



PRIME MINISTER

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP
HEWSON \$8 BILLION SHORT ON TELECOM SALE**

Today's report by Saloman Brothers makes clear that likely proceeds from the sale of Telecom on which the Coalition's entire funding package is based would be roughly half that nominated by Dr Hewson.

Telecom sold as is would raise somewhere of the order of \$10-12 billion, take two years to prepare for sale, and three years to actually sell.

Telecom itself was advised this when it sought informal advice as to its value and saleability.

What this means is that the Liberals' Fightback package is massively unfunded and that Dr Hewson could not pay for his promises. There is at least an \$8 billion discrepancy and shortfall in the amount of monies available to him. This means he cannot fund his payroll tax abolition promise.

To raise even \$12-13 billion requires Telecom to be sold as a commercial entity, free of public constraints and community service obligations.

This would involve, as Saloman Brothers make clear, "radical restructuring" of Telecom meaning layoffs of up to 15,000. (Telecom NZ laid off 4,000 last week.)

It would also mean commercial charging for telephone calls which can only mean timed local calls.

It would mean that rural consumers would no longer be subsidised as to connections, rentals and the phone bills they pay by the main capital city and interstate trunk network.

Timing constraints on preparing Telecom for sale and managing its float means that to all intents and purposes none of its value can be usefully included in the Coalition's figuring.

Dr Hewson should immediately provide the documentation upon which his \$20 billion figure is based and the advice he has received regarding the sale timetable and scheduling.

Failure to do so leaves one with the obvious conclusion that the Telecom \$20 billion in the Liberal's calculations is a hoax on the public of Australia and represents the most dishonest fiscal sleight of hand in over a decade.

GRAFTON
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