



PRIME MINISTER

MACQUARIE NETWORK WEEKLY BROADCAST

BY THE PRIME MINISTER, THE RT. HON.
WILLIAM McMAHON, CH, MP.

OVERSEAS INVESTMENT IN AUSTRALIA

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Interviewer : Paul Lynch

Q. Prime Minister, there has been much agitation in Australia, of course, over the last year about foreign takeovers. It has been suggested that some of the takeovers of the past year have not been in the interests of this country. Do you feel that that is so?

PM: Many of them, in my opinion, have not been in the best interests of Australia, or perhaps I could put it differently. Attempts, in many cases, have not been in the interests of Australia. And I personally intervened in those cases to fire a shot across their bows to stop the takeovers taking place until I was able to introduce legislation into the House.

Q. Which cases would they have been, Prime Minister?

PM: Well I mentioned them before and it created a bit of a furore, but I didn't like the idea of the International Telegraph and Telephone Company taking over Fresh Foods. That was one example. And while they might not have been directly influenced by political considerations, they must in some respects have been influenced by them and the takeover didn't take place.

Q. Now, with the announcement of this new Board, this independent Board, how exactly would a foreign company wanting to take over an Australian company have to approach it - to the Board?

PM: First, the company attempting to make the takeover could notify the Government, or could notify its intention publicly. As soon as that was done, we would refer the matter to the independent authority and we would give them a timetable within which they would have to make recommendations to the Government. They would make their report and the Government would then decide what action it should take, either to prevent the takeover completely or to take some other kind of remedial action. Until the act is passed and we have established this independent authority, the Government will do exactly the same as the independent authority would do, but on this occasion we would be advised by an interdepartmental committee.

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Q. As I understand it, Prime Minister, you do not intend to stop all foreign takeovers. You have to chart a course between the ones which you think are acceptable and the ones which you think are not acceptable. How will you chart that course?

PM: That is correct. Your statement is correct. But it is a kind of a syncopation of what we have done. We have set out guidelines and there are about ten of them that have to be complied with. If they are not in the public interest, manifestly not in the public interest, and there are other qualifications that cannot be met, then we will prevent the takeover. But if it is felt that the qualifications can be met, a recommendation can be made accordingly, and we will look at it and it will be for the Government to make the final decision.

Q. Sir, you as Prime Minister, and Prime Ministers over the last few years have said that the inflow of foreign investment capital into Australia, in some cases takeover capital, is a good thing. Do you still feel this?

PM: Yes, I do, because circumstances can change so quickly. At the moment we don't need large amounts of overseas capital in the way we needed it say, two, three, four, five years ago. But you can never tell when circumstances will change again and we may need it again. Under present circumstances, we would like, if we think it is in the nation's interests, to reduce the quantity of the flow into Australia and we are attempting to do so.

Q. Sir, do you feel that any takeovers that there have been in the last few years, without naming names, are takeovers which have damaged Australia?

PM: I couldn't say "damaged" in an economic sense, because they have brought know-how, and they have permitted the Australians who have been the investors in the taken-over company to be able to invest their money somewhere else. But I don't think that is the point today. The point today is that we have an abundance of overseas reserves and, much more importantly, Australians want to own Australian companies and they want an increasing share of ownership in overseas corporations. I think it is this attitude of Australianism that is of vital importance to us now.

Q. Sir, can you see a situation in which you might in the future adopt a practice - or the board might adopt a practice - which has been recommended by various authorities which would be that foreign companies would be allowed to buy in to Australia but they would not be allowed to control what they buy in?

PM: Yes, we would have no exception to them buying in, and in fact, the law will provide that they can have a shareholding of up to 15 per cent without it being regarded as a takeover. Or, if there are a number of corporations involved, they could have up to 40 per cent without it being regarded as a takeover. So we are not excluding them completely and for all time. We will set out in the legislation the conditions under which they can have a shareholding in Australian companies.

Q. Prime Minister, thank you very much.