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"THIS DAY TONIGHT"
TELEVISION INTERVIEW GIVEN BY THE
PRIME MINISTER ON ABC TELEVISION NETWORK

Interviewer : Philip Koch

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Q. Prime Minister, your decision last night has been roundly applauded but there is criticism that while you have protected an Australian company from any possible foreign takeover, you have not laid down a policy to embrace all minerals and developments. How do you answer this?

P.M. Well, I would first of all repeat what I said in the statement of Government policy on the 16 September last year - that's a year ago - if I can quote our objectives:

"As we see it, the central aim of policy must be to provide on terms which are fair, as between overseas investors and the Australian people, the conditions under which investment will be attracted here. But we do not believe that we can or should seek to legislate in such a complex field."

Now you have suggested one might lay down policy to apply to all minerals and all developments. I don't think anybody could lay down such a policy. I don't think they should, and I think if they tried to, they would find so much variety, so many different circumstances that they would be seeking to apply a completely inflexible policy to a whole series of problems all of which vary the one from the other.

Q. Could I ask you about one circumstance that could arise in that it could have been just as easy for a foreigner, an overseas company to have found this particular uranium strike, reportedly the richest in the world. Now if that had happened, what would you have done?

P.M. Well, we would have not in any way have interfered with the company which had such a discovery any more than we interfered with ESSO-BHP when they discovered oil. Because we think that if overseas investors risk their capital here - preferably in conjunction with Australians - but if they risk it, then they are entitled to the rewards for the risks that they have taken. But this is quite a different concept you are approaching here. We are not seeking to protect this particular discovery in order to prevent profits going out of Australia, or something of that kind. After all, we get half of the profits from any discovery. But this is not the point. The point is that if this field is, as it is claimed to be, the richest in the world, and so much richer than any other field, then overseas people, theoretically, having uranium interests abroad, could buy up shares and control this field and not put it into operation.....

because by putting it into operation and by selling it at the price at which it could be sold, they could damage their own overseas investments. Now this is clearly quite a possibility. Also if it is as rich as it is claimed to be, then consumer countries seeking uranium might well be tempted to seek to buy shares to control the company and sell to themselves at a very low price the uranium which can be produced here at such a low price. So it is really designed to see that this is used for the greatest benefit of Australia that we have taken this action. But I do want to say one thing. I don't endorse the claims for the richness of this field. But claims have been made and I think we need to take notice of them.

Q. But you would agree, Prime Minister, that it is very fortunate that it has been found by an Australian company?

P. M. Very fortunate.

Q. Could I ask you why there are differences in the amounts of foreign holdings allowed in Australian companies - following your announcement last night. Now, in the case of uranium deposits, you propose to legislate for a maximum 15 per cent holding. Now under the M. L. C. legislation, the maximum foreign holding was set at 40 per cent, and under the Broadcasting and Television Act, foreign shareholding was limited to 20 per cent. Now why are there these gradings?

P. M. Well, I can't tell you why the Broadcasting Control Act which was brought in in 1942 or something of that kind was set at 20 per cent. It must have been considered at the time that 20 per cent wasn't a controlling interest, I suppose. But I don't know. It's a long time ago. In the case of the M. L. C., it was set, as you say, at 40 per cent, and 21 per cent in the hands of any one individual owner. Now this was set because at the time at which we acted, that was the shareholding which overseas interests had acquired, and it didn't seem right or proper to move in and divest them of shares which they had bought in good faith. So we took the level at which it existed and said that level cannot be increased, and indeed, if in the future a foreign shareholder sells shares to another foreign shareholder, those shares will lose their voting right. That was why it was set at 40 per cent because that was the holdings which overseas people had bought in good faith. We have now moved to 15 per cent in line with the guidelines for company takeovers which I announced in the House last year, a year ago, in which we said, amongst a number of other things, about first-come-first-served offers and so on, that control would be regarded as 15 per cent of a company's shares rather than the 33-1/3 per cent which had previously been considered to be control. That was announced a year ago.

Q. Prime Minister, just one other point on the uranium find. You were able to act quickly to protect the uranium deposits from possible foreign control because the two companies involved are registered in the Australian Capital Territory, and of course come under Commonwealth ordinances. Now would you agree you could not have given this protection had the companies been registered in one of the States?

P. M. I believe that is so. I am not prepared to give a legal opinion that that is certainly so. But this is generally believed to be true and for the purposes of this discussion, let us say it is true. Certainly, the fact that they were incorporated - not registered - incorporated in the A. C. T. was a fact which enabled us to take swift and immediate action. And had they been incorporated in the States, I don't think we could have taken such swift and immediate action.

Q. Well this brings up the point that if the need arose of a company in one of the States, would you expect that the State would follow your guidelines and would in the national interest, do the same thing? Would you have any guarantee of that?

P. M. No, we are a Federal system and the States are sovereign States. They did agree at the Attorneys-General level last year to legislate under the Uniform Company Act for takeover codes for companies. so that nominees owning more than 10 per cent had to disclose the beneficial interest, so that there must be a period of time between takeover offers and acceptance by shareholders, so that 15 per cent would be regarded as a controlling interest in the company, and a number of other matters. They have not yet legislated along these lines. For that matter, neither have we because we have been waiting and hoping for uniform legislation, but we may have to move without it. But I can't guarantee what a State would do. I imagine that, if they were sensible, they would do what we do.

Q. Prime Minister, thank you very much.
