

LAND TAX

Motion

MR B.S. WYATT (Victoria Park) [4.30 pm]: I move —

That this house condemns the Barnett Liberal National government for its three consecutive increases in land tax which are significantly impacting landowners and small businesses at a time when businesses are experiencing an economic slowdown.

The opposition has moved this motion to outline the frustration of those people who have received land tax assessments recently. Those increases are on the back of two land tax increases in a row by the Barnett Liberal–National government—a 12.5 per cent increase, and a 10 per cent increase. There has now been, in effect, a 25 per cent increase. The Labor opposition opposed those increases on each occasion they were brought into Parliament, and every Liberal and National Party member, without exception, voted for those increases. We raise this issue because the latest increases in land tax are having a dramatic impact, at a time of slowing economic activity. This issue needs to be discussed, particularly when we listen to Liberal members of Parliament talk about their commitment to lower tax, smaller government, and the evils of land tax. We hear that particularly in the first speeches of members of the Liberal Party. Despite the fact that the Barnett government has presided over record revenue, we have had three land tax increases in a row. Members will remember the fully funded, fully costed election campaign. We were told that all the promises that were made by Mr Barnett and the Liberal Party were fully funded and that no increases in taxation would be necessary to deliver those outcomes.

I have noted this week with some bemusement that ministers have been desperate to find some reason to talk about red tape. I note that the Minister for Finance, who introduced the land tax legislation into Parliament, is not here for this debate. I hope he will speak in this debate. I know that the Treasurer is the person who makes the decision, but it was the Minister for Finance who introduced the land tax legislation, and it made its way through the Parliament under his guidance. The Minister for Finance said yesterday, in a brief ministerial statement when he tabled the government’s “2015 Report Card: Red Tape Reduction”, and I quote —

The government has delivered practical benefits for small business and the community by saving time and costs, and making life easier.

I can tell members from the emails that I have received, and they have been in their dozens and dozens, and from the phone calls from business owners and landowners all over Perth—indeed, member for Collie–Preston, from all over Western Australia—that people are furious that they are being slugged with these increases in land tax at a time of slowing economic activity.

[Quorum formed.]

Mr B.S. WYATT: As I was saying, there have been horrendous increases in land tax by the so-called Liberal Party of Western Australia. We have had three increases in a row—one, two, three.

Mr M.P. Murray: You’re chasing them out again!

Mr B.S. WYATT: I would be embarrassed, too, members of the Liberal Party, as they abscond from the Parliament. I would be embarrassed, too, as they leave.

I want to remind members of what the media was reporting about the economy at the time of the budget cut-off—perhaps not the first or second time, but certainly the third time. I want to read into *Hansard* an article from ABC News online dated 4 February this year. The article is headed “Perth office rental vacancies at 20-year high due to mining slowdown”. The article refers to some comments from Joe Lenzo from the Property Council of Australia and states in part —

The Property Council of Australia’s latest office market report found the Perth CBD office vacancy rate increased from 11.8 per cent in July last year to 14.9 per cent in January.

For those who want to have their wealth managed, the article states also —

Momentum Wealth managing director Damian Collins believes Perth office vacancy rates could nudge 20 per cent by next year.

How astute he was, when we see where the vacancy rates are now. That was in February of this year. We have found out today that Perth rental vacancies have risen by 64 per cent in 12 months. That is according to property analysts SQM Research. The Real Estate Institute of Western Australia’s rent report, which was also issued today, shows that the median rent has dropped by \$50 for the year to September, to sit at \$400 a week. That is probably not a bad thing. Rental rates have been very high for a long time. It is obvious from article after article that the commercial and residential property market is softening.

I also want to make some comments about the performance of the broader economy. We all are familiar with CommSec’s “State of the States” report. Various Treasurers—I am not sure whether that includes this

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Treasurer—have talked about the state of this state during the good times. They have waved this report around and said how wonderful Western Australia has been doing. I want to read from part of the “State of the States October 2015 economic performance report”. The report refers to employment in great detail, state by state. It states —

- At the other end of the scale is Western Australia. Trend unemployment stands at 6.2 per cent, 45.2 per cent higher than the 4.3 per cent ‘normal’ or decade-average.

The report states about population growth —

- Western Australia remains second on population growth with an annual growth rate of 1.39 per cent—slowest pace in a decade. And population growth is almost 47 per cent below decade-average levels.

The report states, when it comes to looking ahead —

- In contrast to NSW and Victoria, it is clear that both the Northern Territory and Western Australia are losing momentum. The mining and energy sectors are transitioning from the investment phase to production. But unlike NSW and Victoria, housing demand is not filling the void.

Members who paid attention to budget paper No 3 will remember that last year’s budget was predicated on very, very strong housing construction, and we have had three land tax increases in a row.

I want to spend some time to read in some of the emails I have received. I can critique the government until the cows come home—I have done it for a number of years—but I find that the government rarely listens to me, so I want to go through some emails from people who have received their land tax assessments. I listened with some interest to the Premier when I put a question to him last week about the land tax increase impacts on someone who had contacted me with a four per cent increase to their valuation for land tax, but a 140 per cent increase to their land tax bill. That is what Liberal Party members’ last land tax increase did. I know government members have been receiving the same calls and emails as I have received. I will deal with Frank Milici in a minute; he has been very prominent on radio with his public critique. I spoke with him about some of the conversations he has had with Liberal Party members, and I will talk about them in a minute. The Premier said that these large landowners can sell or rearrange their property, and it is just what happens. That was the Premier’s response when I asked about that scenario of the person with a four per cent increase to their valuation receiving a 140 per cent increase in their land tax bill.

I want to refer to two people in particular as examples. I put these examples to the Treasurer as a grievance last week, but I will briefly remind the house who they are. Remember, colleagues, that the Premier said that these people are all large landowners who can rearrange their property portfolios. Mrs Silvana Sciuillo is from Thornlie and she received a land tax bill that showed a small increase in her land valuation, but a 93 per cent increase in her land tax bill. The bill was up from \$1 466 to \$2 830. Mrs Sciuillo is not a large property holder, she is a self-funded retiree. She has worked hard to get there and she has structured her finances so that she can do that. She has two properties in Carlisle. One of those properties is now empty, and it has been for some time, as she has not been able to rent it. I think that she said that the rent had come off the other property by about 20 per cent.

Dr M.D. Nahan: Do you know the valuations of those properties?

Mr B.S. WYATT: I would have a copy of her valuation in my file, but I will go through another example. Mrs Fiodora is in Maddington and in exactly same scenario as Mrs Sciuillo. She is a self-funded retiree who lives off the income of two rental properties. We are all familiar with front-and-back properties. Her land tax assessment went up by 142 per cent off the back of a 13 per cent valuation increase. In response to the Treasurer’s question, I have noted here that the valuation of her properties went from \$1.3 million to \$1.45 million, which was about a 14 per cent increase, but there is a dramatic jump in the land tax payable. Mrs Fiodora made the point that she was getting \$420 a week in rent in 2014, but that is now down to \$360 a week.

