through from the ABS. For example, for those who want to know and for *Hansard*, I think the code of the data table for engineering construction activity is ABS 8762004. In that data we can see that, historically, prior to 2004, there was a value of less than \$200 million a month. I think this is monthly data. It was a very small amount. There was then a massive rise as the iron ore boom took off, and we saw that massive construction piece that occurred from about 2005 through to 2014–15. We saw massive investment in the construction sector.

I remember going to Chamber of Commerce and Industry of Western Australia presentations at which they talked about the shortage of skilled labour. We had an issue of a shortage of electricians, plumbers and other skilled trades needed for the massive investment that was occurring in the construction sector. We saw an expansion in infrastructure required to deliver new mining activity in Western Australia and the incredible expansion in the production of iron ore and other minerals and our resources exports, and that really drove a huge amount of activity in the north. But, of course, that activity really slowed down in around 2015–16. There was a big hump of investment, and then we saw a spike of investment. As far as I can ascertain from the data, it was about \$1.8 billion a month. A very unusual massive spike occurred in the engineering construction sector prior to the COVID pandemic. That happened and then we saw growth slow up. We are now sitting at levels of engineering construction activity around the same as they were in about 2011. People can avail themselves of that data; I am happy to table for *Hansard* the graph I took from that table.

The point is that I do not have information available to me on the composition of that activity, but the word on the street is that a lot of that engineering and civil construction activity was actually tied up in metropolitan projects, and that activity has had a direct pull on the availability of labour for housing construction. We know that those markets are interchangeable, and when there is a lot of activity with trades going up to the Pilbara, for example, we will see a drag on housing construction workforce, because generally the sorts of salaries available for workers in the housing construction sector are historically lower than in the civil construction sector. I know; I have family who are involved in that sector. It is fantastic to be in this state. At various stages my family have been involved in the drilling industry; now three members of my family are currently in the civil construction industry, whether it be working on high-rise sites in Western Australia or in other parts of the civil construction industry such as health and safety. I have a big family, so I have a lot of children and stepchildren involved in various aspects of the industry. This is a great thing. Even young people who are not necessarily skilled can get out and be involved in some well-paid jobs in the sector. That is a great thing. The problem is the drag we have had because of the shortage of labour caused by the COVID pandemic and the necessary border restrictions. For a time, it was very hard to get labour into the state, and I think we are still making up the difference. There is something underpinning the shortage of affordable housing and the terrible reduction in the number of building completions we are seeing in Western Australia.

If people do not mind, I will refer to a graph that has been sent to me just now on labour force in Australia. This has just been sent to me, so I am referring to my phone. It is from the latest ABS release on labour force, Australia. Table 8 is titled “Labour force status by Sex, Western Australia—Trend, Seasonally adjusted and Original”. It

is series A84423664V. There is a significant challenge in the labour force data for Western Australia. I will look at the employment constraints we are suffering from in Western Australia, for example. Under the heading “Unemployed looked for full-time work” for the period from around 2016—again, that downturn I talked about earlier in the civil construction sector—through to the end of 2020, the number of people looking for full-time work peaked. Then it drops right away. In the last data that has come through, it has only just picked up a little. Again, that obviously has an impact on the challenges for companies in those key trades, and sometimes they have to match the skills as well. Certainly, those companies would be looking for brickies, tilers, grano workers, carpenters and all the trades that are involved in all the elements of delivering the internal carpentry of a building. There are many trades involved. There is a serious pinch point in the availability of labour in Western Australia. It is creating challenges for companies and caused the delay that we have seen in some projects, including the development of individual dwellings, which is the reason for this bill.

We see an important ratio per head of population. That peaked during the COVID pandemic and afterwards it began to ease up. That peaked and we then saw a huge rebound. We are yet to see it really drop; however, we are basically at record levels of the proportion of people in jobs. That is great for those out there and I encourage anybody who is looking for a job today to try to get into the construction sector. They are crying out for workers. I know it is sometimes difficult for people who have recently finished school—my youngest went through that challenge. He came out of Broome Senior High School and did not know how he was going to get into industry. He wanted to get into the electrical trade and could not get in, despite having gone through the TAFE system. I know it is a challenge for parents who have gone through the process of getting their children into the sector. They should go to the Mining and Pastoral Region because companies there will take anyone and they are prepared to train people up. My youngest is now in the civil construction sector because of that experience.

That is the problem; however, we have seen a mismatch between labour availability and the demand for housing. I mentioned some of those things in private members’ business. The problem is that in the 12 months to June 2023, the population of Western Australia grew by 86 769—the highest on record. We know that it is probably going to get worse. We are not building enough houses. I hope that this will be a short-term measure—I will put on notice that I have mentioned to the minister responsible that I will not go to committee if I have a couple of questions answered. I put the questions to the minister now. Will this be a permanent feature or is it something that will be lifted once we get back to some sort of normality? What is the measure and the time frame around how that decision is made? An answer would be appreciated. It will be hard work for the government to get around to lifting that.

I mentioned to the minister behind the chair that I would provide a bit more clarity. For the sake of efficiency in this place, I would also like to see the financial impacts. Hopefully, someone has done some modelling about the likely financial impacts of these measures. I would like as much granularity as possible; however, I am happy to have the overall financial impacts in terms of the costs or the loss of revenue and the net operating balance and impact, if possible. That would be useful and probably sufficient for me. I think my colleague Hon Dr Steve Thomas may have further questions; I am not sure. I will put that there so we can move on with efficiency.

In the three years to June 2023, dwelling completions fell to 42 299, which is the lowest on record—that is from Building Activity, Australia table 39, *Number of dwelling unit completions by sector, states and territories: Original Series A83801993V (quarterly data charted annually)*. House rents went up by 15.4 per cent year-on-year and unit rent was up 22.2 per cent for the same period. That is very important because I think those major civil projects that we talked about—Main Roads, Metronet—have had the most direct impact on apartment construction. That is where the easiest comparison is made, because the engineering expertise required in those sectors has certainly been a drain. People I have spoken to in the apartment sector have said it has been a direct drain on their labour force as people have left their jobs and gone to work for contractors that work in that sector.

That has led to a surge in the apartment market. Anyone who currently rents an apartment would know exactly what I mean, because they have seen the cost of apartments rise considerably over the past couple of years, after quite a period of depressed cost, I might say; however, I think we are now headed for new highs. The lot supply to demand ratio dropped to 0.9—less than demand—compounded by only 1 726 under construction. That is an exceptionally low figure. That figure is from *Forecasting dwelling commencements in Western Australia / Housing Industry Forecasting Group*, pages 4, 7 and 8. I thank the Housing Industry Forecasting Group, because it is a very interesting read. The group has provided services for some time and it provides excellent advice to both government and the opposition on the state of play of Western Australia’s housing market.

This creates a huge challenge for those sitting on the government benches. I want to send a message to those on the government benches with the power to make decisions. We see a lot of spin on the surface about how, “We are going to do this and that”—measures that are not getting to the fundamentals. The Treasurer Hon Rita Saffioti alludes to it when she talks about the challenges of supply. I am sure that the experts in the Department of Treasury give that advice on a daily basis, because if we were able to keep up supply and affordable land and make sure that there

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was a market that was able to deliver housing in the state on time and within a reasonable time frame, we would not need this bill. We need it because of our exceptional circumstances.

We have had commentary about retirement homes, and there was a segment on the television this morning about a company—I do not recall its name—about alternative construction. There is nothing wrong with that; however, we know that will only be a drop in the ocean in terms of overarching demand. Fundamentally, in this state, despite what Hon Dr Brad Pettitt says about everybody needing to live in a high-rise apartment, sitting on a train station and riding an e-scooter to work—despite that nirvana in the future, the bottom line is that when most people think about home ownership in Western Australia, they think about a detached dwelling with a bit of green space around it and a few trees on the block and usually within anything from 15 minutes to an hour’s commute, which is not ideal; however, that is what people still consider as their ideal aspiration. As we said, it is over 60 per cent. Hon Dr Brad Pettitt said that they do not have a choice. That might be so, but that is a fact. That is the most affordable and viable outcome.

I am no longer the shadow Minister for Planning. We on this side of the house are certainly not opposed to the development of that critical infrastructure but we would like to see it happen in a more strategic way so we get the most out of the massive investment that has been made and which has created so many headaches for those poor homebuyers who have had to put up with delays.

