FIRST HOME OWNER GRANT AMENDMENT BILL 2017

Second Reading

Resumed from 24 August.

HON Dr STEVE THOMAS (South West) [2.14 pm]: Before we were interrupted by the break, we were discussing the First Home Owner Grant Amendment Bill 2017 and that the previous government announced a boost to the grant of $5 000. The grant was boosted from $10 000 to $15 000 for houses that were commenced from 1 January to 31 December 2017. The then opposition agreed with and fully supported that process. I will go back to that process in a bit, because in the meantime the government has changed the rules after the fact. On 17 May this year, the government announced that it would remove the $5 000 boost to the home owners grant for the second half of the year. From 1 July onwards, there would be no boost to the first home owner grant. I remind honourable members of comments made in December last year by the now Treasurer in responding to the then government's proposal to boost the first home owner grant. The then shadow Treasurer said —

> … he supported the increased grant and vowed not to remove it if Labor won office.

This is a direct quote —

> "I'm glad the government has recognised that they've had a negative impact on that particular industry, but also recognise that the construction industry is a big employer in Western Australia," he said.
>
> "We'll support that (first homebuyers) announcement and don't have any intention of removing that in the event that we win government in March."

As we started to discuss before the break, this matter has become as much about the government's integrity as it is about the economic benefits of boosting home ownership. That is the critical part for me. I will comment on the effect of boosting home ownership, because obviously we need to be a bit cautious. Plenty of organisations and businesses in the country have a vested interest in supporting new home development. It is one of the biggest industries in the country and employs, quite rightly, an enormous number of people. For many, many years it has been used by governments as a stimulus for the economy. I am happy to debate whether that is a good thing, because there are some question marks involved in that. As we said a couple of weeks ago, this grant was first introduced by a federal Liberal government in about 1964, from memory, on a motion by the then leader of the Liberal Party's Young Liberals movement, a young fellow by the name of John Howard. He put forward a proposal that the then government should stimulate the economy by stimulating the building sector through subsidising new housing. It is not new. That initial $500 grant—which is probably worth something similar to the $5 000 or $6 000 mark now, if we add on inflation over time—was the first episode in subsidised housing to boost the economy.

Obviously, the big jump came with the introduction of the goods and services tax in 2000 when, funnily enough, the then Prime Minister, John Howard, suggested that the GST would have a significant impact on the price of construction of a house. Therefore, the first significant boost to the first home owner grant was introduced. It subsequently went from $7 000 to $14 000. Ultimately, after Labor Prime Minister Kevin Rudd came to power, the grant was increased in an effort to again stimulate the economy in the global financial crisis in 2008 and 2009. In some circumstances home owners were able to claim up to $21 000 to stimulate the economy, promote employment in the construction sector and generally tide us over difficult economic times. I have a few questions about how successful that is in the long term in keeping the economy up and going. We are very good at throwing in money to subsidise all sorts of activity that does not necessarily work. In my view, most economic stimuli are of particularly questionable value, and more so as the years go by. Economic stimulation is done in two ways—by either increasing government expenditure somewhere or simply printing more money, which now goes by the wonderful phrase "quantitative easing". It is a bit like horizontal fiscal equalisation and vertical fiscal imbalance. It is one of those phrases that economists and governments love to chuck about. Quantitative easing is simply printing more money in the hope that more money being thrown around the economy will stimulate a bit of activity. I think it has generally proved to be rather ineffective. In the same way that the government had the major lever of changing interest rates, which was a fairly big economic stick through the early part of our development, it does not bear much relationship today to how the economy is stimulated. I see that the Reserve Bank has left official interest rates on hold at 1.5 per cent, which is a historical low value. Official interest rates of economies around the world are still at approximately zero, which is having almost no effect on the stimulation of their economies. In fact, governments might be better to step out of the way and stop inhibiting the economy by trying to maintain red tape control over business and allow business to step forward more. That might have a greater effect. In the meantime, these are the economic levers we have to use. I suggest that subsidising any industry is of questionable value, whether that be the renewable energy industry with a significantly high feedback cost or the construction industry; it nonetheless has some effect. I want to go into some detail on that effect because I think it is critical to the debate today, which, as I said, is more about holding the government to account for its election commitments than about the economic value of this measure.

I want to go into some detail about the economic measure because I think it is important. During debate in the other place some figures came out. Who is to say that nothing good comes out of the other place? I think the figures are quite useful. It is important for members to know —

Hon Darren West: You came out of the other place member.

Hon Dr STEVE THOMAS: I am one of the good things that came out of that place, member. There were a couple. I think the Minister for Regional Development would agree that a few good things have come out of the other place. But we digress.

Some of the figures that have come out are quite interesting. The previous government expected the $5 000 boost would change the outcome to in the order of 650 incidents. In other words, 650 people would change their purchasing arrangements on the basis of the extra money and that 650 was divided into a couple of groups. I will quote from the Treasurer, who was reflecting on this —

> That is made up of 380 buyers switching from the established market to the new home market and 270 bringing forward their decision.

Three hundred and eighty people would switch from buying an established home to buying a home effectively off the plans, thus increasing housing stock. Others who might have delayed their decision for a further period might advance their decision. People might argue that the number of 650 alterations of economic commitment is not a very big number, and with fewer incidents, they are probably right. But let us have a look at this because even if the 650 people are just building a home, they are expending, generally, at least $200 000 each on the construction of a property—not the purchase of the land. We do not build much of a house for under $200 000 these days. The actual increase in economic activity by the 650 people, even at $200 000, is in the order of $130 million. Those who are economically literate and want to jump into the debate may well point out that some of that expenditure would potentially have occurred anyway, as young people seeking to enter the housing market simply changed the timing of their purchase or what they actually purchased. The reality is that at least $130 million worth of additional economic activity would have occurred in the market place, which was obviously the previous government's target when it announced this policy in December 2016. It was obviously also in the mind of the then Labor opposition, which, not long afterwards, announced its support for the measure. The cost of that investment to government, as provided for in this First Home Owner Grant Amendment Bill and required by the Treasurer, is $20 million. Therefore, the throughput from new people who are able to collect the first home owners grant is approximately 8 000 houses a year. Therefore 8 000 houses would fall under this category. The extra boost of $5 million will bring the $20 million saving that the government intends to make. It is an additional $20 million, based on the government's figures, to basically return $130 million in economic activity. Putting aside for a moment the argument about whether that activity would have happened at a different time or in a different manner, the reality is that we need to accept that a group of people would have changed their behaviour and that would have stimulated economic activity.

We perhaps need to look also at a group of people who are completely unmeasured in the government's proposed changes—that is, a group of people who on the assumption they would receive an extra $5 000 had committed it to alternative expenditure as part of their budgeting process, but are no longer able to do so. Perhaps they had saved sufficient deposit to purchase their first home, using the first home owner grant of $10 000. They qualified for the additional $5 000 boost at that point because they were starting after 1 July 2017 and they had budgeted for that to go into alternative funding rather than coming off the price of their residence. For, potentially, just over 4 000 people who were budgeting on an additional $5 000, however they were going to spend that money, it might simply have been coming off the price of their house. It might have been the budget they had set aside for the pram and the booster seat for their first child. It might have been for their first holiday. It could have been anything but they had set that aside for things within their budget for their future, but it was removed from them despite the fact that both sides of politics had guaranteed it would be in place. I say again, that if we pass this legislation, the critical point is not specifically that we will snatch $ 5 000 from approximately 4 000 first home owners who would have received it otherwise. Those 650 people, according to the Treasurer's figure, will significantly change the decision-making process and what housing people purchase. However, the other part of that 4 000 or 4 100 people, who potentially budgeted for that extra $5 000 and who had that taken away, is a significant group of people, and that is the group of people who have no voice in the argument because they do not show in the government figures anywhere.

I guess they are the bare basics of it. I am happy to debate the effectiveness of economic stimulus generally, but in reality, let us simplify this to one very simple one. Does what a member of Parliament or a political party say before an election count? Is there any need for us to be honest in our election commitments? Do we have any requirement to say what we mean and mean what we say? If we allow this bill to go through, despite the fact in the lead-up to the election and probably for the first month or two after the election, the government supported the previous government's action and intent when it introduced this legislation, is the reputation of politics of being untruthful well deserved? I think, honourable members, we are about to find out in the debate today because, as I say, this is not a question of whether the 4 000 people who had budgeted for that extra $ 5 000 should have it taken from them to provide the government's $20 million savings to put into a whole pile of election commitments, some of which, potentially, are probably worse than the original proposal to subsidise housing construction. When a new government gets in, it gets to set its own priorities but, at the same time, there is an obligation on us all to hold every government member to account for the words that they say. I have an amendment on the books that we will get to in Committee of the Whole. I would hope that the honourable members of this house will make a stand based on the honesty of members of Parliament and whether we hold members to account for the things they say. I will be very interested to see the results of the amendment. I suspect, of course, that government members have no choice; I get that. The leadership of the government has said that it wants to make this change. Government members might not like voting the way they do, but I absolutely understand that they have no choice. Obviously, at political times, we will have fun with that at the appropriate moment but the real question is for everybody else in this chamber who sits here and bemoans the lack of respect for members of Parliament and politicians generally—that applies not just in this Parliament, but across the board. I do not think Canberra has been covering itself in glory in recent weeks, months or years. This is a real question for everybody other than government members, whom I have some sympathy for—not much, but some. Whether this government should be held to account and made to hold fast to a promise it made before the election, which it left in place during the election, and which it said nothing about for two months after the election, is a real question of honesty and trust for every other member of this chamber. It was only in the lead-up to the budget that the government changed the rules, giving six weeks to people who had already made decisions based on promises they had read and seen, and thought were supported. How we, as a chamber, hold the government to account for this promise will set us up for how we will operate for the next three and a half years.

