



LETTER

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PRIME MINISTER

FOR MEDIA

FRIDAY 13 JUNE 1980

COMPENSATION ISSUES ARISING FROM ACTION AGAINST SOVIET UNION AND IRAN

The Government has considered in detail the question of compensation for firms, organisations and individuals affected by our actions taken against the Soviet Union and Iran. Our actions in these cases have been designed to express Australia's strong condemnation of the invasion of Afghanistan and of the seizure and continued holding of the US hostages. The specific range of measures applied in each of these distinct cases has been designed to have the maximum impact within the limits of Australia's capabilities and our desire to act in concert with our allies.

During the months since action has been taken against the Soviet Union and more recently Iran, Government statements have referred to the fact that compensation claims from affected firms, organisations and individuals would be considered sympathetically. We have now decided upon the principles which will underly consideration of claims and the criteria on which examination will be undertaken.

The essential principles involved which apply to the present case are those which have been applied in consideration of ex gratia payments by the Government over the last decade or so:-

- payments should relate to the necessary financial effects of Government policy or actions to the extent that effects are outside the control of individuals;
- the policy or actions of the Government should either have adversely affected the reasonable, well-founded expectations of persons and/or have had disproportionate effects on different sections of the community; and
- offers of payment should be restricted to financial consequences which are the direct result of Government policy or actions.

Firms, organisations or individuals which consider they have a justified claim should make that claim direct to the Secretary, Department of Finance, Canberra. Claims should contain full documentation and evidence relating to the claim, and must be lodged within six months from today. Where it is inappropriate to provide final claims within that time, interim claims are required to be lodged. In addition, claims will only be

considered for amounts in excess of \$1,000, except where loss to an individual is demonstrated, and should refer only to total unrecouped expenditure, not including overheads, nor profits foregone or reduced profits. Payments in respect of effects on trade will be made only where claimants have made every effort to find alternative markets.

In the case of trade with Iran, claims will be considered only in respect of losses incurred in the period to 29 April 1981 and where firm contracts were held on or before 29 April 1980, the date on which the Minister for Foreign Affairs announced that a full embargo on trade in items other than food and medicine would be applied if there was no substantial progress in the hostage situation by 17 May. He also stated on 29 April that no new contracts in such items should be entered into from the time of his statement.

Further details regarding the basis on which compensation will be granted and the information to be supplied can be obtained from the Department of Finance. A number of individuals and firms have already foreshadowed claims and these will be considered by the Government. These claimants will be informed if further and more detailed information is needed.

The various actions which we have taken in respect of the Soviet Union and Iran have been carefully selected to constitute a measured response directed to specific objections. Where those actions, taken for foreign policy reasons, have directly resulted in financial loss to particular individuals or firms, we propose to consider sympathetically claims for compensation from such people. We do not wish to see particular individuals and firms within the Australian community suffer a disproportionate burden resulting from actions which the Government believes are in the interests of all Australians.