



PRIME MINISTER

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LAUNCH OF TENDERS FOR TASMAN-2
OPTICAL FIBRE CABLE PROJECT
CANBERRA - 16 DECEMBER 1986

I AM TODAY ANNOUNCING THE START OF A TENDERING PROCESS OF MAJOR SIGNIFICANCE TO AUSTRALIA. WITH THIS ANNOUNCEMENT, AUSTRALIA IS SET TO ENTER A NEW FIELD OF HIGH TECHNOLOGY INDUSTRIAL DEVELOPMENT.

THE PROJECT IS THE TASMAN-2 OPTICAL FIBRE CABLE SYSTEM - A 2,500 KILOMETRE SUBMARINE CABLE WHICH WILL INVOLVE CONTRACTS WORTH, ON PRESENT ESTIMATES, SOME 120 MILLION DOLLARS.

BY 1991, THE SYSTEM WILL REVOLUTIONISE TELEPHONE AND DATA LINKS BETWEEN AUSTRALIA AND NEW ZEALAND. BUT IT WILL ALSO POSITION AUSTRALIAN INDUSTRY TO GET A FOOT IN THE DOOR OF WHAT PROMISES TO BE A BILLION DOLLAR INDUSTRY: THE EXPANSION OF THE OPTICAL FIBRE NETWORK THROUGHOUT THE PACIFIC LATER IN THE 1990'S.

TASMAN-2 IS A JOINT PROJECT OF THE OVERSEAS TELECOMMUNICATIONS COMMISSION AND THE NEW ZEALAND POST OFFICE. I HARDLY NEED TELL ANYONE HERE THAT THE TELECOMMUNICATIONS INDUSTRY IS A POWERHOUSE OF ECONOMIC GROWTH. OVER THE LAST TWO DECADES, DEMAND FOR COMMUNICATION SERVICES HAS BEEN INCREASING BY MORE THAN 20 PER CENT EACH YEAR. THIS EXPONENTIAL GROWTH WILL PROBABLY FLATTEN OUT BUT, ALL THE SAME, BY THE END OF THE CENTURY, AUSTRALIAN BUSINESSES, GOVERNMENTS AND INDIVIDUALS ARE EXPECTED TO UTILISE 50 TIMES OUR CURRENT INTERNATIONAL CAPACITY IN GLOBAL COMMUNICATIONS SYSTEMS.

INDEED, SUCH IS THE IMPORTANCE TO OUR ECONOMY OF INTERNATIONAL COMMUNICATIONS THAT FAILURE TO PROVIDE THE CAPACITY TO MEET THIS DEMAND WOULD SERIOUSLY IMPAIR AUSTRALIA'S GROWTH AND ITS ABILITY TO PARTICIPATE IN THE GLOBAL ECONOMY, AS WELL AS WIPING OUT THE POTENTIAL FOR A NEW AUSTRALIAN INDUSTRY.

TO MEET THIS FUTURE DEMAND, OPTICAL FIBRE IS THE WAY TO GO. OPTICAL FIBRE IS AN EXTRAORDINARILY VERSATILE MEDIUM, OFFERING SECURE TRANSMISSION OF DATA, RELATIVE EASE OF

REPAIR, AND ECONOMY OVER RELATIVELY SHORT INTERNATIONAL LINKS SUCH AS AUSTRALIA AND NEW ZEALAND.

ALL MAJOR TELECOMMUNICATIONS ENTITIES AROUND THE WORLD ARE COMMITTED TO PLANNING OR INSTALLING OPTICAL FIBRE CAPACITY FOR BOTH INTERNATIONAL AND DOMESTIC USE. IN AUSTRALIA, TELECOM IS DEVELOPING OPTICAL FIBRE LINKS IN BOTH SYDNEY AND MELBOURNE AND HAS PLANS FOR A CROSS-AUSTRALIA PROJECT.

THESE ADVANTAGES MEAN THAT AUSTRALIAN COMPANIES WHICH TAKE UP THIS OPPORTUNITY TO PARTICIPATE IN TASMAN-2 WILL FACE A WIDE VISTA OF EXPORT OPPORTUNITY IN THE FUTURE.

