



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
INTERVIEW WITH SPENCER HOWSON, RADIO 4RK, ROCKHAMPTON,
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SH: Prime Minister Paul Keating, thanks for coming in.

PM: A pleasure, very good to be here.

SH: Well, welcome to Rockhampton, have you seen our new bull statue, we now have a fifth statue, did you see it as you arrived?

PM: I did in fact, yes I did. I mean, I'm quite familiar with Rocky, I've been here many times over the years. It's a lovely city.

SH: What did you think of the new statue. Did you take any notice of it or just sort of disappear past you?

PM: No, I just sort of, well, I just noticed it and went on, but it is a, I mean, it's a very important centre this and it's very nicely situated on the river and that's a very beguiling place.

SH: You spent time this morning with local Year 12 students. What did you learn and what did they learn from a discussion like that?

PM: Well, I think there's a great freshness of mind about young people, there's no humbug about them. They're interested in argument, the facts, they've got views, they express them. They're not reticent, I find actually speaking to them they are a tough audience. I mean, they are very tough, they are very tough judges, hard assessors ... but, one has a chance to talk about how I see it. I mean, that's what I'm invited to do - talk about how I see Australia, where it will be in 10 years time, what the opportunities are and, you know, and I was making the point I've never seen us so well placed and particularly the lives and the life cycle of young people today in the new Australia, the one that's got

international linkages now it never had, I mean a young person could today be working in Rockhampton one month, in Shanghai the next, and then be back into Sydney or Melbourne. You know, we've now internationalised the country so much these very high participation rates in school are producing a huge body of educated people and where ever we see an educated nation we see an interesting one.

SH: You say a tough audience. I believe one of the questions was regarding East Timor, was that the sort of thing that you were expecting?

PM: No, in fact it wasn't one of the set questions, it was on the outside, but no, I think, tough in a sense of that they listened for value. I mean they don't want ... hypocrisy, they want value.

SH: So, they're very educated when it comes to politics you think?

PM: Well, I think they're doing politics, they're doing economics and they probably follow current affairs more than say, my generation at the time did. So, I always give them as good as I can. That is, I try and tell them things directly because not many people get a chance to talk to the Prime Minister directly, you know, they get it filtered through the media in some way, of course, you always have a chance to meet people both coming and going. They all say things to you and the bits and pieces, if you're a good listener, the odd little gem sticks with you.

SH: Yes, what do you get out of this sort of thing. I mean, in the last week we've seen the Premier, Wayne Goss, visiting a school in Rockhampton and the cynics would probably say that they are turning 18 next year, it means they can vote. Do you get more from it than that?

PM: It's got nothing to do with that. I mean, we do it for the fact that I think it is important that regions believe that they are as central to the way the nation functions as the cities are and the point I've been making up here is that often, if you look now around the country the areas of greatest employment growth is actually in the regional areas. It's not in the cities. Now, there is an absolutely greater number of jobs in the cities because the cities are bigger, but the employment growth rate is often higher in regional areas. So, I think it's important for Premiers and Prime Ministers to come to regional centres and that's why I'm here. I'm not here because a group of children, students are turning 18 years of age. I think that important as that is, I'm here to say ten years ago, if I'd been here only half as many students would be there because only 4 in 10 completed secondary school. This year it is 8 in 10. It will soon be 9 in 10.

SH: And have you had much chance, you've been in Rockhampton very briefly today, you got in I believe about 11:00am and it's now just

coming up on 3:00pm. Have you had much chance to talk to local interest groups, the conservationists about Shoalwater, the Cattleman's Union and the drought?

PM: I have. I've just attended a very broadly attended function and quite a few people asked me about Shoalwater Bay and about the drought. I mean, you do get a chance if you're in public life to meet people at functions like this and garner some views and I always try and do that. I always try and meet as many people as possible. I don't just come and give a speech then walk away. I try and stay and meet everybody, have a talk, see what they want to say and obviously Shoalwater Bay is quite an issue here now and it deserves to be an issue because it is one of the loveliest, pristine areas of the coast. I mean, not many countries even have the option of preserving an area like this.

SH: Shoalwater Bay as you say, has been in the news. We've had the Environment Minister, Senator Faulkner up here. We've had the Resources Minister, David Beddall up here. Neither of them are saying much about what they want. They say that it's to go to Cabinet. Are you saying any more than that at this stage?

