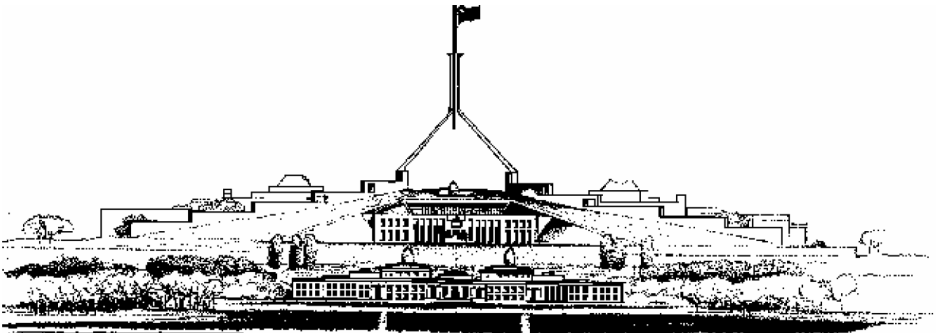




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 28, 1975
Wednesday, 9 July 1975

TWENTY-NINTH PARLIAMENT
FIRST SESSION—SECOND PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

AUSTRALIA

TWENTY-NINTH PARLIAMENT

FIRST SESSION: SECOND PERIOD

Governor-General

His Excellency the Honourable Sir John Robert Kerr, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Knight of the Most Venerable Order of the Hospital of Saint John of Jerusalem, one of Her Majesty's Counsel learned in the law, Governor-General of Australia and Commander-in-Chief of the Defence Force of Australia from 11 July 1974.

Second Whitlam Ministry (From 10 February 1975)

Prime Minister	The Honourable Edward Gough Whitlam, Q.C.
Deputy Prime Minister and Treasurer	The Honourable James Ford Cairns
Minister for Minerals and Energy	The Honourable Reginald Francis Xavier Connor
Minister for Social Security	The Honourable William George Hayden
Leader of the Government in the Senate and Minister for Agriculture	Senator the Honourable Kenneth Shaw Wriedt
Minister for Foreign Affairs	Senator the Honourable Donald Robert Willesee
Minister for Overseas Trade	The Honourable Frank Crean
Minister for Services and Property and Leader of the House	The Honourable Frederick Michael Daly
Minister for the Media and Manager of Government Business in the Senate	Senator the Honourable Douglas McClelland
Minister for Defence	The Honourable Lance Herbert Barnard
Minister for Northern Development and Minister for the Northern Territory	The Honourable Rex Alan Patterson
Minister for Labour and Immigration	The Honourable Clyde Robert Cameron
Minister for Education	The Honourable Kim Edward Beazley
Special Minister of State and Minister Assisting the Prime Minister in Matters Relating to the Public Service	The Honourable Lionel Frost Bowen
Minister for Repatriation and Compensation	Senator the Honourable John Murray Wheeldon
Minister for Urban and Regional Development	The Honourable Thomas Uren
Postmaster-General	Senator the Honourable Reginald Bishop
Minister for Housing and Construction	The Honourable Leslie Royston Johnson
Minister for Transport	The Honourable Charles Keith Jones
Minister for Health	The Honourable Douglas Nixon Everingham
* Attorney-General and Minister for Customs and Excise	The Honourable Keppel Earl Enderby, Q.C.
Minister for Manufacturing Industry	Senator the Honourable James Robert McClelland
Minister for the Capital Territory	The Honourable Gordon Munro Bryant, E.D.
† Minister for the Environment and Conservation	The Honourable Moses Henry Cass
Minister for Aboriginal Affairs	Senator the Honourable James Luke Cavanagh
Minister for Science, Minister Assisting the Minister for Foreign Affairs in Matters Relating to Papua New Guinea and Minister Assisting the Minister for Defence	The Honourable William Lawrence Morrison
Minister for Tourism and Recreation, Vice-President of the Executive Council and Minister Assisting the Treasurer	The Honourable Francis Eugene Stewart

† Minister for Environment from 21 April 1975.

* Attorney-General and Minister for Police and Customs from 27 March 1975.

