REVENUE LAWS AMENDMENT BILL 2015

Second Reading

Resumed from an earlier stage of the sitting.

HON SALLY TALBOT (South West) [5.07 pm]: I had only a few minutes to speak before we broke for question time so I will start my speech on the Revenue Laws Amendment Bill 2015 from the beginning. I had commented that some Treasury officials have appeared to have lived in this place over the past three years because with monotonous regularity the government has been walking into this place with bills that have been attempting to raise money from cuts to concessions and services and increases in taxes. Could we have foreseen this happening? Of course not, because as honourable members on this side who have contributed to the debate have noted, there was a conspicuous lack of reference to any revenue-raising measures during the last election campaign. Indeed, the converse has applied: not only was there no reference to those things, but we and the community of Western Australia were assured that they would not be happening.

Where are we now? We are making the same comments about the same sort of legislation. One of the things to which I want to draw attention is that it is only people on this side of the house who have spoken on the measures in the bill, noting that Hon Rick Mazza actually sits on this side of the house. It is rare that he votes with this side of the house, but Hon Rick Mazza has added his voice of dissent to the measures in the bill, and I appreciate his comments. However, up until now only people from this side of the house have expressed that dissent, and that is a mystery to me. I can only think that members on the opposite side run a different kind of electorate office than the offices run by people on my side of the chamber, because we have not been able to set foot in our electorates in the last couple of years without having electors raise with us the savagery of the cuts imposed by the government. It has become the leitmotiv of the conversations in the electorates about the broken promises and the refusal to canvass any of these options before they are just dumped on the electorates, so people are living with a degree of uncertainty that they could not possibly have predicted would come about under a conservative government.

I would have thought that members on the other side of the house would have been eager to come into this place and put on the record their defence of this legislation. What do they say when they talk to their constituents? I just cannot imagine what they say. In moving around the south west, I get to see a number of newsletters from members of the Liberal and National Parties and there is conspicuous silence on these issues. The cuts to the cost-of-living allowance and the changes to land tax, payroll tax and a range of other state taxes and concessions are raised constantly by electors, but it is like a blank hole in the middle of these newsletters. The silence is almost deafening. This is the place where members of the government could defend those cuts. They could stand and talk about—I do not know; we are lost for words. The only narrative that we have been able to construct around the government's actions is the narrative that we on this side of the house provide. We have not even heard anybody on the government benches dispute what we have been saying. We have had very eloquent accounts already this afternoon from Hon Sue Ellery, Hon Kate Doust and Hon Ken Travers about the unfairness of these measures. All of them spoke about the effects on constituents in their electorates. All of them talked about the representations from individuals, groups and community organisations in their electorates expressing alarm about these changes. That is the only story we are hearing about what the government is doing. Of course, it is not a defence, because what the government is doing is indefensible. Not one person from the Liberal or National Parties can stand in this place and give us that defence, so we have no narrative. The electorate has no narrative, other than this chaotic mismanagement of the economy that is so starkly apparent from looking at the raw figures with which we are presented twice a year—once in the government's budget in about May and once in the *Government Mid-year Financial Projections Statement* around Christmas time. That is what we are stuck with. We are stuck with a tired, old government that cannot even be bothered to defend its own moves.

Hon Peter Collier: I will respond, as I always do. What are you talking about? You were in government; you know how it works.

Hon SALLY TALBOT: Hon Peter Collier is very proficient at the contributions he makes to these debates and he is a good professional politician. He does the job that is asked of him, but he is not the minister with carriage of these bills.

Hon Peter Collier: Have you read *Hansard* from the other place?

Hon SALLY TALBOT: What he says in this place—he might very well believe it—is profoundly unconvincing.

Hon Peter Collier: Have you read it?

Hon SALLY TALBOT: Yes, I have read the entire debate and there is no convincing defence. There is no narrative around anything the government is doing. Hon Peter Collier comes into this place and does a professional job as the minister with carriage of the legislation, but he should look at all the people sitting around him who say absolutely nothing. That is what I am getting at. That is what is so unacceptable. We have a tired, old government that has messed up the budget. Quite honestly, I think that some people on the government benches will breathe a sigh of relief on the second Saturday in March 2017 when they are booted out of office. I think some of them will think: thank goodness we do not have to try to cobble together a story to make sense of this economic mess that we are making of the state's finances.

Hon Peter Collier asked me whether I had read the debate in the other place, and I have indeed. I noticed that one of the things that has become a leitmotiv in our side of the argument is not just the broken promise that everything was fully funded and fully costed, but that the government has, on not one, two or three but four or five different occasions over the last couple of years, introduced into Parliament measures that it did not flag with the electorate. The only reason it has had to introduce these measures is the financial calamity it is making of the state's economy. I will repeat some material that I know is already on the record but it bears saying one more time. I can only hope that this is the last time we will have to add something to this ever-growing list, but who knows? The record does not promise that.

A couple of weeks after the 2013 budget, we started with the budget fiscal action plan. We saw a little more than $1.5 billion worth of cuts and deferrals of concessions that were supposed to be made. There was $527 million from the deferral of the non-real property exemptions; $338 million from the first of three land tax increases; $155 million from the halving of the private vehicle concession, and I will have a lot more to say about the abolition of concessions by this Liberal–National government later in my contribution; $120 million from the proposal to levy school fees on the children of 457 visa holders; and a massive $454 million from what was referred to only as the tax administration package. That was a little over $1.5 billion only a matter of weeks after the 2013 election. That was closely followed in the 2014–15 budget—because, of course, we did not go a full year between the 2013 budget and the 2014 budget—by a further $1.1 billion plus of tax increases, $185 million of which was from the abolition of private vehicle registration fee concessions. That was another concession that helped ordinary working people to manage their budgets that was slashed for the sake of $185 million. There was $73 million from the Perth parking levy increase and $222 million from the changes to the transfer duty concessions for first home buyers. Have first home buyers not copped it? There is obviously something in the government's roll of the dice that sends first home buyers to the top of the list every time it looks for a way to save money, because they copped it again a couple of years ago. There was $334 million from the second tranche of land tax increases, $93 million from the 75 per cent interim dividend for port authorities, and $202 million from the land fuel levy increase. That comes to a little over $1.1 billion. What are we up to now? It is more than $2.6 billion in only the first 18 months after the election. It is a massive amount of money to haul out of the revenue stream. It is like somebody using a shonky jack under a car that will not go. All the machinery is rotting away with these ill-conceived cash grabs. If we move forward six months to the 2014–15 midyear review, at about Christmas 2014 we saw a total of $557 million in increases in tax and other measures, $414 million of which came from the payroll tax increase. It needs to be emphasised that the government does not come from nowhere on this; it did not sit there with an empty desk when it started this. I talked just now about rolling the dice and how one face of the dice must say, "Go for the first home buyers!" That is not literally true, because the desks are not empty but are full of material about what could be done to reform the tax system and to secure revenue streams so that in the future we are not lurching from boom to bust and we do not see unemployment rates skyrocketing on the downside of the construction phase of the boom, which is exactly where we are at now. I was talking to an accountant the other day—not my accountant, otherwise he would not have been looking so relaxed—who was telling me that one-third of his self-employed clientele have gone out of business in the last 12 months. This is a man who works full time in a large metropolitan accounting firm. Although he did not give me the numerical details about how many customers that was, one-third of that firm's clientele has shut down over the last 12 months. I was not surprised to hear that, but it was distressing to have it confirmed by someone who is right at the interface where people are going to their accountants and desperately trying to stay in business and being told that they have to shut down. That bears out the anecdotal evidence from around my electorate. Members on the other side of the chamber, I am sure, hear the same stories about people not being able to hold things together, people who two years ago thought they had found the place where they were going to spend the rest of their lives and raise their children, but who have had to close down businesses and move, essentially, to find work. These are terrible results for our state, which should be able to manage its economy, with such rich resources within the state and such a robust basis for a sound economy, to still find ourselves lurching from crisis to crisis. The government is not short of advice about what it ought to be doing, yet it has a tin ear when it comes to that advice even—as I will go on to talk about—when that advice is coming from people who it would normally count as being on its own side. These are not people from my side of the political fence who are telling the government how to do it, although I am happy to give them a few tips; these are the people who the government acknowledges to be experts in the field. These people are becoming increasingly frustrated with their failure to get any sort of sensible message through to the government about what it ought to be doing, instead of this ramshackle cobbling together of emergency measures to try to fill the holes in the dam, which is leaking quite spectacularly at the moment.

We move on from the 2014–15 *Government Mid-year Financial Projections Statement* in December to the 2015–16 budget, which is the most recent one in which we again see a long list of budget measures that are supposed to be saving money. We saw $11 million removed from the cellar door subsidy. Hon Col Holt knows that has caused an enormous amount of grief in our electorate. We saw $149 million taken from loan guarantee fee increases. We saw the third tranche of land tax increases, which we dealt with just the other day, with a massive $826 million clawed back in land tax. Then, of course, we come to one of the measures that we are dealing with tonight, the removal of the first home owner grant on established homes, which is $109 million. It is interesting that when I went through all the material about the Revenue Laws Amendment Bill 2015 that we are dealing with tonight, I found that that $109 million is by no means secured, because it is supposed to be a figure over four years. The abolition of this first home owner grant tonight is supposed to garner the state $109 million over four years, between now and the 2018–19 financial year, and would be in the region of $25 million a year. However, I noticed in the second reading speech—or it may have been in debate in the other place—that the minister concedes that figure is changing almost by the day, because every day that goes by, through delay, we are losing $3 million a month. This bill was introduced back in May with a baseline projection of $109 million over four years; but now, of course, it is coming towards the end of September and the bill is still not through. I suppose we should understand by that that we have lost four or five months and we are already about $20 million down on what the government was hoping to accrue by this move. It seems like an extraordinary additional piece of incompetence that having lighted on the measure that was supposed to start filling some of the holes in the budget, the government is wasting $3 million a month because of some sort of failure to get on top of the administrative details of making the requisite statutory changes. This is yet another incompetence sticker to be awarded to the government.

Where have we ended up after fewer than three years of this Liberal–National government? We have ended up with a grand total debt of $4.4 billion since its fully funded, fully costed slogan. I do not think that we can honestly call it a promise or a policy anymore, because in the Premier's own words that is just a slogan, and so it has been confirmed in the last couple of years. What did this government do? It is already in a massive budget blowout and is heading towards a debt of unprecedented dimension—a debt that will effectively be hung around the necks of generations for many decades to come. We have no hope of getting debt levels back around the 2008 level, certainly not in the time that most of us will spend in this Parliament. I do not know who is the baby of the Parliament.

Hon Stephen Dawson: It is Hon Martin Pritchard.

Hon SALLY TALBOT: Maybe by the time Hon Martin Pritchard is the same age as—I will not go into that!

Hon Stephen Dawson: Did you mean age or time in this place?

Hon SALLY TALBOT: I was thinking about age and looking for our youngest member; it might be Hon Samantha Rowe actually.

Hon Stephen Dawson: It is Hon Martin Aldridge.

Hon SALLY TALBOT: Maybe this will happen by the time Hon Martin Aldridge is ready is to retire and maybe it will be mentioned in the retirement speeches of some of the young people we have in this place. Maybe when Hon Samantha Rowe is speaking—obviously not just from the government benches but presumably from the front bench as a minister or maybe even the leader of the Labor government of the day—she will be able to celebrate in her retirement speech, which I am incidentally anticipating will be many, many decades into the future, that Labor governments have once again brought the debt level back under control and back to 2008 levels. But it is not going to happen in the next couple of decades. It is a terrible burden to saddle future generations with. It is a terrible thing to say to any working person that they have to earn a certain amount because the government has to recoup in taxes and charges a certain amount in interest repayments on that massive loan before we can even start to talk about any positive contributions to our economy.

