REVENUE LAWS AMENDMENT BILL 2015

Second Reading

Resumed from 10 September.

HON SUE ELLERY (South Metropolitan — Leader of the Opposition) [2.26 pm]: I rise as the lead speaker on the bill before us. The Revenue Laws Amendment Bill 2015 gives effect to one of the decisions in the budget to try to alleviate the government's debt problem. The government is seeking to recoup savings from potential first home owners and some seniors by abolishing the $3 000 first home owner grant on established homes and by putting a cap of $550 on the dollar value of the 50 per cent rebate for pensioners on their local government rates and water service charges. It does that by amending three acts: the First Home Owner Grant Act; the Duties Act, which is amended to protect the duty concessions for first home owners on established homes; and the Rates and Charges (Rebates and Deferments) Act, which is the act under which the changes to the concessions to seniors will take effect.

At the time of the budget, the Minister for Seniors and Volunteering released a media statement in which he stated —

> The Budget decisions include:
>
> …
>
> - from 2016–17, a cap of $550 will be applied to the 50 per cent rebate available to pensioners for local government rates
> - from 2016–17, a cap of $600 will be applied to the 50 per cent rebate available to pensioners for their water service charge

He went on in that statement to say —

> - The Government will consider the introduction of a downsizing grant for seniors towards stamp duty in the 2016–17 Budget process

I look forward to finding out what that is about.

For first home buyers, in 2013 the government decreased the first home owner grant from $7 000 to $3 000 for established homes and, with effect from 2013, the package for new homes increased from $7 000 to $10 000. Now we are effectively completely abolishing assistance for first home buyers who are trying to buy established homes.

People might recall that the goods and services tax impacted on housing prices in Australia, so a compensation package was developed to assist those people trying to get into the housing market. The measure that we have before us today effectively takes away any of that compensation for people trying to get into established homes in the housing market. We are told it will deliver around $25 million in 2015–16, and about $109 million over the four years of the forward estimates. I do not recall the government announcing this to be its intention back in 2013, when it was making all those promises that were, of course, fully funded and fully costed.

In respect to the cap on rebates available to pensioners, Western Australian pensioners currently receive a 50 per cent concession on their local government rates. The measure in the Revenue Laws Amendment Bill 2015 will cap that concession at $550. That will impact most on pensioners whose local government charges have gone up by a high rate or whose property has a high gross rental value. For many pensioners, the difficulty is that the high gross rental value is driven by a number of factors and does not necessarily reflect their living standards or level of income. A pensioner may have lived in their family home for a very long time, having bought it when the high gross rental value was significantly less than it is now, and some of those pensioners will really struggle with the changes proposed as part of the legislation before us. We are told that about 47 000 households will be impacted by that change; I will talk a little about those numbers later in my contribution.

The average impact will be $142, and the median impact will be about $84; some people, of course, will be affected on either side of that. It is worth noting that, sitting here on our comfortable salaries, we might think that $84 or $142 would not make such a big difference to us. To people on a fixed income—we are talking about pensioners, whose fixed income is very low—a difference like that will mean they will have to go without something or adjust their budgeting arrangements to pay that bill. We would not have to do that, but that is what people on fixed incomes, particularly pensioners, will have to do.

For a very long time this government has talked about better targeting social concessions—in every single budget since it was elected in 2008—in a systematic, across-government way, but that is not what it has done. In the lead-up to this year's budget, the Western Australian Council of Social Service put out a media release that set out to the government what it wanted to see out of the budget. On 6 May—the week before the budget—WACOSS issued a media release titled "WACOSS Highlights Community Priorities Ahead of WA Budget", part of which states —

> "We understand that Treasury is undertaking a whole of government review of state concessions. While the Council has been calling for such a review for many years, highlighting opportunities to better target a range of non means-tested concessions to insure that adequate assistance is reaching those most in need, we are concerned that there has not been the stakeholder consultation process we expected."

Members will recall that this government takes pride in its partnership relationship with the non-government sector, but here we have WACOSS, the peak body, saying that it has not been consulted, as it would have expected to be, on the changes it had heard, a week out, were to be in the budget. It went on to state —

> "The Council is firmly of the view that any savings achieved from better targeting of State concessions should be directed back into increasing the adequacy of support to those most at risk of poverty and extreme disadvantage, not channeled back into consolidated revenue," …

Of course, that is exactly what has happened.

On 14 May, in response to the budget, WACOSS issued a media release titled "WA Budget builds Social Housing but Lacks Big Picture". In part the media release states —

> The Council has also welcomed the sensible introduction of means testing to some features of our concessions system. However the Government has failed to deliver on its promise of a concessions reform strategy and is instead removing $199m from social concessions to help balance the books, despite forecasts of a rapid return to surplus over the forward estimates.
>
> WA should be able to afford to service its State Debt without taking hundreds of millions out of the State's social concession system. The current concessions system is already not adequate to meet the needs of our most disadvantaged, and the savings from means testing should be directed to those who need more assistance.
>
> Whilst overall household fees and charges have been kept under 4% the average rise of $198 next year is simply not affordable for households on fixed low incomes, and there is nothing new in the social concessions system to help alleviate the impact on these growing costs.

So that was quite disappointing from the point of view of the sector.

At same time that the Minister for Seniors and Volunteering was putting out his media release, of course the Treasurer and the Premier put out their media release on the budget. The headline of that media release told us that this was the budget that would secure our economic future; really, the headline should have been "Our State Budget 2015: Paying Off the Debt We Created Because We Said Our Promises at the Election Were Fully Funded and Fully Costed, and Of Course They Weren't". But that is probably not the most concise headline for a media release that could ever be created—my father, the journalist, would be horrified that so many words were being used! But, essentially, that is what this budget is; indeed, the Premier and Treasurer's media release tells us that they were —

> Announcing a forecast net operating balance deficit for 2015–16 of $2.7 billion and a net debt projection of $31 billion by June 30, 2016, …

Yes, folks, that is right; you heard it correctly—$31 billion.

They go on to make the point absolutely clear, in case WACOSS and anyone else were confused about whether the changes to concessions were about better targeting and reallocating that money to assist others in need, or was it, just as WACOSS feared, about addressing the debt? After announcing what the debt was going to be, the Premier and the Treasurer list the elements they will use to help them address that debt. They include —

> Major new revenue and savings measures—

This is not about better targeting of social concessions; it is, straight out, a savings measure to help address debt. The media release continues —

- more targeted social concessions to realise $199 million savings over four years
- removal of the $3,000 First Home Owner Grant for established homes, in line with other States.

In respect of seniors, the Treasurer states —

> … with the proportion of seniors in the State continuing to grow, it is critical these concessions remain both affordable and targeted to those most in need,…

So the government has determined that the 47 000 pensioners who will now be paying more for their local government rates and water concessions are not, in fact, those most in need. I will talk a little about where those people live a little further in my comments.

In the course of our lives as politicians, we get lobbied by people about all sorts of things. In the course of the response to the budget, I, perhaps like some other members in this place, received a series of emails from Western Australia Self Funded Retirees Inc. That organisation provided me with copies of its correspondence with the Premier, and his responses, in respect of the changes in the bill before us. On 15 July, WA Self Funded Retirees Inc wrote to the Premier. I bear in mind, Mr President, your ruling of earlier today; I advise that I will be reading from emails because there is no other way for me to get this information across, but I have identified where they are from. On 15 July, Western Australia Self Funded Retirees Inc wrote to the Premier, stating —

> The members of WA Self Funded Retirees Inc. wish to add their voices to those of other similar organisations in seeking a review of recent proposed reductions in concessions available to seniors/retirees living in WA.
>
> Whilst we all acknowledge the current financial situation that is being faced by both State and Federal Governments, we ask “Why is it that the major cutbacks seem to be aimed at the senior population?”
>
> There have been numerous reports all stating that the “older generation” seem to have been unfairly targeted in the latest round of austerity measures (this should not come as any surprise to you). We can understand the lifting of the age eligibility for the WA Seniors card to 65 (in —

The email states “2023–24”; I think he actually means 2013–14 —

> … and we can accept means testing being introduced for the Energy Assistance Payment, however, there are several matters that seem to be unduly harsh.
>
> In particular, the capping of Government subsidies on (a) Local Government Council rates, and, (b) Water rates, are 2 issues that will hit retired WA seniors the hardest. We understand that both of these matters are not due to take effect until the beginning of July 2016, and we are of the opinion that there remains the possibility that some review of these cuts can result in a lessening of the degree of severity involved.
>
> It must be recognised that the people involved in this matter are not wealthy retirees. Those that do qualify for a concession are restricted by the means tests applicable to the Pensioner Concession Card … and the Commonwealth Seniors Health Card … In many (most) cases, there is the inevitable situation where the land value of a domestic residence has, over 20-30 years, increased to the point where the Gross Rental Value … has become high. <u>This has no relation to the capacity of the individual to pay higher/additional amounts of Council and Water rates</u>.
>
> Accordingly, we respectfully request that a review be undertaken with the intent of increasing the capped level of subsidy of these 2 expensive charges to $1,000 each (indexed to inflation).