I remember Troy Buswell sitting in this chamber and talking about a cap on how much valuations could increase at a time of huge dramatic property increases and when the rental market was tight with rents going up. I do not know whether any members remember the cap, but I am sure the Treasurer might refer to it if he responds to this motion today. I remember having this conversation as the then Treasurer, Troy Buswell, sat in the chamber. He made the point that the impact of land tax increases were passed on to small businesses and renters. The point I am making is that the government has increased this dramatic slug on property owners at a time when we have the exact opposite economic conditions, in which dramatic increases in consumer price index rises are in land valuations, and even they are disputed here and there.

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I am surprised that a Liberal Premier would critique large landowners or landowners, full stop. I received an email from Roy. I will not say Roy's second name, because I have not asked his permission to do so. The email states —

Dear Minister,

I would like to protest at the exorbitant increases in land tax.

We are professional landlords, owning a considerable number of residential rental properties in WA. We have just received one land tax assessment notice which has increased from \$5000 last year to \$13000 this year!!

That is a 160 per cent increase —

As a small business we will struggle to find this additional impost. We can not pass this cost on to our tenants via increased rents.

Of course, they cannot do that in the current climate —

In fact we are finding not only are rents decreasing considerably at present, by about 20%, vacancy periods are increasing considerably, and also banks have increased interest rates for investment loans.

The email goes on and on. This email was sent to the Treasurer's office and provided to me by Frank Milici. Frank has contacted and spoken with a number of members of Parliament. He contacted my office, and I gave him a call. He was one of the early ones to contact me—he got his assessment early—and I think he has been on 6PR radio since. Frank was very open in his conversation with me. He said, "Look, I know that I'm lucky. I've worked hard and I've got a number of properties", but in his email to the Treasurer's office he states —

I have leased contracts with commercial and residential tenants. The increase in land taxes cannot be passed on at this stage. I will pass that increase on when the contracts are renewed I find it unrealistic that tenants, landlords and business should be affected by such a significant increase. In addition it is unfair to ask any tenant especially commercial tenants to absorb such a significant increase. In some cases it may cause the tenant to reduce his staff or possibly close their business. I suspect that the average sound minded person would expect to pay CPI or something around CPI. I do not expect or believe that an increase of 50% to 750% increase is reasonable.

I quoted that directly from Frank's email. When I called Frank and had a conversation, I was disturbed that he told me that he had had a few calls from some Liberal MPs. I asked him what they had said to him. He said that one of them had said to him, "Keep going to the media. I did not know that this was going to happen." The other Liberal MP, who is not in this house at the moment—if he comes in, I might point him out—said to Frank, "I thought it was a CPI increase we passed this year when it came to the party room for discussion." Interestingly, that member of Parliament did not raise his voice when the legislation came into this chamber and we talked about the 25 per cent increase in revenue raised as a result of the land tax increase, which is certainly not a CPI increase, and the 12.5 per cent and 10 per cent increases before that, which are certainly not CPI increases.

I want to focus on another email I received, because Mr Milici made the point that in some cases it may cause a tenant to reduce his staff. Like many members, a chunk of my weekend is spent watching kids play sport and then driving them somewhere to play more sport and then driving them to a party. That is our weekend. As is often the case, that is the job of dads. I sit and chat with a lot of fathers. With one father, I generally do not talk politics; we talk about how wonderful a tennis player I was compared with my daughters. Generally, that is what we talk about. Last weekend, three fathers wanted to talk to me about their land tax bills. I had no idea about their businesses or their holdings. It is the proverbial barbecue stopper. I got an email from one of those fathers. When I read it, I want members to think about Mr Milici's comments about staff being laid off.

This is an email I got from Paul. It reads —

Hi Ben;

Some numbers for you;

Over a portfolio of properties that I hold, which may I say has taken me 30 years to build up too.

- Land Tax has increased this year by 60%
- Land Tax of \$56,460.00 from last year's total of \$38,563.00 has increased by \$20318.75

So, a significant landholding; there is no doubt about that —

- Over the portfolio the Land Tax now consumes on average is 22% of the rental income.
- Including Council Rates, Water Rates and Insurance, now consume on average is 38% of rental income.

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I will not read it all out because these emails are long and are from people who are very frustrated. He goes on to make this point —

I employ 60 x subcontractors throughout the year, some once or twice, others monthly and an another weekly.

The consequences of this Land Tax theft to me is this;

No more proactive maintenance, only essential maintenance subcontractors will be used, filtering all the way to our weekly subcontractor who will terminated immediately.

1/In other words, you have taken money out of my pocket, which I spend with subcontractors who in turn spend into the economy.

2/Property purchasing or building for rental accommodation ceased indefinitely.

3/We are immediately looking to other states and countries for greater investment opportunities and moving our holdings.

4/Assessing the viability of selling out of our property holdings.

As obviously encouraged by the Premier. The email continues —

All these actions above will deliver no ongoing support for economic activity and will only accelerate into a contracting economy.

This is another email that I want to make sure is put on the record, from John. It was sent to my electorate officer and reads —

Hi Alison, as discussed by phone the other day, I wish to impress upon Ben and any one else who will listen, my complete discussed and frustration at the Governments very poor policy decision in regards to Land Tax Assessment.

You would have to be living under a rock to not know that property values have declined or at least remained dormant for the last few years and people like my wife and I who invested in a property portfolio a few years ago have had nothing but bad news regarding their investment except the relatively low interest rates that currently exist.

Further along, the email reads —

At a time when property values are at best flat and rents are on the decline, this Government says the best way to reward those Landlords, for doing what is rightly the job of the State, is to hit them in the bread basket.

We all need to live within our limits and we all need to accept a fair percentage of the burden when things get tough, but I fail to see how an increase of over 100% on Land Tax is appropriate when CPI, and all increases associated with it, are in the order of 3%, not withstanding the increase in Shire Rates, Water and and other commodity expenses.

He goes on to talk about the Liberal Party et cetera.

I literally have dozens of emails, but I will read one final email from another constituent of mine who I have spoken to called Paul. It reads —

Dear Ben

I am absolutely stunned at my land tax assessment for the 2015/16 period.

In 2014/15 is was \$8,702.45 (discounted payment) based on a \$2,002,000 value, whilst for 2015/16 it is \$19,807.55 (discounted payment) based on a \$2,283,000 value.

That is an increase in land tax of 167 per cent on a 14 per cent increase in land value.

I noted on social media some commentary suggesting that there is a general view that these are all rich landowners, which is the view that was taken by the Premier when I put the same question to him, “They are all rich landowners who can afford it.” That is why I make the point: that is not the case. I went through the examples of Mrs Sciuillo and Mrs Fiodora, and that is not the case. The government is hitting those who may have significant landholdings and who may, in particular, hold commercial tenancies, with a huge increase in land tax that they do not have the capacity to pass on.