Where does the government look when it is searching for areas in which it can cut costs? I know it probably gets a little wearing on government members to hear opposition members talking about the negative impacts that these cuts have on the people whom we on this side at least are proud to represent. However, there would be things that the government could do that we would support. There would be moves for which we could come into this place and help the government celebrate that we were reforming the economy and putting the state on a stable basis so that we did not have to lurch from economic crisis to economic crisis, and so that people did not have to work for an enormous number of days every year just to contribute to the interest charges on the debt. We would support those things. Where are those measures?

I referred earlier to the fact that the government desks are not empty when it comes to seeking advice. I am particularly pleased to have the chance to speak on this bill today. We have been through a few of these revenue bills recently. I have always had tucked away in my metaphorical back pocket the final report of the Economic Regulation Authority that was, I think, released in July 2014. I am sure somebody will be able to correct me if that is not right. It was a couple of years in the making and a couple of interim reports were produced during that time. However, I think members will find that the final report titled "Inquiry into Microeconomic Reform in Western Australia" has been available since July last year.

The Economic Regulation Authority is not known to be a bastion of socialism. In fact, most of the people who contribute to the workings of the ERA would be seriously embarrassed if they did anything that suggested they were tending to the left. They wear their conservative economic credentials extremely proudly. That is perfectly fine. We need all sorts and they are at the other end of the all sorts from where I sit. However, they fundamentally speak the same language as the government, and they have put together hundreds and hundreds of pages—thousands of words—about microeconomic reform in this state. Again and again since July 2014 we in the WA Labor Party have asked the government what it is going to do with this report. There are very challenging things in this report for those of us who sit on my side of the house. One is the issue I raised with Hon Col Holt when he took over the housing portfolio. I was greatly reassured when he told the house that he would not adopt some of the recommendations on the Keystart housing scheme—I think the minister remembers it well. The ERA does not like the housing scheme and the government does not like it either, but I pay tribute to Hon Col Holt because he is just about the only minister who has come out and told us what the government thinks about the ERA report. The rest of the time from all the rest of the ministers —

Hon Stephen Dawson: This will be the kiss of death for him!

Hon SALLY TALBOT: He can put it on his curriculum vitae that I said nice things about him!

However, from all the others all we have heard is a deafening silence. We do not know what they think of this report. I therefore again ask honourable members: what conclusion can we draw from that? I can only draw the conclusion that they do not like it. I find it very hard to project myself into the head of anybody sitting on the government benches at the moment as it is a very scary place, but it does not take much imagination to think that if I held to the set of beliefs that accorded with the Economic Regulation Authority, I would be delighted to have these hundreds and hundreds of pages in my hand, because it is the rationale, the narrative, that is so conspicuously missing from what the government is doing at the moment. The government did not even have to make up that narrative. All it had to do was come into this place and say, "Look, there are a few things in here. Hon Col Holt says he doesn't want to go ahead with those cuts to the Keystart program, that's fine, but with the exception of X, Y and Z, we're endorsing this report so now we all know where we're going and the ERA has written the narrative for us." All the government had to do to answer our questions was table the ERA report and the answers would have been here. It has not done that. There has been just a deafening silence. I was going through the ERA report again the other day because, as I say, I have had it tucked away for many months waiting for an opportunity to refer to it.

Hon Stephen Dawson: For a rainy day!

Hon SALLY TALBOT: For a rainy day. I think this is a rainy day, is it not? It is a horrible day to have to come back into this place and debate a cash grab by this government from the wrong people, the most vulnerable people in our community. It is a rainy day.

What I read in this report is a series of recommendations for tax reform. Some of the report, as I say, is not palatable to somebody on my side of the political divide, but even people who do not agree with the conclusions can come to appreciate the rationale. One of the points made over and over again in this report is that the more concessions are introduced for taxes, such as land tax, payroll tax and transfer duty, the less efficient the taxes become. Of course I will always argue that we must have concessions, just as I will argue that we must have concessions for a tax such as the GST. That is my argument, but the opposite argument is contained in this report. What do members sitting on the government benches think about that? We do not know what they think because none of them ever talks about it. There are extensive accounts in the report about what could be done to reform the three state taxes: payroll tax, residential transfer duty and land tax. It is all here.

Not all of this report is repugnant to the Labor Party. Knowing members opposite as I do, I am sure that the reason they do not endorse it is not that they do not want to upset us—I am sure that does not even enter anywhere near their thinking—but surprisingly they will find that there is quite a significant degree of agreement on this side of the chamber. If they are in any doubt about that, I refer them to the final speech of

Hon Eric Ripper before he retired as the member for Belmont in 2012 when he talked about—obviously not the ERA report as his speech was made before the report—some of these crucial reforms that are needed to those three state taxes. Some of what Hon Eric Ripper had to say has either gone into informing this report or the ERA thinks the same. I do not have time to go into those details now, but I suggest that anybody on either side of the house interested in it should follow up those comments made by Hon Eric Ripper.

I did not get far through this report before I realised why the government is not happy with it. Of course the easy thing to do is also the lazy thing to do, and the lazy thing to do is what the government has done with this series of bills that it has walked into this place. I refer to the key premise that has informed the Economic Regulation Authority report. For those interested enough to follow it up, it is on page 258 in paragraph 6.6 headed "Options for Reforming State Taxes". For a bit of context, I will read from the beginning of the paragraph —

> The ERA engaged Synergies to identify options for reforming the Western Australian taxation system that would reduce the efficiency costs of the taxation system.

This is the key phrase I want to draw to the attention of honourable members —

> In providing guidance to Synergies on the development of options for reform, the ERA indicated that the package of reforms should … be revenue neutral; …

I reckon the report would have fallen open at that page. If I was part of the Economic Regulation Authority, I would have made sure that every report it published fell open at that page, because that is the key to this piece of work. It is the ERA's fundamental premise that reforms should be revenue neutral. Of course, as soon as the government saw that in the report, it ran away from it because it thought, "We can't do that. That's not what we need. We need more revenue." Our whole reform package went out the window because the government ran away from that foundational premise of reform of the tax system. Remember, we are talking about micro-economic reform—reform of the state's economy so its foundational premise is that it is revenue neutral. Of course, a government that has just blown the budget out the window cannot get anyone interested in that proposition. The government cannot survive until the end of the year unless it walks away from that fundamental principle that reform has to be revenue neutral. That is truly a tragedy for this state, and it will be marked as one of the moments—hopefully it is a mistake that can be rectified swiftly as soon as we get decent government in this state, which will be the return of the Labor government in 2016. I am quite sure that in the economic history of this state these couple of years of the second term of the Liberal–National government, which are slowly drawing to a close, will be shown to be four years of completely wasted opportunity. Wasted for no other reason than the government's self-interest in concealing the mistakes it has made managing the economy.

While I have the Economic Regulation Authority report in my hand, I want to refer members to page 264. This is absolutely crucial. The report is about micro-economic reform and refers to reform of the operation of those three state taxes; there is not a lot about other aspects of the economy, including concessions. Recognising that the measures we are dealing with in this legislation are both characterised as concessions, I want to draw honourable members' attention to box 17, headed "Social concessions in Western Australia", on page 264. I asked the rhetorical question—Hon Peter Collier will not be able to address the question in his second reading reply and I would not expect him to because it is a rhetorical question—when one absorbs the details of the contents of box 17, is this what we have coming next? Given that the government has shown that it is completely shameless when it comes to the removal or reduction of concessions, is this what we have to look forward to in the next 12 months of this government's second term? Box 17 contains the following information —

> The Western Australian Government provides a number of social concessions to make some specific services more affordable. These concessions take a number of different forms including rebates, discounts, and waivers. Eligibility for concessions is variously based on age, income, service to country or special needs or disadvantage.
>
> The Western Australian Government is forecast to provide $860 million of social concessions in 2013/14.

Those were the figures available to the writers of this report.

> The largest concessions in this category in 2011/12 (which was the last audited outcome year) are:
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> - the rental subsidy for public housing tenants (estimated to be valued at $215 million in 2011/12);
> - local government rate rebates for pensioners (estimated to be valued at $86 million in 2011/12); —

The very item that we are dealing with tonight —

> and;

- Transperth fare concessions and free travel on Transperth services for pensioners (estimated to be valued at $82 million in 2011/12).

> In addition to these social concessions, the Western Australian Government provides operating subsidies to public corporations for the provision of electricity, water and public transport services at less than cost reflective prices. Major operating subsidies in 2013/14 include:

- $684 million to subsidise public transport provision through the Public Transport Authority;
- $433 million for the provision of household water and waste water services in country areas at prices set by the Government to match metropolitan water prices and $132 million for the provision of water concessions to pensioners and seniors; and
- $420 million paid to Synergy and Horizon for the tariff adjustment payment to provide electricity at tariffs below the cost of providing electricity.

Madam Acting President, I think this is chilling stuff. I bet that what is written in box 17 is on ministers' desks at the moment and that page 264 is the one page of the ERA report that the Treasurer actually kept. He shredded the rest of the report, but he kept page 264, because I bet the concessions listed on that page are where the rest of his money is coming from. In a few months' time, and into next year, we will be back in this place talking about various bits and pieces being nibbled off those remaining concessions. That is the only page of this report that the government thinks is interesting; the rest is far too scary. The government runs away from anything that states "the fundamental premise is revenue neutral", but when it looks at the data in box 17, it gets its shears out to start chopping away. I am not saying this out of nowhere; it has informed everything this government has done since the ERA started work on tax reform in this state.

What is the problem? As many speakers in this debate have pointed out, the problem is not revenue; the problem is spending. The problem is not the fundamentals of our economy; it is the management of our economy. What has happened to the government? The only way that I can construct a coherent narrative around what is happening with the procession of bills into this place is to say that the government has two crises. I thought the government only had one crisis until this bill came into this place. It is true the government has a GST crisis, but it is not very forthcoming about that because it has that little problem called the federal government, and I do not see that problem being resolved with the smoke-and-mirrors trick the government played last week. I think the GST problem is still very much an in-house problem for this mob. The government's big headline problem was the iron ore price, which, heavens above, what a surprise, plummeted. It was not a surprise to anybody except the economic managers on the government bench.

That is the government's first crisis. We discovered with this bill that the government has a second crisis, and it is why it has had to have a go at pensioners. This crisis is referred to in the second reading speech. Guess what the government's second crisis is? It is that people in this state are getting old. The government did not know that that was going to happen. The *Economic and Fiscal Outlook* that is budget paper No 3—I have often shared that budget paper No 3 is my favourite of the budget papers—does not mention anything about this looming crisis of an ageing population. But, guess what, the government suddenly realised that we have some baby boomers who are getting older, and it is in the second reading speech of this legislation. That is the government's second crisis; what a dreadful shock it must have been. The second reading speech states —

> 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.

That is the reason the government marched this bill into this place to try to cut concessions for older people. The government has suddenly discovered another crisis—that there are too many people getting old. It happened just like that and the government could not have possibly seen it coming. That is why we are debating this legislation, which the government could not possibly talk about in the lead-up to 2013. Suddenly we have all these old people and the government does not know where they have come from, but they are draining the budget, and it is a terrible challenge. It is just ridiculous. It is because people are illiterate at reading what is happening in the state. We are very fortunate—I always say it started with Paul Keating—that we have a very economically literate community, and it can see what is happening. I had a brief glance at the comments to an article I had published on the net. I soon shut it down because it was making me blush. I do not know what happens to people who need to comment on press articles, but most of the comments were pretty obscene. The theme of the comments was: why are we wasting money on Betty's Jetty and the Perth Stadium and taking money out of the pockets of seniors in this state?

