

INTEREST RATE RISES

652. Mr R.C. KUCERA to the Treasurer:

Under the Howard government we have seen a steady stream of interest rate rises.

Several members interjected.

The SPEAKER: Order, members!

Mr R.C. KUCERA: I will start again, Mr Speaker. Under the Howard government we have seen a steady stream of interest rate rises. Can the Treasurer explain to us -

Several members interjected.

The SPEAKER: Order! I am sure members on my left want more than one question to be asked today. I keenly ask them to allow the second question of the day to be asked.

Mr R.C. KUCERA: We have seen a steady stream of interest rate rises. Can the Treasurer explain to us why the Prime Minister is now trying to offload the blame for this problem onto the states whilst ordinary householders, particularly in the federal electorate of Stirling, are suffering?

Several members interjected.

The SPEAKER: Order! Perhaps it is nearing Christmas and we are going a bit silly, but it is inappropriate to make so many comments when a question is being asked. At least members should wait for the answer so that they can say something then.

Mr E.S. RIPPER replied:

I think the short answer is: avoidance of responsibility and self-interest. Those are the reasons the Prime Minister is trying to avoid responsibility and pass the buck to the states. We know and you know, Mr Speaker -

Several members interjected.

The SPEAKER: Order! I call the member for South Perth and the member for Roe to order!

Mr E.S. RIPPER: People opposite know that the state is not responsible for rising interest rates.

Several members interjected.

The SPEAKER: Order! I call the member for South Perth and the member for Roe to order.

Mr E.S. RIPPER: They know, which is why they shout and seek to interrupt. They know that John Howard's government and -

Mr G. Woodhams interjected.

The SPEAKER: I call the member for Greenough to order.

Mr E.S. RIPPER: They know that the government of John Howard and Peter Costello has presided over six interest rate increases since John Howard promised -

Several members interjected.

The SPEAKER: Order! I call to order the member for Roe for the third time and I call to order the member for Avon.

Mr E.S. RIPPER: They know that they promised to keep interest rates at record 30-year lows at -

Mr M.W. Trenorden interjected.

The SPEAKER: Order! I call the member for Avon to order for the second time.

Mr E.S. RIPPER: That was the promise, and members opposite know it. That is why they shout and interject. They do not like to hear repeated what they know in their hearts is the truth. There have been six interest rate increases since John Howard made that promise and 10 interest rate increases over the past five years. They are trying to shrug off their responsibility and blame the states. Mr Howard tried to do that last August. It was nonsense. He knew it was nonsense, the media knew it was nonsense and every economist knew it was nonsense. However, last Thursday, after the latest interest rate increase, he was at it again.

Dr K.D. Hames interjected.

Mr E.S. RIPPER: Member for Dawesville, this is what he told ABC radio -

At a state government level -

Several members interjected.

The SPEAKER: Order! I call the member for Avon to order for the third and final time. I say to the member for Roe, quite seriously, that had I called him to order for the fourth time, he would be on his way out of here. Do not interject!

Mr E.S. RIPPER: Perhaps the opposition will listen respectfully to me quoting John Howard.

Several members interjected.

Mr E.S. RIPPER: Why would they interject on me quoting John Howard? Why would they do that?

Mr P.D. Omodei interjected.

Mr E.S. RIPPER: Let me quote the Leader of the Opposition's leader. This is what he says -

At a state government level, in three years time we're going to have accumulated state debt of about \$80 billion, and all of that is courtesy of Labor government. So the only show in town that's put its hand up for budget surpluses is the Coalition.

How far out of touch with Western Australia is this man? How far out of touch is he? The shadow Treasurer calls our surplus obscene and the Prime Minister says we are in deficit. There is no consistency at all from the other side. The Prime Minister makes those statements but he is happy to rip \$5 billion a year - \$2 442 per Western Australian per year - out of this state to contribute to his own surplus to spend elsewhere.

Let us go through some of the facts. We have kept debt at record lows since we were elected in 2001. We have maintained budget surpluses, unlike the former coalition state government of which the Leader of the Opposition was a member, and we have reinvested record amounts from the surplus into economic and social infrastructure. That is not a recipe for high interest rates. In fact, we have been saving the need for taxpayers to make interest payments because, through the application of our surpluses -

Several members interjected.

The SPEAKER: Order!

Mr E.S. RIPPER: Through the application of our surplus we have avoided debt or retired debt totalling \$3.7 billion. That means that taxpayers do not have to pay \$230 million a year in debt interest payments. That money can be put into services for the people of Western Australia. For the fourth year in a row we have a net debt-free general government sector. We have no debt whatsoever on our non-earning income assets; we have debt only in our government trading enterprises. We have a AAA credit rating.

Several members interjected.

The SPEAKER: I call the Deputy Leader of the Opposition to order. I call the member for Dawesville and the member for Stirling to order.

Mr E.S. RIPPER: We have glowing report cards from Access Economics and from Standard and Poor's, yet we still have the Prime Minister completely out of touch with Western Australia and Western Australian circumstances. He must accept his responsibility. He made the promise and he has responsibility, together with Peter Costello, for the management of the national economy. This is what ANZ Bank chief economist Saul Eslake said to my office about the contribution of the federal government to this issue -

Notwithstanding that it has remained in surplus, the Federal Budget has in recent years been boosting domestic spending and thus - in the context of an economy operating at close to full employment - putting upward pressure on interest rates . . .

Mr Howard is an interest rate denier. He will not accept responsibility for what his economic management has done to the mortgage holders in the electorates of Stirling, Cowan, Hasluck and Swan. He will not accept it because he is an interest rate denier. On the other hand, Mr Rudd has acknowledged the contribution of Western Australia to the nation's economy. He has responded. He will invest in the infrastructure that will keep the state's growth going safely.