



## PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH ALAN JONES, RADIO 2UE,  
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JONES: Prime Minister, good morning and welcome.

PM: Good morning and thank you Alan.

JONES: Prime Minister, I think your father and mine, both resting now in peace, would say this is damn boring stuff isn't it?

PM: You've hit the nail on the head. The actual jargon is boring but the impact of it is going to be tremendously important for every one of your listeners.

JONES: Yes indeed. Can we just take these perhaps bit by bit. Telecommunications, what are you suggesting that that duopoly you've now freed it up so that that someone will be competing - AUSTEL will compete with Telecom but that will only go until when?

PM: Until 1997. See what you've got to understand - listeners have got to understand - is that to get competition into the telecommunications industry is a very expensive business. To undertake the massive investment that's required to set up in competition to an already established entity like Telecom/OTC is and will be. You've got to give them a time, a period, in which they can have the opportunity of getting some return on their investment. So that we're limiting that situation of the two. That is the merged OTC/Telecom being the one publicly owned entity and then a private competitor based upon the sale of AUSSAT. We'll have that going through to 1997 so that they'll have the opportunity of establishing it. Then at the end of 97 that will come to an end and if anyone else wants to seek to come in in that condition they'll be able to. Although it may well be the case that you'll have such effective tough competition - and with other people operating in the mobile phone areas that, and the cordless telephone - that it may be that no other major competitor will want to come in. Because you'll have, under this system that we're introducing, Alan, it will be the most competitive situation you've got anywhere in the world.

JONES: ... just take it from the point of view of our listeners. I mean, what we see, I suppose, is that it's a

fairly limited market and that because of our enormous geography only one aspect of that market surely is lucrative. That is the seaboard market. I don't see anyone bursting themselves to service Birdsville or Cunnamulla or Brewarrina. Now how are any number of competitors going to make a quid in that market?

PM: Well the experience shows that with the enormous changes in technology that are occurring in this industry. There's more rapid change in technology here than in any other industry in the world. But what was previously unthought of or incomprehensible becomes, with new technology, possible. In regard to STD, for instance, which goes to all the sort of areas that you're talking about, as a result of the competition that we are introducing it's estimated that there'll be reductions of up to 40% in STD charges. Now by definition -

JONES: Did I read - just on that point - did I read in your speech that you said there'd be price caps. Is this right that there would be ceilings on what could be charged for local, trunk and international calls, is that right?

PM: Yes, because what we've already got is what we call a CPI minus X factor. In other words, what we now say to Telecom that they are limited in price movements to the Consumer Price Index minus a factor of X. You set that factor of X, you know, let's say 4%, that is CPI minus 4% on the assumptions about what productivity improvements there'll be. The same concept is going to apply into the future.

JONES: OK. I tell you what you've got on top of it. By gee it's not all that easy. Just one final thing on telecommunications. In the speech I noticed an interesting statistic. You say that the Asia Pacific region have half the world's population but only 17% -

PM: Of the ...

JONES: Now does that mean that that's a potential export market for us?

PM: Yes. To round out that - see what I'm saying is that there are 500 million phones in the world. 500 million phones in the world but that Asia Pacific region, with half of the world's population, only has 17% of that 500 million phones. Now with the rising standard of living, as you know, that's occurring in that region there's going to be a massive increase in demand for the number of phones which are going to double, you know, by the end of the century, it's estimated. Now we are ideally placed, Alan, here in Australia to get a big share of that action. The decisions that we've taken now are going to make Australia very, very much more competitive to get in and get a slice of that action.

JONES: OK. That's fairly obvious. Well done. Just one thing I didn't understand. You've just said this "we will not place in the hands of future Treasurers or Ministers for Finance responsibility for delivering service in areas where competition does not eventuate, nor do we expect a new philanthropic owner for Telecom could be found who would provide them." Does that mean that -

PM: No what -

JONES: ... does that mean where it's not -

PM: No, no, no.

JONES: ... the service.

PM: That is a bit elliptical. But what I'm saying there is that under the present situation we have what are called community service obligations. Under that, for instance, if you look at remote and rural Australia, which you were properly concerned with earlier, if you had a system of charging for installation and service for those remote areas on the basis of simply what it cost.

JONES: Yes.

PM: Then those people would have to pay more. But under the system we've got now we say there is a community service obligation to see that they are benefited by some, as it were, cross-subsidies that the more profitable areas of the network are used to subsidise those remote areas. That's what you call -

JONES: ... the telecommunications owner or the Government?

