

**DUTIES AMENDMENT (OFF-THE-PLAN CONCESSION
AND FOREIGN PERSONS EXEMPTIONS) BILL 2023**

Second Reading

Resumed from 15 November.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [2.20 pm]: As I indicated yesterday, the opposition will support the Duties Amendment (Off-the-Plan Concession and Foreign Persons Exemptions) Bill 2023. It is my intention to go into Committee of the Whole House to have a bit of debate on clause 1. I could ask a series of questions, as I did for the previous order of business, but the reality is that it is much easier at the table. At this point, I propose to ask questions only on clause 1 because I want to examine the process so far and try to gauge its success or otherwise as we move forward. I think a clause 1 debate is required; I do not imagine we will continue for a particularly long time. Unless the crossbench gets highly enthusiastic, I do not think there is any chance we will still be dealing with this bill at the end of the day.

Sorry? There is a conversation going on, Acting President. I must have picked up someone's comment to someone else!

This is, in effect, a housing bill, as I mentioned in the very brief contribution I made yesterday. The government intends through this legislation to try to do a number of things. Obviously, every government in Australia is trying to provide adequate housing for current and future communities. This state government will attempt to use this process to increase housing density. That is, in some places, a fairly controversial topic, and I will deal with that in more detail going forward. But the reality is that we have to look at increased housing density in Western Australia because the greater metropolitan region of the city of Perth is more than 100 kilometres long. It is not all that wide and there are small pockets of increased urban density, but compared with most cities in the world, we are incredibly spaced out. Obviously that would be fine if we had the facilities and financial capacity to spread our services far and wide, but it would obviously be easier and more cost-effective to provide critical services—power, water, waste, roads and rubbish—in a more densely populated city.

In Western Australia we build little satellite suburbs over an area of a few kilometres. The developers tap into and pay for existing infrastructure, which gives them the capacity to develop those little suburbs. Most of the new developments have a remarkably small amount of high-density living. There is actually not a lot of high-density housing in places like Ellenbrook and other outer suburbs. That is the classic issue, which we will deal with in a bit more detail: people generally do not want to live in high-density housing on the outer fringes of the metropolitan region. They are not really interested in living in a 10-storey apartment when they have to commute 50 kilometres to their work, for example. If they are going to live in a 10-storey apartment, they want it to be close to their employment or close to the beach.

I have always laughed at the idea of Australia's national character. When we think of that, we think of a man or woman in a broad-brimmed hat wearing jeans and boots with a very country, *Lonesome Dove*-style appearance, and nothing could be further from the truth, although there are plenty of good Liberals who could be categorised that way! On a population basis, that is not who we are; we are one of the most urbanised populations in the world, but despite that, we have low-density housing. One would think that that is a little bizarre, but that is exactly what we are doing.

We should never trust anything we read on the internet, but members should google housing developments in some of the Asian countries. There are a couple of extreme examples of entire cities being built that cover only a couple of kilometres either side of a railway line, and they are building upwards. They have lots of oil money, and anyone who has filled their car recently will understand why, but it is high-density vertical living. Their engineers have worked out that that is probably the most cost-effective way to house their people. I can tell members that the explosion of construction in China is not semidetached and detached housing.

Having had the joy of living in regional areas with lots of space around me, I like my hundred acres, thank you very much, where everyone is a bit further away. That is incredibly luxurious, for the most part, and I am very appreciative of that. The reality is that high-density living is increasing all around the world, but not in Western Australia, so I understand the government's intent. The opposition supports this bill—it is an extension of an existing program—because we have a similar aim in respect of opening up diverse housing options, and we recognise the need for additional population density. The question that we will get to is: where, precisely, should we put that? That will be the ongoing argument.

I want to spend a bit of time talking about the housing crisis we are currently facing in Australia. In fact, it is not just limited to Australia. We think the economic parameters we are facing are exclusive to us, and we do not realise that this stuff is happening around the world. Central banks around the world are raising interest rates. I was amused at the vitriol directed at the previous Reserve Bank Governor, because I thought he was actually a nice man, but he increased interest rates. That was all going to change because we had a new Reserve Bank Governor, but, hang

on a minute, on Melbourne Cup day, interest rates went up again. The popular press and people who are easily outraged, of whom there are many in the world today, want someone to blame, and it is easy to point the finger at a particular person, but the reality is that interest rates went up for an economic reason. There are those who think economics has now become disjointed from the wider debate; maybe I am a dinosaur, but I think economic theory still stands.

I was talking to someone for whom I have a lot of respect, but who is not popular on the other side of the chamber: Tony Abbott. I asked him, “Am I a dinosaur because I actually believe in long-term economic principles when the world seems to have thrown them out? We have gone beyond Keynesian economics to the modern monetary theorists. Perhaps that makes me a dinosaur. I actually still believe in balanced budgets.” He said, “Well, perhaps I am a dinosaur too, then.” We still exist out there; conservative economic philosophers still exist, but I think we are an endangered species. There is a group of people who suggest that it is not necessarily the fault of the previous Reserve Bank Governor that interest rates increased but rather a whole pile of parameters, some of which government had control over, but most of which it did not. I sometimes think that dinosaurs like us need to make our voices heard a bit more.

Obviously, housing is an issue, particularly in this era of interest rate rises. We may not have seen the last interest rate rise, even though we went from 4.1 per cent to 4.35 per cent, and it was 0.1 per cent 15 or 16 months ago. Again, I am a dinosaur. I remember very high interest rates, although the world has shifted, so the price of a house when interest rates were very high was proportionately very much lower. I have a habit of throwing my own history out into these debates, and I am happy to do that again. I paid \$42 500 for the first house I bought some decades ago. My wage, which was the average wage in Australia at the time, was \$25 000, so I paid about one and a half times the average wage. The average wage today is a bit over \$90 000, which means we should be able to pick up a house for about \$150 000. Good luck trying to do that anywhere in Western Australia. The price of land has absolutely increased. I have a chart on this, which I might see if I can show to members at some point because I think it is quite useful. If we map house prices versus average wages over a period, we discover that the relationship is linear until about 2000 to 2005; then housing prices just explode in comparison. I charted this out and mapped out housing prices compared with wages, and then I worked out the middle line. If housing prices had gone up at the same pace as wages, I think that economic growth in terms of wealth creation and housing would be sustainable below that line and unsustainable above that line. We are still absolutely in the unsustainable housing growth market. Interestingly, housing prices are starting to go up again. Housing prices are starting to lift at a time when we are already significantly above the house price that would be sustainable.