There was an article on WAtoday from Peter de Kruijff headed “State projects delayed to ease pressure on ‘hot’ WA construction market”. A couple of years ago there was discussion in this place about scheduling, and some meetings occurred between the major contractors. I hope those collaborations did not breach any of the Australian Competition and Consumer Commission’s laws. I think the government managed that, along with a range of issues—everything from working on the removal of the level crossing on the Armadale railway line and the Byford rail extension. The government spent billions of dollars. The article states —

The majority of the general government sector spending out of the \$30 billion program will see \$6.3 billion spent on road projects, \$1.7 billion on education, and \$1.2 billion on health.

None of that is wrong. If anything, more money needs to be spent on our tertiary hospitals. That is a fact. It is a challenge to balance it and ensure that those projects can be delivered in a timely way without resulting in the terrible challenges that prospective home owners have faced.

We saw the works that were done. We saw the press release during the McGowan government about the \$6 billion investment in Metronet. That has had a big impact. We have seen several articles but I will just refer to one very good article by Raquel de Brito from *The West Australian* on 24 May 2023 headed “WA’s overheated construction market behind a rise in ‘mum and dad’ do it yourself builders”. It referred to a couple who effectively had to manage the project themselves. That is a challenge. It is great for good old Aussie ingenuity—get out there and do it yourself—but at the end of the day, people should be able to confidently sign a contract with a building company and know that they can get a timely outcome in a timely fashion. Right now, we definitely have a reduction in confidence in our new home sector. We have seen the impact of that, which has resulted in a reduction in confidence. That is bad for Western Australia because it feeds into those challenges and fewer people will consider buying a new home—that is, buying a block and building a home. There will be more pressure on the existing market because people know that at least in an existing market, they can buy a house, have a roof over their head, move from one house to another and not end up in that situation. That will not improve our housing supply.

I have said numerous times—I do not want to labour the point but I will make this point—that it is very important that our social housing supply and our supply of Government Regional Officers’ Housing is maintained and that there is a long-term trajectory. We have not seen this government do very much. We saw the depletion in availability. I think Hon Steve Martin referred only today to the reduction in the number of GROH houses available. We have seen a reduction in social housing. In the last two or three years, the minister engaged in a last-minute scramble as he was worried about data and the impact it was having on affordability.

This last-minute decision-making is not helping the problem that we are trying to solve through the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill. The measures taken have not really solved the issue; in fact, they are compounding it. The message we need to send back to Minister Carey is to let us create a long-term strategic plan for construction. Let us think longer term and make sure that when the market is a bit flat, we can fill the gaps. That should be the role of governments. When the market is overheated, we should find alternatives to address some of the structural problems in the labour market and deal with some of those issues.

Before I conclude my remarks, I want to highlight a few more points from the data. They are useful to know and to have on the record. A private member’s motion was moved today. I referred to that because at the heart of this problem are all the parameters that are having an impact. Housing is the number one issue when it comes to people’s affordability. The other big issue is transport costs. If we look at the figures from Consumer Price Index

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Australia—table 5, CPI: Groups, Index Numbers by Capital City series A2325961K—from around March 2021 to the last data point, which was in December 2023, there was a 37 per cent increase in housing in Western Australia.

Again, I acknowledge that there was a small drop-off and quite a flat period from 2014 to 2021. That is why Western Australia’s housing market is generally more affordable than New South Wales and other states. That is a serious problem that this government will have to look at so we do not come back to this place seeking more support for land tax assessments. If we can get that under control, that will help a lot more than anything we can do by way of the fiscal measures that we are currently putting forward.

In relation to transport, from September 2020 through to the latest data in December 2023, there was a 33 per cent increase in transport costs, as set out in Consumer Price Index Australia—table 5, CPI: Groups, Index Numbers by Capital City series A2326051T. There has been a massive spike in transport costs. That is driven by fuel and increases in the cost of motor vehicles. This government has been a huge beneficiary of the massive increase in stamp duty arising from the second-hand market. There was a \$400 million increase and an adjustment in the *Government mid-year financial projections statement* in 2022, along with an increase in revenue of approximately \$600 million in the midyear review for stamp duty on insurance. That is what I want to lead to. Insurance costs have gone up.

Again, I turn to Consumer Price Index, Australia, table 5, CPI: Groups, Index Numbers by Capital City series A2332576W, which shows that from around December 2021 through to the last time figures were published, insurance costs increased by just under 20 per cent. That has a direct benefit to Western Australian coffers in the revenues that flow in through stamp duty. We are going to hear about the fiscal impacts of this measure, if the minister is able to provide that data for me. The 20 per cent increase in insurance costs in Perth—for Hansard’s sake, that index number is for Perth—was over the last few years, since 2021. That 20 per cent increase in insurance costs directly results in a 20 per cent increase in revenues to the state when those insurances are subject to stamp duty. That is why we are in a “take with one hand and give with another” situation. I liken it to that silent movie in which the urchin throws rocks through the windows and —

**Hon Darren West:** I think we have heard this story before.

**Hon NEIL THOMSON:** The member has heard it before, but I remind him that it is a very pertinent story.

In general, some of those other costs have been less of a problem, but transport, building and insurance costs are big issues. Of course, they all impact on the construction sector. We add, of course, the interest rates that are affecting persons who are then affected by this; interest rates impact on them so that is a huge challenge.

As I said, the opposition supports these measures. I have a couple of questions about their longevity and what will happen if we get back to normal. In some ways it probably will not matter if there are conditions around that. If people move into their homes and sell, the incentive will be on the home owner once they build a new home if they are genuinely not then hanging onto it; I do not think they are going to be hanging onto it just because they are getting a land tax exemption, quite frankly. In some ways it does not matter because it stays on an ongoing basis. The biggest driver for the home owner will be getting that mortgage down and then being able to take the equity from their existing home and put it into their new home so they have fewer overheads. I think that is probably why it probably will not matter, but it will certainly provide relief to those persons who then are stuck with a double whammy of mortgage outlays and the additional impact of stamp duty when they qualify for that stamp duty threshold because of the unimproved market value on the second property.

Thank you for the opportunity. I hope we do not have to go to committee on this bill, but I want to commit from this side the support for this bill. Thanks very much.

**HON DR STEVE THOMAS (South West)** [2.33 pm]: It is nice to see a land tax amendment bill before the house. The Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023 has my enthusiastic support, and I will try to limit my contribution to land tax. Let us look at this bill and the impacts of it. In these debates, to be honest, I kind of miss Hon Aaron Stonehouse, a previous member of this house. For those members who were not here to see Hon Aaron Stonehouse in action, he had a good sound mind and an economic bent. His contributions were always really solid and positive. We had a few of these tax debates about why we tax land and why the tax system looks like it does. The answer is relatively simple. We tax the things that are easiest to tax. We tax payroll because you cannot hide that and we tax land because you cannot hide that either. It is much harder to tax the cash economy or things that are a bit more difficult. Why does government tax land, particularly investment land? It is because it is pretty hard to hide it. It is just an obvious target. I miss those debates. I thought they were really positive and solid debates and I think that level of debate is to be encouraged in a Parliament.

Land tax is a fairly controversial issue more generally.

**Hon Dan Caddy:** Has been for your party over the years!

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**Hon Dr STEVE THOMAS:** I will come to that in a minute. It certainly has been. Hon Dan Caddy might give us a history, but I might beat him to it because it is a controversial topic to deal with. Under the current land tax regime, all land in Western Australia is taxed with a land tax and then there is a series of exemptions. Most people do not pay land tax because their primary place of residence is exempted. The biggest investment people will make in their lifetime is their primary place of residence, their house. I hate the word “average” because nobody is really average —

**Hon Sandra Carr** interjected.

**Hon Dr STEVE THOMAS:** Sorry; is Hon Sandra Carr volunteering?

**Hon Sandra Carr:** I am exceptionally average.

**Hon Dr STEVE THOMAS:** I am not going to call a division on that. I tried to divide last night on age.

The vast majority of a normal person’s investment will be in their primary place of residence, which in Western Australia averages to being worth \$610 000. I use the Real Estate Institute of Western Australia measure of the value of an average house, which I think is more reliable than a lot of the other ones. That is people’s biggest investment and they will not pay land tax unless they have some other land. For the most part, that involves either a land for business or land for investment, and on those things they will pay land tax.

