

SPEECH NOTES FOR THE PRIME MINISTER

PERTH LUNCHEON MEETING 2 MAY 1974

OF ALL THE ISSUES THAT HAVE EMERGED DURING THIS CAMPAIGN THE GREATEST OF THEM INVOLVES THIS BASIC QUESTION: WILL AUSTRALIANS CONTINUE TO CONTROL THEIR OWN ECONOMIC DESTINY OR ARE WE TO BECOME TENANTS IN OUR OWN LAND?

SEVENTEEN MONTHS AGO I PUT TO THE AUSTRALIAN PEOPLE CERTAIN PROPOSALS DESIGNED TO REVERSE THE INSIDIOUS PROCESS BY WHICH THE PREVIOUS GOVERNMENT ALLOWED CONTROL OF OUR ECONOMIC DESTINY TO PASS OUT OF OUR HANDS. THE POLICIES OF THE OPPOSITION IN THIS RESPECT SHOW NO REAL CHANGE. THIS ELECTION MAY WELL BE THE LAST OCCASION ON WHICH AUSTRALIANS ARE ABLE TO CHOOSE THEIR FUTURE COURSE, TO CONSERVE AN INDEPENDENT ECONOMIC INHERITANCE FOR OUR CHILDREN AND OUR CHILDREN'S CHILDREN.

WHEN THE AUSTRALIAN LABOR PARTY WAS IN OPPOSITION, PREPARED AND PRESENTED CERTAIN POLICIES BASED ON A BELIEF THAT AUSTRALIANS COULD, AND INDEED MUST, CONTROL THEIR BASIC INDUSTRIES AND RESOURCES. LET ME SAY THIS; WE HAVE NOW HAD EXPERIENCE OF GOVERNMENT., WE HAVE HAD ACCESS TO THE EXPERTISE AND THE INFORMATION AVAILABLE TO GOVERNMENTS. I, AND ALL OF MY MINISTERS, HAVE BROADENED OUR EXPERIENCE, EXTENDED OUR KNOWLEDGE AND HORIZONS. MYA CONVICTIONS ON THIS MATTER, AND THE UNITED CONVICTION OF MY CABINET AND OF MY PARTY, HAVE BEEN AFFIRMED AND STRENGTHENED. AUSTRALIANS MUST PRESERVE OUR ECONOMIC INDEPENDENCE. WE MUST REJECT THE SEDUCTIONS OF THE QUICK DEAL AND RESIST THE TEMPTATIONS TO PROFIT AT THE EXPENSE OF OUR CHILDREN'S INHERITANCE. WE HAVE FOUGHT FOR OUR INDEPENDENCE IN SEVERAL WARS. WHAT ARMS COULD NOT CONQUER, MONEY MUST NOT BUY.

I CAME HERE TO WESTERN AUSTRALIA BECAUSE IT IS HERE THAT IN RECENT YEARS THE CHOICE I HAVE DESCRIBED HAS BEEN MOST ACUTE. I CAME HERE PARTICULARLY TO CHALLENGE THE MOST INSIDIOUS OF ALL PROPAGANDA IMPOSED IN THIS DEBATE. OUR OPPONENTS HAVE SWALLOWED THE MULTINATIONAL LIE THAT WITHOUT UNRESTRICTED FOREIGN INVESTMENT, OUR DEVELOPMENT IS RESTRICTED. I DON'T ACCEPT THIS PROPOSITION AND I DON'T BELIEVE AUSTRALIA COULD AFFORD TO ACCEPT THIS PROPOSITION.

THE QUESTION IS NOT WHETHER WE PERMIT OVERSEAS CAPITAL TO DO LESS - THE QUESTION IS WHETHER WE CAN ENSURE THAT AUSTRALIAN CAPITAL DOES MORE. OUR OBJECTIVE SHOULD BE TO MOBILISE THE RESOURCES OF OUR PEOPLE, HUMAN AND CAPITAL, AND THE POWERS OF OUR GOVERNMENTS, BOTH STATE AND FEDERAL. WE MUST STOP THE ABILITY OF MULTINATIONALS TO DIVIDE AND RULE OUR STATE GOVERNMENTS AND PRIVATE COMPANIES.