I step away from reading that email for a moment to say that this bill will put in the cap at $550 for council rates, and at $600 for water charges, and WA Self Funded Retirees are saying that should be $1 000. The email continues —

> Finally, from previous correspondence with your office, we are aware that WA seniors have been enjoying a good level of Government support for the past 15 years. For this we are extremely grateful, however, that does not excuse your Government from taking such drastic reductions in the 2 examples mentioned above.
>
> Thanking you in anticipation of a favourable reply.
>
> Yours sincerely
>
> (R. de Gruchy)
>
> President

Mr de Gruchy got a response from the Premier, dated 4 August, which states —

> Dear Mr de Gruchy
>
> Thank you for your correspondence dated 15 July 2015 regarding the capping of pensioner rebates on local government rates and water service charges, which have commenced on 1 July 2016, subject to amending the *Rates and Charges (Rebates and Deferments) Act 1992*.

> I can advise that the decision to introduce caps on these rebates was not taken lightly. The change is being made in the broader context of ensuring that State Government concessions, including those available to pensioners and those holding the Western Australian Seniors Card remains sustainable.
>
> Without capping these rebates, there would continue to be huge variations in the rebates provided, from a few hundred dollars up to thousands of dollars each year. For example, in 2013–14, some pensioners received local government rates rebates of more than $7 000.

It is important, Mr President, that members remember that figure, because I am going to come back to that. The Premier is telling self-funded retirees that some pensioners were receiving rebates of more than $7 000. The Premier's email goes on —

> I appreciate that for some pensioners these changes may be problematic. As an alternative, some of your members may wish to consider the deferment option. A pensioner can elect to defer paying their rates, the amount owing will then be recovered if they sell their house, or from their estate. However, it is important to be aware that, under the deferment option, concessions will no longer apply and the full amount will be recovered.
>
> You may also be interested to know that, where possible, the Liberal National Government has responded to requests for other benefits that recognise the valuable contribution seniors have made to Western Australia.
>
> The extension of the free travel period from 1 July 2015 is designed to encourage as many people as possible to use public transport. The extension for travel after 7:00pm and before 6:00am —

Woo hoo —

> on weekdays is available to Western Australian Seniors Card holders, aged and disability pensioners and their carers, and is expected to result in an extra 145,000 trips a year.

Up to 145 000 seniors, aged and disabled pensioners and their carers are going to be able to use public transport between 7.00 pm and 6.00 am. I look forward to seeing how that will be tracked.

Hon Helen Morton: What is wrong with that, though?

Hon SUE ELLERY: That is good.

Hon Ken Travers: They'll be going to their second jobs.

Hon SUE ELLERY: It is a huge number of people. The email continues —

> In addition, from 1 July 2016, seniors will be able to apply for a concession on the Western Australian Photo Card, equivalent to the concession currently available on a driver's licence, as this can be used for identification purposes.
>
> There is also work being done to investigate the feasibility of providing a stamp duty concession for seniors who want to downsize their housing.
>
> Yours sincerely
>
> Colin Barnett MLA
>
> PREMIER

Mr de Gruchy, on behalf of the WA Self Funded Retirees, wrote back on 7 August, and his email states —

> Thank you for your response to our earlier letter … Amongst other reductions, we were specifically concerned about your decision to cap the rebate applicable to Local Government Council rates down to $550, and the rebate on Water rates down to $600.
>
> We understand the need for Governments to carefully consider their expenditure in these current financial times, however, we do feel that the above cuts have gone too far.
>
> In our earlier letter we specifically suggested that a review of these two matters could result in a cap of $1,000 being introduced for each rebate—this is not a large increase from what has already been publicised.
>
> Perhaps it is worth repeating that the recipients of these rebates are not wealthy retirees. Those that do qualify for a concession are restricted by the means tests applicable to the Pensioner Concession Card … and the Commonwealth Seniors Health Card … Many seniors are living in older homes where their Gross Rental Value … has increased over the years. Unfortunately, <u>this theoretical GRV bears no relation to their capacity to pay higher/additional amounts of Council and Water rates</u>.
>
> When considered along with other changes to payments and concessions being introduced by the Federal Government it is no wonder that seniors/retirees feel that we are being unfairly discriminated against.

> In your letter you mentioned that "*some pensioners received local government rates rebates of more than $7,000*". We have to say that we find this comment quite astounding. A rebate of $7,000 implies that the total amount of Council rates is in excess of $14,000 (certain elements of Council rates are exempt from the Government rebate).
>
> With respect, would you/your office please provide some detail of (a) the number of pensioners in receipt of such a large rebate, and (b) name the residential suburb/s of those beneficiaries. As you would appreciate, some evidence to support that claim may alleviate member concerns.
>
> In summary, we ask that you/your office undertake a review of this decision to cut the rebates so drastically, with a view to amending the cap to $1,000 on each category. We would also appreciate some details on where these large amounts of rebate actually occur.

They got a response to that letter not from the Premier, but from the Minister for Seniors and Volunteering, Tony Simpson, dated 27 August, which states —

> Dear Mr de Gruchy
>
> …
>
> Thank you for your email dated 10 August 2015, attaching a copy of your letter to the Premier dated 7 August 2015, requesting further consideration and information on capping pensioner rebates on local government rates and water service charges.
>
> As you will be aware, there is an option to defer paying these charges if pensioners are having difficulties making payments. However, the modelling done on the impact of capping the charges found that the effect would be either minimal to moderate for the majority of pensioners.
>
> While you have queried rebates over $7000, I can advise that these instances are real but small in number and therefore no detail can be provided.

They are either real and the government knows they are real and knows exactly where they exist so we can give the person, the suburb and how many of those rebates exist or they are not real. If the government knows they are real and if it knows it is a small number, so it is not a huge amount of work, why can it not give the detail provided?

Hon Helen Morton: Because it will identify the people concerned.

Hon SUE ELLERY: No, it will not. It is asking for suburbs and the number. It will not identify the people at all. Anyway, I go back to the email —

> However, there are also high value rebates being provided of over $6000, over $5000 and so on, which has prompted the Liberal–National Government to act.
>
> Those currently in receipt of high value rebates may also have the option of downsizing or of thinking about how they can better use their property to generate income, as the State Government does not expect other taxpayers to fund concessions of this magnitude.
>
> I thank you again for bringing your concerns to my attention.

This is the last email in this exchange. On 15 September, Western Australia Self Funded Retirees again wrote to the Premier, stating —

> Thank you for your response to previous correspondence on the subject of subsidies payable to Age pensioners, and holders of the Commonwealth Seniors Health Card … on local government council rates and water rates.
>
> As you are aware, our main interest is in seeking a review of your decision to reduce the caps on subsidies for council rates down to $550, and on water rates down to $600.
>
> We have shown our acceptance of a need to reduce expenditure, and have also signified our acceptance of some reductions in subsidies payable to seniors/retirees. However, it is our strong belief that this level of cuts to the subsidies is far too much.
>
> We have suggested that, in lieu of the $550/$600 caps, a figure of $1 000 be set (for both).

It is of great concern to us that there seems to be a tendency, for both State and Federal governments, to unfairly target the elderly citizens within this country in an attempt to correct any apparent shortage of funds.

Our members are most concerned about their ability to absorb endlessly increasing living costs. Any proposal to reduce or withdraw rebates, benefits and concessions will further complicate these worries. There are a number of issues that target the elderly

- a 20% cut in the assets test for a part Age pension (down to $547,000 for singles)
- a doubling of the taper rate, from $1.50 per $1,000 to $3 per $1,000, in the assets test
- changes to the entitlement conditions applicable for the CSHC —

The Commonwealth Seniors Health Card —

that will increase the difficulty of a senior/retiree being eligible

- a reluctance to change the Deeming rates to properly reflect the rates payable by Banks and other financial institutions (almost impossible to achieve anything over 3% for a Term Deposit)
- several recent reports advocating including the family home in the assets test for a part Age pension
    - the report from the Committee for Economic Development of Australia (September 2015), is the most recent one
- the reciprocal agreement between States for recognition of a State Senior’s Card in other States (and the ACT), seems to be in danger of being cancelled
- changes to the introduction of using Deeming rates for Account Based pensions as from 1 January 2015, together with low interest rates, the large falls in the value of shares, property etc. have all impacted quite heavily on the vulnerable senior citizens within this country.

All of the above matters clearly indicate that State and Federal governments seem more inclined to hit the elderly (who have very little opportunity to increase their income), than they are to target the more wealthy individuals and the multi-national business organisations. Of particular concern is the reluctance of the Federal Government to take action to ensure that the multi-national business organisations stop exporting their profits overseas and start to pay their fair share of tax to the Australian people.

We recognise that the majority of the issues we mentioned above that target the elderly are outside the direct purview of the State Government. However, the proposed capping of subsidies for Council and water rates is a matter for the State Government.

In your letter you refer to some statistics that indicate that your office has undertaken an in-depth analysis of the effects of your decision. Your letter says

“Out of the total number of pensioners affected, 55% will be affected by $100 or less, and almost all, 96% will be affected by $500 or less.”

