



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH CAROLINE TUCKER, RADIO 4QR, BRISBANE
17 MARCH 1994**

J: Good afternoon, thank you for your time.

PM: Pleasure Caroline.

J: Now one of the big issues concerning Queensland at the moment is the recommendation from the Grants Commission to lop \$149 million off our State budget, causing a lot of angst here, and a lot of tough talk too between the New South Wales and Queensland Treasurers. Do you believe you will be considering overruling that?

PM: It's not a matter of overruling it I think. We have this process called the Grants Commission which looks at the capacity of States to raise taxes, their taxing effort, the shift in population - it's a formula which we all affectionately call the black box. Every year the relativities between the States change, so there's a pool of money which the Commonwealth reimburses to the States and there is sometimes adjustments to those pools for shifts in particular things - revenue, population or something like that - and that's what has happened here. But this number, \$148 million, was a very preliminary one and there was, I think, after that a population adjustment which favoured Queensland so it will be very, I think, substantially diminished from that.

J: So you will be looking at it very closely and very substantially diminished from...

PM: I think the Premier, I think Wayne Goss will ensure we look at it closely.

J: Have you made up your mind?

PM: Well, we'll have an offer on the table next week which I think will be, as we always think it is, fair to everybody and it will be fair to Queensland.

J: No clues about the figure today?

PM: I can't give you that unfortunately, but we are cognisant of the issue and we will be, as always I think, fair. Whenever these reports have come in we have always sought to make sure that where there are large adjustments, that in some way these are more easily accommodated than simply would otherwise be the case if the raw number was to be the only number. So we are massaging those numbers and I'm sure we will come to an equitable result.

J: We all certainly hope so. The issue of compensation to arise out of native title claims is one that was on the agenda in a big way last year. We haven't heard a lot about it this year - when's that going to be resolved?

PM: Well that's pretty well settled. The Commonwealth has said we will meet up to three-quarters of the cost of compensation with complying States and half of the administrative costs. Now the administrative costs here are very large, so we are meeting half those, but we are meeting up to three-quarters of the costs of compensation for, if you like, compensation paid for grants of interest in land as far back as 1975. So it could be a substantial sum over time, in which case the Commonwealth will be picking up the lion's share of it. Now, I wrote to Premiers just before the last Council of Australian Governments meeting in Hobart and nobody raised it at the meeting, so therefore, one assumes, I think it was reasonable for me to assume, that they were happy with that.

J: Because they haven't said anything yet?

PM: Well in this business, generally everybody speaks up.

J: Fair enough. The Medicare levy. Now are we going to have a rise in the budget?

PM: Well I think Senator Richardson said something today saying that - I can't remember his exact words because I didn't actually hear him say it - but to the effect that there is no basis of understanding to increase the Medicare levy. He hasn't even brought any of his health submission to Cabinet at this stage. These things are always around in budgets. Every budget there's always some. And of course budget-making is now more public, well it has always been with us a process of consultation, and a much more public process. This in a sense always puts all the hares running and this is another budget here.

J: But Senator Richardson also said that there are serious problems funding the health budget.

PM: Well there's always a serious problem funding any part of the budget and health is always changing. I mean we have seen changes in technology and changes in the way in which the health system functions. But you only have costs when you make changes, by and large.

J: You ruled out a 2 per cent levy. Would you rule out an increase?

PM: Well I didn't rule anything in. I mean at the moment we have got the health system being delivered on. You see the Medicare levy never pays for the health system, it's only a part contribution. Most of the costs of the health system comes from the Commonwealth budget, comes from other parts of the budget. Fortunately, we have kept health costs in Australia pretty constant and around about 8 per cent of Gross Domestic Product. The health cost of the country is about 8 per cent of the size of the total economy. In the United States, it's about 16 - so we are doing something right. But it's never to say...

J: But you wouldn't rule it out?

PM: But I'm not ruling it in either.

J: Okay, the jobs levy - are you ruling that out?

PM: No, we are not ruling that out either. The thing is, the jobs levy, presents us as an option raised by the Green Paper Group when looking at some of the options in funding a much more, if you like, equitable program of training and subsidies to make people ready for work for the long-term unemployed. Now it's a concept, it's a proposal, it doesn't mean though that the Government should take it up. Now I think both Ralph Willis and I have said, and I'm happy to repeat here, I would prefer to be able to see this funded without resort to a levy. But it's still on the table and it will be there until the budget numbers really go to bed.

