

KEYSTART — INTEREST RATE POLICY

396. Ms L. METTAM to the Premier:

I refer to the decision to lower interest rates for Keystart home loan owners yesterday following a question in the other place that revealed the number of Keystart customers defaulting on their loans had more than doubled in the past year.

- (1) After 12 rate rises in the past 13 months, why did it take a front page of *The West Australian* and questions from the opposition before the government moved to help those Keystart customers in mortgage stress?
- (2) Why have our most vulnerable home owners been charged one of the highest rates by a government entity in the middle of a housing crisis?

Mr R.H. COOK replied:

I thank the member for the question.

- (1)–(2) Those on the opposite side of the chamber may not be familiar with the idea of responsible, accountable and mature government decision-making and it may come to some surprise to the members opposite that this decision was not made in the last 24 hours. We did not just get up yesterday and think: here is a tricky headline; we better make a major government decision about assisting Western Australians deal with the cost of living. These decisions are made after careful consideration and consultation with departments and they do not take place in the length of just one day.

That stands in sharp contrast to the previous governments that have served in this place made up of members from that side of the chamber. We make decisions that are financially responsible to protect the interests of the Western Australian community and, where we can, make a difference to people's lives and assist them to deal with the cost of living. I am very proud of the decision that we made, which was not in relation to a newspaper headline, but in relation to our honesty and dedication to making sure that we do two things: we keep our economy strong and we keep the number of jobs in Western Australia growing and assist those most vulnerable in our community.

We are very proud of the decision that was announced yesterday, which is about changing Keystart's interest rate-setting policy. This will be effective from 1 July 2023 and it will support thousands of Western Australian home owners. Keystart is a unique feature on the national landscape and it is one that other state governments look at with great envy and some admiration. Taking advantage of what are called transitional loan arrangements from an entity like Keystart is a very effective way of allowing people who cannot amass the deposit they need for a home loan in the normal market for mortgages to get into home ownership. It is at a slightly higher margin because it is a transitional arrangement. Our aspiration, and as many thousands of Western Australians have shown in the past, is that they transition to a normal mortgage once they get themselves established. It is a great way of helping people get into home ownership and has assisted many thousands of people make that transition.

On the basis of a household with a 30-year mortgage of \$400 000, the move that we announced yesterday means that these families will save on average, annually, over \$3 000. That is a significant contribution to the household bottom line. It is an important step that we are taking in addition to the fact that households will soon be receiving our cost-of-living rebate on their energy bills, and that will obviously be another welcome relief for them. When they receive their energy bills in July, they will receive a \$400 bonus and in addition, those with greater hardship will receive another \$423, which will allow them to get even greater assistance to deal with the cost of living. These are important contributions.

At the end of the day, nothing is a substitute for someone having a good, high-value and rewarding job. For those who are finding it difficult to deal with the cost of living at the moment, the decision that we announced yesterday and the decisions that we announced as part of our budget to assist vulnerable Western Australians will come as a welcome relief.