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PRIME MINISTER'S STATEMENT
HOUSE OF REPRESENTATIVES - 9 JULY 1975

(CHECKED AGAINST DAILY HANSARD)

THIS HOUSE HAS BEEN RECALLED SO THAT ONCE AND FOR ALL THE PEOPLE OF AUSTRALIA MAY HEAR AND JUDGE ANY ALLEGATIONS OF IMPROPRIETY, ILLEGALITY, MALPRACTICE OR MALFEASANCE AGAINST THE GOVERNMENT OR ANY MINISTER. IN ALL THE WELTER OF INFORMATION AND MISINFORMATION OF THE PAST TWO WEEKS, IN ALL THE ORGY OF TRIVIA DRUMMED UP AS INVESTIGATIVE REPORTING, ONE CLEAR FACT EMERGES: NO RESPONSIBLE PERSON HAS EXPRESSLY OR DIRECTLY MADE ANY SPECIFIC CHARGE OF IMPROPRIETY, OF ILLEGAL OR CORRUPT CONDUCT ON THE PART OF MY GOVERNMENT, MYSELF OR ANY INDIVIDUAL MINISTER. INNUENDO, INSINUATION, THE SNEER, THE SMEAR, CERTAINLY THE LEADER OF THE OPPOSITION MR MALCOLM FRASER AND HIS DEPUTY, WILLING TO WOUND YET AFRAID TO STRIKE, HAVE PROVED ADEPT AT IT; BUT NO SPECIFIC CHARGES. IF SUCH CHARGES ARE TO BE MADE, THIS IS THE PLACE TO MAKE THEM. NOW IS THE TIME TO MAKE THEM. NOW IS THE TIME TO PUT UP OR SHUT UP.

2. THE PRIVILEGES OF THIS PARLIAMENT FULLY PROTECT MEMBERS WHO BELIEVE THAT THEIR INFORMATION, EVEN PARTIAL INFORMATION, EVEN SUSPECT INFORMATION, WOULD WARRANT MAKING SPECIFIC CHARGES OF IMPROPRIETY AGAINST MINISTERS WHICH THE LAWS OF DEFAMATION MIGHT RENDER DANGEROUS IF MADE OUTSIDE. HERE, ALLEGATIONS CAN BE MADE, PERSONS CAN BE NAMED AND DOCUMENTS CAN BE PRODUCED WITH IMPUNITY AND IMMUNITY. IT IS

NOT ONLY A PRIVILEGE WHICH PARLIAMENT BESTOWS BUT A RESPONSIBILITY WHICH IT IMPOSES. THROUGH THIS PARLIAMENT, MINISTERS ARE RESPONSIBLE TO THE PEOPLE, BUT AN EQUAL RESPONSIBILITY RESTS WITH OPPOSITION MEMBERS, TO PRODUCE THEIR INFORMATION, IF THEY HAVE ANY, TO FORMULATE THEIR CHARGES, IF THEY HAVE ANY. THIS IS THE PLACE TO MAKE THEM; THIS THE PLACE WHERE THEY SHALL BE ANSWERED. THE INQUISITION BY INNUENDO IS OVER. THIS IS THE TRIBUNAL IN WHICH THE OPPOSITION AS MUCH AS THE GOVERNMENT, WILL BE JUDGED - IN THE HIGHEST COURT, BY THE JURY OF THE PEOPLE. WE ARE ALL ON TRIAL NOW.

3. THERE IS A SPECIAL AND OVERRIDING REASON WHY THIS PARLIAMENT IS THE PROPER PLACE. FOR IT IS UPON THE VERY QUESTION OF PROPER PARLIAMENTARY CONDUCT THAT THE ONE AUTHENTIC EVENT IN A WEEK OF SQUALID INTRIGUE TURNED - NOT THE PSEUDO EVENTS OF THE MEDIA BUT THE ONE DEFINITE EVENT, TREMENDOUS IN THE LIFE OF A PARTY, OF A NATION, SUPREMELY TRAGIC IN THE LIFE OF A MAN. ON 2 JULY, I ADVISED THE GOVERNOR-GENERAL TO TERMINATE THE COMMISSION OF THE MINISTER FOR THE ENVIRONMENT AND CONSERVATION. AS DOCUMENTS WHICH I MADE PUBLIC ON 2 JULY MAKE CLEAR, I TOOK THAT DECISION AND WAS OBLIGED TO TAKE THAT DECISION ON TWO GROUNDS. THEY WERE THE SOLE GROUNDS FOR THAT DECISION. FIRST, THERE WAS A TOTAL DISCREPANCY BETWEEN A REPLY GIVEN ON 4 JUNE AND A LETTER WRITTEN ON 7 MARCH 1975. SECONDLY, REPORTED

ACTIVITIES BY A MINISTERIAL OFFICER, A GOVERNMENT EMPLOYEE, WOULD MAKE IT POSSIBLE FOR HIM TO MAKE A PROFIT FROM HIS POSITION ON HIS MINISTER'S STAFF. I RECEIVED NO SATISFACTORY EXPLANATION FOR THESE ACTIVITIES.

4. THE EXPLANATION I SOUGHT FROM THE MINISTER DID NOT CONCERN THE PROPRIETY OR PRUDENCE OF ANY ACTIVITIES HE HAD ENTERED INTO AS TREASURER CONCERNING PETRODOLLAR LOAN RAISINGS. I EMPHASISE THIS TO DRAW THE CONTRAST BETWEEN MY DECISION TO TRANSFER HIM FROM THE TREASURY TO ENVIRONMENT ON 6 JUNE AND MY DECISION TO ADVISE THE GOVERNOR-GENERAL TO TERMINATE HIS COMMISSION. THE FIRST DECISION SPRANG FROM MY BELIEF IN THE UNWISDOM OF HIS ACTION.

5. IN THE CASE OF HIS DISMISSAL, THE ISSUE WAS VERY PRECISE; THE STANDARDS WHICH THIS GOVERNMENT SETS AND UPON WHICH I INSIST, WERE NOT UPHELD. THE PERSONAL INTEGRITY OF MY COLLEAGUE WAS NOT AN ISSUE AND IS NOT IN DOUBT. THE FAULT WAS GRIEVOUS, BUT IT LIES NOT IN HIS INTEGRITY OR REPUTATION AS A MAN OF HONOUR. HE HAS RENDERED REMARKABLE SERVICE TO HIS PARTY AND THE NATION. BUT THE LAPSE FROM THE STANDARDS WHICH THIS PRIME MINISTER AT LEAST, AND THIS GOVERNMENT AT LEAST, INSISTS UPON, LEFT ME WITH NO CHOICE.

6. AND IN THIS LIES THE SUPREME IRONY OF THE PRESENT OCCASION. THE DISMISSAL OF A DEPUTY PRIME MINISTER, FOR WHATEVER REASON, CANNOT BUT BE DAMAGING TO ANY GOVERNMENT,

THIS DISMISSAL OF A DEPUTY LEADER, FROM THE MINISTRY, PARTICULARLY ONE HELD IN THE REGARD - AFFECTION - OF HIS PARTY IN AND OUT OF PARLIAMENT AS IS THE HONOURABLE MEMBER FOR LALOR, IS A TRAGEDY FOR ALL THE PARTY, NOT LEAST ITS LEADER. THE COURSE WAS TAKEN BECAUSE IT HAD TO BE TAKEN, BECAUSE OF STANDARDS, BECAUSE OF PARLIAMENTARY PROPRIETY.