WESTERN AUSTRALIANS SHOULD KEEP IN MIND THE FACT THAT MANY OF THE CORPORATIONS WITH WHICH YOUR STATE GOVERNMENT DEALS HAVE A BUDGET TEN TIMES THE BUDGET OF YOUR STATE GOVERNMENT. AUSTRALIANS MUST UNITE TO MOBILISE THEIR RESOURCES. NO AUSTRALIAN COMPANY ALONE CAN DEAL ON THE LEVEL OF MULTI-NATIONAL CORPORATIONS. NO AUSTRALIAN STATE ACTING ALONE CAN DEAL WITH THEM. ONLY THE NATIONAL GOVERNMENT HAS THE RESOURCES AND THE STATURE TO DO SO.

WE MUST MOBILISE OUR RESOURCES AND OUR SKILLS. THERE ARE FIELDS WHERE THE COMMONWEALTH ACTING ALONE CAN BE MOST EFFECTIVE. THERE ARE FIELDS WHERE THE COMMONWEALTH CAN BE MOST EFFECTIVE IN PARTNERSHIP WITH THE STATES. THERE ARE FIELDS WHERE THE COMMONWEALTH CAN BE MOST EFFECTIVE IN PARTNERSHIP WITH PRIVATE CAPITAL.

WHAT WE MUST DO AS A NATION IS TO DEVELOP THE POLICIES AND ESTABLISH THE INSTITUTIONS WHICH MAKE SUCH ACTION AND SUCH PARTNERSHIP WORK.

OF THE MANY MEASURES FRUSTRATED AND BLOCKED BY THE SENATE, TWO OF THE MOST SIGNIFICANT INVOLVE THIS QUESTION. THE OPPOSITION HAS FRUSTRATED OUR PLANS TO BROADEN THE SCOPE OF THE AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION AND TO ESTABLISH THE PETROLEUM AND MINERALS AUTHORITY. OUR OPPONENTS' RESISTANCE TO THESE MEASURES TO PROMOTE AUSTRALIAN OWNERSHIP FORMS PART OF A PATTERN OF ENCOURAGEMENT OF FOREIGN OWNERSHIP WHICH THEY SET WHEN IN GOVERNMENT. THEY ASSERT THAT AUSTRALIAN PRIVATE CAPITAL SHOULD BE LEFT UNIMPEDED.

AIDC
Petroleum
& Minerals

THE GOVERNMENT IS NOT PREPARED TO LEAVE THIS BASIC ISSUE IN THE HANDS OF THE COMPANIES AND THE MEN WHO TAKE NONE OF THE RISKS NECESSARY TO OBTAIN FOR AUSTRALIA A LARGER SHARE IN OWNERSHIP, CONTROL AND DEVELOPMENT OF OUR NEW RESOURCES. UNDER OUR PREDECESSORS, SIXTY-EIGHT PER CENT OF OUR ENERGY RESOURCES FELL INTO THE HANDS OF FOREIGN COMPANIES. NOTHING CAN CONVINCE ME THAT THIS WAS NECESSARY.

THE CAPACITY OF THESE COMPANIES TO SHOW INITIATIVE AND ENTERPRISE AND TO TAKE RISKS CAN ONLY BE STRENGTHENED BY MOBILISING AUSTRALIAN RESOURCES AND POWERS. THIS IS WHY WE NEED TO EXPAND THE ROLE OF THE AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION AND ESTABLISH THE PETROLEUM AND MINERALS AUTHORITY.

SINCE WE WERE ELECTED TO GOVERNMENT WE HAVE ALREADY SHOWN THE ADVANTAGES OF SUCH ACTION. FOR THE FIRST TIME IN OUR HISTORY THE AUSTRALIAN GOVERNMENT HAS INTERVENED BY SUPERVISION OF MINERAL EXPORTS TO STRENGTHEN THE BARGAINING POWER OF OUR EXPORTERS. WE WERE DETERMINED THAT OUR RESOURCES WOULD NOT BE SOLD ON THE CHEAP. NO LONGER CAN FOREIGN BUYERS PLAY THE GAME OF DIVIDE AND RULE TO EXTRACT LOWER PRICES FROM OUR COMPANIES, AND CONCESSIONS FROM OUR STATE GOVERNMENTS. THE OPPOSITION'S POLICY IS OMINOUSLY SILENT IN THIS RESPECT. WILL THEY ABOLISH OUR EXPORT CONTROL REGULATIONS?