Land tax is not the biggest tax in the state. Payroll tax is the biggest tax; it is out at the \$5 billion mark. Land tax has not got near a billion dollars at this point. It peaked at, I think, about \$900 million. I will pull out the exact numbers. It is a contributor. There is a chequered history with this. Before we deal with the details of the bill, I might run through a bit of that chequered history. Let me stay at the start that I am an enthusiastic supporter of this bill. This bill rectifies and remedies an issue that was identified. I identified it. Possibly other members also identified it. The government may have identified it. It certainly should have done when I asked a question of the now Minister for Finance back in May last year that I will put back into *Hansard*. This has been a campaign of mine for nearly a year. I am very pleased to see that the government has taken it on and addressed this issue. Well done. This legislation deserves enthusiastic support.

However, to go back to some of the general numbers around land tax, it makes people pretty cranky. To give members an indication over time of the sorts of levels that land tax has raised over the years, let us go back to 2007–08 with the change of government after the Alan Carpenter years; back then, land tax raised \$420 million in a year. By 2008–09, it was \$563 million. Jump out to 2013–14, it was \$661 million. In 2014–15, \$774 million. It peaked in 2016–17 at \$948 million. It has then dropped. In 2016–17, it was \$876 million. In 2017–18 it was \$840 million. The most recent *Annual report on state finances* had land tax at \$784 million. It is hard to argue from that that the government has made a motza from land tax in recent years. Obviously, the enormous boom that has occurred in Western Australia has not been based on land tax; it has been based on iron ore royalties. That is why the government has a \$6 billion surplus.

A government member interjected.

**Hon Dr STEVE THOMAS:** I largely am. It is still on land tax. The government may well argue, and I suspect ministers may have the numbers to say, that land tax takings for the year have declined in recent years. I think there is a range of reasons for that. Land prices have stabilised. They have started to shift up now. We may see that \$784 million from last financial year moving back as the price of land increases. There were some pretty big jumps. It was obviously quite controversial for the previous conservative government when there were some relatively unpopular increases. I am sure the Labor Party will jump through that process. In the 2012–13 financial year, the land tax rate was quite stable. By the 2013–14 financial year, there was an increase in the rates of 12.5 per cent to raise \$338 million over four years, or \$90 million a year. In the next financial year, 2014–15, there was a 10 per cent increase in the rates. That was expected to ultimately raise another, on average, \$90 million a year. In the 2015–16 financial year there was a significant change to the tax scale. That was probably the most unpopular bit. That raised \$200 million a year, or \$825 million over four years. Land tax certainly went up during that time but it has been remarkably stable since, and so it should be when all the revenue is coming in from somewhere else. When the government has massive revenues, we would expect it to be in a strong position to maintain the land tax revenues and not have to shift the scales.

This has been a chequered history, but the bill before the house is very good because it will address a concern that occurred because of the stimulus packages at the state and federal level when there was a significant boost in construction activity. At the same time, there was a massive increase in state spending on infrastructure. Normally, state government infrastructure spend is in the region of \$5 billion to \$7 billion, but when the boom came along and the government had a \$6 billion surpluses, the state government’s infrastructure spend increased to \$8 billion, \$9 billion and \$10 billion. Currently, it is expected to be \$12 billion. That infrastructure spend is in direct competition with people trying to build a house because they are competing for the same workers. When the construction workforce is limited, it cannot expand in a dramatic way. That creates some difficulties because if a pile of construction workers is brought in, they need houses to go to, and if we do not have houses for them, it creates a downward spiral. It is difficult to pull the levers. Two significant things happened at once. The COVID-19 pandemic came along. It is difficult to say, but perhaps governments panicked. They got very excited about the need to

maintain the construction industry. Western Australia had state and federal government packages. State government funding amounted to \$25 000 and up to \$40 000. A first home owner grant on top of that meant people received a \$70 000 subsidy before they kicked in their own payments.

A funny thing happened that I like to call the free market. I know the free market might be anathema to some members of the Labor Party. I find these days that it is probably anathema to some members of the Liberal Party, but that is a whole other story. What happened in the free market when all these things converged at one point in around 2020 or 2021? There was a state government subsidy package, a federal government subsidy package, the first home owner grant and a massive infrastructure spend. From February 2019, the state was suddenly in the biggest fiscal boom it had ever seen thanks to the iron ore sector and mining royalties. All that converged at one point and delivered a shortage in our capacity to build houses. There was not a shortage of land. It was not so much about the land. For the first 20 years or so the constraint was land availability. That was designed to keep land prices high. But for the first time in a very long time the constraint was in construction. The free market stepped in, and what did it do? It pushed up the price of construction. What happened when people received \$45 000 in additional funding from the state and federal governments? The cost of constructing a house went up by slightly more than \$45 000. It was simply absorbed into the industry. People in the industry got very excited and started to take on projects they probably could not build or fulfil. A large number of orders was put on the books because everyone was very excited. This is what happens when we interfere with the free market. The free market does not like that very much and it tends to respond, and it did so in this case, resulting in pushing up the price of housing by significantly more, ultimately, than the subsidies that went in. As a result, it took a long time to get construction done. The government is well aware of this because there are plenty of government projects that have significantly blown out in time and cost, although not all of them—well done. The Albany ring-road seems to be roughly on time. Although it is slightly over budget, it is not too bad. The Bunbury Outer Ring Road has blown out by half a billion dollars and the scope has been dramatically reduced. A lot of hospitals have not been started because the government cannot fit them into the construction timetable. Dare I mention Geraldton? There are plenty of others too. The government has overcooked the construction market. It is not entirely the government's fault, but it is partially responsible for it. That caused a blow out in the construction time of houses, which is exactly what this bill is designed to remedy, so it is a good bill. Just about everything to do with construction blew out. A house that would have taken 10 or 12 months to build a few years ago now takes two or three years because it is hard to get subcontractors to do all the various bits and pieces. Initially, there was a massive undersupply of people in the approvals and design process and then no-one could get a slab laid because everyone was trying to get a slab laid at the same time. A slab is the concrete foundation, for anyone who is not used to that process. People could not get framers, roofers or plasterers. Most of the roofs are probably on now, but we are stuck in the plastering zone. It was funny to watch the construction time frame because every bit of it was blown out. I know members of Parliament who were building houses at that time and most of them saw the time frames drift out and the cost blow out.

That brings me to the current land tax rules and why the bill before the house is a good bill and why it is critically important to support it. The current Land Tax Act gives people two years to build a house. Most of us do not live in a caravan on the block when building a house. Some of us did, to be honest. My wife and I lived in the shed while we built our last house. That is not uncommon in country areas. People are not supposed to stay there for 30 years before they finally build the house, not that we did. I would probably be divorced if that were the case. People can live in a shed. If it is a decent shed, that is okay. It is very hard to get a block in the metropolitan region that is big enough to build a shed for the husband and wife at one end and all the kids as far away and possible, and to survive that process.

**Hon Martin Pritchard:** You'd need two caravans.

**Hon Dr STEVE THOMAS:** Maybe two caravans. One for the member and one for his partner and kids!

Effectively, people have two years to build their house. That has become a problem because the time frame to build a lot of houses is extending past the two-year period. I cannot point the finger at anyone, although I have kind of pointed my finger at the government by saying that it is partially responsible, but it is not entirely responsible for the overblown and overheated construction market. I think the government should take responsibility for the bits that it is responsible for, and that is the commercial construction in the government sector. I do not think the government is specifically impacting the housing construction market except that it is pulling workers out of it. Another thing to remember is that there is also plenty of activity in the mining sector that is pulling workers out of the construction market. It is a fiercely competitive marketplace for workers, and the mining sector can afford to pay more than anyone else, unless houses double in price again. It is remarkably difficult.

The problem is when people take more than two years to build a house. They may have rented while trying to build the house that is taking longer to build than they had hoped. Plenty of houses have taken between two and three years to build. That is not the case for everyone and not everyone will be impacted by this bill. If people have taken more than two years to build their house, the Land Tax Act requires the Department of Finance to assess



them as an investor and to charge them land tax even though they own the land and are building a residential house on it as quickly as they possibly can. They might be out there carrying the bricks as trade assistants just to try to hurry the process along, but they are required to be charged land tax. I have had people in my office who have been caught in this exact situation; they were caught having to pay land tax. To be honest, it simply is not fair. These people are already struggling. They are making their first payments on their house. They are probably starting to pay down their mortgage, while, at the same time, they are being hit with a land tax bill because of the way the legislation is currently framed.