7. YET THE GOVERNMENT AND PARTY WHICH HAS SET FOR ITSELF THESE STANDARDS AND WHICH HAS SHOWN IN ACTION HOW SWIFT, COMPLETE, CONDIGN IS THE PENALTY FOR ANY LAPSE FROM THEM, IS AT THE SAME TIME BEING SMEARED FOR IMPROPER CONDUCT. THE HOUSE CAN JUDGE THESE MATTERS FOR ITSELF. I ASK LEAVE OF THE HOUSE TO PRESENT PAPERS RELATED TO OVERSEAS LOAN NEGOTIATIONS WITH MR GEORGE HARRIS AND TO NOTE A MOTION TO AUTHORIZE THE PUBLICATION OF THE PAPERS.

(WHEN LEAVE GRANTED)

8. I PRESENT THE FOLLOWING PAPERS:

LETTERS FROM THE PRIME MINISTER AND REPLIES TO HIM AND A MEMORANDUM FROM THE SOLICITOR GENERAL COMMENTING ON THOSE REPLIES ARISING FROM THE LETTER TO MR HARRIS OF 10 MARCH AND THE 2 LETTERS TO HIM OF 15 APRIL AND CABLES AND LETTERS ARISING FROM THE LETTER TO MR HARRIS^{RIS} OF 7 MARCH I MOVE:

A. THAT THIS HOUSE, IN ACCORDANCE WITH THE PROVISIONS OF THE PARLIAMENTARY PAPERS ACT, 1908-1974, AUTHOSISES THE PUBLICATION OF PAPERS RELATING TO OVERSEAS LOAN NEGOTIATIONS PRESENTED TO THE HOUSE BY THE PRIME MINISTER THIS DAY.

(WHEN LEAVE GRANTED, MOVE MOTION PROVIDED BY THE CLERK)

I ASK LEAVE OF THE HOUSE TO HAVE INCORPORATED IN HANSARD THE TEXTS OF THE PAPERS WHICH I HAVE JUST PRESENTED.

9. STATEMENTS MADE IN THIS HOUSE ARE CENTRAL TO ANY EXAMINATION OF THE MATTER NOW BEFORE THE HOUSE - THE OVERSEAS BORROWINGS SOUGHT BY THIS GOVERNMENT. THE BASIC FACTS HAVE BEEN STATED IN THIS PARLIAMENT IN ANSWERS TO QUESTIONS. NONE OF THE SO-CALLED REVELATIONS, NONE OF THE PHOTOSTATS, THE PURCHASED OR PURLOINED DOCUMENTS, NONE OF THE LEAKS FROM THE DISAFFECTED OR DISLOYAL, ALTER BASIC FACTS WHICH HAVE BEEN WELL KNOWN FOR FIVE MONTHS.

10. UNTIL WE RECALLED THE PARLIAMENT FOR THIS MATTER, MEMBERS OF THE OPPOSITION RELIED ON THE PRESS TO CREATE AN IMPRESSION OF NEW AND NEVER-ENDING REVELATIONS. WHEN THE PARLIAMENT WAS SITTING THEY INITIATED NOTHING, ALTHOUGH THE NATURE AND AMOUNT OF THE PROPOSED LOAN HAD BEEN PUBLIC

KNOWLEDGE FROM THE SECOND WEEK OF FEBRUARY, WHEN THE SESSION BEGAN. ON NO OCCASION DID THE OPPOSITION MOVE A SPECIFIC MOTION DEALING WITH OVERSEAS LOAN BORROWINGS, NOT UNTIL THE LAST DAY OF SITTING DID IT MOVE FOR THE SUSPENSION OF STANDING ORDERS.

11. FOR FOUR MONTHS, THEY TOOK NO OPPORTUNITY TO RAISE THE MATTER ON THE ADJOURNMENT OR BY WAY OF AN URGENCY MOTION. IT REFUSED MY REPEATED INVITATIONS TO PLACE QUESTIONS ON NOTICE. IT RELIED UPON NEWSPAPERS TO CREATE AN ATMOSPHERE, AND YET AT THE END OF IT ALL, THE RESEARCH TEAM OF JOURNALISTS OF THE MELBOURNE AGE, THE PAPER WHICH HAD BEEN MOST ACTIVE IN THE MATTER, HAD TO CONCEDE THE BASIC FACT REMAINED AS I STATED IT IN THE PARLIAMENT. IN YESTERDAY'S AGE MR PETER COLE-ADAMS WROTE FROM LONDON:

"..AS FAR AS WE KNOW AUSTRALIA HAS NOT IN FACT LOST ANY MONEY AS A RESULT OF THE AFFAIR.."

I COULD HAVE SAVED THE AGE 8,000 POUNDS STERLING BECAUSE ON 26 MAY I TOLD THE LEADER OF THE OPPOSITION:

"THERE HAS BEEN A VERY GREAT DEAL OF SPECULATION ABOUT THIS. LET ME NAIL IT IMMEDIATELY. NOT A CENT HAS BEEN PAID TO THE GENTLEMAN. NOT A CENT HAS TO BE PAID TO THE GENTLEMAN. NOT A CENT WILL BE PAID TO THE GENTLEMAN."

THE AGE WILL NOT QUERY THEM IT WILL JUST CONDEMN. BEHIND THAT FACT LIE ALL THE OTHER BASIC FACTS WHICH THERE HAS NEVER BEEN THE SLIGHTEST ATTEMPT TO CONCEAL. THEY ARE THESE: SINCE 14 DECEMBER 1974 THE MINISTER FOR MINERALS AND ENERGY MR CONNOR HAD EXECUTIVE COUNCIL AUTHORITY TO BORROW UP TO \$US4,000 MILLION AND TO DETERMINE ON BEHALF OF THE AUSTRALIAN GOVERNMENT THE TERMS AND CONDITIONS OF THE BORROWING. THE MINISTER WAS ALSO AUTHORISED TO SIGN AND DELIVER PROMISSORY NOTES FOR THE PURPOSES OF THE BORROWING, OR TO AUTHORISE ANY OTHER PERSON IN WRITING TO SIGN AND DELIVER THE PROMISSORY NOTES. THAT AUTHORITY WAS REVOKED ON 7 JANUARY 1975 SINCE IT HAD NOT BEEN USED AND IT CONFLICTED WITH A DEUTSCHMARK LOAN THEN PENDING. ON 28 JANUARY 1975 THE EXECUTIVE COUNCIL AUTHORISED THE MINISTER TO RAISE A LOAN NOT EXCEEDING \$US2,000 MILLION. THE AUTHORITY WAS REVOKED ON 20 MAY 1975 SINCE NEGOTIATIONS WERE IN TRAIN FOR A BORROWING OF \$US100 MILLION THROUGH MORGAN STANLEY & CO. INCORPORATED OF NEW YORK. EXECUTIVE COUNCIL AUTHORITIES ARE USUALLY SOUGHT ONLY WHEN A LOAN MATTER APPROACHES FINALITY. THIS DOES NOT MEAN THAT NEGOTIATIONS OR DISCUSSIONS ABOUT POSSIBILITIES ARE PRECLUDED WITHOUT EXECUTIVE COUNCIL AUTHORITY.

