

Hon Martin Aldridge; Hon Wilson Tucker; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Sophia Moermond;
Hon Dr Brian Walker; Hon Sue Ellery; Hon Neil Thomson

RESIDENTIAL TENANCIES AMENDMENT BILL 2023

Second Reading

Resumed from an earlier stage of the sitting.

HON MARTIN ALDRIDGE (Agricultural) [5.06 pm]: I was not far off concluding my remarks on this bill, but having outlined my chief concerns I will provide some concluding remarks, particularly with regard to the minor modification provision and the pet provision, pointing out the significant inconsistencies in what the government is seeking to do from this bill in contrast with its actions, as it is the largest single lessor of rental properties in Western Australia. It will be interesting to explore that a little further.

I do not want to overstate nor exaggerate the effect that this might have on supply, but I think over time we will see declining rents, as we saw around 2017–18, a period of significant rent decline. It will have a chilling effect on potential new entrants, people contemplating becoming property investors or indeed buying additional investment properties. Those two provisions will have a significant impact on future lessors and current lessors' consideration of whether they wish to continue to lease property or might lease property into the future.

With regard to the costs, I think Hon Neil Thomson quite well established and set the scene about how people can quickly jump to conclusions around what lessors are and are not. A story is often not told. I remember reading an article a few years ago by an economist. His effective argument was that it does not make any sense, economically and financially, to actually seek to purchase your own home. He presented this lifetime cost of buying and servicing a mortgage and maintaining a property versus what that investment would similarly achieve in a superannuation context or a managed fund context. He was presenting the case against property ownership. Rent has increased and we have seen it increase significantly in the last couple of years, but costs have also increased. I am sure the shadow Treasurer will correct me, but I think we have seen 12 consecutive interest rate increases in Australia. Some banks are now increasing interest rates outside the Reserve Bank of Australia cycle. We contemplate the additional cost of simply servicing a mortgage.

I heard federal Minister for Health and Aged Care Mark Butler on ABC radio the other day talking about how he had just approved a 3.03 per cent average increase in health insurance costs. He was defending it by saying that the premiums in the general insurance sector have increased by 27 per cent, so three per cent is a drop in the ocean. That cost will be added to property ownership for investors, as well as property management fees and contractors, if people can get them. All those things need to be considered when contemplating balancing these provisions. It is where the government is likely to refer to the balancing of rights between property owners, lessors, and tenants. I think I set out in my contribution that there are aspects of this bill that I can support and there are aspects that I cannot.

Having reflected on some of the contribution by the Minister for Housing in the other place, it seems to me that the government's chief defence—at least in the course of the debate in the other house—is that the Real Estate Institute of Western Australia supports this bill. I draw your attention, Acting President, to 20 February in the Assembly when the minister with charge of the bill, the Minister for Housing, said —

The lead speaker for the opposition said there are concerns that this might drive landlords out of the market. The head of REIWA, which represents property owners and landlords, is endorsing our balanced approach.

I hate to break it to the cabinet minister, the Minister for Housing, but REIWA does not represent property owners and landlords. It represents the real estate industry. It is repeated throughout the course of the Assembly's consideration that the government has struck the right approach because REIWA supports it. I am surprised, as I think others are, that REIWA supports this bill, but REIWA does not—and, as far as I know, does not purport to—represent the interests of property owners and landlords.

I do not agree with the government's assessment that all these provisions are balanced. I think a number of them are quite significantly challenged, and we will examine that further when we enter the committee stage of the bill.

HON WILSON TUCKER (Mining and Pastoral) [5.12 pm]: I would like to open by saying that I am a renter. I believe I am the only renter in the upper house. If someone is renting and would like to prove me wrong, please raise your hand.

Hon Dr Brian Walker interjected.

Hon WILSON TUCKER: I think Hon Dr Brian Walker owns multiple houses so I will rule him out.

The ACTING PRESIDENT: Member, I am not sure there is reference in the standing orders to “a show of hands” like you have just asked for. Could you just stick to the question?

Hon WILSON TUCKER: Thank you for your wisdom, Acting President.

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I am a renter. I came back to WA in 2021 and I would say that the default position as a renter in this state is one of frustration and powerlessness. Just because I am a renter, I do not think it gives me moral authority on the topic, but having been in that situation, it certainly gives me a lot of lived experience and a lot of empathy for people who are renting and have experienced, I believe, 13 rate rises since May 2022 and the increase in the cost of living that we are all experiencing in Western Australia. As we have heard, the majority of those interest rate increases are passed down for renters at the bottom of the social contract to absorb.

My take on this bill is that it has missed the mark. It is more of the same. The elephant in the room and really the largest ask by renters—I have an amendment that goes into detail here—is around no-grounds evictions. Before I unpack no-grounds evictions, I will say that as a renter I am constantly frustrated. I feel powerless in this very inflexible system. But as a member of Parliament, and having engaged in this debate over the course of the last few years and been subject to recent announcements by the government in this space, I feel an equal measure of frustration because the government continually sides with property investors and landlords in the face of the renter pool, which is just under 30 per cent of the population. It feels like they are the ones who are missing out on any attention and any real security in the reforms that we are debating.

The frustration stems from having conversations with renters. They have reached out to me on social media and I have spoken to them in person and they have shared a lot of stories. A growing cohort of renters out there, to put it bluntly, feel like they are being screwed over by their landlords. I am not here to say all landlords are inherently evil. In any cohort of people, there are unscrupulous actors in the system. That is what we as legislators should be concerning ourselves with. Renters in the system right now feel like they are being screwed over by landlords and do not have any means by which to raise their issues. Renters are certainly struggling to make payments and feel that if the status quo continues, they will become homeless. For renters facing eviction, given how tight this rental market is, it is rather a death sentence. It can mean that they are out on the street. Perth has had the tightest rental vacancies in the country. Most importantly, and this is probably the largest cohort, renters do not feel like they can speak up when they have a legitimate concern to raise for fear of being evicted from their property.

All I can do as a member of Parliament is, firstly, listen and then direct these renters who are experiencing these issues to the rent relief program, which admittedly is a good program, and to the Commerce WA website, and walk people through their existing rights as a tenant. But what I cannot do as a member of Parliament is offer them any real relief on the horizon through any meaningful reform to improve their situation. It is because this bill is more of the same. Minor provisions are included here, but the elephant in the room and the thing that renters are calling for, really crying out for, is the removal of no-grounds evictions, and that is absent in this bill.

As a renter, when I came back in 2021, I was faced with the inflexibility of the system. I really felt the full force of that. There were a couple of disputes between me and the property manager. I will not air those grievances in here, but, at the end of the day, I had to lump this cost. I was privy to just how inflexible the system has become and how the balance between landlords and investors, and renters and tenants is in WA and certainly in Australia.

I think the claim by the government that this bill strikes the right balance is a bit disingenuous and it does not take into account the full debate that we have had in Australia that has led us to this point, and certainly in this state. Really, the balance has not been right for decades. Property prices have been increasing since the 1950s. It is quite a safe bet to hedge your money into property, which is one of the largest wealth assets in this country. Successive governments are guilty of incentivising people to treat the property market as an investment pool as opposed to providing an essential right of Western Australians and Australians. I do not think there is anything inherently wrong with incentivising people to build houses to invest in the property market, but it needs to go hand and hand with ensuring that people who want to get into the property market for their first home, who are not necessarily at the top of the wage bracket, can do so, rather than someone who is buying their seventh negatively geared property.

Also, there are protections for renters. We know that people are renting for longer periods. Wages have not kept up with property prices for a very long time. There is a growing cohort of people who do not feel like they will ever get out of the rental trap or spiral. People are renting for longer periods, so we need to make adequate provisions that not only incentivise people to invest in the property market but also ensure that people feel secure and safe in their rental environment. That is what we are debating today. This bill does not go far enough in giving assurances to the just under 30 per cent of people in WA who rent.

The government's position is that it does not support the removal of no-grounds evictions. There has been a bit of commentary about this and I have asked a few questions on why the government will not support removing no-grounds evictions. We have heard that the government does not want to spook the investment market; it does not want to disincentivise investment and cause people to flee and disinvest from the property market. It is saying that that may happen. I agree with that statement—it may happen. Anything may happen. This economy is a complex beast of cause and effect, so it certainly may happen. The onus is on the government to prove that it will happen,

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rather than saying that it may happen. It feels like a lazy argument. I have tried to get to the bottom of this. I tried to look for some evidence. I want the government to show some evidence that will justify its position—that it not just might happen but actually will happen. I looked—I looked outside WA as well—and I could not find any evidence to suggest that it will happen. In fact, I found evidence to the contrary. I found that if rental reform were increased, it would not cause disinvestment in the property market. The *Housing affordability Western Australia* report was commissioned last year. I know that the Minister for Commerce has been quick to point to this report. The report states —

Reforms designed to aid tenants might have the opposite effect if supply were to contract even further.

I absolutely agree with that statement; it might happen. However, the report does not really back the government's position; it says that it might happen. It goes on to say —

A thorough assessment of the reforms that would deliver a private rental system equitable for both tenants and landlords is required.

The report is not that “thorough assessment”. Hopefully, we can tease that out as part of the debate, but my question is: Has the government done its homework? Has it done the work to prove its position? If it has, happy days, and I will happily sit down and support the passage of this bill. Hopefully, we can tease that out, but I do not think the government has done its homework.

A body that has done its homework is the Australian Housing and Urban Research Institute, which published a report that reached the conclusion that tenancy laws have very little impact on landlords' decisions around investing in private rental housing. A number of more macro-level considerations go into the property market. As I have said, multiple governments, at both the state and federal levels, have been guilty of this. We can talk about stamp duty concessions or negative gearing, which are the larger concessions that people take into account when thinking about investing as opposed to thinking about the rights of tenants. The Make Renting Fair Alliance survey goes into detail on this, and I will talk about that when we get into the meat of no-grounds evictions. The majority of landlords do not realise that no-grounds evictions actually exist. On the flip side of that coin, the majority of renters do know that they exist. If landlords are not aware of this provision, they will not use it and it will not be a consideration for them when they invest in the market.

Comments attributed to the lead author of the Australian Housing and Urban Research Institute report were —

... the research debunks the often-made claim by the property lobby that changes to tenancy laws serve a disincentive for landlords to enter or exit the rental property market.

“Overall, we found that Australian residential tenancies law reform has accommodated, even facilitated, the long-term growth of the private rental sector, rather than causing disinvestment,” he stated.

That is the basis of my claim. Again, if the government has anything that can disprove that or evidence to the contrary, it should put its cards on the table, because now is the time to have that debate and conversation. I will have more to say on no-grounds evictions.

