

PRIVATE MEMBERS' BUSINESS

Housing Affordability

Mr ROBERT (Fadden) (8.41 p.m.)—I rise to join the government in noting that interest rates do hurt family budgets where they have home loans and, of course, benefit those many Australians with savings. It must be noted, however, that interest rates are set by the independent Reserve Bank, albeit as a blunt instrument of monetary policy. Interest rates in Australia came off a very low base, due to the outstanding economic management of the previous Treasurer, the member for Higgins. This low base was, in part, due to paying off Labor's previous \$96 billion debt and not having to pay the over \$8 billion in interest payments that accorded due to that. This allowed the previous government to raise real wages in the last decade by over 21 per cent, whereas under the previous Labor government there was a decline in real wages of 1.8 per cent. Tax reform over the last decade returned more money to taxpayers and to companies. All of this allowed the Australian economy to become the envy and, indeed, the miracle of the world.

Remember that the Governor of the Reserve Bank in his June statement said that inflationary pressures were moderating and the Mid-Year Economic and Fiscal Outlook released in October forecast inflation at 2.75 per cent for this financial year and 2.5 per cent for the next financial year, noting also that the inflation rate over the previous 11 years was an average of 2.5 per cent. In other words, these are recently emerging but real inflationary pressures that we are experiencing, which is why the Reserve Bank is exercising monetary policy. Far from the Reserve Bank issuing these fanciful and fanciful 20 warnings, the Reserve Bank simply said that inflationary pressures were moderating and the Mid-Year Economic and Fiscal Outlook forecast was 2.75 per cent for this financial year and 2.5 per cent for the next financial year.

What is concerning, though, is that this Treasurer has been talking up inflationary pressure with ill-timed and, dare I say, reckless comments such as 'the inflation genie is out of the bottle' one day before the Reserve Bank met to consider rates. Combine this with oil prices of over US\$100 a barrel, food prices impacted by drought, a rapid increase in the cost of financial services driven by a fallout from the US subprime market collapse and the subsequent global credit squeeze, all of which have contributed to underlying inflation moving ahead of headline inflation.

During the election campaign, the people of Australia and the now government were warned that we were entering difficult economic times driven by international forces. Yet far be it from the Treasurer to act responsibly! In fact, he is acting more like a goose, with over 100 squawks about the previous government doing this or doing that, rather than facing these internationally-driven inflationary issues that have emerged. This is not the time for aimless squawking, Mr Treasurer, or for talking the economy down. It is a time for a flexible labour market. It is a time for retaining the strong \$20 billion surplus this government was left. It is a time for implementing those coalition policies that Labor borrowed during the election.

I have a copy of these supposed 20 warnings from the Reserve Bank, which I read, looking for where it said that the economy was being mismanaged. I was looking for where it said 'poor fiscal management by the coalition government' and—you can imagine my surprise!—I could not find it. I was looking for where it said poor fiscal management by the coalition government was responsible for inflationary pressure and—believe it or not!—it was not there.

Let me read from 20 August 2007, which apparently is the 20th warning that this government put forward. All the Reserve Bank Governor said was:

"As far as I know, our liaison work still tells us that people find labour hard to get. As I said in my opening remarks, in some surveys it is the single most constraining factor ...

There was another apparent warning, from August 2006, that:

... clearly more has to be done to attract people into occupations."

What a nonsense that 20 warnings were given—that is an absolute nonsense. The Labor opposition's previous track record on economic management is an absolute farce. They were left an economy in top order. It is incumbent upon them to ensure that it stays that way.