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PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH PAUL LYNEHAM, 7.30
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E & O E - PROOF ONLY

LYNEHAM: Prime Minister, thanks for joining us.

PM: Pleasure Paul.

LYNEHAM: When one of Britain's leading bookies has Athens first at 7 to 4 on and Melbourne third at 10 to 1, doesn't that tell a betting man like you that Melbourne's a heck of a long shot?

PM: Bookies have been wrong before.

LYNEHAM: I know they have but this is, they've had a lot of time to think about this.

PM: Yes, well they don't always get it right. The expectation is that we will do well, that we should do well in the first round and then if you've got enough votes in the first round to stay in - and we expect that we will certainly do that - then I think we can pick up a lot of votes after that.

LYNEHAM: Well how would you set Melbourne's ...?

PM: I am not going to accept that challenge at this stage. I don't know enough yet from being subjected to the people who are actually going to exercise the votes. If you would ask me that question on Monday night, Tuesday morning, I might be in a better position to.

LYNEHAM: How potent is the fact that Athens is the sentimental favourite given that it's the centenary of the - what is it the 1896 Athens Games?

PM: It must operate in their favour. There's no doubt in my mind - and I try to be as unprejudiced as I can about this - there's no doubt on the intrinsic merits of the candidate cities that Melbourne is the best placed. It has a large city, it has 11 of the 13 Olympic facilities required already in place, it has a stadium that can seat 102,000 people there in place. No-one else has got that. The facilities are all within 6 kms of the centre of the city in parklands and it's got all the infrastructure, great communications facilities, as you

know, and importantly it's got the unqualified support of all levels of Government and the business sector and of the trade union movement. Environmentally it's more acceptable than any other city. So intrinsically we're very well placed.

LYNEHAM: Well let's just pause for a minute and have a look at how the issues appear in Melbourne tonight, as my colleague, Ian Henschike, reports.

PM: Sure.

(Melbourne report)

LYNEHAM: Well Prime Minister, did you notice the suggestion there from Robert Hudson of ACOSS that Canberra should underwrite the facilities because the Commonwealth will be the main beneficiary?

PM: Yes, I noticed it.

LYNEHAM: Any merit in that?

PM: No. The Victorian Government didn't seek that nor is it appropriate. What Kevin Gosper had to say was right. It's a conservatively budgeted approach and there is no reason to believe in the intrinsic capacity of Melbourne to stage a successful Games, ... on the experience of the last two that there shouldn't be a profit out of it.

PM: Only a week ago Paul Keating was saying we were now a poor country that could not afford a huge increase in public sector infrastructure or anything else as a matter of fact. How does that gel with the commitment to kick in \$125M of taxpayers money?

PM: Well that's spread over a considerable period of years. The Games aren't until 1996 and that will create a permanent sporting structure in the South Melbourne area which will be of continued value, not only to the people of Melbourne but the people of Australia. Paul has not said at any stage, nor have I, that in this country we don't have to continue to invest. We regard that as an appropriate investment in an enterprise which will be to the economic benefit of Australia as a whole. That's no doubt that Australia will benefit enormously from the Games.

LYNEHAM: Then what of those who say we need bread rather circus' now? I mean if you put \$125M into say hi-tech industry development, wouldn't that be a better gain down the track?

PM: Well if I hadn't in fact made an enormous increase in the public funding in science and research in this country perhaps that irrelevancy might be worth note of. But the scientific community in this country has recently

indicated its mark of gratitude for what this Government has done by ... honour ... extended to me. So there is the recognition that we have acted in that area. I mean I must say that frankly this negativism that I see in some quarters, you know, gives me the irrites. It's a very short-sighted sort of attitude.

LYNEHAM: You seem a bit irritated, don't you?

PM: No I'm not irritated with life generally but when I see -

LYNEHAM: It's Peter Walsh that's got under your skin, isn't it?

PM: No he doesn't get under my skin. I mean I just gave him what he deserved.

LYNEHAM: He never lets a few facts get in the way of his well developed prejudices?

PM: Yes, that's right.

LYNEHAM: You're fed up with him obviously, aren't you?

PM: Well as I said in my answer in the Parliament, for a man who prides himself on his intellectual astringency, he never let's a few facts get in the way of his well developed prejudices. He doesn't.

LYNEHAM: But he says when he was in Cabinet he said no to this \$125M. I mean you and the rest of them voted him down.

PM: Well Walsh may want to talk about what happened in the Cabinet and exercise, to some extent, his imagination. I'm not going to go into that.