This becomes critical because there is a housing crisis across the country. Of course, the problem is that for every policy position that we take, for every winner, there is a loser. It is very hard not to do that. We could develop a policy to reduce the housing price so that perhaps our children might be able to buy their first house under a fairly normal economic regime, but to do that, we have to drive down the price of houses, and that is a pretty unpopular policy for everybody who currently owns a house, I have to say. Not too many people of the generation of Hon Martin Pritchard and I would be very keen to see, by my calculation, about a third wiped off the current value of their house. That is not a policy that I plan to take to the next election. I am happy to lend it to the Labor Party if we are trying to balance things out a bit.

Hon Dan Caddy: We’ve got plenty!

Several members interjected.

Hon Dr STEVE THOMAS: We have plenty of policies; just because we are not putting them out there yet does not mean they are not there.

Several members interjected.

Hon Dr STEVE THOMAS: Members should be very calm; they will see them in the fullness of time. The reality is that there is an issue around house pricing, so what do we do with that? We could put policies in place to reduce the value of houses, although that would be pretty unpopular, to a point at which the next generation might be able to afford them under their own steam, because, effectively, unless young people can do that, it is the bank of mum and dad getting them into housing. Here is a bit of advice for everybody. If people want to be clever, at some point, the best solution to this is for grandparents to bypass a generation with their inheritance and give it to the second generation down. Grandparents should be leaving their inheritance to their grandchildren, because most of their children are old enough and generally already own their first house.

Hon Klara Andric: My parents would absolutely jump on board with that.

Hon Dr STEVE THOMAS: They would jump on board with that, so you would miss out.

Hon Klara Andric: They would skip me in a heartbeat!

Hon Dr STEVE THOMAS: Your comfortable retirement is out the window. You no longer get the old parliamentary pension process. I do not think anybody in the upper house gets one, so everyone has to do it the hard way.

A member: I think there's only one person left.

Hon Dr STEVE THOMAS: Only one person left? There we go. That is one way to get around this. Wealth transfer across two generations gives the bottom generation the capacity to buy into the housing market. Of course, that is not government policy—government policy cannot create that—and, of course, it requires a generation to miss out. Although it is a great plan and a great policy, no generation wants to miss out. In fact, those who are old enough might remember that there was a particularly good member for Pearce called Judi Moylan who became the Minister for Family Services. Judi came up with a policy whereby people would contribute more to their aged care, so when mum and dad both moved out of their family home, that could be sold to partially subsidise their aged care, and the next generation would get back the unused portion. That particular policy probably cost Judi Moylan her ongoing political career. It was thrown out not too long afterwards because it was incredibly unpopular, and she was removed from the ministry, probably because those people who were about to inherit a \$300 000 house and figured that was their holiday home, their boat and their trip around the world on the QEII or whatever it was did not like the idea that that would go into an account to fund aged care in the interim, and they would get back only that bit that was still unused after their aged parents had passed. They would get 80 to 90 per cent of it back, so they actually ended up with most of their inheritance; they just had to wait a bit longer for it. That was so unpopular that it probably cost a good member of Parliament their career. As a rule, Australians do not have a good history of an altruistic approach. I suspect that although we could have a policy that reduces the price, based on Judi's experience, I do not necessarily want to see my career go down the same path, so that is not a policy that members will see me release in the fullness of time in the process of bringing down the current government; there will be alternatives to that.

The other option is the one that I suspect will ultimately happen, and that is we will see a stabilising of house prices over a fairly long period. They have gone back up again, but if we take the jump that occurred between roughly 2003 and 2007, during which time, if someone owned property, the value of their property basically doubled, it has been relatively stable since. A lot of people who bought in 2010, for example, found that by 2020, the value of their property was lower than the loan they had originally taken out to purchase it. If they had taken out an interest-only loan over a 10-year period and were paying only the interest, they owed the same amount on that property, but the property was worth less than the loan. That has absolutely been the case for some people. We have seen a little uptick over the last 18 months or so. The question is: have we again disengaged between affordability and house price, and are we going to see that trend continue? Members should be aware, again, for the economic tragedies amongst us, that that disengagement is not just limited to the housing market. The share market is exactly the same. Part of the reason the share market continues to boom is those people who might have invested in housing have seen a very stable return. For example, if someone has invested in residential real estate—under the current circumstances, they take their life or at least their economic future into their own hands if they do so—going forward, they are waiting for the price to go up, because they are effectively not making much out of the rent. Most people make very little out of the rent. It has got better lately, because rents have skyrocketed, and that is an enormous impost for people.

I will tell members a story in a minute from my early days in Parliament. Rent is an absolute impost for people who do not own their own home. Actually, I will tell members that story now. If I do not tell it now, I will probably forget. I was the member for Capel in state Parliament. A couple came to see me and said that they could not survive on the pension, which was absolutely true in many cases. I said to them that in my view, someone's ability to survive on the pension is very much related to whether they own their own house or not. If they have paid their house off and are not still trying to pay it off as they retire, a pension is not a huge amount of money, but a lot of people can live on a pension reasonably comfortably; they can take their caravan up north once a year and they are okay. As we age, oftentimes the amount of money we expend decreases. We actually start to make money out of it, because by the time we hit a certain age, we only really want to get up, have a cup of tea, have a snooze, watch the cricket and go to bed.

Hon Dan Caddy: You're not going to nightclubs any more.

Hon Dr STEVE THOMAS: It has been a lot of years since I have been to nightclubs, Hon Dan Caddy.

Hon Darren West: Were you a groover like Hon Martin Pritchard? Can you dance like him?

Hon Dr STEVE THOMAS: No, I do not do any belly dancing, thank you very much. We do not need that image back in our brains for the rest of this debate, thank you very much, Hon Darren West. I had just managed to remove it during a good economic debate so far, so thank you for that.

A couple came to me and said that they could not survive on the pension. They thought that was wrong. I asked whether they rented. Some people have really struggled. For a range of reasons, some people are renting when they retire. Some of them have never been in a financial position to buy a house. Some of them have had a house and something has gone wrong. One of the most common versions of that is marital break-up, when people's assets are

split. If someone has paid off a house and does not have other assets, it is pretty hard. Some people live at either end of the house, but that would be tough. At that point, they both basically downsize into something they can barely afford.

Some people have invested and lost everything. A lot of people start a business. That is why small business is a tough marketplace. The old figure used to be that 80 per cent of small businesses do not survive either the first two or three years, depending on whom we listened to. A huge number of small businesses go under. It occurs in veterinary businesses. Given the price vets charge, we would not think they could go broke, but that is absolutely the case. It was a terrible business for a lot of people. They just did not survive.