I urge all members to think seriously about whether we are genuinely a house of review and whether we genuinely hold government to account. We have cut the government a bit of slack. We in the formal opposition did not vote against the government's increases in funding for the Loan Bill or the Supply Bill. In fact, to be honest, some of the minor parties were more forthright than we were in that regard. I have enormous respect for the minor parties but in order to maintain government and maintain the general flow, we have tried to work as cooperatively as we can with the government. In this circumstance, the government has gone a step too far. A direct promise was made and a direct promise has been broken. Although I understand and accept that government members have no choice in this matter, I ask every other member of the house to look very carefully and to think about whether we are genuinely a house of review that holds government to account, or whether we are entirely a rubberstamp for what goes on in other places. With that, Madam President, I hope to continue this discussion during Committee of the Whole.

HON Dr SALLY TALBOT (South West) [2.33 pm]: I listened with a great deal of interest to Hon Dr Steve Thomas leading the opposition's comments on the First Home Owner Grant Amendment Bill 2017. We have considerable areas of overlap in our starting points on this bill.

Hon Nick Goiran: Are we starting the filibuster already?

Hon Dr SALLY TALBOT: It is not a filibuster. If Hon Nick Goiran had been listening to his colleague, he would have heard some remarks about members of the government being forced to support this bill. That in itself was enough to bring me to my feet to indicate that I am not being whipped; I will vote for this bill. I am not sure whether I am quite aware of the member's amendment yet, but I have a pretty good idea what it will look like and I will not support it. I think I have every right to stand up in this place and let the chamber know my reasons for doing that.

Hon Martin Aldridge: With an extension of time!

Hon Dr SALLY TALBOT: I thank the honourable member. I may not need it! But I appreciate the offer.

The key part of the lead speaker for the opposition's remarks about how we exercise control of the economic levers we have was quite interesting. There is a real sense in which that will be the key question for the next four years of government. It would be good if this chamber focused on that question for the foreseeable future because, looking back over the last eight and a half years, members of the Liberal–National government were not prepared to seriously ask that question. They were not prepared to take that question seriously. They were simply not prepared to debate how the economic levers were being used during their eight and a half years in government. We have to talk about this because a key point I made in a contribution to an earlier debate a couple of weeks ago was that a government cannot simply proceed by spending the money it wishes it had rather than the money it actually has. I think that brings us to the heart of the problem we are grappling with today. Make no mistake; I say to honourable members opposite that there is nothing I or my colleagues on this side of the house would like better than to be standing here talking about increases to some of these forms of assistance to people—for example, first home buyers.

Let us talk about how we want this chamber to operate. Let us talk about what it means to be a house of review. Would it not be good if we were standing here talking about the comments made in a couple of recent commonwealth government reviews of the housing sector that indicate where governments should pull those levers and where our hands should be on those levers that can affect change? Are we best placed to intervene on the side of demand or the side of supply? Are we best placed to provide assistance for people who are disadvantaged in the housing market or should we increase security for people who are getting to the end of their earning capacity and perhaps need more security? When Labor was last in office in this state, I worked very closely with the housing minister at the time, Hon Michelle Roberts, on a very particular project that I am sure will now have life breathed back into it as the McGowan Labor government hits its straps. The project looked at the intersection between affordability and sustainability in housing. It is still a subject that is very close to my heart. Would it not be good if we could stand in this place and debate whether the extra $5 000 grant that ended on 30 June might have been put into areas that looked at the intersection between affordability and sustainability? We all know what the problem is. The problem is that the capital costs of building a dwelling increase quite substantially if a lot of the energy saving and water saving mechanisms are built in, particularly compared with the alternatives. One alternative is to not have the mechanisms at all, but nobody wants to go down that track.

I remember when Hon Alannah MacTiernan, in one of her many previous incarnations when she was Minister for Planning and Infrastructure in the Gallop and Carpenter state governments, talked about introducing new building codes and standards to make use of grey water from new dwellings. That, of course, disappeared so fast that we did not even see it go when Labor lost office in 2008. It is no longer part of the building codes, and I very much hope to see those kinds of things introduced. There is a choice between building houses without any mechanisms for switching to, for example, renewable sources of energy or recycling grey and black water, or there is the opportunity to reduce the cost of retrofitting. Would it not be good if we could talk about whether $5 000 per new build could be better channelled to renewable energy mechanisms, water recycling techniques or improving the installation of houses by responding more appropriately to changing demands for the size and constituent parts of a house?

When I was first elected to this place in 2005, we had a really extraordinary director of public housing in the Peel region in the south west, who had pioneered the idea of building one-bedroom apartments with mezzanine floors that could be converted into a temporary second bedroom. This man had foreseen the number of separated parents who parent part-time. When a person buys a house, perhaps they do not want a four-bedroom house. Perhaps they need a one or two-bedroom house with additional sleeping facilities during the weekends or the weeks when their children live with them. That was a very specific and finely honed response to a particular problem. Unfortunately, of course, we are not in the luxurious position of being able to have that debate. I cannot believe that a member in this place still thinks that it is not the major imperative for at least the next two years, if not considerably longer than that, to bring the budget back from the state of crisis into which it was precipitated by eight and a half years of a government that spent what it wished it had rather than what was actually in the bank.

The announcement, from memory, followed the midyear financial review in 2016. The midyear financial review in itself was another major blow. How battered the state's economy began to look by the end of last year. The midyear financial review came out with a lot of revised projections that made it perfectly clear the state was in an even worse position than we were told it was at the May 2016 budget. We were beginning to enter a phase in which projections had to be reviewed rapidly. If we can contemplate the dreadful possibility that the Liberal–National coalition might have won the last election, I reckon we would have had to review the budget quarterly, because things were going downhill so rapidly.

Hon Darren West interjected.

Hon Dr SALLY TALBOT: It is a truly alarming thought, is it not, Hon Darren West.

It was at its most dramatic between the May 2016 budget and the midyear financial review in December, and it was not just to do with the GST. The point that I have made in previous contributions to debates this year is that it was not just the GST. On that topic I might also point out, because I know that everybody on both sides of the chamber gets frustrated with constant references to the GST problem, that if we go through the financial projections of the last six or seven years, we can see that the downward trend of the GST return to WA was always there. It is there in black and white in the budget papers, yet the coalition government of the day claimed that it was somehow being constantly wrong-footed by its colleagues in the commonwealth government. A few days after that dreadful midyear financial review in December 2016, the government announced it was boosting the first home owner payment by an extra $5 000 for the 2017 calendar year. I read what the shadow Treasurer at the time, now the Treasurer, Ben Wyatt, said and it is perfectly clear from his comments that he did not say that the WA Labor Party was intending to make that announcement as part of its election commitments. That is not what he said. He said that it is a good thing to provide more support for first home owners. That is a very different prospect, and in that regard I am certainly not going to start going down that slippery slope of talking about promises, core promises and non-core promises. The coalition government's announcement was clearly made by a government that was being extremely opaque about its financial management. The only growth in demand in this state was for mirrors and black velvet to help the government dress up the financial catastrophe over which it was presiding. It was that environment in which the coalition Treasurer said, "Let's shovel some extra money in this direction; it might help."

I want to assure Hon Dr Steve Thomas and all his colleagues on the opposition benches than he need not worry about Labor keeping its promises, because we are going to do that. I suggest to him in the most courteous terms that this moment, when we are debating this amendment to the first home owner grant, is not the key moment that will go down in history this week, as far as governments keeping their promises and as far as responsible economic management goes. As far as the McGowan Labor government goes, of course it is one very small brick in that wall of trying to rebuild the path towards proper financial management.

Hon Dr Steve Thomas: Was it a commitment?

Hon Dr SALLY TALBOT: I have just been through that. I am sorry that Hon Dr Steve Thomas was out of the chamber at that time. I was contextualising the moment that that announcement was made by the Liberal Treasurer, with a state that once again had a set of numbers in front of it that showed our economy was going down at an escalating rate of knots. That announcement was not an election commitment by WA Labor; it was a desperate bid by the Liberal Treasurer to throw some money at yet another problem, as it did with so many other things, and I hope that before my time runs out I will have time to go through some of those things. It was another desperate attempt to shovel money at a problem even though the government did not know whether it would help. We heard the lead speaker for the opposition concede that. There was no evidence that this was going to help and it was money that the Liberal–National government did not have. It was money it hoped it had, but it did not have it.

I also thought that it was a tad cute of the lead speaker for the opposition to claim that the opposition is trying to work cooperatively with the government and cutting us a bit of slack by passing the Loan Bill. I said at the time, and I will continue to say it, that I am very proud to be a member of a Labor government that looks at the books in an honest, open and transparent way, works out the extent of the problem and comes back to this Parliament within a period that can be counted in days, not even weeks, and says, "This is how much we need to pay the public sector bills until we can get the budget back on track."

I hope that there are no unforeseeable circumstances that send us back to this place asking for more money, but I can tell members that that is exactly what happened during the eight and a half years of the previous coalition government. It kept coming back to Parliament asking for a bit more money here and a bit more money there. That last Loan Bill that we spent many hours debating in this place when the position of the two parties was reversed and Labor was in opposition, was for a relatively small amount. You would remember it well, Madam President, because I remember that you were one of the lead speakers on that bill. We asked the government, "Why aren't you borrowing what you actually need to run the state?" Of course, the answer that it hived off was that 11 March was a cut-off point and it just wanted to pay the bills until then. That is a completely dishonest way of running the state budget. I will take Hon Dr Steve Thomas at face value. I think he was trying to be generous by indicating that he was working in a cooperative way. I will extend the same benefit of the doubt and say that at least Hon Dr Steve Thomas was not here during that time. If he had been here, he would have seen a series of —

Hon Darren West: It is a shame he wasn't here.

Hon Dr SALLY TALBOT: We never know, Hon Darren West—things might not have not gone down that slippery slope quite as fast if he had been here. I will extend him the courtesy of pointing that out. However, saying that the opposition is trying to cut us a bit of slack by passing the Loan Bill is a bit too cute for words.

