



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
AND THE MINISTER FOR HOUSING AND REGIONAL DEVELOPMENT,
THE HON BRIAN HOWE MP, DOORSTOP, BEENLEIGH COMMUNITY
CENTRE, QUEENSLAND, 11 DECEMBER 1995**

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- J:** How confident are you that the States will respond positively?
- PM:** Well, my colleague Brian Howe has had substantial discussions with the State Ministers for Housing and Regional Development and by and large there is, I think, a general willingness to go down this path. That is, it has been pretty much a part of the COAG process, that is, better aligning the roles and responsibilities of the Commonwealth and the States and this seems to us a sensible direction. That is, on the one hand the Commonwealth will be taking over the responsibilities of income support, both for the public and private rental market and on the other hand the States will be taking full responsibility for the housing stock. There will be efficiencies and, of course, a more equitable support for people on lower incomes.
- J:** Prime Minister, how quickly do you expect people who are renting privately to see the benefits of public housing ... (inaudible) ...
- PM:** As we say in the Statement, it is contingent upon a set of agreements at the Council of Australian Governments as to the reflection of the fact that the States would no longer be required to provide rentals to public housing, but rather this would be done by the Commonwealth and this will require a discussion and agreement about the general figures.
- J:** So, are you talking about, in terms of after this three year interim agreement?
- PM:** We start in 1 July 1996 for the agreements, we should have it in place, I think, by then shouldn't we Brian?

- BH: The interim agreement is up to three years so that really is contingent on how long it takes for negotiations and how long it takes to actually set up the new approach. There are some complicated planning issues involved, so the interim agreement is there for three years as the current coverage. But, it could be a long way sooner than three years.
- J: So, it is conceivable that there could be some announcement before the election?
- PM: I think, we have really got to sit down with the States and take it from here in terms of financial assistance grants and I can't see us getting that done before the election.
- J: Prime Minister, if people capitalise how are they going to be able to afford to pay off their mortgage?
- PM: A lot of people will, for a start, if you put a decent down payment down it means that you're not borrowing such a high proportion of the cost of the mortgage and therefore the repayments can be structured to suit you. A lot of people just can't get the deposit together.
- J: Who would act as their guarantor ... I mean, they would have to act as their own guarantor ...
- PM: Well, I think the financial institutions, we have got plenty of them in the housing area, they are fairly sophisticated and the sort of bad debt situation in housing is so low as to make it a very safe area of commerce. But, of course, there are mortgage insurers as well and a lot of financial institutions will insist on mortgage insurance.
- J: The housing industry would prefer a more direct incentive ... any talk about that?
- PM: I notice John Murray from Master Builders Australia said today it was the most definitive statement on housing since World War II. So, that is a fair indication of what they think about it and, I think, that they are thinking long. I mean, housing finance today is there by virtue of the fact that the government opened and deregulated housing in the middle of the 1980s when our predecessor, of course, left it subject to regulation. So, you were very lucky if you got a housing loan, most people couldn't and when you got a loan it was cocktailed up with second mortgages and personal finance. So, it was enviably higher. We have got real competition in housing lending now and housing lending rates are coming down and this has been a stimulus to the market. But, where there has been overbuilding, you will just have to wait for that stock of places to be taken up, but there is no doubt this would help in the longer run because it means that some of the private

stock could go virtually into rentals for people who might not otherwise qualify for a place in public housing for years and years.

J: Prime Minister, is this aimed at the battlers?

PM: Well, Brian Howe and I have been battling for battlers all of our political lives. The Labor party has been battling for them for over 100 years and in our case we have been battling for a quarter of that time and a lot of the changes to rent assistance which I mentioned in the speech, affordability came, of course, from reforms in the 1980s and the essence of this is for people on low incomes who are finding that they just can't get the houses of their choice in the places of their choice or for people who are now in public housing who are afraid to move to where they really want to be because they think they will lose their place. Now, it is only ever Labor governments that think about these people and, of course, the Liberals condescendingly call them battlers. It is a bit like saying someone is in trade, it is their social equivalent of their "in trade" remark.

J: Prime Minister ... is it possible to put a dollar figure on the Rent Assistance Program?

PM: I don't think we should try that at this point. We have got some fairly close estimates of it all, but this is a big program, a systemic program change has got to be worked through with the States. So, rather than having numbers running around we have made some very clear benchmarks though. We are saying that new tenants in public housing will receive subsidies which will ensure that they pay no more than 25 per cent of their income in rent for appropriate housing. There is some of those types of things there to give people a guide.

J: ... (inaudible) ...

PM: I think the answer to that is yes. It is just a matter of how much we can negotiate in the mean time.

J: Mr Keating, are there any guarantees that the States won't just rip money out of the housing sector the same as they have done in health?

PM: What will be happening here is that the States would be providing funding to the Commonwealth for the implicit rents they now provide. We will still have a commitment under the new agreement, but again, if they allow too many of their housing stock perhaps more ambitiously, they can sell them, turn them over, renovate them, but there will always be political pressure on States to provide public housing and it is like every state, I mean you can try some of these policies if you wish but in the end you get a community back lash. People do want these sorts of public services.

J: Prime Minister, the Coalition says the real issue is a cut in the interest rates ...

PM: We have seen quite substantial changes in housing interest rates now with fixed housing rates and variable rates having come down in the last few months. They will always make the glib empty remark. The non-glib full remark is, as I say, where we want housing policy to go in the long run. And as always, it is only the government out there with the policies. Today, again, it is always the government out there with the policy and what you get from them, - you know, press release confetti. You know, the confetti and we are obviously entering the confetti stage with the Opposition. But it is not very easy to write very much on a piece of confetti and that is what they will do. They will give you one page press releases from now until polling day. So what they won't give you is a coherent policy.