I asked this couple about their circumstances. They basically said that they lived a hell of a life. They worked for the railways and they were always provided with a house for peppercorn rent. They just never needed to buy. They had no significant savings. They did not own a house. There was this philosophy around at the time, which probably still exists in a few cases, that the world owed people something by the time they retired, and the world should look after people. I think the world has shifted beyond that point. It is funny; we were talking about Labor leaders. I think Gough Whitlam instigated that particular philosophy, and Paul Keating probably reversed it because he shifted to his superannuation policies, which actually put the onus back on individuals to plan for their own retirement. I suspect that Paul Keating looked at that policy and said, “I’m doing this so that the government does not spend \$100 billion more every year on pensions.” Despite not being the calmest and politest person, he was obviously highly intelligent when it came to economic policy, and that is why he went down that path.

Hon Darren West: The world’s greatest Treasurer.

Hon Dr STEVE THOMAS: I do not think I would go that far. He did some good things; I will give him that much.

Hon Martin Pritchard: It was an initiative of the union movement.

Hon Dr STEVE THOMAS: Does the member think that Paul Keating just took credit for it?

Hon Martin Pritchard: I think he carried on the good work of the labour movement.

Hon Dr STEVE THOMAS: Paul Keating might disagree with the member, and he might do so in a flamboyant manner, which I will not try to imitate in the house today. I am saving all that for my final speech of the year!

It was good economic policy. It is good to see that that has shifted. I think personal responsibility is critically important. Funnily enough, we are in a fairly conservative philosophical position in Western Australian politics at the moment. Members opposite are not generally out-and-out communists. Sorry; there are a couple, of course—blatantly and proudly so. For the most part, a degree of common sense is also creeping through, which is probably quite dangerous in a political sense. Next year may look a little different. We have had a shift.

At the other end, when we start looking at housing policy, which is effectively what this bill is about, I strongly take the view that private landlords probably remain the most critical part of the housing debate. I get incredibly tired and frustrated with the vilification of residential housing investment as a wealth-creation device. It drives me absolutely mad. From memory, about 14 per cent of the rental market in Western Australia is public, which means that 86 per cent of the rental market is private. Those figures are not even close. For those people who think the rental market is a state government issue, it is not. In fact, I am right wing, so I believe we should encourage and extend that. In an ideal world, there are enough houses for everybody and there is an incentive for people to invest in residential real estate.

Members probably remember that on occasions, with the use of high levels of leverage, which means debt, some people manage to get themselves from zero to 27 houses in a very short period. They used to make those *A Current Affairs*-type shows all the time, saying, “I got rich.” If we looked at their figures, we would see that yes, they have 27 houses but they probably owe 50 times more than the average person given their debt structure. We do not see it so much anymore because interest rates moved and it was not that difficult. We should encourage that. That should be part of every government’s strategy when addressing the housing issue, which I will discuss in more detail later. Every government—state and federal—should encourage and embrace private residential investment and private rentals.

For that reason, I have grave concerns about the push we have seen in recent times to undermine the rights and roles of landlords compared with tenants. There is no doubt that I will take a very different view from my good friend Hon Wilson Tucker, who has been a bit of a champion for tenants’ rights, given the questions he has asked this year. I take a very different view, which is completely normal and reasonable, because every Parliament should have views from all sides of the debate. In my opinion, the reality is that we have to enhance the private provision of residential real estate rather than undermine it. I do not know how long members present spend with residential investors. Most of the ones I know are trying very hard to get out of it. Most have decided that it is not worth the effort to put residential houses on the market when they appear to have no rights to control their investment. I think people’s views on this change dramatically, whether they own residential housing investment or not. By the way,

just in case anyone questions me, I do not own residential houses that I rent out to people. Other members do; we can check the register of members' interests for all those things.

Those who invest have to be able to protect their investment. The newest push around Australia is to reduce landlords' rights more to ensure that tenants can change significant parts of the building they rent without the permission or approval of the landlord. That might be as simple as painting three of the bedrooms black because their kids have turned into goths. Maybe that is not a great investment for the person who owns the building. Tenants may or may not require permission to have a pet, for example.

The damage that occurs in some rentals is significant. If a member has not had a landlord in their office at some point telling them a horror story about how their property was semi-destroyed, I do not think they have done their job. It happens. That is not to vilify tenants and say that tenants are bad. Probably over 90 per cent of tenants are wonderful people, but landlords need to maintain some right and control over their property. When that is partly taken away—it has been suggested that it could be further taken away—what can happen? Landlords will stop leasing to long-term tenants. The south west is probably a hotspot for this. If somebody owns an investment residential house in Margaret River, Dunsborough, Busselton, Bunbury, Albany, probably Mt Barker, definitely Denmark, or Walpole, they could offer that into the private tenancy market. If they sign someone up for a yearlong lease and a potential yearlong extension, they lose a lot of control of their asset. Or, they could put it on Airbnb. The price that they would generally get away with is so much higher than the price they would be able to rent it for long term as they would probably rent it for fewer than six months of the year in blocks of one or two weeks as a holiday rental. They would lose absolutely no control because the short-term tenant has none of the powers that disempower landlords.

Hon Dan Caddy: They can still trash the property.

Hon Dr STEVE THOMAS: They can, but they have much less power to do so. It does still happen. A university student rents a property and 27 students end up living in it, so yes, it happens, but there are ways and means of dealing with that through not just bonds but the proper identification of the person who rents the property. That is a lot easier to manage than a long-term rental.

What is happening out there? We just have to look at the numbers. How many Airbnbs are out there? It is not just greed on the part of landlords that is driving that number but the argument that they are losing control of their properties. That is the part of the argument that needs to be addressed. A lot of housing in Western Australia is empty much of the time, some of which, not all of it, is on Airbnb. Properties are simply sitting idle and empty—I am not going to look at anybody or name any names—because that is probably a safer option than putting in a long-term renter. If we are going to fix this housing crisis, that has to change because we are not suddenly going to be building and delivering tens of thousands of more dwellings overnight. As much as I would like to blame the state government for the current lack of housing production, there are some reasonable mitigating excuses and reasons. The COVID expenditure around the world is massive. Infrastructure spend around the world is massive. I note that the federal government has decided in the last 48 hours that infrastructure spend is a pretty big issue because it has decided to cut it back. The federal government has said that the average federal infrastructure spend is about \$12 billion, and it needs to cut that back because it is driving inflation, it is driving up house prices and costs —

A member interjected.