I have sat here and listened, time and again, to my Liberal Party colleagues in this place talk about the importance of small government and low taxes. I bring this matter to their attention simply because I want to hear what they have to say. The Liberal Party is either a small government, small taxation party, or it is not. The

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Minister for Planning, the member for Kalamunda, gave a very interesting first speech, which I will quote from. I cannot believe I did not find this until now. His first speech concludes —

We need to ensure that our children and grandchildren can look to the future with confidence and without being burdened with excessive debt as a result of inappropriate spending by our generation. It is immoral to expect those who follow us to pay for our consumption today; we will be able to do nothing better than to leave the finances of this State in good order.

How things have changed!

The member for Balcatta also made a very impassioned first speech in which he made the point —

I am aware of the impact of excessive taxes, charges and fees ...

But he voted on three occasions to increase them! We pointed out to him the increases and the impact that they would have, but he still voted for them. The member for Balcatta has also spoken to Mr Milici—I know that—and made some comments very contrary to how he voted in this place. I make this point to Liberal Party members: if this is, indeed, a big taxing, big spending government, they should embrace that and be what they are. They should not go out and say to the business community, “We’re your friends. We believe in small government and small taxes.” Of all people, the Treasurer is relying on land tax as his one source of revenue. He is not reforming it or changing it; he is hiking it up by 10, 12.5, 25 per cent over three years—this Treasurer, of all Treasurers! He used to rail against such inefficient taxes. Government members should be what they are and defend what they are. I hear from people who are angry about their land tax assessment who say, “Well, we’ve spoken with Liberal members and they are shocked. They didn’t know it was going to be this big.” The member for Balcatta said on the phone to some of them, “I thought it was a CPI increase we were supporting. I didn’t read the bill.” Other Liberal members have said, “You should do more media. This is outrageous. I can’t believe how big that increase has been.” There have been increases of 90 per cent, 100 per cent, 115 per cent, even 160 per cent in one case.

I hope that some government members will get up and speak. I hope that the Minister for Finance speaks on this motion. They will say, “Oh, we’re going to build this and do that and employ these people”, but they should be honest about this. This is what today’s debate on the health system brought to us. Liberal members get up and say, “Everyone in WA is paid the most”, as if that was something the Liberal government inherited. The Liberal Party never said when it did that that at some point it would have to sack a whole lot of people. It never said at any point during the 2013 election campaign, “Look, when we say fully funded, fully costed, what we actually mean is that you’re gonna get not one, not two, but three increases in your land tax and an increase in your payroll tax.” I never heard that; I never heard that at all. I know that Liberal Party members are getting the same responses that I am around land tax, and I want an explanation. They have all emailed me.

I put some of those questions to the Treasurer in my grievance last week. It is always hard to respond within seven minutes, but those constituents want to know; Mrs Sciuillo and Mrs Fiodora want to know what they can do. How can they increase their income to cover that increase in land tax? They cannot sell their property because their property is their income; they are self-funded retirees. That is how they have designed and constructed their finances. As many of them have pointed out in their emails to me, this is not an environment in which that can be easily passed on. We are not in that environment anymore; we all know that. We read it every day in the media.

What stuns me the most is that it is the Liberal Party that has done this. It should not surprise me, after watching what has happened over the last seven and a half years with debt and spending; it is fairly standard operating procedure for the Liberal Party. When I go back and read those first speeches, when I go out to various functions and hear many members opposite talking about their commitment to small government and small taxes, and when I hear minister after minister this week talking about reducing the burden of red tape on small business, I find it hard to reconcile that with the government at the same time whacking businesses with these sorts of land tax increases. This government should be honest about what it is.

This is a big spending and big taxing government. Before the government says it is a revenue problem, I want to remind colleagues what has happened to revenue over the time of the Barnett government. Total state revenue has increased by 63 per cent. That is not a revenue problem. Payroll tax has increased by 84 per cent, land tax has increased by 73 per cent and royalties have increased by 174 per cent. Total state revenue is up 63 per cent. Stamp duty went down. Stamp duty is a bit of a shocker. Liberal Party members should not get up and say we have a revenue problem. The Liberal Party is either committed to the Liberal philosophy or it is not. I have said to every person who has contacted me about their land tax assessment, “Make sure you contact the closest Liberal you can find and let them know.” At the time of every one of those three land tax increases since the fully funded, fully costed election campaign, the Labor Party pointed out in this place the impact they would have. The Labor Party voted against it. I saw the names of the Liberal Party members who voted for it, including members who are now saying to aggravated landowners, “We didn’t know.” Not a word was uttered by them

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during the debate. No concern was raised in this place. Members knew what they were doing. Look those people in the eyes and say, “Too bad, so sad.” The Premier did that. He said, “You’re all wealthy landowners; rearrange your landholdings.” That was his response in question time. Hopefully, the Treasurer will get to his feet, when we have finished our contribution, to answer those questions that were put to me and no doubt have been put to the Treasurer. If they were emailed to me, they were emailed to Liberal members too.

Mr R.F. Johnson: I have had loads of them.

Mr B.S. WYATT: Member for Hillarys, too right you have. I have received them from all over WA, and some of my colleagues will make some points about emails they have received. It seems that has not stuck in the minds of Liberal members of Parliament. Every single time the budget is read, every single time that increase comes in, they say, “Guess what? We’re still the lowest. We still compare really well with other states”, as though people should be thankful for the wet blanket that has been put on them. The response from government is, “Be thankful; it could have been a hell of a lot worse.” I hope I hear from the Liberal members who are now saying to those people getting their land tax assessments, “We didn’t know; I’m sorry, we thought it was a CPI increase.” They should get up and explain why they thought it was CPI when the Labor Party was telling them what the increase was. They should explain that to the Parliament and to the people who are contacting them; it is only fair.

I have made the critique time and again that this government does not have a financial plan. It spends. It increased debt to unknowable levels during the boom. During the boom, revenue was surging into Treasury coffers. When the economy comes off, what did it do? It hiked up taxes. I have never seen anything quite like it. If the Treasurer was still writing pieces for *The West Australian* or *The Australian Financial Review*, he would be slamming the Treasurer for doing those things. He would be slamming the Treasurer for being lazy by hiking up land tax and not thinking about reforming it. He would be slamming the Treasurer for blowing out debt during the boom and putting the handbrake on the economy through these taxes during the softening stage. When the Treasurer wrote with anger, he wrote with precision. I have read a lot of his articles. I am pretty sure that Eric Ripper has read a lot of them too. It is extraordinary. Ultimately, the Liberal Party is here to spend and tax. It should go to the election on that; be honest about it. “Fully funded, fully costed” was perhaps the greatest lie around that campaign and we are still being punished for it. The health system is about to cop it, as we saw from today’s debate.

I have one final point about revenue because I know someone will say it: the Treasurer has actually been a little better than the Premier on this, except for the usual stuff in question time. Generally, in debate the Treasurer has been a bit better than the Premier on this; that is, the reliance on, “Oh, it’s the GST.” Remember what I said, members: total revenue has increased by 63 per cent under the term of the Barnett government. At no point when the state budget is being set by Treasury do we not know what the GST will be that year. When we look at what was expected and what was actual, the difference is minuscule. Treasury is pretty good at knowing what we will have in a budget year. We know what our GST revenue will be. The only time the government can use that as an excuse is if it has gone into a budget assuming, based on something, that it will receive a lot more revenue somehow, which would be not just incompetent, but also negligent financial management. Even with that decline in GST—we are all familiar with the GST—there has been a 63 per cent increase in revenue under the term of the Barnett premiership.