12. THE PURPOSE OF THE BORROWINGS, AS SET OUT IN THE EXPLANATORY MEMORANDA FOR THE EXECUTIVE COUNCIL, WAS TO MEET THE NEEDS OF THE AUSTRALIAN GOVERNMENT FOR 'SUBSTANTIAL SUMS OF NONEQUITY CAPITAL FROM ABROAD FOR TEMPORARY PURPOSES,

AMONGST OTHER THINGS TO DEAL WITH EXIGENCIES ARISING OUT OF THE CURRENT WORLD SITUATION AND THE INTERNATIONAL ENERGY CRISIS, TO STRENGTHEN AUSTRALIA'S EXTERNAL FINANCIAL POSITION, TO PROVIDE IMMEDIATE PROTECTION FOR AUSTRALIA'S SUPPLIES OF MINERALS AND ENERGY AND TO DEAL WITH CURRENT AND IMMEDIATELY FORESEEABLE UNEMPLOYMENT IN AUSTRALIA'. THE AUSTRALIAN GOVERNMENT INTENDED TO CARRY OUT THESE PURPOSES BY SPENDING THE BORROWED MONEYS ON DEVELOPMENT OF THE NATION'S ENERGY RESOURCES. AT MY PRESS CONFERENCE ON 10 JUNE 1975 I SAID THAT HENCEFORTH NO PERSON WILL HAVE ANY AUTHORITY TO DO ANYTHING IN RELATION TO BORROWINGS BY THE AUSTRALIAN GOVERNMENT, UNLESS IT IS DONE WITH THE TREASURER'S AUTHORITY.

13. THESE ARE THE BASIC FACTS. THE FUNDAMENTAL FACTS OF THE AUTHORISATIONS TO THE MINISTER, FIRST TO RAISE UP TO \$US4,000 MILLION AND THEN TO RAISE NOT MORE THAN \$US2,000 MILLION, WERE CONFIRMED BY THE MINISTER FOR MINERALS AND ENERGY IN PARLIAMENT ON 23 APRIL IN RESPONSE TO A QUESTION FROM THE DEPUTY LEADER OF THE OPPOSITION, MR LYNCH, FROM THE VERY OUTSET, AS EARLY AS 13 FEBRUARY - IN THIS HOUSE, ON THIS MATTER - I FREELY ACKNOWLEDGED THAT OPEN GOVERNMENT DID NOT AND SHOULD NOT APPLY TO TWO FINANCIAL MATTERS - OVERSEAS BORROWINGS AND THE VALUE OF THE CURRENCY. THE REAL FINANCIAL UNORTHODOXY, THE REAL BREACH OF CONVENTION, LIES WITH THOSE WHO WOULD ASSERT THAT A RESPONSIBLE GOVERNMENT SHOULD NOT STRIVE TO PRESERVE CONFIDENTIALITY IN LOAN NEGOTIATIONS.

14. WHAT WERE THE REAL INTERNATIONAL CIRCUMSTANCES THE AUSTRALIAN GOVERNMENT HAD TO CONFRONT? IN 1973 AND 1974 ERUPTIONS OF UNPRECEDENTED MAGNITUDE SHOOK THE FINANCIAL WORLD. BALANCE OF PAYMENTS SURPLUSES FROM THE SALE OF OIL BEGAN TO ACCUMULATE IN ENORMOUS QUANTITIES IN THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES WORLD, PRINCIPALLY IN THE MIDDLE EAST. SURPLUSES AMOUNTING TO NO LESS THAN \$US55 BILLION TO \$US60 BILLION ARE BELIEVED TO HAVE ACCUMULATED IN THIS WAY IN 1974 ALONE. THIS HUGE SHIFT IN THE LOCATION OF CAPITAL GREATLY ALTERED THE SITUATION OF THE FINANCIAL INSTITUTIONS OF NEW YORK AND LONDON WHICH HAD TRADITIONALLY DOMINATED THE INTERNATIONAL FINANCIAL WORLD. THIS IS NOT TO SAY, OF COURSE, THAT THEY HAVE NOT STRUGGLED TO MAINTAIN THEIR HOLD ON INTERNATIONAL FINANCIAL BUSINESS. LIKE THE REST OF US, HOWEVER, THEY HAVE HAD TO DEPEND ON THE OPEC COUNTRIES, THE MIDDLE EAST, FOR FUNDS.

15. LET ME POINT OUT THAT THERE HAVE BEEN SOME VERY LARGE BORROWINGS OF PETRODOLLARS, SINCE THE OPEC SURPLUSES BEGAN TO ACCUMULATE A YEAR AND A HALF AGO. IN AUGUST 1974 THE INTERNATIONAL MONETARY FUND RAISED \$US3.4 BILLION, AND THE WORLD BANK HAS MADE A SERIES OF QUITE LARGE BORROWINGS. WE ALSO ARE AWARE OF INDIVIDUAL BORROWINGS OF \$US1 BILLION OR MORE BY THE UNITED KINGDOM, JAPAN AND FRANCE. BUT IF THE AUSTRALIAN GOVERNMENT SEEKS IT - THIS IS SINISTER, THIS IS A SCANDAL. THIS AUSTRALIAN GOVERNMENT IS INTERESTED IN OBTAINING LOANS FROM

THAT SOURCE. WE WERE LAST YEAR AND WE STILL ARE. WE MAKE NO APOLOGIES FOR IT. IT IS ABSURD TO SUGGEST THAT THIS GOVERNMENT OR ANY FUTURE AUSTRALIAN GOVERNMENT WILL BE ABLE TO IGNORE THIS POTENTIAL SOURCE. NO GOVERNMENT WILL BE ABLE TO FLY IN THE FACE OF ECONOMIC REALITY FOR THE REST OF THIS CENTURY.

16. SOURCES OF OVERSEAS LOAN DO CHANGE. TODAY'S UNCONVENTIONAL SOURCES ARE TOMORROW'S TRADITIONAL SOURCES. WHENEVER POSSIBLE, PREVIOUS AUSTRALIAN GOVERNMENTS HAVE READILY TURNED TO NEW SOURCES, EVEN THOUGH AT TIMES THERE HAS BEEN RESISTANCE AND CRITICISM, AT HOME AND ABROAD. IN THE 1920'S AND 1930'S AUSTRALIA BORROWED MAINLY ON THE LONDON MARKET. AFTER THE WAR WE BEGAN TO LOOK MUCH MORE TO THE UNITED STATES AND SWISS MARKETS, AND EVEN TO CANADA. THEN, WITH THE EFFECTIVE CLOSURE OF THE UNITED STATES CAPITAL MARKET AS A RESULT OF THE INTRODUCTION OF THE INTEREST EQUALISATION TAX IN 1963, THE AUSTRALIAN GOVERNMENT TURNED TO EURO CURRENCY RAISINGS IN THE GERMAN, DUTCH AND SWISS MARKETS. THE PREVIOUS GOVERNMENT ALSO BORROWED ON THE JAPANESE MARKET.

17. MANY MEMBERS, INCLUDING THOSE WHO SERVED IN PREVIOUS GOVERNMENTS, WILL BE AWARE THAT UNSOLICITED OFFERS OF OVERSEAS LOANS ARE RECEIVED FROM TIME TO TIME. THE VERY FACT THAT A NEW SOURCE OF BORROWINGS OF UNPRECEDENTED MAGNITUDE APPEARED IN THE MIDDLE EAST HAS MEANT THAT THERE

HAS BEEN A GREAT INCREASE IN THE OFFERS FROM PEOPLE OUTSIDE THE TRADITIONAL CHANNELS WHO HAVE CLAIMED TO HAVE ACCESS TO THESE FUNDS. OBVIOUSLY, A GOVERNMENT WHICH HAS MADE CLEAR ITS INTEREST IN SEEKING SUCH FUNDS, AS WE HAVE, WILL RECEIVE A GREAT MANY SUCH OFFERS. THERE IS NO REASON IN PRUDENCE OR PROPRIETY WHY THEY SHOULD BE IGNORED, OR JUST PUSHED ASIDE. TREASURY RECORDS INDICATE THAT OVER THE LAST TEN YEARS THERE HAVE BEEN ABOUT FIVE HUNDRED NAMES ASSOCIATED WITH APPROXIMATELY 250 OFFERS CLAIMING ACCESS TO LOAN FUNDS AVAILABLE OVERSEAS. ALMOST ONE HUNDRED OF THESE OFFERS HAVE BEEN RECEIVED IN THE LAST TWELVE MONTHS, NO DOUBT AS A RESULT OF THE CHANGES THAT HAVE OCCURRED IN THE DISTRIBUTION OF CAPITAL FUNDS IN THE FINANCIAL WORLD.