Hon Dr STEVE THOMAS: There is also a lack of workers, but we will come to that in a minute. The federal government is cutting back. To be honest with members, I thought that was interesting because in the old days funding models were not split 80–20. I note that the state is outraged because the 80–20 model is going to go, but if anyone has been around long enough, they will know that those splits come and they potentially go again. I am pleased to see that a Labor government is doing it because Labor state governments will give the Labor federal government a good kicking over this, but the reality is that it has probably gone back to the long-term averages.

The infrastructure spend has an inflationary impact. The federal government is going to try to average the budget spend to \$12 billion a year. The Western Australian state budget on infrastructure is aiming to get \$10 billion out of it. Across Australia, the commonwealth investment will be \$12 billion a year. Infrastructure Western Australia tried to get to—not necessarily successfully, but it got a fair bit of it—over \$8 billion, nearly \$9 billion by the end of the last financial year. That is almost as much as the federal government is spending. On top of the largesse that is coming in from the federal government—the state government is very good at claiming federal government spend as its own, which is not new to the Labor Party. I think every government has done that forever. Anyway, that is the old-fashioned dinosaur economist in me. This is a massive investment in infrastructure that is again having an inflationary effect. Thank heavens for international stimulus spending, particularly in China, because it has kept the iron ore price up. It means that this government has had bigger surpluses over time. I do not imagine Queensland will repeat its massive one that beat Western Australia, but the reality is that this is the biggest boom that this or any state has ever seen thanks to the Chinese purchase of iron ore, and it looks like it is going to continue. I expected the Scrooge McDuck era to end probably a year or so ago. They usually last four or five years, so no more Scrooge McDuck. I am going to have to start using “Donald” and “Daisy” in descriptors from now on.

The reality is that the boom is still going on. We are still in the middle of this boom, we have a massive spend, and housing prices will remain high. On top of the government investment in infrastructure, it is not going to be able to build tens of thousands of houses. In fact, here is a bet. The government has put a massive budget in for housing stimulus. We cannot say that the Cook government has not put money on the table to get housing going. It has put billions into it. I imagine the Minister for Finance will stand up in a minute and probably tell us how many billions, but it has put billions on the table. That is very different from being able to spend it. The government, funnily enough, is in fierce competition with itself. The government has an extra billion dollars for Metronet because that has blown out again. and the Bunbury Outer Ring Road is up by half a billion dollars. The government has cut the scope back because it cannot afford to get it out on budget. Here is another bet: I bet the Bunbury Outer Ring Road blows out again from \$1.35 billion. If it gets built for under \$1.5 billion, I will be astounded. I might—no, I am not going to say what I am going to do. I will be absolutely shocked if that figure does not blow out again, based on the current circumstances.

The government, with the best will in the world, will not be out there building hundreds of thousands of houses. The Western Australian population was growing faster than any other state's last time the population figures came out. The government will not be able to build the houses required. The government will not be able to provide the infrastructure. We have this strange paradox in which we have a massive shortage of labour in the construction industry so we have to import labour into the construction industry, but when those people get here, they have to have somewhere to live. The government did not invent this. This is not something that the government made, but we are stuck in this cycle in which the government, in order to get more houses on the ground, has to import people who require more houses. I do not think there is an easy solution to that unless those people start bringing tents with them when they immigrate. That is no long-term solution for anybody. It is going to be a devilishly difficult thing to deliver.

One of the issues that the government should focus on more is getting those houses that have already been built and are out of the marketplace back into the marketplace. The government has absolutely done some of that. I am sure the minister can go through this in more detail, but the government has announced \$10 000 for Airbnb owners to put their houses back into the long-term marketplace. I absolutely welcome that. The issue might be that for an owner of an Airbnb property, even a pretty average house in the south west, that \$10 000 is probably the difference between a long-term rental market property and what they can pull in from an Airbnb holiday rental. It is probably a net negative, even with that \$10 000. I support what the government has done. It is not my suggestion that the government needs to raise the price to make it cost neutral, because if the government nets over a \$6 billion surplus for 2023–24—we should gamble on that. I might run a sweepstake on the next surplus. I have just decided that I am going to go with \$6.3 billion. We will see how we go. It depends what the iron ore price does over the next six months. Hon Martin Pritchard, write down \$6.3 billion. If the iron ore price crashes back to normal, it will be \$5 billion. There you go. I welcome that the government is attempting to do something in this regard. It is important and I appreciate it, but none of this in itself is a solution. There is no easy solution to this.

The government has done other things. It has provided some land tax relief, which again I have welcomed. It has done a couple of other things around stamp duty. The Duties Amendment (Off-the-Plan Concession and Foreign Persons Exemptions) Bill 2023, in extending that stamp duty exemption, is again something that we welcome. It will extend the program that commenced during the COVID pandemic. Interestingly, I think it was put in place to maintain industry throughput more than anything else, although government worked out that doing it in higher density was potentially a better outcome than simply doing it across the board, and it did that. The government put in place significant building bonuses. We had a state and federal building bonus and, to be honest, my view was that, for the most part, the cost of a house rose approximately by the combined price of the two building bonuses—state and federal—in Western Australia and started to become incredibly expensive. I think that is backed up pretty much across the board. Did it really achieve what it was meant to achieve? I am not so sure. What it did do is convince people to take advantage of it and put a lot of building into the construction marketplace. Suddenly, there were masses of people signing up to get the building bonus, and they had to get started within a certain time. For about a year, people could not get a concreter for love nor money because everybody was trying to get a slab down. The year after that, they could not get wall framers or carpenters because they were all busy. For a year after that point, people could not get roofers. This worked its way through the marketplace with the massive stimulus and it drove the over-demand. What happened with the over-demand? Building companies put their prices up significantly because of the demand and the increase in the cost of the materials and labour, as the price of a brick for a brickie doubled. If a building company did not offer that price, the brickie could walk up to another company down the street and say, "I've quit and I've come here because you're going to give me twice as much", and they did. I know builders to whom that happened. They could make twice as much money. The poor old builders had signed contracts to deliver a certain thing by a certain time, and many of them were fixed-price contracts. The reason they are now trying to ban fixed-price contracts is that they cannot get the workers. The cost of materials went up, but they could not find the workers. The workers would walk off. I have dealt with a whole pile of issues about whether builders could or could not get workers. The reality is that a lot of builders went bust as a result of that. People might wonder how

on earth, in a building boom with massive state and federal government subsidies, a building company could go bust, but that is part of the problem.

I get the intent of the government. I think it was perhaps more about stimulating the economy. In a bit of unity, as a government and an opposition, we perhaps need to be a little more sceptical about interest groups that say that their industry needs more support and start applying a more rigorous set of tests to the reality of that. In government, we all get a bit susceptible to “our industry has an issue”, when I suspect that, in this case, that industry might have been just as well served without the stimulus, bearing in mind that the federal and state governments were Liberal and Labor at the time.

