

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. J. G. GORTON, M.P.

ON

MOVES TO PREVENT OVERSEAS TAKEOVER OF NORTHERN TERRITORY URANIUM DEPOSITS

Ministerial Statement

[From the 'Parliamentary Debates', 17 September 1970]

Mr GORTON (Higgins—Prime Minister)—by leave—On 16th September 1969 I made a statement in this House concerning the Government's policy on overseas investment in Australia. In the course of that statement I said:

In the past the Government has acted to preserve Australian ownership and control of enterprises which for special reasons of national interest or importance could not be permitted to pass into foreign hands.

And I went on to say:

We reserve the right to do all in our power to prevent particular takeovers when, in the circumstances of the case, we would consider it to be bad in the national interest.

There has recently been a discovery of uranium deposits by a company called Queensland Mines Ltd, in the Northern Territory at Nabarlek. The estimates made by the Chairman of the Company are that the ore body is so large, and the grade of ore so rich that it would be possible to supply the free world's requirements of uranium at a price considerably below that now ruling.

The Government does not know that this claim is accurate and it in no way vouches for its accuracy. But it has been made by Mr E. R. Hudson, the Managing Director of Queensland Mines Ltd. Should the claim be accurate then there could be a clear temptation to overseas interests to

gain control of the Australian companies which at present own these assets. Queensland Mines Ltd is one company concerned and the other is Kathleen Investments (Australia) Ltd which owns 50 per cent of the shares in Queensland Mines. It is therefore clear that control of Kathleen Investments would in fact lead to control of Queensland Mines Ltd. It is a matter of record that in recent days there has been a heavy turnover in the shares of both companies, and although there is no indication that this heavy turnover is as a result of overseas buying, nevertheless the Government would not wish a situation to arise where it could be discovered that control of these companies had passed out of Australian hands. The deposits held by the companies were discovered by Australians, and exploration work was financed with Australian capital. The deposits can be exploited by Australian personnel using Australian technical knowledge and know-how and can be sold on the world market by Australia.

The Government feels that if Australia is to reap the full benefit of these discoveries, full control of this development exploration should remain in the hands of Australian companies for the benefit of Australian shareholders and Australia generally. We have therefore decided that it

would not be in the national interest for control of these uranium deposits to pass into other than Australian hands. We intend to guard against control of either of these companies being gained through purchases of shares by overseas investors. Both companies are incorporated in the Australian Capital Territory. We therefore intend to legislate in order:

- (1) to limit to 15 per cent of the issued share capital the total number of shares able to be held in either company by persons not ordinarily resident in Australia or by foreign corporations. Foreign corporations will be defined in general similarly to the definition in the Companies (Life Insurance Holding Companies) Ordinance 1968.
- (2) to limit the number of shares held in either company by any one person not ordinarily resident in Australia or held by any one foreign

corporation, to not more than 5 per cent of the issued share capital.

This means that a total of 15 per cent of the issued share capital can be held abroad but that no one holder can hold more than 5 per cent of the issued share capital in either company—

- (3) to require any nominee holding, in total, shares in excess of 5 per cent of the issued capital in either company to disclose the beneficial ownership of those shares.

This action is not to be interpreted as anything other than an attempt to preserve in Australian hands and under Australian management assets which have been discovered by purely Australian endeavours and which may be of very significant benefit to Australia. It is an instance of the working out of that policy announced on 16 September last year, which I reiterated at the beginning of this statement.