



PRIME MINISTER

PAUL KEATING WITH RUSSELL POWELL, 2GB, NOVEMBER 26, 1993

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POWELL: Prime Minister, Paul Keating, is on the line now. Prime Minister, good morning.

KEATING: (inaudible)

POWELL: I'm well. Are you satisfied with Conrad Black's discussion of the whole issue in the papers this morning.. in the Herald?

KEATING: Well, look. His point about 35 percent: he mentioned this. You see, to understand what's happened here, Mr Black wants to get control of John Fairfax & Sons, he wants over 50 percent of the stock. He saw the Government, I had discussions with him, and he mentioned 35 percent. But, four months later, when the Government considered this in a full Cabinet meeting on a submission from the Treasurer - in April the Treasurer put a statement out saying this case has been assessed against the objective of limiting foreign involvement in mass-circulation newspapers and the Government's agreed to the Telegraph increasing its shareholding in Fairfax from just under 15 percent to 25 percent. And he finished the press statement by saying the Government will not countenance further increases in the permitted level of foreign involvement in mass-circulation newspapers. So, Mr Black came, asked and received 25 percent on a full Cabinet decision four months after he asked me. Now, this little piece in the paper this morning refers to the first conversation. But what today's paper also says is that the Leader of the Opposition.. he said that the Opposition had not expressed a preference for any specific ceiling for such ownership. In other words, Dr Hewson went in and gave him unconditional.. an unconditional approval to go to whatever level he wished. So, before the election, what's happened is this: Mr Black's walked into me and said: "Look, I've seen the Leader of the Opposition, he said he is very relaxed and he can take.. we can take our interest up to a hundred percent, if we want. But we don't need to go to a hundred percent because 50 percent is control. So, from the Opposition we're getting control, what are you prepared to give us?" And I said: "Well, Australia's national interests need to be taken into account here. I don't believe that a

foreigner should be controlling Australia's two premier broadsheet newspapers. So I said: "We'll consider it in the appropriate way." We did, and we went to 25 percent. Now, Dr Hewson's on the radio today calling me a liar and everything else. He uses the word liar ten times each day, these days, about me. But the fact of the matter is, the proof of the pudding is in the eating. We put a statement out after the Cabinet meeting four months after this conversation and decided on 25 percent.

POWELL: Yes. So, despite canvassing 35 percent at that meeting, the decision's been made and that it won't be 35.

KEATING: Exactly. Now, on the Sunday program 'Business Sunday', a week ago on the.. just over a week ago, Mr Black said this: "I wrote in my book about Dr Hewson's position which was that this was not an issue with him". In other words, the control was not an issue with him. And he was, he said in agreed phraseology - in other words, he and Black had agreed to say this as they left the meeting - "very relaxed about what our level of ownership would be" in the event he won the election.

POWELL: Hm. Well, he (inaudible)

KEATING: In other words: "Look, I'm not going to put any silly 25 percent or 15 percent limits on this.. you can.. this is unconditional. You can have what you like."

POWELL: Yes. He claims he didn't talk about 50 percent or one hundred percent. You're saying that it's applied in what he said, that it.. there could be total ownership.

KEATING: Exactly. It's unconditional, in other words, he's very relaxed, he couldn't care less. He can have the things, in other words.. you see, you've got to understand that, before an election, you've got Mr Black swanning into town saying: "Look, you know, I'm now the hairy-chested owner of John Fairfax & Sons. Now, what are you going to do for me? Because Dr Hewson's going to let me have a, you know, unlimited control here." And I said: "Well, hang on. There happen to be a few national interests here. And, yes, I understand you've difficult running the papers at 14.9 percent and we may consider taking it to 25 which would give you control to run the business. Replace the presses and do all the things you need to do. But it's not majority as far as.. because, look, a Canadian living in London can never be an Australian."

POWELL: Yeah. And did you say.. did you mention also 35 percent later? You might be disposed to support 35 percent.

KEATING: Well, of course, they try and push you up, these

fellows. And he mentioned 35, but I gave him no, no encouragement on that at all.