We heard an announcement that there is potentially a second tranche or second wave of reform coming. This is the first sweep, if you will. Given where we are in the election cycle, I would not hold my breath that we will see the second tranche. This is what we are dealing with now. I have conversations with renters about what protections will help them feel safer and more secure in their rentals, and there is little hope that the second tranche will come. Also, if it does come, it may or may not give additional protection to renters; it may just continue the status quo of this government and side with property investors. It was recently announced that housing ministers agreed at a national cabinet meeting to genuine-grounds evictions. I believe that WA signed up to that. Again, this is a federal conversation. It is an ongoing conversation. WA may have said, “Look, we agree in principle, but we haven't seen the detail and don't know when that is actually coming.” That is little relief for people who are struggling at the moment. To put this in real terms, the rental cohort in WA contains approximately 776 000 renters, many of whom will be impacted by these changes. It is a very large cohort. There is a requirement to get this right. It is not a small percentage of people; a very large number of people are keenly aware of the proposed changes. On the flip side is a very small number of landlords, property investors and property managers who seem to have a very loud seat at the table and to get all the weight and consideration in this debate.

There are some good bits in this bill, absolutely. We can get into that when we get to the meat of this bill. However, those good bits fly in the face of the really big ask that renters are demanding and want to see—that is, the termination or removal of no-grounds eviction provisions to give them some surety. We can talk about hanging a painting or keeping a pet, but that really does not mean anything if a person does not have the security and assurance that their home is secure and they can stay there for a long time. The bill has some good bits, but my position is to oppose this

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bill. I oppose it not because of the good bits but, rather, because of what it is lacking and the missed opportunity. This is what we are dealing with now; nothing else is coming in the near future. We are talking years.

WA has the weakest tenancy laws in the country and this bill will do very little to move the needle any further. We will still lag behind. We did not see any disinvestment in New South Wales or Victoria when they tightened their laws. This is becoming an election issue in Tasmania. Victoria is going one step beyond the rent-bidding requirements that we will debate shortly. It found some loopholes in the system and is looking to move the needle even further to plug them up. Meanwhile, we are playing catch-up. WA is years behind every other state and territory. This bill will do very little to provide relief to renters. It is for that reason that I oppose the bill today.

The ACTING PRESIDENT: I give the call to Hon Dr Steve Thomas.

HON DR STEVE THOMAS (South West) [5.28 pm]: Sorry; I am just working out the pecking order.

Hon Sue Ellery: You're at the bottom.

Hon Dr STEVE THOMAS: Thanks for that.

I want to make a few comments on this bill and generally wax somewhat lyrical about residential tenancies. There have been some complaints about the bill. One is that it goes too far and the other is that it does not go far enough. It is interesting to find that we might be somewhere in the middle again.

Hon Sue Ellery: I think I might have got it about right; no-one is happy!

Hon Dr STEVE THOMAS: Well, we have not quite gone to that extent yet, Leader of the House.

I think someone's view of the bill will depend a lot on what they think it is trying to achieve. It does not appear that the bill will rectify issues with the number of houses that are available or govern housing policy more generally. It will do a key number of specific things. If the expectation is that the bill before the house will provide, for those who like their Australiana, a magic pudding for housing, it obviously will not. If we take a fairly modest expectation of what the bill is trying to achieve, we might get down to the key areas of the debate.

I want to comment on some of the things that have been said so far, particularly in review, because there have been some interesting comments. I apologise if some of this is about the overall argument about how we provide housing rather than the specifics of the bill, which I will come to in the fullness of time. We are getting a bit diverse in where we are going with this. I will work backwards. I always appreciate the contributions from Hon Wilson Tucker, but when he starts to talk about the concept of a right to housing, he is in a very different realm from what the bill is trying to deliver. It is difficult to separate a right to housing from the obligation that society owes someone a house. I do not think that is what Hon Wilson Tucker was trying to say in his contribution, but that is where the risk starts to develop.

Hon Wilson Tucker interjected.

Hon Dr STEVE THOMAS: Yes, I took the member's intent rather than getting pedantic about the wording. There are risks involved in the concept of a right to own a house. Government needs to be particularly careful. If government gives the impression that it owes someone a house, it is on a very slippery slope—although that is not what the member said—because then, in theory, it has the obligation that it owes everybody a house.

I will look at where housing is provided at the moment. Everybody else has thrown in their statistics, so I am going to throw in a few too. The latest Australian Bureau of Statistics census was in 2021. There were 263 826 rented properties in Western Australia, which represented 27.3 per cent of all the dwellings in the state. A bit over one-quarter of the dwellings in the state were rental dwellings. According to the 2011 census, for the decade earlier, there were 231 824 units, which represented 29.2 per cent of all the dwellings. Basically, 32 000 rental units were added across the state, but the number dropped by two per cent as a share of the total number of dwellings. That is not unusual for Western Australia, which all through that decade was a reasonably wealthy state, so it would be expected that people would try to invest in the property market. Overall, there was a slight drop. The population went up by 19 per cent from 2.2 million to nearly 2.7 million over that period. There was a 19 per cent increase in the population and a nearly 14 per cent increase in rental housing stock, but a drop of two per cent as a share of the total number of dwellings. On population, we are still beating everybody else.

I used the Shelter WA website to look up the number of social houses. In 2020–21, community housing stock totalled 42 661 units, or 16 per cent of the total rental market, and that had dropped from 44 000 in 2016–17. What we are talking about here is the other 84 per cent. We get very excited about the social housing market and how important it is, and it is very important for that group of people who will always struggle to get into the housing market, even in a rental form, but the vast majority—84 per cent—of rentals are in the private sector. They are critically important, so the work that will be done under this bill is of interest to an enormous number of people. If 84 per cent of those 263 000 rental dwellings from 2021 means that there are about 220 000 private rentals, that is an enormous number of people who will potentially be impacted.

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I want to jump to some of the comments from Hon Martin Aldridge that I thought were very good, and the first is renting versus buying. There are numerous studies. The one he mentioned was not the only study that has been put forward to suggest that, in many circumstances, people are financially better off renting forever than they are purchasing. There are circumstances in which that applies. The only problem with it is human nature. In a very small proportion of cases, people who rent forever and do not make higher repayments to get into the property market save the extra money and invest it in the stock market or other things. I know some people who have rented forever and have got into the residential investment property market. Some people often rent a house for a lower price, but they purchase a more expensive house that provides a higher rental yield. There are people who do not live in the house that they own; they rent the house that they live in, but they are also a landlord. That does occur, but what tends to happen is that people do not invest the additional savings, and that is where things start to go dramatically wrong. I will never forget when I was in the other house a long time ago—nearly 20 years ago—and some constituents in the seat of Capel came to see me. They were struggling to survive on a pension in the mid-2000s. I asked them whether they owned their house, because most pensioners who own their house survive reasonably well on a pension. It is not steak and caviar every night. I know lots of pensioners who own their house and still travel up north and go fishing and spend their winters in Shark Bay or climes a little further up, so it is doable. I asked this couple whether they had ever owned their own house or whether they had lost it, because lots of people lose their house, particularly through divorce. There are lots of couples who started out with the best intentions of owning a house and then they get half a house each and they cannot afford to keep it, and the legal fees eat up most of their assets. This couple said that they had never owned a house. They were employed by the railway and they came out of Collie. They had retired and they had never owned their own house, but they had also never saved and then used the savings to invest. They had a peppercorn lease, so they had a massive capacity to invest those savings. I think the vast majority of people who rent permanently do not take the potential savings and invest them. Although I think that is true, and Hon Martin Aldridge raised a good point, practical experience means that that is not the general outcome. That is not what usually happens for people. Most of those people use that money; it becomes more discretionary spending. When they get to the end of the rental period, they are in trouble because they are still paying rent as they go into retirement. Unless they have significant investments in superannuation, they are in strife.

By the time people in the modern generation who started work at the age of 20 after about 1992, when compulsory superannuation came in, retire at 65, they will have accumulated a fair amount of super in those 45 years, but the group of people who started in 1990 are not retiring yet. They are not quite at retirement age. A lot of people do not have superannuation or the level of super that the next generation will potentially have. Bear in mind that the superannuation component was originally designed quite brilliantly by Paul Keating to replace the pension rather than make everybody rich, because he decided that the government could not afford to basically keep paying everybody when this massive baby boomer bubble was coming along. We come back to the discussion around whether people are owed a house. The other question is: are people owed an income? Paul Keating, despite being on the wrong side of politics, successfully looked at that and decided he needed to do something about it. It is the case that people can work out a way to be a long-term renter and be equally financially rewarded, but most people do not do that. It is a bit like Paul Keating's compulsory employee superannuation, which is in effect compulsory saving. Ultimately that is what paying off a house is as well. It becomes compulsory saving, and that is the advantage of it. When people get into the housing market, they are effectively saving for their own future. That is very much what is going on.

Once people get to a better financial position and decide that they have paid off a sufficient amount of the house that they are living in and that they want to step into investment, residential housing has traditionally been a very good investment. The difficulty comes with the price of housing. I have upgraded a chart that I have used on a couple of occasions previously. I have simply updated a comparison of mean house price, mean annual income, and house growth equal to wage growth if it were growing at the same rate as house prices were going. This is relevant to a large number of contributions today.

Sorry, can I seek leave to table the document that just fell on the floor?

[Leave granted. See paper [3004](#).]

Hon Dr STEVE THOMAS: Members have seen a similar document before, but I want to make this point, and it is a point I made to Hon Wilson Tucker not that long ago in a separate debate. The biggest difference is the price of housing in Western Australia if someone is trying to get into the housing market. I have said in this chamber before that I purchased my first property in 1991, I think it was. Yes, it was a long time ago. I paid \$42 500 for it.

Hon Matthew Swinbourn: I was still in high school then.

Hon Dr STEVE THOMAS: The member was still in high school then. Yes, thank you, everybody!

Hon Martin Pritchard: I wasn't.

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Hon Dr STEVE THOMAS: Hon Martin Pritchard and I share the dinosaur badge all over again, so thank you, Hon Martin Pritchard.

I paid \$42 500 for it and my wage was \$25 000, which is less than two to one. My wage was the average wage at the time. I have added some of this information to my chart. At the time, in 1990, which is near enough, the average house price in Perth was \$101 000. Bear in mind, I was buying in Donnybrook, which was probably a bit cheaper, and, like most young people, I bought an older house that was a bit scrappy. The average annual wage in Australia was \$29 000 in 1990, and so the house was three and a half times the average wage. In 2004, the average annual wage across Australia was \$51 000, and the average house price in Perth was \$262 000. But the next big jump, and members will see it when they see the chart, was a massive leap in house prices in the years 2003 to 2006. In 2008, the average house price in Perth was \$455 000 and the average annual wage was \$61 000, which is 5.1 times the average wage.

The rate was reasonably steady from 2009–10 to 2019–20. In 2019, there was a drop, and the average house price came back to \$480 000, which was 5.6 times the average annual wage of \$85 000. The interesting thing is that in the last year or so there has been another leap. According to the Real Estate Institute of Western Australia, the average house price in Perth is \$610 000 and the mean annual wage is now \$98 000, so we are up to 6.2 times the average wage, and that has been a significant change in getting people into the housing market. Interest rates are lower now. Back in the 1990s, interest rates were a lot higher and people were paying 12 to 14 per cent. At the moment, people can probably get the first bit of their housing loan for six per cent or so, but it is the purchase price that gets them, and that makes it tough. Therefore, people have to rent because that purchase price is a mountain to climb. Most banks will lend people about three times their income.

Hon Martin Pritchard: The bank of mum and dad is more generous.