THE ACTIONS OF THE AUSTRALIAN GOVERNMENT HAVE RESULTED IN SIGNIFICANT INCREASES IN THE PRICE OF OUR IRON ORE AND COAL EXPORTS. THE DIRECT RESULT OF THIS POLICY HAS MEANT AN EXTRA \$67 MILLION PER ANNUM IN INCOME FROM IRON ORE AND AN EXTRA \$59 MILLION PER ANNUM IN EXPORT INCOME FROM COAL.

Iron Ore

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IN THIS WAY ALL AUSTRALIANS BENEFIT FROM THE CONCENTRATION OF OUR BARGAINING POWER. WE MUST UNITE IN THE SAME MANNER TO PRESERVE THE OWNERSHIP AND CONTROL OF OUR INDUSTRIES AND RESOURCES.

I AM SURE THAT WESTERN AUSTRALIANS SHARE MY DEEP SENSE OF SHOCK AT THE NATIONAL SCANDAL REVEALED BY THE FITZGERALD REPORT. MANY WESTERN AUSTRALIANS PROBABLY BELIEVED THAT THEIR MINERAL INDUSTRY WAS PAYING SIGNIFICANT AMOUNTS IN TAXATION. SOME OF YOU ALLEGED THAT THIS MONEY WAS BEING DRAINED OFF TO THE OTHER STATES. LET ME MAKE THIS CLEAR : IF THERE WAS ANY DRAIN OF THE WEALTH PRODUCED IN WESTERN AUSTRALIA IT DID NOT GO TO THE OTHER STATES; IT WENT OVERSEAS. THE FITZGERALD REPORT REVEALS THAT OVER THE LAST SIX YEARS THE MINING COMPANIES MADE \$2,072 MILLION IN PROFIT. THEY RECEIVED FROM THE AUSTRALIAN TAXPAYER \$341 MILLION IN SUBSIDIES AND PAID ONLY \$286 MILLION IN TAX AND ROYALTIES - \$55 MILLION LESS. AND SIXTY PER CENT OF THESE PROFITS ACCRUE TO OVERSEAS INVESTORS. INDEED, THE ANNUAL AMOUNT OF PROFITS PAYABLE OVERSEAS ROSE SIXFOLD IN THE FIVE YEARS ENDING JUNE 1973.

Fitzgerald Report

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THE AUSTRALIAN GOVERNMENT IS COMMITTED TO THE CONTINUATION OF SIGNIFICANT CAPITAL INVESTMENT IN MINING. THIS INVESTMENT SHOULD NOT INVOLVE LOSSES TO THE NATIONAL REVENUE, NOR SHOULD IT PRIMARILY PROMOTE FOREIGN PROFITABILITY. I AM AWARE OF THE BENEFITS THAT THE MINING INDUSTRY HAS BROUGHT TO THE WEST. THE WHOLE THRUST OF MY ARGUMENT IS THAT WESTERN AUSTRALIANS, LIKE ALL AUSTRALIANS, SHOULD HAVE BENEFITED MORE FROM THIS DEVELOPMENT. WE HAVE NOT TAKEN FULL ADVANTAGE OF OUR RESOURCES IN TERMS OF PROMOTING THE WELFARE OF THE AUSTRALIAN PEOPLE. WE INTEND TO DO SO IN THE FUTURE.

WE HAVE ALREADY ANNOUNCED OUR INTENTION TO EXTEND AND STRENGTHEN THE FOREIGN TAKEOVERS LEGISLATION. THIS IS ONE OF THE MEASURES WHICH WAS FRUSTRATED BY THE OBSTRUCTION OF THE SENATE. WE PROPOSE - AND I ANNOUNCE HERE FOR THE FIRST TIME - THREE BASIC EXTENSIONS OF THIS LEGISLATION.

THE MOST SERIOUS OMISSION IN THE PRESENT ACT IS THAT IT APPLIES ONLY TO THE PURCHASE OF SHARES. IT DOES NOT PREVENT AN OVERSEAS COMPANY BUYING ALL OR PART OF THE ASSETS OF AN AUSTRALIAN COMPANY AS DISTINCT FROM THE SHAREHOLDINGS. THIS IS A MAJOR LOOPHOLE. THE EFFECT OF BUYING SHARES OR BUYING ASSETS IS THE SAME.

