

PRIME MINISTER'S PRESS CONFERENCE
KIRRIBILLI HOUSE, SYDNEY,
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PRIME MINISTER: I want to speak to you about the announcement that the Speaker of the House of Representatives made this morning. You were told that he had notified all members that the House would sit at 2.30 next Wednesday afternoon. During the week many members of the Opposition and many of the media have made allegations about the Government in general and about individual Ministers concerning the propriety of their actions, in particular in respect to the inquiries that had been made about overseas loans. Now the proper place for such political issues to be determined is in the supreme political forum of the nation, the House of Representatives itself. There the Opposition can make charges against Ministers and can substantiate them, if it can. And the Australian people will there and then have the opportunity to judge the facts and the motives of any such allegation.

I had earlier told your representatives that when Parliament next sat I would table the reports I have received from the Ministers, the Departmental Heads, the other officials concerning the letters to Mr George Harris about which Dr Cairns spoke on the last afternoon that the House sat. I shall, of course, now table those next Wednesday afternoon. I shall also table the letters to and from Dr Cairns about the subsequent letter or the letter which subsequently came to light, the letter of the 7th of March.

Also I will table Mr Connor's letters to Mr Khemlani. Now Mr Fraser, when the House meets, will be able, if he wishes, to make any of the charges which any of your media have made, or any of his colleagues, or that his Deputy have made against Ministers; they will also be able to make charges against any individuals, they will be able to make charges against individuals who are not in Parliament with complete safety, no legal consequences for them if they make any charges at all, including some of the extraordinary charges that have been made by these guttersnipe hirelings that some of your employers have engaged. They will be able, for instance, to explain, if there is an explanation for this story in this morning's "Age", that a London finance broker said that "someone in Australia had been prepared to pay up to \$2 million to

acquire certain vital documents relating to efforts by Australian Ministers to raise multimillion US dollar loans".

Now all this can be said in Parliament and it can be substantiated in any way that's available to the Opposition. The only thing is that the Opposition will have to state the facts as they know them or as they are prepared to authenticate or identify. There will be a great opportunity for Mr Fraser and his associates, in the good old Australian phrase, "to put up or to shut up". Now are there any questions that any of you would like to ask?

QUESTION: Why, after so many refusals, have you now decided to table the letter from Connor to Khemlani?

PRIME MINISTER: Because of the allegations which have been made by the various newspapers. In view of some of the statements and interpretations that have been made and given, let the public see for themselves.

QUESTION: It has been hinted that you and Mr Connor are involved just as much as Dr Cairns, would you care to comment?

PRIME MINISTER: Well would you identify the source of the hint?

QUESTION: Well, in the press.

PRIME MINISTER: Yes, but there is press and press and there is radio station and radio station. Well, let me say, I have written no letters at all to anybody that has been named in Parliament or outside it. I notice that some of the papers mentioned on Friday morning, I think it was, that a gentleman was writing to me to claim \$5 million commission on funds which he had been able to secure. I haven't seen any such letters; I've been informed that that gentleman for at least the last five years has been putting proposals to the Treasury and the Department of Trade - the Department of Overseas Trade as it now is - and that nobody has ever given a second thought to his proposals. I'm told that he is or has been a bankrupt and that there is some medical disturbance also. But this is the only thing that I have seen concerning me.

QUESTION: What about Mr Connor sir?

PRIME MINISTER: Well, you will be able to judge this from the letters. The great difference between Mr Connor and Dr Cairns is that Mr Connor was authorised to pursue inquiries and took advice on any responses he had and was, in general, consulting with his colleagues. Dr Cairns was not authorised, did not consult.

QUESTION: Have you met Mr Khemlani or had any verbal negotiations with him? Have any of your staff or your Permanent Head, Mr Menadue, negotiated with Mr Khemlani or any one else in such matters?

PRIME MINISTER: Now a couple of days ago when I was asked in writing by one of the Canberra Press Gallery - a question which any of you are entitled to put to me in writing along the lines which you have just put - I was asked whether in effect I had ever met or spoken to Mr Khemlani. My written reply to your colleague was: that I had never met him, I had never communicated with him, I believe I had never seen him. I would believe that the same applied to the Head of my Department and every member of my staff. I have heard nothing to the contrary.

QUESTION: Would you describe the Labor Government's loan raising activities as extraordinary?