Last year, I became aware that this was a significant problem and I raised it with the government. I raised it with the Minister for Finance on Wednesday 10 May 2023, when I asked question without notice 468. It states —

I refer to land tax being applied to land on which people are attempting to build their principal place of residence under Commissioners Practice LT5.4.

- (1) Are those people whose build is taking more than two years due to current constraints of labour and materials being charged land tax?
- (2) Have there been people currently renting a residence in WA who have waited over two years for construction to be complete and a building certificate issued, and subsequently been issued with a land tax bill?
- (3) If yes to (2), why has the government not extended the time frame to account for building delays?
- (4) How many residential Western Australian landholders in this position have been issued with a land tax bill on their residential property?

I thought that was pretty straight to the point. I will not need to table it because members can look it up in *Hansard* if they are interested in that process. The Minister for Finance gave this reply —

- (1) If the home is not completed within the exemption period of two years, RevenueWA will roll forward the exemption. This means the exemption will be applied for the assessment year following the second assessment year and RevenueWA will re-assess the land tax for the first assessment year.

There is a little bit of freedom, but not much. This was the critical one —

- (2) Have there been people currently renting a residence in WA who have waited over two years for construction to be complete and a building certificate issued, and subsequently been issued with a land tax bill?

The answer was yes. It was occurring. If the government was not already aware of it prior to that point, it should definitely have been aware from May 2023. Part (3) of the question was —

If yes to (2), why has the government not extended the time frame to account for building delays?

As the answer to that part was yes, the answer to this part states —

The state government must ensure that the tax system is fair for all taxpayers. I note that taxpayers who are not already receiving a principal place of residence land tax exemption for a home they are living in are exempt from land tax for the two years prior to the completion of their new home, regardless of the time it takes to build.

But they get only that two-year period. In answer to part (4) of the question about how many people are in that situation, the answer was —

RevenueWA has applied 853 newly constructed residence exemptions for the 2020–21 and 2021–22 assessment years. RevenueWA does not hold any data to identify which exemption recipients are residing in rental accommodation.

I would have thought that that question made it fairly obvious that a group of people were negatively impacted by the two-year time frame cut-off that applied to land tax. I tried to make that relatively plain. In fact, funnily enough, when this bill was tabled in the other house—the house that shall not be named—in October last year, I put out a press release welcoming the state government’s expansion of land tax relief, but said that it had taken too long to deliver. As I frequently do with press releases about the government, I identify the good things that I agree with and then point out that it might have been done slightly differently for a better outcome, but I am very positive most of the time. In the first sentence, I say that I welcome the government’s expansion of land tax relief. I do not just stand up and go, “If you say X, I say Y” or “If you say black, I say white”. The truth is that I think the government could have moved more quickly on this, but I asked the question in May and the government dropped the bill in October. Okay; the bill took a bit of time to put together, and that may be the reason that the minister told me that she took on that extra stuff. It is absolutely the case that I called for it back in May, and I welcomed it in October when the government dropped the bill. I very much welcome the fact that the bill is currently before the house.

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I note that the Minister for Emergency Services is conducting the passage of the bill, rather than the Minister for Finance, who I presume is away on urgent parliamentary business.

**Hon Stephen Dawson:** Indeed.

**Hon Dr STEVE THOMAS:** Excellent. The second reading speech is fairly brief and straight to the point. It is one of the easiest and most pleasant second reading speeches to read.

**Hon Stephen Dawson:** I shall pass that on.

**Hon Dr STEVE THOMAS:** It is very nice. I will refer to it as I complete my contribution today in welcoming the bill. I could almost read the whole thing in word for word because it actually reads very well.

**Hon Stephen Dawson:** You don't need to because I've already done that!

**Hon Dr STEVE THOMAS:** True! There are some good bits in here. It states —

Under the Land Tax Assessment Act, an owner can receive an exemption for up to two financial years for land on which they are building or refurbishing a home if they do not receive a residential exemption on another property they own.

There you go; that just reinforces that it will apply as long an owner is not already receiving it on a house that they own and are living in. If they are paying rent, they will get up to two years. There will be a separate exemption for up to two years for other land on which they are building or refurbishing a second residence. There are some specifics that mean that if they need a second home, they can get an exemption for that. The government then admits —

The residential construction market has faced several constraints in recent years, with labour and material shortages limiting the industry's ability to respond to the demand for new housing. This has led to significant delays in construction. These delays may cause some home owners to be charged land tax because their new home was not finished within two years.

I think that is an absolute acceptance of the problem. It is a delight to read a government second reading speech that identifies the problem so adroitly.

**Hon Neil Thomson:** I think you helped them.

**Hon Dr STEVE THOMAS:** I am sure I pushed the government in the right direction. I will give myself some credit for that because nobody else will!

**Hon Neil Thomson:** We achieve a lot on this side.

**Hon Dr STEVE THOMAS:** On occasions. It continues —

To alleviate these issues, this bill will introduce two temporary land tax exemptions for owners who commenced construction or refurbishment of their residence between 1 July 2020 and 30 June 2023.

One of the issues that I hope the minister will address either in his second reading reply or during the committee stage is about the cut-off of 30 June 2023. It is aimed to focus on the period when the peak pressure was on the residential construction market, and there has been some easing of the pressure in recent months and construction time frames have improved a bit. I say to the government that I hope it will be monitoring time frames to see whether the times put in here are accurate. It will be looking at those groups of people to whom land tax is being applied, particularly those who are appealing a decision or asking for an alternative outcome; and it is not still collecting from that group of home builders who are in residential rental accommodation and trying to get their house built due to some continued blowouts in time. The minister might be able to give us a commitment. I think the economy is looking to settle slightly. I think the time frames will go back to a more normal pattern. People have been caught building for between two and three years. Most people are probably getting their homes built in one to two years. Three years was probably relatively uncommon, even during the peak. There are big issues with the housing market and building companies that overstretched themselves and collapsed. That was a massive issue. The fault for that can probably be shared around a number of people. Building companies should have perhaps been more cautious. Fixed-price contracts and overenthusiasm to make money while there were free handouts were also significant contributors. All of those things probably apply. I hope that the minister can have a look at that time frame or give us some reassurance that somebody will be keeping an eye on that. I go back to the second reading speech —

These temporary exemptions will support home owners who are building or renovating their future home by ensuring that they are not charged land tax due to construction delays that are outside their control.

That is exactly the point. Those delays were outside their control. That was an issue with the marketplace. The free market took over and home owners, and in some cases even the builders, were affected because there was nothing they could do. The builders could not get subcontractors. I spoke to builders for whom subcontractors walked out

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their door because they could walk half a mile down the road and get a better contract with a building company that was more desperate. It was dog eat dog there for a while. The speech continues —

The first temporary exemption will be a three-year exemption for newly constructed or refurbished homes when the owner is not receiving a residential exemption for another property ...

That is good. It then states —

The second temporary exemption will be a two-year exemption for a home that is being built or refurbished while the owner lives in their existing home.

In both cases, whether the owner is renting or living in an existing home, those exemptions are in place. We then have a bit of self-credit here. This is more generous than other jurisdictions, and I think that is probably true, but bear in mind that other states did not put in a concurrent building bonus in the way that Western Australia did. Western Australia was still the rich state during the COVID period. It had all the wealth, thanks to the mining industry, and it put more money into the process. The other states did not do that. Yes, it looks more generous, but the impact here was worse because of those policies that undermined the free-market process. The speech continues —

The temporary exemption will not be revoked if construction or refurbishment is not completed within two financial years. This will ensure that owners will not be required to repay land tax if their construction work is delayed beyond two years.

There is probably no more important line in the second reading speech than that. I repeat —

... owners will not be required to repay land tax if their construction work is delayed beyond two years.

There is still an opening out there, but bear in mind that it only applies at this point to construction that commenced up to 30 June 2023. We just need to keep an eye on the market going forward to make sure that that work has actually commenced. Not many of those houses that commenced construction in June will have been built yet. One would be pretty lucky if construction had started in June 2023 and was finished by March 2024. It is a very tight marketplace. It is probably not the case that they are going get in, but let us keep an eye on that. The speech continues —

This exemption can also be extended for a further year to a total of three years in exceptional circumstances, including building material or labour shortages.

That is good. All of that is in the second reading speech. We do not need to go through the last page, which is basically administrative. The speech is, effectively, a three-page document that is very spread out in very large print. It is straight to the point and it deals with the issues that need to be dealt with. It is an acknowledgement that this group of people, albeit not a very big group of people, were being unfairly treated, and the outcome will be good. The Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023 before the house today is much needed and very good legislation, and it should be passed as rapidly as possible to take the pressure off those people. I, probably like the minister, can only commend the bill to the house.