PM: Well that's done through the - actually through Telecom. Now that's the very precise point of what we're saying. What's been argued by the conservatives, by our opponents, is, oh well don't worry about that, if there's something to be done in looking after that we wouldn't require that of the operators we might do something in the budget about that. Well you know what they are like. Like hell they would. They'd just leave those people to suffer. What that section of my speech is saying is, that we're not going, like the conservatives would be, to leave it to the possible discretion of future Treasurers or Ministers of Finance or so-on to say, oh we might find something in a budget to help those people. We will build it into the new system we've got under the regulations that those who are providing the services are going to have to continue to help those people in Australia who, by virtue of their location and no other reason, are up for significantly higher costs.

JONES: OK. Good. That is ... Aviation. We won't say much about that because - there's two things I wanted to ask you about that. You have said new services, lower prices and so-on. Deregulation November 1. You would know that Ansett and Australian have just put their fares up 7.5%.

I'm inundated with callers here who say they can't get a slice of any of these cheaper fares at all. When are the people you're talking to now then going to see these lower prices?

PM: Well I understand that there are lower prices for some services actually operating. I mean, I know -

JONES: You've really created a controversy. I can tell you.

PM: Well all I know - I know of people who've actually got the benefit and have used them. People on my staff, for instance, have had the benefit of them. Now I think what you're going to find, Alan, is that as the new competitor actually enters, that there is no doubt that there will be significant price reductions available over a range of services in this country. I mean, it's -

JONES: Does this mean, though, that Ansett and Australian are currently working at too generous a profit level; or are they too inefficient; or are they too overstaffed? Where can those costs be cut?

PM: Well there's always improvement in productivity coming from new ways of doing things. Let me say in respect of the current operators that - as you very well know and you were very sympathetic through all that dispute and I appreciate that very much - but you know that they suffered very significant losses last year during the period of the pilots' dispute. I mean, it cost them an enormous amount of money. Both of them. There is some sense in which they'll be wanting to the extent possible to recoup some of those very substantial losses that they incurred then.

JONES: Why do you have different rules for foreign ownership? I must say I get a bit, I get a bit tarty about all that. I notice that domestic Australian Airlines you're going to permit foreign ownership of 15 to 25% for an individual, 40% if it's an aggregate and Australian Airlines or when you're selling Qantas foreign investment of 35%.

PM: Yes. The reason for that differentiation is this, that the 35% is the figure which is regarded within the international aviation industry and the agreements that are reached in the international aviation industry for single designated rights for national carriers. That if there's any more than 35% ownership in the national airline then it's not regarded as a, as the national airline which gets the benefits of designation under the international system of designating rights of entry between countries. If in other words, if Qantas was more than 35% owned it wouldn't be an Australian airline -

JONES: I am just wondering how for example Channel Ten couldn't get 35% foreign ownership?

PM: Well let me make the point ... As far as the international operators are concerned if we had more than 35% foreign ownership there in regard to Qantas, we simply wouldn't get the benefits that are associated with the designation of rights of one country to fly into another because it wouldn't be regarded as an Australian airline and that determines the 35%.

JONES: Right. Well I just wonder why Channel Ten can't have 35% foreign ownership?

PM: Well Channel Ten's not flying internationally.

JONES: But as a media outlet as opposed to an aviation outlet, well as a media business as opposed to an aviation business.

PM: Well the principle there - and you haven't got the same clear cut sort of question involved there, Alan. It's a question of saying do we in Australia want an important part of our lifestyle, that is television, to be capable of being dominated by international interests. I concede readily to you, Alan, that I can't be dogmatic and say there is a precise percentage which means you avoid that problem. But the concept is one I think you would agree with. We don't want, or at least I don't as an Australian -

JONES: I'm just wondering what the dip in 35% to get them out of strife, 20% won't.

PM: Well the strife, let me remind you, has been not of the Government's creation -

JONES: Owner induced, owner induced.

PM: Owner induced because people paid prices which were not relevant to the earning capacity of the asset they were acquiring. Now if people have made those sorts of mistakes and have created difficulties, I don't think we should jeopardise our Australianism and our desire to protect Australian cultural identities because people have made commercial mistakes.

JONES: Talking about commercial mistakes, would you be offended if we took a commercial break and we'll come back to you?

PM: You need it, mate.

JONES: The National Road Freight Corporation, I don't think there's any debate on that, up and running for uniformity in national rail, a national road organisation. But could I just ask one question which does worry me? I hear everyone talking about it and this is it. Road user charges, there seems to be a movement abroad that the truckie, for example, has got to pay for the damage he does to the roads when in fact many people who don't drive cars, are not involved in transport in any way benefit from the fact that the truckie

belts through the night in awful conditions to get the Sydney Morning Herald to Tamworth by 9 o'clock or the fresh fruit to Moree by 9 o'clock and people who benefit most probably never go on the roads again. Are we saying the truckie must pay even though those who benefit don't?