18. I HAVE HAD A SCHEDULE PREPARED IN THE TREASURY OF UNSOLICITED/UNCONVENTIONAL OFFERS OF LOANS REFERRED TO THE TREASURER OR THE TREASURY BY MEMBERS OF PARLIAMENT IN THE PERIOD 1950 TO 1975. THE SCHEDULE LISTS APPROACHES MADE WITHIN THE PERIOD INDICATED, THROUGH THENSERVING THREE STATE PREMIER'S SEVEN FEDERAL MINISTERS, TWO SENATORS, FIVE MEMBERS OF THE HOUSE, TWO STATE MEMBERS, ONE STATE TREASURER AND ONE FORMER PRIME MINISTER AND THE PRESENT PRIME MINISTER, TO BE PRECISE, THROUGH MY DEPARTMENT. TO PRESS THE POINT I MENTION THAT THE SCHEDULE INDICATES APPROACHES MADE THROUGH MY OWN GOOD OFFICES AND THOSE, TO QUOTE LIVING MEMBERS, OF SENATOR THE HONOURABLE R.C.

WRIGHT, THE HONOURABLE SIR JOHN CRAMER, THE HONOURABLE DAVID FAIRBAIRN, THE HONOURABLE IAN SINCLAIR, THE RIGHT HONOURABLE JOHN GORTON, MR MICHAEL MACKELLAR, SENATOR THE HONOURABLE JOHN WHEELDON, THE HONOURABLE LES JOHNSON, THE HONOURABLE JIM CAIRNS AND MR ARMITAGE.

19. SOMETIMES THE APPROACH HAS BEEN MADE TO THE TREASURER HIMSELF. FOR INSTANCE, IN A LETTER DATED 7 APRIL 1961, A MR PISTERMAN OF MELBOURNE, APPARENTLY THE AUSTRALIAN ATTORNEY OF A SWISS INSURANCE COMPANY, WROTE TO THE THEN AUSTRALIAN TREASURER, THE RIGHT HONOURABLE HAROLD HOLD PUTTING FORWARD A PROPOSITION FOR A BORROWINGS OF 25 MILLION SWISS FRANCS IN SWITZERLAND BY THE AUSTRALIAN GOVERNMENT. AFTER EXAMINATION BY THE TREASURY, AND MR PISTERMAN ABOUT THE PROPOSITION. SUBSEQUENTLY A SENIOR OFFICER OF THE TREASURY WHO WAS OVERSEAS IN CONNECTION WITH VARIOUS LOAN MATTERS VISITED SWITZERLAND AND HAD DISCUSSIONS WITH THE SWISS INSURANCE COMPANY TO WHOM MR PISTERMAN HAD DIRECTED HIM. NOTHING CAME OF THE MATTER. CLEARLY THE GOVERNMENT - MY GOVERNMENT - IS NOT ALONE IN RESPONDING TO SUCH OFFERS AND FAIRLY IT MAY BE ASSUMED THAT THE GOVERNMENT HAS, AS WE SAY, AN OBLIGATION TO CHECK SUCH REFERENCES. THIS WE HAVE DONE AS HAVE PREVIOUS GOVERNMENTS.

20. IN THE CASE OF THE AUTHORITY TO THE MINISTER FOR MINERALS AND ENERGY, GREAT CARE WAS EXERCISED, WITH THE ASSISTANCE OF THE GOVERNMENT'S LEGAL ADVISERS, TO ENSURE

THAT THE INTERMEDIARY, MR KHEMLANI, WOULD HAVE NO CLAIMS AGAINST THE GOVERNMENT AND THAT THE GOVERNMENT WAS PROTECTED AT ALL POINTS IN CONNECTION WITH THE PROPOSED BORROWINGS. SWISS LAWYERS WERE ACTUALLY ENGAGED TO ADVISE AT THE SETTLEMENT STAGE AND ARRANGEMENTS WERE MADE FOR A SENIOR OFFICER AT ATTORNEY-GENERAL'S DEPARTMENT TO GO TO SWITZERLAND TO BE PRESENT AT THE SETTLEMENT DISCUSSIONS. MR KHEMLANI WAS NOT AN AGENT OF THE AUSTRALIAN GOVERNMENT. HE HAS ALL ALONG BEEN DEALT WITH BY THE AUSTRALIAN GOVERNMENT AS A PERSON REPRESENTING UNDISCLOSED PRINCIPALS.

21. THE MINISTER WILL TABLE PAPERS RELATING TO THIS SECOND NEGOTIATION AND HERE, TOO, THE HOUSE CAN JUDGE FOR ITSELF. I REPEAT NOT A CENT HAS BEEN PAID, HAS TO BE PAID, WILL BE PAID TO THE GENTLEMAN.

22. THERE HAS BEEN MUCH DELIBERATE CONFUSION CREATED ABOUT THE MANNER OF USE BY THE GOVERNMENT OF THESE OVERSEAS BORROWINGS. ANY MONEYS BORROWED BY THE GOVERNMENT WOULD BECOME PART OF THE LOAN FUND, IN THE PUBLIC ACCOUNT, REQUIRING AN APPROPRIATION BY THE PARLIAMENT FOR EXPENDITURE FOR THE PURPOSES OF AUSTRALIA. NONE OF THE MONEYS COULD HAVE BEEN SPENT EXCEPT IN ACCORDANCE WITH PARLIAMENTARY APPROPRIATION.

23. LOAN RAISINGS ARE NOT NORMALLY REFERRED TO CABINET FOR DECISION AND THEY WERE NOT IN THIS CASE. IT WAS PROPER TO AUTHORISE THE LOAN RAISING NEGOTIATIONS BY

EXECUTIVE COUNCIL INSTRUMENT AND THIS WAS DONE. THE INITIAL EXECUTIVE COUNCIL MEETING COMPRISED SENIOR MINISTERS OF THE GOVERNMENT - IN THIS INSTANCE MYSELF, THE THEN TREASURER, THE MINISTER FOR MINERALS AND ENERGY, AND THE THEN ATTORNEY-GENERAL. BEFORE MAKING THEIR RECOMMENDATION TO THE GOVERNORGENERAL, THE MINISTERS HAD THE ADVICE OF THE FIRST AND SECOND LAW OFFICERS OF THE CROWN. IT WAS PROPER FOR THE GOVERNORGENERAL TO ACT ON THE ADVICE OF HIS MINISTERS.

