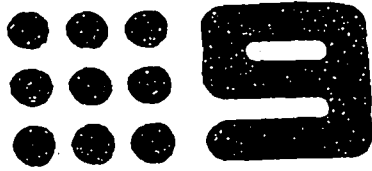


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**CHANNEL 9                      SUNDAY                      0900                      19/02/95**

**Subject:                      I/V    PAUL KEATING**

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**Compere:**                      The pressure on the Prime Minister is intensifying. The latest opinion poll show him well behind John Howard and Labor trailing in voter support. Now Paul Keating is engaged in a titanic clash with Australia's richest man, Kerry Packer, over media ownership laws. But Mr Keating has never been one to flinch from a fight and this morning he is in our Canberra studio. To talk with him Sunday's political editor, Laurie Oakes. Good morning Laurie.

**Laurie Oakes:**                      Good morning Jim. Mr Keating welcome to the program.

**Paul Keating:**                      Thank you Laurie.

**Laurie Oakes:**                      It's been a long time.

**Paul Keating:**                      Well there's always quality whenever you and I meet, it is always a quality event.

**Laurie Oakes:**                      Prime Minister are there any votes in media ownership or is it the kind of esoteric issue that only interests politicians and journalists and media proprietors?

**Paul Keating:** No, I think it is a matter of great interest to the public. You can see that whenever this issue ever arises, the amount of emotions which it stirs, and that's why I think the reason that we see so much antagonistic debate about the proprietors is because these rules are there for a purpose and they work.

**Laurie Oakes:** What do you think of Kerry Packer?

**Paul Keating:** Well I think Kerry Packer is a hard headed business person who has gone about building his life and his empire with great certainty but this fracas has got a history to it and the history is that to do with Optus.

**Laurie Oakes:** In what way?

**Paul Keating:** Well the Packer camp put on the government the notion that we should award to Optus exclusive franchises across the country. Now what that means is this that if Optus lies a fibre optic cable for pay television and telephones Telecom can't lay a cable in the same street so we would have a gid system. For instance Optus would have Darling Point, Telecom would have Point Pipe; Optus would have St Kilda, Telecom would have East Melbourne. Now if you take that out over six or seven years what you would find is that as the telephony comes with the pay television half of Telecom's market share, half of the existing market value, I sorry, of

Telecom would have been transferred to Optus. Now that's somewhere around \$7 billion.

**Laurie Oakes:**

But surely what the government elected to do meant there was a continuation or a monopoly?

**Paul Keating:**

No what we said was, we would allow Optus and Telecom to lay cables in the same street in competition with one another and we gave them a five year period within which both companies could get their licences up. Now it's a long time since any company has come to the Commonwealth of Australia and said, we want you under pressure to grant to us what will be, over time, the equivalent of six to seven billion dollars. In other words the de facto privatisation of Telecom. Now the government said no, I said no, and Michael Lee said no.

**Laurie Oakes:**

But what about the situation where News Limited through its deal with Telecom has public money financing Rupert Murdoch's pay TV aspirations. Surely that's of concern as well?

**Paul Keating:**

No. The propositions from Mr Murdoch and Mr Cowley - let me say their relation with the government have been completely proper - what they have proposed, they will never own the cable, it will be owned by Telecom, Telecom will charge the pay TV business a fee and it is front end loaded so that the returns come back to Telecom first. So there is no problem about that and

let me just make this clear, that News Limited was prepared to have a competitive system but Optus, or the Packer version of the Optus proposal, was that Telecom shouldn't be able to lay a cable in the same street as Optus. Now I said this to them, the last scam I had run past me that was ever this large to transfer seven or eight billion from the Commonwealth public purse to an industrial company, the last thing I saw like that when I saw reported Murray Farquhar's reported attempts to take the gold reserves from the Philippines National Bank. I mean that is the last scam that large.

**Laurie Oakes:**

Prime Minister that is a bit harsh isn't it?

**Paul Keating:**

No, honestly, that is the last scam that large. I mean that was the sort of weight put on us by the Packer camp and Optus and Mr Mansfield from Optus went and said that on the Allan Jones program - because Mr Jones has been running their propaganda - said that we were part of the conspiracy to keep Optus out. That is, how dare we say that there should be competition in every street in the country. How dare Telecom have the right to lay a cable beside Optus. Now this appearance the other day by Mr Packer has this antecedence about it and understand that the integrity of public policy, the integrity of the protection of the national interest, this government was not found wanting I can assure you.

