



PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH PAUL LYNEHAM, 7.30 REPORT, 24 SEPTEMBER 1990

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LYNEHAM: What do you say to those ALP members who will inevitably be saying tonight that by diluting the commitment to public ownership, Labor's sold part of its soul?

PM: Well they'd be wrong. The fact is that in the telecommunication industry we've strengthened the public telecommunication facility. For the first time now Australia will have a fully publicly owned telecommunication facility operating across the whole of the international and domestic network.

LYNEHAM: But with top to bottom competition from private consortiums?

PM: And so it should, and so it should. But as a result of what we've done I think the publicly owned facility will be more securely anchored, as I told the conference, more securely anchored in the public sector than it ever has been or could be.

LYNEHAM: There was a challenge to you today, why don't you put this to a referendum of the rank and file. If you did you wouldn't get it through, would you?

PM: Leadership, leadership is about leadership. If in this world all you did was to say there are my people, I am their leader, I must follow them, nothing would be done.

LYNEHAM: So it wasn't a shot gun conference as one of your delegate's says?

PM: No, certainly not. Kim Beazley in fact incurred the wrath of some of his Cabinet colleagues because he took so long to come to the Cabinet and that was because he was in fact conducting an unparalleled degree of consultation within the labour movement politically and industrially.

LYNEHAM: And yet even he said today that everyone sitting around there was a bit like amateurs trying to tackle brain surgery and he said he was one of the

amateurs too. I mean has there been enough really informed debate about this?

PM: In some quarters it has been very uninformed but I don't remember any issue in the seven and a half years I've been in Government in which so many sections of the Party, from Cabinet Ministers right through to rank and file, has so seriously attempted to inform themselves on what admittedly is a very complex subject.

LYNEHAM: When you get a vote of 58 to 43 though that's not consensus, is it? That's a split almost down the middle.

PM: Of course it's not consensus any more than the 60/39 was on the airlines. That's not consensus.

LYNEHAM: Is there a future danger in there for the Party?

PM: No, no. The danger for the Party would've been if we had in fact shown ourselves incapable of facing up to the necessity for a change. That wouldn't only have been dangerous it would've been deadly.

LYNEHAM: But you've got two groups in the Party with very different ideas of where this country ought to be going -

PM: Well let me say this; I have never seen the Left on an issue with its heart so much out of the debate and let me say that at the end of the conference very many of them came up to me and said well done.

LYNEHAM: Well done?

PM: Yes, sure.

LYNEHAM: What's the -

PM: Because I mean in the sense - I mean I hope it's very clear that in none of this am I in any sense gloating. I mean I feel the very opposite of gloating about this issue. Where I'm very, very happy is not just about the decision but the way in which it was conducted. I mean really those sections of the Party that weren't at one with us basically, however, recognise the integrity of our position and I believe now that the decision is taken they will work harmoniously to see that the best effect is given to it.

LYNEHAM: How would you describe tonight the future of the Left in the ALP?

PM: The Left I think has always got a place in the Party. I think some of them were upset about some of their internal processes. But let me say this; I mean the Left has in the earlier stages has had no more

implacable opponent I suppose than me on a number of issues. But I pay them credit over the last few years for having been much more constructive in their approach to the Government and that's been reflected at the level of their members of the Cabinet, the Ministry and the Caucus. They have been a very, very constructive co-operative element of Government. Now to a large extent that's been reflected out in the Party generally on this issue. On this issue there were some strong feelings but even within the Left there was a lot of very constructive contribution on this issue.

LYNEHAM: Will you reaffirm tonight your pledge that no-one will be worse off as a result of the competition in telecommunications?

PM: Yes, I see no reason not to because what we've indicated - now that it's confirmed in the conference - that in the area of CSO, that's Community Service Obligations, they will be adhered to. The concept of a price protection will be adhered to by the CPI minus X formula. Of course, the fact is that all overseas experience shows that where you get competition - in even the threat of competition - you get the reduction in prices.

LYNEHAM: And yet here we'll have foreign investors who will have put up a lot of money and will be keen to try to maximise their profits. I mean they're not mugs.

PM: Of course they're not mugs.