HON ROBIN CHAPPLE (Mining and Pastoral) [5.50 pm]: I suppose I really want to talk this evening about three or four components of the Revenue Laws Amendment Bill 2015 that we have before us. Firstly, we are obviously dealing with the First Home Owner Grant Act 2000 and the Duties Act 2008. Then we are dealing with the Rates and Charges (Rebates and Deferments) Act 1992. Obviously, we are very concerned about the way in which both of the aspects before us are being rolled out and the fiscal, social and, believe it or not, design capacity in the metropolitan area around these changes. It is important to put on the record that most probably we would not have any of these problems had we not gone down the road of the first home owner grant proposals. The first home owner grant proposal was introduced in 1998. It is quite interesting to note that every time we evaluate the first home owner grant system, we end up with a situation in which house prices go up, and the only person who usually benefits from the first home owner grant process is the seller. In 1988, when the first one was introduced, prices jumped almost immediately by 30 per cent. The scheme was promptly withdrawn, and two years later John Howard—the first scheme was introduced by Paul Keating—reintroduced the scheme in 2000, spiking prices again by 16.5 per cent. We feed the market, and the market basically comprises the people who benefit from that first home owner grant system. Since 2000, house prices have almost trebled, with the only noticeable slowdown coming in the early stages of the global financial crisis, before the trend was quickly reversed when the Rudd government introduced the first home owner grant boost, which again pushed up prices by a further 19 per cent.

We need to realise what goes on in this process. We provide a boost and we provide assistance, but it is a bit of a Clayton's assistance, because in the long run people pay higher prices for their houses. Many people are against the first home owner grant because of that. Grattan Institute director and former ANZ Bank chief economist Saul Eslake said that over the 20 years that this scheme has been in play, it has led to a decline in home ownership. This is the view of many other eminent people in the economics area. Economics journalist Ross Gittins explained that the system can be counterproductive when he stated —

> All these measures would work if you were the only person who benefited from them. That is why they *sound* like they would help. But because all the other would-be home buyers you are competing against also benefit, the attempt to make prices more affordable ends up pushing them higher.

In 2009, former Australian Labor Party federal minister Lindsay Tanner and Reserve Bank governor Glenn Stevens admitted that the scheme had an inflationary impact when they were quoted in *The Australian Financial Review* editorial titled "Housing dearth the next crisis to happen". In review, all political parties have basically said that the scheme had been very counterproductive; it gives the veneer of providing assistance, but creates a system that puts up house prices. In 2008, the Senate Select Committee Inquiry on Housing Affordability stated in its executive summary —

> The committee has received evidence that the FHOG has had an inflationary effect which has benefited existing home owners rather than those seeking to enter the market. Several witnesses called for the payment to be restricted to houses below a certain value, or to buyers below a certain income.

We find ourselves in this situation. Obviously, we have the First Home Owner Grant Act 2000 and the Duties Act 2008. With this legislation, we will abolish the $3 000 first home owner grant on established homes and retain the duty concessions for first home owners on established homes. If the government were really interested in helping people to enter the market and get a house—the prices are usually cheaper for older stock—one would assume that the government would be providing a better level of support for people to get into that housing than for people who want to buy new housing. There is also the corollary that at the moment we will be building new houses in new suburbs that are further away rather than using, or encouraging the use of, existing stock. Therefore, it is a waste of resources in terms of materials, and also there is the potential creation of further urban sprawl. I do not think that has been thought out. Obviously, it is a cash grab, and I will deal with what that is about in a minute.

Then we go on to the Rates and Charges (Rebates and Deferments) Act 1992, which provides mechanisms for the capping of rebates provided to pensioners on local government rates and water service charges. That is an element that is really antisocial. We have to realise that in some country areas, some of the rates paid are significant. A 50 per cent rebate was substantive to a pensioner. I will most probably be a pensioner one day, with a bit of luck. My rates are about $3 500 a year. If I were a pensioner on that 50 per cent rebate, I would be paying a rate of only about $1 700. Therefore, I have a bit of a pecuniary interest in this because I am getting older! For someone in the country to lose that $1 700 and to go towards a capping would be significant, and it will have a hard impact on some people in the regions.

In relation to the first home owner grant and associated duties concession, this bill seeks to implement the 2015–16 budget measures to abolish the $3 000 first home owner grant for the purchase of an established home. This will align the application of a grant in Western Australia with that of the other states and territories. There are no changes to the existing grant of $10 000 for new homes. The eligibility for current duty concessions for first home owners depends on the purchaser being eligible to receive the first home owner grant. As the concession is not being abolished, consequential amendments to the Duties Act are required to establish the eligibility criteria that are consistent with the criteria that apply to the grant for the purchase of established homes.

These amendments are to commence on the day after royal assent is received, and are estimated to save $109 million over the forward estimates period.

Sitting suspended from 6.00 to 7.30 pm

Hon ROBIN CHAPPLE: I had just got to the point about the amendments commencing on the day after royal assent is received—amendments that are estimated to save $109 million over the forward estimates period based on the 1 July 2015 commencement date. However, these savings will be reduced by an estimated $3 million for each month that commencement of the proposed amendments is delayed beyond July 2015. According to the calculations, we have already lost a significant amount of money. I find it quite interesting that the state continues to have fairly major fiscal problems. I recently looked at the Norway sovereign wealth fund, which is generated by income from the oil and gas sector and is an interesting proposition. According to Norway, it now has such reserve funding that it is enough to generate interest to cover its super requirements forever and a day. Recently I had a good chance to chat with some engineers from Saudi Arabia and we were talking about the wealth of Western Australia. I was asked by one of them—I think I mentioned this in the chamber—what Western Australia is buying. When I asked him what he meant, he wanted to know what assets, businesses or industries Western Australia is buying in other countries with the profit from its royalties. I said that I did not know, but I did not think that we were doing anything like that. He thought that was astounding, because in Saudi Arabia, knowing that it has a limited supply of resources, 30 per cent of its income goes into purchasing assets and businesses in other countries to shore up its position as a nation into the future. Given our problem, those sorts of comments and what happens in Norway are really rather fascinating.

On average, in just about every year, Western Australia produces 27 per cent of the world's supply of iron ore. Over the years, that market share has never really varied, which is quite interesting. Even though our output has gone up and up, that percentage of world supply has differed little. The current price of iron ore at between $55 and $60 a tonne is above the long-term mean average, so even though we are talking about a boom–bust scenario, which has quite often resulted in Western Australia's problems, having talked to our major mining corporations—Rio Tinto and BHP—I know that that $55 to $60 a tonne is above the mean average. Over the last three to four years we experienced an exceptional price hike. Instead of identifying it as a price hike and something above the norm, we literally sought to spend like a drunken sailor, which reminds me of the early days in the Pilbara when a person went to work in the north west for six months and then to Europe for six months to live the high life based on the previous six months' earnings. Unfortunately, governments continued with the attitude that the incredible revenue spike would last forever and a day, but it never would. The fiscal problem we face into the future is that those heady days are not coming back. Part of the reason is the competition in the market with Vale's iron ore from Brazil and Nigeria, which will add significant tonnage into the market by the end of the year. I understand that Vale will put about 150 million tonnes of really high grade ore into the market. It is rather interesting to note that even Rio Tinto will blend some of its Western Australian ore with the ore from its mines overseas to match the grade coming out of Brazil. The company's Western Australian ore will shandied with the ore from other nations at the port of destination. I do not how we will get ourselves out of the mire, quite honestly. We have to be very fiscally sound. The problem I have with this government is that it continues to levy harm on those who can least afford it. In that regard, I refer especially to the Rates and Charges (Rebates and Deferments) Act 1992 and how the government is looking to cap the rebates provided to pensioners on local government rates and water services charges. I hope that in his second reading reply or during committee, the Leader of the House can respond to my concerns. I have a copy of the water rates and the towns from my electorate in the Mining and Pastoral Region that are changing classes or bands. According to the Water Corporation —

> Each year the Water Corporation reviews the cost to supply water to every town. For non-residential customers a different "band" (or step) of water use charges (1 to 15) applies to different towns across Western Australia, depending on the total cost to provide water from the local scheme.

Kalgoorlie, Eyre, Kimberley and the north west are on different band rates which, as far as I can see, vary from those of Kalgoorlie, which for 2015-16 is band 12. Kalgoorlie-Boulder is band 14, Southern Cross is band 12, Leonora is band 15, Fitzroy Crossing is down to band 3 and Wiluna is band 13. All these will be corrected over the foreseeable future. I refer to the "Water Corporation Charges 2015–16" fact sheet, which reads —

- There is a 4.5 per cent price increase in non-residential water and waste water services that reflects the cost to construct new infrastructure and run, replace and maintain the existing assets managed by the Water Corporation.

- A bill for non-residential customers living in a regional area is made up of two components:

  – A service charge based on the size of the water meter required to meet business needs. This charge is uniform across the State.

  – A usage charge that varies by town (referred to as "bands" or "steps"), reflecting the cost of providing water to a particular town.

I am making an assumption here and I would like the minister to clarify this. Are the rates that are charged for that water based on a usage charge in those varying towns, which are referred to as bands? If that is the case, those water charges will go up significantly, as I identified from the regional fact sheet. Will that have a flow-on effect at the same time as we will be dealing with the capping of rebates to pensioners? At the same time of that capping, will the band rates cause increased charges for water rates? It will be interesting to see whether, into the future, we are talking about an increase of 4.5 per cent from 2015–16. In 2015–16, 125 towns will move up a band as the Water Corporation moves closer to the true cost of supplying water to those towns. The Water Corporation quite clearly identifies that over time it hopes, from its perspective, it will be able to eventually get the true cost of supplying water to regional towns. If that is the case, how will water rates reflect that, or will they? I am very interested to know that aspect of the rating system within the Rates and Charges (Rebates and Deferments) Act 1992.

For the regions, we know that regional customers are supplied with 300 000 litres of water at a price no higher than what metropolitan customers pay. This ensures that regardless of where people live, they can access water at a low cost. High-quality supply of water for essential needs is funded through a government subsidy. One wonders if the government continues its mean-spirited direction, whether it will look at stripping some of that subsidy out of the regions. Customers living in regional areas with harsher climates, typically located in the northern parts of the state, receive an additional 200 000 litres of water at a price no higher than what metropolitan customers pay. Beyond this, charges for residential customers who live in regional areas are based on the cost of providing water services to each town. Again, there are quite complex methods of calculating water charges, especially in the north of the state. One would assume, as I have already indicated, that this must be reflected in water rates. It will be interesting to hear what the minister has to say in that regard.

My colleague Rachel Siewert is also equally concerned about pensioners; it is a portfolio area that she holds. Her media release from 9 July 2014 starts off, "BARNETT'S 'GRUMPY' CLAIM DISRESPECTS WA PENSIONERS".

> The Australian Greens have rejected Colin Barnett's characterisation of 'grumpy' WA pensioners, saying people across the state are genuinely concerned about the cumulative effects of cuts to concessions and entitlements and the cruel Federal Budget.
>
> "Mr Barnett cannot explain away the social impacts of cruel policy making by saying West Australians are 'grumpy'," Senator Rachel Siewert, Australian Greens spokesperson on family and community services said today.
>
> "There is real concern across the community as state and federal leaders threaten disadvantaged people with cuts to income support and concessions that will make their lives harder.
>
> "These pensioners aren't members of Mr Barnett's 500 Club, they're people who are worried about how they'll pay for a visit to the doctor and they're going without a heater in winter because they're worried about paying the bill.
>
> "Premier Barnett's Liberal mates in Federal Parliament are working to deliver a budget that cuts the indexation of pensions and puts a $7 GP co-payment in place. A new report from Sydney University shows that a couple on the aged pension face at least $200 per year in out of pocket expenses as a result of the proposed GP co-payment.
>
> "Cutting pensions and increasing costs for health —

My comment in here is that it is increasing water and other rates, and —

> … will put more people at risk of going without the treatment they need and will put more pressure on community and residential aged care services, which we already know are overstretched across the state.
>
> "These insensitive comments shows that the Liberal Governments, at a state and federal level, are disconnected from the pressures being faced by people across the community," Senator Siewert concluded.