As I said, it would be nice, and I am looking forward to a day, hopefully, before too long, when we can actually have those substantive debates about what levers are available to us and how they may be most effectively used. Listening to Hon Dr Steve Thomas, I think we have a considerable amount of ground in common. Like Hon Dr Steve Thomas, I am not convinced that we have the answer to whether we ought to be intervening on the supply side or the demand side of the equation for housing. I think we should be building in questions about the connection between affordability and sustainability, and I hope we can come back to that in future debates.

I noticed the reference to an older scheme, which I think was called the first home owners' scheme—FHOS, rather than FHOG—that had a different genesis. We are now looking at FHOG—the first home owner grant—and the guiding principle of the first home owner grant was not actually to increase the access of low and middle income earners to the housing market; it was to compensate them for the introduction of the goods and services tax. The genesis of the mechanism that we are amending today is quite different from the one that it has morphed into—

that is, a general expectation of it being about enabling more people to build houses. Some of the reviews that have been carried out in recent years have raised some very serious questions about the effectiveness of these kinds of measures. Having said that, we should bring to bear some key points in considering this bill. If I can foreshadow the kind of amendment that I assume the opposition will be moving, it will basically reverse what this bill is trying to do; in other words, it will keep this extra $5 000 in place.

We have very significant forms of assistance for first home buyers in this state, and all those mechanisms, from all the data that I have seen, compare very favourably with what is on offer in other states. I know that there are special considerations the further north people go, and I know we make provisions for people north of the twenty-ninth parallel. I note that the Northern Territory has an exceptionally generous scheme that reflects the special circumstances when it costs so much more to obtain building materials. However, I think Western Australia has on offer a robust scheme that is well placed, well targeted and unaffected by the change proposed in this bill, and I am glad to see that that is going to continue.

I think it is time for a much more robust debate about these concepts of home ownership and how it is accessed by people at different stages of their lives. All the data in Australia is showing us very clearly that home ownership amongst young people is in dramatic decline. One would almost want to say that it is in freefall. Concomitantly, there is a rise in young people renting places, and I am sure I would not be the only person in this chamber to make the wry observation that there is also a rise in the number of young people who stay at home because that is both cheap and convenient. We are seeing a radical shift in those tectonic plates about the ownership of property. One thing that I discovered in the last 18 months or two years of the previous Labor government, when I was working with the housing minister on the affordable–sustainable nexus, was that some of the assumptions we make about why we have become a nation that thinks that owning one's own home is one of life's significant markers, and is one of the things that gives us a sense of identity, are not actually to do with the ownership of a piece of land or bricks and mortar; they are to do with purchasing security, particularly security about where we live. Worldwide data from extensive surveys of people in the rental market shows almost conclusively that the impetus for people to get out of the rental market and buy their own places is that they do not want their families or themselves to continue in a situation in which they are stumbling from a six-month to a 12-month lease, then to a six-month lease and moving from property to property, not knowing where they will be living in a year's time, let alone in five years' or 10 years' time. One of the main drivers of people from the rental market into the property market is buying themselves that security of tenure.

Without going into too many of the details, because this is obviously a vast debate and, as I have said, it will be a good day for this place when we can have debates about this kind of thing, this is directly connected with what we are looking at with this bill. It should be obvious to anybody giving it even a passing thought that the idea that governments could intervene to provide that security for people in the rental market is not beyond our wit to devise. We can immediately think of ways in which we could go back to the old system, which, I might add, disappeared without any real community engagement and without any clear change of policy direction by any major party in Australia to bring about the government withdrawal from the provision of public housing. Going back 50 or 60 years, we find that the provision of public housing was a major part of government services. Of course, we still provide state housing, but we have introduced private providers into the housing market, and a great deal of rental subsidy expenditure now goes toward helping people pay rent in the private sector. I talk about this major change in public policy because 50 or 60 years ago most of the people in public housing were income earners. That is not the case anymore. At some stage during the last half century public housing stopped being a place where working-class people lived and became the sector housing people on fixed incomes. That is a major change, and I would like to know whether anybody remembers having fiery debates about it in Parliaments or political conferences. I just do not think it happened. I think it was a way of responding to the growth in the fixed income sector, but the implications and the ramifications for the public housing sector for the provision of state housing has changed the equation radically.

Clearly, there is a way that governments could intervene in the markets to provide security of tenure to people who did not actually own a property. Harking back to my earlier comments about a range of very significant measures in place to assist people on low and middle incomes with that security of tenure issue, I notice that Keystart, which was commenced by the Dowding Labor government in 1989, is still going strong. I am very proud of the fact that a Labor initiative that is now 30 years old is still going strong. I recently saw a press release from the Minister for Housing, Hon Peter Tinley, stating that Keystart has just serviced its 100 000th loan, and is now the only low-cost loan provider in Western Australia, given that Bankwest has now pulled out of that particular share of the market.

Part of what Keystart offers, in conjunction with the Department of Communities, is that shared equity scheme—I think it is called Shared Start—whereby, depending on their circumstances, people can enter into a shared equity arrangement for between 30 and 40 per cent of the value of the property. These kinds of things are not rocket science. Shared equity has been around for a very long time, and I have to put to honourable members that in the medium to long term perhaps what we should be doing in our respective political tribes is talking up the possibility of extending the shared equity provisions. What about things like intergenerational mortgages? In other jurisdictions around the world it is an established financial principle that a person who is perhaps in their mid-20s who has a couple of good degrees or a couple of good trades tickets in their back pocket and perhaps wants to start a family—so wants that kind of security of tenure that I talked about earlier—would not contemplate taking on a mortgage worth $600 000, $700 000, $800 000. They go into a shared mortgage with other people in their family of different generations, and then those mortgages are shared around. We should come up with some kind of loan system that mapped on to those changes that people inevitably make to their financial positions or find themselves in as they move through their career, as they bring up their families, as their children leave home and set up on their own, they then go through the empty nest stage and perhaps they contemplate downsizing. Why would we not look at somehow mapping those life changes and that sort of financial map that goes with those life changes on to the life of a mortgage? We have not even started talking about those things in Western Australia yet, so we have a very, very long way to go.

Because we have not really started these conversations about how things might change in the medium to long term, in Western Australia we are faced with a pretty dire situation. I have spent some time talking about the government's role in bringing about these difficulties, but I noticed there had been a whole series of headlines in the local papers over the last six months or so that mean that anybody involved in the property sector is having a pretty unhappy time at the moment. I know there are all sorts of ways about how we might address this, but we have a glut of new houses. The figures published in, I think, May are absolutely horrific on the number of houses being built surplus to requirements. I just find it extraordinary that last December the then Liberal Treasurer was able to come out with a big flourish and announce a boost that brought the loan for new builds up to $15 000. About five months later we have headlines screaming about the fact that we have a glut of new housing in this state. They must have known. These things are not kept secret. Treasury officials are very happy to come and brief everybody who asks them. It cannot have been a surprise to find that we were oversupplying the market. I am not directly connecting those two things, but I am saying that there are many disconnects and discontinuities in this story. It seems that it is only with the change of government that we have been able to draw attention to some of them and start adjusting the tracks back to a state where we can get a bit of a clear run at sorting out things.

The dysfunction in the housing market has resulted in a glut of supply and plummeting prices. We have had a population decline. I earlier commented that all this data is freely available. I have said before in this place that my favourite budget paper is always budget paper No 3 because it gives all the financial projections. All the financial projections were showing that WA's population would increase, right up to the *Government Mid-year Financial Projections Statement* in December. It said that population was going to increase, but it has not because people left town. Once the boom came to an end, people left and that is one of the reasons we have a housing market in which a lot of people now have negative equity in their properties. That is the kind of archetypal nightmare situation that nobody wants to find themselves in. But we also have an extraordinary number of people experiencing housing stress or mortgage stress and defaulting on their mortgages.

I have some data here that I will share with honourable members. This is a 22 March 2017 Standard and Poor's report about the state of play on people defaulting on their mortgages. Remember that quarter 4 of 2016 was the moment we got that midyear financial review and the original announcement about the first home owner grant boost. The report states —

> The Australian Capital Territory (ACT) in Q4 2016 again had the lowest arrears of all the states and territories, at 0.62%. Western Australian meanwhile recorded arrears of 2.10%, the nation's highest for the seventeenth consecutive month. Arrears increased in all states and territories during Q4, except the ACT and South Australia.

Those statistics coming out of Western Australia are very, very troubling, and it is not a temporary state of affairs, as we just heard. WA has record arrears of 2.1 per cent—the nation's highest for the seventeenth consecutive month. That is more than four years. The report also states —

> Western Australia (WA) in Q4 recorded the highest arrears for the seventeenth consecutive month. Higher unemployment, lower wage growth, and falling property prices are creating mortgage stress in WA, as evidenced by the state's higher arrears. While the price of bulk commodities has increased significantly during the past year, we —

I should explain that "we" is MacroBusiness —

> do not expect it to translate into materially higher investment or employment in the resources sector, as outlined recently by the Reserve Bank of Australia (RBA). This means higher arrears in WA are likely to persist for some time, as the downturn in mining investment continues to take effect.

What does that mean? I remember some years ago talking to the providers of a food bank in Perth, and being told that many of their customers were actually coming from Nedlands and Dalkeith. If people have to default on their mortgages, the pain that they and their family experience is, I put to honourable members, profound if they live in a $2 million house in a rich suburb compared with if they live in a less well-off suburb. Basically, to go into mortgage default means they have lost the means of providing for their family—not just their house, but their grocery shopping. When people start doing their grocery shopping using credit cards and they have already blown their credit card limit, they know they are in trouble. That is one step away from them losing their house. This affects all Western Australians. To have a mortgage arrears rate that is the highest in the nation is something we should be not only concerned about but also ashamed of.