My final point is that revenue has been up. The government has had the complete reverse policy when it comes to managing taxes and spending during a boom and a slowdown. This is not financial management, my friends; this is financial incompetence. The government needs to explain—every government member in here, not just whoever speaks this afternoon—to those aggravated landholders who are getting land tax assessments exactly why they supported it because they knew what they were supporting and they knew what it would do to the economy.

MRS M.H. ROBERTS (Midland) [5.07 pm]: It has not happened very often under this government, but when a government comes forward and says it is not increasing land tax, there is a huge windfall in the form of land tax. Why is that so? It is simply because property values go up when the Valuer-General revalues property. With an increase in gross rental values comes an increase in land tax. Every year the government rakes in tens of millions of dollars or more extra, courtesy of doing nothing—that is, if the government makes no change at all to the rate of land tax. Rezoning also occurs. When rezonings occur, generally property values go up and the Valuer-General revalues things. An enormous number of people from my electorate and neighbouring electorates have been in touch with me after they have received their land tax bills. None of them have had small increases. No-one has contacted me to say, “My land tax has gone up by only five or 10 per cent and I’m not happy that I’ve got a 10 or 20 per cent increase.” People who have contacted my office have had massive increases in land tax. They have been suffering increases over the term of this Liberal government.

Lots of my colleagues need to speak on this, so I will raise one particular example that highlights the situation that this government has put people in. One person from a family that has many of its members living in my

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electorate, with strong connections to Midland, has a property in Bullsbrook in the Swan Valley. The property has been zoned rural for many years. The person bought this property because they wanted to be able to park a couple of trucks on it. They had previously been parking in Midland, but about 13 or 14 years ago they were told they could not park these trucks in William Street, Midland, so they bought a property in Bullsbrook. They got approval to park their trucks on that property, which has been zoned rural for many years. That person runs a few sheep and grows a bit of hay on an area that abuts the RAAF Base Pearce. I asked Mr Tropicano to bring in his rates notices. A few years ago they were less than \$2 000 a year, then they increased to \$3 000, but this year they have increased by about \$20 000. He looked at that and asked, "How can I pay \$29 000 this year? Where am I going to get that kind of money?" He said he makes about \$1 000 a year running a few sheep, which is not a lot, and he receives virtually no income at all from the bit of hay he grows. Mr Tropicano is not making a lot of money out of this property. Why has he received such a massive land tax increase? It seems that the City of Swan and the Western Australian Planning Commission have rezoned it from rural to light industrial. Members might say that he has received a huge windfall in his property value, and the Valuer-General has valued it accordingly. However, we also know that no structure plan has been put in place yet, so at this moment in time he cannot utilise the property for industrial use. It is not as though he can, here and now today, use it for some sort of industrial use. Even if he had the money to do some kind of industrial development, could he do that and rake in the money? No, he could not. He cannot make any kind of commercial or industrial income from that property. It is a property with a few sheep grazing on a bit of grass. It is not a huge income-producing property, so I do not know how he has got this valuation. It seems a bit rough that it can be valued based on the industrial rate when he cannot use it for an industrial purpose because there is no structure plan in place, and it probably will not be in place any time soon! In the meantime, this government wants to rake in nearly \$30 000 a year from him just in land tax. What is he going to get for that \$30 000? He will get absolutely nothing! He has asked me how this could happen to him. He is not using it for industrial purposes, and even if he wanted to he could not because there is no structure plan in place. Someone who was paying \$1 000 or \$2 000 a year in land tax a few years ago is now having to pay the best part of \$30 000. Can members imagine how much money they would have to earn from a property to pay that kind of money in tax? Maybe it is a long-term asset for him, and I say good on him! How can the government charge ordinary people that kind of massive increase, especially when they are not even undertaking that use and especially when they could not undertake that use if they wanted to? I have spoken to many people like Mr Tropicano, and they are scratching their heads and saying, "We have not got this money. We cannot afford to pay these bills. If this is the way of the future, we are going to have to sell our properties. We are left with no other choice." They are not getting an income from that property that can sustain the payment of that kind of land tax bill, nor are they getting income from some other investment. I can only assume—or I would have assumed this if I had not had complaints from so many other people—that this is some kind of anomaly. I am going to assist Mr Tropicano to challenge his land tax bill. We will write in about the valuation, because I do not think it is fair that he should be charged a land tax rate based on something that he cannot utilise if he wanted to, and he is running a few sheep and growing a bit of hay on the property. In one corner he has a shed with a few trucks on it, and the government could assess that 10 per cent or less of the block and charge him a higher rate for that corner, but to charge him that rate for land that abuts the Pearce air base and that up until now has been zoned rural, and which cannot yet be used for industrial purposes in any event because there is no structure plan in place, is just wrong. I expect the member for Swan Hills has received dozens of complaints like that because of what has been going on in and around the Bullsbrook area. There must be an awful lot of unhappy people. I wanted to make Mr Tropicano's case very clearly because he is just a fairly ordinary punter who has tried to get ahead for himself and his family. He bought this property to try to do the right thing because people do not want trucks parked in residential areas and it was no longer appropriate for him to park trucks in a residential part of Midland proper. I applaud him for buying that rural property for that purpose and for making some use of the rest of the property by grazing a few sheep and growing some hay, but the government's increase in land tax means that he will have to sell the property.

Other people have made that same point to me: they cannot afford to pay land tax bills from this government and that as a result, unless something gives here, they will have no option but to sell their properties. As members know, the market at the moment is not at its highest, and I expect that when people assess the land tax payable on properties like this they are probably not going to want to buy those properties either and the value will be somewhat reduced. The government is raking in a huge windfall here. When properties are rezoned, the government automatically gets a huge increase in land tax. The government automatically gets a huge increase in land tax when values go up, but it has also put up the rate of land tax. I do not believe for a moment the comparisons with other states because of different cut-off points and different rates from state to state, so working out an average and making some comparison is often a matter of smoke and mirrors. I will certainly—as will a lot of members of Parliament—need to go into bat for many of my constituents; and, in my case, I will be going into bat for some of the people living in the neighbouring constituency, because they are facing huge taxation imposts and getting nothing in return from this government.