It is interesting that this is followed up by an article in PerthNow by Claire Bickers —

> The strategy aims to halve the number of people on the priority housing wait list, with seniors and families with children on the list being given precedence.
>
> …
>
> A new $300 flat land tax scale will come into effect in 2015–16 for land with an unimproved value of between $300,000 and $420,000.

We have already talked about that flat tax in this chamber. It is another tax, and it will raise approximately $184 million in 2015–16 and about $826 million over the next four years. The problem is that the tax is for a person's principal place of accommodation. We know that many of our workers who were formerly in the north west are now going overseas and their properties may no longer be their principal place of residence. They are therefore liable to pick up a significant extra cost on those properties. We seem to placing an immense amount of pressure on peoples' ability to maintain their housing. Claire Bickers' article continues —

> REIWA president David Airey said the loss of the $3000 first home owners grant was a significant blow for first-homebuyers of established properties.
>
> He said the construction of new homes had peaked in WA and it showed the government's continued favouritism of the new homes market.
>
> He said it would contribute to urban sprawl and property investors would be hit by the land tax increase.

That is the dual-whammy! It continues —

> Mr Airey said the government's argument that the FHOG policy was geared towards providing more housing was flawed, because Perth was currently oversupplied with dwellings.

Again, from a social perspective, one would hope that if we reduced the homebuyer grants, that would be done on new housing, not on existing stock, because that would help people who are more socially disadvantaged. The article goes on to say —

> "Supply is not the issue in WA, affordability is the issue and making it harder for first home buyers attracted to existing stock makes no sense," he said.
>
> Mr Airey said the land tax changes would be passed on to tenants through increased costs across the board, particularly for commercial properties.
>
> Master Builders' director of housing Geoff Cooper welcomed the retention of the $10,000 grant for first home buyers who wanted to build new homes.
>
> Mr Cooper said: "We were already anticipating a pull back in residential building of around 15 per cent next year towards the longer term average …"

Quite clearly, the Master Builders Association wants to see more new houses built. However, it is alarming that we have chosen to increase land taxes while broadening the land tax base, and at the same time as we are putting fiscal impediments in the way of people wanting to buy into existing stock. We are creating a system that will end up heightening the benefit for sellers by maintaining the grant structure for new housing while not allowing people who want to buy into existing stock the ability to do so. That is certainly a major concern. The National Affordable Housing Agreement, established by the states, articulates quite clearly that the job of affordable housing is to provide opportunities for those people who want to get into the housing market in the first place. Getting into an older property is much more fiscally possible for many people whose incomes are limited. It is a bit like saying, "Let them eat cake"; it has little or nothing to do with assisting people to get into the housing market. It will keep the building industry going. We will have a dearth of housing and it will be very expensive to get into that market and people who should be assisted—if there is a social agenda in this package—will be marginalised. This is due to the fiscal state that we find ourselves in. We certainly make it very clear that we do not support this revenue-raising legislation. It is not in the interests of the people of Western Australia; it is not in the interests of sustainable housing; and it is not in the interests of minimising urban sprawl.

I find the second component of the tax on the aged and pensioners bizarre. A thinking government would not do that. I expect people who will be significantly disadvantaged by the extra costs associated with their water and local authority rates will probably make their anger known at the ballot box in 2017.

HON SAMANTHA ROWE (East Metropolitan) [7.53 pm]: I am delighted to rise this evening to make my contribution to the Revenue Laws Amendment Bill because I think it is important that members on this side of the house remind the government and Western Australians of just how incompetent this government has been in managing the state's finances. We are seeing another revenue bill come into this place, and that is now becoming quite characteristic of the Barnett Liberal government. Time and again it has brought into this place revenue bills demanding more money from the taxpayers of this great state of ours. This time, those who will be hit by this revenue bill are two groups in our community who rely quite a bit on support from government, those being first home buyers and pensioners. The second reading speech notes —

> This bill seeks to amend the First Home Owner Grant Act 2000 and the Duties Act 2008 to implement the 2015-16 state budget measure to abolish the $3 000 first home owner grant for the purchase of established homes. The bill also seeks to implement the budget measure to amend the Rates and Charges (Rebates and Deferments) Act 1992 to provide the mechanism to cap, by regulation, the rebates on local government rates and water service charges for pensioners.

These are two groups within our state that are quite vulnerable at the moment, particularly given the increasing costs-of-living measures. These measures will certainly be felt within our community; yet here we are again with this government asking us to pass this bill because it has failed to manage the state's finances. That is why it is here. The bill has been presented to this place because the government misled the public in 2013 during the state election campaign. It made unaffordable promises and it made promises that were neither funded nor costed, in stark contrast to the message it sent to voters in 2013. Now the government is asking for this bill to be passed because it misled the state and it cannot afford to keep the promises it sold. It is as simple as that. That is why this revenue bill is before us today. It is the latest in a series of taxation bills aimed at taking money from Western Australians to compensate for this government's failings. We recently debated the Land Tax Amendment Bill that was presented to Parliament. That bill was aimed at collecting additional taxes worth around $800 million. It is now the turn of first home buyers and pensioners to be asked to foot the bill. When we are talking about revenue or taxation bills I always like to stop and look at the state of the economy so far. We recently saw the 2015–16 state government budget handed down, which was probably the worst budget in our state's history, and which proved that in just a little over seven years, this Barnett Liberal government has been able to take the best set of books in not just the state but the nation and somehow turn it into the worst set of books. The Premier made a whole lot of commitments that he would never lead a state or government into such a deficit. Yet, after the 2015–16 state budget has been handed down, we are about to see state debt reach some $36 billion. The government recently borrowed $8 billion. That was not money borrowed to fund infrastructure projects, health services or education; it was simply to run the government's day-to-day operations.

The 2015–16 budget includes revenue raising and savings measures that will net the government $1.3 billion. This bill is part of a much larger revenue raising program that has seen the Barnett Liberal government collect an additional $4.4 billion from Western Australians since winning the 2013 state election. Much like the revenue bill before us, the budget is taking money from the pockets of ordinary Western Australians—we could say vulnerable Western Australians, because the abolition of the first home owner grant will most likely affect very young Western Australians just starting out in buying their first home—and pensioners. That is all to cover up this government's mismanagement of the state's finances. I just think that is a shocking way for the government to conduct itself. Because it cannot manage its finances and it cannot control its level of spending, it is now turning around and saying, "Okay, we've got all this debt: who can we take money off? Who is the least likely to complain out there in voter land?" It seems to us that the government just picked seniors out of a hat: "Oh, they will not mind." Now first home owners, who are mostly young people, have been targeted.

The government is seeking to change the first home owner grant by abolishing the $3 000 that is currently available to Western Australians who are looking to buy an established home. This will largely affect young people who are just starting out. They probably already find it tough with the economic downturn that we are seeing in the state and they also have cost-of-living pressures, which we know are hurting a lot of Western Australians. The grant was slashed from $7 000 to $3 000 by this government in 2013, which was obviously done to raise revenue. Now we are seeing it cut completely. It was revealed in the second reading speech that this change is estimated to raise approximately $25 million in 2015–16. However, this amount will be somewhat lower due to delays in introducing the legislation to this place. A further $109 million will be raised over the four years to 2018–19.

The cutting of the first home owner grant has obviously caused much concern, not just within the community with young people wanting to start out and buy their first home but also with the Real Estate Institute of Western Australia. Its president, David Airey, put forward a pre-budget submission, calling on the state government to adopt a five-point plan to improve the Perth housing market over the following financial year. I refer to a recent media statement dated March 2015 titled "REIWA calls for Five Point Plan in State Budget", which states —

> The pre-budget submission also calls on the Barnett Government to readjust the First Home Owners Grant so that it applies equally to those buying established homes and those building new ones.
>
> In Western Australia, the First Home Owners Grant was changed in 2013 from $7,000 for all applicants to $10,000 for a new construction and $3,000 for an established dwelling.

> "This imbalance has skewed many first time buyers to new-builds and as a result this demographic is not soaking up as much of the existing stock as has traditionally been the case.
>
> "The original policy intent was to stimulate the construction sector and that objective has been met. The Government now needs to review the policy to bring more first time buyers back to the established market because the current policy is impacting on trade-up activity across the whole market," Mr Airey said.

I am not sure why the state government chose to ignore the submission and the five-point plan, but one would think that the government would listen to a peak body such as REIWA. Unfortunately, it was ignored. When the 2015–16 budget was handed down, it was revealed that not only would the grant not be improved but it would be abolished altogether. Naturally, the decision was immediately slammed by REIWA. David Airey made quite a lot of comments in the media about this change to the first home owner grant. On 15 May this year he said —

> "First home buyers have seen the loss of the first homebuyers grant from established homes," he said outside Parliament House on Thursday afternoon.
>
> ...
>
> "But the loss of the grant is going to be significant ... that would require first home buyers to save for longer and potential defer or cancel their first home buyer purchase."

That does not sound like a way of supporting people to buy their first home and it certainly does not sound like the government wants to improve in this area. I am not sure why the government thinks it knows more about this, but it seems it does not like to take the advice of industry groups. David Airey from REIWA also noted that construction of new homes has peaked in WA and the scrapping of the grant for established homes will simply increase urban sprawl. That is concerning. I do not think we want to have a situation in which we are forcing young people to build their first home further and further out from the city, when dwellings are available closer to town because we do not necessarily have the infrastructure in place to support these growing areas. I think that was something that the government, for whatever reason, did not take into account.

I would like to touch on why it is important to have the first home owner grant in this state. The first home buyer grant was established for young people, in particular, just starting out to buy established homes, so they had the opportunity to go from either renting or living at home to being able to purchase their very first property. In April 2014, the Bankwest Curtin Economics Centre released a report entitled "Housing Affordability: The real costs of housing in WA". It contained some key findings about the value that first home buyers placed on the grant when making a decision to purchase a home. I am not sure whether the government took any notice of this report but we would think that someone would have had the good sense to look at it when developing this bill. It made some interesting findings. Respondents were asked to rate the first home owner grant as either "not important", "quite important", "very important" or "don't know". The results are set out on page 83 of the report. Of the respondents who were living with their parents, 58 per cent said that the grant was very important, 23 per cent said that it was quite important and only 14 per cent said that it was not important. Of the respondents who were living in a group household, 73 per cent said that the grant was very important. That is a huge amount. Eighteen per cent said that it was quite important and only six per cent said that the grant was not important. Clearly, young people find the first home owner grant hugely beneficial when looking to buy their first property. This was independent research. It clearly demonstrates that Western Australian first home buyers place a great deal of importance on the first home buyer grant.

The importance of the grants to Western Australians wanting to buy established homes is further evidenced by the rush to buy such properties since the government announced the scrapping of the grant. On 25 August this year, Christina Zhou, a Domain reporter, wrote an article entitled "WA first home buyers in rush to buy ahead of grant cut". The article reads —

> First-time buyers in Western Australia are racing against the clock to snap up established properties before the first home owners grant is cut, with the number jumping 20 per cent since May.

This was written in August. The article continues, further along —

> It appears first home buyers have been rushing to the market since the change was announced in the 2015–16 State Budget.
>
> New Treasury data shows there were 992 approved grants for established homes in July, a 168 jump since May.
>
> The total number of grants—which includes new houses and land—climbed 16 per cent to 1806 over the same period.

Clearly a mad rush was on for young people to go out and buy their first property while they could still access the first home owner grant. We know that the government had no intention of warning people that this was going to happen. None of this was explained during the fully funded, fully costed state election campaign of 2013, but, guess what? "We fully funded all these projects, but to get those projects, we're going to take away things such as the first home owner grant and we're going to cap the rebate for seniors", amongst the other things we have seen lately brought into this place. Nothing about that was outlined during the 2013 election campaign.