Hon Dr STEVE THOMAS: Yes, they have to be, and we will come to that.

Most banks will lend people three times their income, so unless they have half of that \$610 000 as a deposit and they are earning \$100 000 a year, it is very difficult to get their foot in the door. That is the issue that we face, and we see it everywhere. I used to see it in Dalyellup. Two professionals, a teacher and a police officer, would be living together. They would both be on \$100 000 a year and they could make \$200 000 a year. Triple the family income would be \$600 000. They could afford to buy a house in the town but if something went wrong and suddenly one of them became unemployed, they would be bust. The housing market is very difficult to get into.

The reality is that that difficulty as it relates to house purchase for individuals also relates to investors. If an investor purchased a house in 1990, paid \$100 000 for it, and rents it out at today's prices, they are probably doing really well. The problem is that we must have a continual increase in stock, so right now we would have to get someone to invest in that \$600 000 house and rent it out. It is okay if a person bought it many years ago, but if they did not, they missed out on the marketplace. We talk about intergenerational warfare. If intergenerational warfare is going to arrive, it is because we have a generation that is not keeping up. It is the generation that bought houses in 1990, whose houses were then worth \$100 000 and might now be worth \$600 000, that has made it difficult for the next generation to start over. No policy that would reduce the value of the family home or an investment home would be popular, so what policy is going to drive down the price of housing to a point at which everybody takes a \$200 000 haircut on their house? I do not imagine that that government would do particularly well, and so that all gets put in the too-hard basket. How do we get housing prices back down to a point at which young people can afford to enter the market? There is ultimately some benefit in that because if we can drive investment in housing back down to a point at which investors could get back into the marketplace, we might find that they do so.

Part of the problem is, of course, that we have a completely overheated construction market. The construction market is an absolute mess and part of that is the government's fault. The government is out there trying to spend \$11 billion or \$12 billion on its infrastructure program year in, year out, and it can do so because it has a \$6 billion surplus and we had the biggest iron ore boom that we have ever seen, but it is in direct competition with everybody trying to build a house. It is inflationary in both money and time. The government has a \$2.6 billion budget to put another 4 000 social houses out there, and it is getting some built, but it is going to struggle to be on schedule because it is competing with itself. It has to build Metronet and cut all the ribbons before the next election, so it is competing with itself and its own social housing market, and it is competing with every person out there trying to build their own house. There is a reason that a house that used to take nine or 10 months to build is now taking two years and, in some cases, longer than that. It is hard to get contractors. It is hard to get materials. Everything is being driven up. When we see prices going up, a median price of \$610 000 is perhaps the natural value we have reached because it is probably going to cost someone that much to buy a block of land and put the house that they want on it, and it is going to take them two years to do so.

Someone may be paying \$30 000 a year in rent. At the moment, the average rental property in Perth costs \$640 000, so that is about \$32 000 a year. They are paying \$60 000 while they are trying to get in.

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The government is in direct competition with itself in the housing market. Its construction of Metronet and everything else it is trying to do are in direct competition with its housing construction program, and that is in direct competition with the private housing construction program. I do not know what will fix this overheated marketplace except for the next crash. The price of iron ore dropped about \$US10 a tonne in the last couple of days, so the correction I thought would happen last year might be starting to kick in. As that kicks in and the correction comes forward, it will be really interesting to see whether the government has the capacity to deliver everything it wants to, but that is a bit of a sideline.

The other thing that has been raised a couple of times is commonwealth housing policy—federal not state—and, particularly, the constant attacks on negative gearing, largely by the Greens and some others. Sometimes I have to repeat myself: negative gearing is a tax deduction for an expense. Negative gearing is simply what every business does and what huge numbers of individual taxpayers do when they put in their tax returns. I have no doubt that all members do it too, especially now that it has been confirmed that they are allowed to advertise and advertising is a legitimate tax deduction. Members take tax deductions for legitimate expenses, as I do and the vast majority of people do, unless they are wage earners with no tax deductions. Unless they go to work, use everything at the office and go home again, and have no tax deductions—no uniforms, no ongoing education expenses or any of those things—they take legitimate tax deductions for expenses related to their income, and that is no different from negative gearing. There is no point in negative gearing forever because people would simply be wasting money, but it is a legitimate tax deduction for an expense. We should focus on that.

One issue that has been mentioned before in this debate is that at some point we have to stop vilifying landlords and accusing them of being grasping and greedy, and getting rich on people's backs. A few landlords have become quite wealthy—there is absolutely no doubt of that—but a lot of landlords are doing it tough and have income that is not great. I know a few retiree landlords who own a couple of houses and would probably be better off selling their assets, handing it over to the kids and going on the pension. The tax deduction exists, so people might as well use it. The pension exists, so they might as well use it, but these are proud people who say that they would rather be independent. They own a couple of houses and are renting them out for \$25 000 a year, so they earn \$50 000 a year, but it probably costs them nearly \$20 000 a year in expenses by the time they have paid for insurance, rates, maintenance and all the rest of it. They are making \$30 000 a year, so they are basically earning the same amount as the pension. Instead of their superannuation providing them with the pension replacement or going on the pension itself, they use residential real estate investment to provide that, probably to their own detriment. I imagine that they would be better off with the additional social welfare available, such as pension cards and Medicare.

Let us not vilify landlords in the process. It is far too easy to do. Perhaps it could be argued that this bill does not vilify landlords, but it probably does not glorify them. It provides opportunities to make being a landlord much more difficult. A little bit of this is about the messaging, and the government might take this on board: we need to value landlords. Currently, 84 per cent of rental properties are in the private housing sector, and the vast majority of landlords are doing the right thing. They love and tend to look after good tenants. The great 80:20 rule of life is that 20 per cent of landlords are probably dreadful in the same way that 10 or 20 per cent of tenants are probably dreadful. Where it works, it works reasonably well. I do not think that the system itself is that broken. The system has a problem with the level of supply and the capacity to meet the level of housing demand. That is where the system is struggling. There are some issues with what the government can do to make landlords feel that their investment is worthwhile.

Most friends and people I know who have invested in residential real estate as a wealth-creation device either have got out or are considering getting out of it. They are not interested in staying in a marketplace that looks so difficult. Have a look at the number of empty houses at the moment. We need to be aware of two things that are happening. The first is that a lot of people own residential real estate but are not bothering to put it on the long-term marketplace, particularly down my way in the south west, which is, of course, the best area of the state, so we understand that they want to come.

Hon Martin Pritchard: To visit.

Hon Dr STEVE THOMAS: Well, it is the best area of the state to live in but also to visit. People come to the south west and invest in residential real estate. After a while, as their liquidity in the house increases and their need for additional income to cover the costs decreases, a lot of them are saying, “You know what? This is my weekender,” when before it was a house that was available for a family. There are huge issues all the way from Bunbury, Capel, Busselton, Dunsborough, Yallingup and Margaret River to Augusta. Real estate has become really precious. I was in Augusta last week, and people were saying that the starting point is \$1 million to get into the Augusta marketplace. Augusta was always where south west farmers had their holiday houses, and a lot of the houses were originally built fairly cheaply.

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Two things are happening: one is that people are going to the south west and choosing not to rent out their property, and the second is that if they do rent it out, they will put it on the short-term rental market and Airbnb it. If they put permanent or long-term residents in the property, they have far less control over their assets, and if there is an issue, it is far more difficult to remove the tenants. In many cases, they can rent out the property on Airbnb and make more money in six months than they could make in a whole year in the long-term rental market. That is not a good outcome, nor is leaving a lot of these houses empty just for the odd weekend. It is not a good outcome for the local community or for the person themselves. Businesses and families trying to move there are struggling to find accommodation. We need to try to focus, as much as we can, on minimising those imposts and recognising that landlords are generally good people.

It is a bit like, dare I say it, the argument with the police force. It is a pretty tough and miserable job, and police tend to get abused a fair bit. If everybody starts to value and support police officers, they are more likely to stay in place. Guess what? If people started to value and support landlords, perhaps there might be more houses on the marketplace for long-term accommodation, which is exactly what we need.

We need more houses for young families in places like Busselton. Much of Busselton's population is older than Hon Martin Pritchard, Hon Neil Thomson and me. They are doing all right, thank you very much. They have retired and taken their assets there, but where will they get their services from without the next generation? That is part of the problem and the town is working on that.

We have to encourage and support landlords more than we disparage them. I appreciate that the government has made some changes to this legislation after consultation. I think it has done some of that. To some degree, it mooted some of the criticisms about villainising or demonising landlords. There has been some change.

Sitting suspended from 6.00 to 7.00 pm

Hon Dr STEVE THOMAS: We were disrupted by the dinner break but it was beautifully held out in the courtyard with the Greek community of Perth, which was absolutely fantastic —

Hon Dan Caddy: The Hellenic Australian Chamber of Commerce and Industry.

Hon Dr STEVE THOMAS: The Hellenic Australian Chamber of Commerce and Industry. I had a lovely conversation with the Greek bishop, amongst others. What a great community they are. We have come back invigorated by the home of democracy to engage in little more democracy, as it were. We will not talk about all the things that democracy means, because we will get distracted. What a great break.

We have been through the general philosophy of housing. We have largely addressed what the bill is not—that is, the solution to all things. It is not something that will suddenly house everybody. It is not the \$2.6 billion the government keeps saying it is spending on social housing, which is great, but will obviously be difficult to expend and get out there. I am interested to see how we get through that, because an answer to a question today said that it will be fully acquitted through the forward estimates, which is a herculean aim that the government has set for itself.

The time has come in the last few minutes to address what the bill is actually about, and I know that that will surprise the minister managing the bill, but we have come to the point at which we can exclude all that are extraneous and get to the actual point of the bill, which is to empower residents of tenancies to have greater power over the home that they are leasing. There are a number of parts to this, including that they will be able to make alterations. Some of those are quite reasonable, particularly alterations around disabilities et cetera. It will be much more difficult to prevent tenants from having pets. There are some problems around that and that will be explored more than adequately during the Committee of the Whole House stage.

I want to make a critical point in these last few minutes. There is a trend in this government to present legislation that sounds not too onerous at the first stage, but that in many places suggests that regulations will be developed and those regulations will determine precisely how these things are to be interpreted. It is a trend and it is a disturbing trend that this government has got into. We thought it might have learnt from the Aboriginal Cultural Heritage Act that the devil is sometimes in the detail and perhaps the regulations should be a bit further spelt out. It would be interesting to see more of the detail go into the bill. I would much rather prefer that, but I am often reminded of a *Yes Minister* episode around the national integrated database, when the minister said that despite the interference of Sir Humphrey, the regulations should be developed alongside the bill, not necessarily afterwards. I feel myself very much in a *Yes Minister* moment, when yet another bill has been presented by the current government and we are asked to take the regulations on trust. I suspect that that trust is perhaps a little strained at the moment. Dare I say it, when we are running in conflict with *Yes Minister*, that should ring alarm bells for members of the government as well as members of the opposition.