PM: No, but of course, I was the one who established the review, Committee of Inquiry, and I did so because, I think, an area this large and with environmental values as important as they seem, deserve to be considered properly and we've done that. We've now got a set of recommendations and now the Cabinet will have to weigh that report, it's recommendations, the environmental values versus the economic potential.

SH: Do you have a personal view on it at this stage?

PM: Well, I'm not entitled to a personal view about it, but I don't mind saying that, I think, that Australia's been very well placed being able to reserve some areas. I supported, as Treasurer, Graham Richardson when he sought to bring forward the proposals to preserve the Daintree and to declare it to make a World Heritage declaration. Essentially that was about money and I was quite happy to be finding the money for that. Recently, of course, the Commonwealth government has decided not to build an armaments depot at Jervis Bay. Jervis Bay which is, sort of, an equivalent sort of area on the NSW coast has been now preserved from economic development. So, I think the Labor government has a very proud record in these things and Shoalwater Bay is being considered properly. I mean, there is a thing called due process, I mean, there is an issue here. There has been an inquiry established. There's been a report. The report now has to be considered.

SH: How much of that can you do though. The protecting the environment Jervis Bay you mentioned Shoalwater Bay, the other side of the

argument is, of course, that every time you do that you are losing out on jobs potential. Is that a hard balance for you to try to achieve?

PM: Well, I don't know that that is true. It's true in some cases, but not necessarily true in others. If you take, let's say, the Daintree, something we know something about all of us, there is no doubt now, I think, that the economic impact of preserving the Daintree has far outweighed the costs of the loss of forestry activities within the Daintree. It has become, outside of the reef, the principal focus of Far North Queensland. Tourist attention has still, I think, a lot of economic upside about it. So, it is a moot point about where the economics lie.

SH: All right. On the point of the drought. You have been criticised today by the Cattleman's' Union for not going out and seeing droughted parts of Queensland as part of this tour.

PM: Well, I've seen droughted parts of Queensland and I've seen droughted parts of NSW on plenty of occasions over 25 years of public life. The issue is not to doubt that the drought is there. Of course it's there and it's there probably because of climate change effects. What the Commonwealth Government has said is look, rather than simply this be part of the natural disaster relief arrangements, disaster means it is intermittent and unlikely and therefore where it comes it has to have an arrangement which reflects those kinds of circumstances. Whereas what we know is with these climate change effects, is it is much less intermittent than it was, it's becoming a permanent feature of the Australian landscape in one place or another each year and therefore, rather than simply dealing with it on a, sort of, natural disasters basis it's best dealt with as an on-going agricultural management problem and hence we have included it in the Rural Adjustment Scheme - in the RAS scheme.

Now, what my colleague Senator Bob Collins has said recently is look, if we think that these drought arrangements are not adequate then we can review RAS and, I think, he said that today. We can review RAS and see whether it is working. Now, I think that's the way to go.

SH: All right, on a second point on rural issues, the National Farmers Federation has been pushing for a commitment from the Federal Government to make the family farm exempt from Austudy asset testing which, I believe, was an election promise. So far no commitment on that though. What's going on with that?

PM: Well, I think, this is a complex matter. We have sought always in establishing Austudy arrangements to try and overcome the fact that some people have got quite a lot of capital tied up in farms though not necessarily a lot of income. So, on an assets basis they could be quite comfortable. On an income basis this is not so. It is a matter of finding the balance in these things, I think.

