



**PRIME MINISTER**

TRANSCRIPT OF JOINT NEWS CONFERENCE WITH THE HON KIM BEAZLEY, MINISTER FOR TRANSPORT AND COMMUNICATIONS, PARLIAMENT HOUSE - 24 SEPTEMBER 1990

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JOURNALIST: Prime Minister, I guess the question now is, when will this happen and how will it happen?

PM: I want to say a few words about that and then I think that Kim can take you perhaps in more detail to that. Let me say this. As far as the Government is concerned, we want to now give effect to the authority that's been given to us by the Party as quickly as possible. That means as quickly as is consistent with getting what will be very complex legislation into place. Kim, you might like to add to that.

BEAZLEY: Yes, well we would want to try and get some draft legislation up by the end of the year for consideration. Certainly we'd want to see this process over if we could by about the middle of next year. We will be working towards that end. But it's not easy legislation to draft and will not be easy legislation to talk through the Senate and to negotiate the fine detail of it. As far as the airlines are concerned I think that we could do the best part of the work that needed to be done on that this financial year. It might spill over into the next one.

JOURNALIST: Are you concerned about putting Qantas and Australian on the market when the share market's so depressed and the investment market is so depressed?

BEAZLEY: It's something that we'd have to think about and we'd have to talk to the airlines about the appropriate way of doing it. Of course other departments have an influence on the course of action that we'd take on those matters. But that's not something that would be distant from our minds.

PM: Let me add there to what Kim has said that as far as the airlines are concerned you'll appreciate that some of the placement will obviously be overseas. In other words you're not looking just at the capacity of the Australian capital market to absorb what would be placed.

JOURNALIST: So when would the sell-off of the airlines ... would you envisage?

PM: Well again I'd just make a comment about that and Kim might like to expand on it. Obviously as far as we are concerned we would like to do this as quickly as possible. But we are not going to move precipitately in a way which could minimise your chances of getting the best possible return for the sale of your assets.

JOURNALIST: Are you inclined to do the Australian Airlines sale in two parts rather than putting it all on the market at once?

BEAZLEY: I think that's something that we'd want to consider after we've had a chance to take a pretty decent look at what would be the most appropriate way of going about it. I think there'd be distinct views I think in the Government about whether or not you'd want to do the whole lot at once or in two parts. But certainly I think we'd want to see the whole process at a conclusion mid to late next year.

JOURNALIST: ... Senator Button suggested it could be 20 years before there is in fact a full network competitor to Telecom and ... suggest that on the Swedish model there may never be.

BEAZLEY: Well the Swedish model has this flaw. Basically the Swedish Telecom, Televerket, determines the nature and price of interconnect into its system. That is not our proposal. I think that it would be a most unwise competitor not to expand as rapidly as it possibly could its involvement in the full network. One can't tell how long this particular period of regulation would last. We would certainly see it going through a couple of Parliaments. But from that point on, if you haven't taken advantage of your position to build yourself a customer base then you don't exactly know what's going to happen to you. That's the first point I'd make. The second point I'd make, building alternative networks is getting easier and easier. You take a look at the sort of costs, prices I was dealing with on fibre optic cable. Transmission and cable Adelaide to Perth, just a bit over \$45 million. When you're talking those sorts of numbers and then contemplate also that in this decade we'll see a massive expansion of sort of wild-spaced communication around domestic nets, I think it's not going to be as difficult for a competitor to operate as some people thought.

JOURNALIST: ... do you competitors to be up and running and secondly you mentioned putting in legislation this year. Would you expect it to be through this year ... next year?

BEAZLEY: I really, with the best will in the world I don't think we could get the legislation through this year. It will be through next year and then immediately you'd want the competitor going. You'd hope to have that

whole thing positioned, out of the way by the end of next year.

JOURNALIST: ... select the second carrier?

BEAZLEY: I think there are two alternatives really. There's one of simply proceeding with a generalised beauty contest between those who are interested in being in it or there is the prospect of commencing with a beauty contest, toning it down to two, and then competing those two against each other in much the same way as we did the frigates. That has the advantage probably of increasing the Australian content in the initial owner and it also gives the Government, if you do go through that course, an opportunity to present a menu more effectively to the competitors of the things it wants and expects them. So that's something that we'll have to bat through with Cabinet. But we will have time to reach conclusions on that.