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There are a number of areas that this government expects us to take on trust. I will give members just a few examples going forward. I plucked out a few specific ones. On page 20 of the bill is division 3, “Retaliatory action taken by the lessor”. I think more detail needs to be put in place to define how somebody will determine what form of action is retaliatory, because I suspect that we will be bogged down in this particular part of the legislation. What is retaliatory and how do we prove that something was retaliatory or not? If I go back to the *Yes Minister* episode, the English civil service has an amazing process in which it does not take retaliatory action against public servants it does not like; it actually shuffles them to one side or promotes them, and puts them somewhere where they cannot do any further damage. Is that retaliatory? No, it is very careful and clever. If it is good at it, it makes it look like a promotion as a part of that process. We may get to the definition of retaliatory in the committee stages of the bill, and the minister might feel inclined to give us more detail in her second reading response to define precisely what is retaliatory versus what is simply moving forward, I suspect, to some degree in getting on with the job. That is on page 20 of the bill for those who are looking at that.

There is a good example on page 32 of the bill, under clause 33. It introduces proposed section 50C, “Conditions for approval to keep pet at premises”, and states —

The lessor’s consent for a tenant to keep a pet at the premises may be subject to —

(a) a reasonable condition about —

...

(iii) a prescribed matter;

Under proposed section 50D, grounds for refusal are “a prescribed ground”. Much of these things are yet to be written. Much of these things we cannot debate because we do not actually know, so how can we determine the impact on landlords, in particular? I take the view that the legislation is largely written in the interests of tenants. I do not think the government denies it. It has been quite open about that process and I think that is quite reasonable; that is the intent of the government. This bill is not about fixing the housing crisis in Western Australia; it is about empowering tenants a bit further than they are empowered. As I said before the delightful break with the Hellenic community, I accept that on face value and I accept that the government’s intent is specific in this case. But without regulations, without the further explanation of exactly what it is planning to do, it makes it very difficult to assess this bill. I urge the government, above all other things, to actually try to give a bit more detail, because the simple reality is that after things like the Aboriginal Cultural Heritage Act, it is quite difficult to take the government on trust—not necessarily even the intent of the government.

I take the view that ultimately most members of Parliament and most governments come here to try to do the right thing. I have known the very rare exception to that, but for the most part—do not look at me askance when I say that, one member in particular—most turn up to try to do the right thing. I am prepared to suggest that the government has a reasonable intent with this bill. This is an issue of us trusting the government to get the job done in a reasonable way that does not significantly impact those people whom the government is saying it is trying to protect, in this case, landlords.

Another example is found on page 38 at proposed section 50(L), still in clause 33, “Grounds for refusing tenant’s request to make furniture safety modification”. Proposed section 50(L)(1)(d) provides that one such ground is “a prescribed ground.” Once again, we have to wait for all those things. Under what precise circumstances will a landlord be prevented or prohibited from increasing the rent if interest rates go up again? I actually do not think they will. I think that interest rates are likely to stay steady; they might even drop towards the end of this year. Here is a Nostradamus prediction for you, Acting President. I think that if we get an interest rate drop in September, we will be in a federal election by November. There we go—we will put that one in the books, as well as a \$5 billion to \$6 billion surplus. Is the member putting a wager on there? We will see how we go. There is my prediction. If we drop to 4.35 per cent, it will only go down 0.25 to 4.1 per cent in September, and we will have a November federal election.

Hon Martin Aldridge: You know what happened to the Governor of the Reserve Bank when they started making predictions!

Hon Dr STEVE THOMAS: Yes, I know; it is difficult. I predicted the budget surplus better than the Treasury did three years in a row, so I am going to back myself on this. That will happen if the interest rate drops; I think it will. I think that the \$5 billion to \$6 billion is already pencilled in, even though the iron ore price is dropping a bit, and the correction is coming. I was a little bit off with the timing of what I said last year; I said last year instead of this year, but I think the reality is that we will be in that process.

Here is the issue with this bill. Once again, the government is asking us to take on trust its capacity to write regulations for the best interests of everybody. Because of my respect for the Leader of the House, I am even prepared to

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accept that the intent might be to write good regulations for everybody, but the performance to date does not reflect that high aspiration.

I think the greatest concern about this piece of legislation is firstly that it reinforces the concern that landlords are a problem, not an asset. Most private landlords out there are doing the right thing and are trying to provide homes over people's heads, and 84 per cent of the homes over renters' heads are provided by the private sector. I suspect that the minister probably believes that most of those landlords are doing the right thing, as well. There might even be a few landlords amongst the members opposite; I have no idea. It is a perfectly legitimate, legal and morally viable way to create wealth. As my good friend Hon Martin Pritchard says, eventually one can sell it all and invest it in the kids, who will need it to get into the residential housing market, or simply sign over the lease to them.

I think that is the only way any of my children will get into the housing market at this point, so I agree with the member. I just hope that they do not choose the cheapest nursing home when we get to the other end of the argument. I try to guilt them into all these things early on!

Hon Dan Caddy: None of them will be too cheap in about three years; you'll be fine!

Hon Dr STEVE THOMAS: No; the price might go up! I have four daughters, all of whom I have been trying to guilt into making sure that I am well looked after in my dotage. It is not looking good so far; anyway, we will see how we go. Here is the issue. It would be far easier for us if we had a greater degree of certainty about where all the subsidiary litigation and regulations are and are likely to be as we go forward. Even though I am not opposed to the intent of the government, it is very hard to endorse the position of the government without that level of detail, because I would hate to see the Parliament of Western Australia go down a path that will vilify and alienate landlords who are 86 per cent of the market, the vast majority of whom are good people, just trying to get by, investing in their retirement so that they are not a drain on the community going into the future. This is a good group of people, who have largely been leaving this investment marketplace. I kind of beg of the minister—it has been a month for humility for me—to reinforce the support that might come for landlords as a part of this process and tell them that they matter, they are important, their investment helps put a roof over the heads of families in Western Australia, and that action is valued by the government.

HON DR BRAD PETTITT (South Metropolitan) [7.14 pm]: This debate on the Residential Tenancies Amendment Bill 2023 is very timely. Over the weekend, *The West Australian*—I am sure that many members saw the front page—had a heading that read, “Why it’s NEVER been harder to rent in WA”. The article stated —

Rents in WA have grown by more than anywhere else in Australia since the COVID pandemic hit—and could rise by as much as 30 per cent in some parts of the State by the end of the year.

The article continued —

New data shows Perth tenants are being slugged an extra \$240-a-week in median rent ...

That is an increase of an extraordinary 67 per cent on March 2020. Concerningly, *The West Australian* article continued —

... a separate Suburbtrends report indicates life may still get harder for tenants.

It forecasts renters in South West towns and parts of the Perth Hills could be forking out around 30 per cent more by the end of this year, while, suburbs in the south-east corridor including Huntingdale, Maddington, Thornlie, and Gosnells are tipped to be hit with increases of more than 20 per cent.

In light of this, perhaps the key question to ask as we debate a bill aimed at renters is: is the bill before us going to actually address the key issues that are facing renters today? Of course, one of those issues is runaway rents. Western Australian renters are paying more than ever before. As *The West Australian* said, it has never been harder to be a renter in WA. There is a clear answer to that question. Frustratingly, this bill will not do that. This legislation has some good things in it, but they are very small; in fact, “timid” is probably the word I would use to describe the reforms in this bill.

I think that these reforms are hard to argue with. They will restrict rent increases to once every 12 months. Tenants will be allowed to have pets. There will be a ban on rent bidding. Provisions like this are already quite commonplace across the rest of Australia; there is certainly nothing radical in these reforms at all. Although I and the Greens support those changes, we are also extremely disappointed that what we see in this bill will largely not deal effectively with the real challenges that sit before us today. I will give an example of some of those challenges. A landlord will now be able to increase rents only once every 12 months; but, of course, there is nothing to stop a landlord rolling over what was going to be a six-month increase into a larger 12-month increase. That could happen quite lawfully. Quite frankly, we could pretty easily drive a removal truck through the rent bidding provisions. The Western Australian Council of Social Service gave this bill a generous reading in *The West Australian*; I think that WACOSS likes to be generous. It said that is a first good step, but it went on very quickly to say that it looks

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forward to the next phase of reforms, including a rent stabilisation measure to prevent excessive rent hikes. This is absolutely key. This is what is fundamentally missing from this bill—anything that will stop rents getting further and further out of reach of people on median incomes, and especially people on lower incomes. We are sadly seeing those people being forced into less secure housing, and sadly sometimes into homelessness.

In the lead-up to this debate, my office did a survey on what people thought about this bill. In the 10 days it ran for, we got almost 200 responses, and lots of people were willing to share their stories with us. I will read a few of those as we go through today. The first of those is around the idea of rents becoming unbearable, which is the case for many renters who responded to our survey. One respondent said, according to my notes —

The real estate agent is increasing my rent from \$380 to \$550 because that's what 'the market demands'. They told me If I don't pay then someone else will because there are so many people trying to find rentals. I am a sole parent of a young child on a parenting payment and rent already takes 70–80% of my income.

Another respondent said, according to my notes —

My real estate agent told me I wouldn't have to worry about increases because the owner was retired and owned the house outright. 2 years later they increased my rent claiming mortgage payments had increased ... I feel as though I can't contest the increase now because I have no paper trail for the comments previously made by the real estate agent.

Another said —

The rent was \$600 when we moved in back in 2022. After we'd moved in we realised the landlord won't fix any of the maintenance problems including fixing the solar panels and security system, but we had to cough up \$100 rent increase in 2023 or move. Now he just ignores maintenance requests.

As members will hear from the stories that I will read today, the timid changes in this bill will not be enough to make renting a good and viable option for many people in this state. One of the key amendments that I will move follows the lead of the very successful approach taken by the ACT government, which, of course, involves a power-sharing agreement between the Greens and the ALP. In the ACT, unless a landlord can demonstrate why they need a larger increase, rent increases are limited to CPI plus 10 per cent as a matter of course. Therefore, if the CPI is five per cent, a landlord can put up the rent by only 5.5 per cent unless they can make a really strong case otherwise. I appreciate that we have been told that reforms to no-grounds evictions or to limit rent increases in some way might be in the second tranche of reforms, but we do not know. I know that the Western Australian Council of Social Service has indicated that it is hopeful of that, but I am willing to place a bet that we will not see the second tranche this year in this place, and probably not even in this Parliament. I suspect this is something that we will see on the other side of the 2025 election. I say that with frustration. Labor went into the 2017 election promising a review. That began in 2019 and took over four years. Here we are now, one year out from an election, and we are only just getting around to the first tranche of reforms. I think many renters must be asking why they have been waiting so long.

Hon Dr Steve Thomas talked about the broader housing issue. This is a really important issue and one that this bill does not get to the heart of. The rental crisis is very much tied to the broader crisis in housing supply. We hear almost every day in this place that the government will build its way out of it with its \$2.6 billion fund that will build 4 000 homes over four years. I have remembered it off by heart because I have heard it so often!

Hon Dr Steve Thomas: It's more than four years, I think.

Hon Dr BRAD PETTITT: Well, that was the claim.

Hon Dr Steve Thomas: They can't build that in four years.