- SH: Well, is something going to be done about that?
- PM: Well, it is not something which is across my desk at the moment, but that's not to say I think that the Minister for Education, that is Simon Crean and his colleague Minister, won't have this as other issues under, if you like, a permanent watch.
- SH: All right, it all sounds very political that. I mean, does this mean that we are going to get some sort of answer some stage this year or is it ...
- PM: I can't tell you. It's not a Cabinet ranked matter at the moment and I'm not sure whether we can design an arrangement where simply the capital values of properties completely, you know, have a very diminished impact upon the granting of Austudy arrangements. I mean, Austudy has been extended as you know to Years 11 and 12. During the period of this Government we have improved Austudy at home and away from home and the level of the payments are comparatively generous to what they were when the Government came to office. It's again, a case of cutting the cloth.
- SH: All right, from Queensland to a couple of national issues. The Reserve Bank has warned today that banks are lending too much money to the housing sector. Do you share that concern?
- PM: It is a matter for the bank to make a judgement about this I think. It has stewardship of the financial system and it watches the call on the capital of banks in the devotion of their capital to certain areas of lending. I think there is also another impact, that is the impact of housing lending on the economy. It depends where the lending is. If the lending is in new housing, of course, it adds the supply. If it is simply bidding up the price of the existing stock of housing well, that's a horse of another colour. It may be this, I think, that concerns the Governor and he's the appropriate person to take this up with the banks.
- SH: There has been reports today that the Reserve Bank wants to push for re-regulation. Do you think that this is all an argument for that?
- PM: No, no. I don't think the bank thinks that at all. I mean, heaven forbid if we were to go back to the time when savings banks couldn't take deposits over \$100,000, that banks couldn't accept deposits under 30 days, all these silly regulations which existed in the past. It has always amazed me that people have actually even thought about going back to them. I'm sure the bank has no idea to do those things at all.
- SH: What about a compromise. Say, increasing the capital adequacy requirements from 50 to 60 per cent?

PM: Of banks or on housing lending?

SH: On the housing lending.

PM: Well, it's a matter of really how much ... at the moment the so-called risk weights are the amount of capital that a bank would need to commit to a certain size housing lending book and these weights have been largely determined by the BIS Convention - this is the Bank of International Settlements Convention. Whether they reflect really prudential risks in Australia I don't know, but again this is something for the bank to make, it's something within its charge.

SH: All right, a couple of brief ones more. In the Sydney Morning Herald this morning a report that the Government is to overhaul family policies to counter the Opposition's plan to sell itself as the pro-family party. Is that the reason for the planned overhaul?

PM: No, I mean, the Government has lead on family policies all across the last decade. I mean, starting with Medicare, universal access of all Australian families to health protection regardless of income. The Coalition party - the Liberal and National party - want to basically give a free kick to the medical profession and private hospitals, charge what the market will bear and cover it with gap insurance. We won't be in that. The Family Allowance Supplement, probably one of the leading income support systems in the world came from this Government in 1987-88. The child support agency, the generalised child care rebate which I promised in the last election and which we have now implemented, the Home Child Care allowance which will be paid in September this year was a commitment by the Government in the last election. The Coalition will have to run awfully hard to catch the Labor party on family policy and the reason is, basically, because the Labor party is a party and a government which is worried about the general needs of the community. The Coalition is basically an elite organisation that is interested in people with high incomes.

SH: One of the major components of this new government plan to give women up to 12 weeks maternity leave at the existing dole rate of \$140 a week, can you tell us a little bit about that, how would that work?

PM: Well, that is something that we are going to look at in next year's Budget as a consequence of our on-going discussions with the ACTU and the Accord. They have been regarding this for a long time as an important thing, that is, that there is some income protection there for maternity leave. Now, we are very sympathetic to that. It is all about means, it is all about being able to do it at the time. But, if you look at the improvements, the massive improvements to the income of families, particularly lower income families from the government's policies, compared to say where they were in 1983, I mean they are not to be compared.

SH: This idea of giving women the 12 weeks maternity leave, would that be for all women regardless of whether or not they have children because there has been some talk that all women should be eligible for it.

PM: We haven't designed it, we said that we will ... we said to the ACTU and we announced this at the time, recently, when we had just agreed to two \$8 payments for the bottom third of the workforce in these next two years that we will look at it next year and that will, of course, be one of the design issues - whether it is income tested et cetera.

SH: Would you be interested in looking at some sort of equivalent scheme for gay families bringing up children?

PM: It has never been proposed.

SH: Well, how do you feel about that yourself - the idea?

PM: Well, I've never thought about it to be honest. It's not on the top of my agenda and may never be.

SH: If someone were to propose it to you ...

PM: I don't normally just make decisions about these sorts of things. These are things that we think about in terms of a framework and the big framework for us is basically looking after families in need.

SH: All right, Prime Minister Keating, thanks for your time.

PM: Thank you.

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