JOURNALIST: Mr Hawke, what's your response to the ATEA threats against the interconnect process?

PM: I've got these things to say about it. I can understand in the immediacy of the decision that's been taken by the conference which disappoints the ATEA that some rather belligerent statements might emanate from that quarter. The second thing I say is that the ATEA must understand that this Government will govern. We will not be dictated to by one union. The third thing I say is that I believe not only will the Government not be dictated to but the trade union movement as a whole would not tolerate a situation where the interests of all their members would be disadvantaged by such industrial action. Now the fact is that under the decision that's been taken, as I've indicated and most importantly as the Ministers indicated, there's a lot of discussion to take place now. We want an environment and I hope the ATEA will want an environment in which those discussions can take place constructively. But in the end the position is this. The overwhelming majority of Australian workers operate in a competitive environment and there is no reason why one union, the ATEA, shall say that uniquely for them they will not operate in the competitive environment and to pursue that position to the disadvantage of all other workers and their dependents in this country. I believe that with good will these things can be resolved and will be resolved. I'm heartened by the fact that this evening just in the last half an hour that Mr Ian McLean has said well some deep breaths will need to be taken and some consideration given to these issues.

JOURNALIST: Mr Hawke, have you seen the situation in America when they deregulated the airlines over there? Do you intend to put in any form of cushion to stop the airlines from folding if the airlines are split up?

PM: Well the airlines folding, who folds and who prospers will be a matter of the market. There is no question but that the airline industry will be a growth industry in this country. It will be a significant growth industry. As far as Australian Airlines is concerned, the decisions that have been taken today by the Party will mean that Australian Airlines will have had its capacity to prosper in that growing market enhanced. I just may make this observation in passing that I noticed that one disgruntled delegate made some observation about my friend Sir Peter Abeles prospering under the decision. Let me say this. If there is one thing that is certain about the Australian airline industry, if we had wanted to help Sir Peter Abeles, what we would have done is to leave Australian Airlines in its present condition. Australian Airlines is going to be a much more effective competitor for Ansett as a result of the decisions that have been taken today.

JOURNALIST: Will the fledgling privatised Australian Airline be protected in the short term?

BEAZLEY: That airline is -

PM: Fledgling? Some fledgling.

JOURNALIST: (inaudible)

BEAZLEY: Well it's no fledgling.

JOURNALIST: ... Government backing.

PM: Let me make it quite clear. It didn't have Government backing. The whole problem as far as Australian Airlines was concerned is that they were coming to government and saying this. Give us equity injection or privatise. Now there is no way that as far as this Government was concerned that we were going to allocate scarce resources off Budget to inject equity into that airline. That would have meant the privatisation of Australian Airlines by market takeover by their competitors. Under this position now their capital funding will be guaranteed.

JOURNALIST: The ACTU said last Friday that it still wasn't convinced of the need for a second network. How are you going to convince them now?

PM: If we're going to have a perspective of the ACT position, just don't leave it that. The ACTU conducted discussions amongst their affiliates and as we came to the eve of the conference the ACTU didn't have a united position. But very importantly the President of the ACTU indicated two things. Firstly that he believed the Government position would and should prevail and that within that position that the ACTU would be co-operating in discussions with the Government. Those are the facts.

JOURNALIST: ... head off problems with the unions before those problems are quite obvious to the community ...?

PM: We've been in government for seven and a half years and if there's one thing which characterises this Government it's our capacity to and our willingness to consult with the trade union movement. That's been a feature of Australian life under this Government and it's been to the benefit of the public as well as the members of the trade union movement. We'll continue to do that. But in the end on these issues, as I've said, the Government will govern.

JOURNALIST: ... What should they watch for now? How should we best watch the progress of these ...

PM: In regard to these particular enterprises?

JOURNALIST: Yes.