FOR WITHIN THE NEXT FEW YEARS, OTC PLANS TO EXTEND THE TASMAN-2 CABLE, WITH LINKS FIRST TO NORTH AMERICA, DUE FOR SERVICE IN 1993, AND THEN TO ASIA BY 1995. THE WHOLE SYSTEM - THE PACIFIC OPTICAL FIBRE CABLE SYSTEM - WILL BE THE LARGEST COMMUNICATIONS PROJECT OF ITS KIND IN THE WORLD, AND WILL CONFIRM AUSTRALIA'S PLACE AS ONE OF THE LARGEST OPERATORS OF UNDERSEA CABLE SYSTEMS.

THUS A KEY FEATURE OF THESE TENDERS IS THE CALL FOR A SIGNIFICANT LEVEL OF LOCAL MANUFACTURING IN THE CABLE SYSTEM.

OFFICIALS FROM OTC HAVE INFORMED ME OF THE STRONG LIKELIHOOD THAT THE NEW ZEALAND LINK AND THE FOLLOW-ON PACIFIC PROJECTS WILL PROVIDE WORK IN AUSTRALIA FOR THE NEXT DECADE, AND EQUIP THE CONTRACTORS TO COMPETE IN THE MULTI-BILLION DOLLAR INTERNATIONAL MARKET FOR OPTICAL FIBRE SYSTEMS.

THIS PROJECT COMES AT A CRUCIAL TIME FOR THE AUSTRALIAN ECONOMY. THE BALANCE OF PAYMENT SITUATION, THOUGH IMPROVED IN THE NOVEMBER FIGURES, CONTINUES TO BE A MAJOR SOURCE OF CONCERN TO THE GOVERNMENT. A SIGNIFICANT COMPONENT OF THIS CONCERN COMES FROM THE DEFICIT IN THE TRADE IN SERVICES, WHICH LAST YEAR TOTALLED APPROXIMATELY \$4 BILLION.

IF AUSTRALIA IS TO TURN AROUND SOME OF THESE PROBLEMS EFFECTIVELY, IT WILL BE NECESSARY TO ENCOURAGE NEW AND INNOVATIVE SERVICES WHICH WE CAN SELL TO THE WORLD. THIS PROJECT SUGGESTS AN IMPORTANT MEANS TO THAT END - BOTH IN ITS OWN RIGHT AND BY PROVIDING THE ALL-IMPORTANT COMMUNICATIONS TOOL TO OTHER AUSTRALIAN INDUSTRIES SEEKING TO COMPETE ABROAD.

THROUGH TELECOM AND OTC - BOTH PROUDLY OWNED BY ALL AUSTRALIANS - WE HAVE ESTABLISHED THE BASIS OF A MAJOR NEW INDUSTRY. WITH THE DEVELOPMENTS IN UNDERSEA OPTICAL FIBRE CABLE, WE HAVE EVIDENCE THAT WE AREN'T ABOUT TO LET SLIP OUR POSITION AT THE FOREFRONT OF WORLD COMMUNICATIONS.

THE PROJECT IS ALSO A GOOD EXAMPLE OF THE GOVERNMENT PUTTING ITS MONEY WHERE ITS MOUTH IS ON THE AUSTRALIAN MADE

CAMPAIGN. WHEN AUSTRALIAN GOODS ARE COMPETITIVE IN PRICE AND QUALITY, WE WANT TO ENCOURAGE THEIR PURCHASE. WE DO IT OURSELVES, AND WE SEEK A SIMILAR POSITIVE RESPONSE FROM OTHER AUSTRALIAN COMPANIES AND CONSUMERS, TO DEMONSTRATE THEIR FAITH IN THE LOCAL PRODUCT.

LADIES AND GENTLEMEN,

I REGARD THIS PROJECT AS ONE OF NATIONAL SIGNIFICANCE, AND I URGE AUSTRALIAN MANUFACTURERS TO SEIZE THE OPPORTUNITY TO PARTICIPATE IN IT.