LYNEHAM: How are they going to do that while you protect everybody as well?

PM: Because you have the impact in this industry of new technology which is, you know, coming in at a rate which is almost beyond description and you're going to have a growth in the market. As Kim Beazley has indicated, the experience everywhere has been when you get this competition there is a very, very considerable growth in the market. So it's a combination of growth and market size, new technology and just the impact of competition you will be able to achieve both.

LYNEHAM: Your critics say Cabinet's got a blind faith in the virtues of competition. That it didn't work with the banks, as many people with mortgages will tell you. It hasn't worked in the television industry. It didn't work with some of our more famous paper shufflers. Why should it work now in ...?

PM: Is the logic of that, Paul, let's take the television industry, that the Government introduced competition and competition has failed. You know very well that, it's a good Dorothy Dixier for me and I thank you for it, but you know very well that what happened in the television industry is that some ambitious players

paid ridiculous, irrelevant prices for the assets. Prices which were incapable, given the interest obligations that were associated with that debt. Gave you a situation in which profitability was impossible. That outcome was not the result of Government decisions it was the result of stupid entrepreneurial decisions.

LYNEHAM: But they thought it was a license to print money.

PM: They thought and they were wrong.

LYNEHAM: But why wouldn't some of these foreign consortiums think this is a license to print money. And then come to you whingeing later and say oh look we've got these big debts Prime Minister we'd better put up the price ...

PM: Absolutely no analogy. None at all.

LYNEHAM: So if they come later and start squealing to you and we'd better put up domestic call charges or have timed local calls, the answer will be no?

PM: What they will be in will be a competitive situation where they will be able, because of new technology and a growing market they will be able, and under the regulatory framework of AUSTEL, they will be able to both make their investments and over time do that profitably and in a situation which is compatible with lower prices to consumers.

LYNEHAM: The Telecom union is still talking tonight of industrial action. They can make it unworkable. Can't they?

PM: Some of them are. No they will not be able to make it unworkable. Let's be quite clear about that. The Government will govern this country. Not a telecommunications union. I say to the telecommunication unions quite directly these things. The interests of those who work in the telecommunication industry were very much in our mind in this issue. But I am not going to have a situation where one union in the telecommunication industry is going to say to its fellow trade unionists in this country, it's all right for you, if you're in the metal trades or the construction industry or the food industry to live and operate in a situation of competition but we uniquely are going to be protected from competition at the cost of you our fellow workers. So let the members who work in Telecom be quite aware of that. The Government will govern and they will not be given a unique position against all other workers. Secondly, I say this, just think of the realities. As a result of what my Party has done today in setting up a fully publicly owned telecommunication facility operating across the total spectrum internationally and domestically the first time that's been done. We will

secure, I think, indefinitely into the future public ownership of such a facility. They can make ... their choice. Do they want to support a government which has done that or facilitate the entry into government of a group of parties which is dedicated to the total privatisation of the telecommunication industry. Make up their mind.

LYNEHAM: Given the fact that it's a very decentralised industry, five or 6,000 telephone exchanges, and a highly technical one. It won't be too hard for them to throw a spanner in the works if they want to.

PM: I don't believe that in the end their leadership will support or endorse that position because it would be against their interests. I just say this, this country will be governed by the Government in this important area of telecommunications. We will not be dictated to by a union.

LYNEHAM: The Democrats say ...

PM: Nor may I say will the rest of the trade union movement tolerate it.

LYNEHAM: The Democrats say they'll block it in the Senate, the Opposition we were told today would much prefer the present situation

PM: Of course they would. Of course they would.

LYNEHAM: to the one you've arrived at tonight. So they've got an interest to block it too.

PM: Well have they? Have they? The Opposition have got to face up to a very real issue. They've wanted competition. That's what it's about, they say, competition. Now are they going to say that they are going to block legislation which brings in competition and which keeps a total public monopoly. It's going to be fascinating to see.

LYNEHAM: But they'll say it doesn't go far enough.

PM: Well will they? Instead of it not going far enough they will therefore vote to retain a situation of total public monopoly. That's going to be fascinating.

LYNEHAM: Would you be happy to fight this as an election issue?