**Laurie Oakes:**

But Allan Ramsay yesterday, and Allan Ramsay is not a known sycophant of Mr Packer, he wrote yesterday about the perception of the government doing favours for Rupert Murdoch and his business interests in this country.

**Paul Keating:**

But Allan is a corridor vacuum cleaner Laurie, you know that. I mean he's down there picking up gossip and nonsense around the corridors. Allan gave journalism away 15 years ago.

**Laurie Oakes:**

But do you deny there is that perception?

**Paul Keating:**

Look the perception is wrong. Let me just make this clear, if Telecom's made a joint venture with Microsoft, with Mr Gates, is there anything wrong about that? Why did Telecom do this? Telecom did it because Optus vision decided Optus would go into the vision business and become a pay television business. And everywhere around the world wherever you can get your pay TV cable under somebody's door the telephony piggy back is on it. So to protect Telecom's telephony business they decided quickly to find somebody who could run a pay television business and they went through a selection process and came up with News Limited. News Limited will never own the cable and the revenues are front end loaded for Telecom.

**Laurie Oakes:** Well let's get back to the Fairfax question which was where we began. Do you agree that the present situation at Fairfax is so unstable that it can't last, that something has to give?

**Paul Keating:** Well no I don't. I don't agree about that at all. At the moment Mr Black has control of the business with 25% of the stock.

**Laurie Oakes:** But Kerry Packer has announced that he is going to move up to just under 25% of the stock. Rupert Murdoch is a player. You've got three media moguls none of whom by law can really exercise proper control, can really take it over. That is unsustainable isn't it?

**Paul Keating:** I don't think so. I mean how many public companies do you know around the country where people have got 50% of the stock Laurie? I mean, nearly every public company, the largest shareholder would have five or 10%.

**Laurie Oakes:** Well Mr Black has made it pretty clear he is going to come to the government and ask to increase his holdings from the present limit of 25%. What is your attitude to that?

**Paul Keating:** Well when he comes we'll look at it. But can I just say, Mr Packer's great claim is that it is a dreadful thing that a foreigner can control this medium. This was the

whole import of his address the other day. Well let me just read from the House of Representatives Select Committee where he appeared. It starts off:

Kerry Francis Bulmore [?] Packer, Chief Executive, Consolidated Press Holdings, 54 Park Street, was sworn and examined.

So under sworn oath he says this: The Chairman says: Do you not agree with the view that there is some threat to Australia's national interest if too many of our newspapers are owned or influenced by foreigners?

He says:

Who owns the papers in England? The Daily Telegraph is owned by a Canadian, Today is owned by an American, the Sunday Express and Daily Express are owned by an American, the Mirror is owned by an Englishman who was a Czech. Lord Robomere [?] is the only one I can think of who is actually British. The Express was owned by Breaver Brook [?] for fifty years, the newspapers in England have always been owned by foreigners, Lord Thompson, the whole lot. It is a nonsense argument.

And he goes on to say:

Nowhere in the English speaking world are you restricted from owning newspapers except here for some extraordinary reason we're sitting down and saying you can only have 20% ownership. It is absurd.

So under oath he is telling us, sworn, what he's sworn, he's telling us that it's absurd to have foreign restrictions on foreign ownership. He's saying it's a nonsense

argument but in his Walt Disney like appearance on Disneyland on a Sunday night in more benign mode Kerry is telling us it is a shocking incursion into the national interest. Now how does he reconcile his sworn views to the House of Representatives Committee and his views the other day?

**Laurie Oakes:** Well he sounds a bit like a politician I suppose.

**Paul Keating:** No, it sounds a bit disingenuous which is what it is.

**Laurie Oakes:** But are you concerned about Kerry Packer moving up to just under 25%. Is he breaking any law by doing that?

**Paul Keating:** No. Look let me make this clear how it works Laurie. At 15% under the rules Mr Packer is deemed to have control unless he can prove otherwise and what is happening before the ABA at the moment is an examination where the onus is on him to prove he doesn't control it. So there has always been something in the public mind that at 15 you're sort of barred. At 15 what happens the onus of proof changes and he's deemed to have control. Now he's got to prove, the onus is on him to prove, not the ABA, the onus is on him to prove he doesn't control it.