POWELL: Okay. So, what he's saying in the paper this morning is wrong?

KEATING: No, what he said was, I think he said in the paper this morning that I said I'd consider 35. Well, I didn't say that. But the truth is, it wouldn't matter what I'd said, when the Cabinet considered it, the statement said 25. And that's where he now stands.

POWELL: Yeah. He said.. he said, now, I've got it here. He said: "If at some stage after the election we wish to raise our percentage to 35 percent, if he was still Prime Minister, he might be disposed to support such an application."

KEATING: Well, here it is after the election, I've seen him again a couple of weeks ago, and he is not going beyond 25 percent. So, there's (inaudible). Can I just make this clear to you, Russell. John Hewson now wants a Senate inquiry. But when Senator Kernot - the Libs put up these terms of reference which said: "Questions about the Prime Minister's conversation with Mr Black". When Senator Kernot put up.. changed the terms of reference to include, as well, questions by Dr Hewson with Mr Black, John Hewson's now back-sliding from appearing before the hearing. Because Mr Black said on the same 'Business Sunday' program: "I said I'm quite happy to appear under oath and say what each has said to me." Now, Dr Hewson doesn't want to appear because, if he has to appear under oath, he'll either have to perjure himself or confirm what Mr Black has said: that he was relaxed and had no level and regarded as unconditional, letting Telegraph newspapers buy control of John Fairfax & Sons. So, you've got, you know, him now running around on your radio program - he's on other radio programs this morning - saying the Prime Minister is a liar, he's got this to answer for. He won't even appear before the committee. He's got now Senator Alston, his fellow in the Senate, trying to remove the term of reference to him. And then he's saying that I should appear.

POWELL: Yeah. Well, as I remember, he told me this morning that he would be willing to appear but said that he wasn't the target of it.

KEATING: Yes, that's code for saying: "If I'm mentioned in the terms of reference, I won't be there." Because what that means is, when he's asked about these things, he's under oath, and he's going to have to say - or perjure himself - that he was prepared to shovel control of John Fairfax & Sons to a foreigner.

POWELL: Hm. Well, he...

KEATING: And, at the same time, attacking me. So, at a time.. see, Russell, may I make this point to you. Since late last year Dr Hewson was striding around Sydney arrogantly, like the sort of toast of the business scene, about to become Prime Minister. You know, he was ushering people into his office like he was a sort of king of the castle. And in came Mr Black, you know: "What can we do for you?" "Well, you know, now we run the major papers in this country, we want control of it." "Look, we're very relaxed about that, we are very relaxed about that. You can have whatever you like." Meanwhile, silly me, I'm only protecting the national interest. When he comes and sees me, I say: "Well, hang on, whoa, whoa, whoa, there's a few interests here. You've got 14.9, yes, we understand that's a problem.

POWELL: Yeah. Yet the point that probably remains unresolved is this whole issue of balanced reporting. And what is balanced reporting from your point of you, and was it going to be a trade-off of balanced reporting for 25 percent?

KEATING: Yes, well, I made no deal with Mr Black (inaudible). There was no element of a deal. In other words, if it's balanced reporting. See, what happened to us, Russell, in the campaign: the Herald editorialised against the Government. In the editorial on the 12th of March it said: "It's time for a change", The Age said: "Why the Coalition should win tomorrow", the Financial Review said: "Why Hewson should win". In fact, the.. and I referred in the Parliament to that appalling front page, after the policy speech of the Labor Party, which was headed: "Pork barrel Republic and a free set of steak knives, too". I mean, it was the most biased presentation of a front page following a major policy speech that I have ever seen. Despite that, we still let Mr Black go to 25 percent.

POWELL: So, it wasn't balanced reporting, in fact...

KEATING: No.

POWELL: ... during the campaign.

KEATING: It was the Herald's presentation of news and editorial went in favour of the Liberal Party.

POWELL: So, it was unbalanced and..