Second Whitlam Ministry

(From 6 June 1975)

Prime Minister	The Honourable Edward Gough Whitlam, Q.C.
Deputy Prime Minister and Minister for Environment	The Honourable James Ford Cairns
Minister for Minerals and Energy	The Honourable Reginald Francis Xavier Connor
Treasurer	The Honourable William George Hayden
Minister for Agriculture and Leader of the Government in the Senate	Senator the Honourable Kenneth Shaw Wriedt
Minister for Foreign Affairs	Senator the Honourable Donald Robert Willesee
Minister for Overseas Trade	The Honourable Frank Crean
Minister for Services and Property and Leader of the House	The Honourable Frederick Michael Daly
Special Minister of State and Manager of Government Business in the Senate	Senator the Honourable Douglas McClelland
Minister for Northern Australia	The Honourable Rex Alan Patterson
Minister for Science and Consumer Affairs	The Honourable Clyde Robert Cameron
Minister for Education	The Honourable Kim Edward Beazley
Minister for Manufacturing Industry	The Honourable Lionel Frost Bowen
Minister for Social Security and Minister for Repatriation and Compensation	Senator the Honourable John Murray Wheeldon
Minister for Urban and Regional Development	The Honourable Thomas Uren
Postmaster-General and Minister Assisting the Minister for Defence	Senator the Honourable Reginald Bishop
Minister for Aboriginal Affairs	The Honourable Leslie Royston Johnson
Minister for Transport	The Honourable Charles Keith Jones
Minister for Health	The Honourable Douglas Nixon Everingham
Attorney-General	The Honourable Keppel Earl Enderby, Q.C.
Minister for Labor and Immigration and Minister Assisting the Prime Minister in Matters Relating to the Public Service	Senator the Honourable James Robert McClelland
Minister for the Capital Territory	The Honourable Gordon Munro Bryant, E.D.
Minister for the Media	The Honourable Moses Henry Cass
Minister for Police and Customs	Senator the Honourable James Luke Cavanagh
Minister for Defence and Minister Assisting the Minister for Foreign Affairs in Matters Relating to the Islands of the Pacific	The Honourable William Lawrence Morrison
Minister for Tourism and Recreation, Vice-President of the Executive Council and Minister Assisting the Treasurer and the Minister for Social Security and Minister for Repatriation and Compensation	The Honourable Francis Eugene Stewart
Minister for Housing and Construction and Minister Assisting the Minister for Urban and Regional Development	The Honourable Joseph Martin Riordan

Second Whitlam Ministry

(From 2 July 1975)

Prime Minister and Minister for Environment	The Honourable Edward Gough Whitlam, Q.C.
Minister for Minerals and Energy	The Honourable Reginald Francis Xavier Connor
Treasurer	The Honourable William George Hayden
Minister for Agriculture and Leader of the Government in the Senate	Senator the Honourable Kenneth Shaw Wriedt
Minister for Foreign Affairs	Senator the Honourable Donald Robert Willesee
Minister for Overseas Trade	The Honourable Frank Crean
Minister for Services and Property and Leader of the House	The Honourable Frederick Michael Daly
Special Minister of State and Manager of Government Business in the Senate	Senator the Honourable Douglas McClelland
Minister for Northern Australia	The Honourable Rex Alan Patterson
Minister for Science and Consumer Affairs	The Honourable Clyde Robert Cameron
Minister for Education	The Honourable Kim Edward Beazley
Minister for Manufacturing Industry	The Honourable Lionel Frost Bowen
Minister for Social Security and Minister for Repatriation and Compensation	Senator the Honourable John Murray Wheelodon
Minister for Urban and Regional Development	The Honourable Thomas Uren
Postmaster-General and Minister Assisting the Minister for Defence	Senator the Honourable Reginald Bishop
Minister for Aboriginal Affairs	The Honourable Leslie Royston Johnson
Minister for Transport	The Honourable Charles Keith Jones
Minister for Health	The Honourable Douglas Nixon Everingham
Attorney-General	The Honourable Keppel Earl Enderby, Q.C.
Minister for Labour and Immigration and Minister Assisting the Prime Minister in Matters Relating to the Public Service	Senator the Honourable James Robert McClelland
Minister for the Capital Territory	The Honourable Gordon Munro Bryant, E.D.
Minister for the Media	The Honourable Moses Henry Cass
Minister for Police and Customs	Senator the Honourable James Luke Cavanagh
Minister for Defence and Minister Assisting the Minister for Foreign Affairs in Matters Relating to the Islands of the Pacific	The Honourable William Lawrence Morrison
Minister for Tourism and Recreation, Vice-President of the Executive Council and Minister Assisting the Treasurer and the Minister for Social Security and Minister for Repatriation and Compensation	The Honourable Francis Eugene Stewart
Minister for Housing and Construction and Minister Assisting the Minister for Urban and Regional Development	The Honourable Joseph Martin Riordan