Hon Klara Andric: The building industry was in crisis. There was no doubt about the circumstances of the building industry during that time.

Hon Dr STEVE THOMAS: If we make the assumption that that is true, it went from crisis to crisis; it is just that the type of crisis changed, and that is not necessarily the best outcome. I am going to run out of time. I take the member’s point, but I am not sure that I agree with it 100 per cent, but now is probably not the time to go into it. That is an hour-long negotiation in itself, and, in the old days, when we had unlimited time, we could have done that, but we are not going to do that today.

The government has come up with a range of measures initially to stimulate the building economy as much as to provide housing; it has kind of morphed into the provision of housing. I agree with the government; I think that using that process to increase density is a good idea. The argument that arises when density is increased is that the people who live in a lot of places do not want an increase in density there, and that becomes an issue. We would think that the obvious solution to the density issue would be to build high-density living around, let us say, all the transport nodes that will come from the \$13 billion to \$15 billion Metronet project. It is a really good theory and the government has done a bit of that. The tricky part is that more people want to live in high density in the leafy western suburbs than in the nodes further north, south and east.

Hon Dan Caddy: The Town of Claremont did it very well.

Hon Dr STEVE THOMAS: There are good examples of where density can be increased. The member is brilliantly diverting me from my key point. Subiaco has also done it pretty well in patches.

Hon Darren West: What about Nedlands?

Hon Dr STEVE THOMAS: I do not know Nedlands so well. Hon Darren West might know it better than I do. There is some really good higher density living in the City of Subiaco. I happen to have made an effort because it is nice and close and the map reader got me there easily. Again, it is around a station, not necessarily a Metronet station, but it is around public transport. It kind of makes sense. There are some really good examples of development that has increased density. In my view, it can be done in a way that does not significantly negatively impact on the people who already reside there. In fact, in many cases it can be made better, because these developments often have additional services, such as little niche supermarkets, cafes and restaurants.

Hon Dan Caddy: There are upgrades to services as well.

Hon Dr STEVE THOMAS: Yes, sometimes there are. The marketing of this becomes critically important—that something that can be seen to be good is being put in.

One of the issues with urban infill and higher density is parking and disruption to roads. I know that there are planning policies that work around it. It would be a good investigation for a parliamentary committee at the start of a parliamentary term, not towards the end of it, to look at the parking model and whether enough parking can be put in place. It is pretty hard for a family living in a three-bedroom apartment that has one parking space. What do the parents do when the kids turn 17 years old and they decide to work somewhere else? They can kick them out. Are Hon Dan Caddy’s kids old enough to kick out? It is not as easy a process as he might think. Take it from me: even when you kick them out, sometimes they come back. It is not the simplest thing in the world to do.

Those are the issues around higher density and more complex living that we need to start addressing in a better way, and I think we can do that. We can do that in conjunction with the development industry to make sure that when it develops, it develops to the greater benefit of the wider community. There are lots of places that can be upgraded. Some of the apartment buildings that were built 30 or 40 years ago are like enormous concrete boxes and are pretty unappealing. It can be done in a much better way now, but obviously that comes at a cost, and that impacts on the price of housing. I suspect that there are not many first home owners who were not funded by mum and dad who are living in the Subiaco high-rise apartments that I inspected.

Hon Dan Caddy: ONE Subiaco?

Hon Dr STEVE THOMAS: I do not remember the name. I do not want to give any free plugs. I do not know whether I could afford to live there. Again, we get back to this affordability issue.

What will this bill do in particular? It will extend a program that currently exists for stamp duty rebates by converting them into stamp duty reductions up-front, which is a good thing. The thresholds will be increased to make sure that they better reflect the costs of things. I will be asking in debate on clause 1 for a bit more detail about how often the thresholds are reached and the effectiveness of the thresholds. The other thing this bill will do is open up this stamp duty rebate for foreign buyers.

I want to finish my contribution with the foreign buyer component of the real estate marketplace. In the first instance, we need to remove from the debate the xenophobic argument about foreigners coming in and buying our land. We have to put that aside. We are talking about foreign investment in real estate development. There are foreign owners of some real estate, as there are foreign owners of farms et cetera. I have never been frightened of that, because it is very hard for them to pick it up and take it somewhere else. We need to remove that xenophobic argument from the debate. The us-and-them component has no truck here. Sometimes foreign investors will purchase off the plan, which is more common overseas generally than it is here. Foreign buyers are more likely to underpin many of those developments compared with what would happen if foreign buyers were not in the marketplace.

A few years ago, this government added a seven per cent foreign buyer stamp duty surcharge. That does not raise an enormous amount of money. In the briefings, we were told that it had raised about \$90 million. It is not a huge amount of money. That went through because the government said that we do not necessarily want foreign buyers to be competing on equal terms with Western Australian residents. I understand the principle, but I do not necessarily agree with it. The question that I think we need to look at in clause 1 is: What has the effect of that been? Has that additional impost on foreign purchasers reduced or restricted investment in higher density residential real estate, so that we have ended up cutting off our nose to spite our face, to use my father's oft-used term? In an attempt to give locals a competitive advantage, we have restricted the number of developments that have occurred. I think it is incumbent on us to try to chase some of that through. That is what I want to do on clause 1. I certainly intend to finish the bill today, but I want to work through some of the bits and pieces around the impact to date.

Obviously, this is an extension of an existing scheme that was going to end at the end of this year. The bill will add a couple of years to it. Obviously, all these things have to be started by a certain time, so it will not be forever. I make the point that this is not a permanent stamp duty reduction; this is a temporary measure. It will not last forever. The government might keep extending it until the current boom dies away. I had thought that might have happened by now, but it might still be a couple of years away. It is a temporary measure. It gives some money back, but we just need to flesh out the impact a little. Having said that, if it has been less than perfect in the past, that will not change the opposition's support for the bill now; it just means that this is an interesting opportunity to work out whether this is the best policy going forward.

I will finish with this. What the minister will say, and she will be absolutely right, is that this is part of a suite of housing measures the government has put in place, some of which have been better than others; some have not necessarily done the things they were meant to do and some have been reasonably effective. It is incumbent upon the chamber to give its best efforts to look at that. That is what we will do, hopefully over half an hour or perhaps a bit more of the clause 1 debate. At that point, I would like to let the rest of the bill pass through.