Hon Dr BRAD PETTITT: I was just reading out the claim that is on every press release—1 000 houses a year and 4 000 houses over four years. I tend to agree with Hon Dr Steve Thomas that that is unlikely to be delivered. Even if that were delivered, it would not address the housing crisis. Let me back up a little to explain why that is. I will first look at social housing. When Labor came to power in 2017, there were just over 44 000 social houses—44 087. By the start of its second term, there were only 42 715 social housing properties—a loss of 1 372. We have had a lot of promises since then about the rapid build. The latest figures I could find were for 31 July 2023; we now have 43 795 social homes. That is still 292 fewer than when Labor took government. I feel like I get a press release from John Carey every second day announcing that another triplex has been opened, so we might be getting close to where we were in 2017! That is hardly the way to build ourselves out of a housing crisis. We also have to realise that we now have over 19 000 applications, or 35 000 people, on the public housing waitlist—a waitlist that continues to go up. It is going up month on month.

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I will just reflect on where I live in the City of Fremantle. We could literally map out why we have a housing crisis. This applies to both parties. Over the last decade, hundreds of social houses have been demolished—I mean hundreds! That includes the whole Burt Street precinct, the whole Beaconsfield precinct around Davis Park and housing where I live in White Gum Valley. I can honestly say that none of it has been rebuilt; it was just demolished. Another one that I have not mentioned is Holland Street in Fremantle. Housing block after housing block was demolished and, universally, not replaced. I say to people in government, especially those members in South Metro, to go and walk around Davis Park. It is shameful. This is where some houses are not demolished; they are left standing with boarded-up windows. Maybe one in 10 houses is left. Some poor person is now stranded between two boarded-up houses and the rest of the houses have been demolished. Their future is uncertain because that project has been paused, 10 years on. It is pushing 10 years, I reckon, of absolute failure to deliver in a housing crisis. It is unacceptable. Do members know what the worst bit is? We have had a really great little social housing block in my suburb of White Gum Valley. It is a fairly old housing block—it was probably built in the 1950s—with about 20 apartments with really nice people. As we speak, they are all being forced out. They are being relocated—spread out—without them wanting to go. All of them want to stay. Do members know what? The whole street signed a petition about them wanting to stay. They are being forced out because the building is going to be renovated. Frankly, no-one who lived there wanted it to be renovated. No-one asked for it to be renovated, but all of a sudden those people are being spread out. They have lost their community. Now we have another 19 or 20 empty social housing units. Let us just keep pushing those numbers up! That is just the story of my community—a story that has been replicated across Perth again and again. We are failing. It is extremely frustrating.

Social housing is one part of that failure, but the failure extends into a broader rental crisis. We all know that a healthy rental market has a vacancy rate of about 2.5 to 3.5 per cent. It should be somewhere in that range. According to the Real Estate Institute of Western Australia, our vacancy rate in January 2024 was 0.7 per cent. It has sat below one per cent every January since 2022. It was 0.9 per cent in January 2022, 0.7 per cent in January 2023 and 0.7 per cent in January 2024. Renters are facing a crisis. That is what is pushing up prices. That is why we have seen a 67 per cent rise in the median rent. The median rent in March 2020 was \$400 a week. Two years ago, in 2022, it was \$480 a week. Now, it is \$640 a week. This is very difficult for families and individuals who are forced to rent. In fact, people on a median income can afford only 41 per cent of available properties across WA. For families in the thirtieth percentile—below the average family household income—only five per cent of rental properties are affordable. We are not going to build our way out of this.

We talked before about the government's promise of building 1 000 houses a year. To put this into context, in Western Australia, about 24 000 thousand homes will be required annually. We are not building anywhere near that number at the moment, in fact, I think we are well below 20 000. We are going backwards. The National Housing Finance and Investment Corporation actually predicts that WA is going to have a shortage of more than 25 000 homes in Perth by 2026–27. That shortage is getting worse year on year. I raise that because, again, this bill is not getting to the heart of this crisis. We are going backwards in every possible measure in terms of how we deal with rentals and housing more generally.

We need to start getting serious about this. I will give an example of what the gap between announcement and serious policy looks like. Perhaps there is no stronger example of that than the Airbnb space. We had a recent announcement that there was going to be an incentive to get people to move their housing from short-term Airbnb and other providers back into the long-term market. A question was asked on 29 February. We learned that there have been 149 applications, and of those, 115 have been completed, with a further 34 in progress. Thus far, only 62 grants have been paid. That means that as of 29 February, 62 more properties went from the short-term market into the rental market.

We also know that over the period of the last quarter of 2023, there were 584 new listings on Airbnb. The maths is not very complicated; there has been a net loss of 522 homes to the short-stay rental market. This is the problem; the government puts out announcements that are not serious about dealing with the crisis. They are a small carrot that is frankly unenticing to most rational landlords because they know there is more money to be made in the short-term market, and there is no stick, because that takes courage. What we end up with is more and more houses that tourists can rent, but that mum and dads, families and people who need long-term housing in our state cannot. This kind of policy setting is not working. It is not serious policymaking. Serious policymaking is not about announcements; it is about getting outcomes that deliver things in our community. We are failing on this.

I have another anecdote from our rental survey. We had lots of these. It states —

“Lived in my previous residence for 7 years, until I was evicted at the end of a lease because the landlord wanted to turn the property into an AirBnB.”

These are real people, not just stats. This is someone else who is now in this market, joining queues and trying to find another house because a landlord is making the decision to turn it into an Airbnb. We can regulate and provide

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the right kinds of sticks and carrots to make these changes, but we need to be open and honest that what we are doing now is not sufficient and is not working.

The context for this is that we have fewer than 2 000 properties on the long-term rental market right now. We have 20 000 holiday rentals available and 5 000 of those are in Perth. See the problem? Of course, there are other levers as well. The great absurdity of the crisis we are in is that there is actually no shortage of bedrooms or houses. On census night in 2021, there were 118 000 Western Australian homes unoccupied. There might be good reasons for some of those—people might have been on holidays. I appreciate that for some of them there were rational good reasons, but not all had them. I suspect that it could be safely said that about half of those could and should have somebody living in them in the middle of the housing crisis. Again, there is a role for the government to use the right regulations, carrots and sticks in a housing crisis in which more and more people are sleeping on our streets, being forced to couch-surf and are unable to leave domestic violence situations. There are real reasons to get serious and actually open up houses. We are not going to build our way out of this crisis quickly enough. We need to actually get on and do things now.

My last example of things not being taken seriously in this space is around rental assistance. In November last year—actually, it was before then—the government announced the WA rent relief scheme, which is good. Again, I think WA should have a rent relief scheme. However, Hon Wilson Tucker found out, from a question that he asked a couple of weeks ago in the last sitting, that the rent relief scheme paid out only \$636 000. That is fewer than three per cent of the \$24.4 million allocated to support 156 households. This is an honest question; I would love a serious answer to this from the Leader of the House; where is WA's advocacy on extending the National Rental Affordability Scheme? There are 4 000 dwellings under the National Rental Affordability Scheme that are coming to an end this year, next year and in 2026. Those properties will become unaffordable for those people living in them. There is just silence, at both the commonwealth and state level, on extending NRAS. That is 4 000 households, and here we are playing around with 156 in the WA scheme. Why are we not doing both? Why are we not actually getting serious about extending rental affordability at a time when it has never been less affordable for people to rent? It feels to me that these things are such obvious low-hanging fruit and work right now. It is far better than a press release every week or opening a triplex. If we are serious about actually keeping people in housing, those are things that we need to achieve.

There are two other things that I will seek amendments to that I will talk to now. I will certainly expand on them when we get to them, but there is one I want to flag now about putting an end to no-grounds evictions. This should not be complicated or radical. It seems to me to be an increasingly common thing around the country. In fact, once again, WA is the only state to not end no-grounds evictions—congratulations WA. Here we are, again, and there is still no sign of that.

I will give an example of what is happening around the country. In WA, termination without grounds is allowed. If there is a periodic lease, 60 days of notice is given, or if it is at the end of fixed-term lease, 30 days of notice is given. Let us compare how we look with the rest of the country. In New South Wales, a ban to no-grounds evictions was actually committed to last year and is in the process of happening. It has committed to doing that. Why have we not? In Victoria, one cannot terminate without grounds, and if one wants to terminate a lease, one can only do so if one provides a reason and evidence. Similarly in Queensland, one cannot terminate without grounds. South Australia is also proposing to ban no-grounds evictions. In Tasmania, one cannot terminate without grounds. In the ACT, one cannot terminate without grounds. What is it that makes us so special? Why is it that we are not catching up with the rest of the country? I know we are wait-a-while WA, but this is not something we should be waiting a while on; this is something that we should be getting on with and doing. It is simply a basic standard. If someone is renting a place, they should not be able to be kicked out without grounds.

Landlords get some pretty generous tax incentives, and we talked about that a lot in the debate so far. Landlords get a 50 per cent reduction on capital gains tax at the end, and, before that, they also get a tax deduction from their costs associated with renting. It is pretty generous. In fact, I would encourage everyone here to read Alan Kohler's latest contribution to the *Quarterly Essay* in which he does a really good job of mapping out why house prices have now got to the point, as everybody in this place acknowledges, that they are unaffordable. He was pretty clear that it was at the very point when we added together the capital gains discount and being able to negative gear a rental place. When those are added together, we end up with unaffordable housing. It always should have been one or the other. We have a serious crisis now whereby, unfortunately for many, housing is increasingly unaffordable and renting is the only option. If renting is going to be the only option because most people can no longer afford to buy a house, the very least we can expect is that they do not get evicted for no reason. That just seems like basic decency and good policy making.

I am fascinated about why we do not have no-reason evictions. In 2022, independent polling by Painted Dog Research found that an extraordinary 74 per cent of Western Australians supported removing no-reason evictions and thought it would be good to protect tenants from arbitrary eviction. Again, I do not understand what the government is

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afraid of. It has support. This is happening across the rest of the country, in every other state. What is it that stops us from doing the right thing? On the other hand, a Make Renting Fair survey found that 63 per cent of tenants reported being too scared to ask for maintenance or necessary repairs in case that leads to an eviction. No-grounds evictions are wrong in many ways, and I want to give another example from the survey that we did. According to my notes, a person wrote —

“We were served a no grounds termination notice the day after requesting repairs in writing to our landlord, and the magistrate refused to adhere to the retaliatory eviction provisions in the RTA. We were also refused compensation for neglected repairs.”

“I was evicted from my last house because it was condemned as the landlord wouldn’t fix the roof, termite damage or leaking rooms. I was given 7 days to leave which I think is illegal. Before the house was condemned I requested a rent reduction due to areas of the house being unusable, but the landlord refused and said ‘Where else will you get a house?’ He was eventually told by the estate agent he could no longer rent the house out as it was unsafe and then he said he would sue the agent for lost income.

These are examples of landlords not doing the right thing. I agree with some of the other comments. Most landlords do the right thing and most are reasonable. But we do not make laws for most people. We make laws to deal with the two or five per cent of people who do the wrong thing. Why are we not doing it in this case?

The other amendment that is really important is about minimum standards. Again, that is something we see in many other states. Examples of basic minimum standards are having adequate ceiling insulation, the premises being free from mould or having privacy coverings on windows in the rooms where people should expect privacy. These are surely some of the basics that tenants should expect when they rent a house.