24. IT IS NO SECRET THAT THE TREASURY HAD RESERVATIONS ABOUT MY GOVERNMENT'S INTENTION TO AUTHORISE THE MINISTER FOR MINERALS AND ENERGY TO INVESTIGATE LOAN RAISING OVERSEAS IN THE TERMS OF THE EXECUTIVE COUNCIL AUTHORITY, I FREELY ADMIT THAT FACT, WHICH APPARENTLY HAS BECOME KNOWN TO THE OPPOSITION AND THE ELECTORATE THROUGH THE LEAKING OF DOCUMENTS. IN THE EVENT WE TOOK THE ADVICE OF OTHER DEPARTMENTS. IN SAYING THAT WE DID NOT ACCEPT THE TREASURY RESERVATIONS I MAKE NO APOLOGY, AS I MAKE NO APOLOGY FOR THE GOVERNMENT'S ORIGINAL CONCEPT OF BORROWING EXTENSIVE PETRODOLLARS FOR CAPITAL DEVELOPMENT. NOR SHOULD I. IT IS AN ARROGANT SUGGESTION THAT A GOVERNMENT, WHATEVER ITS POLICIES, SHOULD BE FRUSTRATED IN ITS DECISIONS BECAUSE OF ANY BUREAUCRATIC OPPOSITON.

25. IS THERE ANY REAL CHALLENGE TO THIS VIEW FROM THE OPPOSITON? CERTAINLY THERE WAS NONE WHEN IT WAS IN GOVERNMENT. IF IT NEEDS SUPPORT, I NEED GO NO FURTHER THAN

THE 1968 GARRAN ORATION BY THE FORMER GOVERNOR GENERAL AND FORMER MINISTER OF THE CROWN, SIR PAUL HASLUCK, WHO EXAMINED VERY CLOSELY THE PROPER RELATIONSHIP BETWEEN ADVISERS AND MINISTERS.

26. THERE ARE NUMEROUS OTHER AUTHORITIES, SUCH AS THOSE QUOTED BY THE SOLICITOR-GENERAL IN THE MEMORANDUM INCORPORATED IN TODAY'S HANSARD. THIS REACHES TO THE HEART OF THE MATTER - THE REAL ORIGINS OF THIS PRESENT CONTROVERSY. OUR DECISION HAD POLITICAL OBJECTIVES. IT WAS A DECISION ABOUT POLICIES.

27. THOSE POLICIES MEET OPPOSITION FROM MANY QUARTERS. SOME OF THE OPPOSITION COMES FROM THOSE QUARTERS WHO PREFER TO BELIEVE THEY ARE THREATENED OR DISADVANTAGED BY OUR POLICIES AND OUR PROGRAM. THE ALLEGATIONS OF IMPROPRIETY ARE JUST A SMOKE SCREEN FOR THE REAL GROUND OF OPPOSITION. THE WAY TO DESTROY THE POLICIES IS TO DESTROY THE MEN WHO PROMOTE THEM.

28. THERE IS NO PART OF THE PROGRAM OF THIS GOVERNMENT SO DEPLORED AND RESISTED BY THE BUSINESS ESTABLISHMENT - THE NATIONAL ESTABLISHMENT AND THE INTERNATIONAL ESTABLISHMENT, THE ORTHODOX AT HOME AND ABROAD, THAN OUR DETERMINATION THAT AUSTRALIANS SHALL HAVE THE MAXIMUM SHARE IN THE OWNERSHIP AND CONTROL OF AUSTRALIA'S RESOURCES.

29. EQUALLY, THERE WAS NO ASPECT OF OUR PROGRAM WHICH RECEIVED MORE SUPPORT FROM THE AUSTRALIAN PEOPLE IN TWO

ELECTIONS. IN THE 1974 ELECTION IT WAS PERHAPS THE DECISIVE ISSUE - THE ENEMIES OF THAT POLICY KNOW THAT THE PEOPLE SUPPORT IT. THEREFORE, TO DISCOURAGE POPULAR SUPPORT FOR THE POLICY, THE METHODS THROUGH WHICH THAT POLICY CAN BE IMPLEMENTED MUST BE DISCREDITED.

30. BECAUSE THE LOAN PROPOSALS WHICH THE MINISTER FOR MINERALS AND ENERGY WAS GIVEN AUTHORITY TO PURSUE WERE TO BE THE VEHICLE FOR CARRYING OUT THOSE POLICIES, THE PROPOSAL ITSELF MUST BE DISCREDITED. THE BORROWINGS WE SEEK FOR ENERGY PURPOSES INVOLVE PROJECTS OF IMMENSE SCOPE AND GREAT CONSEQUENCE TO THE DEVELOPMENT OF AUSTRALIA BY AUSTRALIANS. THOSE PROJECTS INVOLVE IMMENSE SUMS OF MONEY.

31. A FEATURE OF THIS WHOLE AFFAIR HAS BEEN THE WAY IN WHICH FIGURES HAVE BEEN WILDLY BANDIED ABOUT. THE FACT IS THAT OVER A PERIOD MR CONNOR DISCUSSED VARIOUS SUMS WITH MR KHEMLANI. AT NO STAGE, HOWEVER, WAS THERE AUTHORITY TO CONCLUDE ANY BORROWING OUTSIDE THE TERMS OF THE TWO EXECUTIVE COUNCIL AUTHORITIES. IT WOULD BE ABSURED TO SUGGEST OTHERWISE. EQUALLY THERE HAS BEEN MUCH DELIBERATE CONFUSION ABOUT THE NATURE OF COSTS WHICH MIGHT HAVE BEEN PAID. IN FACT THE INTEREST RATES PROPOSED AND THE EXPENSES ASSOCIATED WITH THE LOAN, INCLUDING COMMISSIONS, WERE NEVER AT ALL OUT OF THE ORDINARY BY COMPARISON WITH OTHER GOVERNMENT LOAN RAISINGS OVERSEAS. FOR INSTANCE, DURING 1974-75, THERE WERE TEN OVERSEAS BORROWINGS BY THE

AUSTRALIAN GOVERNMENT IN THE GERMAN, SWISS AND NEW YORK MARKETS. THE HIGHEST RATE PAID WAS 10 PER CENT FOR A GERMAN LOAN OF 200 MILLION DEUTSCHMARKS IN SEPTEMBER 1974, WITH AN ISSUE PRICE OF 99 PER CENT AND TOTAL EXPENSES ESTIMATED AT 2.22 PER CENT. AS A RESULT THE YIELD TO THE INVESTOR WAS 10.23 PER CENT AND THE COST TO THE BORROWER 10.74 PER CENT. THE INTEREST RATES FOR ALL THE OTHER LOANS WERE IN THE RANGE OF 8 TO 10 PER CENT. EXPENSES OF BORROWING HAVE ALSO FLUCTUATED, AND IN A NUMBER OF INSTANCES TOTAL EXPENSES HAVE EXCEEDED 5 PER CENT OF THE FACE VALUE OF A LOAN - FOR INSTANCE LOANS RAISED IN SWITZERLAND IN 1967, 1968 AND 1970 WHEN THE RIGHT HONOURABLE GENTLEMAN WHO INTERJECTS WAS TREASURER. A SWISS LOAN RAISED AS RECENTLY AS MARCH 1975 HAD A COUPON RATE OF 8 PER CENT, AN ISSUE PRICE OF 100 PER CENT AND TOTAL EXPENSES ESTIMATED AT 4.37 PER CENT. THE PROPOSAL BORROWING BEING NEGOTIATED THROUGH MR KHEMLARI HAD A COMPANY RATE OF 8.35 PER CENT, AN ISSUE RATE OF 100 PER CENT, AND IT WAS UNDERSTOOD THAT ALL EXPENSES, INCLUDING THE COMMISSION, WOULD BE MET BY THE LENDER. THIS WOULD HAVE MEANT THAT THE YIELD TO THE LENDER AND THE COST TO THE BORROWER WOULD ALSO BE 8.35 PER CENT.