MS R. SAFFIOTI (West Swan) [5.17 pm]: I rise also to make a contribution to this debate to yet again highlight what this Liberal–National government is doing to small business and to land owners in Western Australia. I keep telling my colleagues that my days are spent talking to people who are not natural Labor constituents, but are people in the community who are very angry with the government they helped elect. They are very angry Liberal voters who are disappointed with what they have got. They voted for a government that they thought gave consideration to land owners and to taxpayers, but they got it wrong! Now they are waiting to punish the government. Government members cannot vote for something in this chamber and then walk out and completely avoid responsibility for that. I have stood in this chamber to debate this issue for three consecutive years. I have been finance spokesperson for the Labor Party for three years and I have come into this place and had to deal with a bundle of new taxation measures—probably more than any other opposition finance spokespersons in the history of WA! One of the key taxation increases has been land tax, starting with an increase of 10 per cent, then 12.5 per cent and 25 per cent. I remember standing in this place telling the government what a big impact this was having. The government increased land tax by 10 per cent, 12.5 per cent and then, effectively, 25 per cent. That is a really significant impact. Liberal Party members in this place laughed. There were members laughing, saying, “What do you know!” Now they find that their donors, the people who helped them fundraise, and their supporters are coming to them asking, “What are you doing to us?” What do members opposite say? They say they did not know about it! They voted for it in the party room and in the chamber, but they said that they did not know it was going to be that big. Government members are responsible for it. Every Liberal Party member in this chamber and in the other place is responsible for it. They cannot walk away from this. They cannot walk away from the impact their decisions are having on landowners and small business in the state. As members know, Labor is very honest about taxation. It acknowledges that taxation is needed to fund services. However, the Labor Party points out again and again that it is the Liberal and National Parties’ mismanagement of the state’s finances that has created this financial mess. Most importantly, the government’s financial measures are countercyclical. It has increased land tax by a record amount at the same time that small businesses are hurting due to the fall in domestic demand, and rentals are dropping and vacancies are at record highs.

A delegation of very concerned land tax payers came to see me in my office, and I listened to them explain their real situation. They own commercial properties and are facing massive land tax hikes. They have two options: they either try to absorb it or they try to pass it on. But they acknowledge that their tenants are hurting due to the fall in domestic economic activity. Those commercial property owners are not able to pass on land tax increases. They do not have much choice, but they will have to try to absorb those increases because they either absorb it or they send their tenants broke. That is what people are facing.

Myriad mum and dad investors and self-funded retirees invest in land. I come from an Italian background, and members know that the Italian community in particular has a strong attachment to investing in land, and I know the importance that is placed on this issue. As I said and as it has been said a hundred times, we in the Labor Party acknowledge the need for taxation, but we do not acknowledge, support or agree with the hypocrisy of the other side. What would it be like to be as two-faced as members of the Liberal Party? They support land tax increases in here and then go out into the community expressing shock and horror, and do it at the same time the economy and businesses cannot support it. Members on the other side like to refer to the increases in revenues under the previous Labor government. That was a product of strong economic times. This government increases tax when private investment is falling and state economic activity is falling.

As I said, a delegation came to me, and since that time I have received a number of emails, phone calls and letters from people who are very angry about land tax increases. They want the opposition to raise this matter in here and to make the point. Our land tax may be lower than that in other states, but the Treasurer cannot continue to do this. People are at breaking point because there have been so many increases in such a short time. That is what the Treasurer has done. As I said, we need to look at the cumulative impact and where the economy is. The Treasurer has not done that. Despite the government’s Repeal Week and business analysis, the government is sending people broke. I will cite some examples. A Como resident with landholdings in Bullsbrook paid \$3 969 in land tax in 2013–14. That climbed to \$9 200 in 2014–15 and then to \$28 000 in 2015–16. A Balcatta resident with commercial landholdings in Malaga paid \$49 000 in land tax in 2013–14. That jumped to \$87 000 in 2014–15 and to \$95 000 in 2015–16. I have another email from someone who noted that their unimproved land value has increased by 10 per cent but that the land tax payable has more than doubled. They are massive increases and something that we are hearing about all the time.

I note also an email I received from someone who read in *Hansard* my second reading contribution last week on the Perth Market (Disposal) Bill 2015. I was talking about land tax and a member on the other side interjected, saying that farmers do not pay land tax. This person who leases his property said that he does pay land tax because he does not own his property. That is another interesting point. Again, increasing land tax affects a lot of people—a lot more people than members realise.

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As I said, the Liberal Party goes into elections making fully funded, fully costed election promises that we know are untruths and promising tax cuts. I know that it is going to happen again, because the Liberal Party has more front than Myer. The Liberal Party will probably go to the election promising tax cuts again. The reality is, and now people understand, that this government does not care. As I said, we have a Premier who does not care and a Treasurer who is unable to care. The Treasurer has no sense of self-reflection, especially when judging what he said when he was the head of the Institute of Public Affairs. The government cannot justify what it has done. The government has wrecked the finances. The GST is not a shock. It was always going to be at this level, and that was in the forecasts. There is no GST shock. As the member for Victoria Park likes to say, there has never been a GST shock. The government has known what percentage it was going to be well before the announcement was made. There is no GST shock. It has had increased revenue. The government has simply mismanaged the finances of the state to such an extent that it has to go back to the same base and raid it again and again and again. The Premier's response the other day was that if the value of a person's land reached a certain land tax threshold, the way to deal with that would be to sell their property and then they could pay their land tax bills.

Mr R.F. Johnson: What about the self-funded retirees who have had to invest in properties because they were getting such low interest rates?

Ms R. SAFFIOTI: As I said, people choose to invest their money in different ways. Some invest in superannuation funds, some invest in good share portfolios, and many self-funded retirees—many whom I know—invest in land. As I said, the Labor Party is not anti-taxation, and it is very honest about it, but it voted against these bills because it knew, firstly, that it was a broken promise and, secondly, that the increases were very significant over such a short period of time. The government has broken promises and has raided funds of the same people too hard and too often. The impact has been diabolical. I do not know how people are going to pay their land tax bills. When people are facing land tax increases of tens of thousands of dollars, when tenants are struggling to pay the rents they are already paying, what are people going to do? Economic activity is not there. People are not getting increased demand through the door. I do not know what people are going to do. I hope the government is not thinking about doing it again next year in the budget process. The government keeps referring to interstate comparisons, but I hope it does not do that again next year given how much it is hurting people now. I will go through the list of people who voted for the land tax bills in this chamber. It is a big list. The member for Southern River voted for land tax increases.

Mr P. Abetz: I sure did; three times.

Mr F.M. Logan: Three times in a row.

Ms R. SAFFIOTI: Yes, three times in a row, and he is very proud of that—good on him!

Mr F.M. Logan: He's a high-taxing man.

Ms R. SAFFIOTI: He is a high-taxing man. The member for Balcatta voted for all these land tax increases.

Mr P. Abetz: It's a lower land tax rate than any Labor state in the country.

Mr F.M. Logan: Are you still proud of it?

Ms R. SAFFIOTI: The member for Southern River is proud of it—good on him!

Mr P. Abetz: Yes, I am proud that our land tax rate is lower than any Labor state.

Ms R. SAFFIOTI: The member for Southern River is proud that he has increased land tax by such an amount three years in a row. I will be out telling everyone in the Southern River electorate about that one!

Mr F.A. Alban: Just tell us what you are going to do to improve it. What's your policy?

Ms R. SAFFIOTI: We are not going to increase it.