MEMBERS OF THE HOUSE OF REPRESENTATIVES

TWENTY NINTH PARLIAMENT—FIRST SESSION: SECOND PERIOD

Speaker—⁽¹⁾ The Honourable James Francis Cope

⁽²⁾ The Honourable Gordon Glen Denton Scholes

Leader of the House—The Honourable Frederick Michael Daly

Chairman of Committees—⁽³⁾ Gordon Glen Denton Scholes

⁽⁴⁾ Joseph Max Berinson

Deputy Chairmen of Committees—Mr Armitage, ⁽⁵⁾ Mr Berinson, Mr Drury, Mr Giles,
⁽⁶⁾ Mr Innes, ⁽⁷⁾ Dr Jenkins, ⁽⁸⁾ Mr Keith Johnson, Mr Luchetti, Mr Lucock, Mr Martin

Leader of the Opposition—⁽⁹⁾ The Right Honourable Billy Mackie Snedden, Q.C.

⁽¹⁰⁾ The Honourable John Malcolm Fraser

Deputy Leader of the Opposition—The Honourable Phillip Reginald Lynch

Leader of the Australian Country Party—The Right Honourable John Douglas Anthony

Deputy Leader of the Australian Country Party—The Honourable Ian McCahon Sinclair

Adermann, Albert Evan	Fisher (Qld)
Anthony, Rt Hon. John Douglas	Richmond (N.S.W.)
Armitage, John Lindsay	Chifley (N.S.W.)
⁽¹¹⁾ Barnard, Hon. Lance Herbert	Bass (Tas.)
Beazley, Hon. Kim Edward	Fremantle (W.A.)
Bennett, Adrian Frank	Swan (W.A.)
Berinson, Joseph Max	Perth (W.A.)
Bonnett, Robert Noel	Herbert (Qld)
Bourchier, John William	Bendigo (Vic.)
Bowen, Hon. Lionel Frost	Kingsford Smith (N.S.W.)
Bryant, Hon. Gordon Munro, E.D.	Wills (Vic.)
Bungey, Melville Harold	Canning (W.A.)
Cadman, Alan Glyndwr	Mitchell (N.S.W.)
Cairns, Hon. James Ford	Lalor (Vic.)
Cairns, Hon. Kevin Michael Keirnan	Lilley (Qld)
Calder, Stephen Edward, D.F.C.	Northern Territory
Cameron, Hon. Clyde Robert	Hindmarsh (S.A.)
Cameron, Donald Milner	Griffith (Qld)
Cass, Hon. Moses Henry	Maribyrnong (Vic.)
Child, Gloria Joan Liles	Henty (Vic.)
Chipp, Hon. Donald Leslie	Hotham (Vic.)
Clayton, Gareth	Isaacs (Vic.)
Coates, John	Denison (Tas.)
Cohen, Barry	Robertson (N.S.W.)
Collard, Frederick Walter	Kalgoorlie (W.A.)
Connolly, David Miles	Bradfield (N.S.W.)
Connor, Hon. Reginald Francis Xavier	Cunningham (N.S.W.)
Cope, Hon. James Francis	Sydney (N.S.W.)
Corbett, James	Maranoa (Qld)
Crean, Hon. Frank	Melbourne Ports (Vic.)
Cross, Manfred Douglas	Brisbane (Qld)
Daly, Hon. Frederick Michael	Grayndler (N.S.W.)
Davies, Ronald	Braddon (Tas.)
Dawkins, John Sydney	Tangney (W.A.)
Drummond, Peter Hertford	Forrest (W.A.)
Drury, Edward Nigel, C.B.E.	Ryan (Qld)
Duthie, Gilbert William Arthur	Wilmot (Tas.)
Edwards, Harold Raymond	Berowra (N.S.W.)
Ellicott, Robert James, Q.C.	Wentworth (N.S.W.)
Enderby, Hon. Keppel Earl, Q.C.	Canberra (A.C.T.)
England, John Armstrong, E.D.	Calare (N.S.W.)
Erwin, Hon. George Dudley	Ballaarat (Vic.)
Everingham, Hon. Douglas Nixon	Capricornia (Qld)
Fairbairn, Hon. David Eric, D.F.C.	Farrer (N.S.W.)
Fisher, Peter Stanley	Mallee (Vic.)
FitzPatrick, John	Darling (N.S.W.)
Forbes, Dr the Hon. Alexander James, M.C.	Barker (S.A.)
Fraser, Hon. John Malcolm	Wannon (Vic.)