I asked a question about this earlier today in question time, the non-answer to which was revealing. My question was quite straightforward. I asked what percentage of public housing has ceiling insulation; and, if that was not known, why not. The answer was a weird distraction. It was —

Energy-efficiency provisions, including ceiling insulation, have been a mandatory requirement of the National Construction Code since 2003.

Is that true? It would be interesting to know what percentage of public housing was built before 2003. Does that mean that none of that has insulation; and, if not, why not? Why are we—by “we” I mean the government, the Parliament, the state—not ensuring that public housing has insulation in the roof? The next part of the answer to the question was even weirder. It was —

The Department of Communities builds social housing properties in Western Australia to a Nationwide House Energy Rating Scheme seven-star rating, exceeding the minimum standards set out in the NCC.

That was misleading. I am sure the minister did not intend to mislead the Parliament with that answer. Seven stars does not exceed the minimum standard of the National Construction Code; in fact, seven stars is the standard of the National Construction Code across the whole nation, except WA, which, once again, decided to wait a while and delay the implementation of it. We are not exceeding any standards; we are merely meeting the basic standard that we and the rest of the country have signed up to. Let us be really clear about that. This is, frankly, a borderline misleading answer, or non-answer, that did not get to the heart of the question about what percentage of public housing in this state has insulation. Clearly, the government either does not know, which is surely embarrassing and a problem, or does know but is too ashamed to share that with this place. I actually do not know which one it is; I suspect it is probably a combination of both. From the research I have done, I would be happy to bet that the average standard of public housing would be less than two stars because the average in this state is 1.7 stars.

We have seen no effort by either side of politics to do proper retrofitting of social housing in this state. Providing insulation and solar panels for public housing is surely some of the lowest hanging fruit because public housing is for the least advantaged people doing it the hardest financially. It would save them money; it just makes so much sense. But, unfortunately, we get answers like that, which deserve to be called out for their underwhelming and, sadly, uninformed nature—if it is uninformed—of how we understand public housing. Minimum standards should apply not just to public housing, they should apply to all rentals. There should not be a house in this state that does not have insulation in the roof. It is cheap, it pays for itself and it just makes sense. We require it in all new houses. A wealthy state like ours should incentivise insulation; we should make sure we do it. Frankly, before anyone rents out their house they should put some insulation in the roof, make sure it does not have mould and make sure that it has privacy coverings.

Privacy coverings are another interesting issue. It would be interesting to get a response to this. I suspect that almost no public housing comes with curtains, blinds or other privacy coverings, which is just bizarre. Most private landlords do the right thing in this space. When they rent out a house, it comes with blinds, which means there is

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privacy. The reason we know that is that we can often tell a public housing house because the residents have been forced to put alfoil up in the windows, because the state does not provide them with curtains.

Hon Martin Aldridge interjected.

Hon Dr BRAD PETTITT: I am not quite sure how to respond to that comment! I will probably let it go through to the keeper and the member can unpack it later.

I just find it a little strange to expect a tenant to move in and provide their own curtains and blinds in a public housing house. There must be a better solution. Importantly, having curtains and blinds increases energy efficiency outcomes because ceilings and windows are the two main places where there is heat gain and loss. For energy efficiency, that is one of the things we should be doing.

I return to another anecdote, this time around minimum standards, from a renter who said, according to my notes —

Our house only has one small aircon unit in the smallest bedroom. The house is very old and poorly insulated, so during our recent heatwaves in Perth, the inside of our house could reach above 30 degrees consistently throughout the weeks of intense heat. When discussing this with the landlord and real estate agent, we were told that installing air conditioning would be our responsibility and out of our pockets. We believe this is unfair, if we are paying thousands of dollars to live in this house, but it is nearly unliveable due to the heat, why is the responsibility then put on us?

Another one stated, according to my notes —

We were once, informally, threatened with a significant rent increase if we pushed too hard on getting a new oven as ours was not working properly. The owner ended up having a second-hand oven installed, which at least it works but we couldn't believe the threat of a big increases for working appliances!

Having basic things like this should be amongst the fundamentals of renting a house. At the heart of this issue—Hon Martin Aldridge might have referred to this—is that 28 per cent of people in WA are renters, and that number is increasing. Almost one-third of people across the country are now renting, and that number is going to continue to grow because house prices are so high. If one-third of the population has to rent, let us make it good for them to rent, with proper minimum standards, so that they can have a secure, mould-free, insulated place that is liveable; that seems only reasonable, as do the things I talked about earlier, such as no-cause evictions and the like.

Renting is no longer necessarily something that people do when they are a student or a young person on their way through to home ownership, as it was, perhaps, when I was a young person. Renting is now something that people are increasingly likely to do for their whole lives, and we need to respond to that fact by making sure we set up the right standards and the right rental arrangements so that people can rent secure places that are properly maintained and provide themselves with a home, because these are now going to be people's homes for most of their lives.

As I said at the start of my contribution, there is nothing to dislike in the Residential Tenancies Amendment Bill 2023. These are all things that the sector has been calling for for a long time: banning rental bidding, limiting rental increases to once a year, having pets and streamlining the process of bond returns. The only thing to dislike about the legislation before us today is what is missing from it; there is a lack of ambition. If we are going to play this so safely and conservatively and be so timid, we will not get to the heart of a rental crisis that is real, that is now, and that, frankly, needs a much, much stronger response.

I have said this before and I will say it again: bolder action is worth it, because for every rental we make available, every house we can put back into the long-term market, and all the things we can do to make renting work, it means one fewer person having to sleep rough, one less situation of a mum and kids sleeping in a car, or one less case of a woman being unable to escape family violence. This is at the heart of what we should be doing as a rich and wealthy state. Thank you.

HON SOPHIA MOERMOND (South West) [7.54 pm]: Firstly, I would like to say that this market is very much in need of regulation, and I am glad that it is being addressed. I would also like to note that the consultation process was quite extensive, with over 350 submissions received. I am not quite sure how that was done; however, I am very pleased to see that, and I hope that that engagement continues over other policies.

I grew up in the Netherlands, where it was the norm to rent. It was very unusual for people to own their own house there, and people certainly would not own more than one house unless they were very wealthy and rented one out. There were organisations in charge that rented out the homes, and people would often live in that house for 20 or 30 years as it suited their needs. There was flexibility around owning pets and being able to decorate houses. I remember my parents putting in very fancy wooden floors; I think it was in the 1970s when they were in fashion. I do not recall ever having rental inspections. I understand the need for property to be protected—I get that—but at the same, it is quite invasive. That was managed in the Netherlands by people building up a score over the years, and if someone had a bad score, it would be very hard for them to find a rental.

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People here have landlords come into their home at inconvenient times. They come in when it was not agreed for them to come; they pop in when the person is not there. Those are gross invasions of privacy. I believe that needs to be managed better overall.

I think three points in this legislation need to be addressed. The first is to have capped rent increases. I have come across several case studies in which people were simply priced out of their home. They could not afford to pay the increases and had to find somewhere else to live. When people have to move frequently for whatever reason, it destabilises the household. Children need to move schools more frequently, which tends to create poorer learning outcomes. People also lose their sense of community. Part of the community can be social vigilance, which can help people cope better at home. If someone is unable to go shopping and the community is aware of it, it is much easier to get help. Social vigilance also helps with managing problem behaviours. If a neighbour has not been seen for a while, someone may check up and make sure they have access to a doctor or can call an ambulance. That sense of community and social vigilance is lost when people move a lot.

In the Netherlands, people make sure social vigilance is built into the community. When they set up a neighbourhood, they include different types of housing—social housing with different rent points and private homes, which have become more popular lately—to make sure it attracts a diverse population. That means that lower socio-economic groups are generally lifted in the neighbourhood because everybody else is trying to make their garden look nice; therefore, there is pressure on people to conform. The stability of renting is good if there are long-term rentals.

The other thing that has been picked up is that we need to make sure that when a property is advertised, the amount of rent that is stated is the actual amount it is rented for, and people cannot go in and say, “I can pay \$100 more a week.” I realise that is attractive to the owner of the property, but it also means that we are wasting people’s time. People find a property, they think they can afford it, and they come along and realise that somebody can pay \$100 more. That is unfair and we should not be wasting people’s time like that.

The third point is that no-cause evictions are still allowed. Once again, that is very destabilising for people. There has to be a cause. I understand that people might lose their home because they have not looked after it, they cannot afford it or they have damaged it, but no-cause evictions are simply unfair.

Hon Martin Pritchard: Member, those who are on a low housing score, where do they end up?

Hon SOPHIA MOERMOND: They usually end up in poorer areas, in that sense. There are still areas that are prone to social problems due to poverty, but it is trying to prevent that by making sure that every new suburb has a range of homes with different price classes in it.

HON DR BRIAN WALKER (East Metropolitan) [8.01 pm]: I promise I will just say a few words here because it is difficult to follow the likes of my esteemed colleagues, especially Hon Dr Brad Pettitt, who gave a very convincing contribution that merits close attention. I note that amendments on the supplementary notice paper stand to be debated yet. I will probably give a more philosophical contribution here because other points have been made.

One that is missing from the discussion so far is the question of balance. This has been all about the tenants and what needs to be done to help the tenants secure their property. I am quite on board with that. In fact, I said at the briefing that I agree with most of this. It is very sensible legislation but, as Hon Dr Brad Pettitt said, there are things that might be missing that could be helpful if added to the mix. The balance I am talking about is the difference between the landlord and the tenant. If we are talking about someone buying a house, which they will then rent out as an investment property, that is a significant cost. We could talk for a long time about the tax benefits of having an investment property and whether it is right to have negative gearing. That is not the discussion altogether, but the point is that the landlord, who has made a decision that they will invest quite heavily in a new property, will want some kind of assurance that their investment will not be destroyed. On the other hand, a tenant will want a property that is worth living in.

I am thinking back to two patients of mine, a 90-odd-year-old mother and a daughter in her 60s. They were living in a lovely property with two horses, and family friends had said, “Yes, you can live here. Don’t worry, this is your home for life, you’re all good.” In November last year they came into my clinic in tears, because they had been told to get out before Christmas. A 93-year-old in considerable pain, and a daughter who is struggling to manage with quite significant animal concerns in a rural area were told before Christmas to leave in 60 days. I challenge anyone to feel well at that news. They said, “You’re family, you’re friends. We love you and you love us; what’s going on here?” They replied that they need to move into the house, which was not actually true, I believe. They said, “We need to move in; you have to get out before Christmas.” The next thing that happened was they went to a lawyer. If someone has trouble meeting the rent in the first place, and then they have to pay lawyer fees to look for their rights, we are talking about a severe financial imposition on people as well as quite supreme mental health struggles to deal with this. Is that fair? Is that right? I think no-one would agree that that is the right thing to do, but it happens. As has been pointed out already, most landlords will do their best to support their tenants, but that is not everybody.