Mr F.A. Alban: Will you halve it? Will you commit? You are the shadow —

Mr B.S. Wyatt: I knew you were getting calls, Frank.

Ms R. SAFFIOTI: The member for Swan Hills is getting calls!

Mr F.A. Alban: Not as many as you think.

Ms R. SAFFIOTI: Why did the member for Swan Hills vote for it?

Mr F.A. Alban: What are you going to do about it?

Ms R. SAFFIOTI: I am asking the member for Swan Hills —

Mr F.A. Alban interjected.

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The ACTING SPEAKER (Ms L.L. Baker): Members! Member for Swan Hills, can you please not interject across the chamber unless the member for West Swan invites an interjection. I am not aware that that is the case, so keep on going if you want to keep being called.

Ms R. SAFFIOTI: The member for Swan Hills did vote for it. No wonder he is defending it so much. He did vote for three increases in a row. Good on him! The member for Belmont voted for it.

Mrs G.J. Godfrey: We have a lot of need in Belmont; you've got to pay for it somehow.

Ms R. SAFFIOTI: The member for Belmont is supporting three land tax increases in a row; okay. The member supported the three land tax increases in a row.

Mr M.P. Murray: You missed the one who ran out the door!

Ms R. SAFFIOTI: Who was that?

Mr M.P. Murray: The member for Perth.

Ms R. SAFFIOTI: I will just check. Look, she is there!

Mr M.P. Murray: It's obvious why she went out the door.

Ms R. SAFFIOTI: The member for Perth voted for the increases in land tax three years in a row. I think the member for South Perth missed the politics on this one.

Mr M.P. Murray: He voted for it too.

Ms R. SAFFIOTI: The member for South Perth voted for it too. All these members who now go to the media —

Mr F.M. Logan interjected.

The ACTING SPEAKER: Members, excuse me! Hansard is trying to record the debate and the member for West Swan is on her feet, so please let the member for West Swan continue.

Ms R. SAFFIOTI: Some are proud and some are not as proud but they are not sure what to do. However, it is the Liberal Party that is imposing this land tax increase. As I said, we have to understand the financial environment in which we find ourselves. I have always said that this government has not managed the finances to suit the economic environment; it has actually been at loggerheads with it. At a time when the state economy and state demand are actually contracting, this government is cutting investment because basically it has to because it has created such a debt problem, and it has had to increase taxes.

The Treasurer will stand up and talk about GST, I suspect, but I want people to note that the net interest bill that the state is paying on its total public sector is about \$1 billion per annum.

Mr R.F. Johnson: That is the interest. It is absolutely disgraceful!

Ms R. SAFFIOTI: Yes. When people ask members about what has happened to the finances, they should think about that. That is \$1 billion of interest that was not there seven years ago. That is \$1 billion that the state has to find. What is the government doing? It is increasing land taxes on landowners. This is a relevant issue. It is relevant because people are coming into our electorate offices and are emailing us all the time. We are getting it and I know that members opposite are getting it. They should stand up and justify why they supported three massive increases in land tax in a row and the impact they are having on landowners and small businesses in WA.

MR M.P. MURRAY (Collie-Preston) [5.34 pm]: Following on from the member for West Swan's contribution, I have to say that it is absolutely amazing to think that members of the Liberal Party have touted themselves in the community as friends of small business. Then what do they do? They put the boots in. They have certainly put the boots in very hard down in my electorate where people have been ringing in—as they have in other areas—and emailing to complain about the huge increases. The increases were in not only land tax, but also electricity and water bills, and it goes on and on and on, and that hurts small business. We must remember that small business employs more than 60 per cent of the people employed in Australia, and here the government is putting the slipper in—this is from a political party that is supposed to be a friend of business, but it has been sneaky.

Mr R.F. Johnson: Only Coles and Woolworths. That's who it is friends with, not small business people. Small business people have been shafted, quite frankly, on so many fronts.

Mr M.P. MURRAY: Too right they have. The government also made promises before the election about helping medium and small businesses. They were told they would get a payroll tax cut but it did not happen. We will not forget that it was a major plank of the Liberal Party's platform going into the election. I know some people who were clapping hands and saying, "Thank goodness for that. I might even be able to expand and put another person on." In my electorate I certainly count the number of jobs by ones; that is how tight it is down

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around my way. Every job counts, but when we start to get bills such as we are getting now, they are not putting them on but are putting them off. I think most people would remember their first job, and in the main many of those jobs were in a small business. Small business gave us a start in our working life. We may have been there for only six or 12 months or even less, and then we moved on to something else and followed our dreams. What dreams will people have if they cannot get that first start? What will happen if they cannot go down to the corner hardware store and ask, “Mate, do you need a yardie?” and hear, “Sorry, mate, I can’t afford it. I’d love a yardie to give me and my wife a spell in my small business but due to taxes we can’t afford it”? I think that is where we are headed; in fact, I know that is where we are headed. In saying that, there are a couple of emails I wish to read out, and I will read them in full. The first one is from an astute businessman in the Bunbury region. I have known him for quite some years. I am not sure about his politics and I do not really care. He is a person who has had a go and then brought his family into the business and now is hurting—really, really hurting. As I said, it is an old, established business. Not only is he hurting, but also Bunbury is hurting at the moment. There are no major jobs around in the area; there are no major infrastructure jobs around. There is a bit of work with Main Roads Western Australia, and that is about it. The rest of the jobs have been built on the back of the building boom and fly in, fly out work. However, all the people along the Blair Street strip in Bunbury tell me it is probably the worst year they have had. That is really dangerous—and then the government whacks them with more bills to pay. We can tell from the difference in the vibrancy that there used to be in that major strip; it is not there anymore. The people in the restaurant strip in Victoria Street are in the same position as well. In fact we are starting to see the doors shut. That is where we are at, and the government is going to hit them.

I will read out the email from the person I referred to. It states —

Good afternoon Mick

I today received my land tax assessment for this year and I want to ensure that you are aware of this incredible rise the government have implemented.

With my fee increasing from \$4,540 to \$10,750 I was shocked by the jump in the rate being charged. My increase is due to a rise in the value of my properties up from 1.65 million to 1.9 million and the excessive base rates being charged this year.

The value of commercial properties/land I doubt have risen by 15% especially in this tough economic climate and charging the increased rates is hurting those people that can in fact help improve the economy.

I trust you will investigate the issue and raise concerns of all those concerned.

Regards

Barry Rewell ...

I am sure that many people in that area would know Barry Rewell and I do not think he would be too worried about me mentioning his name. As I have said, this is a family concern and they are feeling the pinch. Looking at what happened to his fees, I see that they went from \$4 540 up to \$10 750; the increase was \$6 210 in one year. We talk about a GST budget, but I do not think any small business would have budgeted that amount of money going forward. No small businesses that I know of would budget that amount; they might think it could go up by \$500 or \$600, but certainly not \$6 200.

The other person I want to mention was probably a lot more vocal on the phone to me and then he sent an email. It states —

Dear Mick,

As discussed this week we have received a real shock when we opened our Land Tax Assessment in the mail.