PM: No, it's not that. The basic problem we've got is this, that States which are seeking to get a greater contribution from those who actually impose the heaviest damage, the heavy trucks, and this is particularly in NSW. NSW has sought to have a system whereby the registration has a relevance to the impact of the vehicle. But because we have the Federation you have other States who say, oh no, we'll have lower registration fees and this is -

JONES: I'm just asking a question -

PM: But wait a minute. Let me make the point -

JONES: I want to look at the point about who should pay for the roads -

PM: But what I'm saying is you mean you'll be virtually getting nothing like an equitable contribution from the heavy users if you continue the system we've got. To be precise, you have NSW having a registration fee which seeks to get a reasonable contribution from them, not the totality of it, but a reasonable contribution. So what happens? SA says no and they come register with us. We've got a very, very, very low fee. And that means that the concept of getting any sort of reasonable return from the heavy road users is frustrated. So what we're going to do is have a national system whereby you will, on a basis which is equitably worked out mean that those who use it most and cause the most damage will make a fairer contribution. It doesn't mean that the taxpaying community as a whole won't be making its contribution. We spend billions of dollars on roads.

JONES: Right. Just time always beats us but there are some things, if you don't mind if I just deviate from the speech for a couple of questions.

PM: Sure, sure.

JONES: One is all my listeners and half Australia last night saw these pictures of great tips being dug and oranges being thrown into them, if it wasn't last night it was where sheep are being, you know, thrown into them. I mean how long can we sustain this business about bringing imports in from Brazil while the local citrus industry is being destroyed and isn't there a better way of getting rid of 20,000,000 sheep or 50,000,000 we don't want than shooting them and burying them in pits?

PM: Sure. Well let me answer the basic problem which I know must seem to your listeners and television viewers as very strange. Let's understand this point. For the last

few years we have been going flat out as an Australian Government in the GATT Round to try and get the countries particularly of Europe and the United States which is operating in reaction to Europe, to cut out their export subsidies and their production subsidies which simply mean that those countries are producing massive mountains of agricultural produce which the taxpayers subsidise at an enormous expense running into something like \$200B a year between the Europeans and the North Americans. So we're arguing, we're up there arguing you've got to cut these out so that the world's most efficient producers which are the Australian farmers, are going to get a fair price out there and a fair go in the international markets. Now in that situation how can we, if we're arguing that, which is obviously in the world's interests and in Australia's interests say oh, but as far as we're concerned we'll put barriers out to people bringing in their -

JONES: Fair enough. That's an answer.

PM: So we can't do that. Now in regard to the second part of your question, I'm appalled, of course, like you when you see a situation of it not being, the products just being destroyed and if the community we're able to organise some way as I see that some charitable organisations have to cooperate with farmers and so on to get this produce and use it for those who are desperately in need, well you know that's very worthwhile. You've got to, of course, recognise that if that were done to, you know, an unlimited extent then the position of the producers would even be worse because the prices they are able to get would reduce further.

JONES: Just one final thing. Everywhere, I know you said in you speech everyone says we should do more and we should do more particularly on what's called fiscal policy, in other words cutting back expenditure. But we saw yesterday - I believe that they were after you - in the question that was asked by the Member for Wannon in relation to stamps because a rumour went around that you had been using your office as a Post Office for the Labor Party at the last election and that's apparently why they asked the question -

PM: And it blew up in their face, didn't it.

JONES: It blew up in their face. And so you've got on the National Party side this disgraceful waste. Yesterday we did a story here about the Tax Office in Brisbane buying themselves into a block, the most extravagant block of accommodation available up there, where they could've saved \$1B going somewhere else, \$1M going somewhere else. I mean that's waste and extravagant. When are the public, you know, going to feel as though there is a bit of frugality at work?

PM: Well I think you know, Alan, that as far as the Federal Government is concerned we've now had four successive years where we've produced a surplus and that surplus has come by

cutting very vigorously into our outlays. We've had successive years now of real reductions in Commonwealth outlays. Now when you have budgets the size of ours I suppose even in aggregate I've been successively reducing those outlays -

JONES: inaudible

PM: Something that's never been done before. I guess in the size of the outlays we've got you'll always be able to find some example where something could've been done better. I'm not aware of the particular instance that you refer to -

JONES: ... make you aware of it.

PM: I'll have -

JONES: I'll be in touch with your office.

PM: OK.

JONES: Just one final thing before you go. A caller rang this morning, or at least we're running a campaign here this morning to try and raise \$90,000 for a leukemia cancer victim who couldn't get the treatment in Australia but because they couldn't, have now got to fork out the bill for treatment in America. Is that fair, \$90,000 to keep a bloke alive?

PM: Well I'd like, Alan, to write to you on this. It's something which is not capable of -

JONES: No.

PM: Of detail -

JONES: I'll refer that one to your office.

PM: And I'll certainly send you a detailed response on it because there are considerations here which I think you'll appreciate.

JONES: OK, thank you for your time.

PM: Thank you, mate.

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