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On the other hand, if someone is going to make a significant investment but will have no rights with that investment, because they will all belong to the tenant, as is one possible risk, who would want to volunteer their property for tenancy when they could be earning a whole lot more on their investment by doing Airbnb? It would make financial sense to do that, would it not? If I have invested in my property, I want the most return from that property. There is a problem here: are we going to dictate to people how they are going to make a return on their investment? The answer quite clearly is yes. That will make property a less interesting investment.

I have been to a number of property courses and seen how people look at this as a way of securing their future. They are well aware that the employment market here is not that great either. If they are going to work their backside off for not a great salary, because they are not doing FIFO and not earning fairly healthy amounts, they are going to have to find a way to finance their retirement. Their stocks will have gone down after the financial crash, they will be seeing chaos all about them, and they are looking at the possibility of Trump winning again and the economy going down the tubes. Of course, they will want to find some way of ensuring that they have something to put food on the table, and this is one method of doing that. Here we have the thought of government impositions that say that people cannot do this and they cannot do that. Someone could come into a property and, basically, that would be it, and that is the impression that landlords might well have if they have not taken a deeper look at the legislation. We have to find a balance between the rights and responsibilities of both the landlords and their tenants, and I think that this legislation will do that.

I visited the wonderful organisation in Fremantle called St Patrick's Community Support Centre and looked at the fantastic job it is doing. This brought me into contact in more detail with the wide variety of issues to do with homelessness and finding homes for those who have been dispossessed. How do organisations manage the psychosocial issues? How do they cope with a group of people who are homeless, or are heading towards homelessness, and who simply do not have the wherewithal physically, mentally or financially to manage for themselves? Is it our responsibility to look after them? The answer, colleagues, is yes, it is—to help those who are the weakest. But should it then mean that we give the whip hand to those who are sitting back and doing nothing? Members might disagree with that contention, but those who are unable to provide are now sitting out, and we are going to give them housing. What are they going to do with it? They are going to move into the house and not treat it as well as members or I might. A landlord faced with that obligation is going to wonder why they would want to expose their hard-earned and valuable property to people who do not respect it. Generally, when people own something, they respect it more than if they took someone else's property. That is the nature of humanity.

We have to question what will be done with a tenant who is not prepared to look after a property. Again, I am talking from personal experience with my patients; I see a broad spread of what goes on in the community. Of course, mental health issues underlie all this: putting holes in the wall, kicking down doors and setting fire to things. That is not good for a house. If the owner of a house rents it out to someone who does that, they are not going to be very happy. There are laws that we can look at. How do we protect the landlord from people who cause damage? Hoarders can pile junk in the backyard up to the eaves of the house and make it a dismal place for everybody else, reducing the value of the neighbouring properties so that when they try to sell, their price has gone down. There is a lovely example from the US in which it was discovered that if they allowed one window in a housing estate to remain broken, other windows got broken as well. The pattern had been set; no-one cared or looked after it. As a result of that, the neighbouring properties suffered from the downgrading, and then the property area, which might have been quite pleasant or salubrious, gradually degenerated into something that was more slum-like. Landlords would be desperate to avoid that situation and care for their properties. That is just a basic example of how we deal with this. This bill goes a long way to giving rights to the tenant and specifies what needs to happen when this is not done.

When I looked through the bill, I counted—well, I did not count; my software counted—the word “commissioner” 143 times. I looked for a definition of the word “commissioner” and I could not find one. I thought that was okay and maybe during Committee of the Whole we might find out what a commissioner is and who is a commissioner. I would like to be told more about that. Apparently, it is something to do with the government; it is a government body of some sort. It has not been defined, at least not during my reading of the bill. It is a fairly hefty tome, with a blue bill.

We are looking to find some measure of moving forward in a crisis because, as has been mentioned, we are in a housing crisis. It does not just affect those who are homeless, but also those who are barely keeping their home together.

We could look at the rental market—those who are in a home and paying rent. Again, I have personal experience with patients of mine who have gone to the bank because they want to buy their own property and look after it. They have done the calculations and found that the cost of a mortgage is less than the rent they are paying, but the banks say they cannot afford it. They are shutting people out of owning their own property because of a perception of the risks to the bank, but they are actually paying quite a substantial sum more than that in rent.

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When it comes to legislation, something has to be done about making housing more affordable for people. It is not just a matter of building more houses. One of the major problems with building more houses that I see in our society—I will mention this again and again in this house this year—is status quo thinking, which keeps us firmly stuck in the past. The status quo allows us in Indigenous communities in the Kimberley to build three-by-two buildings that are totally unsuited for life up there. We ask what the insulation is like, as was mentioned earlier, and how much heating we need in a house in winter or how much cooling is needed in a house in summer. We ask ourselves why we do not make more use—members will criticise me if I do not say this—of hemp houses, which do not require heating in winter or cooling in summer.

Hon Sue Ellery interjected.

Hon Dr BRIAN WALKER: I do my best, Leader of the House.

It is also true that we could add solar power and then consider whether we ought not look at long-term deep sewage but turn a village collection of sewage into an electricity generating point—ethanol and methanol burners, the biodigesters. That is actually Third World technology if it is built in China, but it is First World technology that can be created here. I spoke about this when I was living in Kununoppin. Could we not do this with a new area? Yes, we could but we are not going to; we are going to do it the old-fashioned way. We are not making use of the resources that we have and could employ to reduce the costs of a house. We could use hemp for very safe and effective insulating batts. We could even use hemp fabrics and hemp materials to turn sunlight into electricity. Imagine a hemp-based roof, which could do that. How would we help those who are less well off if they did not have to heat or cool their houses and if their electricity was solar generated to a large extent? Would that be of any interest to a community that is crying out for help? The new status quo thinking that we are currently shackling ourselves with is leaving us in the past. We do not deserve to be there.

If we then look at the broader picture of housing, it is not just the cost of the rent and the utilities that go with that, but also the cost of living, including the groceries that we need to fill the house to feed ourselves under that roof, which also leads to food insufficiency and children going to school starving. They are unable to learn and go into the workforce, without having made use of their abilities, to become low wage-earning employees. They continue that cycle of being unable to afford a home.

We are seeing a cycle of a worsening of the housing situation because we are not thinking far enough ahead to actually deal with these problems in advance. There is no criticism of government in this, because this is quite new thinking. As I say, we are living with the old-thinking present; how can we possibly think and make use of these new innovative technologies if we have not been educated on them? Although it will not work right now, I ask both sides of the house to consider this because, at some time, members on this side will be back in power—maybe in the next century. What we need here is new thinking on all sides of the house to allow us to make the best use of the resources we have to support those who are less well off in every aspect of society, housing being a very important part of that. With this brief diatribe, I close my words.

HON SUE ELLERY (South Metropolitan — Minister for Commerce) [8.15 pm] — in reply: I thank everybody for their contribution to the debate on this important legislation, the Residential Tenancies Amendment Bill 2023. I will get to all the issues people raised in their contributions, but I think it is worthwhile putting it into some context. The process for consultation on the matters that are in the bill before us began back in 2019. One feature of the Consumer Protection division is the way it does its work is very much based on extensive consultation and on deliberately working with the stakeholders on the detail of the policy that it puts to government, so this piece of work has been the subject of extensive work with all the stakeholders.

It is interesting that, with the possible exception of the last two members who talked about balance, the themes and kinds of polarisation of the views put in other contributions reflect the polarisation of the stakeholders. In this debate, on the one hand, we heard Hon Neil Thomson say that he was really sick of Labor vilifying landlords, and others on that side made their point that some of the provisions before us are too onerous for landlords. Then, on the other hand, Hon Wilson Tucker and Hon Dr Brad Pettitt talked about how timid the bill before us is in addressing the rights of tenants.

Hon Dr Brad Pettitt made one point about the bill. He said that this is not a radical piece of legislation, and I agree. That is deliberately so. People will not get radical legislation from this government. If that is what people are looking for, they will not get it from this government. We made very deliberate decisions about how to strike a balance. On the one hand, we want to further the rights of renters. One key point that I think only one member picked up on is the really significant change in the dispute resolution procedures, because that is a very big step forward in this legislation. We made deliberate decisions to improve things that tenants are entitled to but also a very deliberate decision to not interfere in the decision-making of those investors. It might have been Hon Dr Steve Thomas, but one of the members opposite described the owners of properties that are rented out as being predominantly women of a certain age. The task of the agency to craft legislation that will address the needs of both those groups was quite

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difficult. The government had to make a decision in the context of what is going on in the housing market not just in Western Australia but also around the world.

Yes—this legislation is part of a suite of measures that this government is putting in place in the housing space, but, of course, in and of itself, it will not increase the supply of homes. In and of itself, it will not build homes, and it cannot solve the problems that the whole world is grappling with.

This is not just a situation in Western Australia. It is not just a situation in Australia. This is a situation around the world. This little bill is trying to take some steps forward in setting out better rights for renters and respecting the rights of property owners as well. Between the stakeholders, generally represented by the Real Estate Institute of Western Australia on one side and the Make Renting Fair Alliance on the other, and made up of a number of our state's highly respected not-for-profits, we have tried to steer the path to give both those stakeholder groups measures going forward, but very deliberately not wanting to do anything radical—very, very deliberately. If I may be so bold, I have known Hon Dr Brad Pettitt for a long time and I like him. I do not always like every Green I have ever met, but I do like this one. That is why he will not sit on the government benches, because in Western Australia, the level of economic intervention he is proposing will not be accepted. Of course he has a contribution to make to the public policy debate, but my humble opinion is that it will not be on these benches, based on my understanding of Western Australians and what they vote for. That is a bit of context. I will go to each of the issues that have been raised by members.

The other bit of context I want to add is that we can get numbers from different places. I have some numbers in front of me from Domain about rental vacancy rates across Australia. Members can get them from REIWA, the Real Estate Institute of Australia or Core Logistics and a range of different places. The numbers might be slightly different, but the proportions will be the same. Domain tells us that in February 2024, the monthly vacancy rate in Sydney was 0.8 per cent; Melbourne, 0.8 per cent; Brisbane, 0.7 per cent; Perth, 0.3 per cent; Adelaide, 0.3 per cent; and Hobart, 0.7 per cent. The rate in every state's capital city is below one per cent. Some of those states have no-grounds evictions in place. Some do not but have indicated that they are planning to do so. I really do understand the arguments for no-grounds evictions, but what is having an impact on vacancy rates is not no-grounds evictions. It is not. It is the things that one of the other members who made a contribution referred to—it might have been Hon Neil Thomson—about the drivers of investment and the drivers of rent. It is around interest rates. It is around tax policy. It is around the general financial circumstances of people. It is not around whether there are no-grounds evictions. Every state in Australia currently has record low vacancy rates in the rental market. In fact, it is in every jurisdiction. The two territories are both around 1.3 per cent. If we accept the argument that industry says that a stable, healthy market has a vacancy rate of around 2.5 to three-odd per cent and every state in Australia is currently below one per cent, this is not a Western Australian problem. This is not a problem driven by no-grounds evictions clauses. This is a broader, structural and systemic problem. Having said that and laid that context, I want to thank everybody for their contributions. I will provide responses to the particular issues raised at a high level in my response now and we will go into them in detail when we go into Committee of the Whole.