**Laurie Oakes:** So what he's doing his increase in the shareholding is totally above board as far as the law is concerned?



**Paul Keating:** In terms of the ownership and control provisions he has to establish that. He has to establish he hasn't got control but the ABA can always examine how the ownership and control provisions are actually working and if it finds them inadequate advise the government and, of course, this could include the associated actions of the takeover provisions.

**Laurie Oakes:** How does that come into it?

**Paul Keating:** Well the takeover provisions have an impact of around 20% and I'm not certain whether Mr Packer will have one company at 20% or two companies dividing that stock.

**Laurie Oakes:** Prime Minister we'll take a break and return in a moment.

Welcome back. Prime Minister were suggesting that if Mr Packer reaches the 20% holding that he will have to make a formal takeover bid, that the 25% is irrelevant.

**Paul Keating:** No I'm not suggesting that. That is for the ABA to make a judgment about Laurie and they obviously will.

**Laurie Oakes:** There is a review of the television and broadcasting industry scheduled to happen before '97. What is the future of that review now in the light of what is happening?

**Paul Keating:**

Well the government must under the Act have a review before July 1997 amongst other things to decide whether to assess the benefits to accrue if more than three stations were given licences. In other words to assess whether there should be a fourth network. Now let me just say this Laurie, we will have that review, and can I just say for my part I think one of the absent things in Australian television is a family channel. A channel where you're not deluged with violence on the news services. I mean, if you look at the Channel 9 news every night the first two or three stories will be a road accident or a murder or something violent.

**Laurie Oakes:**

Or something out of the House of Representatives.

**Paul Keating:**

Well that generally takes number four or five. And it is the same with most of the other channels as well. I think there is, I mean we're pumping violence into our kids, we're pumping it in news, we're pumping it in some current affairs programs, we're certainly pumping it in drama and I think that we should be thinking in this country about whether we can have a channel which doesn't affront everybody's sensibilities with murders, rapes, killings, road smashes and maybe fourth network

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**Laurie Oakes:**

Is there such a network anywhere else?

**Paul Keating:**

I think in the US there are stations, whether you would call them a network, are actually doing this. But if we don't take some stand against this, I mean, if we were to throw the system open as John Howard suggests we would have the American bilge coming in here, we would wipe out Australian drama, we would have our kids subjected to this sort of American dramatic productions and that is why it is important that we keep cultural control of Australia's drama and media industries, and can I just say on that very point, don't let John Howard tell you he denied or sought to deny my claim that he has made clear to Mr Packer that he will suspend the cross media rules. I can tell you this advisedly, Laurie, he has made that clear, he has made that clear, and when asked by the Herald Sun on Friday, if he was perturbed about Mr Packer owning both Channel 9 and Fairfax he said:

"There's some case given the changes in technology for querying the continued suitability of the current cross media ownership provisions."

He went on in the Financial Review to say:

"I think technology has rendered the cross media rules redundant."

Isn't it coincidental that when all of this is on after he has had a number of conversations with Mr Packer all of a sudden the cross media rules are to go to make the way clear for Mr Packer to own the two nines and the Nine Network and John Fairfax and Sons.

**Laurie Oakes:** I would have thought the word John Howard is saying is it is nearly self evident, technology has moved on. You've said similar things yourself. But on the subject of John Howard -

**Paul Keating:** Technology has moved on but that is not to say that we shouldn't have rules to give us plurality in the media.

**Laurie Oakes:** Well on the subject of John Howard. It seems to most people that this row was partly because Kerry Packer got your nose by saying John Howard would be a good Prime Minister.

**Paul Keating:** I've made the point Kerry being a poor judge at the last three elections. Now I like Kerry but one thing he is not good at is picking election outcomes.

**Laurie Oakes:** But he didn't pick an election outcome. He said that John Howard is decent, John Howard is honest. Now that is the perception that most people have of John Howard isn't it?

**Paul Keating:** Well I've always thought it was basically an ironic remark this remark about honesty. He was quite happy to sit it out when the Tax Commissioner was bellowing almost on a loud hailer about the criminal avoidance of the tax system. He is now playing monkey cunning -

**Laurie Oakes:**

But he's the bloke who killed bottom of the harbour and one of the reasons he was out of the leadership was because of that.