Let me turn now to the affordability question, and, again, I draw on the same source—MacroBusiness. I am looking at the 23 January 2017 report, which refers to the "13th Annual Demographia International Housing Affordability Survey". This survey covers 406 urban markets in nine countries, including Australia. It uses a mechanism called the multiple median, which is the median house price divided by gross annual median household income. That is a bit of a mouthful, but if members want to check the details, they can go back and read *Hansard* because it is actually quite graspable, even by somebody like me who is not an economist. This measure is widely used for evaluating urban markets and has been used by the World Bank and the United Nations, so it is a credible source of information and a reliable study. This study categorises housing affordability into four separate categories. If a person's multiple median is three or less, it is classified as affordable; if it is between 3.1 and four, it is moderately unaffordable; if it is between 4.1 and five, it is seriously unaffordable; and more than 5.1 is severely unaffordable. The figures Australia-wide are very, very poor for all the major metropolitan markets, but the thing that really rang alarm bells with me, as a member for the South West Region, was schedule 4 of the report, which is all housing markets by geography. This is the median multiple, which is the median house price divided by the median household income, 2016 third quarter. The second entry in the severely unaffordable category is Albany in the south west—this is nationwide. The first is Adelaide, which has a multiple median of 6.6, and tying with Adelaide on 6.6 is Albany. The median price in Albany is only $393 000, but the median household income is $59 500. What is happening to the housing market in Western Australia so that Albany ties equal first for the most severely unaffordable housing market in the whole of this country?

The DEPUTY PRESIDENT: Order! Member, I do regret having to interrupt you. Although the matters that you are discussing can be related to first home ownership, I have been waiting with anticipation for a very long time for you to relate this to the bill that is actually before the house. I look forward to you doing so before you end your remarks.

Hon Dr SALLY TALBOT: Thank you very much, Mr Deputy President. I do appreciate the fact that you have been following what I have been saying so closely. I am sure you can see that I am talking about some of the levers, some of the points at which we might intervene to achieve the objective that I think we all want to achieve, which I have slightly redefined in the course of these comments. I am gently suggesting that perhaps we should be looking at security of tenure rather than home ownership. To the extent that those two things map over each other at the moment, that is fine, and that is directly related to the content of this bill.

While I am talking about levers and whether boosting the first home owner grant is the most effective thing we can do, before I leave my chart I want to share a shocking figure; that is, Bunbury is the next Western Australian market on the list. There are no other Western Australian markets, by the way; nothing comes in as more affordable between these. Albany is 6.6, severely unaffordable, with Bunbury at four, which is right on the cusp of seriously unaffordable and moderately unaffordable. Mandurah is on the list and is also classified as severely unaffordable. Now, the interesting thing about this list—this brings me to your perspicacious comments, Mr Acting President —

The DEPUTY PRESIDENT: It is Deputy President.

Hon Dr SALLY TALBOT: Mr Acting President —

Hon Peter Collier: It is Mr Deputy President—try to keep up.

Hon Dr SALLY TALBOT: Yes, I am sorry—Mr Deputy President. I double-thought that triple times so it came out wrong. Mr Deputy President, you were very perspicacious because I am leading back to the topic of the bill; namely, if we are talking about levers in the housing market, it needs to be noted that in this table of unaffordability, the most affordable areas of Western Australia are Port Hedland, Karratha and Kalgoorlie. In the case of Port Hedland and Karratha, of course—this is a subject for a whole other debate, and one that we have pursued at some length in this place already—who could avoid drawing the conclusion that that was an extremely ill-advised intervention in homeownership and the property market by the previous government? I suppose it is great for potential young homebuyers who are looking for an affordable place because they now just head to Karratha or Port Hedland, but, of course, that was not the story six or seven years ago when there was that very injudicious intervention in the housing market by the government of the time. I can confidently say that nothing like that will happen in the next four years with the McGowan Labor government.

In the minute or so that remains, I will look at some projections. I return directly to December 2016, which is when the Liberal Treasurer made the announcement about the boost in the grant. I want to look at the economic forecast, which presumably provided the grounds on which this decision was made. Again, I turn to page 53 of my favourite budget paper No 3 —

The DEPUTY PRESIDENT: Order! Member, I know you are getting to the end of your time and you will have to seek an extension to continue your remarks, but I have already asked you once to at least address the second reading debate of this bill. All the matters that you have raised may be relied upon, I am sure, to develop an argument, but it is necessary to relate your remarks to the bill and the question before the house. That is the simple matter of relevance.

Hon Dr SALLY TALBOT: This is undoubtedly directly relevant to the bill, Mr Deputy President, because I am talking about the artificial grounds on which the grant was originally introduced. If we look at those assumptions, which, presumably, told the Treasurer at the time—the defeated Treasurer in the former government—that this was going to be okay, we have to go back to page 53 of budget paper No 3 to find projections about things such as population growth. if population growth had come in in line with Treasury forecasts, maybe we could have afforded to pay this extra grant for another six months. If household consumption was going in the direction forecast in the budget papers, maybe we would be able to afford it. There are so many different parameters in that economic forecast chart in last year's financial statements that if they had been accurate, we might have been able to do it. But, sadly, of course, we know that none of them came to pass because the government spent the money that it wanted to have, not the money that it actually had, in the bank. Can we afford to keep this going? Clearly not. Would we like to? Yes, of course we would. We would like to have not frozen public servants' salaries. We would like to have done all sorts of things, but we simply cannot afford to do so. Everybody in our economy—every taxpayer, every income earner and every family—has to shoulder some of the burden. I put to honourable members that cutting this extra payment short by just six months—we have already paid out six months of it—will not be the straw that breaks the back of the housing market and it will not cause suffering.

HON RICK MAZZA (Agricultural) [3.19 pm]: I rise to make a contribution to the First Home Owner Grant Amendment Bill 2017. I will endeavour to stay on topic. Essentially, this bill is about the early termination of the $5 000 boost and the tidying up of some legal aspects of joint ownership as the result of a State Administrative Tribunal determination whereby a first home owner in joint ownership with a company was able to get the grant.

First home owner grants and schemes have been around in various guises for a long time. I do not recall the 1960s grant referred to by Hon Dr Steven Thomas, but I do remember as a young real estate agent, after having sold my service station business in 1984 and entering the real estate industry, that things were pretty depressed in that market. It was not long after I started in the industry that the federal government introduced a first home owner grant scheme. From memory, it was about $2 500. It was funded by the federal government but administered by the state Treasury in Western Australia. There was a fair bit of paperwork to get through, but it was certainly a stimulus to the market. A grant of $2 500 does not sound like a lot of money today but we have to remember that it was in 1984. There is quite a leafy suburb in Bunbury known as Tree Streets because there are streets named after trees, such as Jarrah Street, Tuart Street and others. The houses there were built in the 1930s and 1940s. In 1984, people could buy a fairly respectable home in that area for about $32 000 to $35 000, so the $2 500 grant went a long way towards the purchase of those homes. If someone had $50 000, they could buy themselves a mansion. Things were pretty tough back then, but there was that $2 500 economic stimulus.

As time went by, the first home owner grant morphed into a state-based subsidy. As members have stated, there was a $7 000 first home owner grant for offsetting stamp duty on new homes that also applied to established homes during that time. Over probably the last 15 years, we have seen different things happen within the building and the real estate industries to try to stimulate the market. We have seen the first home owner grant applied to established homes and also a greater amount for new builds. Something that has come in that was not around in 1984 was concessions on stamp duty, and we have not touched on that today. We have talked about the $10 000 first home owner grant for new builds, but there is also a stamp duty concession. For a property worth up to $300 000, the first home buyer gets the full concession, which would be about $10 000. That peters out on a fairly sharp incline once the price goes over $300 000—I think it cuts out after $330 000. Someone building their first home gets the $10 000 first home owner grant plus a stamp duty concession of up to $10 000, so the grants are worth $20 000.

At the beginning of this year, the first home owner grant was boosted just before the election. I am open to any sort of stimulus in the real estate market, but I have to say that at that time before the election, it was really a pork-barrelling exercise. In previous years we had started to cut back in budgets the amount of the first home owner grants. I am concerned that if we continued with this extra $5 000 boost—the indication is that so far about

490 grants have been paid out—we will not be able to sustain the core $10 000 first home owner grant and stamp duty subsidies. A first home owner who buys an established home gets concessions on a house worth up to $430 000, which is worth about $14 000. Even though there is no first home owner grant for a first home buyer of an established property, they get that stamp duty concession worth about $14 000. Those core incentives are fundamental to the real estate and building industries. We do not want to continue with the boost and then find that we have to start trimming back that very important first home owner grant.

I am worried that in the budget that will be handed down on Thursday, there will be more reductions in the current $10 000 first home owner scheme or the stamp duty concession. That would be a major blow to the building industry and to first home owners. Over the last four years, we have seen a gradual tapering of what is offered. The grant used to be for established homes but that funding was cut a couple of budgets ago and the amount on new builds was reduced. I am very hopeful that when that budget is handed down, there will not be any reduction in either stamp duty concessions or the first home owner grant on new builds. We know that this first home owner incentive is a lifeline for the building industry, particularly in these very depressed times in the real estate market. It needs the grant to maintain its workforce, continue with turnover and maintain apprentices so that we end up with tradesmen in future years when we have a building boom. The last thing we want to do is be caught short on skilled trades. It is important that we continue with that core incentive program. I am hopeful that there will be no reductions in the budget.

Hon Sally Talbot mentioned the Keystart program. I am pleased that the joint ownership through Keystart will not be affected by these amendments. The shared equity program will not be affected with regard to the first home owner being able to get the grant or the stamp duty concessions out of it. In conversations that we had with the industry, it was highlighted that one of the advantages with the Keystart loan is that the first home buyer does not need mortgage insurance. Mortgage insurance from a mainstream commercial lender can be thousands of dollars and can make buying a first house very dubious. At least the Keystart program provides for not being required to have mortgage insurance. On top of that, Keystart requires only a two per cent deposit, and one per cent of that deposit can come out of the first home owner scheme. A first home buyer really needs to save only a one per cent deposit to enter into the real estate market.