HON SUE ELLERY (South Metropolitan — Minister for Finance) [3.12 pm] — in reply: I thank the Leader of the Opposition, Hon Dr Steve Thomas, for his support for the Duties Amendment (Off-the-Plan Concession and Foreign Persons Exemptions) Bill 2023. He is correct; this is one part of a suite of measures that we are putting in place to deal with the housing situation.

Hon Dr Steve Thomas: I hope I am that accurate with the budget surplus!

Hon SUE ELLERY: Yes. At the time of the announcement of the extension of the exemption, my colleague the Minister for Housing, John Carey, identified that industry feedback had indicated a kind of perverse situation in which apartment developers were holding back from beginning construction to ensure that buyers in their projects qualified for the off-the-plan discount. That then had a flow-on effect of delaying the development of new housing at a time, as the honourable member noted, when our rental vacancy rate is at an all-time low and the number of houses and apartments available for sale are also at an all-time low. Whether it is land tax, stamp duty or the planning measures that we will debate when we next sit, the government is putting in place a range of measures to address those issues. The suite of measures within the bill before us is part of that. As the member noted in his contribution, there is not one, single silver-bullet solution to this. He made the point that this is not a Western Australian issue and not even just an issue in Australia; it is an issue around the world. At the same time that we have had the issue with the supply of goods and then the supply of labour in Australia, we have also had 13 interest rate rises—12 in a quite compacted period and the thirteenth just a week ago. We are dealing with a market under pressure.

The Leader of the Opposition noted the history of the scheme and made the point that it came out of the COVID-19 pandemic. In fact, the duty rebate scheme was initially announced prior to the pandemic, on 23 October 2019, as we were looking to increase investment in the residential multi-tiered apartment market and to stimulate jobs in the construction sector at a time when jobs were hard to find in the construction sector, by promoting presales in

developments for which construction was yet to commence. The rebate scheme was then extended during the period of the pandemic to apartments under construction as part of the housing stimulus package to boost our recovery. A temporary rebate applied only to under-construction contracts that had been signed between 4 June 2020 and 31 December 2020. Hon Dr Steve Thomas highlighted the state of the construction market and identified his support for our recent land-tax relief announcements. The off-the-plan duty rebate scheme will promote investment in the housing market and deliver more housing choice, particularly at the affordable end of the market, providing more opportunities for Western Australians to get into the property market or for those at the other end of their life to downsize. It is quite deliberately about trying to smooth the pipeline for the construction sector and to ensure that it remains sustainable.

The member noted that he is interested to see what impact that additional seven per cent has had on the building industry in WA. Our surcharge is not a unique situation, with surcharges applying in all Australian states and in many other jurisdictions globally. Foreign buyers duty revenue has been around expectation and has grown steadily since the introduction of the surcharge, which suggests that it has not had a major impact on foreign investment in residential real estate in WA.

The honourable member noted a range of other things the government is doing to address housing. Those things are not contained in the bill before us so I will not get into them. However, I note the most recent announcement around how we will deal with short-term rental accommodation—the Airbnbs and Stayz of this world. It is interesting to note that we announced the \$10 000 grant project on Thursday last week, which is open to those who had advertised a property for rent through a short-term rental accommodation platform in the six weeks prior to the date of the announcement, and as of Tuesday morning this week, we had about 105 houses through about 90 expressions of interest, so that shows there is some interest out there. He also made the point that there will be some areas in which \$10 000 is not attractive when compared with what owners can get on the short-term rental market. We are well aware of that. We think the sweet spot is around the older inner-city one or two-bedroom apartments and units. If we get some of them onto the long-term rental market, that will be a good thing; we will take that. We are not interested in shutting down the short-term rental market. We are not interested in putting in place sticks and disincentives, as some other jurisdictions have done. I note that New York City made a very bold decision not so long ago to completely ban Airbnb. We are not going to do that, but we do think there are things we can do to assist in relieving the pressure in the housing market. I am happy to have a conversation around the impact of the duty on foreign investment during the clause 1 debate in the committee stage of the bill.

I thank the opposition for its support of the bill, and I commend the bill to the house.

Question put and passed.

Bill read a second time.

Committee

The Chair of Committees (Hon Martin Aldridge) in the chair; Hon Sue Ellery (Minister for Finance) in charge of the bill.

Clause 1: Short title —

Hon Dr STEVE THOMAS: There are nine clauses in the bill, which is not a heck of a lot. I am more than happy to deal with effectively everything in the clause 1 debate and then move along, if the minister is comfortable with that. I will start with the history. As the minister said in her second reading response, this extension started in 2019. Can the minister give us an indication of the original budget for the stamp duty? At that point it was a rebate. Some of my questions will be related to figures that the minister may not have at the table; it depends on what the minister's advisers have. I will chase the figures anyway and if the minister does not have them, I will end up putting it on notice and get the figures next year. What was the original budget for this stamp duty rebate? I think it was originally designed to go to 2021–22. What was the annual budget at that point and what did it end up expending?

Hon SUE ELLERY: From October 2019 to October 2021, there was a 75 per cent pre-construction rebate and the budgeted cost was \$33.6 million. I will take the member through to the 50 per cent pre-construction rebate from October 2021 to October 2023. The budgeted cost for that was some \$31.1 million. The increase to the scaled pre-construction rebate from May 2023 to October 2023 was \$4.7 million. That is on top of the 50 per cent rebate. The 75 per cent under-construction rebate from June 2020 to December 2020 was \$8.2 million. In total, it was \$77.6 million. If it is helpful, I can table that document.

[See paper [2835](#).]

Hon Dr STEVE THOMAS: That will be useful; thank you, minister. I neglected to say that from the briefing, we sought some additional information and the department provided that. Some of what the minister said is included in that. I thank the minister for the briefing and the staff who assisted that process.

Hon Sue Ellery: I am happy to take the glory for their hard work.

Hon Dr STEVE THOMAS: It sounds like a good plan.

Regarding the outcomes of that, can the minister give us an indication of what the actual was versus the budget expenditure for these programs? This might be a separate question, but I am interested in the number of rebates that were applied. Let us start with the total expenditure. I will then ask a separate question on the numbers; it is confusing if I do too much at once.

Hon SUE ELLERY: There is a bit of a lag, so I cannot give the member finalised figures, but as at 30 September, 265 rebates have been paid for off-the-plan contracts entered into before construction, totalling \$6.29 million. Of those, 17 have been made to foreign buyers, which total around \$688 000. All the payments have been to contracts signed between 23 October 2019 and 23 October 2021 that are eligible for a 75 per cent rebate. This reflects the lag between when the contractors signed and when the rebate is paid after settlement once the purchaser has been registered on the title. For the under-construction rebate, as at 30 September, 254 rebates have been paid for off-the-plan contracts entered into after construction commenced, totalling around \$4.4 million. Of these, seven have been made to foreign buyers, totalling around \$175 000.