**HON DAN CADDY (North Metropolitan)** [3.03 pm]: I am always happy to talk on land tax and land tax exemptions and all the other good measures taken by the Cook government such as the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023. I also always enjoy talking after my good friend Hon Dr Steve Thomas. I note that it is only through the sound financial management of this government that we are able to do this, and I commend the Premier, the Treasurer, the Minister for Finance and, in fact, the cabinet on this. I am very thankful that today the Deputy Leader of the Government in the Legislative Council is tasked with responding to the various questions that were asked, because we had some wideranging contributions—everything from e-scooters to rail extensions. Hon Dr —sorry, Hon Neil Thomson —

**Hon Neil Thomson:** Are you promoting me to doctor?

**Hon DAN CADDY:** No, the member was promoted for a minute, but I quickly rescinded it. He talked about how hardworking the Treasurer is. He even talked about the Greens' policies. It is a credit to Hon Dr Brad Pettitt and the Greens that, unlike the opposition, they actually have some policies.

Hon Dr Steve Thomas promised to keep his contribution to land tax, and he mainly did, which is the purpose of and reason for this bill being here. He went on to talk about payroll tax, ring-roads and a whole lot of things —

**Hon Neil Thomson:** Very briefly.

**Hon DAN CADDY:** He did, very briefly. I note the member's enthusiastic support as well. The member will not be disappointed when I give a bit of a history lesson. I often like to speak about what has happened over not just the last seven years, but the last 15 years. I enjoyed the member's narrative on living in a caravan. It took me back to the days when we lived in a house and my mum used to remind us that she used to live in a caravan. When they moved to the farm, her family of five lived in a caravan. Then they cleared enough land to build the machinery shed,

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so the family of five lived in the machinery shed. Eventually, when the house was built, and I think she was probably in high school or finishing high school by that stage, they all got to live in the house that my grandfather built.

**Hon Dr Steve Thomas:** You tell that to young people today and they do not believe you.

**Hon DAN CADDY:** I know. The member talked about the time frame for building houses these days. I built my first house in 1993 or 1994—I cannot remember. The sand pad went down, we were at plate height in about a month and then in three months we were in the house. It is a very different world that we live it in.

I am going to talk about the background to the bill. Land tax, as Hon Dr Steve Thomas said, is payable on all land in Western Australia, unless an exemption applies. I will not explain the main exemption, because the member went through that very succinctly in his contribution. There are two elements to the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023. It will provide for a three-year exemption for newly constructed or refurbished homes, which can be extended to four years in certain circumstances, and the member talked about building delays, which is actually true. It also will provide for a two-year exemption for a new home that has been built or refurbished while the owner lives in their current home. I will provide a little more detail on that.

Under the newly constructed or refurbished residence exemption in the act, land will be exempt for two assessment years if the owner is constructing or refurbishing. It is important to note that this exemption will require the owner to move into the property—the member gave a long precis of this, but I do not think he mentioned that—and use it as their primary residence when the building works are complete.

**Hon Dr Steve Thomas:** At the issue of the building certificate. The certificate has to be issued.

**Hon DAN CADDY:** Correct. That is my understanding as well. This exemption will apply for two assessment years, ending in the year in which the construction or refurbishment is completed, whichever it may be. If it takes more than two years, this exemption will be rolled forward.

The second part is the second private residence exemption that will provide a two-year exemption for a private residential property that is being constructed while the owner receives a primary residence exemption as well, which was explained in some detail by the member.

I was chatting to my very good friend Simon Millman, member for Mount Lawley, who takes a keen interest in land tax and all things like this. He is the hardworking Parliamentary Secretary to the Minister for Health as well. The discussion was wide ranging, so I will not go through all the details, but after we finished discussing why not one single Liberal Party member in the Legislative Assembly was present for the third reading vote on the Residential Tenancies Amendment Bill, we mused on how committed the Liberal Party is on the notion that is often put forward that taxpayer money is better in the pockets of taxpayers, than of the government. My good friend Simon Millman, MLA, posed a question to me—it was more of a statement—that this was simply all talk and not the reality.

**Hon Neil Thomson:** We are all a better socialist with somebody else’s money, as they say.

**Hon DAN CADDY:** I am talking about something that my good friend the member for Mount Lawley said. He is an intellectual giant. I will take what he says, member, over anything that comes from the other side of the chamber. I will always be grateful to the member for Mount Lawley as he is highly intelligent and has an absolute wealth of information. He often gives these little tips: “Go and have a look here; see what you can find here and there.” I had a look at what happened in land tax back in the day under the previous government. I acknowledge that those opposite are supporting this very sensible bill. Hon Dr Steve Thomas’ enthusiastic support of the bill does not exempt his record from scrutiny—I refer to the record of your party, my friend. It is always important to ensure that the people of Western Australia do not forget the contrast between what happened under the previous government and what is happening now under this government. I went back and I had a look through my library of articles because I am the sort of person who likes to keep these things just in case I need them for a rainy day!

**Hon Klara Andric** interjected.

**Hon DAN CADDY:** It is very good that I kept them, Hon Klara Andric, because this is an article that I believe I have given my views on before, but I am not actually sure. It is one of my favourite articles from the dying days of the previous government. It is a front-page article from *The West Australian* titled “Blue ribbon revolt: Liberal supporters up in arms over land tax”. Hon Dr Steve Thomas clearly remembers it well. It was a fascinating time. I will read a little from this article —

WA Liberal MPs in blue-ribbon seats are being hit by complaints from angry supporters who vow they will never again vote for the party because of the impact of land tax hikes handed down in last year’s State Budget.

The article on the front page includes a beautiful photo; I cannot see which suburb it is, but it is a riverside suburb. The article went on to quote Hon Dr Mike Nahan; it states —

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He would not discuss what happened in the party room but confirmed he had had “a number of conversations with MPs about land tax”.

“The increase in land tax was an extremely difficult but necessary decision to help ensure the State’s finances remain sustainable ...”

That irony of that given the state of the finances that we inherited is something to behold. The member and I have had many conversations about that in the past; I will not go there again. It was not as hard for the then Treasurer as it was for some of his backbenchers. I want to very quickly look at this before I speak a bit more about the legislation. Hon Dr Steve Thomas quoted some figures year by year without adding them up. The Liberal–National government imposed \$1.5 billion worth of land tax increases on Western Australians, and more than half of that increase was in the single year of 2015–16.

**Hon Dr Steve Thomas** interjected.

**Hon DAN CADDY:** An eight-year period, yes, but half of it came in one year, which is the point I was making there.

**Hon Dr Steve Thomas:** The announcement of that \$800 million was announced in 2014–15, but that \$800-odd million was spread over the next four yearly estimates. So that is actually not quite right.

**Hon DAN CADDY:** In the 2015–16—

**Hon Dr Steve Thomas:** It was spread out.

**Hon DAN CADDY:** It was in the announcement, the member is right, but half of it came towards the end. It is interesting. I have this great quote here from *Hansard*. Hon Ben Wyatt, my good friend the former Treasurer, on 16 February—funnily enough, this was in that favourite article of mine, “Blue Ribbon Revolt”, in *The West Australian* on 19 February—in the other place that shall not be named said —

I was pleasantly surprised that Gareth Parker nailed the Premier during this week or last on the revenue the Premier has had.

Obviously, he is referring to another article because this one had not come out yet, but it was by the same author. There is this narrative that we somehow have this windfall and the previous government never had one. The following quote is concise; it is from Hon Ben Wyatt on 16 January —

Western Australia has had the highest revenue per capita ... of all the states in the commonwealth over the last decade. In 2014, the Grattan Institute’s research made the point that Western Australia had over \$2 000 a person more in revenue than any other state in the commonwealth, although we also had an extra \$1 200 a person in expenses.

Hon Dr Steve Thomas and I have argued often about this point. I have not seen this quote before from my good friend Hon Ben Wyatt, but I am pleased that I found it today because it gives me a chance to add it in. There are some other quotes that I want to mention that talk about the member’s party’s record on tax. I do not have a quote from Hon Dr Steve Thomas, which surprises me because I normally have some great quotes from the member on anything about finance, the economy or energy. But the member gave me a beauty today when he said, “We could have moved quicker.” I tell the member that at least we moved, and we moved in the opposite direction from that of the previous government.