PM: Well again, let me make a couple of comments. I mean Kim has been much more intimately concerned in discussions with potential operators ... should add to it. But quite clearly on the experience of other countries and on the expectation of the capacity for growth in this country, there will be considerable interest in investment in the Australian telecommunications industry. We're not going to have any problem about people wanting to now come in and operate within this new competitive framework. As far as the airlines are concerned I think you will have interest from overseas airlines in getting a placement with Qantas and with Australian. So I don't anticipate any problem there. The important thing is that for as far as Australian consumers are concerned both in the area of telecommunications and of airlines, that interest of investors will work out in a way which will be to their benefit. But Kim you might like to ...

BEAZLEY: Yes I think obviously investors will want to watch the content of the legislation. They'll probably want to talk to Austel about the sorts of issues of interconnection arrangements both technical and the cost of interconnection. I think they will obviously want to know a bit more about Aussat's financial circumstances. They will want to in the case of the airlines know how we're going to place shares. I think particularly in the case of Qantas there will be a very heavy placement privately and probably not very much listed. Probably there'll be a similar case in the case of Australian. We'd be looking for big strategic owners standing in those airlines with very substantial interests. In the case of Australian, some foreign airlines but particularly some Australian financial institutions and also some Australian transport companies other than TNT. So I think obviously we're going to talk these things through with the airline management. We've done a bit of that now. They have views about how they'd like that

done. We have our own views. Over the next couple of months we will finalise them.

JOURNALIST: It does sound from that if the opportunities for Australians to invest in Australian Airlines, Qantas or the new telecommunications operator would be quite limited.

PM: Let's take Australian first. Again Kim will want to expand on this. But take Australian Airlines first. The immediately sensible thing to do is to look at some foreign airlines taking a placement because that is what Australian has decided, with good sense I think, is in their best interests. The reasons for that are fairly obvious. Now to that extent, and taking into account that we also want to give employees of Australian the opportunity for involvement, I think it's right to say in the first instance that that opportunity will be limited. But then as we move to the total disposition of Australian, the opportunity for public involvement will increase. Although, as Kim says also, the most effective operation of Australian would involve, I would think, a fairly significant involvement of major transport operators other than TNT. But within that total framework there will be room I think for some public listing. In regard to Qantas, there again, Qantas' best interests are going to be served by the involvement into Qantas of some other international operators and then when you take account of the fact that you are only exposing 49% there and you want some employee involvement then it's quite true that the opportunities for general public listing would be limited. In regard to telecommunications, the obvious truth is that no Australian interest has the capacity to establish the competition, the network competition. Now that will mean, as we have indicated therefore, that at the outset there would be a major overseas involvement. The position of the Government is that we would like to see as much Australian involvement as is consistent with the most immediate introduction of competition.

JOURNALIST: ... sale of the airline.

BEAZLEY: Well that's, I mean we've put around a series of notional figures. Now we probably better be more circumspect that we have to this point.

PM: Yes, exactly.

BEAZLEY: We are looking for a totality in various ways of the sales, including all sorts of manoeuvres related to the telecommunications that will end up with a package over the \$3B. But by no means that sort of area for the airlines. But we expect substantial sums.

JOURNALIST: What's your minimum for Australian or Qantas.

PM: Oh, come on. We want to get the maximum figure. We're not going to jeopardise that by putting that sort of figure on it.

BEAZLEY: ... you had a question.

JOURNALIST: ... better to sell off say the whole of Australian Airlines. If you sell off part of it wouldn't you have to plough that money back into capital expenditure whereas if you sell of the whole of -

BEAZLEY: I think there's a lot in what you say in that, yes.

JOURNALIST: ... 100% then where does that money go to then? Will it go to infrastructure or paying off debt?

BEAZLEY: Well that's again to be determined by the Government. There are two alternatives but the one most favoured is into retiring public debt interest then using the savings in the -

PM: Retiring public debt -

BEAZLEY: And then using the savings ... regard to interest to form effectively a fund for infrastructure development.

PM: That's right.

JOURNALIST: Mr Beazley, have you taken any advice on the constitutionality of a second Telecom network industry?