With this in mind, it is of interest to know what is the difference in revenue if both caps were to be set at $1 000. Accordingly, it would be appreciated if you could provide details of

- the amount of revenue saved by continuing on with your decision to reduce the caps to $550 and $600, and
- the amount of revenue saved by capping both subsidies to $1 000.

I do not know which minister is handling this bill. Is the Minister for Mental Health handling this bill?

Hon Helen Morton: No.

Hon SUE ELLERY: Who is it?

Hon Helen Morton: I am listening though and taking notes for my colleague, who has just had to go away.

Hon Ken Travers: Let’s adjourn the house until the minister comes!

Hon SUE ELLERY: No, we are not going to do that.

Someone is preparing a response to this letter anyway, so I would appreciate the following information, if it is known; that is, the amount of revenue saved if the government was to accept the suggestion of the Self Funded Retirees of capping both subsidies at $1 000. The email continues —

> We would also like to address a previous comment in relation to the availability of Age pensioners who can defer payment of council rates if their circumstances do not allow them to pay on the due date. This facility may be of some value to a few, however, the mere fact that any discounts/subsidies will be cancelled once deferment action is taken, imposes a large penalty on remaining family members who will, also, have to contend with a large compound interest bill when that time comes. This is not a popular matter—the majority of pensioners will do everything possible to avoid leaving their family members such a large debt.
>
> In closing, we would like to say that your comment *"property values have a good correlation to lifetime income and are therefore seen as a measure of capacity to pay"* is not something that we agree with. There are many instances where an aged couple, who have lived in their modest dwelling for 30-40 years, are overtaken by increased land values and are then faced with inflated Gross Rental Values that determine the amount of council, and water, rates they must pay. The income level of these pensioners does not keep up with increased land values yet they are expected to find the money from somewhere. Their capacity to pay the ever increasing costs does not exist.
>
> As mentioned above, could you please provide
>
> - the amount of revenue saved by continuing on with your decision to reduce the caps to $550 and $600, and
> - the amount of revenue saved by capping both subsidies to $1,000.
>
> Yours sincerely
>
> (R. de Gruchy)

I think WA Self Funded Retirees have set out quite well that we just cannot assume that because pensioners are living on a fixed income on a piece of property that has a high gross rental value, they have the cash capacity to pay the increased rates and water charges that the government is imposing on them.

I thank the government for providing the briefing. At the briefing, the advisers indicated that the government expected to raise $25 million in 2015–16 from the first home buyer change. It will raise $109 million over four years to 2018–19 based on a start date of 2015, although I did note the media release referred to a figure of $199 million so, to the extent that there is a discrepancy there, I do not mind the minister providing me with the reason for that; it might be that the media release was referring to another change as well. I understand that has been pushed back so no savings will be made obviously until the bill is passed. If this bill was to pass this place in September, what will the expected savings be?

At the briefing I was also told that the cap on rates and charges for seniors will deliver $8 million in 2016–17 and $26 million over the four years of the forward estimates. I asked the advisers in the briefing about consultation on the capping of rates, in particular, because I had noted that the Western Australian Council of Social Service had expressed its disappointment that there had not been the level of consultation that it had expected. I was advised that the consultation was with the Seniors Ministerial Advisory Council, which is a council made up of ministerial appointees who provide advice to the minister. I am interested in the view the council provided to the minister. We do not get to know that view, other than by asking the minister, because, of course, the council's advice to the minister is not provided publicly. There was no consultation that I have been made aware of with any of the independent seniors advocacy groups, and there was no consultation with the Western Australian Local Government Association. It is the local government authorities that will get irate phone calls when seniors realise that they are not getting the same level of rebate as last year.

I want to turn to the abolition of the first home buyer concession for established homes. There has been a lot of work done on how we are pushing out young people to the newly emerging suburbs rather than letting them have the choice of getting into established homes closer to the city. There is an increasing social phenomenon of young people living in their parents' homes for far longer. In my day, I could not wait to get out, and I was gone when I turned 18 years; and I never went back, much to my mother's chagrin. The Grattan Institute did some work on the wealth of generations, and it states that we can be no longer confident that the next generation will be better off than their parents and that this is as a result of slower income growth, rising spending on the older generation, budget deficits, and increased debt and housing costs, all of which constitute a threat to their prosperity. The Grattan Institute report entitled "The wealth of generations" was published in December 2014. The Grattan Institute used unit record data from the Household, Income and Labour Dynamics in Australia survey, which was initiated and is funded by the Australian Department of Social Services and managed by the Melbourne Institute of Applied Economic and Social Research. The Grattan Institute report states —

> We have come to expect that each generation will be better off than its parents: wealthier, healthier and better housed. But the world is changing. Today's generation of young Australians may have lower standards of living than their parents at a similar age.
>
> Over the last decade, older households captured most of the growth in Australia's wealth. Despite the global financial crisis, households aged between 65 and 74 today are $200,000 wealthier than households of that age eight years ago. Meanwhile, the wealth of households aged 25 to 34 has gone backwards.
>
> …
>
> The wealth and incomes of younger age groups —

In the US and Britain —

> have fallen behind those of their parents at a similar age.
>
> …
>
> … the financial position of **25 to 34 year old households** barely improved.

Over the last six years.

> These households did not benefit in the same way from the windfall gains in housing because most bought at the end of the boom if they bought at all. Although they had higher HECS debts than their predecessors (as a result of higher HECS charges and participation rates), the impact of changes in these debts on overall wealth was relatively small.
>
> Because government debt increased rapidly, particularly since 2008, younger households will pay substantially higher future taxes than would otherwise be the case. Younger households could face an additional $10,000 tax burden associated with each year of growing debt between 2010 and 2014.

In respect to home ownership, the report documents that home ownership is declining, especially among the young. It states —

> Home ownership rates have fallen over the last two decades for all but the oldest households. While younger age groups have always been less likely to own their home, ownership is increasingly diverging by age.
>
> Home ownership has declined most amongst 25 to 44 year olds. In 1981, more than 60 per cent of 25 to 34 year olds owned their own home. By 2011 only 48 per cent did so. The decline over the same period was 10 percentage points for those aged 35 to 44 … An increasing proportion of those born after 1970 will never get on the property ladder. Alongside rising prices, increasing education debts may also be discouraging younger households from taking out mortgages to purchase a home.
>
> …
>
> Because younger households are now less likely to own a home, many members of the generation born after 1965 missed out on rising housing wealth as house prices boomed from the mid-1990s. Between 1995 and 2012, real house prices increased by 4.3 per cent a year, considerably faster than the growth in full-time earnings …
>
> The housing price boom was a result of increasingly available credit, falling interest rates, and construction of new dwellings not keeping up with population growth in large cities. Other likely causes were growth in household incomes as female workforce participation increased … and policy settings such as the introduction of the capital gains tax discount in 1999 and generous assistance for first home buyers.

Of course, we are reducing that assistance in the bill before us today.

> Because the boom coincided with a record period of uninterrupted economic growth, expectations of future income growth are also likely to have played a role in increasing demand.
>
> The rise in housing prices generated windfall gains for those who owned property before 1995. These could be considered unearned gains—the result of policy and economic factors rather than productive activities or as compensation for taking an investment risk.
>
> At the same time, younger generations are more likely to have purchased their first house or upgraded their house during or after the boom. Households that did not own property before the boom—disproportionately the younger generation—missed out on the windfall boost in wealth from the price rises.

And we are adding to that by virtue of the bill before us today.

Part of the information made available to us as a consequence of the briefing is two documents—I thank the advisers for providing them—headed "Impact of Rebate Caps on Local Government Rates and Water Services Charge for Pensioners". The first document lists the number of pensioner households, identified by local government area, impacted by the local government rates cap. The second document is titled "Table 2: Water Services Cap. Number of Pensioner Households Impacted (by Local Government Area)". The second document was a test for my eyesight. Nevertheless I read it, but I walked away with a serious headache after doing so. Interestingly, I did some quick sums—it is not finite local government area by local government area, because there are local government areas that overlap state seats—and what astonished me, and I am interested in the explanation for this, is that if one does a comparison of the northern and southern suburbs in respect to the local government rates cap, there are some 15 430 pensioner households impacted by reducing the cap on local government rates in the northern suburbs. I hear members ask: how many are there in the southern suburbs, in south metro? There are 7 017 households.

What a courageous government—I use the word "courageous" in the sense of *Yes Minister* and *Yes, Prime Minister*—to make such a disproportionate attack on pensioner households in the northern suburbs. The government is making life just that little bit harder for double the number of pensioner households in the northern suburbs. For example, for water services some 2 114 pensioners in Albany will be adversely affected by this change; 2 476 in Mandurah; 1 600 in Busselton and Bunbury—I put them together; 3 500 in the City of Stirling—that place north of the river; 539 in my patch in Canning; and, going back to the northern suburbs, 700 in Joondalup. Let us look around at, say, the Alfred Cove area. As if the poor member, the Honourable Minister Dean Nalder, does not have enough to deal with in his area with the Perth Freight Link, some 1 300 pensioner households will be adversely affected by increases in water charges as a consequence of the bill before us today. Why are they being so courageous? I use the word "courageous" in the sense of —

Hon Simon O'Brien: With irony!

Hon SUE ELLERY: Yes, with a sense of *Yes Minister*.