LYNEHAM: Your claim that Melbourne's win will be another excuse for him to drown his bitter sorrow. That's a fairly hard punch isn't it, raising his drinking as an issue?

PM: He is one who enters into this area of saying that he'll be praying and hoping and celebrating if we don't get it. He doesn't need much excuse for his celebration ... sorrow.

LYNEHAM: Do you think he's damaged Melbourne's chance?

PM: I would think that the people on the International Olympic Committee would pay the attention to him that he deserves, which is zilch.

LYNEHAM: But how do we know he's wrong when he says that the Victorian Government could have got its sums wrong because they are not first prize winners in the past, are they, the Cain Government?

PM: Let me repeat what I said in the Parliament, facts of course, which he's not interested in. But the proposals that came up from the Victorian Government were examined by an interdepartmental committee, including the Department of Finance. It was on the basis of what they said that we were able to make the decision that we did. So I'd rather take the attitude of an independent interdepartmental committee than the observations of a man who is consumed by bitterness.

LYNEHAM: But look, the National Tennis Centre, the original cost of that's blown out from \$67M to \$94M. Now we find running costs were grossly underestimated, they're looking for a capital injection from the State Government of \$40M just to keep it going. I mean that's a bit of a worry, isn't it?

PM: That's something which is specific to the Tennis Stadium and the running of that. I'm not interested in that. What we examined was the bid for the Olympics in 1996.

LYNEHAM: If you'd known then what you know now about the Cain Government's economic problems, would you have had second thoughts then do you think?

PM: We would've made the same decision.

LYNEHAM: On another subject, the listing of the \$2.5B borrowing limit on the Australian Wool Corporation. If you can't say how much they'll need in the end, why isn't it the case that you might be handing them a blank cheque?

PM: We've got to make the decisions which most calculated to ensure that we protect this important industry. We've taken all the facts into consideration and we've made what we regard as the appropriate decision, and I'm sure it is.

LYNEHAM: What does it say though about the industry that three months after the dropping of the floor price John Kerin has to urge them to stop sniping and speculating and to produce some business plans? I mean does that sound like professional -

PM: It says that there are some rather silly people in the wool industry who are playing some internal politics rather than concentrating on what should be their major concern, that is to ensure the survival and the subsequent expansion of their industry.

LYNEHAM: Internal politics at their own expense?

PM: Exactly.

LYNEHAM: Telecommunications, Prime Minister. If as Paul Keating said yesterday, the duopoly arrangement the Government's proposing is transient, what does the permanent situation look like, from the lateral point?

PM: Just get this in perspective. People are jumping up and down. I see headlines in papers that Paul Keating has said the duopoly will be transient. There's nothing new about this. This has been said by Kim Beazley in all the discussions that he's been having with various people in the -

LYNEHAM: Alright. So where are we going then?

PM: But I'm just - in other words let me ... commentary upon, you know, the observers. They think they found something new. I mean if they really did their homework they'd understand that this has been made quick clear. Now the period of time is uncertain but these are the considerations involved. We believe that an enterprise that's coming in to take on Telecom - and it'll be both on the domestic scene and internationally - there'll be freer competition. Now that's going to involve a very, very considerable level of investment. We believe that that competitor needs a reasonable period of time to be able to establish itself, to be able to take on with confidence a degree of investment. It'll be necessary to take on the entrenched Telecom. Now we will review that. We'll give them a specific amount of time, a minimum, and that'll be decided by the Cabinet. It'll be a period of time sufficient for them to have the confidence to establish themselves and then after that, when we review it, we'd say OK now you're established and there should be no reason why other competitors couldn't come in. Now we'll decide that as we go along.

LYNEHAM: How many others?

PM: Well that essentially would be for the market.

LYNEHAM: On the changes that you are putting to the special conference, do you agree with Bob Hogg that if they don't get through that the future of the Government could be in jeopardy, there are no nuclear shelters on this one?

PM: I believe that what the Government is proposing will get through. So I'm not speculating.

LYNEHAM: And what's the decision making timetable on Qantas and Australian? When do you tackle that one?

PM: Well when we get the decision from the conference that we want then we will move very quickly to make the decisions on that.

LYNEHAM: So you're going to the conference with the in-principle decision you have now, no more detailed proposal?

PM: The position that we have in our mind is quite clear. All the people at the conference know what that position will be. Once we get the decision of the conference the processes of Government can go ahead and we will make the administrative and the legislative changes that are necessary.