Even though Western Australia has a depressed real estate market, and in some cases people who bought property a couple of years ago are probably in negative territory if they try to sell that house, eventually the cycle will return and prices will increase. Even though the millennials complain a fair bit, owning a house is still an Australian dream. I do not know that things are any tougher today than in the 1970s or 1980s. Getting into a first home is tough.

Hon Stephen Dawson: You don’t reckon that it’s tougher these days given the prices?

Hon RICK MAZZA: I do not. I bought my first home when I was 19 and my wages then as an apprentice were pretty low. I had no joint equity. It is tough. We have to make a lot of sacrifices.

Hon Alanna Clohesy: What proportion of your wage were you paying on your mortgage?

Hon RICK MAZZA: I am going on memory, but it was over 35 per cent. The interest rate that I paid was 12 per cent; it was quite high. But it was a very modest house, I have to say. Expectations these days can be much bigger than they should be. The first home is a stepping stone. We have a modest house and build equity in it; it is a gradual process. Many millennials want to go straight to the top shelf. It is one of those things. The market will return. Owning one’s own house and not renting provides security. Even though the bank probably has more control over it than we do, it is about security and providing a home and a future for our family. Home ownership is fundamental to the fabric of our culture and lifestyle in Australia. The shared equity scheme has been very successful.

Unfortunately, in country and rural Western Australia, Keystart requires a 10 per cent deposit. Someone who lives in the lovely town of Goomalling, the home of the possums, will need a 10 per cent deposit, so it is a lot more difficult. Even though the house prices may be more attractive, a much higher deposit is required. That is obviously to offset some of the risk. It is a lot tougher for people in regional Western Australia to get into their own home through the Keystart program. One of the other things Keystart has recently done is increase the income limit by $20 000. Now a couple can earn $115 000 a year between them and still be eligible for Keystart. That has been quite a big boost for the building and real estate industries. There has also been a $20 000 increase in the income limit for singles and families. I am not quite sure what the cut-off is; I do not have those figures, but there has been a 20 per cent increase, which is quite positive.

Even though, as I say, the $5 000 boost will be good, it is one of those issues that gets back to affordability. I do not want to see any impact on the current $10 000 first home owner grant for new builds or on stamp duty concessions, so it has to be sustainable. Sustainability is very important, particularly in these uncertain economic times in Western Australia.

The amendments in relation to co-ownership may disadvantage some first home owners because trusts also have been cut out. I know parameters have to be in place so that the system is not abused but I feel that for some first home owners who may not have any equity and want to be involved—they may have a partner who has previously owned a house—as a first home buyer, even though it would be only half a house, they will not be eligible for the first home owner scheme or the stamp duty concession. That is a bit of a negative for them. I indicate that the crossbench will support this First Home Owner Grant Amendment Bill.

HON PETER COLLIER (North Metropolitan — Leader of the Opposition) [3.31 pm]: I would like to reinforce a few points that our lead speaker has made on this First Home Owner Grant Amendment Bill. Although we will support the bill, we propose an amendment to ensure that the additional $5 000 to the first home owner grant is retained for the duration of this calendar year. As previous speakers have alluded to, this bill gives effect to the change to the first home owner grant, albeit in a shorter time frame. It makes amendments to overcome some unintended consequences as a result of the State Administrative Tribunal decision regarding the FHOG and makes some other minor amendments. Fundamentally, we are talking about the first home owner grant.

In anyone's language, the building industry is a significant component of the Western Australian economy. It always has been and always will be. It contributes anything from $12 billion to $15 billion per annum. It constitutes an enormous amount of the workforce—it employs about 10 per cent of the workforce. Around 45 per cent of apprentices are in the building and construction industry. In anyone's language, it is significant. The construction of an average individual house employs around 60 tradies and about three new jobs are created with each house.

I have been fairly intimately involved in the housing industry, believe it or not. To start with, I was Minister for Training and Workforce Development, in the role successive governments always play to make sure we have a skilled workforce. I remember quite vividly opening the magnificent Trades North @ Clarkson with Dale Alcock many years ago, which provides avenues for apprentices not only in the north metropolitan region but right throughout the metropolitan region. In addition, my brother-in-law is a home builder from Kalgoorlie. I think he has built almost half the number of buildings in Kalgoorlie. His two sons are in the building industry. They were home builders and have moved into cabinet making and other carpentry work but, fundamentally, the whole family has always been involved in the housing industry. I cop it constantly, but I do not mind at all. I love them all. They do a great job. As I said, they probably built half of Kalgoorlie in their time as well as the great Boulder City Football Club clubrooms. They donated it. Having said that, Railways will always beat Boulder!

As I said, the housing industry is a very, very significant linchpin and indicator of the success or otherwise of an economy. When the number of building approvals in the housing industry declines, we know there are problems within the economy. That is what we see here. As we know, it is everyone's dream to own —

Hon Darren West: I think you knew about them before that.

Hon PETER COLLIER: About what?

Hon Darren West: The problems with the economy. Surely you knew about the problems with the economy before the housing market started to collapse.

Hon PETER COLLIER: I do not know whether the member wants to make a point or continue with that ridiculous mantra about other issues or what; I do not mind.

The DEPUTY PRESIDENT: Order! The Leader of the Opposition is addressing the bill. Hopefully, unruly interjections will in future as well.

Hon PETER COLLIER: Thank you, Mr Deputy President. I do not mind intelligent interjections.

At the end of a boom, as is always the case, the price of houses declines and that is exactly what happened here. That, of course, does not necessarily mean that houses are more affordable, because disposable income also declines, and that is what happened. Over a number of years, we have seen various avenues through which successive governments have tried to stimulate the housing industry such as through Keystart, changes to stamp duty, the FHOG and a raft of other stimulus mechanisms. Successive governments have tried to ensure that the building industry was provided with stimulus. As I said, when the economy declines, building approvals and construction decline, and that has a reciprocal impact on employment for not just tradies but also disposable income throughout the economy.

In Western Australia over the last few years in particular, we have seen the number of building approvals and the number of home starts decline, and that has had a significant impact on not just employment in the building and construction industry but also right across the economy. Let us look at how significant this is. The following figures are the latest statistics from the Bureau of Statistics. In Western Australia, the total approved dwellings in 2014–15 was 32 707; in 2015–16, 24 631; and in 2016–17, 20 158. There has been a decline in just those two years of 12 000 approvals. In percentage terms, in 2014–15, the rate of decline was 5.9 per cent; in 2015–16, 24.7 per cent; and in 2016–17, 18.2 per cent. That reinforces the fact that there was a significant decline. The number compares very unfavourably with the national statistics in Western Australia. In Western Australia, the decline in 2016–17 was 18.2 per cent; the national average was 7.8 per cent. Western Australia was hit much harder by the downturn in the economy and coming off the boom than any other state. That, of course, means we have a bit of a problem and the government needs to do something. Let us look at the Housing Industry Association statistics for this period, remembering that the long-term average of new dwellings in Western Australia is 24 000 per annum. With that in mind, let us look at the impact of the downturn on the Western Australian housing market. In 2014–15, it was 31 580; in 2015–16, 25 460; in 2016–17, 19 850; projected 2017–18, 20 570; in 2018–19, 21 860; and in 2019–20, 22 680.

As I have said, these statistics evidently show that the decline in the number of new housing approvals in Western Australia was significant; it was massive. When we are talking about thousands upon thousands of workers being negatively impacted by the downturn in the construction industry, that has inevitable flow-on effects to all other areas of the economy. Any government in its right mind would look at stemming that tide to ensure that we turned the corner and did something about it. As I have said, the first home owner grant has been in existence for a number of years, as have other stimulus packages, but the downturn was so profound that it was important that we, as a government, did something to stem the tide. Other states, of course, also have FHOGs or an equivalent first home owner grant. In New South Wales and Victoria, it is the same as our existing FHOG; that is, $10 000. The threshold levels are a little different; they are more generous. In other states, FHOGs are much more generous than that here in Western Australia. Since 1 July, a $20 000 FHOG has applied in Queensland for new homes valued at $750 000 or less. In South Australia, a FHOG of $15 000 currently applies for new dwellings valued up to $575 000. In Tasmania, a FHOG of $20 000 applies for those buying or building a new home between July 2016 and June 2018. In the Northern Territory, a $26 000 grant applies for first home buyers who are building or purchasing a new home. As I said, we are not "Nigel No Friends" in this space. We, like other states, try to stimulate the market as best we can.

The $10 000 has been a very welcome benefit for first home buyers in Western Australia, but we, as I just pointed out, suffered in the downturn with a decline in new dwellings and approvals much more than was the case in any other state. The government had to do something about it. The government was criticised for spending money and criticised for cutbacks, but, in anyone's language, if the housing market is in a serious spiral decline, something needs to be done about it. It was as simple as that. Something needed to be done about it. I know the dietitians of doom opposite say everything we did was wrong, but let us face it, guys; with all due respect, in the second half of 2016, the decline each month was anything from between 20 to 40 per cent. If we did not try to do something, we would have been criticised. If we did do something that was quite modest, we would have been criticised, as we are being criticised at the moment. Interestingly enough, of course, the Labor opposition supported this policy shift. It did support it. We captured the other areas in which we could assist the housing market that, as I said, had been existence but needed something more. We were mindful of the fact that the bottom had fallen out of the fly in, fly out industry with the downturn in the mining industry. The economy was in freefall and we had to do something to try to assist the market. On 27 December, at the end of last year—we had to put it into place then, of course, because it came into effect on 1 January—the government announced an additional $5 000 for new approvals for the calendar year from 1 January to 31 December 2017. That would lead to an extra 650 new home buyers and an additional 2 000 jobs for $45 million. It was $45 million well spent, with a minimum of 2 000 additional jobs. We were doing something constructive for the economy and the building and construction industry. To suggest otherwise, which has been alluded to by a member opposite, is just a nonsense. We were doing something for the construction industry to try to assist the economy and the building and construction industry, which is a very significant employer for the state. If around 10 per cent of the workforce is in one industry alone, the government would want to try to help that industry as best it could. It was a good policy—$5 000. The Labor Party supported it.