PRIME MINISTER: Unprecedented in degree, that is all. There is nothing illegal whatever. It is significant that nobody has suggested that there was anything illegal or that there was anything so extraordinary as to be improper in the fact that the Government authorised one Minister to pursue inquiries in response to approaches that had been made to him. I emphasise: there has been nothing illegal, there has been nothing which was so unusual as to be improper. This is a great opportunity in the Parliament for people who are answerable to the public, that is members of Parliament, Opposition Leaders and others to specify if there is anything illegal or if there is anything so unusual as to be improper. I would like to emphasise that, as was reported in the press, we had a loan raising, the other day, in New York which was filled in a single day. Now this was in the light of reports which are made by the agencies which assess the credit worthiness of various nations. For the first time, about last September or October, Australia was given a triple A credit rating, the top credit rating in the world equal to Canada, France, Germany

and the like; the first time that Australia had ever got it. And recently the other agency came to Australia and confirmed that assessment. Standard and Poor were here last month or the previous month and confirmed it. So Australia has an equally top credit rating with any country in the world; the last loan we raised was filled in a single day.

QUESTION: Will the Caucus Meeting be put forward due to the recalling of the House of Representatives?

PRIME MINISTER: No, I haven't planned to do so.

QUESTION: Will the guidelines of raising loans overseas be changed or reviewed by you in light of what's happened in recent times?

PRIME MINISTER: The method for the Government to raise a loan has for countless years back been the same. A loan is raised on the authority of the Executive Council.

QUESTION: Did you ever consider having a judicial inquiry into the overseas loan-funds borrowing, and if so does the recalling of Parliament now overshadow that?

PRIME MINISTER: I have considered having a judicial inquiry, a Royal Commission into any matters where a Royal Commission is appropriate. I will still consider that if any questions arise which would seem to show that that was the proper course. If allegations are made or documents produced in Parliament for which there is no proper explanation and a Royal Commission would be the appropriate procedure to seek an explanation, then of course I will appoint the Royal Commission. But let me point out this: that Royal Commissions or inquiries of any kind are only set up to ascertain facts. They don't issue decisions, they don't bring down judgements, they don't impose penalties, they don't deliver verdicts. A Royal Commission is only to ascertain facts and it can make a recommendation, it can make a report on the facts as it sees it. But the fact that a Royal Commission believes that the facts establish certain matters doesn't conclude the question. If there is any matter which I believe shows any illegality then I will of course pursue it. I told you a couple of days ago that it seemed quite possible that Mr Sear Cows' action, admitted by him in a Statutory Declaration - his action in falsifying telexes - that that should be investigated. If that was illegal, as

would certainly appear to be possible, then action should be taken to prosecute him. It is not clear, it's perhaps unlikely, that he has committed any offence against Federal law but the general question of his having committed an offence against State laws and which State would have been concerned, that is being pursued. Now here is a clear case; there would be in that Statutory Declaration admitted facts. Now if those facts disclose any illegality there will be no hesitation whatever, there has been no hesitation in pursuing the legal consequences of that action and bringing them home to Mr Sear Cowls.

QUESTION: Would you see your sacking of Dr Cairns based solely on his not having authority to raise loans?

PRIME MINISTER: No. Dr Cairns had his commission terminated because, on the facts as they appear, he has misled the House of Representatives. You will remember that he stated on the 4th June, in answer to a question by the Deputy Leader of the Opposition, and an interjection by the Leader of the Opposition, that he had not offered anybody a commission or a brokerage fee of 2½% on any loan monies that he found or introduced. Subsequently, a photostat appeared of a letter of the 7th of March which had Dr Cairns' signature on it and which offered a brokerage fee of 2½% to Mr George Harris in those circumstances. I discussed this photostat with Dr Cairns last Tuesday, late afternoon, and we agreed that he should think about it and the following day give me a written explanation. He gave me a written explanation at 6.00 p.m. on Wednesday afternoon that he had no recollection of having signed the letter of which we had looked at the photostat. In those circumstances there would be an allegation that he had misled the House. It would have been an irresistible allegation in the absence of any explanation. That is why I advised the Governor-General to terminate Dr Cairns' commission.

QUESTION: Members of your own Party have been critical of that action because there was no inquiry first and it didn't have the backing of Caucus. The dismissal of Dr Cairns as Deputy.

PRIME MINISTER: There was no option for any Prime Minister in such a matter. No Prime Minister can have a Minister against whom it could be said that he has misled the Parliament.

QUESTION: Would you allow Dr Cairns to serve as a Minister again under you?

PRIME MINISTER: No.

QUESTION: Do you propose tabling also Departmental documents associated with the Connor loan raising propositions?

PRIME MINISTER: No, I propose to, as I said, to table the documents which have been signed by Ministers and those documents which, as I have told you, I have sought from Departmental Heads and those officials concerning letters signed by Ministers.

QUESTION: How many communications between Mr Connor and Mr Khemlani will you be tabling?

PRIME MINISTER: Two letters.

QUESTION: The letter and the memorandum?

PRIME MINISTER: The two letters.