PM: What I want to see is the legislation passed which will bring the best results for Australia and that's what we'll be ... If the Opposition, if the Opposition want to say that they will use their vote to reflect upon Australia, a continuation of a total public monopoly, I'll fight that one. I mean I'll fight them whichever way they go. Because if they pass the legislation, which

they must in all principle do, and then say well we'll fight the next election on what we think's better, I certainly look forward to that. Because it will be a simple question of the Labor Government saying in regard to this critical area of telecommunications, our position is a totally publicly owned telecommunication facility with full private competition against which the Tories will be arguing, no, total privatisation. I look forward to that argument. But if they are going to also give me the position of saying that they will keep a total public monopoly and stop competition then we'll take them on on that one too.

LYNEHAM: The airlines Prime Minister. Do you think there might be more public sentiment about the airlines given that it's sort of easier to love an airline than something like Telecom?

PM: No. Let's be real about this. What are the statistics? Less than ten per cent of Australians use the airlines. No-one goes around, no politician goes around this country more than I do, and let me tell you, I haven't had one person come up to me and say you mustn't sell the airlines. Why? Because the Australian people out there are not mugs. They are not mugs. The overwhelming majority of them don't use the airlines and they know that it's much more sensible for Government to use its scarce resources in doing things that the private sector won't do.

LYNEHAM: They might if they were a bit cheaper after deregulation.

PM: But they already are. Look at the price falls that are now occurring as a result of what my Government did. You had all those years of Tory government and a Tory-imposed two airline policy. It was a Hawke Labor Government which brought that to an end, brought in deregulation and prices are diving as a result.

LYNEHAM: Wouldn't though a Government-owned Australian Airlines still make you a player in the market, like the Commonwealth Bank in banking?

PM: Mate, I've been in office for seven and a half years and let me let you in to a well-kept State secret. In seven and a half years owning Australian Airlines, not once in seven and a half years have we been called upon to make any decisions about the running of those airlines.

LYNEHAM: What will happen to the proceeds of the sales?

PM: The proceeds of the sales will be used to reduce public debt interest which is to the benefit of the country and it will be legitimate to then look at how the reductions in public debt interest, that on-going benefit of the reduction of the public debt, can be used for

investment in other areas of much greater value to the Australian people.

LYNEHAM: A few quick examples.

PM: Well one area that I'm obviously interested in and so are my colleagues is the public transport infrastructure. I mean Australia depends for its economic competitiveness and efficiency more than a lot of other countries on having a very efficient public transport infrastructure. There's a lot needs to be done in the area of rail for instance. I think there's a good deal of investment that ought to be considered there.

LYNEHAM: What does Labor stand for tonight, ideologically? I mean if Ben Chifley had been in the hall today, what would he be saying?

PM: He would've voted for us for a very simple reason that, as I said in the debate, there's been one enduring unchallengeable goal of the Australian Labor Party in its nearly hundred years of existence. And that is to try and improve the lot of the ordinary Australian. The goal has never changed. The goal is valid today. The means for achieving that goal obviously must change in a world which is changing dramatically. It made sense at the end of the war in a country which was going to be exploding economically and in which air transport was going to be an integrally important part of that expansion to have a publicly owned domestic airline which would undertake routes that a privately owned airline driven only by the profit motive wouldn't undertake. To have it in there setting up safety standards -

LYNEHAM: Paul Keating thinks it's now the reverse, that Ansett's the people's airline.

PM: He's saying that they are concerned more with lower income flyers than Australian. I don't need to make that point. I'm making the point in answer to your major question, that in the 1940s in the immediate post-war situation, to have a public owned domestic airline made sense. It makes absolutely no sense now. It is an economic nonsense. It's perversion of the use of scarce public resources.

LYNEHAM: So a youngster comes up to you and says Mr Hawke, I'm thinking of supporting a political party. Can you tell me in one sentence what you stand for?

PM: I'd say I stand for the party which, young man, when I came to office in '83 looked at you and the young kids of Australia and saw one in three of you, one in three of you, going on in education beyond the compulsory level. As a result of the priorities of my Party and my Government there's now two out of every three of you going on in education. That's what I stand for young man.