I will start with Hon Neil Thomson and the private rental market and what he sees as the government's failure. We can best understand the number of properties currently in the rental market by comparing the number of properties that have a bond attached to them. I can confirm that there are currently 1 700 more properties with a bond than there were at this time last year. I have talked about factors such as interest rates, tax policy and the like and that we see this bill as representing a balanced approach. I note that REIWA supports our reforms and the Make Renting Fair Alliance members certainly want this bill to pass. Yes, it wants us to do more but it wants this bill to pass, and it supports what is in it.

I refer to minor modifications and the stress on landlords and the fact that the bonds may not cover costs. We have tried to take a balanced approach. As a default, it will allow only minor modifications. Protections are included for landlords. Tenants are required to restore the property. If there is a good reason to refuse a modification, there will be a mechanism to allow for refusal. That will include circumstances in which the cost of remediation is likely to exceed the bond. The issue of pets was raised, and this will be an increased burden on landlords. It is intent to allow most tenants to have pets and it acknowledges changing expectations of our community.

Hon Steve Martin talked about a limit on the frequency of rent increases. He made the point that this bill does not allow the lessor to recoup the impact of interest rate rises. The amendment brings WA into line with other jurisdictions and provides for certainty and stability for landlords and tenants. A rental property is an investment. It is reasonable to set clear expectations on rental increases.

I refer to the burden of minor modifications. Regulations will prescribe a clear list of modifications, which, as is the way with Consumer Protection, will be developed in consultation with stakeholders—all stakeholders.

A question was asked about rent bidding: can a person still make an offer? Yes, a higher offer can be accepted. Key to this provision is that the lessor, where the power rests, cannot encourage rent bidding.

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There were concerns about damage from pets. Tenants remain responsible for damages caused by a pet. There are mechanisms to allow for refusal if the premises are unsuitable or potential damage would exceed the bond, for example, or if the strata property has rules about what is and is not allowed.

Hon Martin Aldridge made the point that more people are renting for longer. Indeed, they are, and that is why it was important that we begin to make changes in this place. The commissioner's determination process cannot award damages beyond the bond. How will that work? In these circumstances, the commissioner will decline to make a decision and the parties can apply directly to the court. The member would be aware that currently all bond matters are a decision for the court. The problem with that is the Magistrates Court does not issue reasons for decisions, and different magistrates will literally make different decisions on very similar sets of circumstances. We have made a very deliberate decision to change and create a two-tier, if you like, dispute resolution mechanism to allow the commissioner to make decisions, set precedents and issue the reasons for those decisions so the market will see what is and what is not going to be acceptable. Complex matters, however, will remain the remit of the Magistrates Court.

Members sought clarity on the concept of a continuous tenancy agreement. The concept of a continuous agreement applies when calculating that 12-month period for rent increases. Members referred to the issue of retrospectivity of the 12-month minimum period for the rent increase. It will not apply retrospectively, but it will apply to all tenancies once the amendments come into effect. For fixed-term agreements, any existing review provisions in relation to the current term will continue to apply. Proposed section 99 sets out the transitional provisions. The agency has evidence of properties being advertised as available to rent from a certain amount—not a fixed amount, from a certain amount.

A member asked whether the minor modifications approach was modelled on Victoria's legislation. No, we have not modelled the whole approach on Victoria. Instead, it is likely that the prescribed list of minor modifications will be modelled on those provided in other states, which may include Victoria but might also include New South Wales. Again, consultation will be undertaken with all the stakeholders in developing those details.

In Victoria, there is an extra bond for modifications. That is not proposed here. The existing bond is considered sufficient. Bond data indicates that in 87 per cent of cases, the whole bond is returned to the tenant. The bill also allows for refusal if costs of the rectification will exceed the bond. With pet bonds being only \$260, the member asked what will happen if that is not sufficient to cover the damage. The amount of the bond will be reviewed in consultation with stakeholders. However, it needs to be noted that the usual security bond will also be available to address any pet-related damage, in addition to the pet bond.

I turn to Hon Wilson Tucker's contribution. The previous three members said we were being too hard on landlords, but now we switch and we are being too hard on renters. This bill is intended to address many of the concerns that have been outlined by advocates for renters, including around rental stability, by allowing tenants to enforce their rights and expanding the ability of tenants to challenge retaliatory action.

I now come to the issue of no-grounds evictions. I have already made the point generally. I understand the reasons for it, but if the member is using that as the reason that renters are under such a high level of stress right now, that is not the driver of it. Extensive consultation was undertaken. Several stakeholders expressed concern that removing no-grounds evictions may result in investors deciding not to invest. I note that the honourable member claimed that the government has not done its research properly, has not got its modelling right and has not looked for research to defend its position. My position has always been this: if we go too far, there is a risk that we might scare off investors. I have never said that we will scare them off; I have said that we might, because that is the view that has been put to me. That view was reflected in the Bankwest Curtin Economics Centre report. As a government, that is a risk that we are not prepared to take at this point in the housing situation.

Rent bidding was also raised. Other states have expanded or are proposing to expand the application of provisions. We see Hon Wilson Tucker's amendment on the supplementary notice paper. I am sure the honourable member will not be surprised to hear that we will not be supporting any of his amendments.

Hon Wilson Tucker: I am shocked, minister!

Hon SUE ELLERY: Yes, I know.

The member mentioned the national cabinet decision. We are happy to work with the other states on what a policy around no-grounds evictions might look like, but we have been clear from the beginning that we are not changing our provisions around no-grounds evictions. We will work with the other states on what a policy might look like, but we are not going down that path. Our position has been clear, both at the national cabinet meeting and subsequently. It is worth noting, of course, that the rest of the list of changes that national cabinet wants to make have already been done here or will be done in the legislation that is in front of us now.

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Hon Dr Steve Thomas gave his wideranging philosophical point of view on the state of housing and the economy more generally. We do not see that the reforms in this bill are likely to result in disinvestment. He raised the issue of short-stay accommodation. We have made some announcements around that. He also asked about the development of regulations. They are currently being developed in consultation with stakeholders, and that consultation will continue. It is standard practice to finalise the drafting of regulations after a bill has passed. Of course, the regulations will be subject to usual review by the Parliament. Hon Dr Steve Thomas wanted more detail on the definition of retaliatory action taken by a lessor. That is clearly set out in the bill. It outlines the types of actions and the motivation for that action. It will be determined by a court based on the circumstances of the case. The act currently sets out clear rules on how a landlord can increase the rent. This bill will of course increase the period between rent increases to 12 months.

I have responded to many of the policy differences between the government and Hon Dr Brad Pettitt. We have committed a record \$2.6 billion investment and have delivered over 1 900 new homes, with more than 1 000 under contract or construction. I will make the point that I do not mind having a discussion at the table about the provisions of this bill, but this bill is not about how the \$2.6 billion is being spent or social housing, it is about the rights and obligations of renters and lessors. I will answer any questions the member may have about that.

Renting never having been harder in Western Australia is one of the points that Hon Dr Brad Pettitt made. We certainly recognise the challenges; I said that at the outset. Like I said, in every state across Australia, rental vacancies are less than one per cent. This is not a Western Australian problem.

We announced the rent relief scheme maybe a week before Christmas. It is being run by not-for-profits in partnership with the government. They got the system up and running and it is working well. Money is going out the door. Again, this bill is not about the short-term rental accommodation incentive scheme, but to date, 71 grants have been paid. That is 71 more houses than were there before.

The minimum standards were flagged and that is something that will be considered in the second tranche. There are a range of minimum standards that already exist in WA, but there is more work to be done on that. Having said that, I might end by noting that I know Make Renting Fair Alliance has written to members. It is saying that it wants the first tranche of reforms to the Residential Tenancies Act to be passed and wanted to affirm its strong support.

It is worth noting what organisations are in that alliance: Shelter WA, Circle Green Community Legal Centre, Anglicare WA, the Western Australian Council of Social Service, MercyCare, Vinnies, the Aboriginal Health Council, the United Workers Union, Ruah, UnionsWA, Climate Justice Union, Just Home Margaret River, the Financial Counsellors' Association of Western Australia, Justice Reform Initiative, Community Legal WA, LinkWest, Women's Legal Service WA, South West Community Legal Centre, Community Employers WA, Pilbara Community Legal Service, Rise and—I think it says—UnitingCare. I cannot even read the last one. I apologise to that last organisation. It is too fair on my photocopy.

I thank members for their contributions. I think that the diversity of views put represented the exact polarisation of the groups that we tried to bring together to end up with a piece of legislation that everyone could live with. That is the piece of legislation that we have before us. It protects the rights of investors to manage their own personal investment and extends the rights of renters as well in what we know is a very difficult market right now. I commend the bill to the house.

Division

Question put and a division taken, the Acting President (Hon Stephen Pratt) casting his vote with the ayes, with the following result —

Ayes (19)

Hon Klara Andric	Hon Lorna Harper	Hon Stephen Pratt	Hon Dr Brian Walker
Hon Dan Caddy	Hon Jackie Jarvis	Hon Martin Pritchard	Hon Darren West
Hon Sandra Carr	Hon Kyle McGinn	Hon Samantha Rowe	Hon Pierre Yang
Hon Kate Doust	Hon Sophia Moermond	Hon Rosie Sahanna	Hon Peter Foster (<i>Teller</i>)
Hon Sue Ellery	Hon Shelley Payne	Hon Matthew Swinbourn	

Noes (8)

Hon Martin Aldridge	Hon Steve Martin	Hon Dr Steve Thomas	Hon Wilson Tucker
Hon Peter Collier	Hon Tjorn Sibma	Hon Neil Thomson	Hon Colin de Grussa (<i>Teller</i>)

Pairs

Hon Stephen Dawson	Hon Nick Goiran
Hon Dr Sally Talbot	Hon Donna Faragher

Hon Martin Aldridge; Hon Wilson Tucker; Hon Dr Steve Thomas; Hon Dr Brad Pettitt; Hon Sophia Moermond;
Hon Dr Brian Walker; Hon Sue Ellery; Hon Neil Thomson

Hon Ayor Makur Chuot

Hon Louise Kingston

Question thus passed.

Bill read a second time.

Committee

The Deputy Chair of Committees (Hon Stephen Pratt) in the chair; Hon Sue Ellery (Minister for Commerce) in charge of the bill.

Clause 1: Short title —

Hon NEIL THOMSON: I want to start with an issue that the minister raised in her response, and I thank the minister for her response. Notwithstanding our opposition to this, there is a certain degree of support for not going as far as some of our colleagues in this place might want to go because it would certainly make the case a lot worse. The minister mentioned the bond disposal data in Western Australia, which I have looked at. The minister said that in the order of 80 per cent of bonds were returned. I cannot recall the figure exactly; I had it written down. I do not have the disposable data going back too long, because there is a lot of data. It was an amazing amount of data in a few months. There were 12 000 data points in the first two months of this calendar year. In that case, 10 per cent of tenants were reimbursed zero, so they got none of their bond back, and 58 per cent of landlords ended up with some of the bond being returned to them. I raise this because I am not sure where the data came from and whether the figure the minister had was an average of the total amounts that were disposed.

Progress reported and leave granted to sit again, pursuant to standing orders.