

HOUSING INVESTMENT PACKAGE

313. Ms M.M. QUIRK to the Minister for Housing:

I refer to the impact of COVID-19 on Western Australia's housing construction industry. Can the minister update the house on the McGowan Labor government's \$150 million housing investment package, including how it will protect jobs and support economic activity during this uncertain time?

Mr P.C. TINLEY replied:

I thank the member for Girrawheen for the question. It is a very important and very timely one given the circumstances we find in the housing construction industry, particularly in the residential construction industry. Of course, those in multi-unit apartment buildings would be no less taxed and challenged in relation to the opportunities for their projects to get up.

We are very clear in our understanding of the situation with the various constructors. We talk almost daily with the peak bodies: the Housing Industry Association, the Master Builders Association, the Urban Development Institute of Australia and the Property Council of Australia. They are in constant dialogue with the government, assisting us to understand the circumstances in which these constructors find themselves. One thing is clear: the sorts of challenges that they have had over the last five years are nothing but have been good preparation for what they are going through right now. They are very agile, very lean and very focused on the opportunities as they present themselves, and that is quite evident.

The challenge for them at this stage, unfortunately, is the bind that they are caught in. For members of the house, by way of background, it takes about nine months from when somebody walks into a display home to when they walk into their home. The process of committing to that significant purchase and that construction is quite involved. In fact, 75 per cent of the full-time equivalent of a building company is contained in the first phase. Under the housing Construction Contracts Act, they can take a progress payment of only \$2 000 or \$3 000. The overhang and the overheads for the business at this level are quite significant at the front end; therefore, they are relying on the throughput through the pipeline of those projects coming into their final phase of construction, as progress payments become more and more significant towards completion. As that pipeline is drying up—those larger amounts of revenue that come through the business at the back end of these contracts—they are faced with only a very small number of contracts entering the front end of the pipeline. In fact, it is a quite significantly small number. The Housing Industry Forecasting Group, which has long been an established cross-industry and government group that identifies and forecasts future new housing growth, brought out a report last week in which for the first time in the history of that organisation it made no forecast about the next financial year. It made no forecast about the next financial year because it is too difficult to determine what the COVID-19 circumstances have wreaked upon our economy.

Members opposite want to castigate the government for scrapping, if you like, or putting aside an economic plan that we had when we came to government, which was based on the assumption of what we would inherit when we came to government, and say that we do not have an economic plan. I can tell members that that is far from the truth. In a place of crisis, strong leadership is what works—a strong unity of command and centralised leadership that identifies the crisis response required and acts on it. That is what we have with the current McGowan Labor government. The government is focused on the crisis—that is, the health requirements of the people of Western Australia and then their economic aspirations and how we can meet them. We had one of those examples today, when the Premier said that if any minister has something that they can bring forward in their capital works program that could assist in creating more jobs right here and now, he or she is to do so. I did that this morning. We brought forward \$150 million for the social and affordable housing program that was announced last December to ensure that it starts flowing by 1 July. That work has been undertaken. We will refurbish 70 houses, which will create jobs immediately. We will build 300 social and affordable dwellings and a further 200 shared-equity houses across Western Australia. About 90 of those dwellings will be in the regions as well, by way of interest. In this way, the government actually has an economic plan that responds to the crisis confronting Western Australia, and there is more to come. Thank you.