On a like for like assessment of 2014/2015 our tax bill has increased by 89.03% this is based over 3 commercial properties which we operate our Hardware business from. We really struggle to see how the government can justify that sort of increase.

Unfortunately it gets worst as one property has been increase in value by \$30k, & each of the other \$15k each this has resulted in an actual increase in tax of 122%.

A 122 per cent increase is extraordinary! Again, how could people plan for that? The email continues —

I could accept the value increase if that was the case but, it just so happens that we had the properties valued by licenced valuer in the same period as the assessment for bank & finance reasons. We are currently lodging an objection for this part of the assessment through Landgate to adjust the values back, but none the less it is a concern that sort of increase can be applied when market condition can’t support an upward adjustment of more than 5%.

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Mick I could go on about small business input cost over the past 7–10 years, but really Government and political parties of all persuasions are not watching what is happening at grass roots. The amount of business that have closed in this region is staggering & increasing the operation cost is not going to help the remaining business. Increased pressure from large Corporates is making it near impossible for owners such as myself to make anywhere near a reasonable return on our investment.

I'm conscious of not making this a whinge fest email, I would appreciate it if you could raise this issue within the correct channels of government.

I have done that today. This is a home hardware business and that was Hugh Thomson of Eaton Home Hardware and Garden at 1 Cassowary Bend, Eaton. He has been there for a while but now Bunnings has opened up down the road. What other pressures does he need before he shuts the doors? We know what will happen there. Although he has a bit of a niche in Eaton area, there is a huge Bunnings store only a couple of kilometres further north down the road. That would impact on him for a start. We can then look at the land tax on top of that; I can guarantee that he will lay someone off. He probably has about three or four people working in that shop. He cannot survive with that number of people in there so someone else will miss out on a job. Then, they will not pay their taxes or they will go on the dole so that all Australia hurts, not just the local region.

I am really pleased that those people did not mind coming out and saying exactly what they are about. It is not huge money, in a sense, but it is for a small business. Last year, his tax bill was \$1 640 and this year it is \$3 640—a \$2 000 increase. That is the difference of employing someone; that is what it is about. The so-called helpers of small business have absolutely lost the plot. Not only that, but they have also gone against most of what they stand for along this line. At one stage, Labor Party members really struggled to get even a phone call from small businesses and now we are being overrun by phone calls from people asking what they can do and how they are going to go about it. I think it is about time that members of the Liberal and National Parties stood up and were counted on this issue. As the names were read out before, it proved my point to see people run out of the chamber because they did not want to be named and shamed in the house. It always reminds me of Christopher Pyne, I think, who was scratching at the door to try to get out of the federal Parliament. That is what the Liberal Party reminded me of today. Members thought: I do not want to be in here. It is too hot; I have to face up. I was one of the sheep of the Liberal Party who just walked across—I did not know what I was voting for—sat down, and got my name ticked off. Now, it has come home to roost. Now it is in their faces. Members opposite can go out there and explain to people what they have done to their businesses and to the future of their kids to whom they probably would have loved to hand on their businesses. Small businesses cannot keep going at this rate; they cannot go on. Electricity bills have gone up, shire rates have gone up, land taxes have gone up and water rates have gone up under this government, not by the consumer price index or the wages rate that the government has pegged for government departments at two per cent, but in the hundreds of per cent. How can people pay that? Even if a small business person has a wife working in the public service area, she has had her wages pegged at two per cent and then the government has come out with a 16 per cent increase, I think, for electricity prices, and hundreds of per cent increases for land taxes in many, many cases. It is just not on because we have a shrinking economy at the moment. Mistakes have been made in how we deal with the iron ore issues. We have sat here and watched the price of iron ore plummet, but the government forecast that it would stay at a much higher rate than it has. I do not blame it all on the Treasurer. I blame most things on the Treasurer, but I blame that on the world market that we do not have a great deal of control over.

The other point that I want to make is about self-funded retirees. Some of these people have property portfolios and my understanding is that they do not get a lot of help from the card system. If a self-funded retiree is in a country area, they do not get a Country Age Pension Fuel Card; they miss out on that. They also miss out on health benefits so it is a double whammy for self-retirees looking after themselves and having pride in not going onto the pension. I am now starting to understand it, although at times I would have thought that some people were a bit greedy and hiding money to get those cards. With the amount of money for self-funded retirees that is coming in with interest rates the way they are and returns on investment properties diminishing, it is making it very tough for self-funded retirees to stay afloat. Otherwise, they have to get a part pension to belt it up just that little bit. I am talking about people coming to see me about part pensions in the \$60 a week range because the returns on their investments are just not enough.

So much is involved in this land tax issue. It is not just greedy landholders, as the Premier said; there are so many people in the range of small to medium businesses who will be hurt and who cannot absorb this increase. So many people will be laid off and will not have jobs because their boss tells them, "You're a great worker but, I'm sorry, I can't carry you. We have to lay you off." There are all those things. I will have a little bet here that this government will come out with a wildcard, which will be, "Don't worry about it, small business. We will abolish penalty rates on the weekend." That will be the sweetener. Maybe I put an idea into the Treasurer's head, I am not quite sure; there does not seem to be many others in there. That could be the sweetener. That is one of the things that I will get stuck into because there is a reason why we have penalty rates on the weekend: it is to

look after people. Some of those people are employed only on Friday, Saturday and Sunday and that is how they make a living—in three days. That is how the unemployment rate is skewed as well because those people are counted as full-time workers. If we knock off the penalty rates, look at what will happen to those people as well; they will suffer as much as these people who have been paying exorbitant rates through this government.

Just to wrap up, the government has to go back to the drawing board and look at whether it can give some sort of rebate to the people who are really hurting. I do not think it will be hard to prove who is hurting. If a business owner was employing five people and all of a sudden they could afford to employ only three people, they would have to be given some help from this government to enable them to get through this particular period—and I mean this particular period, because we are going through an adjustment phase. The economy was over-heated. The economy has now come back, and people are struggling. This government should look at what were once its grassroots members, or followers, in the Liberal Party. They have been burnt by this government, and it is time the government got out there and helped them.

MR R.F. JOHNSON (Hillarys) [5.50 pm]: In making my comments in this debate, I will be brief. I just want to say that I have been very consistent over the last few years. In every budget speech I have made and every Address-in-Reply speech I have made, I have criticised my government—which I take no pleasure in doing—for its mismanagement of the state's finances. That can be compared, I have to say, with when Eric Ripper was the Treasurer of this state—I think he did a great job.

I believe these increases in land tax are absolutely abhorrent. I have had many people contact me, not about the fact that they will have to spend a bit more money, but about the size of these increases. Two options are available to a government when it is in the financial hole that this government is in. It can either increase taxes, which to me is the coward's way out, or it can cut its expenses. This government does not seem to be cutting its expenses at all. In fact, it is spending more money than it should be spending. The government is selling assets. Those assets bear income for the government. We are told that the government is replacing those assets with other assets. Yes, it is. However, those assets will not give the government any income at all. Look at the stadium. We will be supporting the stadium in subsidies for decades. Look at Elizabeth Quay. Look at the so-called Forrestfield railway, which is actually the High Wycombe railway. We will be subsidising that railway for decades to come because there will not be enough patronage to support it. That is what we are using to replace those good assets that are income bearing. We are selling short our children's heritage, and I take no pride in that whatsoever, and no pleasure.