I draw from *The West Australian* on 28 December 2016, just after the FHOG was announced, which states —

> Small Business Minister Sean L'Estrange said the announcement would provide a point for a number of people to go out and buy their first home.
>
> The extra $5000 and Keystart changes were supported by Labor, with shadow treasurer Ben Wyatt saying the announcement was a recognition of the negative effect the Government had had on the housing and construction industries.
>
> "It's important to remember that the Government, through three increases in land tax, through cutting the threshold for first-homebuyers in previous budgets, has had a dramatic impact on the housing and construction industries," Mr Wyatt said.

I will accept his criticism there. That is fine; I do not mind getting a rap around the ears but, at the same time, he supported the policy.

Hon Stephen Dawson: What else did he say?

Hon PETER COLLIER: I read exactly what he said. I read the entire quote. Sorry, there is nothing hidden there—no hidden agenda. The now Treasurer supported the policy—make no bones about it. Do not go about hiding from this like rock crabs. He supported the policy. With that in mind, we then had an election. You guys won and we lost. We were in the doghouse for a couple of months, and, of course, now the onus is back on you guys. The government has to try to find some money to pay for its $5 billion of election pledges. I do not know how it will do that. Good luck on Thursday, guys! Good luck.

Hon Stephen Dawson: That's very kind of you. It's nice to hear you're being positive!

Hon PETER COLLIER: No, no mate; I have been there. I know what it is like!

Several members interjected.

Hon PETER COLLIER: I know what members opposite can see coming; I can see it! I know what we have to do. I sat there in one of the most vulnerable portfolios when we continued to increase spending all the time and I got bashed around the head by members opposite for it. I know I am going off track here, Mr Acting President, but allow me a little latitude because I have been very good at maintaining my theme around the FHOG! All I am saying is that I know what it is like, but we, in this instance, are talking about $45 million over 12 months to create 2 000 jobs in the construction industry. Members opposite who are involved with the construction industry should remember that because I will come back to it in a moment. Priorities are very important for this government.

Having said that, we thought it was fine. As I said, we picked up our dummy a couple of months after the election to get on with the job of being in opposition. We said, "Let's have a look at making sure we can do what's best to keep this government to account." The $5 000 increase to the FHOG was one of the things that was working. It was working and I will prove that in a moment. Completely out of the blue, the Treasurer announced the government would cancel the $5 000 boost. That was on Wednesday, 17 May when the Treasurer, Ben Wyatt, issued an announcement that the government would cease the additional $5 000 boost from 30 June 2017. First home buyers were eligible for the boost as long as they entered into contracts by 30 June. The announcement was about six weeks before then. All these new homebuyers were salivating at the prospect of getting $5 000—young members of the community and people in the suburbs. I will talk about the various suburbs in a minute. They were saying, "Great; we're going to go out there and get not only $10 000; we're going to get $15 000. This is great!" The Treasurer then came out and said that the government would spend the money elsewhere. I really cannot wait to see where that money goes on Thursday. We know that the government will have an extra $200 million for education because all the opposition did for two years was say that we took it out of the budget and we did not. That does not matter because the government is on the record saying that. We have the whole list and I will go through it school by school!

Hon Stephen Dawson: Not today I hope; it's the wrong bill!

Hon PETER COLLIER: No, not today, mate, but I can assure members that I will make lots of member statements over the next four years!

Having said that, I would like to draw members' attention to these comments from the Treasurer because members' words often come back to bite them on the neck. I quote the brief ministerial statement made by the Treasurer on the first home owner grant boost when he said —

> The previous government estimated that the boost —

To give members some context, I will remind members of these figures as they are important —

> would increase the number of first home buyers seeking to either build or purchase a new home by 650, at a cost to the budget of around $45 million. However, of these 650 additional first home buyers, only 380 were expected to respond directly to the $5 000 first home owner boost by switching from buying an established home, on which they would not receive a first home owner grant, to building or buying a new home. The remaining 270 were expected to bring forward their decision to buy or build a new home from a future year into 2017. Furthermore, in the absence of the boost, it was forecast that 7 686 first home buyers would have purchased a new home anyway in 2017. As a consequence, the effective cost of the boost to the state for each additional new home built or purchased as a direct result of the boost was forecast to be around $120 000.

> Overall, it is now expected that around 4 500 boost payments will be made to 30 June 2017. Of these payments, just 200 new home builds are estimated to be a direct result of the $5 000 boost payment. The other 4 300 recipients of the additional $5 000 payment had intended to purchase or build a new home in any event. This policy was a poorly thought out election cash splash in the dying days of the Barnett government. Given the condition of the state's finances, it is simply not prudent to continue providing the additional payments when the incremental amount of new purchases is so small. Ceasing the boost early will allow the state government to fund other areas while ensuring that Western Australian first home buyers continue to be eligible for generous government assistance.

That is one. Then I will draw from the Treasurer's media statement headed "Temporary first home owner boost to end to assist with budget repair". Give me a break! It states, in part —

> "The boost is not an effective mechanism for stimulating additional construction of homes and given the disastrous state of the finances which we have inherited, we need to remove any ineffective spending.

I wish *Hansard* could give effect there, but it cannot! The statement continues —

> "Ceasing the boost early will allow the State Government to fund higher priority areas while ensuring Western Australian first home buyers continue to be eligible for generous Government assistance.

Get this —

> "This action represents another $20 million saved over the forward estimates. It's another step towards budget repair."

That is $20 million over four years for budget repair! I will come back to that in a moment. That would not be tea money in the Premier's office!

Hon Alanna Clohesy: I hope Hansard can get the effect because I did not!

Hon PETER COLLIER: Really! You have to try to keep up, mate. Come on—this is a good presentation! I am giving an exam after I finish here. I want all of these statistics. The member has to get the figures down: how many home owners were provided the boost up until 30 June?

Hon Alanna Clohesy interjected.

Hon PETER COLLIER: Uh-uh, she has not got her hand up!

Let us look at the second reading speech. It states —

> The first home owner boost was originally —

Hon Alanna Clohesy interjected.

Hon PETER COLLIER: We get it. We have got this thing! The second reading speech states —

> The first home owner boost was originally announced by the previous government and was to be available for transactions entered into between 1 January 2017 and 31 December 2017. The previous government estimated that the boost would cost the budget around $48 million from 2016–17 until 2019–20. As announced on 17 May 2017, the effective cost of providing the $5 000 boost for 12 months, to induce 380 first home buyers to buy or build a new home, would be around $120 000 for each additional new home. This is not a cost-effective way to stimulate new home building. Furthermore, in this very difficult budgetary environment, it is more important than ever to exercise expenditure restraint and target concessions to where they are most needed. The total estimated savings to the budget of ceasing the $5 000 boost from 30 June 2017, relative to the cost that was included in the *Pre-election Financial Projections Statement*, is approximately $22 million from 2016–17 until 2020–21.

I want to draw from that because it has been quite consistent. The government used the excuse—this mob opposite—of financial catastrophe to save $20 million over four years —

Hon Alanna Clohesy: You mean "honourable members".

Hon PETER COLLIER: There is nothing wrong with that. Give me a break! Members can have a look—it is certainly not unparliamentary. You guys give us more than that on a daily basis. Don't be so precious.

Several members interjected.

The ACTING PRESIDENT: Order, members!

Hon PETER COLLIER: With that said, they keep going on about this stuff. They go on about this terrible budget, the financial mismanagement and all that sort of stuff. Then they have the audacity, with all due respect, to say, "We're going to cut 2 000 jobs but it's going to save us $20 million over four years." Really? Do they honestly think that that is going to go well?

Hon Samantha Rowe: Will the member take an interjection?

Hon PETER COLLIER: Yes, most definitely from the member! She can take as long as she likes.

Hon Samantha Rowe: Do you think that you left us in a pretty disastrous state with the finances?

Hon PETER COLLIER: That is probably an interjection for another day.

Several members interjected.

Hon PETER COLLIER: No; I do not mind that interjection. I went right through this when I made my contribution to the Loan Bill. I looked at the reborn GSTers! The GST was not an issue before the election; it is now. Yes, I have seen all of that coming from you guys. I will have more to say on it in my budget response, I can tell members right now. Yes, we have budgetary issues; we have budgetary constraints. It does not matter whether we are sitting on the government benches or the Labor Party is sitting over there, or anyone from the crossbench or the Nats, there is a major issue—it is called the GST. The significance of the GST issue cannot be overstated.

I will go back to my point in question here: $20 million over four years. It is $5 million a year and the government is talking about 2 000 jobs. This is the party that went to the election on a mantra of jobs. You guys talked about 2 000 jobs in the construction industry. I know what union represents the construction industry. I tell members right now that I would be filthy about that! That is one thing that the Treasurer said—one of the motivations for this was the parlous financial state. As members will remember, because they were all listening very intently to my contribution, he commented on the numbers.

Hon Stephen Dawson: Absolutely.

Hon PETER COLLIER: I know Hon Stephen Dawson well. I have to say that I am very impressed that Hon Stephen Dawson is taking notes. Gold star!

Let us test the accuracy of those figures.

Hon Sue Ellery: There is a bit of love going on.

Hon PETER COLLIER: We are all being nice here today; I hope the Leader of the House was being nice.

Hon Nick Goiran: It depends what answers we get in question time.

Hon PETER COLLIER: That is true. Can I continue?

Hon Stephen Dawson: Absolutely.