Hon Dr STEVE THOMAS: I thank the minister for that. I am pleased to note that that is pretty similar to the briefing note that I got. It is nice to know we have consistency. I will just jump in. When we talk about development commencing, the indication in the briefing was that that was effectively the commencement of earthworks. Is that the definition used for the commencement of development?

Hon SUE ELLERY: Yes. It is when excavation for the construction of the building commences.

Hon Dr STEVE THOMAS: I want to get that down, too. With the numbers that the minister gave me, for the pre-construction rebate, as at 30 September—so it is a couple of months old—there were 265 rebates for \$6.29 million. With my quick calculation, the average rebate was between \$23 000 and \$24 000. There was, I think, a cap on that original program of \$50 000.

Hon Sue Ellery: Yes.

Hon Dr STEVE THOMAS: Did any applications submitted for the rebate reach the cap?

Hon SUE ELLERY: Yes, we think there would have been, but we do not have that level of detail here at the table with us.

Hon Dr STEVE THOMAS: A couple of other questions that come out of this might be a bit similar in that I was interested to work out the price range of the apartments that have been paid for. The stamp duty that is paid is ultimately set on the purchase price of the apartment that they are purchasing.

Hon SUE ELLERY: In respect of off-the-plan rebates for pre-construction contracts 71 rebates were paid for properties with a dutiable value of between zero and \$500 000, 70 were paid with a value from \$500 00 to \$700 000, 60 were paid with a value from \$700 000 to \$900 000 and 64 were paid with a value of \$900 000-plus. Those numbers add up to the total of 265.

Hon Dr STEVE THOMAS: They are very useful numbers. With that many at \$900 000-plus, I would imagine therefore some would have reached the cap under those circumstances. It was hard to get that information to work out how high that was potentially likely to go. Some of those payments had been made to foreign buyers, I think the minister said \$688 000 of that. Payments to foreign buyers was \$688 000, and there were only 17 of those, which means the average was \$40 000 compared with \$24 000. Would it be reasonable to suggest that that is based on a lower number of foreign buyers purchasing potentially higher priced apartments?

Hon SUE ELLERY: It is really a function of the fact that they are paying a higher duty. It is not necessarily that they are purchasing properties at a higher value; it is what I said at the beginning of that sentence—they are paying a higher amount.

Hon Dr STEVE THOMAS: Yes. That extra amount is the seven per cent duty in the foreign purchase surcharge. The minister may not have the figures for the comparisons of the value of the land. Is it safe to assume that the vast majority of that price difference is probably simply that they are paying the seven per cent surcharge?

Hon SUE ELLERY: If I give the member another set of numbers for each of those brackets of the dutiable value, that might be of some assistance. Again, between zero dollars and \$500 000, the number of rebates paid for contracts liable for foreign transfer duty is eight out of the 71; between \$500 000 and \$700 000, there were four out of the 70; between \$700 000 and \$900 000, there were four out of the 60; and for \$900 00-plus, it was one out of the 64.

Hon Dr STEVE THOMAS: They are very interesting numbers. In effect, there is not much difference or variation in the purchase patterns between the foreign investors and local investors. That probably flies in the face of the anecdotal stories that we hear all the time about foreign investors pushing up prices significantly. That is interesting. I might take that to various real estate people and see what they think about that.

Hon Sue Ellery: You might note that the period of time we are talking about was essentially during the pandemic when the world was doing all sorts of crazy things and the kinds of financial pressures et cetera that we were experiencing here were also happening around the world, so I think it is a unique period of time.

Hon Dr STEVE THOMAS: That is probably right. The 2023–24 budget for the extension of this is \$81.7 million. I might, if I can, get the minister to break that down into the two components, which are the increase in the thresholds and the up-front concession versus the rebate versus the extension of the foreign buyers component of that, if it is available.

Hon SUE ELLERY: It was reported in the 2023–24 budget that extending until 30 June 2025 the off-the-plan duty assistance for apartments sold before construction commences and increasing the thresholds would come at a cost to the budget of \$33.2 million over the forward estimates. Converting the off-the-plan duty rebate to an up-front concession from 31 August 2023 is estimated to reduce the transfer duty receipts by a further \$48.5 million over the forward estimates, but that is fully offset by a reduction in expenditure of \$48.5 million; therefore, it will have no impact on net debt. For the under-construction concession, the estimated cost to the budget was announced when we made the announcement. That will be \$13.9 million over the forward estimates and that will be reported in the midyear review.

Hon Dr STEVE THOMAS: Every other member is free to contribute.

Hon Sue Ellery: It's just you and me, mate.

Hon Dr STEVE THOMAS: Are we able to quantify the level of foreign investment in the residential marketplace in Western Australia as it currently exists?

Hon SUE ELLERY: Since it was introduced on 1 January 2019, there have been 2 859 transactions and \$93 million in revenue has been collected from the foreign buyers duty as at 30 June this year. If I break that down for the honourable member, in 2018–19—that is really only half the year because it started on 1 January—there were 208 transactions; in 2019–20, there were 570 transactions; in 2020–21, there were 550 transactions; in 2021–22, there were 597 transactions; and in 2022–23, there were 934 transactions.

Hon Dr STEVE THOMAS: They are useful figures. This might stretch the friendship, but do we have the number of transactions going back before the foreign purchase surcharge was put in place? They are the numbers we probably really need to test it against.

Hon SUE ELLERY: No, I do not have that information here.

Hon Dr STEVE THOMAS: That might be a question on notice at some point to work out what the potential impact of the foreign investors surcharge might have been. I think that would be really useful to find out. We will get to that in the fullness of time.

The announcement made at the time of the budget was called a pre-enactment. I am taking it back to 1 January this year. I presume that is because of an issue of the throughput around getting these things built. Can the minister give us the official reason that the pre-enactment was required?

Hon SUE ELLERY: It was about maximising the impact of the measure so that we could start applying it before the legislation passed. It was just about making sure that we pulled every lever that was available to us to have an impact on the increasing supply.

Hon Dr STEVE THOMAS: What would have been the impact of not doing the pre-enactment?

Hon SUE ELLERY: The difference, honourable member, is that if we had not done the pre-enactment, people would have been able to apply post-settlement after the passage of this bill and, administratively, they could have applied for a rebate and the bureaucrats would have had to process that. By doing it this way, we know that those people will be captured anyway. It is a smoother process to reduce red tape for them and ensure that they can get access to it. We do whatever is possible for us to do to increase supply.