LYNEHAM: Unless I'm mistaken your public position is you'll be selling at least 49% of each airline?

PM: Yes.

LYNEHAM: Well that's hardly definitive. I mean at least

PM: When we go into that conference - and that's what's important, not you Paul - when we go into the conference the people who are voting will know what -

LYNEHAM: So you make the announcement at the conference?

PM: They will know what they're voting on, Paul.

LYNEHAM: Because if you only sell half of Australian you still have the responsibility for half its capital funding problems now and into the future, don't you?

PM: Indeed you do.

LYNEHAM: So you get the money, put it straight back in and you end up with nothing. Not very attractive is it?

PM: No.

LYNEHAM: Have you noticed the Telecom document titled, "Carrier Competition and Prices Winners and Losers"? It lists the losers as small businesses and many residential and rural subscribers. What do you think of that?

PM: It's not accurate.

LYNEHAM: Are you sure there'll be no losers?

PM: It's not accurate.

LYNEHAM: But the greater the competition, the greater the pressure surely to align charges with real costs?

PM: This is a profitable industry. It is an industry in which new technology is increasingly becoming available which enables things to be done more efficiently than they were able to be done before. The situation is that we will ensure, by the arrangements that we make, that the benefits of competition and the new technology will

be passed on to consumers and we will have a regulatory framework in Austel to ensure that that happens.

LYNEHAM: So we won't have that situation we had overseas where business benefited from cheaper trunk calls but domestic users end up finding they were paying more overall?

PM: There will certainly be very considerable benefits on STD which apply to non-business people. It applies to individuals as it does to business. So everyone will benefit there and we will have, as the Minister has made quite clear, a continuation of the CPI minus X formula which has been there to protect consumers in the past and will continue to do so.

LYNEHAM: On industrial relations, is the ACTU keeping its side of accord mark six by its current wage campaign, including next Wednesday's national strike in the metal industry?

PM: I don't approve of the strike that's being proposed and I've made that quite clear and I think that's understood by the ACTU. The important thing as far as the Australian people are concerned is that the ACTU have unequivocally repeated its commitment to the Government to have the aggregate outcome that we've been talking about for 1991, the national aggregate outcome. They will not go beyond that.

LYNEHAM: But how does that then gel with their claim in the metal industry for 4% productivity payment?

PM: Well that's a claim but what I'm saying is that they can regulate outcomes and they have given the Government the undertaking that the aggregate outcome that they committed themselves to at the beginning of the year - and on the basis of which we made the agreement - will be adhered to by them. You've got to remember this; that for seven years now they have delivered on their promise on wages outcomes. We have no reason to believe on the historical background that they will not again deliver.

LYNEHAM: And the section of the accord that states that the wage case must remain the focus of the nation's wage system?

PM: Well how that works out is to be seen. But what I'm saying is that in terms of the management of the Australian economy, what is important for the welfare of the Australian people is that the ACTU keeps to its commitment on national aggregated wages outcome. I repeat, they have kept to that commitment for seven years, I have no reason to believe they're not going to keep to it again.

LYNEHAM: Finally Prime Minister, the perennial question of your own future -

PM: Not perennial. I mean it hardly gets mentioned except when I come on the occasional program.

LYNEHAM: Alright. Well look -

PM: Pretty boring.

LYNEHAM: Next year will be the centenary conference, an historic occasion.

PM: Yes.

LYNEHAM: You know this is being talked about as well as I.

PM: The historic conference, yes.

LYNEHAM: Well the prospect that you might then be tempted to do a Neville Wran?

PM: First time I've heard of that.

LYNEHAM: The first time you've ever heard it?

PM: Yes, the first time I've heard that.

LYNEHAM: Well look, isn't it a political impossibility to go to the next election saying vote for me and I'll be stepping down for Paul Keating some time -

PM: That assumes that either that you never take office or you never leave office. You've got to leave office at some stage.

LYNEHAM: But if you left before the next election he could have a go on his own terms, couldn't he?

PM: Well if I left after the next election he could do it then, couldn't he.

LYNEHAM: But it doesn't muddy the campaign at all? Vote for me and have Paul Keating as Prime Minister?

PM: Well I wouldn't think so. At some stage I'm going to have to stand down. That stage is not yet.

LYNEHAM: And you're still sure that Paul Keating's the heir apparent?

PM: I have no reason to change my view on that. No reason at all.

LYNEHAM: Thanks for your time.

PM: OK, thanks.

ends