Hon PETER COLLIER: I was staggered when I read that. Let me put this into context. The Treasurer made those comments in mid-May, guys. He alluded to growth figures in the uptake of the housing market in mid-May. He made those conclusions before June had even arrived. He had those statistics. Anyone in their right mind knows that there is a lag of three months in the determination of an approval for a house. How on earth he could come to those conclusions is beyond me. Quite frankly, he was wrong. We have the actual figures as a result of statistics that were provided during consideration in detail from the other place. Let us have a look. There were 4 660 homes that qualified for the boost for the first six months of 2017—not 4 500. What is 160 homes in anyone's language? Members do not need a PhD for this one: multiply that by three or four new workers for each home and we are talking about another 1 000 workers. This is nonsense. Those figures that were provided by the Treasurer were wrong. It is estimated that 8 250 first home buyers would have been eligible for the boost if it had been available for 12 months, but 4 150 will no longer qualify for the boost as a result of the cessation, as Hon Dr Steve Thomas pointed out quite expansively. There were 3 986 grant applications received for the six months to 30 June 2017 compared with 3 725 applications for the six months to December 2016. As members are aware because they are keeping up, that is 261 more, not 200 more, as alluded to in the second reading speech, the media release and the minister's statement. We are talking about hundreds of construction jobs here that are being missed out on by the government—the party of jobs. I hope the union members of the construction industry are listening, because those guys will suffer.

Of the 3 986 applications received for the six months to 30 June 2017, 2 650 were for the boost payment. Let us look at the statistics, because we did not have these figures during the debate down there. We got these figures only as a result of questions our crew asked during consideration in detail. Let us start at March 2017, when 626 applications were received. There were 525 applications in April, 811 in May, 867 in June and 878 in July. There has been a significant jump in the number of applications received. They are not the figures used in the second reading speech, the media release or the minister's statement at the time. Listen to this one—this is a good one. The number of applications in July 2017 was the highest since June 2014, with 922 applications received. Remember, guys, I have talked about the impact on the housing industry. That means literally hundreds of additional jobs. The government cannot base its argument on the boost not working, because that is simply not true. That is why I asked what the government will do with the extra $20 million because it has stated on numerous occasions that it will go into other areas. I would love to know where it will go. I hope it will assist in creating 2 000 more construction jobs—I really do—because that is what the government is missing out on here. There is no justification to stop the bonus $5 000 on the premise provided to the community of Western Australia and this Parliament by the minister. The evidence he provided is not reflected in the uptake of applications. It is not, and we did not have access to that information at the time.

Surely the minister must know there is a lag of around three months before an application is signed. We must remember the lag between someone showing an interest and the final signing. Inevitably, there will be an improvement two or three months later, and that is what I have just shown. I just read it into *Hansard*. It is there for people to see in black and white. That is what will happen. It would not surprise me in the least if we now see a further downturn as people say, "I'm not going to get the $ 5 000. I will wait. I'm not going to bother now." A couple of young kids who are about to get married will say they are going to hold off on buying a house now, whereas they might have thought about it and brought it forward, they will stop now —

Hon Stephen Dawson: Or they might buy a house that has already been built.

Hon PETER COLLIER: They might, but —

Hon Stephen Dawson: Because there's a glut of them.

Hon PETER COLLIER: I can tell the minister that I have a lot to say about social housing. The minister has probably noticed I have asked half a dozen questions on that topic in the last couple of weeks. I will have plenty more to say about that in the next month, do not worry!

Hon Stephen Dawson: I always enjoy your contributions!

Hon PETER COLLIER: And I always like making them, so thank you very much; I appreciate that.

It is really important that we understand that. We are making a decision to stop that $5 000 boost on 30 June based on inaccurate evidence. There has been a significant uptake in applications up to July. That will impact on employment and jobs.

Do not take my word for it. I believed in it; I was part of the cabinet that made the decision, so I have a conflict of interest. But I believe in it, and I have family connections in the building industry. I know that in Kalgoorlie at the moment things are not looking good. They have a number of issues up there, and the housing industry is again in decline. Let us look at other, more learned members of the community. This is, interestingly enough, an article from the *Kalgoorlie Miner* on Saturday, 20 May 2017. The headline is "Grant cut 'short-sighted'", and it states —

> The WA Government's move to cut the first-homeowner's grant boost will mean about 4000 first-homebuyers will miss out.
>
> Urban Development Institute of Australia chief Allison Hailes said it was important to remember such measures had consequences.
>
> "Treasurer Ben Wyatt says he expects to save $20 million over the forward estimates due to cutting the boost to the first-homeowner's grant," she said.
>
> "That equates to approximately 4000 first-homebuyers who could have been given a leg up into the housing market.
>
> "UDIA is extremely disappointed that the Government has chosen to end the boost early given the tangible impact it has started to have on the first-home-buyer market."

Let us have a look at another one from *The West Australian* on Thursday, 18 May 2017 titled "Home grant cut a worry for builders", which reads —

> The State Government has sliced $5000 off the first-homeowner grant - a move that has disappointed home builders but received the backing of real estate agents.
>
> Treasurer Ben Wyatt said the boosted $15,000 grant put in place by the former government late last year had not resulted in an increase in first-homebuyers.
>
> Master Builders Association executive director Michael McLean said many of his organisation's members had seen a benefit in the grant. "Everyone in the building industry was gearing up for a 12-month campaign to advertise the boost," Mr McLean said.
>
> "We're five months into that campaign and the rug has been pulled from under our feet."
>
> "It will have a definite impact on our industry because it's ailing at the moment.

> "I liken it to medicine. Take it away and the patient is still sick. Unfortunately we anticipate more people will be displaced within the housing industry as a result of this decision."

Let us have look at another one. This media release put out by the Housing Industry Association reads —

> The Housing Industry Association has today been shocked by the announcement made by the Treasurer today to shorten the term of the First Home Owners Grant boost, now due to finish on June 30. The $5'000 boost was announced in December and was originally intended to run for the full year.
>
> "Cutting the boost is a missed opportunity to support new jobs and the whole of the economy through one of the toughest years for new home building in recent history" said John Gelavis, HIA Executive Director, Western Australia.
>
> "The boost has contributed to a supply of new home buyers into the market at a time when home build numbers are below the long term average, so we were surprised by the comments suggesting that this stimulus was ineffective, particularly when the Labor Party had previously supported the initiative" continued Mr Gelavis.

A media release from the Master Builders Association reads —

> Master Builders is extremely disappointed in the state government's decision to decrease the FHOG to $10,000.
>
> According to Master Builders Housing Director, Jason Robertson, it's not a good start so early in term for the Labor government.
>
> "At a time when the Perth property market is struggling, and there's a need for increased demand, especially for first home buyers, we're astounded there was no consultation offered to industry."
>
> "First home buyer's numbers have been decreasing over a sustained period and this announcement will likely impact them even more," Mr Robertson said.
>
> "This isn't a prudent move, not only from an economic sense but also from a social perspective."

I will talk about the social cost in a moment. Let us look at another media release from the Master Builders Association, which is headed "First Home Buyers Deserve a Fair Go", and reads —

> The Master Builders Association claims the McGowan government is not giving first home buyers a fair go at accessing the $5,000 boost to the $10,000 First Home Owners Grant (FHOG).
>
> Treasurer Ben Wyatt announced two weeks ago (on 17 May) that the $5,000 FHOG boost would end on 1 July 2017.
>
> According to Master Builders Director Michael McLean the announcement came as a complete shock to builders and the six-week notice period to cut the $5,000 boost payment is unreasonable and unfair.
>
> "Everyone knows the WA economy is struggling at the moment and so is the housing industry. That's why the $10,000 First Home Owners Grant was given a $5,000 boost for 12 months from January this year," Mr McLean said.
>
> "Builders were working on a 12-month time frame with the $5,000 FHOG boost payment and so were prospective home buyers – who thought they had another six months to save for a deposit on their new home."
>
> "Unless a first home buyer was already in the system and about to sign a building contract, the six-week notice period will effectively rule out other first home buyers from accessing the additional $5,000 payment; which will prevent some from buying their home," Mr McLean said.
>
> "Signing a contract to buy a new home is very different to going to the shop to buy furniture or electrical goods. Before you can sign a housing contract, the land needs to be surveyed and assessed to determine what can be built on it and at what cost."
>
> "We believe this problem could be easily overcome if the McGowan government allowed first home buyers to access the $5,000 FHOG boost payment if they made a commitment to a builder, which could be lodged with a government agency if required, by 30 June and were given 2-3 months to actually sign the building contract," Mr McLean said.

That is eminently sensible.

Hon Sue Ellery: I'm in charge.

Hon PETER COLLIER: Good. The media release continues —

> "This would be a much fairer situation than what we have now. It would also avoid a potentially chaotic situation over the next four weeks where builders and prospective first home buyers are scrambling to do a deal without proper due diligence which is a recipe for unnecessary disputation and unforeseen additional costs."
>
> "Our suggestion will clearly enable more new homes to be built which will create more jobs for the myriad of people engaged in the housing industry; from the sales consultants, estimators/schedulers, earthworks plant operators, concretors, bricklayers, carpenters, plasterers, tilers, painters, glaziers, electrical contractors, plumbers and support staff," Mr McLean said.
>
> "If 100 new homes were to be built as a result of this initiative, it would cost the McGowan government $500,000. If we assume the average cost of these new homes is $220,000 and land costs average $230,000 it would generate $45 million to the industry and economy. As at least 30% of house and land costs equate to taxes and statutory charges, this equates to about $13.5 million being directed back to the state government and its various statutory agencies."
>
> "Master Builders is putting this proposal forward as a constructive and pro-active suggestion to enable the Treasurer's decision to be implemented in a more sensible manner and to give prospective first home buyers a fair go," Mr McLean concluded.