Hon Dr STEVE THOMAS: I will make sure that I have this right. Effectively, is the difference with the pre-enactment that it shifted people from a rebate to a concession?

Hon Sue Ellery: Effectively, yes.

Hon Dr STEVE THOMAS: That is effectively what it was aimed at. It is shifting people early into the concession so that they pay less stamp duty rather than paying it first and then getting it back.

Hon Sue Ellery: It sends a message to the market as well.

Hon Dr STEVE THOMAS: Yes. That makes sense. Thank you; that is good. I said half an hour, and I will probably be pretty close to it, I suspect.

In the 2021–22 budget, that extension was expected to cost only \$8 million, according to page 65 of budget paper 3—which at this point does not matter. That was a very small change to the extension of the off-the-plan duty rebate scheme at that point. I am interested to know why that impact was very small compared with the current

impact. I think that extension was for a fairly short period of time, from June to December. It was only a six-month extension at that point. Part of the issue is the fairly small amount for an obviously fairly small period of time, because the original extension was from 19 October—which I think you said earlier—to 21 October. The government effectively had this small extension. It might not be possible because we are jumping part way through the scheme, but why was the extension for contracts between 4 June and 31 December 2020 needed under the scheme already in place?

Hon SUE ELLERY: That picks up the variation to the scheme put in place during the COVID-19 pandemic for the under-construction element. We announced an arrangement, pre-COVID. For that June to December period during the COVID pandemic, we took another step to try to provide stability for the construction market and maximise the pipeline of work.

Hon Dr STEVE THOMAS: As we get to the end of the scheme, and probably getting towards the end of my questions on this, will there then be a hard line or border? The scheme will be extended to, I think, 30 June 2025. I do not remember the date now.

Hon Sue Ellery: Yes.

Hon Dr STEVE THOMAS: It was 30 June 2025. Is that expected to be a hard line in the sand or will that depend upon what the marketplace looks like? I know I am asking the minister to be Nostradamus a bit, but under the current model, we would say that that is a set border, basically.

Hon SUE ELLERY: It is what it is right now. I will no longer be here by June 2025—I did not have a smile on my face when I said that!

Hon Dr Steve Thomas interjected.

Hon SUE ELLERY: I do not think that is proposed to change. Anyway, let us not get distracted.

That will be a decision the government makes or not depending on all the circumstances that we face as we get closer to that 2025 date.

Hon Dr STEVE THOMAS: I do not suppose the minister wants to tell us whether that has been part of the discussions and policy development for the pre-budget election.

Hon SUE ELLERY: No, it has not, honourable member.

Hon Dr STEVE THOMAS: I am trying to pull out a bit of election year budget policy before we start, just to get ahead.

Hon Sue Ellery: You start putting some policies in place and maybe we can have another conversation.

Hon Dr STEVE THOMAS: They are on the way. They will be there in the fullness of time. They will get there.

I come to the end of my clause 1 debate and I think we have covered the things we need to in clauses 2 to 9. At this point, I thank the minister for her assistance, and particularly pass on my thanks to the advisers. The additional information they provided was quite useful and it means that we have managed to progress through Committee of the Whole in a very timely manner.

Clause put and passed.

Clauses 2 to 9 put and passed.

Title put and passed.

Report

Bill reported without amendment, and the report adopted.

Third Reading

HON SUE ELLERY (South Metropolitan — Minister for Finance) [3.45 pm]: I move —

That the bill be now read a third time.

The member is so blatant.

HON DR STEVE THOMAS (South West — Leader of the Opposition) [3.45 pm]: Outrageous comments! It is a Thursday, so I will let the minister get away with it. So blatant.

Just before we move on to the Western Australian Marine Amendment Bill, I pass on my thanks to the minister for the assistance of her staff and the briefings I received on this bill.

It is always pleasing to see a government take its hand out of people's pockets and give a little bit back. This government has done a little bit of that, but it could have afforded to do an awful lot more of that, I have to say, in

a budget that has thus far seen \$30 billion worth of surpluses delivered and expected. It will possibly go slightly over that in the not-too-distant future if the next budget hits \$6 billion through the iron ore price staying up where it is again. It is actually nice to see the government deliver something of a handback to people. Obviously, the government could do a significant amount more with the amount of money it currently has. For example, the government could afford to freeze its fees and charges for a while, or certainly reduce the increases in its fees and charges. The government could invest in the frontline not-for-profit sector that is trying to help people keep a roof over their head and food on the table. This government could invest in all of these things in a significantly greater manner than it is currently doing. I guess we need to be thankful for the little tidbits that the government does hand out. The government expects high praise for the small amounts it puts forward and expects to be lauded.

That is L-A-U-D-E-D, just in case, because Hon Pierre Yang has got a strange expression.

Hon Pierre Yang: I'm puzzled why you are saying those things while the government is doing a good job.

Hon Dr STEVE THOMAS: Hon Pierre Yang might think the government is doing a good job, but I think that issue could be debated, and I suspect it will be debated at not irregular times over the next 12 months.

However, today we passed a fairly small but partially valuable contribution to the expansion. As I said during the second reading debate, it is important to embrace density in housing and deliver a higher density in a greater number of areas. Obviously, we should be somewhat selective about the number of areas in which we look to deliver these. That is part of the bigger strategy that I think the government should take on board. I accept that the bill we have debated now and are about to pass is but one small component of the housing strategy that needs to be presented for the state.

I would love to be able to hold the government to account completely for where we find ourselves. As we have said before, every government in Australia is struggling with part of that. The government has a very big housing budget, though it is struggling to deliver that budget to plenty of sections of the housing sector, particularly existing housing that needs to be upgraded or repaired. Again, although I accept that that requires a construction workforce, which is difficult to supply, the government has not been all that good at opening that level of housing compared with its level of income and its capacity to do so.

The government needs to take a very long, hard look at the amount of money it is putting into its infrastructure pipeline. There is no doubt that the government is competing with itself for workers and materials and driving up the price for both in a fierce competition with itself. Perhaps that needs to be a greater focus than some of the things that the government is trying to do, particularly around expanding its project pipeline. For example, it is struggling to deliver Metronet, and it certainly will not deliver within the time frames that it proposed.

The bill that we are about to pass is modest. The opposition supports it. It is not the answer to the housing crisis that we find not only in this state but admittedly around the country and the world, but it is a small contribution to it. I am always pleased to pass a bill that reduces a government impost on people, particularly in relation to the essentials of life—in this case, housing. Like the minister, I commend the bill to the house.

Question put and passed.

Bill read a third time and passed.