I would like to now turn to pensioner concessions. The first home owner grant is only one target of the Revenue Laws Amendment Bill 2015, and the second is pensioners. As I think was stated in another contribution to the second reading debate, this bill seeks to implement another of the budget's harsh measures for seniors. The local government rates rebate for pensioners will be capped at $550. As a result of the changes in this bill, there will be a cap on the 50 per cent pensioner rebate for water service charges. and, from next year, a maximum of only $600 will be claimable. This is a rebate that many pensioners in our state and our electorates rely upon to help balance their household budgets. We have to remember that this comes at a time when the cost of living is at a record high for many people in this state. We are now taking away their opportunity to claim a rebate. I am not sure how this has been explained to seniors in the electorates of members opposite, but I can tell members that seniors are not happy. Through this bill the government has simply gone and made life tougher for many seniors in this state.

I do not know whether this has been referred to in previous speeches made by my colleagues, but I doubt —

Several members interjected.

The ACTING PRESIDENT (Hon Simon O'Brien): Order! Order! Hon Samantha Rowe has the call, and I have been listening to her closely.

Hon SAMANTHA ROWE: A number of local government areas in the East Metropolitan Region have many pensioner households. In the City of Swan, the figure is a huge at 2 309; in the Shire of Mundaring, it is 1 982; in the City of Armadale, it is 1 853. These are not insignificant figures, and I am not going through the entire East Metropolitan Region; I do not want to repeat what others might already have said. But, clearly, a lot of seniors are going to be affected by this cap to the local government rebate. I am not sure whether the government had any communication with seniors before this bill came before the house or whether there was any consultation, but I doubt it; I doubt this government would do that. It certainly has not done it for previous bills, so I am sure it is not about to start now.

As I have just mentioned, the capping of the water rebate will impact thousands of households across Western Australia, and seniors are already struggling with increased water bill costs. We have seen huge increases in water bills, electricity bills and gas bills, yet the government is not doing anything to ease the cost-of-living burden for seniors; instead, it is making it harder for seniors to cope with all these increased charges.

Western Australians are very reasonable people and they accept that utility prices cannot remain stagnant. I think they are very reasonable and I think they would expect there to be increases in different utilities, but when the Premier makes a commitment to them on the eve of an election that the government will keep electricity prices at or close to the rate of inflation, they would also expect the Premier to keep his word. We know that has not happened and that electricity cost increases have occurred since 2013 to levels that have become quite unmanageable for people. Seniors are struggling with cost-of-living increases and, as such, often have to rely on government rebates and concessions to help them balance their household budgets.

Another rebate that helps to make financial management a little easier for pensioners is the concession on local government rates. At present, WA pensioners receive a 50 per cent concession on local government rates. Under the changes proposed in this legislation, that concession will be capped at $550. When properties are rated based on their gross rental value, it is not always necessarily fair or equitable. Some people in my electorate of East Metropolitan Region have lived in their houses for some 40 or 50 years. When they first purchased their properties, 40 or 50 years ago, the East Metropolitan Region may not have been as desirable a location as it is now, so they are not necessarily wealthy. It is therefore unfortunate that the rebate, as it currently stands, is inequitable because it misjudges what a lot of seniors are going to be able to afford or not afford with the loss of that concession.

As I have already said, and I will keep on saying it, they are doing it tough in this state. The Barnett Liberal government needs to be reminded on a regular basis just how hard it is for people in the community. The government does not seem to acknowledge, respond to or have any concern about just how difficult it is for people at the moment. That is evidenced by the bills that we keep seeing come before us in this place. Why do they keep coming before us in this place? It is simple: it is because the government cannot manage the state's finances. Ever since it was elected it has ruined the best set of books that this state and this nation has ever seen, and turned it into the worst. Members opposite are not the ones who are paying for that; it is some of the most vulnerable people in this state who end up paying for it. The government does not even seem to acknowledge that or care about it, and I think that is an absolute shame. With regard to this bill, it is going to be a shame for young people wanting to go out and buy their first home, and it is going to be a shame for thousands and thousands of seniors who rely on that rebate.

HON STEPHEN DAWSON (Mining and Pastoral) [8.20 pm]: I, too, rise this evening to make a contribution on the Revenue Laws Amendment Bill 2015. This is another revenue-raising bill from the Barnett–Redman government. I have used the words “broken record” before, but this seems to me to be sounding like a broken record—another day, another revenue-raising bill from this government. I think Hon Ken Travers said it must be a Tuesday thing. He said that it seemed to him that every Tuesday there was a new revenue-raising bill from this government. I am not sure that it is every Tuesday but —

Hon Alanna Clohesy: It feels like it.

Hon STEPHEN DAWSON: Indeed it does, honourable member.

This new bill is before us essentially because of this government’s abysmal financial mismanagement. This bill reminds us that the government lied at the last election when it said that its promises were fully costed and fully funded. Many of us on this side have talked numerous times about the fact that at the last election the Liberal Party had on its policy documents a stamp that said “fully funded, fully costed”. We have learnt since that that was a barefaced lie. While the National Party did not have the same stamp on its documents, it too must take the blame. Very often we hear in this place, and also outside this place, from National Party MPs, that it is the government that is doing this or that, but in fact they are the government. It is not only Hon Col Holt who is a member of the government because he is a minister, the people who sit on the back bench and vote for these measures and vote for the government’s policies day in, day out are also part of government and they must take responsibility for this stuff.

Hon Darren West: They could hold the balance of power.

Hon STEPHEN DAWSON: Absolutely—they could have the balance of power. They do have the balance of power and they could use the balance of power, but do we see that? No, we do not. Time and again I see in the Carnarvon paper, the *Northern Guardian*, or the *Kalgoorlie Miner*, statements from National Party MPs about how terrible a policy of this government is, and yet they are part of it; they vote for it.

We know from the explanatory memorandum that there are essentially two main elements to the Revenue Laws Amendment Bill 2015. The first element, as members have pointed out, is that the grant of $3 000 for first home buyers who are buying established houses has been cancelled. This bill seeks to amend the First Home Owner Grant Act 2000 to abolish that grant. I think Hon Kate Doust and Hon Rick Mazza in their contributions earlier on may have pointed out that this $3 000 grant was previously a lot more. It was originally $10 000, then $7 000. As Hon Kate Doust pointed out, there was originally a $21 000 grant for first home owner grant scheme applicants. With this bill now before the house, that last $3 000 still provided to first home buyers who are buying established houses will be wiped out. The second element to the bill amends the Rates and Charges (Rebates and Deferments) Act 1992 to cap the 50 per cent rebate provided to pensioners on their local government rates and water service charges, which are to be capped at $550 and $600 respectively from the 2016–17 financial year.

I will go back to the first element I mentioned, which is the abolition of the first home owner grant for the purchase of established homes. Why are we stopping first home buyers from buying established houses? In the past few weeks I have had a conversation with a real estate agent in the Pilbara. I will not say which town; I have said that I would not mention him by name in the Parliament this evening, so I will just say “a Pilbara real estate agent”. He told me that there are nearly 400-privately owned homes on the market, or waiting to go on the market, across Hedland—that is, Port Hedland, Cook Point, South Hedland and Pretty Pool. That is a huge amount—400 houses are on the market or waiting to go on the market. It was explained to me that if a house is waiting to go on the market, it means that there is no point in the owner putting it on the market at the moment, because it would flood the market totally and prices would drop even further. So agents have advised their clients not to put their houses on the market if they can afford not to at the moment so that prices do not go even lower. That is 400 privately-owned houses in Port Hedland.

House prices have dropped dramatically in the Pilbara. I was sitting in the house last week next to Hon Ken Travers—who was here at the time but is away this evening on urgent parliamentary business—perusing the *North-West Telegraph*. There are a growing number of ads in that paper for houses in Port Hedland. I saw a house for sale in South Hedland for $349 000. At the height of the boom a few years ago, that house would have been worth over, or close to, $1 million. Members may remember some media coverage in February this year about the house in Port Hedland that was passed in at auction. It had been bought four years ago for

$1.3 million. In February this year, that house was passed in at auction for $360 000. That is massive—that is almost $1 million that the value of that house has fallen in four years. Although those house prices were astronomical and out of reach for many people, and it is pleasing that they have come down, they have dropped substantially, so much so that we are seeing many people right across the Pilbara—in Karratha as well as Port Hedland—at risk of losing not only the second property that they rented out but also their family home, because they have overcapitalised.

We know of 400 houses on the market or waiting to go on the market in Port Hedland. One need only go to the Pilbara Development Commission's Pilbara residential housing and land snapshot for the quarter ending June 2015. It is a very good publication released by the Pilbara Development Commission every quarter. It gives a snapshot of prices of houses that are for sale, as well as the rents being asked for houses. It also gives a sense of how the property market in the Pilbara is trending. We have only to look through the document and at the residential properties advertised for sale in Port Hedland, South Hedland, Karratha and Newman—in fact all of the Pilbara cities—to see that house prices have dropped substantially.

The same problem that we are seeing in Hedland at Cook Point and Pretty Pool we are now seeing in Karratha, Newman, Wickham, Roebourne, Tom Price and Newman. A lot of houses in the Pilbara are vacant and sitting idle. That is because the boom has subsided. Some of the companies that operated in the Pilbara have finished the construction phase of their projects, and they have crossed the border and left the state and have let go thousands of staff. As a result of those thousands of staff not being in those areas any more, there is an oversupply of houses in the market. When I talked to that real estate agent a few weeks ago and heard that there are 400 vacant houses in Port Hedland, I thought surely this could be an opportunity for young Western Australians to buy a house. We need to bear in mind that for the last three, four or five years, young residents of the Pilbara were not able to get into the property market. It was not just young people. It was people of any age. There was no way in which they could afford to buy a house, unless they were killing the pig or were top of the wazza in some of these mining companies. However, now that house prices have dropped substantially, there is finally an opportunity for people who have good jobs and earn a decent income to buy a house.

I believe that getting rid of the $3 000 first home owner grant to buy an established home is a short-sighted move. Taxes, fees and charges are increasing continually under this government. We have seen even more of these increases over the past two or three budgets. When people are saving for a deposit for a house, this $3 000 grant could make a big difference in helping them to get over the line and take advantage of the houses that are currently vacant. I think the government should reverse its decision to take away that $3 000 grant. In fact, more than that, it should increase the amount that people can get. The government should be saying to first home buyers, "Yes, of course we want to make it easier for you to buy an established home, and, yes, of course we will assist you." At the end of the day, government will benefit and all of us will benefit if people are able to get into the property market and buy a house.

The other point I want to make about Hedland in particular is that rents have dropped from an average of $2 500 a week a couple of years ago for a medium-priced house to less than $700 a week. Again, according to the Pilbara Development Commission quarterly housing report, that has meant that people can afford to rent a house. That is not rocket science. Previously, people may have had to rent a house with a couple of other adults because rents were so high. People can now afford to rent a house in their own name. However, because it is now easier and cheaper for people to rent, they are not likely to take the gamble and jump into the property market. The fact that the government has taken away the $3 000 grant is another disincentive for people to get into the property market and take advantage of the low housing prices across the Pilbara. If someone can afford to buy a house in the Pilbara, now is the best time to do it. I hate the idea of profiting from the misfortune of others. However, it is an unfortunate result of the state of the economy. Some of the people who took a chance and bought a house at million-dollar prices are now set to lose that house and even their family home, as I have said. I was talking to a bank manager at Port Hedland a couple of weeks ago and he told me that it is a now a regular occurrence for people to come into the branch and hand over the keys to their house because they cannot afford it any more. I certainly am not blaming the government for the fact that the boom has subsided. However, it is a terrible situation for those people.

