



Speech by

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MEMBER FOR IPSWICH

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INTEREST RATES

Ms NOLAN (Ipswich—ALP) (10.57 pm): Tonight on the news debt-laden families across Australia have heard that interest rates have again gone up. From Flinders View in the federal seat of Blair to the marginal seats of western Sydney, people who paid far too much for their houses after the federal government let housing affordability go to the pack will be feeling betrayed that since John Howard promised he would keep interest rates low they have only headed up and up. Having made the dishonest promise in the first place, the Howard government on Monday launched a scandalous campaign telling people that, notwithstanding the promises made in 2004, interest rate rises are in fact not the responsibility of the Howard government at all; they are the responsibility of the states.

The people of Australia will not buy this tricky, poll-driven stunt. They know far more about economics than the Howard government gives them credit for. They know that last time John Howard was in government as Treasurer in 1982 housing interest rates reached 13½ per cent and the cash rate hit a whopping 21.39 per cent. They know that while states are spending they are spending only for the roads, the water and the hospital infrastructure which the federal government has completely ignored. As an example, in Queensland we are spending—as we discussed in the 5.30 motion debate tonight—to train doctors after the Howard government deliberately cut the numbers of doctor training places. In Ipswich we are spending to extend the Centenary Highway through to Yamanto in light of the Howard government's 11-year refusal to upgrade the Ipswich Motorway. Again in that region we are spending to build water infrastructure without genuine assistance from the Commonwealth.

It is outrageous for this federal government to criticise the states for borrowing for the infrastructure that it should have been building itself. Australians know that the \$36 billion of tax cuts that the last federal budget poured into an overheated economy are today pushing up inflation. They know, as Monday's *Financial Review* reported, that any new revenue coming into the Treasury is being turned back onto the porkbarrel highway. And the reckoning for this fiscal largesse—from toolboxes for apprentices to company bailouts and cash payments for pensioners—is higher interest rates.

If only the *Financial Review* had waited until Tuesday. If they had, they could have also talked about bailing out a sawmill, they could have talked about wasting money on referenda on local government in Queensland and they could have added the Devonport Hospital to the list of reckless spending initiatives by the Howard government which are today pushing up inflation. In 2004 Mr Howard made the dishonest promise to keep interest rates low, and he should be condemned today for again breaking that promise.

Time expired.