



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH MAXINE MCKEW ON ABC PM
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MM: Mr Keating David Hill obviously feels that you effectively excluded the ABC.

PM: Well we haven't. We have explicitly included them in the fifth and sixth transponders.

MM: But they are out of one to four?

PM: Well they are out of one to four, because I think everybody is tired of the old faded and jaded players, they want some new entrants in the Australian media. That's what the Caucus wanted, they wanted a new media player who has not had its antecedents in the newspapers, or an existing television networks, but a new set of players. And the arrangement the Government has now introduced, or will be introducing, is for the first four transponders, we'll see in a new medium of media, a new set of players.

MM: Mr Keating, you weren't talking about faded, jaded players on Sunday when you said that they could have a 45 per cent level of ownership in the first four channels. What has made you change your mind?

PM: Well nothing. What I have done, Mr Hill said that I had somersaulted, yes I have somersaulted upwards, I have taken 45 per cent higher to infinity.

MM: That's one way of looking at it.

PM: Well it is the only way of looking at it. 45 per cent has now become 100.

MM: But two days ago you were quite specific, 45 per cent when the Caucus hadn't been even imagining that, they talked you down, did they not, to 35 per cent yesterday.

PM: We have all got to play the game in whatever field of endeavour we are in, in these sorts of issues, in organising our bargaining positions. Now, I was quite prepared, frankly who is going to be in a network, in a four transponder system, probably with a sunk cost of \$4 - 500 million for 15 per cent equity. That was 45 overall for the networks, 15 individually, who is going to be in it, who would bother taking on the management?

MM: Well fine, I mean you changed your mind, you were talking about new players for five and six on Sunday.

PM: No, no, I have changed my mind.

MM: Now you have twisted that around.

PM: Yes for a superior outcome. A superior outcome, because what we have got now is the best of all worlds, we can have satellite and plastic dish technology for the four, let's call it the entertainment segment, but we can go to the sophisticated fibre optic and other sophisticated technologies on five and six. So Australia gets the best of all worlds instead of closing off. David called it exclusivity, he thought it was a wise course. Well the beneficiaries of regulation always say regulation is wise, but that would have closed off to Australia the higher technology of fibre optics and MDS in favour of plastic dishes and satellites for a decade. I was never prepared as Prime Minister to shut that technology off.

MM: Alright, does it mean that one to four stuck with the old inferior technology?

PM: No, it stuck with a limited technology, but an immediately applicable technology.

MM: But does that mean then it will be a less viable option for those people who are interested in channels one to four?

PM: No, no not in the things that they want to do with it. That's blockbuster movies, sport, news. But five and six can get into interactive services - that is taking your banking to your house.

MM: That's a long way off isn't it?

PM: No, no.

- MM: People are saying that that sort of technology is say 15 years away?
- PM: No, no it is only as far off as the cable under the fence, under the front fence, and if somebody can afford to do it on the basis of an entertainment dimension, as well as then going beyond interactive services like banking, like buying your household goods and what have you, or the capacity for fibre to put many more channels into a house for educational channels, or the arts, or a voice for the trade unions or whatever it might be, they are in the higher orders of much greater capital intensification because the cost of wiring up the capital cities is probably \$3 - 5 billion. So the channels five to six can be a very high cost option, or if the ABC for instance were to be successful in bidding for either 100 per cent of, or part there of, of transponders five or six, it can find itself in a very advantageous position in the media.
- MM: Well you are making \$12.5 million available, but David Hill would argue that they are not in the race with Kerry Packer, surely having the foot in the door, with say all of channel five or channel six.
- PM: Yes but David speaks before he understands the policy. Packer or any of them can't bid for five and six, only for one of the two of them. So if the ABC bids for one, for instance, it may be the one that one of the other networks are bidding for which leaves another one to be open to be capable of being bid. Do you understand?
- MM: Well, yes, but you surely haven't introduced that many new players at the moment, as you say Kerry Packer could have either five or six, he has already got to free to air, and he will have the five or six, which as you say is the superior technology. That's greater concentration isn't it?
- PM: No, no. How could you call it greater concentration, we are going to have four channels which is going to have no current media operator in it.
- MM: OK, well David Hill's further point there is to say that will be dominated by the Americans?
- PM: OK Maxine, look I know, let me say this. The game has moved to fast for David today, I mean he is having trouble catching up with the detail of this. I don't mind noisy, voluble quango leaders - good on them. But let's not think there is any revolution out there for the ABC having 15 per cent of a satellite Pay television entertainment operation. I mean there is no great revolution in that. Whereas in five and six there is a capacity

for real innovation, clever technology, and for thoughtful people. And that's what the ABC should do now - get the thinking cap on and get the sticking plaster out and come up with a policy, and then maybe the ABC will realise that the Government has done it a favour in giving it a chance it basically didn't have to give it. Under the ABC's national charter there is no cause why the Government needed to be persuaded that the ABC had any role in Pay television. We have given it the benefit of the doubt.

MM: Alright. Who are the new bidders do you think outside the current players, who are the new bidders who will be interested in channels one to four?

PM: Well I think, obviously the people who run the picture theatres, you know the Village Roadshow type companies, people in radio, suppliers of product.

MM: They won't be put off do you think by the lack of exclusivity?

PM: No, I mean it's a great opportunity for them, they have removed the other strong bidders, the networks, they're gone, we have taken them away.

MM: And there's no chance you would increase the level of foreign ownership if say the level of Australian interest was less than you expect? You wouldn't go beyond that 35 per cent?

PM: No, that's 20 for any single interest and 35 over all. So there is no worry about it being spooked by foreigners, I mean you know.

MM: Well it's just that the Democrats already fear that the next step, maybe we will have to have more foreign ownership?

PM: Well I mean, David Hill I am sure would like people to believe the ABC is enlightened, but what it really wants is a home town clubby decision where there are no foreigners and they can sit under a bit of regulation and find themselves a niche market provided by the Government. Well things are just not that easy in 1992.

MM: Prime Minister thank you very much indeed.

PM: Thank you.

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