There are people who potentially could be in the housing market if the government would give them some assistance to buy those houses that are vacant and sitting idle. There are also other benefits. In Hedland there is a significant amount of antisocial behaviour. If houses are empty for period of time, the police often have to be called because kids get in and wreck them or people party in them and trash them. That creates problems elsewhere in the system. If people could afford to buy these houses, some of those social issues and social problems would fall away just by virtue of the fact that people are living in those houses.

Hon Samantha Rowe in her contribution this evening talked about the concerns of the Real Estate Institute of Western Australia about the cancellation of the $3 000 first home owner grant for established homes. I will not read the same comments from David Airey and make the same points as were made by Hon Samantha Rowe. However, it is important to recognise that the Real Estate Institute of Western Australia is concerned about this issue. In fact, when the decision to axe the first home owner grant for established homes was announced in the budget earlier this year, REIWA criticised that decision. David Airey had a lot to say at the time. He was particularly concerned that established homes in older suburbs would be disadvantaged by this policy. I am always amazed when I drive to the northern suburbs of Perth these days. Joondalup used to be very far from the city. It is now an inner northern suburb. Madam Acting President (Hon Liz Behjat**)**, you of course would know this area very well, given that it is your electorate. I do not drive up there very often; I fly over it. However, when I do drive up to the northern suburbs, I am amazed to see the urban sprawl that goes for miles and miles or kilometres and kilometres. If we keep building houses in the northern suburbs, we will need to build public transport to those areas. Of course, members on this side will say that we will build Metronet and we will help people to get into the city. Members on the far side might promise that they will make public transport better, but of course we know from their fully funded, fully costed documents from the last election that they were just idle promises and not worth the paper they were written on. I digress. What I was saying is that the urban sprawl amazes me. It goes for miles and miles or kilometres and kilometres. We keep building houses out there, and we keep having to spend money to provide new schools and playing fields, transport, and infrastructure, and that is costly.

At the same time, this government has a policy of urban infill. I do not believe that Australians can continue to have the quarter-acre block; that is not sustainable any more. A lot of people in the metropolitan area would welcome urban infill. They would welcome being able to sell the existing house on their block and build a new double-storey house or apartment on the back block in which to live. Of course, as a result of this bill, under this new scheme, they cannot do that because that $3 000 first home owner grant for established properties is gone and will not help. At the end of the day, I have to say that we are biting off our nose to spite our face. As I have said, I think it is misguided to just focus on encouraging people to buy houses in far-flung suburbs; people should be encouraged to buy existing stock close to town as well.

I was talking about David Airey and his criticism of the axing of the grant that would happen through the budget. Last month, in August, there was a story on ABC online that mentioned bigger than expected falls in Perth's median house price in the June quarter. The information in this article came from data that was released by the Real Estate Institute of Western Australia. The article states —

> REIWA President David Airey said the fall in Perth's house price was much larger than expected.
>
> "We knew prices were under pressure but, certainly across the real estate business, no-one expected the drop would be this significant," he said.
>
> "That clearly shows that, with the big drop in the number of sales, there's got to be some consumer sentiment around that and I suspect in Western Australia it's very much to do with our poor, slow economy in the local market."
>
> Mr Airey said the results likely indicated a fall in the price of more expensive homes, while cheaper properties in Perth were continuing to get good returns.
>
> Properties were on the market for an average of 71 days in the last quarter, compared to 58 days 12 to 18 months ago.

The article goes on —

> Mr Airey said a lack of interest from first home buyers was a factor in the price fall.
>
> The data shows the number of people buying their first home was down by 1,000 or 21 per cent in the last quarter, which Mr Airey described as disturbing.
>
> …
>
> "We warned the State Government that when they cut off the final $3,000 of the established home grant for first home buyers … we said this will really slow the market down and it will actually affect ongoing established home sales."
>
> Mr Airey said fewer sales would see less income for the government.
>
> "We'd estimate the hit to stamp duty revenue is probably over $200 million and all the government could have possibly saved in removing that grant is around $30 million," he said.

We know from the briefing or contributions from members in this place that in the first year it was not $30 million as David Airey suggested; it was supposed to be $25 million. Given that we are in late September and this bill is not yet passed, we now know that it will not actually be $25 million this financial year; it will be less. I am pleased that in her contribution the Leader of the Opposition asked what revenue was anticipated to come in this financial year as a result of the delay in this change. I look forward to hearing when the minister replies how much the government is expecting as a result of axing the $3 000 grant.

I was quite interested in David Airey's comments that he estimated that stamp duty revenue has dropped by over $200 million as a result of the slowdown in the market. While we are here talking about $25 million or $190 million over four years or whatever the final figure will be, outside, the government will be hit by $200 million. Does that mean that we will see another bill in a few weeks' time to make up for the deficit?

Hon Adele Farina interjected.

Hon STEPHEN DAWSON: Hon Adele Farina is probably right: we probably can count on it. Hon Ken Travers may well be right and there will be another Tuesday when the next bill comes in to fix that deficit and bring in more money. I wanted to place those comments on the record. Madam Acting President will have noticed that I have not repeated the same comments as Hon Samantha Rowe, because I would hate to be accused of repetition or breaking with standing orders or anything else.

The ACTING PRESIDENT: I am sure it will emphasise your argument!

Hon STEPHEN DAWSON: As a result of the change, apparently $25 million will come in 2015–16, and $109 million over four years. As I said, I would like to know what the final figure will be.

I make the point again that never at any stage in the last election campaign were voters told that this change would happen—not once.

Hon Adele Farina: It is dishonest.

Hon STEPHEN DAWSON: It is dishonest—the honourable member is correct. The government was not just dishonest about this bill and this revenue-raising measure. It was dishonest about amending the Duties Act, it was dishonest about amending the Land Tax Act, it was dishonest about making changes to payroll tax and it was dishonest about a lot of other things. There is no doubt that the state's finances are in a dire situation, but I have to say that it is of the government's own making and it has to fix it. The sad reality is that even if the government stopped every infrastructure project in the state, the level of debt could not be sustained, because we need to keep building schools and other facilities out in these far-flung suburbs that we keep building houses in, where people have to go if they want to buy a house or avail themselves of the first home owner grant that is to remain.

I want to move on to the second part of the bill, which is the part that amends Rates and Charges (Rebates and Deferments) Act 1992. At the moment in this state, pensioners receive a 50 per cent concession for local government rates and a similar concession for their water charges. As a result of the bill before us, the 50 per cent concession for local government rates will be capped at $550. As a result of questions asked by the Leader of the Opposition in the other place, we know that about 45 000 households will be affected by this change, and that the average impact across the state will be about $142 and the median impact about $84. This will happen right across the state. Hon Ken Travers talked about the City of Wanneroo in his earlier contribution, with, I think, around 6 500 households affected in that region, which is substantial. Obviously, there is not the same population in the regions, but a great number of towns in my electorate also will be affected by this change—and although it is not thousands of residents, it is certainly a substantial number of people. Even if one person in every town is affected by this, it is not fair and it is not right, and it is certainly something that people were not expecting as a result of the last election campaign. I will place on the record the number of households that will be affected in some of the major areas in my electorate. In the case of the Shire of Esperance, some 138 households will be hit by about $100. In the same shire, 116 pensioner households will be between $100 and $500 worse off. Two hundred and fifty-four households in the Shire of Esperance will miss out and will probably go without as a result of the amendments in the Revenue Laws Amendment Bill 2015. To members in this place $100, $500 or an amount in between may not be much, but for households that are already doing it tough as a result of increasing fees and charges over the past couple of years—such as water and power bill increases—it is a lot, particularly for a household that survives solely on the pension. In Broome 11 households will be affected by the $100 amount and another 82 households will be affected by the $100 to $500 bracket. Across the Shire of Broome, 93 pensioner households will be worse off because of the measures in this bill. Carnarvon has 51 households in the $100 bracket and another 14 in the $100 to $500 bracket, which means 65 households will be affected. In the Shire of Exmouth 50 households will be affected across the two brackets. Forty-one pensioner households will be affected by the change in the City of Kalgoorlie–Boulder. In the Shire of Derby–West Kimberley, 40 houses will be affected—four in the $100 bracket and another 36 in the $100 to $500 bracket. The number of affected households in Hedland is fewer; nevertheless, 24 households will be affected by these amendments: 18 in the City of Karratha, 18 in the Shire of Wyndham–East Kimberley, five in the Shire of Ashburton, two in the Shire of Laverton, two in the Shire of Coolgardie, one in the Shire of Dundas, and one in the Shire of Yalgoo. Although my electorate does not have 6 000 affected households similar to

Hon Ken Travers' electorate, hundreds of households across my electorate will be potentially worse off as a result of these changes. Indeed, hundreds of pensioners and their families will be potentially worse off as a result of these measures.

I know from the shadow Treasurer's media statement on the matter that the government has implemented about $4.4 billion worth of revenue measures since the election—$4.4 billion! The 2013-14 budget contained $1.594 billion worth of revenue measures, the 2014-15 budget contained $1.113 billion worth of revenue measures and the 2014-15 *Government Mid-year Financial Projections Statement* contained more revenue measures that amounted to $557 million. The measures in the 2015-16 budget include revenue measures of $1.095 billion. There were revenue measures of $1.6 billion in the first budget, $1.113 billion in the second, $557 million in the *Government Mid-year Financial Projections Statement* and another $1.095 billion this year. Of course, there were land tax increases in 2013-14, 2014-15 and 2015-16 and over the years there have been landfill levy increases and increases in household fees and charges—you name it, we have had it! The government has consistently slugged more people where it could year in, year out, from one budget to the next, amounting to $4.4 billion worth of revenue measures in extra fees and charges. As other members on this side of the house have said, many of those who have been affected are some of the state's most vulnerable people. Lots of these measures have been across the board—rich or poor you pay, and certain people are paying through the nose. As we know, those on pensions already struggle to live from week to week—in fact, they struggle to live from day to day. They are already suffering, they have been suffering for the past couple of years and they will continue to suffer as a result of the changes in the bill before us. I am sounding like a broken record, but all this happened after the government declared that its promises were fully fund and fully costed. The government made no mention in its election commitments that it would implement $4.4 billion worth of revenue measures. In fact, we were promised at various times that power and water bill increases would not be above the consumer price index, but they have been. The amendments in the bill before us will have a big impact on households right across the state. We know from the figures provided that more than 45 000 households across the state will suffer. Hundreds of households and families in my electorate will suffer as a result of these changes.

I mentioned the "Pilbara Residential, Housing and Land Snapshot", which does not include the number of houses that the state government provides in my electorate, particularly in the Pilbara region. A huge number of houses lie empty and have not been put into the social housing pool. I believe that where we are able to, we should put some of them into the pool to make a difference to people's lives. Over recent weeks I have asked questions in the chamber of the Minister for Housing, who is obviously away this evening on urgent parliamentary business, about Pelago East and Pelago West in Karratha and Osprey Village in South Hedland. The state has a substantial number of houses in those estates—apartments in one case—for which it has responsibility and it could rent them out for social housing or service worker accommodation. I asked about a rent review because as I said earlier in my contribution, rent in Hedland has dropped substantially from $2 500 to $700 for a median house. At the same time there has been no drop in rent for people living in Pelago or Osprey Village. A rent review for Osprey Village started in July; it is now nearing the end of September and we have not seen the results of that review. For goodness sake, I am sure that a rent review for a community with a few hundred houses should not take that long. Surely, the review could just look at the facts. It could look at the "Pilbara Residential, Housing and Land Snapshot" to see that rent in the private market has dropped substantially. Surely the government should act as a result of that given that Osprey Village has small houses—boxes—and Pelago has apartments, but it has not. In the case of Osprey Village, the Minister for Housing said that after the rent review—there is no doubt in my mind that rent will drop—tenants will receive a back payment. If they paid X amount too much, they will get some of their money back. I am concerned that that backdating will not happen to 1 July when the review started; it will only go back a matter of weeks. I am disappointed that it will not go back to when the review started. It is not fair to those people who have fairly low paid jobs because if they did not have fairly low paid jobs, they would not be able to live in these places in the first place. I am concerned that, essentially, they will not get the benefit of the market. I am concerned that they are not paying less than what they are paying. Unfortunately, the Minister for Housing will not be here over the next couple of days, but I will make sure he sees a copy of my *Hansard* because it is important for any decrease to be backdated. I hope it is the case for tenants in both cases, not just in Osprey Village but I also hope a backdating will be done for residents in Pelago. It is not fair that these people are still paying that inflated market rate. As I said, these people are not in high-paying jobs. This should have been a short, sharp process that could have taken place over a number of weeks. Instead, it has taken place over a number of months. It is not fair; it is not good enough in my book and I will be making that point when I see the Minister for Housing again.