KEATING: Well, in my view it was. But the fact was, it wasn't to the point where, I believed, it disqualified the legitimate request Black had to have enough of the stock to actually be able to run the business.

POWELL: Yeah, yeah.

KEATING: At 14.9 percent, everybody in Jones Street, Broadway, told Mr Black to go and disappear. You know, the journalists, the managers, saying: "Well, hang on, you've only got 14.9 of the stock. It won't be long before you're out of here. Why should we take notice of you?" So, naturally, he was saying: "I can't run the business at 14.9 percent." So I said: "You certainly can at 25, and that's all you need." So, this is it, now. But, I mean, look.. the proof of the pudding of this will be in the eating, that is whether Dr Hewson actually appears before the Senate committee he's promoted. Because, if he does, it'll become very clear that Mr Black's now three references - I refer to the one in the book, the book which started all this. What he said was, the Leader of the Opposition had already promised - promised! - that, if he was elected, he would remove restraints on our ownership. Now, I met a group of journalists of John Fairfax & Sons not long after I met Mr Black - this was late last year, and some of the Fairfax executives.. and at that meeting I told them that Mr Black told me that John Hewson had said to him that they could take their interest as high as a hundred percent. So, it's not a matter of me saying it now...

POWELL: So, presumably they can back you up on that?

KEATING: Exactly.

POWELL: What, senior Fairfax executives and journalists?

KEATING: Exactly.

POWELL: Mike Secombe among them, or....?

KEATING: Mike Steketee was amongst them, Ross Gittins..

POWELL: Mm.

KEATING: So, I mean, I said it then. Mr Black said it now and, yet, you've got Dr Hewson saying.. he starts off an interview 'liar, liar, liar, liar, liar, liar..', he says that about fifteen times and then people say: "Oh, this is serious." But this is part of the standard stock in trade.

POWELL: Okay. Well, just finally.. he said yesterday that he'd slap a writ on you within an hour, if you said the kinds of things you were saying in Parliament outside of Parliament.

KEATING: Yes, but, you see, that sort of bluster goes nowhere, nowhere in public life. You can't say of a Prime Minister that he has in some way diminished his office by doing

something untoward. And when the reply comes back: "Well, hang on, you're going to give the company up to four times as much stock in this, and then accuse him, to say: "Oh, well, if he says that again I'll put a writ on him." I mean, this is the sort of tactic Dr Hewson uses. I mean...

POWELL: Are you threatening a writ this morning, because there's a report around that you are.. on Kerry Stokes.

KEATING: No, what Kerry Stokes said.. I mean, I don't have to deal with the Kerry Stokes of this world. He's a bit below my speed. But what he did say yesterday was, on the A.M. program, he said.. there was a question: "Conrad Black says Mr Keating has not compromised the integrity of his office"..... now, mind you, Black did say this: that I had not compromised the integrity of my office...." Do you agree with that assessment? I certainly do not." Meaning that I had compromised the integrity of my office. What I said this morning, well, about Mr Stokes was: that if he continued in that vein, I would.. I would issue process against him. Because none of us have to put up with him, with people like that. But the Leader of the Opposition.. I'm not in the business of issuing writs against politicians because, I think, you've got to be able to take as well as give it.

POWELL: Yeah. Well, you've dished it out in the past end, I suppose, you do have to take it.

KEATING: But the Leader of the Opposition..... well, that is if it's not of a very personal or defamatory nature, but, if it's of a personal, defamatory nature, I think it's a different matter. But if it's just general political issues like this you take it as it comes. But the Leader of the Opposition.. you know one of the things he said this morning on another radio station, he said: "The Prime Minister is a liar, he promised tax cuts, he lied." The tax cuts were delivered last week.

POWELL: Yeah.

KEATING: Eight to ten dollars a week for everybody as of last Tuesday.

POWELL: Yeah. The tax cuts are not the issue here, are they?

KEATING: They're not, no.

POWELL: Okay, Prime Minister, thank you for your time this morning. I appreciate that. I hope we'll talk again.

KEATING: Good.