I have some other good quotes here. This is from 6PR on 14 March 2017 by Hon Joe Francis, who was a minister, I think —

**Hon Klara Andric:** He was meant to lead the Liberal Party.

**Hon DAN CADDY:** He was meant to lead the Liberal Party, but there are a whole lot of stories there. We do not have time. I have only 32 minutes, and it would take three or four hours to dissect that matter. Hon Joe Francis stated —

We let down our base. We walked away from them. We increased taxes ... That hurt our core base—small to medium-sized businesses, people who have mortgaged their homes ... We let them down.

Another quote is from *The West Australian* of 17 May 2016 from Dean Nalder, who should have also been leading the Liberal Party. I mean, if were to talk about people who were going to lead and never did, it would take some time. The article reads —

There has been quite an adverse impact on various constituents at various levels and, yes, I do have concerns about it ...

But the third quote is my favourite because it came from a member of this place. Some members may remember former member Phil Edman. He said —

I also tried incredibly hard to stop the increase in land tax to ensure the long-term viability of the property market ... It has had negative impacts on people’s ability to purchase and keep property ...

I am very surprised that Mr Edman even found the time in his very busy schedule to put significant effort into this. That is enough of the history lesson, but I know Hon Dr Steve Thomas would have been disappointed if I did not go through what happened previously.

**Hon Dr Steve Thomas:** I pre-empted you.

**Hon DAN CADDY:** The member did somewhat, but several details were lacking.

I turn now to the key points of this legislation. The Cook government, once again, is providing relief—this time land tax relief for Western Australians building or renovating their homes. Critically, a person who receives residential exemption for their current home can also receive an exemption for up to two years on other land on which they are building. We all know, as the member outlined, the residential construction market has faced several constraints in recent years with labour and material shortages limiting the agility, I guess, and the ability to respond. Other members have spoken about this as well. Importantly, as of 31 January 2024, RevenueWA has applied the temporary exemption to over 700 owners who are constructing or refurbishing their houses.

As I said, this is just one of the measures that this government has taken. This is in addition to what we are doing in other areas such as housing supply. Hon Neil Thomson brought up my very good friend the member for Perth and Minister for Housing, John Carey, who is an incredibly dedicated and competent minister. He is using every lever available to boost housing across Western Australia. He is laser focused on this issue of housing. The Cook government is investing a record of \$2.6 billion in social housing and homelessness measures. We are helping by giving relief to people right across the spectrum from social housing to homelessness and to those who are building or refurbishing their houses. In addition, more than 1 000 social dwellings are currently under contract. The delivery of social housing has been sped up. The housing diversity pipeline has been launched.

**Hon Neil Thomson** interjected.

**Hon DAN CADDY:** The member was there the other day when we spoke about this in estimates. It has been launched to unlock what has been termed lazy government land. All this goes to what we are doing in this area and to help in the area of social housing, as well. Minister Carey is extremely active and focused on all this.

Obviously, I cannot talk about everything we are doing, but another thing related to this bill would be the building bonus, for example. In 2020, the then McGowan government introduced the building bonus scheme to support Western Australian jobs, businesses and home builders during a time of what can only be described as intense economic uncertainty. The building bonus program helped many first home buyers realise their dream of owning their own homes. As at mid-January this year, almost 24 000 applications had been paid, totalling \$478 200 000. That is nearly half a billion dollars of help. Those opposite have not had a lot to say about the building bonus grants. In fact, it was not the member but others opposite who very much tried to mislead people with attempts to rewrite the history of this. Indeed, I think it was Hon Neil Thomson who quoted Libby Mettam, and I interjected at the time. I said that it is all right to quote what his leader has said, but she keeps changing her mind. In May 2020, she said that Western Australia is facing a significant jobs crisis, and that the government should be doing all it can to invest in the construction industry and local jobs. The following month, she said that infrastructure spending is an obvious and necessary stimulus. Two months later, she said —

... Western Australia has record unemployment. What we need is local jobs right now.

Now she has backflipped and said that what we did was “completely irresponsible”. Those were her words. Her party needs to get a clear line of what it thinks and believes. This government is strong. We have always been strong. We make decisions, we go ahead with those decisions and we provide for the people of Western Australia. We do not have the luxury that those in opposition have of backflipping all over the place with comments and criticisms of what we are doing.

**Hon Neil Thomson:** I think you’ve missed the point. That was the previous debate.

**Hon DAN CADDY:** You may have said it in a previous debate; it is hard to say. The member has been talking a lot today, and I have tried to put it together into something I can respond to. I have done my best.

These were programs to help keep the construction industry afloat during an incredibly difficult time when confidence was needed in the market. I am going through, making sure I have not missed any points. I wanted to finish off by recapping exactly what this amendment bill is going to provide, but I started off with that; I did not want to restate what Hon Dr Steve Thomas had already gone through, so I just gave the headlines. I have done that and have also given members a bit of the necessary history. For those playing along at home who may want to be able to compare and contrast the approaches of two consecutive governments to this, I thought it was important to give that history. I know there are others who want to speak, so I will sit down, but before that, I will say, to use the words of Hon Dr Steve Thomas, I enthusiastically support this bill and I commend it to the house.

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**HON DR BRAD PETTITT (South Metropolitan)** [3.23 pm]: I rise firstly to say that we will be supporting the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023. It is a pretty straightforward bill in that it will give some sensible exemptions to people at a time when there is obviously a construction crisis. The nature of the bill has been well summarised by those who have gone before me, so I will not go back and do that, but I want to provide some broader commentary on this kind of bill. Although this is absolutely a good bill—these are sensible exemptions and I think it is quite well constructed in the way it is written—I could not help but come to the conclusion that this is the kind of bill I file under a category I have decided I am going to call “bandaid bills”. They are bills that try to do the right thing and take small steps in fixing a problem, but, frankly, they are bandaids on a much bigger, deeper issue. We have seen a series of these. I really want to get to the heart of this. I think this is fundamentally the problem with this. We can put on as many bandaids as we like, but until we get to the heart of what is a crisis in housing and for renters and will lead to a crisis in homelessness, we are ultimately not going to really fix things. I want to talk a bit about that.

The crisis for renters has been well mapped out. I think this week we saw some extraordinary numbers whereby rents have gone up 67 per cent, or \$240 a week for the average renter in Perth in only the last few years, which is extraordinary. It is the highest rate of rental increase of any state over that time. That has been driven by the fact that we do not have enough houses coming onto the market to deal with demand, which is the very reason for this bill before us. We are seeing that supply and demand issue play out very strongly in the rental market. Of course, as people are forced out of rentals, we then see too often, sadly, people being forced into less secure housing and ultimately, in the worst-case scenarios, to be street present. There was an interesting op-ed in *The West Australian* today, for those members who did not see it. Hayley Edwards, the former Deputy Mayor of Rockingham, talked about a three or even a fivefold increase in street present homelessness. I will quote the article. She said —

According to the Advance to Zero project, an integrated platform which tracks homeless numbers in five WA regions, homelessness in Rockingham has increased to 188 in February this year, up from 101 in February 2023. Back in February 2021, there were just 37 people identified as homeless in Rockingham.

That is a fivefold increase in just three years since the last election in 2021. Rockingham is just an example that was in the press today, but we are seeing this play out across all our centres. This is a very real issue, and one which, to come back to my point, needs more than a series of bandaids. It actually needs some fundamental structural serious responses that actually get serious answers.

To give members some examples of this, I will pick up on something that both Hon Neil Thomson and Hon Dr Steve Thomas talked about, which is the overcooked construction market. That is a real issue that, frankly, is pushing back nonessential projects. Hon Dr Steve Thomas said that our spend on infrastructure is now approaching \$12 billion per annum. Obviously, projects require people, and often they are competing for labour in a construction market that is increasingly confined.

This is where government has a very important role. It should be saying, “We are not going to jump in in an overheated construction market and compete for labour, especially when we have a housing crisis leading to a homelessness crisis.” We have talked about a range of projects, some of which are close to completion. Hon Dr Steve Thomas talked about the Albany ring-road and the Bunbury Outer Ring Road. I am always at pains to point out that both projects were COVID projects with a benefit–cost ratio of well below one. The Albany ring-road, from memory, was even less than half; it was extremely low. Anyone who has driven on the Albany ring-road has seen why. Nobody is on it. It was a very expensive project that, frankly, should never have been built or should not have been a priority and been pushed forward in the way it was. I say the same about the Bunbury Outer Ring Road. It is an extremely expensive project, well north of \$1 billion, under construction forcing out other projects. There is a series of these.