I mentioned the caps on local government rates. The other part of that change was a cap on water service rebates for people who have to pay for water services. Pensioners who have to pay for water services were initially given a 50 per cent rebate. Of course, as a result of the Revenue Laws Amendment Bill 2015, that rebate will now be capped at $600. Thanks to documents tabled as a result of questions asked by the opposition in both this place and the other place, we learnt that residents in the Shire of Ashburton will be affected. Over 100 households in Broome will be affected by this change, 77 in Carnarvon, 29 in Derby–West Kimberley, and 373 in Esperance. These are pensioner households. These people are already hurting and they will be slugged again—they will miss out again. Things will get harder for them again. In Esperance, Halls Creek, Exmouth, Karratha, Laverton, Leonora, Port Hedland, Sandstone and Shark Bay—right across the Mining and Pastoral Region—people are being slugged as a result of this bill.

I said earlier that the decision to abolish the $3 000 first home owner grant for established homes is short-sighted. It is short-sighted; I think we should be going the other way. I think we should be increasing it. I think we should be helping people get into houses. In relation to the local government rates and water service charges, I think they are unfair—plain and simply unfair. It is not right that again, vulnerable people in society are being financially attacked by government. Yes, the state's finances are in a dire situation; yes, somebody has to take responsibility for it. I have to say that I do not believe this government has taken responsibility for that issue so far. All we consistently and constantly see is new pieces of legislation in here before us asking for more money or changing laws so that people can be slugged again. No-one has stood up and said, "Yes, we are responsible. We are sorry. We have to fix this mess. Let's all share the pain." That has not happened. It seems to be just vulnerable people in this state who feel the brunt of this government's financial mismanagement. Madam Acting President, with those comments, I conclude my remarks.

The ACTING PRESIDENT (Hon Liz Behjat): Member, next time, instead of flying over Joondalup, if you want to drive up there, I am more than happy to show you around my electorate.

HON ADELE FARINA (South West) [9.04 pm]: I rise to speak on the Revenue Laws Amendment Bill 2015—yet another bill directed at raising more revenue for a government that has shown very little restraint in spending and has shown itself to be incapable of reining in spending. While the government spends like there is no tomorrow, the people of Western Australia are being left to pay the bill. We see evidence of that yet again in this legislation. The government tells us that all of the projects it is spending money on are vitally important for the improvement of the state, yet it will not release the business cases that support the projects, which raises some serious questions about a number of the projects. I am not saying they are all bad projects, but some of them are highly questionable. Time and again we have seen a lack of detailed project planning from this government. Often, we have found that the costs of a project have been underestimated or that all the costs of a project have not been included in the estimated costs that have gone into the budget. As a result, we are seeing significant additional costs and cost blowouts, which are adding more pressure to the budget and further increasing state net debt as the government struggles to fix its own incompetence in detailed project planning. Yet again, the financial mismanagement of this government is putting pressure on the people of Western Australia to pick up the bill. The government had the option of introducing cost-saving measures or revenue-raising measures. We have seen that this government has been completely incompetent in cost-saving measures, so it relies greatly on revenue-raising measures because they are a lot easier. As a result, significant pressure has been placed on WA households and businesses as they are asked to further tighten their belts to provide the revenue that is needed to address the growing state debt problem. As a result of this approach by government, we have had to spend a huge amount of legislative time dealing with money bills. I had a quick look and I think that these are the bills that concern money that we have dealt with this year: the Land Tax Amendment Bill 2015, the Loan Bill 2015, the Revenue Laws Amendment Bill 2015, the Taxation Legislation Amendment Bill 2014, the Taxation Legislation Amendment Bill (No. 2) 2014, the Taxation Legislation Amendment Bill 2015, the Land Legislation Amendment (Taxing) Bill 2014, the Appropriation (Recurrent 2015–16) Bill 2015, the Appropriation (Capital 2015–16) Bill 2015, and now the bill we have before us, the Revenue Laws Amendment Bill 2015. There have been a huge number of money bills. The impact on WA households and businesses as a result of these revenue-raising measures has been significant and is pushing many people to the brink as they struggle to make ends meet in order to pay for the extravagant spending of this financially irresponsible government.

The Revenue Laws Amendment Bill 2015 seeks to amend the First Home Owner Grant Act 2000 and the Duties Act 2008 to implement the 2015–16 state budget measure to abolish the $3 000 first home owner grant for the purchase of established homes. The bill also seeks to implement budget measures to amend the Rates and Charges (Rebates and Deferments) Act 1992 to provide the mechanism to cap by regulation the rebates on local government rates and water service charges for pensioners. I point out that it will be done by regulation, which will enable the government to review it annually. That annual review will not be subject to the same level of scrutiny that the current bill before us is subjected to. If we think this Revenue Laws Amendment Bill hurts, God help us in future years, because the ability for this Parliament to scrutinise the measure of that increase will be lost.

The government tells us the following in its second reading speech —

> The decision to abolish the first home owner grant for established homes is consistent with the government's policy of encouraging more first home buyers to buy or build a new home.

However, the second reading speech does not tell us that it is totally inconsistent with the government's policy of stopping urban sprawl. The government has chosen to ignore that aspect despite spending a significant amount of time and money developing strategies and reports to try to address the urban sprawl issue. All that work done by the WA Planning Commission has been ignored while we focus very narrowly on delivering more revenue for the government.

The first home owner grant was introduced in 2000 to offset the effect of the GST on home ownership. Some argue that the first home owner grant has an inflationary effect on house prices and does little to make housing truly affordable for first home buyers and pushes up house prices for them. Since it was first introduced in 2000 the first home owner grant has been primarily used by those purchasing existing dwellings. Approximately 75 per cent of the grants were paid out for existing dwellings, but since the changes in 2013 that saw the first home owner grant diminish from $7 000 to $3 000 for existing dwellings and increase to $10 000 for new dwellings, we have seen an adjustment of that with existing dwellings making up only 45 per cent of grants. There is no question that the first home owner grant distorts the market. As I said, this causes a distortion of the market with many first home buyers abandoning the established home market to purchase properties in new housing estates on the urban fringe. This places more pressure on Perth's already strained infrastructure and defies the WA government's objective to increase urban infill development and slow down urban sprawl. We all know that the cost of day-to-day living in the outer suburbs on the urban fringe is significantly greater for those families. Although they may be able to purchase a house, the day-to-day living costs for people living in the outer suburban areas is significantly greater, due largely to transport costs. As a result, there are a whole lot of impacts on family dynamics.

A wealth of research has been done into the cost to the economy of urban sprawl. A report titled "Analysis of Public Policies That Unintentionally Encourage and Subsidise Urban Sprawl", written by the Victorian Transport Institute, in partnership with LSECities, details planning and marketing distortions that foster sprawl and smart growth policies that can help correct those distortions. The report, which was released earlier this year, found that urban sprawl cost the American economy more than $US1 trillion annually, which is a massive amount of money. These costs include greater spending on infrastructure, public service delivery and transportation. The study also found that Americans living in sprawled communities directly bear an astounding $625 billion in extra costs. In addition, all residents and businesses, regardless of where they are located, bear an extra $400 billion in external costs. The study also found that sprawl increases the distance between homes, businesses, services and jobs and that raises the cost of providing infrastructure and public services by at least 10 per cent and up to 40 per cent. That is a huge cost.

This bill seeks to distort the market by encouraging people to buy new homes in outer suburbs to save $109 million over four years, without calculating and giving any consideration to the impact on the budget of this policy decision that will encourage urban sprawl. It seems to me that the cost of that to the budget will be significantly greater than any saving we make through this measure. The most sprawled American cites spend an average of $750 on infrastructure per person each year while the least sprawled cities spend close to $500. The study also found that sprawl is bad for our health. Americans living in sprawled neighbourhoods are between two and five times more likely to be killed in car accidents and twice as likely to be overweight as those in more walkable neighbourhoods. Residents of compact, connected communities save more money and have greater economic opportunity than they would have in more sprawled car-dependent neighbourhoods. The study also found that households in accessible areas spend on average of $5 000 less per year on transport costs, and real estate located in smart-growth communities tends to retain its value better than it does in sprawled communities due to greater accessibility to services. There are also issues with traffic congestion and time lost in longer travel times being a significant cost to the economy.

A paper prepared by Roman Trubka, Peter Newman, and Darren Bilsborough titled, "The Costs of Urban Sprawl, Infrastructure and Transportation", which focuses on the situation here in Australia, found the savings in transport and infrastructure per 1 000 dwellings are in the order of $86 million up-front for infrastructure and $250 million for annualised transportation costs over 50 years when comparing the development of 1 000 dwellings in the inner city area to those on the outer fringe. These are significant costs that this government has not factored into this policy decision to try to distort the market. The paper also states that for each new block on the urban fringe, compared with redevelopment, there is an infrastructure subsidy from various levels of government of around $85 000. The writers of this paper tried to work out why this is just being ignored and feel it is because Treasury does not do an analysis at that level; it tends to do project analyses, so it has been completely ignored by people in Treasury. We have to ask ourselves: how will this deliver revenue to the government? It might get its saving of $1.9 million in not having to pay the subsidy but it will have to spend a damn lot more delivering the infrastructure needed to develop communities on the urban fringe.

A report by the Committee for Perth reveals that a standard commute of 25 kilometres to and from the city each day could cost individuals more than $22 000 each year. That is how much more members would be paying out of their pocket if they lived on the outer fringe than they would if they lived in the inner city area. The Australian Housing and Urban Research Institute says that each house built on the fringe of a city costs $250 000 extra in transport costs over 50 years and $85 000 extra in infrastructure compared with urban development dwelling costs. Again, I ask the government: has it seriously considered the implications of this policy decision? It may be saving $109 million over four years of money being paid out in the subsidy but based on a wealth of research, the cost to government of promoting and distorting the market so that first homeowners go to the outer suburban areas to buy their homes rather than looking at inner-metropolitan dwellings is significantly greater for government—hugely greater for government. The government, in axing the $3 000 first home owner grant for established dwellings while retaining the $10 000 first home owner grant for new dwellings, saves $109 million over four years and thereby distorts the market and, to some extent, makes housing less affordable—at least inner-city housing—and at the same time incurs significant development costs for the development of new dwellings in the outer fringe. We have to ask ourselves: Was this not considered? Was this not factored into the government's thinking at all? Did the government just throw out all of the Western Australian Planning Commission's reports and policies that have argued, based on a wealth of research, that this sort of policy is not good policy and will actually end up costing the government significantly more?

The decision to impose this revenue measure illustrates the sort of decision-making on the run that we have experienced under the Barnett government. All these decisions are made on the run; they are not clearly thought out and the implications of the policy decisions are not thought through, and as a result we are seeing state debt rise at a fast rate. It will continue to rise because this revenue-saving measure is going to cost the budget more than it saves.