Hon Kate Doust: In the Sir Humphrey sense.

Hon SUE ELLERY: Yes, in the Sir Humphrey sense. Why are they being so courageous? They have no choice. It is because the government made promises in 2013 that it said were fully funded and fully costed. Guess what? They were not. The government put its little wax seal graphic —

Hon Helen Morton: We're back at that again!

Hon SUE ELLERY: Yes, we are. I wish I did not have to keep making this speech, but I reckon it is the fourth speech in as many sitting weeks, because the government keeps bringing these bills into this place and saying that it needs to find more revenue and make more savings as it cannot manage the finances. I am bored with making this same speech—really bored with it.

Hon Simon O'Brien: We're all on the same page then!

Hon SUE ELLERY: Aren't we?

Several members interjected.

The DEPUTY PRESIDENT: Order, members!

Hon SUE ELLERY: I would like to make a different speech, and that is why in this speech today —

Hon Liz Behjat: You admit you keep making the same speech.

Hon SUE ELLERY: There is no question; I have to keep making the same speech. The government keeps bringing the same bills before the house. It keeps bringing in bills about taxes it did not declare before the election, about revenue measures it did not declare before the election, and about savings and cost cuttings it did not declare before the election but which need to be made now, because all the things that it said at the election it would do that were fully costed and fully funded were not! So, stop bringing in those bills and I will stop making the same speech!

Hon Helen Morton: Boring!

Hon SUE ELLERY: I agree; it is boring, I have to say. Imagine how boring I find it, but for the 1 500 people being impacted in the northern suburbs —

Several members interjected.

The DEPUTY PRESIDENT: Order, members!

Hon SUE ELLERY: I reckon it is not boring for the 15 000 pensioner households in the northern suburbs. That is me being flippant, but we should not be flippant about the impact this bill will have on those 15 000 pensioners in the northern suburbs. We should not be flippant about the concession on water rates for the

3 500 pensioner households in Stirling and the 700 pensioner households in Joondalup. We should not be flippant; it is not boring for them. They will have to struggle now to find the money to pay the difference as a consequence of the bill before us now.

It is a disgrace! It really is a disgrace that the government made such outlandish promises. Then there was the promise that sat over the top of all the promises that they were all fully funded and fully costed. They were not, and as a consequence we are now dealing with legislation to help the government reduce the debt it has created and to help pay for the promises it knew it could not afford at the time it made them. I reckon there will be more of these bills—there has to be more of these bills—and members opposite will be getting another variation of the same speech. If they want a different speech, they should stop bringing in these dodgy bills to make up for their own financial mismanagement.

HON KEN TRAVERS (North Metropolitan) [3.13 pm]: It is a Tuesday, so we are dealing with the Revenue Laws Amendment Bill 2015 from the Barnett government. It seems that every Tuesday we come into this chamber and once again deal with another outrageous revenue bill from the Barnett government. From the interjections that have just been thrown at the Leader of the Opposition, it seems that members on the other side are proud of these measures. They actually think they are clever because they misled the people at the last election and now they are imposing these tax increases.

Let us just recap on where we are up to this year with tax measures. Of course, the one that sent me to the doctor one night was the payroll tax changes: $118 million in additional revenue from the payroll tax bill that this government put through for the 2015–16 financial year; and $418 million in additional revenue over the full three years, out of the hardworking taxpayers of Western Australia. Then of course last week we dealt with the Land Tax Amendment Bill: $184 million in 2015–16 from the hardworking taxpayers of Western Australia to prop up this government’s outrageous, wasteful and extravagant expenditure. The land tax bill is estimated to collect $826 million over the next four years. Of course, in those two areas one could say that, hopefully, anyone paying payroll tax is making a profit and might be able to make a contribution to help bail out the wasteful expenditure of Mr Barnett and his cabinet colleagues.

But today we are dealing with the one that is the most outrageous of the lot, because this is the one that targets the people in WA who can least afford it. These are the people on fixed incomes, who have worked hard all their lives and paid their taxes hoping that the state would help to look after them in their retirement years, and now we are hitting them up, not just the businesses and land property owners of Western Australia. I am not suggesting for a moment that the tax increases imposed by this government on those people did not cause them harm and hurt, particularly because they did not have time to prepare for the increases. If they were paying payroll tax, they would have been expecting a reduction in payroll tax this year, according to the government’s election promises, but in fact they now have to find extra money. On land tax, someone running a tourism venture has already spent the year charging a certain rate on their property expecting their land tax bill to be X amount of dollars, and all of a sudden, with a couple of months to go before the end of the financial year, they find they will have to pay an increased amount.

However, today is the lowest of the low that this government has sunk: it is now targeting the pensioners and seniors of Western Australia by removing a concession from them. I understand that the government is expecting that this concession, targeting the hardworking pensioners of this state, will generate $26 million over three years. In the budget papers it was listed as part of an overarching strategy to reform the social concessions. The reform of the social concessions saves the government $199 million. That is not reform; that is about cutting concessions.

The thing that I found most amazing—I will touch on it in a little while—is that when we had the earlier tax bills, the justification from the government was all about the drop in revenue from iron ore royalties. With this bill the government is trying to justify this impost on the hardworking pensioners of Western Australia, who worked all their lives expecting that they would be treated the same as pensioners in the past, as somehow being about reforming the social concessions in Western Australia. In his second reading speech, the minister said —

> With the proportion of seniors in the state expected to double from its current 458 000 to 865 000 in the next two decades, supporting an ageing population is a significant policy challenge faced by all levels of government.

He later goes on —

> A number of reforms were announced in the 2015–16 state budget to better target social concessions to those most in need and to ensure the sustainability of these concessions over the longer term.

If that was really the case, we should see a zero sum gain here; we should not see the government saving $199 million. If the government was really genuine about trying to manage the long-term impacts of these concessions, it could have come up with a scheme such as Mr de Gruchy suggested in his letter. I will not re-read the letters. I have received the letters that Mr de Gruchy sent as well, but I think the Leader of the Opposition has very accurately portrayed the content of those letters. In fact, I should note that Mr de Gruchy has been known to me for a long time, and I suspect he was known to Hon Simon O'Brien in his former career. I do not know whether he was there when Hon Simon O'Brien was a customs officer.

Hon Simon O'Brien: He certainly was.

Hon KEN TRAVERS: He certainly was; he was one of my bosses when I was at Customs. Mr de Gruchy is a good example of the sort of people we are talking about. They have worked all their lives; they are not millionaires; and they do not get a $7 000 rebate. They tend to live in the family home that they bought at a relatively low price in the outer suburbs of Perth. Their property values have gone up, but they are still living in modest homes that they have built, in many cases as their first family homes. We could have started to bring back the cap on those most extreme cases. If the government is trying to hide behind the idea of people getting a $7 000 rebate, one option is to bring in a system that slowly brings it back, but is revenue neutral, or if it needs to be better targeted, then target it at the right area, but do not try to save money in general out of it.

The other comment was the suggestion, in the responses to Mr de Gruchy, that people can leave their rates to be paid by their estate. From my own personal experiences trying to suggest that to seniors, I know that they do not want to do it. They want to be responsible. They are happy to take a concession, because they believe they have worked hard to pay their taxes all their lives, but they want to pay their own way and their fair share as provided for under the law. This is a particularly nasty measure. The other two would be painful for the people who have to pay for them, but for the government to target the seniors in our community is completely outrageous and it shows how completely uncaring and cruel the government is in targeting revenue-raising measures at seniors. As I said earlier, in this bill the government tries to couch this measure in terms of the fact that we have an ageing population, but as I have already said, that could have been dealt with differently.

The other argument that the government comes up with when we deal with these bills is that there has been a massive drop in royalty revenue. We were caught unawares, and we have to find new ways of raising revenue. It is certainly not about reforming the social concessions. The royalties issue is not new; it was predicted at the very formation of this government in 2008–09, when the then Under Treasurer, Tim Marney, in a media statement released by the Department of Treasury and Finance warned the government about entering into the deal for royalties for regions. The media release states —

> … the *Royalties for Regions* policy would—in the absence of offsetting changes—take the net debt to revenue ratio to around 53% by 2011–12. This compares to the current limit of 47% that is the financial target adopted to maintain the State's triple-A credit rating.

The interesting thing is that WA Labor had already committed, during the election campaign, to far more expenditure in regional WA. Brendon Grylls at the time made the point that it was easier for WA Labor to do a deal, and that was why he wanted originally to do a deal with WA Labor, because we had already committed to far more expenditure in regional Western Australia in our costed policies than had the Liberal Party, which had neglected regional WA in its election promises at the time. That was 2008–09, and we know that after that we got record levels of royalties, and so the government was complacent about that warning and continued to spend, spend, spend—not only spending the money it received but also borrowing more money on top of that. We then fast forward to the "2012–13 Pre-Election Financial Projections Statement". All the major political parties were required to make their election commitments around those financial projections. I will quote from that document. Under the heading "Highlights" in chapter 1, it states —

> The forward estimates are highly sensitive to volatile commodity prices (particularly iron ore) and ratings agencies have indicated that the State's triple-A credit rating is at risk of being downgraded. This highlights the need to constrain expenditure growth in line with revenue growth, with an appropriate and significant surplus as a buffer against this volatility.