**Paul Keating:**

Yes, after the McCabe Le Frankie [?] report and the Costigan Royal Commission made it impossible for him not to act and now he is running around monkey cunning after making clear to the media proprietors he knocked the cross media rules off just as in the last three weeks of the '83 election they signed up the two airline policy again for five years. Look Mr Howard is a fixer. He is in the fixing business. He understands, he is in that Menzies tradition: you hand out TV licences, you hand out tariff protection, you hand out two airline agreements, that is the sort of approach[?] he comes from.

**Laurie Oakes:**

The perception of John Howard, though I believe, is that he is an honest, decent man and perceptions in politics are all important. Thank makes him your toughest opponent yet doesn't it?

**Paul Keating:**

I don't think so because John Howard does have a political past. He did get down to 18% as the Bulletin reminded us in 1989 and why did he? Because he was an inadequate leader and he was a poor Treasurer. So there's a history here and I think, and what did he say in these interviews on Friday Laurie. Have a listen to this. He said:

"There was reform fatigue in the Australian electorate"  
in other words those Australians are right out of reform,  
those lazy Australians are right out of reform,  
"...reform fatigue in the Australian electorate",  
and he believed

"there was a desire for gentler policies, i.e. not change  
policies"

In other words here he is back with '70s politics, '70s  
politics, reform fatigue, no change, he says that he is  
opposed to tax increases, he is opposed to big spending  
cuts, he is opposed to interest rates rising, he is opposed  
to all the variables in the Australian budget and as the  
Courier Mail made quite clear, they said:

"Vague is best"

Vague is best.

**Laurie Oakes:**

John Howard says he is in favour of sensible spending  
cuts and hasn't he got you where it hurts with his line  
about five minutes of sunshine. Aren't people frustrated  
that after the pain of the recession after five minutes  
they are back to rising interest rates and looming tax  
increases?

**Paul Keating:**

Well you go and tell the 500,000 people who found a  
job in the last two years, which has been for them a  
summer of sunshine, that it was for five minutes. Or go  
and tell the business community you have got five and a  
half to six per cent growth and two per cent inflation  
that it is a summer of sunshine. This is the problem

about John Howard glib lines will not change Australia and make it better and for a man, I mean, what use can Australia have in the 1990s after a period of great change with a modern externally oriented economy making the change into Asia for somebody who describes himself as the most conservative leader Australia has ever had. I mean what use can Australia have particularly when he is saying, now, last Friday, that the country has got reform fatigue. I mean, where do his acolytes like Allan Wood and Des Moore and all these other people stand now?

**Laurie Oakes:**

But there's a chance he's right isn't it? Australians may be sick of pain. May be sick of changes. If he's right you're in trouble?

**Paul Keating:**

Well you can't have any pain Laurie with a 40% real increase in household disposable income since 1983. You can't have real pain with strong real growth in take home pay in real disposable income. You can't have real pain with the largest rate of employment growth in any year on record. What he's saying is, I don't want to see Australia ch..., I'll sit it out. My judgment is, he says, that we don't need any more reform, we'll basically sit it out and see if we can cruise into office. In other words a '70s solution for a country in a period of great flux in the 1990s in the middle of Asia.

**Laurie Oakes:** We're just about out of time but there was an election yesterday. The Labor Party is in trouble isn't it when a town like Canberra votes against it?

**Paul Keating:** Laurie it's basically a municipal election, a municipal election under the Hare-Clark system and it is still not clear who will end up being the government. There was a swing against the Labor Party but in national terms, if that is the point you're making, so what.

**Laurie Oakes:** Well what about in New South Wales? If Bob Carr fails to get up in New South Wales I'm sure the Press Release the day after the election will blame your government, blame looming tax rises, spending cuts and the performance of your government. You won't be able to dodge that will you?

**Paul Keating:** Well Bob Carr didn't get up last time but we got up two times since, I mean, one time since, so I don't know if there's any logic to that remark. Actually I think Bob Carr will win because I'll tell you this about the Fahey government, not a thing happens in New South Wales, no projects start, ministers are falling out of the government through one scandal after another and this is a government absolutely dead on its feet and the quicker that Bob Carr can put it in a coffin the better.

**Laurie Oakes:** Prime Minister thank you very much.



**Paul Keating:** Thank you Laurie.

**Laurie Oakes:** Back to you Jim.

**ENDS**

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