THE SECOND DEFICIENCY IN THE LEGISLATION IS THAT IT DOES NOT INCLUDE COMPULSORY NOTIFICATION REQUIREMENTS FOR FOREIGN COMPANIES PROPOSING TO MAKE SUCH A TAKEOVER OF ASSETS. WE WILL INCLUDE SUCH PROVISIONS.

WE PROPOSE A THIRD AMENDMENT.

THE LEGISLATION DOES NOT EXTEND TO COMPANIES ALREADY UNDER FOREIGN CONTROL BUT IN WHICH THERE IS A SIGNIFICANT MINORITY AUSTRALIAN INTEREST. THERE HAVE BEEN A NUMBER OF OCCASIONS WHEN THE AUSTRALIAN EQUITY IN A VENTURE HAS BEEN DIMINISHED BY A SHARE ISSUE OR A SHARE SWAP. WE PROPOSE THAT, ON CERTAIN CRITERIA, ANY ATTEMPT TO DIMINISH A SIGNIFICANT AUSTRALIAN INTEREST, EVEN IF IT IS A NON-CONTROLLING INTEREST, SHOULD BE MADE EXAMINABLE IN ACCORDANCE WITH THE PROCEDURES DEVELOPED BY THE FOREIGN TAKEOVERS COMMITTEE.

CONTROL OF FOREIGN TAKEOVERS IS ONE ASPECT OF POLICY DESIGNED TO MAXIMISE AUSTRALIAN OWNERSHIP AND CONTROL. THE GOVERNMENT IN ITS ADMINISTRATIVE ARRANGEMENTS, HAS ESTABLISHED A BROADER SYSTEM OF SURVEILLANCE OF FOREIGN INVESTMENT PROPOSALS NOT INVOLVING DIRECT ACQUISITION OF AUSTRALIAN BUSINESSES. I ANNOUNCED IN MY POLICY SPEECH THAT WE WOULD FORMALISE THESE ARRANGEMENTS. WE WILL ESTABLISH A BROAD SCREENING PROCESS WHICH WILL COVER BOTH THE FOREIGN TAKEOVERS PROCEDURES, AS AMENDED, AND NEW DIRECT FOREIGN INVESTMENT. ANY NEW FOREIGN COMPANY PROPOSING TO SET UP IN AUSTRALIA FOR THE FIRST TIME, OR ANY FOREIGN COMPANY PROPOSING TO EXTEND ITS INVESTMENT INTO NEW AREAS, WILL BE REQUIRED TO APPLY TO THE TREASURY AND THE DETAILS OF THE PROPOSED INVESTMENT WILL BE -

- REVIEWED.

THE SCREENING PROCESS WILL ENSURE THAT ANY PROPOSED FOREIGN INVESTMENT WHICH IS ALLOWED, CONFORMS WITH AUSTRALIA'S NATIONAL INTEREST. THE MATTERS WHICH WILL RECEIVE PARTICULAR ATTENTION ARE EXPORT FRANCHISES, RESEARCH AND DEVELOPMENT EXPENDITURE, LICENSING OF TECHNOLOGY, PURCHASING POLICIES AND TAX AVOIDANCE. OVER A PERIOD OF TIME GUIDELINES IN THESE AREAS WILL BECOME MORE DEFINITE AS OUR EXPERIENCE GROWS. FOREIGN COMPANIES ALREADY OPERATING IN AUSTRALIA WILL BE EXPECTED TO CONFORM WITH THESE GUIDELINES PROGRESSIVELY. IN THIS WAY WE WILL ENSURE THAT THE FOREIGN INVESTMENT THAT HAS ALREADY BEEN ALLOWED WILL CONFORM TO THE AUSTRALIAN NATIONAL INTEREST AS WELL AS ANY NEW FOREIGN INVESTMENT THAT IS ALLOWED.

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NO AUSTRALIAN, NO MATTER HOW STRONGLY HE BELIEVES
IN THE RAPID DEVELOPMENT OF OUR MINERAL RESOURCES,
SHOULD PAY FOR THE PRIVILEGE OF BEING EXPLOITED.

THE MESSAGE OF THE FITZGERALD REPORT IS CLEAR.

