

PILBARA HOUSING MARKET

Statement

HON SALLY TALBOT (South West) [5.39 pm]: Earlier today the house debated a motion condemning the Barnett government for failing to adequately provide core services in favour of big projects around the Perth CBD. In the limited time available to me, I drew the house's attention to five or six examples of the way in which the Liberal–National government is gradually unravelling the provision of core services, and I focused on the metropolitan area. I talked about the disastrous Department of Housing head contractor maintenance model, whereby there are 40 000 properties, many of which are not being properly maintained, and the government has lost in the order of \$3.5 million over that disastrous system. I talked about the working with children screening unit, which appears to be labouring under colossal stress. I talked about the overcrowding at Meadow Springs Shopping Centre. I talked about the tax grab on nurses and hospital workers in the form of car parking fees. I mentioned the slug on Basketball WA, which was promised by the government that the move from Perry Lakes would not impact it financially and which now finds itself hundreds of thousands of dollars out of pocket.

I did not have time to talk about what is happening in regional WA, and that is why I stood tonight to seek the President's call. Peel has the third largest royalty-producing region in Western Australia, yet it gets less than three per cent of royalties for regions money. I pointed out this morning that it is absolutely unforgivable for the government to try to hide behind royalties for regions when it talks about the provision of core services in the regions, because royalties for regions is specifically expressly set up by the government to not fund those core services. In the Peel, as I have said, our schools are bursting at the seams, and our public housing waiting lists are so long that people come to me and tell me that they feel they are more likely to die on the waitlist than get rehoused, and many of these people are in quite desperate circumstances.

In Peel, we take more than a passing interest in what is happening in the Pilbara, partly because the Pilbara provides employment for a large number of people living in the Peel region as fly in, fly out workers, but also because—the government is not able to deny this—the Pilbara is a source of investment opportunities for many people who, as blue-collar workers, are no longer funding their superannuation through the companies for which they work but are funding their own superannuation by investing. So, this week it was of no small interest to people in the Peel that attention turned to the Pilbara, with a report that the housing market there is showing signs of severe stress. Of course, the Pilbara region is already labouring under rents that are in excess of \$2 000 a week. A couple of days ago we had the rather astonishing discovery that there is a housing deficit in the Pilbara of around 2 500 housing units. Back in June, a couple of months ago, we saw new figures that showed that the Barnett government had released only 72 housing lots in South Hedland since May 2011. It appeared at that time that 33 of those lots—that is, 33 of the 72 lots—would be released in June, which included 16 as part of the government's affordable housing strategy. What that amounted to was the somewhat surprising revelation, which I am sure the government was not happy to see exposed, that the Barnett government has released only 17 lots in more than a year in the Hedland area.

This week, members would have perhaps caught the ABC report that talked about the perfect storm in the Pilbara. I will just quote the expert who was passing commentary on the situation, Gavin Hegney, who I think is from the Housing Industry Association. The news that was run that morning on the ABC sent a shiver of fear through many Peel residents for the reasons that I have just explained. Mr Hegney said —

“If you look at the number of properties on the market, —

He was talking about the Pilbara —

you're up around 300 properties in the market now in Karratha and that's up from about 175 from late last year.

“So that's quite an increase but at the same time you've got to balance that out with the number of sales and the number of sales that are occurring—they've dropped down to about six last month from 60 in the previous couple of months. You extrapolate those two trends together and you do get a market that is very much in a correction mode,”

That is a wonderful bit of industry speak: “A market that is very much in a correction mode.” Mr Hegney certainly was not trying to start any kind of stampeding panic there. Nevertheless, he went on to say —

People have seen “a fair roller coaster before but probably not to the same extent that we're seeing at the moment ...

We are seeing a little more than a correction. I put to honourable members that he is using carefully moderated language to describe quite a serious situation. I will repeat it for honourable members whose attention might have wandered. Last month in that region only six houses were sold compared with 60 in the previous couple of

months. It is important to look at who those investors are. Mr Hegney went on to say that a large number of those properties are owned by investors. I think he mentioned in the region of 90 per cent. Let us look at who those investors are. I think there is a sense that when we add the rider to that commentary, we could think, “If these are just people who are playing with the housing market as investors, they’ll be well equipped to deal with the ups and downs of the housing market.” In fact, I suggest to honourable members that a large proportion of those investors are blue-collar workers who are doing exactly what I described just now. In the old days those working people would have had their pensions—before it was called superannuation—provided by the multinational companies for whom they worked. They signed up to the company pension scheme and they could look forward to a reasonably secure retirement fund. Now many are subcontractors or contractors with their own businesses and they are funding their own superannuation and are doing it largely through property investment. Those people are very seriously affected by this kind of shake in the market.

The other group of investors I think we need to consider, because they do not fit that stereotypical example of the hard-nosed investor who is used to the ups and downs, are self-funded retirees, who are being encouraged to invest in the property market in the north west because of these boom times and, as I said just now, rents in excess of \$2 000 a week. Those people will be very severely affected if all of a sudden they find the market freezes and they cannot shift those properties. Let us see what the National Party candidate for the Pilbara, Hon Brendon Grylls, said in his comments on that story when he followed Gavin Hegney on the radio. He was talking about property values in the Pilbara and he said —

“It absolutely was too hot ... prices in Karratha and Port Hedland that wouldn’t have been out of place in Dalkeith and Peppermint Grove for a product that was very different—that was unsustainable.

He went on to say —

If you’re a property investor whose borrowing based on double digit yields—you’re probably more of a gambler than an investor,”

What do we have here? The Leader of the National Party, a person who trumpets the fact that he is in touch with what is happening in regional Western Australia, who has put himself up as the candidate for the seat of Pilbara and who has been telling people who would have been shaken to the core at the news about what is happening to the market in the regions that if they are worried about this, they are probably more of a gambler than an investor. What an insult to those people. What an absolute distortion of real life as it is being experienced by working people and retirees in Western Australia. The National Party tries to hide behind the skirts of the Liberal Party in this regard. The reality is that every Nationals member in this place knows that WA Labor is committed to royalties for regions. The Labor leader, Mark McGowan, reaffirms that commitment constantly, yet a few weeks ago, we heard the Leader of the National Party claim that it was only the National Party that would support the royalties for regions scheme. Putting it charitably, he is simply wrong.