The government needs to listen to the experts in the field, read all the research that has been done, learn from the experiences of other cities around the world, and not make the same mistakes. At a time when state net debt is out of control, one would think that the government would be a little more cautious in making the decisions it makes. The impact will not be on the budget just today; it will have a long-lasting effect for generations to come as we grapple with growing state debt.

Some commentators have argued that the government should be looking at making the subsidy consistent between existing dwellings and new dwellings. That would still work as an incentive for first home buyers without distorting the market. The government should give some consideration to that fact. There are others who argue for getting rid of the subsidy altogether; I do not support that because I think first home buyers are really struggling to get into the market and it is reasonable for government to provide some assistance, but we cannot do that on the basis of distorting the market to deliver an outcome. It is interesting that Hon Kate Doust and others mentioned the fact that the Real Estate Institute of Western Australia, on one hand, strongly objects to what the government is doing, whereas the property developers are quite supportive and think it is actually not a bad policy at all. We had to ask ourselves: does that not tell us everything we need to know about this policy decision? REIWA is saying, "Look, you're distorting the market", while the property developers who will benefit are saying, "No, we support this; we think it's a good idea." We have to ask ourselves who the government's friends are, and how the government's decision-making has been influenced by that process, because it is not a good look, particularly when we look at research in the area and the impact that this is going to have on the state budget in additional costs for additional infrastructure and delivery of services to the urban fringe and those new communities. None of this makes any sense; no sense at all.

The other measure that the Revenue Laws Amendment Bill 2015 introduces is the attack on the poor pensioners in our community—the amendments to the Rates and Charges (Rebates and Deferments) Act 1992. The government says that the reform was 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. Pensioners have already been hit hard, really hard, under the Barnett government since it was elected in 2008. They have also been hit hard by the former Abbott government, and those policies have just been adopted by the new Turnbull government, so it is a continuation of the same. I find it really hard to understand why governments, when they are looking at revenue-raising measures or cost-saving measures, would target the most vulnerable in our community—people on low, fixed incomes. It is like trying to get blood out of a stone. It is cruel, it is insensitive, it is mean-spirited and it just makes absolutely no sense at all. Under the Barnett government, pensioners have seen a number of rebates and concessions cut, and they have been usually impacted by the massive increases in the cost of living that we have seen under this government. Since 2008, the cost of electricity has increased 84.8 per cent; the cost of water has increased by 98 per cent; the cost of water, sewerage and drainage by 70 per cent; the cost of public transport by 33 per cent; and the emergency services levy has increased by 81.25 per cent. We have seen an increase in the cost of living, per average household, of a whopping $2 767. Pensioners have had to bear that cost. When people are living on fixed incomes and are already having to go without in order to make that income stretch from week to week, a further impost of $2 767 on a pensioner household is going to have a significant impact on that household.

In addition, seniors have lost the safety and security rebate, and are now subject to means-testing of the energy assistance payment, which is a further impost on pensioners. These cuts come on top of last year's decision to halve the cost-of-living rebate. Seniors—pensioners, in particular—have been asked to bear a really unfair and unreasonable portion of the revenue-raising measures to cover the out-of-control spending of this government. The burden placed on pensioners illustrates just how out of touch this government is with the struggle that pensioners face on a day-to-day basis. Some of the biggest bills that hit households are shire rates, electricity bills and water bills, so those 50 per cent rebates that were provided to pensioner households enabled them to get by. They were completely reliant on them. When they get a massive shire rates bill, finding that money is difficult, and saving to ensure that they have money when the payment is due is not easy; it requires very careful budgeting and management—something the government has proven itself to be completely incapable of, yet it expects pensioners to deliver the fiscal restraint that it is not prepared to deliver and is incapable of delivering.

The 50 per cent rebate actually made managing budgets a lot easier for many pensioners, and the government's decision to cap these rebates is an unnecessarily cruel and mean-spirited measure that is going to put significant added financial pressure on those households. I have had the opportunity to speak to a lot of pensioners in my electorate, and they are really worried about these additional costs. Members might be adding up these costs and thinking, "Well, it's not that much; with the cap on the rebates some households are going to be looking at only $150 a year in additional costs and some significantly more than that." But $150 on a household that has no capacity to increase its revenue and is struggling to meet the costs that it is currently having imposed on it is a significant additional cost. Most of those pensioner households have already done their belt-tightening, and there is really nothing more to tighten; they are going without. There is nowhere for them to find that extra give in their budgets, and they are very, very worried.

More than 5 000 pensioners living in the South West Region are going to be affected by the government's decision to impose the $550 cap on shire rates. Pensioners living in the City of Busselton are within the top 10 worst affected local governments in the state, closely followed by pensioners living in the City of Bunbury—1 424 pensioners living in Bunbury will be impacted by the rebate cap and will face having to pay significantly higher rates on an annual basis from next year. In Busselton, 1 574 pensioners will be affected; in the Shire of Dardanup, that number is 709 pensioners, and in the Shire of Augusta–Margaret River, 660 pensioners will be affected, just to name a few of the regional towns in my electorate. The majority will be up to $100 a year worse off with the rebate cap on shire rates, but a portion will be between $100 and $500 a year worse off. That is a significant amount of money to find for people who have no capacity to improve their income. A significant number of the same households will also be hit by the $600 cap on the water services rebate, and that is in the order of about $50 a year. A significant amount of additional cost is adding to the financial strain and worry for those pensioners.

This increase will leave pensioners worse off. Statements were made that pensioners would not be worse off, but they will definitely be worse off. Many pensioners in the south west are already doing it very tough and going without, and they honestly do not know how they are going to fund this additional financial impost from this government.

The ACTING PRESIDENT (Hon Liz Behjat): Order, members. Throughout the chamber, some quite audible conversations are going on between members on both sides. Can we perhaps keep those down to a minimum to give Hansard the best opportunity to take down the words of Hon Adele Farina, who has the call?

Hon ADELE FARINA: Thank you, Madam Acting President.

The Minister for Local Government, Tony Simpson, is being widely reported in newspapers as saying that these measures ensure that support is targeted at people who need it most. I am not sure who he thinks needs it most, but I would have thought that pensioners on fixed low incomes would be in the category of people who need it most. Clearly, he has a different definition from mine. As I have explained, a lot of pensioners in the south west have raised with me their concern about how they will deal with these additional costs. It is extremely difficult for people on low fixed incomes to meet additional costs because of their incapacity to improve their income. It is particularly difficult for pensioner couples, but the problem is significantly worse for single pensioners, who are managing on a much reduced income. The shire rates are the same for couples or single pensioners, but single pensioners have less money to rely on, and the impact of the cap on the water charges rebate is also significantly greater on single pensioners. I would have thought that if the minister and the government were sincere in their statement that these measures would ensure that the support was targeted to those who need it most, they might have introduced some sort of concession for single pensioners to make the burden on them a little lighter than that imposed by the current measure. The current measure shows no consideration for who needs the support the most. It is simply a revenue-raising enterprise by the government.

If the government is genuine in seeking to minimise the impact of these measures, it needs to look at releasing some of that burden on single pensioner households. A number of the single pensioners I have spoken to are suffering from stress and anxiety, and that will develop into mental health problems, because they are sincerely worried about how they are going to continue to meet their financial costs as a result of this government continually increasing the cost of living and cutting rebates and concessions. A number of the pensioners who have spoken to me are really angry. They feel that the government has completely lost touch with what they are going through. There is a complete disconnect, and the government is simply not listening to the concerns being raised. The measures contained in this bill, particularly for pensioners, are simply cruel, mean spirited and unnecessary. The government could have looked at other options such as revenue-raising measures.

Hon Helen Morton: Why don't you tell us about all these other things to do? We might consider them as well, so if you would like to let us know about them —

Hon ADELE FARINA: When the minister makes a statement that these measures will ensure that support is targeted to those people who need it most, and then the very people the government attacks are those on fixed low incomes, it raises a few questions about whether the government can be believed at any level when statements are made. If the government is really concerned about directing support to people who need it most, it should not hit pensioners on low fixed incomes.

Hon Helen Morton interjected.

Hon ADELE FARINA: I just want to conclude here, because I did not intend to speak for very long on this bill.

I urge the government to reconsider the position it has taken on these revenue-raising measures in relation to pensioners. If the government is not going to consider it right across the board for pensioners, it should at least consider some sort of concession for single pensioner households who are doing it particularly tough. For a government that believes in free market forces, the level of market distortion that this government is prepared to entertain in order to raise revenue is extraordinary. Again, I caution the government on the direction it is taking in its distortion of the market by cutting the first home owner grant for established dwellings, because the cost impost for the government will be vastly greater than any cost saving the government will get from this measure.

HON ALANNA CLOHESY (East Metropolitan) [9.37 pm]: My speech on the Revenue Laws Amendment Bill 2015 is the second time I have spoken on a revenue laws amendment bill, and I am in my second year in Parliament. That is something worth noting —

Hon Simon O'Brien interjected.

Hon ALANNA CLOHESY: Thank you, Hon Simon O'Brien. He is suggesting there is more to come from his government. Is that what he is suggesting?

The ACTING PRESIDENT: Order, members! Those who have spoken have already done so. Hon Alanna Clohesy has just got the call, and I perhaps caution her to not invite interjections from the other side if she would like to be heard in silence.

Hon ALANNA CLOHESY: As I was saying, this is the second revenue laws amendment bill that I have spoken on. Of course, we have had a number of revenue-raising bills before us, this year in particular, but also in relation to last year's budget. The first revenue laws amendment bill, as we remember, increased land tax, effectively increased payroll tax and amended the Duties Act 2008 to reduce the threshold for eligibility for first home owner concessions. A lot was squeezed into that bill, or should I say that a lot of revenue was squeezed out of the people affected by that piece of legislation. This bill will have a similar impact on people who are less likely to be able to cope financially with these changes.

The Revenue Laws Amendment Bill seeks to amend the First Home Owner Grant Act 2000 and the Duties Act 2008 to abolish the $3 000 first home owner grant for established homes. I will come later in my contribution to the impact of that cut on both first home buyers and the property market. The bill also seeks to amend the Rates and Charges (Rebates and Deferments) Act 1992 to put a cap on rebates for local government rates and water service charges for pensioners, and I will spend a bit of time talking about not only how this will affect pensioners, but also how many pensioners it will affect.

In 2016–17, we will see the introduction of a $550 cap, to 50 per cent, on the rebate for local government rates, and a $600 cap on the rebate for water service charges for pensioners. This will reap the government $26 million over the three years to 2018–19. That is $26 million that would otherwise have been given to pensioners in the form of a rebate for local government rates and water service charges.

Before I look at how that will impact on pensioners, I want to look at who will be impacted by these changes. In the East Metropolitan Region, grouped according to local government area, the number of pensioners who will be affected are: in the City of Stirling, 2 397; in the City of Swan, 2 309; in the Shire of Mundaring, 1 982; in the City of Armadale, 1 853; in the City of Gosnells, 1 112; in the Shire of Kalamunda, 831; in the City of Bayswater, 695; in the Town of Bassendean, 490; and in the City of Belmont, 77. Across the board in the East Metropolitan Region, a significant number of pensioners will be affected by this change, which may seem to be a simple change, but it will have a dramatic impact on their quality of life and capacity to make ends meet.

This bill also proposes to put a cap on the rebate for water service charges. I turn now to this table. It is a difficult table to read, but it lists the number of pensioner households—not pensioners—who will be impacted by this change, grouped by local government area. In the East Metropolitan Region, which is the region I represent, the number of pensioner households that will be affected are: in the City of Armadale, 4 059; in the Town of Bassendean, 1 174; in the City of Bayswater, 4 694; in the City of Gosnells, 6 216; in the Shire of Mundaring, 1 968; in the City of Stirling, 14 062; and in the City of Swan, 6 322.

Debate adjourned, pursuant to standing orders.