Two big projects are about to start in Fremantle closer to home where I live. Neither project has much support from the local community. A \$100 million police complex frankly is in the wrong location, but let us put that aside, and another one also needs to be pushed out. The \$100 million project only a few years ago was meant to cost about \$52 million, so it has doubled in price in the overheated construction market. It has become extremely expensive, and constructing the \$100 million building will compete with projects we really need—housing projects. Fremantle bridge is another project that should be delayed. The existing Fremantle Traffic Bridge can be maintained for a few years longer, and let us focus government spending on where we really need it. Frankly, that should be housing, which should be the number one and number two priorities. We should use that money in a way that is smart and efficient.

There was a press release today from Hon John Carey about Stirling Towers, which is on a very prominent site. It was once social housing, but has been empty for almost a decade. The press release stated that it will be demolished. I think that raises an interesting question: is that the best thing to do when we should at least be looking at how it could be repurposed? I went to a very interesting presentation the other day that demonstrated exactly that—namely, repurposing using the modelling put together by a community housing provider that wanted to do exactly that. It showed that it would not only save the government about \$13 million, but also have a very short project time line.

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It could be repurposed to social housing of a modern standard with proper balconies. It was a very interesting model. Instead, we will see many housing units demolished.

The most frustrating bit is that there are no approved plans to replace them. They sit there as an empty site. That makes me nervous because of my experience in my hometown of Fremantle, where most large social housing sites were also demolished, but none of them rebuilt—zero. If any member wants to drive around Freo, I will happily take them for a tour. Bert Street had a series of multistorey units that are now entirely demolished; the Holland Street housing is now entirely demolished; the Heart of Beaconsfield development is unfortunately not entirely demolished—80 per cent was demolished, 10 per cent was boarded up and 10 per cent has people left among the boarded-up houses. But there is no construction. My frustration with projects like Stirling Towers is that we see more demolition when we need construction projects that are good for our city and good for housing. Those construction projects should be getting in front of projects like police complexes, large roads or large bridges that, quite frankly, should wait when we are in the middle of a housing crisis. That is what this bill is largely about. It acknowledges the housing crisis and that construction is taking a very long time, but it is actually not dealing with it. Being smart about the construction market is key, but if this legislation is going to be more than a bandaid deal, we also need to deal with a range of other things.

There has been a bit of debate around land tax and stamp duty reform. That is a very good discussion. Hon Dan Caddy went down that route a bit. I would go a step further and say that now is the right time to have a serious discussion about phasing out stamp duty and replacing it with a broader land tax, as we have seen economists recommend again and again. The Australian Capital Territory, interestingly, where the Greens are in government with Labor, has gone down this route. If we are serious about enabling people to be agile with their housing, we should consider these changes. One of the great reasons stamp duty is not a good tax is that it forces people to stay in housing even when it no longer suits their purpose. The classic idea is that people want to downsize but there is a large tax on doing what is a social good. If we got rid of stamp duty and replaced it with a broader based land tax, that could be done. People need to use their housing much more efficiently and effectively.

I have said it again and again. Despite rising homelessness and rising pressure on rents and what appears to be a housing shortage, there are enough houses in this state—and there are certainly enough bedrooms. I had a conversation with Hon Wilson Tucker around how many empty bedrooms there might be in Western Australia. An interesting article appeared in *WA Today* yesterday about the problem in Western Australia of building large houses with not many people living in them. According to the article, the average number of bedrooms across the state is 3.6 bedrooms per house. The average number of people in those houses across the state is 1.8. That means 1.8 spare bedrooms are not being used to sleep in per house. That is a pretty inefficient way of building. From memory, there are about 1.1 million houses in WA. Pretty quick maths indicates that there will be around two million empty bedrooms across Western Australia tonight in the middle of a housing crisis. That is pretty extraordinary when you think about it.

As we build our way out of this crisis—we should see it as a crisis that requires urgent action—we should focus on building smaller. I give credit where credit is due. I thought the announcement by Hon John Carey yesterday about smaller and tiny houses was a good announcement. We need to be mainstreaming these smart things and doing more of it, but, sadly, we are still building some of the biggest houses in the world at around 250 square metres per house with the fewest people living in them. That is feeding our housing crisis, not solving it. Those are some of the fundamentals that we need to solve if we are to get beyond this kind of bandaid bill.

I will give one other example. This is one I go on about a lot. Again, these bills are good, they are fair and they do the right thing, but they do not get to the fundamentals. If we are serious about dealing with this crisis to get people into long-term secure housing, we need to deal with the growth of short-term accommodation. The government has proudly talked about its new Airbnb incentives to return short-term accommodation to long-term more generally. When I asked a question in this place on 29 February, the number I was given was that 62 properties had gone from the short-term market back into the long-term market, which is good. Over pretty much the same period that this scheme has been running, 464 properties were put on Airbnb—it went in the other direction. It is not working. The idea that we will have more short-term accommodation in this state in the middle of a serious housing crisis, one that has forced the introduction of this bill because people cannot get their houses finished and move into their long-term home, needs to be dealt with. This is fundamental to how we deal with the issues that sit around this.

This bill does a range of things that I would like to see debated in this place. We need to look beyond bandaids in the middle of a housing crisis. We need to fix stamp duty so that people can downsize. We need to encourage the development of smaller homes that can fit in with the kind of housing that we need as our households get smaller. We need to deal with the overheated construction market by stopping housing projects that are not essential and that do not need to happen and seriously focus on building housing, especially for those who are at risk of homelessness. We also need to deal with the short-term accommodation market properly with carrots and sticks rather than the unenticing carrot that is clearly the government's current scheme.



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We can do a range of things in addition to the proposals in this bill. Of course, this bill is an essential good step. It is a very small one. There is nothing to oppose. As has been said previously, it is just reasonable policy. It also shines a light on the other things that we are not doing, and that is what I am encouraging members in this place to do.

**HON WILSON TUCKER (Mining and Pastoral)** [3.41 pm]: I wish to speak on the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023. I am supportive of this bill. I think it is eminently sensible when we are talking about trying to offer some relief to people in the construction pipeline, given that the time frame for building properties has blown out exponentially. It has certainly been compounded by a number of factors such as the COVID-19 pandemic and multiple grants at a state and federal level, which, in the words of Hon Dr Steve Thomas, have overcooked the market. We are now in a crunch, in the words of the government, to use every tool in the toolkit to try to ease supply and offer some relief because we have been experiencing some very drastic increases in property prices and have had issues getting houses built in WA for a number of years now. I do not think any real relief is coming, certainly not in the short term.

When we talk about land tax, we also need to take a minute to have a chat about stamp duty. Last financial year, stamp duty put around \$2.5 billion into the state government's coffers, which is significant; it is a big line item for the state government. That was up by \$146 million from the previous year. Most of that is linked to residential sales. It is a short-term sugar hit that the government seems to be quite addicted to and reluctant to take a deep and meaningful look at by potentially scrapping or offering any other exemptions.

The front page of *The West Australian* reported on a call by the Real Estate Institute of Western Australia in the form of a post-budget submission looking at changing the exemption for stamp duty in WA. I do not find myself agreeing with REIWA all that much, to be honest, but I thought this policy was quite sensible. It proposed tying that exemption to a rolling median average in WA. It is currently fixed at \$430 000. The average price for a home in WA has increased quite significantly in the last few years. The policy position of giving some stamp duty relief and exemptions to people entering the market for the first time—first home buyers—has become a little redundant. The government's policy has not kept pace with the market changes, certainly since 2019.

I believe that right now the average amount paid for a property in Perth is \$605 000. We have seen a 22 per cent increase since 2019. The stamp duty exemption is tied to properties worth under \$430 000. Realistically, a lot of properties are not exempt right now. Back in 2019, 40 per cent of new homes on the market qualified for this exemption at that \$430 000 price point, and today 13.6 per cent of homes qualify for that stamp duty exemption, which is a very small amount. It is not really doing what it is supposed to; it is not giving any relief to the first home buyers that it was directed towards.