WE HAVE SOLD OURSELVES SHORT IN OUR RECENT MINERAL DEVELOPMENTS.
THE PEOPLE WHO HAVE SUFFERED MOST FROM THE FAILURE OF THE
PREVIOUS GOVERNMENT TO GET THE FULL BENEFITS FOR AUSTRALIANS
ARE THE PEOPLE OF THIS STATE, WHERE MINERAL DEVELOPMENTS
HAVE BEEN THE MOST DRAMATIC. THE FAILURE TO MAXIMISE
OUR REVENUE IS A FAULT OF THE LAST FEDERAL GOVERNMENT AS
WELL AS THE PRESENT STATE GOVERNMENT.

THE REVENUE WHICH THE AUSTRALIAN GOVERNMENT WILL
RECEIVE, EVEN FROM THE DECISIONS ALREADY TAKEN, WILL ENABLE
US TO COMMIT CONSIDERABLE AMOUNTS TO EXPLORATION FOR
FURTHER RESOURCES AND THE DEVELOPMENT OF THOSE RESOURCES -
BY THE AUSTRALIAN GOVERNMENT DIRECTLY AND IN PARTNERSHIP
WITH PRIVATE AUSTRALIAN CAPITAL. MUCH OF THIS EXPENDITURE
ON EXPLORATION AND DEVELOPMENT WILL OF NECESSITY BE
DIRECTED TO THE GREAT MINERAL RESOURCES IN THE WEST. ONLY
IF THE AUSTRALIAN GOVERNMENT PLAYS A DIRECT ROLE IN THE
PROVISION AND MOBILISATION OF CAPITAL WILL OUR RESOURCES
BE DEVELOPED IN A MANNER CONSISTENT WITH MAXIMUM AUSTRALIAN
CONTROL AND OWNERSHIP.

THE REVELATIONS OF THE FITZGERALD REPORT ARE DISTURBING. HOWEVER IT IS CLEAR FROM THEIR RECENT STATEMENTS THAT THE GUILTY MEN OF THE PREVIOUS GOVERNMENT - THE MEN WHO ALLOWED THIS SITUATION TO EMERGE - ARE UNREPENTANT. THEY HAVE NO PLAN - NO INTENTION - TO REDUCE FOREIGN CONTROL OF OUR RESOURCES. ON THE MATTER OF TAXATION CONCESSIONS AND SUBSIDIES THEY CONTINUE TO ACT AND TALK AS THE APOLOGISTS OF FOREIGN MINING INTERESTS. THE AUSTRALIAN PEOPLE HAVE THE RIGHT TO KNOW HOW THE EXTRAORDINARY CIRCUMSTANCES DEVELOPED WHICH MADE AUSTRALIANS PAY FOR THE PRIVILEGE OF BEING EXPLOITED.

WE WILL ENCOURAGE AND DEVELOP OUR MINERAL INDUSTRIES BUT WE ARE EQUALLY DETERMINED TO MAXIMISE THE CONTRIBUTION THESE INDUSTRIES MAKE TO OUR NATIONAL WEALTH. I HAVE TODAY SIGNED A REFERENCE TO THE INDUSTRIES ASSISTANCE COMMISSION ASKING IT TO INQUIRE AND REPORT ON THE EFFECT OF TAXATION CONCESSIONS AND ROYALTIES ON THE DEVELOPMENT AND EFFICIENCY OF THE PETROLEUM AND MINING INDUSTRIES AND TO ADVISE WHETHER AND IN WHAT WAYS WE SHOULD OFFER ASSISTANCE TO OR IMPOSE ROYALTIES ON THESE INDUSTRIES.

THE FITZGERALD REPORT REVEALED THE SEVERITY OF THE LOSSES AND LOST OPPORTUNITIES THAT UNCO-ORDINATED AND UNBUSINESSLIKE POLICY-MAKING IN MINING OPERATIONS HAS ALREADY INFLECTED ON US. THE REPORT OF THE COMMISSION WILL ENSURE THAT THE LOSSES WILL NOT CONTINUE AND MY GOVERNMENT WILL ENSURE THAT THE GREAT BENEFITS ACCRUING FROM THE DEVELOPMENT OF OUR NATURAL RESOURCES - OUR NATURAL HERITAGE - WILL BE SHARED FAIRLY BY ALL AUSTRALIANS IN THE INTERESTS OF ALL AUSTRALIANS.