QUESTION: And are you satisfied at, having looked at those again recently, that no interpretation of them could lead to an agency or commission or any understanding by Mr Khemlani that he was to operate on Australia's behalf?

PRIME MINISTER: That is right. I am satisfied of that. That's not only my own opinion but of course, in such matters I seek the advice of the crown law authorities, that has been given. It confirms that opinion. That advice was sought some weeks ago. Mind you, you will remember that I stated in the Parliament, I think it was on the 25th of May, that not a cent had been paid to Mr Khemlani, not a cent had to be paid to Mr Khemlani and that not a cent would be paid to Mr Khemlani. I made that statement in the confidence that there was no inducement offered to Mr Khemlani which would give him any, which would lay any obligation at all on the Australian Government.

QUESTION: At the time that you agreed to Mr Connor seeking an overseas loan, did you have a clear idea of the detailed purposes for which it was required and are you prepared to say what each amount was to be spent on?

PRIME MINISTER: I have in mind that if this matter arises in the House the information can be given.

QUESTION: The Opposition apparently is already considering recalling the Senate to use its majority to force a judicial inquiry over this issue. Would that concern you?

PRIME MINISTER: Now I have made it plain on earlier occasions, I mightn't have mentioned it to you, that neither House of Parliament can hold a judicial inquiry. A judge is commissioned to hold an inquiry by the Governor-General acting on the advice of the Ministry or at the request of a Minister. Judges are not appointed to hold inquiries by either House of the Parliament or by both Houses of Parliament. You might remember that there have been resolutions by Houses seeking judicial inquiries. For instance there was a year or so ago a motion by the House of Representatives that there should be an inquiry into various social issues. The Government, of course, commissioned the judge, the archbishop and the other women who are conducting that inquiry as a Royal Commission. Again the Senate, a couple of months ago, asked that there should be a judicial inquiry into the qualifications of Members of Parliament, outside interests and so on, arising from the Webster case. It was, of course, recognised by the Senators who unanimously passed that resolution that it lay upon the Government to commission the judge or judges to hold that inquiry. Also in that matter there is a case pending and there has been another judgement given and judges are not available, they are not willing to serve on that inquiry until the next court case has been determined. So let that be quite plain. The only inquiry that either House of Parliament could hold itself would be by its own members. I don't believe that that sort of inquiry impresses the public because every Member of Parliament is a partisan and votes accordingly.

QUESTION: Mr Prime Minister there has been increasing pressure on Mr Fraser, particularly from people like Mr Bjelke-Petersen, to precipitate a double dissolution. Do you believe Mr Fraser will hold out still against that pressure on him or will he cave in and try for a double dissolution?

PRIME MINISTER: Oh Mr Bjelke-Petersen is not the only one that has given this advice, Sir Charles Court has given it also. It is quite plain however that the proper course is to allow any Parliament to run the full course for which it was elected. And the House of Representatives is elected for a period of up to three years from the first day on which it sat, that is, the House of Representatives should go until the middle of 1977.

QUESTION: Mr Fraser has said that but also he gave himself an out by talking of extraordinary circumstances. You don't believe that the events of the past week would constitute those extraordinary circumstances.

PRIME MINISTER: There have been some extraordinary circumstances, namely the circumstances which led me to terminate Dr Cairns' commission. But nobody has doubted that I, Mr Fraser hasn't doubted that I did the correct thing. So that's not an extraordinary circumstance which would justify trying to get non-Labor Senators to vote against Supply. It was an extraordinary situation for any Minister and regrettably the Deputy Prime Minister of all Ministers, to mislead the House as we must assume was the case in the absence of any explanation at all. Now, the proper result ensued.

QUESTION: Your answer before last you gave very good reason for not letting either House inquire into this matter by saying that such an inquiry would be partisan. Surely it would seem that the proper course would be a judicial inquiry? It's still not clear to me why you are not having a judicial inquiry?

PRIME MINISTER: Well I thought that TDT people were sharper than that. I thought that the facts would be clear. Let me go over it again. Where there are facts which appear to be the foundation of legal proceedings, those legal proceedings will be taken, as far as the Government is concerned. They are being investigated now in the

one case where the facts are known and where it would appear that there might have been illegalities. Now where there is something which is illegal or so unusual as to be improper and it is not possible to ascertain the facts by ordinary police inquiries, by ordinary investigations, then there can be a case for a Royal Commission. But I repeat that a Royal Commission or any form of inquiry can only seek facts. It can then express its view on those facts. But its view has no legal consequences whatever and it can make recommendations but those recommendations do not lead to any necessary action. But what I believe we all have to recognise is that if there has been a breach of the law in any respect then the courts exist to see that that breach of the law is punished.