32. FURTHER, IT IS SUGGESTED THAT SUMS LIKE \$US2,000 MILLION ARE SO VAST AS TO BE UNMANAGEABLE OR UNUSABLE. YET ONLY THIS WEEK, CONZINC RIOTINTO OF AUSTRALIA LTD, MADE A

SUBMISSION TO THE INQUIRY INTO THE PETROLEUM AND MINING INDUSTRIES BEING CONDUCTED BY THE INDUSTRIES ASSISTANCE COMMISSION. IN ITS SUBMISSION, CRA CLAIMS THAT AUSTRALIA WILL NEED TO INVEST MORE THAN \$4,000 MILLION TO BOOST MINERAL PRODUCTION BY 1980 TO MAINTAIN AUSTRALIA'S POSITION IN THE WORLD MINERALS TRADE. IT IS INVESTMENT OF THIS MAGNITUDE WE HAVE TO BE THINKING ABOUT. LET ME RECALL SOME OF THE MATTERS WHICH WERE CONCERNING THE GOVERNMENT - ALONG WITH ALL GOVERNMENTS IN COMPARABLE COUNTRIES - WHEN DRAFTING THE EXECUTIVE COUNCIL MINUTE OF LAST DECEMBER. UNEMPLOYMENT WAS RISING TO A LEVEL QUITE UNACCEPTABLE TO MY GOVERNMENT. THE WORLD ENERGY CRISIS HAD SHOWN NO SIGNS OF EASING. WORLDWIDE INFLATIONARY PRESSURES COMPOUNDED BOTH PROBLEMS.

33. WE SAW ONE OPPORTUNITY TO COUNTER THESE TEMPORARY, SHORTTERM PRESSURES ON OUR ECONOMY AND OUR ENERGY SOURCES, WHILE AT THE SAME TIME REAPING LONG-TERM BENEFITS OF ENDURING SIGNIFICANCE TO AUSTRALIA. IF THE OPPORTUNITY WAS TO BE SEIZED, WE KNEW WE SHOULD ACT PROMPTLY. WE WANTED TO DISTRIBUTE THE MONEY WE WERE HOPING TO RAISE QUITE PROMPTLY IN A WAY WHICH WOULD MOST EFFECTIVELY COUNTER THE IMMEDIATE PROBLEMS FACING THE NATION. THESE WERE THE CONSIDERATIONS AND THE CIRCUMSTANCES WHICH PROMPTED OUR URGENCY.

34. THE OPERATION OF THE FINANCIAL AGREEMENT WAS OF COURSE CONSIDERED. THE FORMER ATTORNEY-GENERAL ADVISED ORALLY THAT IN THE EXCEPTIONAL CIRCUMSTANCES I HAVE OUTLINED, THE

BORROWING COULD PROBABLY BE REGARDED AS A BORROWING FOR 'TEMPORARY PURPOSES' WITHIN THE MEANING OF THE FINANCIAL AGREEMENT. THERE WERE NO REQUIREMENTS UNDER THE FINANCIAL AGREEMENT FOR CONSULTATION WITH THE STATE PREMIERS FOR A BORROWING OF THIS KIND FOR TEMPORARY PURPOSES. IT IS OF COURSE USUAL AND PROPER FOR LOANS TO BE SOUGHT OVERSEAS IN ADVANCE OF LOAN COUNCIL APPROVAL. THE TERMS AND CONDITIONS OF A PROPOSED OVERSEAS BORROWING ARE USUALLY REFERRED FOR APPROVAL TO THE OTHER MEMBERS OF THE LOAN COUNCIL - THE STATES - ONLY WHEN THERE IS A FIRM PROPOSITION TO PUT TO THEM. I MADE OUR POSITION QUITE CLEAR IN THE HOUSE ON 20 MAY. THE LEADER OF THE OPPOSITION ASKED ME WHEN WOULD THE GOVERNMENT SEEK APPROVAL OF THE LOAN COUNCIL FOR THE PROPOSED \$U.S. 2,000 MILLION BORROWING BY THE MINISTER FOR MINERALS AND ENERGY.

I ANSWERED:

"IF AND WHEN THE LOAN IS MADE".

HE ASKED "WHAT IS THE PURPOSE OF THE LOAN?"

I ANSWERED:

"FOR MATTERS RELATED TO ENERGY".

35. PROVIDED WITH THE CAPITAL, AUSTRALIA'S VAST OPPORTUNITIES TO DEVELOP ITS ENERGY RESOURCES COULD BE QUICKLY REALISED. THE NATION, EVERY STATE AND TERRITORY WOULD BENEFIT FROM THE DEVELOPMENT OF OUR URANIUM, OUR NATURAL GAS, OUR COAL - OUR IMMENSE NATURAL RESOURCES OF ENERGY. AUSTRALIA'S WEALTH OF URANIUM RESOURCES OFFERS VAST OPPORTUNITIES FOR THE ESTABLISHMENT OF AN ENRICHMENT PLANT. WE ARE DETERMINED TO EXPLOIT WESTERN AUSTRALIA'S ENORMOUS NATURAL GAS POTENTIAL - THE NORTHWEST SHELF BELONGING TO AUSTRALIA RATHER THAN SELLING OFF THIS VITAL PART OF AUSTRALIA'S FARM.

36. IN ORDER TO TAP THE NATURAL GAS RESOURCES IN SOUTH AUSTRALIA, NEW SOUTH WALES AND OFF WESTERN AUSTRALIA, WE HAVE UNDER CONSIDERATION PROPOSALS COSTING OVER \$400 MILLION FOR PIPELINES. MY GOVERNMENT IS EXPLORING WAYS OF USING THE VAST COAL DEPOSITS IN NEW SOUTH WALES, QUEENSLAND AND VICTORIA TO PRODUCE OIL BY HYDROGENATION - AGAIN AN ENORMOUSLY EXPENSIVE OPERATION. THE GROWING COAL MARKET IS INHIBITED BY THE LACK OF ADEQUATE PORT FACILITIES. WE MUST UPGRADE OUR MAJOR COAL PORTS. AUSTRALIA IS HEAVILY DEPENDENT ON FOREIGN-OWNED SHIPPING FOR THE CARRIAGE OF HER TRADE. WE ARE ENTIRELY DEPENDENT ON FOREIGN VESSELS TO CARRY OUR CRUDE OIL IMPORTS. WE SHOULD NOT BE SO DEPENDENT ON FOREIGN SHIPPING FOR SUCH VITAL RESOURCES. WE NEED EQUIPMENT TO ELECTRIFY OUR RAILWAYS IN BRISBANE AND ADELAIDE AND MANY TRUNK LINES IN THE EASTERN STATES.

37. THESE ARE THE GREAT, THE CHALLENGING USES TO WHICH WE WERE CONTEMPLATING PUTTING THE FUNDS. ARE WE TO APOLOGISE FOR SEEKING THESE GOALS? ARE WE TO APOLOGISE FOR OUR DETERMINATION - OUR CONTINUING DETERMINATION - TO SEE THEM REALISED. OF COURSE, IN ALL SUCH PROJECTS, NOTHING SHOULD BE DONE BEFORE FULL INVESTIGATION OF THEIR FEASIBILITY AND COST BENEFITS. QUITE CLEARLY, THERE IS NO POINT IN INVESTIGATING THE FEASIBILITY OF PROJECTS LIKELY TO COST AT LEAST \$A3,000 MILLION, IF ONE HAS NO PROSPECT OF RAISING SUCH FUNDS. TO MAINTAIN AND TO INCREASE OWNERSHIP BY THE PEOPLE OF AUSTRALIA OF OUR OWN RESOURCES CALL FOR IMMENSE SUMS OF MONEY FAR BEYOND EVEN OUR VERY HIGH PROPENSITY TO SAVE. WE NEED FOREIGN CAPITAL, BUT AS LOAN FUNDS, NOT AS EQUITY, IT IS FOR THIS REASON THAT WE WERE AND STILL ARE PREPARED AND ANXIOUS TO BORROW THESE SUMS OF MONEY ON THE BEST OF ALL POSSIBLE CREDIT, OUR OWN COUNTRY AND THE WEALTH OF OUR OWN RESOURCES. AND THE REAL OPPOSITION TO THIS LOAN PROPOSAL COMES FROM THOSE HOSTILE TO THAT OBJECTIVE.