BEAZLEY: I know the constitutional position associated with it, it's not a problem. The Government has the capacity to dispose of post and telegraphs as it sees fit. This comes into that category very clearly established under that constitutional authority. It's legislative issues that are of concern, not the constitutional ones here.

JOURNALIST: Mr Hawke, Barry Jones made an interesting speech, it was only agreed with the killing of sacred cows. He said there was a need for a new ideology by Labor's leaders to attract a new generation of voters and Party members. Do you take that seriously?

PM: I don't think there's a need for a new ideology. I always believe that it's a responsibility of Government and its Leaders to get your message, your ideals out to the people and particularly I think the younger generations. But as I said in my speech today, the fundamental ideology, if you like, and objective of the Labor Party has been unchanged for nearly 100 years. I see no need to change it. It's not, as I said, something that needs a degree in political science to be understood. It's very simple, the ideology of the Australian Labor Party is to improve the lot of ordinary

Australians. That's your objective, it's not going to change. What we're about is showing the flexibility in a rapidly changing world to make sure that you have the most appropriate means of giving effect to that ideological objective. To the extent that the Party has made the decision that new means are necessary in these areas to give effect to that objective, then we do have the responsibility of explaining those facts to the Australian electorate as a whole - and we will. But not only will we do that in terms of that obligation upon us, we will have our task facilitated by the stark distinction that there will be between the Australian Labor Party, the Australian Government and the ideological irrelevant mishmash of our Tory opponents.

JOURNALIST: Mr Hawke, you've had some tough things to say in the past ... after the ... Conference about the ... by the Left. What are your views on the Left's ...?

PM: What was the last part.

JOURNALIST: inaudible

PM: Well, I want to say here what I've just said in an earlier interview and that is that I think that the Left in Australian politics and within the Australian Labor Party has very significantly improved its contribution to the conduct of our affairs over recent years. You will have heard me say on a number of occasions that the Parliamentary Party has been more cohesive in recent years than it has been in living memory. The Left has played a very responsible part in that process. Going from the level of Cabinet Ministers, members of the Ministry through to the Parliamentary Caucus. That's been reflected out in the Party generally. On this issue, I think, any objective observation of today's events would lead you to the conclusion that there was less heat and less bitterness on the part of the Left on this than there has been in the past on other issues. As I've said at the end of the Conference a number of members of the Left came up to me and said, well done now let's get on with it. I think that'll be the case. I think the Left now will feel that, you know, they've fought their fight. I think they'll play their part now in ensuring that these decisions work.

JOURNALIST: Mr Beazley, just ... clarification of an earlier answer. When do you expect the sell-off process to be underway of the airlines and the restructuring of telecommunication of a competitor, in telecommunications to begin?

BEAZLEY: On the airlines I'd expect us to be able to do a substantial proportion of that in this financial year and we'd certainly want to conclude it by the end of next calendar year. In the case of telecommunications, much depends on the passage of legislation through Parliament because it is on that that the competitor knows his



situation. I would hope to be able to achieve that in the early part of next year and then complete the tender process middle to the latter part of next calendar year.

PM: Anything else?

JOURNALIST: Mr Hawke are you still proposing to have an October statement focussing on airlines and telecommunications?

PM: I would expect so.

JOURNALIST: What would be the content of that statement? How much further would it go than today, for example?

PM: Well we'll be able to flesh out quite a bit by then, as to the Government's thinking in more detail. It will be a very significant statement. But that won't necessarily be the last statement we'll make this year.

JOURNALIST: Will it include other things or just the ...?

PM: It won't necessarily be the last statement. It may be possible to include other things that are relevant to microeconomic reform in that October statement. If it's not possible to do it then I would expect that before the end of the year there will be another statement which would go to other matters.

JOURNALIST: Will that be after the Special Premiers' Conference?

PM: I would expect, Nikki, that the first statement covering the matters that have been dealt with today, to be made before the Special Premiers' Conference. If I am not able to have included in that all the things I want to go to then that there would be another statement before the end of the year and after the Special Premiers' Conference. Thank you very much.

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