⁽¹⁾ Resigned 27 February 1975 ⁽²⁾ Elected 27 February 1975 ⁽³⁾ To 27 February 1975
⁽⁴⁾ Elected 27 February 1975 ⁽⁵⁾ To 27 February 1975 ⁽⁶⁾ From 5 March 1975 ⁽⁷⁾ To 27 February 1975
⁽⁸⁾ From 5 March 1975 ⁽⁹⁾ To 7 April 1975 ⁽¹⁰⁾ From 8 April 1975
⁽¹¹⁾ Resigned 2 June 1975

Members of the House of Representatives

Fry, Kenneth Lionel	Fraser (A.C.T.)
Fulton, William John	Leichhardt (Qld)
Garland, Hon. Ransley Victor	Curtin (W.A.)
Garrick, Horace James	Batman (Vic.)
Giles, Geoffrey O'Halloran	Angas (S.A.)
Gorton, Rt Hon. John Grey, C.H.	Higgins (Vic.)
Graham, Bruce William	North Sydney (N.S.W.)
Gun, Richard Townsend	Kingston (S.A.)
Hayden, Hon. William George	Oxley (Qld)
Hewson, Henry Arthur	McMillan (Vic.)
Hodges, John Charles	Petrie (Qld)
Holten, Hon. Rendle McNeillage	Indi (Vic.)
Howard, John Winston	Bennelong (N.S.W.)
Hunt, Hon. Ralph James Dunnet	Gwydir (N.S.W.)
Hurford, Christopher John	Adelaide (S.A.)
Hyde, John Martin	Moore (W.A.)
Innes, Urquhart Edward	Melbourne (Vic.)
Jacobi, Ralph	Hawker (S.A.)
James, Albert William	Hunter (N.S.W.)
Jarman, Alan William	Deakin (Vic.)
Jenkins, Henry Alfred	Scullin (Vic.)
Johnson, Leonard Keith	Burke (Vic.)
Johnson, Hon. Leslie Royston	Hughes (N.S.W.)
Jones, Hon. Charles Keith	Newcastle (N.S.W.)
Katter, Hon. Robert Cummin	Kennedy (Qld)
Keating, Paul John	Blaxland (N.S.W.)
Kelly, Hon. Charles Robert	Wakefield (S.A.)
Keogh, Leonard Joseph	Bowman (Qld)
Kerin, John Charles	Macarthur (N.S.W.)
Killen, Hon. Denis James	Moreton (Qld)
King, Hon. Robert Shannon	Wimmera (Vic.)
Klugman, Richard Emanuel	Prospect (N.S.W.)
Lamb, Anthony Hamilton	La Trobe (Vic.)
Lloyd, Bruce	Murray (Vic.)
Luchetti, Anthony Sylvester	Macquarie (N.S.W.)
Lucock, Philip Ernest, C.B.E.	Lyne (N.S.W.)
Lusher, Stephen Augustus	Hume (N.S.W.)
Lynch, Hon. Phillip Reginald	Flinders (Vic.)
MacKellar, Michael John Randal	Warringah (N.S.W.)
Macphee, Ian Malcolm	Balaclava (Vic.)
McKenzie, David Charles	Diamond Valley (Vic.)
McLeay, Hon. John Elden	Boothby (S.A.)
McMahon, Rt Hon. William, C.H.	Lowe (N.S.W.)
McVeigh, Daniel Thomas	Darling Downs (Qld)
Martin, Vincent Joseph	Banks (N.S.W.)
Mathews, Charles Race Thorson	Casey (Vic.)
Millar, Percival Clarence	Wide Bay (Qld)
Morris, Peter Frederick	Shortland (N.S.W.)
Morrison, Hon. William Lawrence	St George (N.S.W.)
Mulder, Allan William	Evans (N.S.W.)
(12) Newman, Kevin Eugene	Bass (Tas.)
Nicholls, Martin Henry	Bonython (S.A.)
Nixon, Hon. Peter James	Gippsland (Vic.)
O'Keefe, Frank Lionel	Paterson (N.S.W.)
Oldmeadow, Maxwell Wilkinson	Holt (Vic.)
Patterson, Hon. Rex Alan	Dawson (Qld)
Peacock, Hon. Andrew Sharp	Kooyong (Vic.)
Reynolds, Leonard James	Barton (N.S.W.)
Riordan, Joseph Martin	Phillip (N.S.W.)
Robinson, Eric Laidlaw	McPherson (Qld)
Robinson, Hon. Ian Louis	Cowper (N.S.W.)
Ruddock, Philip Maxwell	Parramatta (N.S.W.)
Scholes, Gordon Glen Denton	Corio (Vic.)
Sherry, Raymond Henry	Franklin (Tas.)
Sinclair, Hon. Ian McCahon	New England (N.S.W.)
Snedden, Rt Hon. Billy Mackie, Q.C.	Bruce (Vic.)
Staley, Anthony Allan	Chisholm (Vic.)
Stewart, Hon. Francis Eugene	Lang (N.S.W.)
Street, Hon. Anthony Austin	Corangamite (Vic.)