J: Senator Cook talked yesterday about a downfall in interest rates coming from the Innovation Statement ...?

PM: Well the more innovation there is in the financial markets the better and you can see it in housing. I mean John Howard had the Campbell Report. He could have deregulated housing interest rates so as people could get the benefit of lower housing. He didn't do it. We did it and, as a consequence, now you can walk into a financial institution with one mortgage and get a loan. You couldn't do that. They were rationed. Housing finance was rationed before deregulation and you then only got \$25,000 or \$30,000 on a mortgage. You then got another \$10,000 on an overdraft. You get some more money on a personal loan and it was all cocktailed up. The more the Government has been able to bring innovation into the financial markets, the more efficiently they are operating. And you can really see some - probably in this last 12 or 15 months, for the first time - really strong competition in the housing sector.

J: Prime Minister, do you expect all the costs to be covered by the Innovation Statement?

PM: Well the costs to this are not affected by the revenue raised from the Innovation Statement because this is a revenue neutral matter between the Commonwealth and the States. It is a matter of us realigning our roles and responsibilities. It is not a matter, here, of trowelling new money in.

J: What about Better Cities funding?

PM: Oh the Better Cities money is there. But that is over a period of years - over three years.

- J: inaudible
- PM: Well, I mean Brian said it himself, eloquently, about the rail lines and the importance of the gateways. I mean we have just spent \$250 million here in Brisbane on a new international airport where we have now got, you know, linkages down to the city of Brisbane and to the Gold Coast. We have got, now, a rail line to help also make that linkage and this is going to be as true and as valuable in Melbourne, as it is in Sydney, and other places. And it is again, as Brian said ... it is only in the last 30 years or so that we have been building rail links and these sort of linkages. I don't think you want to add to that Brian, do you?
- J: ... Kennett's assertion essentially that you are undermining him?
- PM: Well I can't see how it undermines his proposals. I mean I think he is just having a bad week old Jeffrey.
- J: Mr Keating, will the timing of Mundingburra by-election affect your plans for the federal election?
- PM: Well, no, because Mundingburra is exclusively a State by-election, about exclusively State matters. People in this State know all about that. They have had these issues in the public debate now for months and months. But I am very confident Wayne Goss' Government will win the by-election because the Government is doing very well. I mean it is back in the saddle, it is governing, it is looking good and, I think, the Premier said it all the other day when he said "you don't want the instability that comes from hung Parliaments". Look at New South Wales. The Fahey Government couldn't move for pressure from independents. You had Premier Greiner making the same point and there was very much a time when people regarded New South Wales, under the Coalition Government, as a place to miss. You know you went to Queensland, or to Victoria. Now I don't think Queensland should lose that advantage. The advantage of Government and getting on with it.
- J: How do you think Wayne Goss would go in a State poll?
- PM: Well there is no State poll. I mean it is a by-election.
- J: No, if the by-election went the other way?
- PM: Oh God knows. Well I think he would get up because the Government looks good, I think, and we are getting things done. Like the things we are doing jointly with them here.
- J: So from a federal point of view Mundingburra doesn't concern the federal government either way?

- PM: No, the federal arena has got a whole different smorgasbord of issues altogether and given that it is not that long since a State election here, which was a relatively close one, in which this seat mattered then and mattered now. I mean I am sure the Queensland community, certainly the people of Mundingburra, understand that well. Anyway, it is only ever the Labor Party that has ever done anything for Townsville. I mean we have just put funding into a new port, the Commonwealth, in the last year or so. Look at that huge investment in the water supply. There is one branch of the Australian Taxation Office. I mean Better Cities funding.
- J: So you wouldn't see anything Mundingburra by-election within five weeks of the federal campaign?
- PM: Well, Jim, you're in the central Canberra Press Gallery business of picking election dates for the Prime Minister. It is like, you know, a game of scrabble.
- J: So you wouldn't see anything Mundingburra by-election within five weeks of the federal campaign?
- PM: No, it wouldn't worry me because I think they are separate issues.
- J: Does it worry you that you won't be invited?
- PM: When have you ever seen a Prime Minister in a State by-election? When, ever? Like since 1901, ever? I don't think so.
- J: inaudible
- PM: Yes, but Ian Spicer is a fully paid up member of the Liberal Party, mate. Ian Spicer is a card-carrying Lib and he was in the last election and he will be in this one.
- J: And that comes from all the Westpac people that were polled?
- PM: No, and it is not coming from the private economists. It is not coming from the other organisations who make it very clear that they expect the economy to be growing of the order of 3 1/2 per cent.
- J: inaudible
- PM: Well that could be drawn from it and could be so. But I haven't seen the results of the survey. I can't confirm those. But, again, we have taken the economy off from 6 per cent GDP to something slower. That doesn't mean to say it is going into negative growth. Only Howard is pushing that miserable view around, just as he did in the last election. They were going to have a double dip recession and

a depression and any chump in the press who was prepared to listen to them then wrote it, just put the same discount through it, that either you put through then or you should have.

J: What are your expectations of Howard's national identity in the next Headland speech scheduled on Wednesday?

PM: Well when Mr Howard starts talking about the national identity ... I mean you know for him who always started in Whitehall and finished in Pennsylvania Avenue and no doubt he will be preaching some of the themes which I hope I have made familiar about the importance of culture to Australia, of Australian culture to Australia, keeping violence off television. Unlike him, I don't mind him pinching my policies. That is quite a compliment.

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