The document then includes a section on the forecasting of iron ore prices, the end of which states —

> This serves to highlight the sensitivity of forward estimates to the volatility currently being experienced in iron ore prices, and the need to retain an appropriate buffer against adverse movements.

We could never accuse Treasury of not making the point clear to us, or anyone who read this. Further on, the document states —

> To provide more of a buffer against increased revenue volatility, and to reduce the need for new borrowings to fund infrastructure investment, it is essential that larger operating surpluses are budgeted for and delivered in coming years.

What did we see from the Barnett government? It had a "fully funded, fully costed" whack stamp set of election commitments that were far more expansive and, in their total cost, far greater than what the Labor Party committed to. The Liberals committed to more in public transport over a five-year horizon then Labor was proposing to commit to over an eight-year horizon. They made these outrageous and outlandish promises. The government will argue that it cancelled the Metro Area Express light rail project, but despite cancelling the project, it has still spent more on transport matters than was proposed at the time of the pre-election financial statement. It is nothing more than a lack of fiscal control.

We are dealing here with the rebate on local government rates and charges. I asked a question the other day of the government about the average increase in local government rates across the Perth metropolitan area for the 2015–16 financial year, because this is a rebate on that rate figure. The answer that came back from the minister representing the Minister for Local Government was that it was 4.2 per cent, based on figures provided by 28 of the 32 metropolitan local governments that had published their rate increases. I went on to ask how much of the increase was due to increases in state government fees and charges, including electricity and water charges. Interestingly, the government seem to then focus only on electricity and water charges, and not all the other government fees and charges increases. We know that the waste levy has gone up by about 50 per cent, the emergency services levy has gone up by about 10 per cent, and I will come back to the loan guarantee fee that the government has increased by 60 basis points, from 10 to 70. It is a massive increase, and an unexpected impost on local governments in the amount that they now have to pay in interest to the state government on loans from the WA Treasury Corporation. The loans were taken out on the basis that they would pay a 10 basis point loan guarantee fee, and now they are paying a 70 basis point loan guarantee fee. It is a massive impost on local government, and that total loan guarantee fee, of which the vast majority is coming out of local governments, is $36 million this year, increasing each year over the forward estimates. There is no mention of that from the Minister for Local Government. Taking into account the normal consumer price index, my view is that the vast majority of that additional increase of 4.24 per cent is a direct response to increased fees and charges as a result of the Barnett government making people pay more in their rates and then taking away its concession for seniors in that area. Some cities such as the City of Stirling—congratulations to it—had an increase of only 1.9 per cent. I take my hat off to all the councillors in the City of Stirling for being able to keep the figure so low, considering the impost that the Barnett government has put on those local governments —

Hon Peter Collier: In Subiaco, mine went up by 32 per cent.

Hon KEN TRAVERS: Yes. I will talk about Subiaco before I finish; do not worry about that, minister. I am not sure what the driver of that is. That was not the council rating; that was the minister's personal rating, was it not?

Hon Peter Collier: Yes.

Hon KEN TRAVERS: The minister's gross rental value must have gone up a fair bit.

Hon Peter Collier: I would assume so, yes.

Hon KEN TRAVERS: I would more than assume so. If the minister has had a 32 per cent increase, I would be confident that the minister has had a pretty good increase in his GRV, so he is sitting on a little goldmine there.

Hon Peter Collier: I'm staggered where they get that figure from; I really am. I don't think it has gone up that —

Hon KEN TRAVERS: I am going to talk about GRVs, because I think that that is a very good point that the minister is trying to get me to segue into my speech a little sooner than I wanted to, but I promise the minister that I will come to the issue of GRVs and whether, if the minister really wants to get some concessional reforms in this state, the government should be looking at that issue.

Hon Peter Collier: Would you get to it really soon? I'm really excited about this one.

Hon KEN TRAVERS: The minister will be, because it relates to our electorates. Before I go on to that—but it is kind of leading into it—I want to talk about the other question that I asked of the Premier last week about local government and council rates. During the height of the debate about local government rates and the forced amalgamations that the Barnett government was trying to impose on local governments, the Premier made public comments about how, for his house somewhere in Claremont, I think, he was paying $2 600 in council rates compared with the $1 200 that was paid by the Deputy Premier in the City of Stirling. The thing that I found most amazing about that —

Hon Sue Ellery: On his electorate office?

Hon KEN TRAVERS: No, his City of Stirling residence, not his electorate office.

According to the Premier, the Deputy Premier was paying $1 200 for his house in the City of Stirling. One of the media outlets showed—I do not encourage this, I have to say; I did not think it was quite appropriate—pictures of the Premier's house and the Deputy Premier's house. Also, I think they even quoted how much the Deputy Premier had paid for his house. I can assure members that the Deputy Premier's house would be worth significantly more—at least 50 per cent—than the house that I own in the City of Stirling. I can also assure members that I wish that the rates for my house in the City of Stirling were $1 200. In fact, I find it hard to believe that they are the rates for the Deputy Premier's property, which is quite large, from the look of the photo, with a number of bedrooms and bathrooms, and all the things that help create a GRV. The Deputy Premier's property would be more expensive and larger than the property that I own, also in the City of Stirling, and I pay around the $2 000 mark, with all the government fees and charges added to my council rates, and the difference does not make up $800 worth. My view is that at the time the Premier probably got a very old figure from the Deputy Premier when he said that his rates were $1 200, and because it was a long time ago, they did not actually compare apples with apples.

The Leader of the Government in this place pointed out that his rates went up by 32 per cent. In fact, I think my rates for the City of Stirling dropped slightly this year compared with what they were last year. I think last year they were about $2 200 in the City of Stirling for the property that I own, which is why I could not believe what the Deputy Premier pays on his residence, unless there is a gross problem with the way in which GRVs are calculated in this state, because that would not even account for a growth in property prices if my GRV had been done at a different time from that of the Deputy Premier, because property prices have not grown that much in Western Australia. Sadly, the Premier would not take up my suggestion that he talk to the Deputy Premier to find out what the most recent rate increase was between those two councils.

Why do I raise all those issues, apart from pointing out that the Barnett government is not only a big contributor to now taking the concessions away from seniors, but also a big driver of the fact that council rates in WA this year will go up by 4.24 per cent on average? The interesting thing to note is that the government started to say that local governments should be more responsible about their expenditure. It is a shame that the Minister for Local Government had not given the same lecture to his cabinet colleagues over the last four years. He had a crack at local governments and the point that he made was that they work out what they want and then just say, "Well, let's get the funding for that." I do not think that is a fair analysis of what local governments do. In fact, I think it is a very unfair analysis of what local governments do with their expenditure. I cannot find the quote at the moment, but I am sure I will be able to find it and give it to members later if they want it. The simple fact of the matter is that last year this government's expense growth was four per cent; the year before it was 6.9 per cent. Pot, kettle, black! Give me a break! This government does the same thing. The Premier wakes up with a bit of a thought bubble one morning, and the next thing we know, the government has agreed to spend it and has agreed to borrow money to pay for it, and it works out later how to fund it. That is just not right, and the people opposite who sit there and watch this happen should be ashamed of themselves.

I now want to become particularly parochial. In Hon Sue Ellery's comments earlier, she pointed out the difference between south metro and north metro and the number of ratepayers. I went away, looked at it all and did a bit of work. I have to say that I was blown away when I was given a copy of the document that was handed out, I believe, during the briefing that, unfortunately, I could not attend. However, I see that all my good friends from the Department of Finance are here again. It is always good to see them. Sometimes we make them stay here probably longer than they need to, but that is another point. I just about fell off my chair when I saw the number of pensioner households that will be impacted by the local government area. The document showed that the hardest hit area in Western Australia would be the City of Wanneroo, with 6 288 households.

Hon Sue Ellery: Pensioner households?

Hon KEN TRAVERS: Yes, pensioner households. I thought no, that could not be right, because the city —

Hon Alanna Clohesy: How many?

Hon KEN TRAVERS: There were 6 288 pensioner households in the City of Wanneroo. The City of Stirling has only 2 397—it is not "only"; it is still a high number. The City of Joondalup has 2 288, which is still a high figure. For the life of me, I cannot understand how the City of Wanneroo can end up with so many more pensioner households affected by this issue. I tried to get the figures for the number of pensioners in these areas, but, sadly, I was not able to. However, I was successful in getting the number of people aged between 60 and 85 years in the City of Wanneroo, based on the 2011 census. The interesting thing is that in 2011 the total number of people aged 60-plus was 19 680. So, even if we allow for the fact that there has been significant growth in the City of Wanneroo in the last four years and it is now catching up to the Cities of Joondalup and Stirling in total number of ratepayers—in fact, it has now overtaken the City of Joondalup—that does not explain to me how these figures were arrived at. The percentage of seniors as a percentage of ratepayers in the City of Wanneroo is only 27 per cent. The percentage of seniors as a percentage of ratepayers in Joondalup is 43 per cent. That is the number of ratepayers versus the total number of seniors. There will be some aggregated-up households, but there will be a mixture of double and single-income households. There were 26 000 seniors in Joondalup, 19 680 in Wanneroo, and 38 529 in the City of Stirling; I could not get the pensioner numbers. But that says to me that just about every pensioner in the City of Wanneroo will be affected, and probably around 25 to 30 per cent of people aged over 60 in the City of Joondalup will be affected.