(12) Sworn 9 July 1975

Members of the House of Representatives

Sullivan, John William	..	..	..	..	..	..	Riverina (N.S.W.)
Thorburn, Ray William	..	..	..	..	..	..	Cook (N.S.W.)
Uren, Hon. Thomas	..	..	..	..	..	..	Reid (N.S.W.)
Viner, Robert Ian	..	..	..	..	..	..	Stirling (W.A.)
Wallis, Laurie George	..	..	..	..	..	..	Grey (S.A.)
Wentworth, Hon. William Charles	..	..	..	..	..	..	Mackellar (N.S.W.)
Whan, Robert Bruce	..	..	..	..	..	..	Eden Monaro (N.S.W.)
Whitlam, Hon. Edward Gough, Q.C.	..	..	..	..	..	..	Werriwa (N.S.W.)
Willis, Ralph	..	..	..	..	..	..	Gellibrand (Vic.)
Wilson, Ian Bonython Cameron	..	..	..	..	..	..	Sturt (S.A.)
Young, Michael Jerome	..	..	..	..	..	..	Port Adelaide (S.A.)

THE COMMITTEES OF THE SESSION

(FIRST SESSION—SECOND PERIOD)

STANDING COMMITTEES

ABORIGINAL AFFAIRS—Mr Cross (*Chairman*), Mr Clayton, Mr Collard, Mr Dawkins, Mr Fisher (from 20 May 1975), Mr Hunt (to 20 May 1975), Mr Jarman, Mr Ruddock, Mr Thorburn, Mr Wentworth.

ENVIRONMENT AND CONSERVATION—Dr Jenkins (*Chairman*), Mr Bouchier (to 16 April 1975), Mr Hodges (from 16 April 1975), Mr Jarman (from 16 April 1975), Mr Kerin, Mr Lamb, Mr Morris, Mr Ian Robinson, Mr Wilson (to 16 April 1975).

HOUSE—Mr Speaker, Mr Berinson (to 8 April 1975), Mr Bungey, Mr Donald Cameron, Mr Clayton, Mr Cohen, Mr Holten, Mr Keogh (from 8 April 1975).

LIBRARY—Mr Speaker, Mr Cross, Mr Erwin, Dr Klugman, Mr Luchetti, Mr O'Keefe, Mr Wentworth.

PRIVILEGES—Dr J. F. Cairns, Mr Donald Cameron, Mr Drury, Mr Enderby, Mr Innes, Dr Jenkins, Mr Luchetti (from 8 April 1975), Mr Lucock, Mr Scholes (to 8 April 1975), Mr Viner.

PUBLICATIONS—Mr McKenzie (*Chairman*), Mr Erwin, Mr Hodges, Mr Lamb, Mr Mathews, Mr Millar, Mr Oldmeadow.

ROAD SAFETY—Mr Cohen (*Chairman*), Mr Bennett, Mr Erwin, Mr Innes (from 5 March 1975), Mr Katter, Dr Klugman (to 5 March 1975), Mr McKenzie, Mr Ruddock.

STANDING ORDERS—Mr Speaker, the Chairman of Committees, the Leader of the House, the Deputy Leader of the Opposition, Mr Anthony, Mr Bryant, Dr J. F. Cairns, Mr Drury, Mr Garland, Mr Hurford (from 8 April 1975), Mr Sinclair.

JOINT STATUTORY COMMITTEES

BROADCASTING OF PARLIAMENTARY PROCEEDINGS—Mr Speaker (*Chairman*), Mr President, Senator Coleman, Senator Webster, and Mr Donald Cameron, Mr Coates, Mr Duthie, Mr England, Mr Sherry.

PUBLIC ACCOUNTS—Senator McAuliffe (*Chairman*), Senator Grimes, Senator Guilfoyle, and Mr Collard, Mr Connolly, Mr Graham, Mr Lusher, Mr Martin, Mr Morris, Mr Reynolds.

PUBLIC WORKS—Mr Keith Johnson (*Chairman*), Senator Jessop, Senator Melzer, Senator Poyser, and Mr Bonnett, Mr Garrick, Mr Kelly, Mr Keogh, Mr McVeigh.

JOINT COMMITTEES

AUSTRALIAN CAPITAL TERRITORY—Senator Milliner (*Chairman*) (to 30 June 1975), Senator Davidson (from 11 June 1975), Senator Devitt, Senator Marriott, and Mr Fisher (to 20 May 1975), Mr Fry, Mr Hewson (from 20 May 1975), Mr Howard, Mr Kerin, Mr Whan.