38. IT HAS BEEN SUGGESTED BY SOME OF OUR CRITICS THAT THESE BORROWINGS WOULD HAVE BEEN INFALTIIONARY. IN ECONOMIC TERMS OF COURSE, THIS IS PURE NONSENSE. THE PROCEEDS OF THESE BORROWINGS WOULD OF COURSE HAVE BEEN INVESTED OVERSEAS UNTIL THEY WERE REQUIRED, PROBABLY IN NEW YORK WHERE A GOOD PART OF OUR INTERNATIONAL RESERVES ARE NOW INVESTED AND HAVE BEEN FOR YEARS PAST. DOES THE OPPOSITION

SUGGEST THAT IT WOULD BE INFLATIONARY TO IMPORT PIPES, TANKERS, HYDROGENATION AND ELECTRIFICATION EQUIPMENT, MINING AND INCLUDING MACHINERY, ALL OR MOST OF WHICH WE MUST IMPORT. WOULD IT BE INFLATIONARY TO PURCHASE SHARES IN AUSTRALIAN ENTERPRISES FROM THEIR PRESENT OWNERS IN LONDON AND NEW YORK?

39. WE SAW OPPORTUNITY THROUGH WHICH THE OBJECTIVES SO STRONGLY SUPPORTED BY THE AUSTRALIAN PEOPLE IN THE LAST TWO ELECTIONS COULD BE PURSUED. THAT PARTICULAR OPPORTUNITY HAS NOT YET BEEN REALISED. IF THE OPPORTUNITY PRESENTS ITSELF WITH REASONABLE CHANCE OF SUCCESS, WE SHALL TRY AGAIN. IT IS OF COURSE IMPOSSIBLE TO ANSWER EVERY ALLEGATION, EVERY INNUENDO THROWN UP BY THE OPPOSITION, BY THE MEDIA, IN ALL THE OUTPOURINGS OF THE LAST WEEK. IN THE EXACT WORDS OF THE ABSENT RIGHT HONOURABLE MEMBER FOR HIGGINS MR GORTON, IN A VERY DIFFERENT CONTEXT IN VERY DIFFERENT DAYS,

"I CANNOT FOLLOW THE LEADER OF THE OPPOSITION DOWN EVERY MANHOLE, THROUGH EVERY SEWER".

SPARE A THOUGHT FOR THE RIGHT HONOURABLE MEMBER FOR HIGGINS, OVERWHELMED BY A COMBINATION OF THE PRESENT LEADER OF THE OPPOSITION AND THE INTERESTS WHO OPPOSED HIS EFFORTS TO SECURE GREATER AUSTRALIAN CONTROL OF AUSTRALIAN RESOURCES.

40. THERE HAS BEEN A THIRD LOAN NEGOTIATION BY THE WAY IN WHICH IT HAS BEEN GIVEN A SINISTER CONNOTATION, AND THE WAY IN WHICH THE NAME OF A MINISTER BEHAVING WITH PERFECT PROPRIETY HAS BEEN DRAGGED IN, IT EPITOMISES THE CONDUCT AND ENCAPSULES THE MOTIVES OF THE OPPOSITION. THE TELEVISION PROGRAM "THIS DAY TONIGHT" ON 22 MAY ALLEGED THAT THE TREASURY WAS NEGOTIATING A LOAN WITH TRANSIA CORPORATION LTD. IN FACT THAT COMPANY HAD BEEN INFORMED IN FEBRUARY BY THE TREASURER THAT THE GOVERNMENT DID NOT WISH TO TAKE ANY FURTHER ACTION IN RELATION TO ITS PROPOSAL. THERE WAS A FURTHER APPROACH FROM TRANSIA CORPORATION IN APRIL 1975, THIS TIME THROUGH SIR WILLIAM GUNN, A SHAREHOLDER OF THE COMPANY AND ALSO A MEMBER OF THE BOARD OF THE RESERVE BANK OF AUSTRALIA.

41. A PROPOSAL FOR \$US3.7 BILLION IN LOAN FUNDS WAS PUT FORWARD. SIR WILLIAM RANG THE MINISTER FOR NORTHERN AUSTRALIA DR PATTERSON, THE TREASURER BEING UNAVAILABLE, DR PATTERSON PASSED THE MESSAGE ON TO THE TREASURER, RECEIVED CONFIRMATION FROM THE TREASURER THAT THE GOVERNMENT WAS INTERESTED IN RAISING LOAN FUNDS AND PASSED A RESPONSE BACK TO SIR WILLIAM GUNN. ON 20 APRIL 1975 SIR FREDERICK WHEELER THE SECRETARY OF THE TREASURY TELEPHONED SIR WILLIAM TO SAY THAT THE GOVERNMENT WAS TAKING NO ACTION IN RESPECT OF PROPOSALS HE HAD MADE. I WAS INFORMED ABOUT TRANSIA CORPORATION'S INVOLVEMENT ON 23 APRIL 1975 IN RESPECT OF ANSEPARATE APPROACH BY THE COMPANY. ON THIS

OCCASION THE COMPANY WAS REFERRED BY THE TREASURER'S OFFICE TO THE MINISTER FOR MINERALS AND ENERGY AND SUBSEQUENT DEALINGS WITH TRANSIA CORPORATION LTD. WERE CONDUCTED BY THE MINISTER'S DEPARTMENT. THE COMPANY HAS NOT BEEN ABLE TO SATISFY THE GOVERNMENT'S REQUIREMENTS AS TO THE VERIFICATION AND IDENTIFICATION OF FUNDS AND NOTHING AS EVENTUATED.

42. THE PAPERS RELATING TO TRANSIA CORPORATION CAN BE MADE AVAILABLE BUT I WOULD BE RELUCTANT TO PUBLISH THEM. MANY FINANCIAL INSTITUTIONS ARE MENTIONED. PEOPLE IN THE FINANCIAL WORLD ARE NAMED AND THEIR STANDING COMMENTED ON. THE PAPERS RELATE TO TRANSACTIONS IN A DELICATE AREA OF BUSINESS AND COMPANIES AND INDIVIDUALS ARE ENTITLED TO FEEL IN DEALING WITH THE GOVERNMENT THAT THE NORMAL CONFIDENTIALITY WILL APPLY. SURELY THERE HAS TO BE AN END TO THE ATTEMPTED DESTRUCTION BY THE OPPOSITION OF THE COUNTRY'S GOOD NAME AND REPUTATION AND TO THESE INSIDIOUS IMPUTATIONS AGAINST MINISTERS, COMPANIES AND INDIVIDUALS.