REIWA's policy makes a lot of sense. Pegging that rolling average, or that variable really, tied to the market rolling average or something a little more dynamic than a fixed price makes a lot of sense, though we know that the machinery of government can work quite slowly in trying to keep up with the market, which is clearly not happening today. As I said, I do not normally agree with REIWA. When it comes to no-grounds evictions—I said this during the debate on the Residential Tenancies Amendment Bill 2023—REIWA primarily represents the real estate industry, property managers and property developers, and it clearly has a powerful lobby voice. We saw that come into effect with no-grounds evictions. On the one side was the Make Renting Fair Alliance and on the other side was REIWA. They were competing on opposite terms around no-grounds evictions. REIWA won that discussion. I have it on good authority that there was a conversation between Cath Hart, the CEO of REIWA, and former Premier Hon Mark McGowan. A day or two later, there was a press conference, during which Hon Mark McGowan ruled out no-grounds evictions and took it off the table completely. We know that Cath Hart has a direct line to the Premier's office. I imagine that still continues with the Cook government. In this case, making that phone call and talking about this very sensible policy makes a lot of sense.

The sentiment echoed by Hon Dr Brad Pettitt around scrapping stamp duty makes sense; it certainly has a lot of merit. I think some middle ground can be reached when trying to offer other exemptions within stamp duty. We heard about resizing and downsizing. We have an ageing population in WA. We have a housing crisis, and this bill reflects that. The government has said previously that it is using all the tools in its toolkit to try to alleviate supply and fix the issue that it ultimately helped cause. It should take a deep and long look at stamp duty, potentially extend those exemptions and look at other areas in which we can be a little more intelligent with our existing housing stock.

Hon Dr Brad Pettitt spoke about the number of empty rooms in WA. I believe that in 2018–19, Western Australia had the largest houses on average. In a way, we are addicted to large properties. We have a lot of redundant space. The government should be looking at incentives to try to use that existing housing stock, as well as building houses, and how we can leverage it, certainly in the face of an ageing population that may want the opportunity to downsize. Older people do not necessarily need or want six, five, four or even three bedrooms. They want to move to a smaller property and do not want to be penalised financially for doing that. Offering incentives for people who are downsizing

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makes a lot of sense. I will throw in another statistic around the number of rooms that we have. A recent study called out that just under 5 000 rooms in the Perth CBD are just sitting vacant. I have had conversations with people. My generation is the millennials. It is mostly my friends' parents, to be honest with you, so that boomer generation, who have empty apartments and homes.

**Hon Kate Doust:** Thank God for boomers, otherwise you wouldn't be here, would you! You think about that. If it was not for boomers!

**Hon WILSON TUCKER:** I am not going to bash all the boomers, honourable member, but I have heard a few examples that I will share with members. People reach a certain age and they probably have five or six properties; they are financially well off. They are retired and they are not really incentivised to worry about renting out their home and having to manage it.

**Hon Sandra Carr** interjected.

**Hon WILSON TUCKER:** Not all of them—and I have heard this. They do not want to go through the hassle of renting out a place. They are more than happy to have their house sitting empty and sitting vacant, but meanwhile we have a housing supply problem. Within this spectrum of housing, we have social housing, people who are renting and people who are getting pushed out the other end. We have a housing problem and this bill acknowledges that. I am saying that the government needs to be thinking about ways to target not only the boomers but also anyone who has an empty room in their house or apartment and to try to incentivise them to put that on the market. One way of doing that is stamp duty and extending the existing exemptions. We should give the exemption to people entering the market—absolutely. I think that is fantastic. But we need to think about other ways.

We have seen what happens when an inordinate spray of money is directed at everyone. It does not work. State and federal grants basically get baked into the cost of the house prices, as Hon Dr Steve Thomas mentioned. It artificially inflated property prices and did not work as intended. A lot of those grants went to people with multiple properties already. I asked a question on this, and I will dig out the statistics and give them to the house in a more concise way, but a lot of those grants went to people with multiple properties as opposed to first home owners and people who are trying to get into the market. The property prices went up, so it made it harder. If someone was on the cusp and had 20 per cent ready to go, all of a sudden, the market was completely inflated by these \$40 000 and \$50 000 grants coming through and then, potentially, it was out of reach.

If the government is serious about using all the tools in its toolkit, I think taking a long, hard and meaningful look at stamp duty is an avenue it should explore.

**HON STEPHEN DAWSON (Mining and Pastoral — Minister for Emergency Services)** [3.53 pm] — in reply: I thank all honourable members who have made a contribution to the debate this afternoon on the Land Tax Assessment Amendment (Residential Construction Exemptions) Bill 2023, including Hon Neil Thomson as the lead speaker for the opposition, Hon Dr Steve Thomas, Hon Dan Caddy, Hon Dr Brad Pettitt and Hon Wilson Tucker.

Obviously, all the points have been well made and certainly a number of points were made on the current housing situation that were not necessarily in the scope of this bill, but they have been made and put on the record this afternoon. I leave them there. I will not respond to all those things. There have been a number of questions asked of me and it is certainly my intention to answer those questions now to negate the need to go into committee this afternoon. There was a question from Hon Neil Thomson on when land tax is payable. I can advise that no land tax is paid if the aggregated taxable value of the land is less than \$300 000, which I think is the figure the member used.

In terms of the value or the cost of this relief, it will result in \$8.6 million of forgone tax or refunds paid. The cost to government is slightly different. It is estimated to reduce land tax revenue by about \$8.1 million, which will comprise about \$5.3 million of relief to those building who do not own their principal place of residence and about \$2.6 million of relief to those who do own their principal place of residence. A further approximately \$255 000 will be used to fund three level 3 officers to assist with the policy's administration. There is also estimated to be up to \$700 000 in refunds issued to taxpayers who previously paid land tax, which will be absorbed by existing funding provisions.

Why was the period 1 July 2020 to 30 June 2023 selected as the time frame? I am told the eligibility dates strike a balance between providing relief to home owners most affected by the constrained construction market and retaining an incentive for home owners to complete construction in a timely manner. Hon Dr Steve Thomas asked whether this will be extended or watched.

**Hon Dr Steve Thomas:** Monitored.

**Hon STEPHEN DAWSON:** Obviously, it will be monitored by government. I am not in position to say anything other than what is before us today. Certainly, it will be monitored.

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Why was a longer time frame not implemented? The government wants to retain an incentive for home owners to complete construction in a timely manner, which the vast majority will. We think the time frames are generous and will allow home owners a reasonable time to complete construction of their residences.

Why did the government not make this land tax relief permanent? Historically the existing exemptions proved to be sufficient for most people, but the current constraints affecting the residential construction industry are not expected to be permanent—cross my fingers. The government also wants to ensure that the construction of residences is completed in a timely way, which should be possible once these temporary conditions pass. Those who bought land and signed their building contract after 30 June 2023 and are therefore ineligible for the extended time frames will not have their existing two-year exemptions expire until 30 June 2026. The government will continue to monitor and evaluate relief in the meantime.

In terms of the comments around the current state of the construction industry, challenges are certainly still being faced in the residential construction industry but there are signs that some of the bottlenecks are starting to ease. According to the Australian Bureau of Statistics, the number of dwellings completed by the private sector in the December quarter of 2023 was 4 871. This was the highest number of completions since the December quarter in 2017. Despite that, the number of dwellings under construction remains high with many in the finishing stages. ABS data also shows that the cost of some key inputs, such as timber board and joinery, steel products and electrical equipment, have stabilised following significant increases over 2021–22 and 2022–23. However, ongoing labour shortages for finishing trades remain high, which is constraining the number of houses being completed.

The number of houses under construction now remains high and the number of commencements in the September quarter have eased slightly from the June quarter. We are seeing some positive signs in the market but certainly I think this relief before us today will be welcomed.

**Hon Dr Steve Thomas:** It is a bit of a double-edged sword, of course.

**Hon STEPHEN DAWSON:** Anyway, I think we have heard today that there is unanimous support for the initiatives in the bill before us now. I think we would all agree that it is needed and we will certainly monitor it moving forward. I appreciate Hon Dr Steve Thomas’s comments in relation to being an enthusiastic supporter of the bill. I am very grateful for that.

**Hon Dr Steve Thomas:** I am still so.

**Hon STEPHEN DAWSON:** I think they were all the questions asked of me today, so I am very pleased to commend the bill to the house.

Question put and passed.

Bill read a second time.

[Leave granted to proceed forthwith to third reading.]

*Third Reading*

Bill read a third time, on motion by **Hon Stephen Dawson (Minister for Emergency Services)**, and passed.