FOREIGN AFFAIRS AND DEFENCE—Senator Wheeldon (*Chairman*), Senator Carrick, Senator Drury, Senator McIntosh, Senator Maunsell, Senator Primmer, Senator Sim, and Mr Berinson, Mr Coates, Mr Connolly, Mr Corbett, Mr Cross, Mr Dawkins, Dr Forbes (to 16 April 1975), Mr Fry, Mr Giles, Mr Kerin, Mr Killen (from 16 April 1975), Dr Klugman, Mr Lucock, Mr Oldmeadow, Mr Peacock.

NORTHERN TERRITORY—Mr James (*Chairman*), Senator Keefe, Senator McLaren, Senator Marriott, Senator Sheil, and Mr Calder, Mr FitzPatrick, Mr Kelly, Mr Wallis.

PARLIAMENTARY COMMITTEE SYSTEM—Dr Jenkins (*Chairman*), Senator Sir Magnus Cormack, Senator Drake-Brockman, Senator Gietzelt, Senator McAuliffe, Senator Mulvihill, Senator Rae, and Mr Berinson (to 14 April 1975), Mr Fairbairn, Dr Forbes, Dr Jenkins, Dr Klugman (from 4 March 1975), Mr Morris (from 15 April 1975), Mr Ian Robinson, Mr Scholes (Chairman until membership terminated on 3 March 1975), Mr Young.

PECUNIARY INTERESTS OF MEMBERS OF THE PARLIAMENT—Mr Riordan (*Chairman*), Senator Georges, Senator James McClelland, Senator Marriott, Senator Sheil (from 22 April 1975), Senator Webster (to 22 April 1975), and Mr Keating, Mr Martin, Mr Nixon, Mr Eric Robinson.

PRICES—Mr Hurford (*Chairman*), Senator Chaney, Senator Coleman, Senator Gietzelt, Senator Scott, and Mrs Child, Mr Hodges, Mr Howard, Mr King, Mr Whan, Mr Willis.

SELECT COMMITTEES

SPECIFIC LEARNING DIFFICULTIES—Mr Mathews (*Chairman*), Mr Cadman, Dr Gun, Mr Hyde (from 16 April 1975), Mr Innes, Mr McVeigh, Mr Oldmeadow, Mr Wilson (to 16 April 1975).

PARLIAMENTARY DEPARTMENTS

SENATE

Clerk—J. R. Odgers, C.B.E.
Deputy Clerk—R. E. Bullock, O.B.E.
First Clerk-Assistant—K. O. Bradshaw
Clerk-Assistant—A. R. Cumming Thom
Principal Parliamentary Officer—H. C. Nicholls
Usher of the Black Rod—H. G. Smith

HOUSE OF REPRESENTATIVES

Clerk of the House—N. J. Parkes, O.B.E.
Deputy Clerk of the House—J. A. Pettifer
First Clerk Assistant—D. M. Blake, V.R.D.
Clerk Assistant—A. R. Browning
Senior Parliamentary Officers:
Table Office—L. M. Barlin
Bills and Papers Office—I. C. Cochran
Sergeant-at-Arms Office—D. M. Piper
Committee Office—G. J. Horsfield

PARLIAMENTARY REPORTING STAFF

Principal Parliamentary Reporter—W. J. Bridgman
Assistant Principal Parliamentary Reporter—K. R. Ingram
Leader of Staff (House of Representatives)—G. R. Fraser
Leader of Staff (Senate)—J. F. Kerr

LIBRARY

Parliamentary Librarian—A. L. Moore, O.B.E.

JOINT HOUSE

Secretary—R. W. Hillyer

THE ACTS OF THE SESSION

(FIRST SESSION: SECOND PERIOD)

Aboriginal and Torres Strait Islanders (Queensland Discriminatory Laws) Act 1975 (Act No. 75 of 1975)—
An Act to make Provision with respect to the Peoples of the Aboriginal race of Australia, and the race to which Torres Strait Islanders belong, for the purpose of preventing Discrimination in certain respects against those Peoples under laws of Queensland.

Appropriation Act (No. 3) 1974-75 (Act No. 9 of 1975)—

An Act to appropriate a sum out of the Consolidated Revenue Fund, additional to the sum appropriated by the *Appropriation Act (No. 1) 1974-75* for the service of the year ending on 30 June 1975.

Appropriation Act (No. 4) 1974-75 (Act No. 10 of 1975)—

An Act to appropriate a sum out of the Consolidated Revenue Fund, additional to the sum appropriated by the *Appropriation Act (No. 2) 1974-75* for certain expenditure in respect of the year ending on 30 June 1975.