43. OF COURSE, IN THAT RESPECT, THIS HAS BEEN A DAMAGING AFFAIR. THE OPPOSITION INTENDED IT TO BE A DAMAGING AFFAIR. NO ATTEMPT HAS BEEN MADE TO CHECK THE BONA FIDES OR MOTIVES OF NOTORIETY HUNTERS AND SELF-SEEKERS. ATTEMPTS TO DAMAGE MINISTERS AND THE LABOR PARTY ARE ONE THING - ATTEMPTS TO DAMAGE AUSTRALIA AND

AUSTRALIA'S CREDIT ARE ANOTHER. THESE HAVE FAILED. OF ALL THE CHARGES MADE THE ONE THAT CAN BE MOST QUICKLY AND FULLY DISPROVED IS THAT THE AUSTRALIAN GOVERNMENT DAMAGED AUSTRALIA'S CREDIT-WORTHINESS BY SEEKING THE PETRODOLLAR LOAN. THE TRUTH IS THAT AUSTRALIA'S CREDIT HAS NEVER STOOD HIGHER. LAST OCTOBER MOODY'S, ONE OF THE TWO GREAT NEW YORK CREDIT RATED AGENCIES, HAVE AUSTRALIA, FOR THE FIRST TIME, AN AAA RATING, THE HIGHEST AVAILABLE. ON 9 JUNE, AT A TIME WHEN THE INTERNATIONAL FINANCIAL COMMUNITY WAS COMPLETELY AWARE OF OUR PROPOSAL TO RAISE THE LOANS WHICH ARE THE SUBJECT OF THE PRESENT CONTROVERSY, THAT AAA RATING WAS CONFIRMED BY STANDARD & POOR'S. THE OTHER NEW YORK CREDIT MATING AGENCY.

44. FOR THE WHOLE PERIOD OF THE EXISTENCE OF THE EXECUTIVE COUNCIL AUTHORITY, OUR CREDIT RATING HAS REMAINED AT THE HIGHEST. IF THAT IS NOT ENOUGH, LET ME POINT TO THE EXTREMELY SUCCESSFUL \$US100 MILLION LOAN FLOATED IN THE NEW YORK MARKET IN JUNE. NEW YORK INVESTORS EXPRESSED A CONFIDENCE IN AUSTRALIA'S CREDIT WHICH SOME AUSTRALIANS SEEM QUITE WILLING TO UNDERMINE. I CANNOT TAKE ANY RESPONSIBILITY FOR ANY DAMAGE OUR OPPONENTS' APPROACH MAY HAVE; BUT WHERE IT REALLY COUNTS AND WHERE IT CAN REALLY BE TESTED, WE FIND AUSTRALIA'S CREDIT HIGHER THAN AT ANY TIME IN OUR HISTORY.

45. LET ME BRING ALL THESE POINTS TOGETHER IN ONE SUMMARY OF ALL THE ISSUES INVOLVED. AT NO TIME WAS PARLIAMENT MISLED ABOUT THE NATURE, SIZE OR SOURCE OF OUR LOAN PROPOSALS. THEIR PURPOSE WAS TO PURSUE POLICIES IN THE INTERESTS OF AUSTRALIAN CONTROL OF AUSTRALIAN RESOURCES. THE PROPOSAL WAS ECONOMICALLY SOUND. LEGAL ADVICE WAS OBTAINED FROM THE GOVERNMENT'S LEGAL ADVISERS BEFORE THE MINISTER FOR MINERALS AND ENERGY WAS GIVEN AUTHORITY BY THE EXECUTIVE COUNCIL TO PROCEED WITH NEGOTIATIONS FOR THE LOAN. PROPER CARE WAS EXERCISED WITH THE ASSISTANCE OF THE GOVERNMENT'S LEGAL ADVISERS TO ENSURE THAT THE INTERMEDIARY IN THIS MATTER WOULD HAVE NO CLAIM AGAINST AUSTRALIA OR THE AUSTRALIAN GOVERNMENT.

AUSTRALIA AND THE AUSTRALIAN GOVERNMENT WERE PROTECTED AT ALL POINTS IN CONNECTION WITH THE PROPOSED BORROWING. PROPER CHECKS WERE MADE ON THE BONA FIDES OF THE GENTLEMAN INVOLVED. NOT ONE CENT HAS BEEN PAID OR WILL BE PAID OR IS LIABLE TO BE PAID TO THE INTERMEDIARY. THERE HAS BEEN NO IMPROPRIETY ON THE PART OF THE AUSTRALIAN GOVERNMENT. THERE HAVE BEEN NO BREACHES OF THE LAW. AUSTRALIA'S INTERNATIONAL REPUTATION AS A GOVERNMENT WITH PRIME BORROWING STATUS REMAINS UNCHANGED, REMAINS AS HIGH AS IT HAS EVER BEEN. THESE ARE THE REAL MATTERS AT ISSUE. THESE ARE THE IMPORTANT ISSUES.

46. IT ALL BOILS DOWN TO THIS:

WAS THERE IMPROPRIETY IN THE AUSTRALIAN GOVERNMENT SEEKING A LOAN WHICH WOULD HELP PROMOTE AUSTRALIA'S IMMEDIATE AND URGENT WELLBEING AND PROMOTE GREAT LONGTERM AUSTRALIAN OBJECTIVES? WAS THERE ANY IMPROPRIETY IN THE MANNER IN WHICH THE AUSTRALIAN GOVERNMENT SOUGHT TO ACHIEVE THOSE OBJECTIVES? THE OBJECTIVES WERE PROPER' THE MEANS WERE PROPER. LET THOSE WHO SAY OTHERWISE NOW SPECIFY THEIR ALLEGATIONS OF IMPROPRIETY OR ILLEGALITY - SPECIFY THE PRECISE CHARGE, THE PRECISE BREACH.

47. THE PURPOSES FOR WHICH WE SOUGHT THE LOAN COMMAND THE CLEAR SUPPORT OF THE AUSTRALIAN PEOPLE. THE PURPOSES, THE MEANS WERE PERFECTLY PROPER. THE AUSTRALIAN PEOPLE HAVE SHOWN THEIR CLEAR SUPPORT FOR OUR OBJECTIVES IN PROMOTING AUSTRALIAN CONTROL OF AUSTRALIAN RESOURCES, WHICH IN THE FINAL ANALYSIS IS NOTHING SHORT OF AUSTRALIAN CONTROL OVER AUSTRALIA'S DESTINY.

48. IN THE PERSPECTIVE OF THESE GREAT OBJECTIVES, THE AUSTRALIAN PEOPLE WILL DESPISE THE PETTINESS, THE SELF-SERVING, OF THOSE WHO HAVE CHOSEN THIS ISSUE TO UNDERMINE THE FULFILMENT OF THOSE OBJECTIVES. THEY WILL QUICKLY SEE THAT THOSE WHO WOULD USE ANY WEAPON TO DAMAGE THIS

GOVERNMENT, DO NOT GIVE A DAMN IF IN THE PROCESS, THEY
DAMAGE AUSTRALIA HERSELF. THAT IS THE GREAT IMPROPRIETY IN
THIS AFFAIR - THE WILFUL ATTEMPT TO DAMAGE AUSTRALIA, HER
CREDIT, THE PEOPLE'S CHANCE TO CONTROL AND DEVELOP THE
RESOURCES OF THEIR OWN LAND. THOSE EFFORTS WILL FAIL AS
THEY DESERVE. AUSTRALIA'S CREDIT REMAINS UNTARNISHED; AND
ON ANY CHARGE OF IMPROPRIETY OR ANY TOLERATION OF
IMPROPRIETY, THE RECORD WILL SHOW THAT THIS GOVERNMENT IS
EQUALLY UNTARNISHED.