Hon Sue Ellery: That is very, very courageous!

Hon KEN TRAVERS: I now know why, when I wrote to people in and around Wanneroo and invited them to come to a seniors' morning tea with Hon Mark McGowan and some shadow cabinet members—future cabinet members—we had such a good turnout, and they were angry. I think they had worked out what this government was up to, and how much it would impact, by any measure, upon them more than others.

I decided to compare the figures for other areas. As to Claremont, if we do a straight percentage of the number of people over the age of 60 versus the number of ratepayers, there is a 50 per cent ratio between people aged over 60 as a percentage of the total number of ratepayers. It works out that almost 13 per cent of ratepayers will be seniors affected by this. Wanneroo will be disproportionately impacted by this. By any way of measuring it, the number of seniors or pensioners impacted is higher in the City of Wanneroo than in any other local government authority in the state of Western Australia. I just simply do not understand why. Because the Leader of the House also represents North Metropolitan Region, I hope he will make sure that we get some answers from the government as to why this cap will so disproportionately affect the people of the City of Wanneroo. The figures for the Cities of Joondalup and Stirling are scary, in my view. People over 60 years of age represent, in total number of ratepayers, about three per cent; in Wanneroo it is 8.5 per cent, in Stirling it is 2.5 per cent, and in Claremont it 12.79 per cent. But when we go to those who will be affected, it is 8.7 per cent in Joondalup, 32 per cent in Wanneroo, and 6.2 per cent in Stirling. It will be 25 per cent in Claremont, 14.5 per cent in Subiaco, and 19.5 per cent in Cottesloe. If we had a gross rental value system, we would expect the GRV of people in the western suburbs to be higher, so their rates would be higher, so their rebate would be higher, and we would expect them to be more affected by this than people in the Cities of Wanneroo, Joondalup and Stirling. Why will the City of Wanneroo be so disproportionately affected? If the Barnett government is about reforming concessions, why is it targeting our ratepayers in the City of Wanneroo, in particular, and the Cities of Stirling and Joondalup? These people are living in their family homes and do not have the option of cashing up. The only way they will be able to make ends meet and deal with these sorts of imposts will be by selling their family homes and moving. People like Mr de Gruchy and his group, who the Leader of the Opposition referred to earlier, have long campaigned for the government to bring in a stamp duty concession for seniors seeking to downgrade. But of course this government says, "No, no, no, we're going to force you out of your family home by making you pay more and removing your concessions on your rates, but we're not going to give you a concession that assists you to sell up, realise some of the value in your family home and move to smaller accommodation." This government has refused to do that. There were suggestions prior to the budget that the government was considering that measure, and if it had brought that in it would have been, arguably, a reform of concessions that could have potentially assisted these people to downgrade from their longstanding family homes. That is a traumatic experience for people to go through, but this government is not making it any easier and forcing seniors to have to realise the value of their assets.

As I said earlier, these family homes are not owned by millionaires who paid $1 million for them. Certainly in the City of Wanneroo I cannot think of a suburb about which we would say that the suburb was built as a wealthy, expensive suburb. It was generally working-class people who bought in the City of Wanneroo. Although the value of their properties may have gone up over the last 15 or 20 years that they have been family homes, when they bought them they were not expensive homes or areas. Even the most expensive suburbs in the City of Joondalup were not extravagant, wealthier suburbs. In the main, they were first, second and third home buyers, buying the house that was to be their family home. Yet this government now wants to hit those people with a new and nasty increase by removing their rates concession.

I, for the life of me, cannot work out why 6 288 homes in the City of Wanneroo—pensioner households in the City of Wanneroo—will be so affected. I would have thought that around 8 000 to 10 000 seniors—around half—in the City of Wanneroo will be impacted by this measure. It is just cruel. I suspect that if the government adopted the proposals of people like Ron de Gruchy, those people would benefit the most from those sorts of changes. If we look at areas that will be affected by more than 500, interestingly in the City of Wanneroo it is still 73, whereas in Claremont it is 87, and in Cottesloe it is 98. We would expect that some of those houses down on Marine Parade and the like would be impacted massively by a rebate—some of them might be getting the $7 000 rebates that the government talks about—but I doubt that there is a single $7 000 rebate anywhere in the City of Wanneroo. If the government was really genuine about it, it would bring in a proper reform mechanism. The only other element that I can think of is that the gross rental value system is not a true reflection of the value of property, and the Leader of the House might concur with me in light of the 32 per cent increase that he has referred to. I would like an explanation, because I think it is about time to look at whether GRV is an accurate reflection of the value of property especially if the government is serious about what it claims to be the policy of this bill—that is, reform of concessions.

The other thing I found when looking at the figures was the discrepancy among households affected by the local government cap versus those affected by the water cap. In theory, they both use GRV, so I would have thought that there would be similar proportional amounts, but when it comes to water capping, for some reason City of Stirling residents are impacted greater than those living in the City of Wanneroo. For the life of me, I cannot work it out. I hope that the government is able to provide an explanation to the house on those matters because it is a cruel impost on not only my constituents, but also the constituents of the other members who represent the North Metropolitan Region, and I hope that they stand up with us.

Finally, I wanted to mention the other policy of this bill—that is, removing the $3 000 first home owner grant. The government has suggested that somehow this has been a feel-good concession paid by the government to first home owners. Never forget that it was introduced as compensation for the imposition of the goods and services tax on new houses. At that time it was accepted that the increase in the cost of a new house would also lead to a spike in the cost of established homes. In fact, I remember at the time that there was a bubble in the market as people tried to build homes ahead of the GST coming in because they believed it would be cheaper to build the home before the GST came in rather than waiting until after the GST came in, with the concessions that were available, such as the $7 000. Those of us who already owned homes felt that we did not need to be compensated because the value of our properties would go up by an equivalent amount to the impact of the GST, and that is why the figure of $7 000 was arrived at in the first place. It was due not to the government's largesse, but because the Liberal–National governments at the federal and state levels imposed the GST on us. It is ironic that in a state such as Western Australia, which is so poorly treated under the GST formula, first home owners are being punished and are being told that they will now have to pay more GST to Melbourne, Sydney, Brisbane and all of the other eastern states and they are not going to be compensated, even though that is why the first home owner grant was introduced in the first place.

We know that as time goes on more people will find it harder to get into the housing market. I heard again today that the projections show that the number of young people who own their homes is constantly declining. The first home owner grant was one measure to help them and now we are making housing less affordable. If the government was serious about its policy, it could have come in with a package that was revenue neutral, capped at the high end of local government rates, and it could have supported some concessions for people so that they could sell their homes to get the market going. That might have even assisted first home owners buy some nice four by two family homes from those hoping to downgrade, and they could have got just little bit of a stamp duty concession from the state government. But, no; this government is all about increasing revenue. On behalf of Western Australians, I hope that this is the last Tuesday tax under the Barnett government. I hope there are no more Tuesdays in which we are debating taxation revenue measures. I hope that the next time we deal with tax revenue it is about reducing tax and not increasing the burden on the hardworking taxpayers of Western Australia.

Once again the Barnett government stands condemned, because this bill is nasty. The other two revenue law amendment bills were wrong and they hurt people, but this bill is just downright nasty.

HON RICK MAZZA (Agricultural) [3.55 pm]: I thought I would rise today to make a couple of comments on the Revenue Laws Amendment Bill 2015. Hon Sue Ellery and Hon Ken Travers' contributions have been far-ranging and have covered a lot of technical areas. However, I am concerned, firstly, about the government abolishing the first home owner scheme for established homes, which last year went from $7 000 to $3 000. Although that move is supposed to raise $109 million over the next four years, it is a very short-sighted way of looking at things, because when an incentive such as the first home owner grant on an existing established home is abolished, the handbrake on the market starts to be applied, and those people who are looking to buy their second, third or fourth homes are held back from doing so because there are not many first home owners in the market to buy their homes. Of course, the second, third and fourth buyers are the people who pay stamp duty. I think the $109 million in savings would be offset quite a bit by there not being subsequent buyers of second, third and fourth homes who would be paying stamp duty along the way. Not only that, the $10 000 first home owner benefit will still be offered to people who want to build a home.

In my contribution to the budget debate I identified a flaw in the home indemnity insurance scheme whereby first home owners who pay a deposit risk losing their deposit, because if home indemnity insurance is not taken out by builders the deposit could be lost if the builder goes broke. I am very concerned about that. If anything, there should be greater incentives for first home owners buying established homes so that they are active in the market. Of course, first home owners will in time own their homes and therefore will not become a burden on public housing. What is being done for retirees and pensioners who own their own home? We are going to put a cap on the rebate they are given. I do not know of many local government shires in which the payable rates are less than $1 000. If a person owns a suburban home in any local authority, I think we would find that their rates are quite a bit more than $1 000, so pensioners will be affected by that.