Appropriation Act (No. 5) 1974-75 (Act No. 31 of 1975)—

An Act to appropriate a sum out of the Consolidated Revenue Fund, additional to the sums appropriated by the *Appropriation Act (No. 1) 1974-75* and the *Appropriation Act (No. 3) 1974-75*, for the service of the year ending on 30 June 1975.

Appropriation Act (No. 6) 1974-75 (Act No. 32 of 1975)—

An Act to appropriate a sum out of the Consolidated Revenue Fund, additional to the sums appropriated by the *Appropriation Act (No. 2) 1974-75* and the *Appropriation Act (No. 4) 1974-75*, for certain expenditure in respect of the year ending on 30 June 1975.

Appropriation (Development Bank) Act 1975 (Act No. 7 of 1975)—

An Act to appropriate a sum out of the Consolidated Revenue Fund for the purpose of loans to the Commonwealth Development Bank of Australia.

Australian Bureau of Statistics Act 1975 (Act No. 60 of 1975)—

An Act to establish an Australian Bureau of Statistics and for related Purposes.

Australia Council Act 1975 (Act No. 11 of 1975)—

An Act to establish a Council for Purposes connected with the Promotion of the Arts, and to make Provision for related Matters.

Australian Film Commission Act 1975 (Act No. 6 of 1975)—

An Act to Establish an Australian Film Commission.

Australian Heritage Commission Act 1975 (Act No. 57 of 1975)—

An Act to establish an Australian Heritage Commission.

Australian Housing Corporation Act 1975 (Act No. 25 of 1975)—

An Act to establish an Australian Housing Corporation.

Australian Industry Development Corporation Act 1975 (Act No. 4 of 1975)—

An Act Relating to the Australian Industry Development Corporation.

Australian National Railways Act 1975 (Act No. 26 of 1975)—

An Act to amend the *Commonwealth Railways Act 1917-1973*.

Australian War Memorial Act 1975 (Act No. 27 of 1975)—

An Act to amend the *Australian War Memorial Act 1962-1973*.

Book Bounty Act 1975 (Act No. 5 of 1975)—

An Act to amend the *Book Bounty Act 1969-1973*.

Children's Commission Act 1975 (Act No. 51 of 1975)—

An Act for and in Relation to the Establishment of a Children's Commission.

Common Informers (Parliamentary Disqualifications) Act 1975 (Act No. 28 of 1975)—

An Act to make other Provision with respect to the Matter in respect of which Provision is made by section 46 of the Constitution.

Conciliation and Arbitration Act 1975 (Act No. 64 of 1975)—

An Act to amend the *Conciliation and Arbitration Act 1904-1974*.

Curriculum Development Centre Act 1975 (Act No. 41 of 1975)—

An Act to establish a Curriculum Development Centre.

Customs Act 1975 (Act No. 77 of 1975)—

An Act to amend the *Customs Act 1901-1974*.

Customs Tariff (Anti-Dumping) Act 1975 (Act No. 76 of 1975)—

An Act relating to certain Special Duties of Customs.

Customs Tariff Validation Act 1975 (Act No. 78 of 1975)—

An Act to provide for the Validation of certain Collections of Duties of Customs in accordance with Customs Tariff Proposals and Gazette Notices.

Dairy Produce Act 1975 (Act No. 82 of 1975)—

An Act to amend the *Dairy Produce Export Control Act 1924-1973*.

Dairy Produce Sales Promotion Act 1975 (Act No. 83 of 1975)—

An Act to amend the *Dairy Produce Sales Promotion Act 1958-1973*.

Darwin Cyclone Damage Compensation Act 1975 (Act No. 43 of 1975)—

An Act to provide for Payment by Australia of Compensation in respect of Loss of, or Damage to, Property arising out of the Darwin Cyclone.

Darwin Reconstruction Act 1975 (Act No. 2 of 1975)—

An Act to establish a Darwin Reconstruction Commission for purposes arising out of the Devastation of Darwin by Cyclone.

Dried Fruits Export Charges Act 1975 (Act No. 73 of 1975)—

An Act to amend the *Dried Fruits Export Charges Act 1924-1970* for purposes of Metric Conversion.

