

FOREIGN INVESTMENT GUIDELINES

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Statement by the Acting Prime Minister and Minister for National Resources, Rt. Hon. J.D. Anthony, M.P.

Recent comments by Sir Charles Court and Mr Bjelke-Petersen on the Government's foreign investment guidelines suggest that they have less than a complete understanding of the matter.

The guidelines are not stifling development of mining in Australia.

The Government has introduced the guidelines to give Australians encouragement and opportunity to participate in Australia's development.

The guidelines, and the way they are being administered, will achieve that objective but will not hinder or delay new projects if those projects are in Australia's interests.

The national Government has a clear duty to see that Australians do have this opportunity, and to ensure that the overall national interest is protected.

There can be only one interpretation of the Premiers' comments -- that they want an "open slather" policy.

To believe that the community would accept such a policy on foreign ownership of Australia's resources is quite unrealistic, and it is an approach which the present Government is not prepared to accept.

Yet we have to make sure that our resources are utilised for the benefit of the community.

New mining and energy projects could play a vital part in Australia's recovery from its present economic difficulties.

The foreign investment guidelines, as made clear by Mr Lynch when he first announced them on April 1 this year, and as emphasised by both the Treasurer and myself since, are not rigid and inflexible.

The Prime Minister also has underlined the flexibility of the guidelines in his statements in Japan.

We want, as a general rule, to see at least 50% Australian equity in new mining projects -- 75% in the case of uranium.

But we have made it quite clear that if foreign companies genuinely try to secure 50% Australian involvement in projects other than uranium but are unable to do so, then we will not see worthwhile development held up.

A lower level of Australian equity will not necessarily prevent a project from proceeding.

The equity requirement on uranium, subject to the Government's attitude to portfolio investment as outlined by the Treasurer and myself on May 28, is firm.

As I have indicated recently, there could be an extreme case where no Australian equity at all could be obtained for a new mining project, yet the project should and would proceed.

Of course, we would seek, as appropriate, satisfactory arrangements in such cases for Australian equity to be increased to at least 50% at a later stage.

There has never been any suggestion that the Government will apply the guidelines in a doctrinaire way.

It is significant that I have been able to quickly reach agreement on equity arrangements for three major proposed coal developments in Queensland.

In the case of two of them -- Norwich Park and Nebo -- the companies have agreed to ensure there is 55% Australian interest, and in the third case -- Hail Creek -- the agreed level of Australian interest is 50%.

The first of these projects likely to be in a position to go ahead is the Norwich Park proposal of the Utah Development Company.

I am sure everyone welcomes Utah's willingness to accept arrangements which will mean 55% Australian equity in this project compared with only about 11% in their existing developments.

Surely the Premiers do not dispute the advantage to Australia of this kind of arrangement.

While the equity arrangements have been settled for some time, the Company is still having difficulty reaching agreement with the Queensland Government for the project to proceed.

As far as the Commonwealth is concerned, there is no obstacle the project was cleared several months ago.

I hope the Queensland Government will soon be able to reach agreement with the company.

It is a matter for great regret that the long delays caused by the previous Government's unreasonable and unrealistic attitudes have called into question these major new projects because development costs have increased so significantly.

CANBERRA

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