We are also talking about a rebate cap of $600 on water rates. I do not know about other members, but my water and sewerage rates are a bit more than $1 000 a year. There are two areas of the community that will be greatly affected. Firstly, there are the first home buyers—predominantly young people who are starting out and having families; they are going to be affected because they will not have any first home owner scheme to help them with their established home—and, secondly, at the other end of the scale are pensioners who will be affected by the fact that they will not have the full rates rebate. As I say, these people are those who in the long term do not put pressure on public housing.

There is also another issue. When first home owners are encouraged to buy established homes, as time passes they generally improve those homes by adding a new kitchen and bathroom and that helps the home renovation industry. If there is no incentive for first home owners to buy established homes, home renovation businesses will be affected, as will real estate agents who predominantly sell established homes. Hon Ken Travers touched on the nasty payroll tax and mentioned that those people generally make a profit. The really nasty thing about payroll tax is that people do not have to make a profit; they can make quite a substantial loss and still be up for payroll tax. In fact, payroll tax itself can contribute to heavy losses.

Hon Ken Travers: I accept that

Hon RICK MAZZA: That is right. I understand and accept that there are budgetary challenges for this government, but there are certain areas in this bill that need to be thought through a little more. As I say, the last two speakers have covered this matter extensively, but I wanted to make those comments.

Hon Peter Collier: A very good speech.

HON KATE DOUST (South Metropolitan — Deputy Leader of the Opposition) [3.59 pm]: I hope the Leader of the House says the same when I am finished.

Hon Peter Collier: If it is good, I will.

Hon KATE DOUST: Will I get a mark?

Hon Peter Collier: Absolutely.

Hon KATE DOUST: I am now keen to say a few words about the Revenue Laws Amendment Bill 2015 and perhaps follow on from the comments made by the first three speakers today, probably spending more time talking about the impact of the first home owner grant. I thank Hon Rick Mazza for his comments; I think they were quite appropriate.

This bill deals with three specific areas: first, the abolition of the first home owner grant for established homes; second, the continuation of the Duties Act 2008 for the first home owner duty concession; and, of course, third, the changes to the capping arrangements provided to pensioners on local government rates and water service charges. I will talk about those towards the end of my speech.

When I looked at this legislation, I wondered what I would talk about because there have been some significant changes to the first home owner grant. As was mentioned, this originally came about as a result of a Council of Australian Governments agreement prior to 2000—before the GST was introduced—to acknowledge the impact it would have on first home owners with the increased amounts they would pay for construction. At a state level, a range of amendments have been made to that initial piece of legislation that was introduced into this place in 2000. The first piece of legislation was introduced in 2000. There has been a raft of amendments. I might go through some of those. Two bills were introduced in 2000; another bill was introduced in 2001, under the Labor government; another one was introduced in 2002; a further amendment bill was introduced in 2004; and one was introduced in 2005. It is a very popular area for change and for tinkering around the edges of this piece of legislation. Additional changes were made in 2009. In the last couple of budgets, there have been quite significant changes to the amounts allocated and the reductions of certain aspects of the first home owner grant. The first of the amendments moved over the past 15 years extended access to the first home owner grant to New Zealand citizens who resided permanently in Australia. The second round of amendments increased the grant from $7 000 to $14 000. I understand that that was funded by the commonwealth and managed by the Office of State Revenue. The third amendment provided an extra $3 000 for first home owner contracts. This was a very short-term piece of legislation; it applied only to those contracts that were entered into between 1 January 2002 and 30 June 2002. The fourth piece of legislation provided for minor amendments to reduce abuse and increase efficiency. I think that was around the time there was some talk of five-year-olds buying very expensive pieces of property and being able to tap into the first home owner grant. We saw some very interesting creative accounting in how people accessed the grants. Those loopholes were shut with that round of legislation.

Another amendment to this legislation related to licensing and the right of occupancy granted by local government. There were further changes around property values. I note that at this time the first home owner grant was increased to $21 000 to try to stimulate growth in construction. The seventh amendment to the legislation related to the first home owner grant limiting the percentage of the grant. Since then, the changes we have seen have come through budgetary measures. The bill that we are debating today is the result of a decision announced in this year's budget. It is a fairly longstanding piece of legislation. These decisions to cut the grant for an established home from $7 000 to $3 000 and then down to nothing but increase the amount for new homes has been quite contentious. I know that it has been greeted by different groups in the industry in different ways. The Housing Industry Association has welcomed the cut because its members operate in the new home owner area. There is a benefit for the HIA because people will be encouraged to branch out into the suburbs to purchase a home. The change has certainly been welcomed by property developers. Later I will refer to quotes from people such as Nigel Satterley, who has obviously welcomed the change with open arms because it is of great benefit to his part of the industry. However, the Real Estate Institute of Western Australia has been very critical of this decision by the government; it has called on the government to perhaps take a more balanced approach to enable people to have a broader range of options when making decisions about where they will live.

The reference has already been made by Hon Sue Ellery that in some way we are, in fact, modifying the behaviour of first home owners by abolishing that $3 000 grant, which is probably not a huge amount of money when lending a couple of hundred thousand dollars but it can make a difference to somebody purchasing an apartment—perhaps a young person who wants to buy a two-bedroom flat to be closer to where they work or study so they do not have to worry about purchasing a car. They may want to use public transport to get to their workplace, so they may be looking at buying an established home, usually for work-related reasons. I know that these things happen. When my son-in-law was 18, he moved out of home and decided to buy a flat in Cannington. He paid a very reasonable amount. It was a block from the train station. Here was a young fellow who did not have a car licence; in fact, he did not get it until he was about 22. It was a convenient place for him to live as he was able to catch a train and head off to uni. Even though it was a little way out of the city, it was reasonably priced. The first home owner grant allowed him to buy that unit because it was an established place. Under this change, that option will be denied to a range of other young people like him. They will be compelled to move to an outer suburb. That is what we are doing by allowing this to happen.

People have to think about their options. They have the option of buying a small flat or a small house in a suburb that is closer to the city; it might be closer to their work. That pushes them out into those other suburbs. Just looking at my own electorate, if we go down that southern corridor, which is absolutely full of new housing estates, once we get beyond Canning Bridge effectively, into Cockburn and the seat of Jandakot, further out into Baldivis and all the way down the coast to Golden Bay, we see thousands of new houses being built in those areas. They vary in size. Some are very small—three by twos or three by ones, up to quite substantial places, all of varying prices. By cutting out the established first home grant, that is the only option available—people will be compelled to move to these new areas. That may very well be applauded by the likes of Peet and the Satterley Property Group, which may have land holdings in those areas, or Stockland, which has an estate just off Armadale Road, in which it will open up land for 2 000 new homes. I think Satterley has an equivalent number of new homes planned down in Honeywell. It may be very attractive for Satterley to draw people into those areas. If people are going to be pushed out into those new areas, we have to ensure that the government takes into consideration their living needs in those areas and ensures that they have access to appropriate public transport, schools, hospitals and all the other services they need. Although some of those new areas are booming with the number of houses being built, there is not really much else there. There is no opportunity for job growth. A lot of these places are just being developed as dormitory suburbs in which people go to sleep and eat but not a lot of activity is happening there. If the government is going to pursue this line and essentially modify behaviour by cutting out one element of the grant but growing the other part to encourage people to go down that pathway, it needs to make sure that all the other bits of the settings are put in place to enable people to have a decent standard of living and a good lifestyle in those areas. One of the real concerns I have with some of these newer suburbs is that people are moving in, but it takes a long time for them to establish themselves when they are building a new home, particularly a young family, as there are added costs. In the early 1990s, my husband and I moved up to Marangaroo, where we built our first home and had our first child. I am trying to remember what we paid for our house and land up there. It was absolute scrubland, and I think ours was the last street in Marangaroo at the time. I think that we paid $55 000 for our 500-square-metre block and another $88 000 to build our house. It was a very nice house, but as a young family on a much lower income at the time, it took us a long time to get established. That is the pressure that a lot of people in these newer suburbs also face, given they have all sorts of added financial burdens to deal with.

One of the big issues is employment, which is why it is very attractive for a lot of people to live closer to the city: they are closer to their work and they do not have to worry about traffic congestion because they have better access to public transport. Those things are not always present and available in some of these newer areas. That is a real challenge for the government. I was looking through some of the promotional materials for house and land packages from real estate and property companies. They make it very attractive for people to want to move into these areas. They say, "It's only 20 kilometres from the city" or "It's 10 kilometres from the beach", but where do people find work? I know that in the southern corridor there is not as much work available now as there was a few years ago. A lot of people who live in the South Metropolitan Region and in that part of the world still have to travel into the city or to Canning Vale or Kewdale or to other areas. If they are lucky, some of them might still have work in Henderson, but those jobs are limited. That is a real challenge. The state government has put out its plan "Directions 2031: Draft Spatial Framework for Perth and Peel" and there are updates on that and how the government is working with local government to increase density and to put in place a raft of measures that will make those areas much more attractive for families to come and live and work there. However, providing employment opportunities is still a big challenge, particularly in my electorate of South Metropolitan Region. The government needs a much more coordinated plan in how it manages those types of issues. I note that on top of "Directions 2031" is the Perth and Peel@3.5million plan, which is a similar plan about the increased population density in those areas and managing infill development. It is all very well for the government to have this Maoist approach of sending people out into the suburbs. I say Maoist, because the Long March was about getting people out of the cities and into country areas. I would not have picked that this government would support that type of approach, but it is doing it, in a way, by this behaviour modification.