J: Still on the subject of unemployment, Cheryl Kernot was calling on you to define long-term unemployed today. She says yesterday you were saying eighteen months and the Social Security Department says twelve. Which is it?

PM: Well I think once people pass the twelve months' gate for unemployment, you have got to categorise people as long-term unemployed. We are not changing that category, but the fact is we have been the Party which has said we are not going to leave the unemployed behind. We are not going to see the recovery come through with a sort of an under-class of people who have sort of slipped off the back of the truck so to speak. That they're left behind as the rest of us move on. I made this very clear on the evening of the election a year ago in Bankstown in Sydney, and I have repeated it

since. That is, we should have a recovery which everyone has a piece of including, and particularly those, who have borne the greater burden already and that is, of course, the long-term unemployed. So, we don't mind helpers on the job, like Mrs Kernot and the Democrats, but essentially they are outriders to the main force which is, of course, in all social matters like this, the Government.

J: Speaking of the out riders, how serious are you about changing the electoral rules for the Senate?

PM: Well, we have never advanced any proposal about it. We have been electing the Senate proportionately now since Adam wore shorts. That's a while ago isn't it? The only points I have made is that as the House of Representatives gets bigger - there is a thing in the Constitution called the nexus - and what it says is this: that the Senate should be roughly half the size of the House of Representatives. So, the House has expanded in size, so too then has the Senate. That means that the quota to elect a Senate person, a Senator, given that there are more Senators coming all the time, is smaller and smaller and smaller. So, if we had a full Senate election - and you are talking about 12 Senators for a State - you are talking about a quota of around 8 per cent.

J: So, you think the system is no good. Do you want to have that debate in the sitting of Parliament?

PM: No, no. Every time they ask me I tell them and it infuriates all those Senators. They all like to think that they can slip in. You see, Senators are elected at large in a State. Senators are not elected within definable districts like a member of the House of Representatives is. They are not responsible, or responsive to a particular constituency, suburb, locality. They are elected across the whole State. Now, some take the view that once election night has passed, particularly if they are on the first major spot on the ticket, and they have got a full six years, it's: "we will see you in six years time." Do you understand? Meanwhile, in the House of Representatives people keep contact with their communities, their constituencies, and we're saying, I think well, if somebody is getting elected with a low quota this is somebody who couldn't even get near 50 per cent of the support of the public. Someone who is sort of, basically, sliding through the door at 6, 7 or 8 per cent and who might be there for some years, it is hardly what you call a robust show of democracy.

J: But you are saying that now here in the ABC studios, when are you going to say that in Parliament?

PM: I said that all last week. Every time I do it it is sort of like the thing belling the cat, you know. I mean, every time I bang the cage they all around there in that Senate they all - the Clerk writes another paper,

and the Clerk's clerk, and the Clerk's Deputy, and the Deputy's deputy writes another paper. It's a real scream around there.

J: Well, would you consider introducing legislation to change the voting rules?

PM: No. We are not at this stage contemplating legislation. But it is worth talking about these things. For instance, let me make this point to you. We were elected, the Government was elected a year ago. We were elected on the mandate of restoring growth to the economy. That we have done. Yesterday the economy grew in those National Accounts at 4 per cent faster, or as fast as any western economy. We have got low inflation, we have had 200,000 jobs over the year. But half the Senate was elected three years earlier than that. In other words, it is not a contemporary house. It wasn't contemporaneously elected with the House of Representatives one year ago. So, you see, they don't like these home truths being pointed out. Basically I don't think even I would bother to point them out were it not for occasions the place makes a nuisance of itself. So, therefore I then say, well look, just understand what is happening here. The Government was elected with a mandate, it didn't give the Senate a mandate to refuse its budget, the Government did promise to restore growth to the economy. It has. The Government did promise to re-start employment. It has. The Government did promise to put in a big piece of cultural and property law with Mabo. It has. The Government did promise to bring in tax cuts around November. It has. The Government did promise to bring in the home child care allowance, the general rebates for child care. These things it has done, so therefore a Senate is trying to thwart the wishes of a Government elected in the House of Representatives and which is going to be accountable to the public in just two years from now - it is not as if we have got five year elections in this country. They are only three years. So, this idea that they are over there to keep us honest, we who can keep ourselves honest by doing all those things I just mentioned to you. All were then, some of them sitting there with massive quotas of 5 and 6 per cent of the vote. These little facts need to be pointed out occasionally.

ENDS