These are the views of those who are directly and intimately involved with the home building industry. They are not the views of someone like myself who obviously has a political bias in this debate. It was a good policy. Personally, I think it was a very good policy. We did not do it to win votes; we did it to stimulate the housing market. If we did it to win votes, why did the opposition support it? The opposition supported it. As I have said, we cannot treat the housing industry in isolation. We have to understand that the housing industry has myriad spin-offs, as the MBA media release states. We are talking about contractors, brickies, sparkies and myriad other industries that are directly impacted in a very positive sense as a result of the building of just one house. I repeat that on average 60 tradies are directly employed at one stage in the construction of one house, and three or four new workers are employed as a direct result of building one house. With that in mind, we have to look at the areas where this decision will impact upon and where the most applications came from. They came from those aspirational areas where people really want to own a home in the growth areas in the outer metropolitan area such as Baldivis, Wellard, Piara Waters, Byford, Aveley, Alkimos, Banksia Grove, Yanchep, Landsdale, Ellenbrook, Wandi, Harrisdale, Dayton and Caversham. As I have said, we are not talking about established areas; we are talking about areas where aspirational members of our community are desperate to have a house. They really would like to have a house and they have been given a leg-up. I have stated before that the notion that it is not working is without foundation. I would like to know from the minister, firstly, given the magnitude of this industry, was there any consultation whatsoever with any of the industry groups? They have said there was not. They were informed about it through a media release. Were any of the industry groups, like the Housing Industry Association and the Master Builders Association, consulted prior to making this decision?

Hon Nick Goiran: The minister is not listening.

Hon Sue Ellery: No, I am taking copious notes for the minister.

Hon PETER COLLIER: And I think you are doing a very good job.

Hon Sue Ellery: I have just written your question down.

Hon PETER COLLIER: Good to hear.

Secondly, do those figures contained within the media release and the second reading speech reflect the real figures? I have shown the real figures, and they do not. I want some confirmation of that. Thirdly—I am sure the minister will not be able to answer this—where is the money going? It is not as though it is going back into consolidated revenue. It is going to other areas. I wonder whether the minister might be able to tell me which areas it is going to. I know where I think she would like it to go, but I am sure that it probably will not be.

With this in mind, as I bring my contribution to a conclusion, I would like to reinforce a couple of points. What we are dealing with here is not a minuscule matter. We are talking about potentially thousands of jobs in the construction industry, particularly the housing industry. The housing industry is the engine room of the economy. When we stimulate the housing industry, it has a lot of spin-off effects. I cannot for the life of me understand why the government would undercut the housing industry by $22 million over four years for the sparkies, chippies and all those tradesmen the government is saying are not significant. That is $22 million for 2 000 construction workers, which the government cannot afford, yet it can afford $40 million for 300 education assistants. We get 300 education assistants for $40 million. I will promise members right now—I made a comment on this last week—that if they ask school principals whether they either wanted or really needed those additional one, 0.2 or 0.3 EAs, they would say no.

Hon Matthew Swinbourn: Who are you talking to?

Hon PETER COLLIER: Mate, I was minister for five years and let me tell you —

Hon Matthew Swinbourn: What schools do you go to? Because I know my local schools want education assistants.

The ACTING PRESIDENT (Hon Martin Aldridge): Order, member! We are dealing with the First Home Owner Grant Amendment Bill 2017 and Hon Peter Collier has the call.

Hon PETER COLLIER: I went to 628 schools, by the way. We increased the number of education assistants by 38 per cent when student numbers increased by 15 per cent. I will have that argument with the member any day.

Hon Matthew Swinbourn: You said principals do not want EAs in their schools. That's what you said.

Hon PETER COLLIER: I beg your pardon?

Hon Matthew Swinbourn: That is what you said.

Hon PETER COLLIER: What?

Hon Matthew Swinbourn: That principals did not want new education assistants in their schools—that they did not need any of the 300.

Hon PETER COLLIER: No, I did not!

Hon Matthew Swinbourn: You did say that!

Hon PETER COLLIER: Let me just explain something to the member. I went through this two weeks ago. If we gave a principal an option between having 0.3 of an education assistant or a child and parent centre, they would go with the child and parent centre.

Hon Sue Ellery: But that is not what you just said.

Hon PETER COLLIER: I said, "If you look at what I said on this two weeks ago."

The ACTING PRESIDENT: Order, members! If we can get back to the bill before us, we will be able to make some progress.

Hon PETER COLLIER: With this in mind, there are 300 new members of United Voice, but 2 000 construction workers now do not mean anything to the government. That is what the government is doing.

Hon Stephen Dawson: We haven't, though.

Hon PETER COLLIER: No, the government does not have them because it has cut the grant.

Hon Stephen Dawson: You were estimating 2 000 over a year. We have just had six months. They finish working when they build the houses. If we use your figure of 2 000 for a whole year, for the first six months that is 1 000 who have been working. It is not 2 000; it is 1 000.

Hon PETER COLLIER: That is flawed logic, I have to say, because the number of constructions has increased a lot more than was anticipated. As I said, we will go out and say that 1 000 construction workers are not important to the government for what is, in effect, a saving of $5 million. That is what it is per annum; it is $20 million over the forward estimates, which is $5 million a year. The opposition will support the First Home Owner Grant Amendment Bill 2017 because the additional $5 000 boost was a measure in our legislation. But the boost should not have stopped on 30 June. In effect, the program was working because it stimulated the housing industry and employed more workers. What the government has done is short-sighted. It was done far too early; it was done six weeks before the policy could even be seen to be effective. As a direct result, the entire building industry has condemned the government's approach.

From the opposition's perspective, yes, we will support the bill without a doubt—indeed, we support the $5 000 boost—but we will move an amendment to reinstate the boost where it logically belongs, which is for the entire 12 months. Having said that, the opposition will support the legislation.

HON TIM CLIFFORD (East Metropolitan) [4.21 pm]: The Greens support the amendments put forward by Hon Stephen Dawson in the First Home Owner Grant Amendment Bill 2017 for a number of reasons. First of all, there is an oversupply of housing. The party firmly believes that we should be looking at infill opportunities and any stimulus measures should go towards supporting infill. Over the boom period, the city expanded to new heights with resources stretching north and south and people are now commuting further and further away from where they live. This is uncontroversial legislation and is no different from what has happened in the past, especially given the fiscal restraint that we find ourselves in, which was left by the previous government.

I turn to vacancy rates. I have spoken to a number of people who simply cannot afford to buy a new house. Hon Rick Mazza referred to millennials. I understand where he was going when he referred to people getting into the market by purchasing a three-by-one. There is hardly any option to buy a three-by-one in new housing stock because most new housing stock is four-by-two with fake lawn and never-ending concrete. I guess we had better park the smashed avocado argument and look at the facts. If we look around the chamber, Hon Kyle McGinn, Hon Pierre Yang and Hon Aaron Stonehouse are all millennials.

Hon Darren West: What about you?

Hon TIM CLIFFORD: And me!

Millennials are sick to death of being kicked around in the housing argument. When we look at the dwelling-to-income ratio, today's average income is four to six times more than it was in 1984 when it was twice the rate of a person's income. That is an appalling statistic, especially if we consider that the median house price in Sydney is around $999 000. How does a person who earns $57 000 a year get into the market? We hear so many stories of young people who are outbid at auction by someone with a portfolio of 20 houses. The deck is stacked against them. It is stacked against anyone who wants to save a deposit and even if they have a deposit, they find themselves outbid on a house by someone who has a huge portfolio of houses. That is unfair. We should look at how we can get people into existing stock so that it is a reasonable distance to work. They need to live close to public transport. In places such as west Armadale and Thornlie, a number of young people cannot get into the housing market. They can barely get a job because there are no job opportunities and the extreme casualisation of the workforce means that some people cannot save a deposit and banks will not guarantee them a loan in the first place. If we are looking at accessibility in the housing market, we should be looking at these issues. The only stimulus that I see with the first home buyers grant when we look at new housing stock is the stimulus in the pockets of developers. We need to look at this closely. We need better communities. We need people living closer to public transport. We need to look at where people are working.

Hon Samantha Rowe: We need Metronet.

Hon TIM CLIFFORD: We need better public transport with Metronet. If we are going to talk about Metronet, maybe we can start talking about light rail, which I am passionate about. The situation is pretty dismal for millennials. I am sick to death of the housing argument. At the federal level, we cannot even bring ourselves to look at negative gearing in a responsible manner because those pushing against any meaningful reform are the state Liberal Party's federal counterparts. We opposed the extension of the program in December, with the $5 000 top-up of the first home owner grant. If we want stimulus to get people into housing, we should look at the 11 per cent vacancy rate and assist people into the market. So many young people—millennials—have called me. I am a millennial. They have asked to be given a hand because the government is not giving them one.

HON DARREN WEST (Agricultural — Parliamentary Secretary) [4.27 pm]: It has been a very interesting debate. No elected government likes to say no to a group such as first home owners and, of course, they want to do all that they can for those attempting to fulfil the great Australian dream of owning their own house. But the measures in the First Home Owner Grant Amendment Bill 2017 will provide an opportunity for first home buyers to get into their first house, and I will explain that in detail as I continue my remarks.

After listening to the Leader of the Opposition outline his fiscal argument, I cannot miss this opportunity to explain why it is important to not accept the changes and leave the extra $5 000 pork-barrel that was introduced in the dying days of a sad and tired government that was, of course, roundly defeated. The member's figures, as I interpret them, suggest that $5 million a year—that is $20 million divided by four years for members opposite who do not have great financial prowess—would create 2 000 jobs. If the Leader of the Opposition used his calculator to divide $5 million by 2 000, he would come up with $2 500. He said that he would create 2 000 jobs that pay $2 500 per annum by opposing the Treasurer's measure. It is good news about the 2 000 jobs, but it is not good news that those people will work for $2 500 a year, and that is why Labor has a plan for jobs, real jobs and real job opportunities for tradesmen and all kinds of workers right across Western Australia. The Leader of the Opposition's preposterous claim that $5 million would create 2 000 jobs is a classic example of how poor the previous government was at managing the state's finances. It just does not add up. I concede that Hon Peter Collier was quite a reasonable Minister for Education, but when it comes to financial management, like the rest of his colleagues, there is a lot to be desired. Of course, as has been mentioned earlier, the idea of this bill is to amend the changes to the first home owner grant that were introduced late in the term of the previous government. The cynic in me suggests—the little voice says—that this was a little pre-election sweetener in what was to be a challenging election for a poor government. It threw that out as a little sweetener to try to limit the carnage in some of those outer metropolitan seats. I understand why the government did that.

Debate interrupted, pursuant to standing orders.

[Continued on page 3263.]