Hon Sally Talbot: It is just as extreme.

Hon KATE DOUST: Yes, it is just as extreme. The government is changing behaviour by getting rid of what was an attractive carrot, or assistance, if you like, that might have helped a young couple or young family to get over the line to purchase a home where they wanted to live. The government is denying people a wider range of choice by removing the $3 000 stamp duty exemption, which in the long term will place a greater burden on government. If the government shifts people out into those suburbs and does not provide all of the necessary infrastructure—be it transport, hospitals et cetera, or even some of the social infrastructure to support those communities—it will be interesting to see what happens in 15 or 20 years' time, when it tries to attract people back to the inner city area. We are already seeing huge growth in the number of inner city apartments being constructed. When the first home owner grant was available for established homes, it was an attractive prospect for a lot of young people who wanted to enter into the market to purchase one of those places but unless they can afford the full tab themselves, it has effectively been denied them because they cannot access this part of the grant. We see change happening in inner city suburbs where there is a call for increased density. We see the rejuvenation of areas such as Victoria Park, and even South Perth to a certain extent, North Perth, Subiaco and those sorts of places, and a desire of the community to have young families come back to those areas. By removing that option, particularly for younger families—unless it is a vacant block of land that they can build a new home on, which in those areas is pretty rare—the government is effectively saying that people's only option to get government assistance to build a new home is to move out to these far-flung places. When we look at these house and land packages that are available to people who would be eligible for this loan, they are a fair way away in suburbs such as Mindarie and, in the lower end of my electorate, in Golden Bay and Secret Harbour, and out to those new areas in Baldivis. These places have grown at a much faster rate than most people expected, because there has been significant demand. For the long term, there are some real challenges.

What has happened is that because the government has had such an appalling history in the last seven years in managing the state's finances—the bill that we are dealing with today is a direct outcome of that financial mismanagement, in which the government has sought to find ways to claw back and try to redeem itself, if you like, from the financial black hole it is in—it is now hitting these softer targets. The government has pretty much culled everything it can through a range of portfolios, after thinking about where else it can claw back the dollars to fix its problems, and that is why we have seen this change.

The First Home Owner Grant Act was introduced in 2000 to provide financial assistance to first home owners, because they were going to have to pay those additional costs associated with the introduction of the goods and services tax. Now the exemption has been removed from one part of the package, what will the government do to assist those first home buyers who do not want to go into brand-new construction and who want to go into an established home without the additional expense of establishing gardens, painting and all the other things that need to be done with a new home? They want their home ready-made. The government has let down a significant group of people in the marketplace who prefer to go into the established home market.

The Real Estate Institute of Western Australia made a very interesting call to the government for a more balanced approach. REIWA put in a very good submission to the state government about these changes prior to the budget coming down. On that second point of eligibility for the first home owner duty concession for a new property valued at $430 000 or less and maintaining the first home owner grant, REIWA was able to provide me with some interesting statistics up to June this year on house and land sales throughout my region. I also looked at the statistics for the number of properties sold, some of which are quite substantial. I was surprised to see that more than 1 000 pieces of land were sold in Victoria Park—I am not too sure where those vacant parcels are—and that there were more than 2 300 house sales in Victoria Park. Baldivis is not listed as a separate area; I suppose it is listed in Kwinana, where there are 1 500 homes and 1 300 pieces of land. The median house price in Kwinana is $410 000. I went through the list and looked at what kind of house a person would get in those areas. To not pay stamp duty on an established house, the best place to buy is the seat of Kwinana, in places such as Parmelia, Orelia or Medina. Those areas all have houses for sale under that figure. It is quite interesting because it shows how far people have to move to buy an affordable house if they are a new entrant to the market.

I found a Perth suburbs price data list online. It refers to median house prices in a range of areas. In some of the newer suburbs such as Atwell the median house price is $582 000. In Aubin Grove, the median house price is $613 000; in Baldivis, it is $460 000; in Beeliar, it is $540 000—I am just trying to find some of the suburbs in the seat of Kwinana—in Bertram, which is in the seat of Kwinana, it is $430 000; and in Calista, it is $320 000. The City of Kwinana is doing a significant amount of work with Latitude 31 to try to bring that area up to speed. First home buyers who want to buy an established home and are denied the opportunity to access this part of the grant are really being pushed out into the suburbs. First home buyers who want to build will find, as they go through the listed areas and the prices they will pay, that they will be forced out into those areas. People who do not want to pay the stamp duty component but still access part of the grant will be forced well and truly away from the CBD. That will affect a number of people who work in hospitality or retail—I know this from my time with the union, going back 10 years. I could never understand the number of people who worked in the CBD and travelled to work from Mandurah, Rockingham or Joondalup because they could not afford to live closer to the city. To access this type of support they had to go to the outer suburbs where there was no work.

I come back to my earlier point that if the government is trying to modify people's behaviour in terms of how they access this type of financial support, it also needs to ensure that it addresses all the other issues in terms of services and access to opportunity and employment. I think Mark McGowan's metrohubs proposal is very interesting in terms of providing that type of opportunity and balance for people, particularly those out in those far-flung areas, so they will have access to information and employment opportunities. It is about creating new opportunities for those people.

Hon Sue Ellery made significant comment about the capping issue. I think this is another imposition on pensioners. Over the last few years, we have seen pensioners hit pretty hard by all the additional costs that this government has put on them, including increases to utilities and a range of other government charges. For a lot of people, having this cap in place will make it even tougher. I think the figures quoted were about 800-odd pensioners in Victoria Park. I am not too sure about the figure for Rockingham. I think about my parents who live in Rockingham and Waikiki. They are both pensioners who pay rates on their properties and this will be quite a significant change for them. On a fixed income, they will find it harder and harder. I daresay that once the community is aware of these types of changes, we will start to get more and more calls to our offices from people who are struggling.

Why did we get to this point? We got to this point because the government could not prioritise and it could not balance the books. If the government had not pursued its vanity projects and expended such significant amounts of money, what else could that money have done? What could that money have delivered for our community? It could have delivered a fair and more balanced approach to the first home owner grant and we would have probably a better situation for pensioners in this state and they would not have to suffer the penalty of this capping arrangement.

Hon Helen Morton: It is embarrassing.

Hon KATE DOUST: No, the minister is embarrassing. This government is embarrassing because it has been dishonest with the community all the way. A political party cannot go to an election and say that everything it will do will be fully funded and fully costed, and a week later turn around and say, "Oops, sorry, we made a mistake. We got that wrong, didn't we?" Every time the government rolls out a piece of legislation—I have lost count of the number of bills that we have dealt with in the last few weeks, probably five or six bills, about this government clawing back dollars to try to cover its financial fiasco. This bill is at the tail end of the problem. I dare say next year's budget leading up to the state election will have more options for this government to try to claw back more money from taxpayers' pockets to cover its financial mismanagement. We have had seven different Treasurers meddle in this area, and they have failed to deliver a balanced state budget and decent outcomes for people. We have watched this government put more and more pressure on every citizen in this state in terms of the rates and charges they pay for this government.

The minister might say that it is embarrassing. Yes, it is very embarrassing for the minister. That the Liberal Party is held up on a pedestal and we are told that it knows how to manage the economy is an absolute myth. I think this government has perfectly demonstrated failed economics and it has failed as a financial manager. At the end of the day, it is our taxpayers who are suffering the consequences. The government is taking away opportunities. It is denying people opportunities and choice, and it is trying to modify their behaviour with the introduction of these types of bills. I think that in due course government members will be well and truly embarrassed, because people will say that enough is enough.

HON SALLY TALBOT (South West) [4.28 pm]: I rise to speak on the Revenue Laws Amendment Bill 2015. Some Parliaments around the world have in the past actually provided residential accommodation for some of their officeholders. Honourable members who have been to New Zealand will remember that there is a little suite in the New Zealand Parliament. I do not think that the Speaker currently lives there, but certainly they have done in the past. Even in our own Parliament, we have a corner of the building where the President was entitled to live. That is why there is a bathroom upstairs. It occurs to me that we might want to look at providing that sort of facility for our Treasury officers who seem to virtually live in this place, dealing exclusively—it would be a surprise to them, of course, I cannot think that anyone would have applied to work at Treasury a few years ago, if they had seen the list of legislation that was going to start going through this place.

Hon Ken Travers: We could bring back the flat downstairs.

Hon SALLY TALBOT: I think it would be quite easy to do some modifications.

Hon Stephen Dawson: Certainly they have been earning their keep.

Hon SALLY TALBOT: Absolutely they have been earning their keep. I think occupational health and safety obligations probably suggest that we should be extending more facilities to them to make their job just a little less onerous. But onerous it certainly has been.

Are you looking at me, Mr President?

The PRESIDENT: No, I am looking at the clock. Noting the time, I will interrupt the debate.

Debate interrupted, pursuant to standing orders.

[Continued on page 6704.]