

HOUSING

Statement

HON WILSON TUCKER (Mining and Pastoral) [5.24 pm]: I will spend some time talking about the housing crisis in Western Australia and rental reform, as the two topics go hand in hand. There has been a national conversation on the two issues this week during the national cabinet meeting, but I think it is important that we put this into the Western Australian context because we are, after all, the WA Parliament. I use the word “crisis” in relation to housing. I know that term is overused in this place, but I think it is very telling and apt when we talk about a housing crisis, given the situation affecting a lot of Western Australians right now. We know that the housing crisis affects groups disproportionately. A wealth gap is growing between different age cohorts in Australia, and certainly in Western Australia. In particular, the housing crisis is affecting young Western Australians more so than older generations. A young family that is buying a home for the first time might be feeling the pinch from the increased cost to service their mortgage. This is the case for renters as well, who are really at the bottom end of the social contract in a lot of cases, as increased mortgage costs are basically being passed on to them in full, translating into increased rental payments.

A few areas have contributed to the housing crisis that we are facing in Western Australia. In the eight minutes that remain, I will certainly not have time to go into them in great detail. Broadly speaking, decades of policy at both the state and federal level have treated the property market like an investment pool as opposed to an essential service for a lot of Western Australians. The cost of living is a massive issue at the moment. Some inflationary pressures have not quite eased after the pandemic and are certainly still being felt in the community in the form of cash rate rises, mortgage rate increases and everything else that is attributed to those pressures. There is also a lack of housing supply. A lot has been said about this nationally. The state government will certainly need to overcome some barriers to deliver its social and affordable housing commitments. If we put all these together—policy, cost-of-living pressures and the housing shortage—in a Venn diagram of life, in the middle will be young Australians, who are certainly doing it tough at the moment. That translates into their ability to save for a home loan—the 10 or 20 per cent deposit they need to put down. When the monthly cost to service mortgages increases, it makes it harder to get a deposit together. We know that wages have not kept up with the increase in property prices. More and more of a person’s income is being directed at trying to pay rent, as opposed to saving a deposit and building equity in a home.

In the time remaining, I will focus on the rental aspects. We are not talking about a small subset of the community. Just under 30 per cent—almost one-third—of the Western Australian community is renting. There is a growing cohort of young Australians and Western Australians who feel like the dream of property ownership is unattainable and there is no reality that we live in where they can actually afford a home. A peer-reviewed report—I will not go into it in any great detail—conducted by the Australian Housing and Urban Research Institute, titled *Young Australians and the housing aspirations gap*, says that nearly one-third of young, emerging adults in Australia do not feel that the dream of putting a mortgage together in the next five years is attainable. Equally, another one-third says that they do not think that is attainable in the next five to 10 years. Very sadly, the last one-third of young Australians do not feel like the dream of saving up for a mortgage is attainable at all and they are going to be living in a rental spiral in perpetuity. In a sense, the Australian dream of owning a home is effectively dead for one-third of young Australians. As morbid as that sounds, it is the reality that we are facing in this country and certainly in Western Australia.

Recently, the Cook government made rental reform announcements, and some of it is actually quite good. There is talk of limiting the number of rental increases each year, and there are also some provisions around pets. There are some good bits that have been endorsed by a number of different groups. But the one key element that is missing, and the one thing that renters want the most that is clearly absent from this reform that is coming—it will actually put WA in a strange bedfellows situation with the Northern Territory—is that the state is not planning to scrap or completely remove no-grounds evictions. The Prime Minister made some comments earlier this week that mentioned some laggards in this space, and of course he was referring to WA along with the Northern Territory, which are not banning no-grounds evictions.

What are no-grounds evictions? It is the ability for a landlord to cancel a rental tenancy agreement essentially for no reason. It is basically a catch-all. The landlord can cancel the rental agreement at any time and does not have to provide a reason. The reality is that landlords use this provision in only five per cent of cases. In most cases, landlords are not actually aware that this is an option, and a lot of the time they are not exercising it. Obviously, with any process or system, there are some bad actors, so there are certainly landlords who get around the provisions to limit rent increases or the frequency of rent increases by just cancelling the rental tenancy agreement altogether and then reissuing it at a higher price.

In most cases, landlords are doing the right thing. They are not actually using this provision, or they are not aware of it, but it is something that renters in Western Australia are keenly aware of and feel. This is essentially a proverbial axe hanging over the heads of a lot of renters, because it does not provide the security and safety that renters would

like. Given that right now the rental market is not functioning as expected and we are seeing historically small percentages of availability in the rental market, people can find themselves out on the street, and the landlord does not need to give a legitimate reason for doing that.

The Cook government's position on this is that removing no-grounds evictions would spook the investment market or de-incentivise investment, and we would see a shortage of housing. From what the evidence is saying and from what I could find, there is no evidence to suggest that is the case in Australia, WA or any other jurisdiction on this planet. If somebody is listening or if the minister is paying attention and there is more evidence to support the government's position on this, I am certainly listening and I would like to understand what is the basis for this position.

A number of reports refute the government's position and back the statement that there will be no disincentive in the property market for removing no-grounds evictions. I will not go into them in the 25 seconds I have remaining. I will have more to say on this topic in the future. I conclude my remarks by saying that it is disappointing that no-grounds evictions have not been removed in this first tranche of reforms that I hope we will deal with very soon.