In relation to land tax, I have to say, in all fairness to me and my colleagues, we were not aware of the size of the land tax increases that we are seeing. I think it is fair to say that we have only seen the first flush of these increases. There will be more increases to come. I think the worst increases are the ones that have come out recently. I have one constituent whose land tax bill has gone up from just under \$7 000 to just under \$19 000. That person is a self-funded retiree. What can people like this person do? They took their money out of term deposits because the interest rates were so low that they could not live on the return that they were getting, and during the good times they bought some rental properties as an investment. They took out loans with the bank to make that possible. What has happened since then? First, because of the downturn in the economy and the number of people who are unemployed, particularly in the mining sector—nearly 30 000 people—their properties are very often empty; and, if they are occupied, they have had to take at least \$100 a week, if not \$200 a week, off the rent that they are getting. They cannot sell those properties, because if they sell them now, they will sell them for less than what they bought them for. They have then had the double whammy, if I can put it that way, of a massive increase in land tax. That is not fair. That is not the sort of conservative government policy that I have ever been used to. I have been a conservative all my life. I have always believed that conservative governments are low-taxing governments, and they save money by reducing their costs and not being extravagant.

If the government wanted to sell an asset, there is a place over the road—the “Emperor's Palace”—that it could sell. That should fetch at least \$30 million. Let us sell that, because that produces absolutely nothing, apart from hot air and spin. However, the difficulty is that the Premier does not want to mix with his minion ministers in Dumas House. That is where the Premier should be. He should be where the action is. However, he likes to be isolated with his special spin advisors.

I will tell members what the growth industry is in Western Australia now. It is not the mining boom any more, my friends. That has been and gone. We have wasted the boom time. Does anybody know what the growth industry is now? No, it is not hospitals. It is hospital expenses, certainly, but it is not hospitals. I will tell members what the growth industry is and what people over east are saying. I had a conversation with someone over the weekend, and I was told that the growth industry in Western Australia now is companies that specialise in liquidations. Members can go to the website of the Australian Securities and Investments Commission and find out the details. The number of liquidations and the number of companies that are going into receivership has increased enormously in the last two to three years in particular.

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Mr S.K. L'Estrange: Will you let the Treasurer respond?

Mr R.F. JOHNSON: By all means.

Mr S.K. L'Estrange: We are running out of time.

Mr R.F. JOHNSON: Sorry, but every member in this house has the right to contribute to a debate. I will take about five minutes or so. Please do not deprive me of that. I have heard the Treasurer many, many times, and I would love to hear him try to justify what he is doing.

Mr S.K. L'Estrange interjected.

Mr R.F. JOHNSON: He would be able to do that if the member would not interrupt. I am almost ready to sit down. Is the member going to speak?

Mr S.K. L'Estrange: I will not have time.

Mr R.F. JOHNSON: The member can carry on afterwards. We will try to get an extension if the member likes. I am not the one who has cut down the time for private members' business.

The growth industry is in liquidations. I am ashamed to say that we have shafted small business. We are now shafting small business again by allowing them—by making them, very often—stay open for an extra one or two hours a day every week. That means that they have to pay extra wages to their staff. The only people who will benefit from this are Coles and Woolworths. They are the only people who the Premier seems to be interested in, particularly Woolworths. The Premier is worried about Masters. Masters knew what it was doing when it took on that business. It knew what the hours were and what the trading conditions were. However, the Premier is now bending over backwards to allow Masters to compete with small businesses such as Retravisson and Harvey Norman, which are franchises owned by small business people. Masters will take them to the cleaners if it gets the chance. I am ashamed of the level of land tax that we are putting on the people of Western Australia.

DR M.D. NAHAN (Riverton — Treasurer) [5.56 pm]: I am glad I have a few minutes to respond to this debate. I would have liked to have more time, but that is life. Yes, for the third year in a row, we have increased land tax. I have put the arguments to the payers of land tax. They might have heard that we have had high levels of expenditure over the last seven years in government. We did. Most of that was in the form of wages. Over that period of time—it is actually a bit longer; about nine years—the wages of senior teachers have grown by 80 per cent and the wages of senior constables have grown by 70 per cent.

Mr P.C. Tinley: And you did it!

Dr M.D. NAHAN: Yes. I am saying that. In about 2005–06, across the board we went from having around the lowest wages in the public sector to at, or above, the highest.

Mr B.S. Wyatt: Can I ask one quick question?

Dr M.D. NAHAN: I am running out of time. I would love to respond. I wanted to have half an hour, and I could not have it. The increases in wages started sharply, right before the 2008 election, when we came up to —

Mr D.J. Kelly interjected.

The ACTING SPEAKER (Ms J.M. Freeman): I am sorry, member for Bassendean; you do not have the call.

Dr M.D. NAHAN: When we came into government, wages were growing at 12.2 per cent. We also increased wages. We did that to get people into the public service during the largest boom in this state's history. We do not resile from that. That is a fact. Since that time, and up until recently, we have had small, but steady, budget surpluses. The simple fact is that over a two-year period, we lost 23 per cent of our income relative to the forward estimates. That was because of the drop in the price of iron ore, which was providing 21 per cent of our income. As at the start of today, the price of iron ore has dropped by 65 per cent. I might add that the volumes have held up, but because of the adjustment in the exchange rate, we have had a precipitous drop in income. It is the largest drop in this state's history. It is larger than the drop in income that Rudd faced during the global financial crisis. We had some choices. We ran deficits. We are running deficits. We have a very large deficit this year. We are borrowing to pay for recurrent revenue—fact.

Mr P.C. Tinley: You have finally said it!

Dr M.D. NAHAN: I have always said this. We are borrowing to meet recurrent revenue. I said that at budget time. We have to deal with the reality. We have lost our GST revenue. Yes, every year when we frame our budget we know what our GST revenue will be, because the commonwealth gives it to us. However, it has come down from the forward estimates year to year. All our other taxes have been flat. Therefore, we are running deficits. We are keeping our capital expenditure high. We have achieved some savings with a lower cost for capital works, but our capital program is still going on. Therefore, we have to raise taxes. We have three taxes only—payroll tax, stamp duty and land tax. That is all—zip. We have increased payroll tax somewhat. Stamp

Extract from *Hansard*

[ASSEMBLY — Wednesday, 18 November 2015]

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Mr Ben Wyatt; Mrs Michelle Roberts; Ms Rita Saffioti; Mr Mick Murray; Mr Rob Johnson; Dr Mike Nahan

duty is a terrible tax. We have increased land tax. We will be without doubt, after these increases, the second lowest land-taxing state in the country, after Queensland, by far.

Debate interrupted, pursuant to standing orders.

Sitting suspended from 6.00 to 7.00 pm