The Acts of the Session

- Dried Fruits Levy Act 1975 (Act No. 72 of 1975)—
An Act to amend the *Dried Fruits Levy Act* 1971 for purposes of Metric Conversion.
- Environment Protection (Impact of Proposals) Act 1975 (Act No. 36 of 1975)—
An Act to amend the *Environment Protection (Impact of Proposals) Act* 1974.
- Family Law Act 1975 (Act No. 53 of 1975)—
An Act relating to Marriage and to Divorce and Matrimonial Causes and, in relation thereto, Parental Rights and the Custody and Guardianship of Infants, and certain other Matters.
- Fisheries Act 1975 (Act No. 3 of 1975)—
An Act to amend the *Fisheries Act* 1952–1973.
- Great Barrier Reef Marine Park Act 1975 (Act No. 85 of 1975)—
An Act to establish a Great Barrier Reef Marine Park and for related purposes.
- Grants Commission Act 1975 (Act No. 59 of 1975)—
An Act to amend the *Grants Commission Acts* 1973.
- Health Insurance Act 1975 (Act No. 58 of 1975)—
An Act to amend the *Health Insurance Act* 1973.
- Homes Savings Grant Act 1975 (Act No. 49 of 1975)—
An Act to amend the *Homes Savings Grant Act* 1964–1973.
- Income Tax Assessment Act 1975 (Act No. 80 of 1975)—
An Act to amend the Law relating to Income Tax.
- Loans (Australian Shipping Commission) Act 1975 (Act No. 44 of 1975)—
An Act to authorize the Raising of a certain sum of Money and to authorize Australia to make certain Moneys available to the Australian Shipping Commission, and for purposes connected therewith.
- Loan (War Service Land Settlement) Act 1975 (Act No. 62 of 1975)—
An Act to authorize the Raising and Expending of a sum not exceeding \$4,000,000 for a Defence Purpose, namely, Financial Assistance to South Australia, Western Australia and Tasmania in connection with War Service Land Settlement.
- National Capital Development Commission Act 1975 (Act No. 66 of 1975)—
An Act to amend the *National Capital Development Commission Act* 1957–1973.
- National Gallery Act 1975 (Act No. 61 of 1975)—
An Act relating to the Australian National Gallery.
- National Health Act 1975 (Act No. 1 of 1975)—
An Act to amend the *National Health Act* 1953–1973, as amended by the *National Health Act* 1974.
- National Health Act (No. 2) 1975 (Act No. 13 of 1975)—
An Act to amend the *National Health Act* 1953–1974, as amended by the *National Health Act* 1975.
- National Parks and Wildlife Conservation Act 1975 (Act No. 12 of 1975)—
An Act to make provision for and in relation to the Establishment of National Parks and other Parks and Reserves and the Protection and Conservation of Wildlife.
- Northern Territory Supreme Court Act 1975 (Act No. 84 of 1975)—
An Act to amend the *Northern Territory Supreme Court Act* 1961–1973.
- Pig Industry Research Act 1975 (Act No. 47 of 1975)—
An Act to amend the *Pig Industry Research Act* 1971.
- Pig Meat Promotion Act 1975 (Act No. 48 of 1975)—
An Act to establish a Pig Meat Promotion Trust Account and for purposes connected therewith.
- Pig Slaughter Levy Act 1975 (Act No. 45 of 1975)—
An Act to amend the *Pig Slaughter Levy Act* 1971.
- Pig Slaughter Levy Collection Act 1975 (Act No. 46 of 1975)—
An Act to amend the *Pig Slaughter Levy Collection Act* 1971.
- Postal Services Act 1975 (Act No. 54 of 1975)—
An Act relating to the Provision of Postal Services within Australia and between Australia and Places outside Australia.
- Postal and Telecommunications Commissions (Transitional Provisions) Act 1975 (Act No. 56 of 1975)—
An Act to enact certain Transitional Provisions consequential upon the Enactment of the *Postal Services Act* 1975 and the *Telecommunications Act* 1975.
- Privy Council (Appeals from the High Court) Act 1975 (Act No. 33 of 1975)—
An Act to limit further the matters in which Special Leave of Appeal from the High Court of Australia to Her Majesty in Council may be asked.
- Public Service Acts Amendment Act 1975 (Act No. 40 of 1975)—
An Act relating to the Australian Public Service.
- Racial Discrimination Act 1975 (Act No. 52 of 1975)—
An Act relating to the Elimination of Racial and other Discrimination.
- Railways (South Australia) Act 1975 (Act No. 69 of 1975)—
An Act relating to the Acquisition by Australia, with the consent of South Australia, of certain Railways of South Australia and to the Construction and Extension by Australia, with the consent of South Australia, of Railways in South Australia, and for purposes connected therewith.
- Railways (Tasmania) Act 1975 (Act No. 70 of 1975)—
An Act relating to the Acquisition by Australia, with the consent of Tasmania, of the Railways of Tasmania and to the Construction and Extension by Australia, with the consent of Tasmania, of Railways in Tasmania, and for purposes connected therewith.
- Refrigeration Compressors Bounty Act 1975 (Act No. 14 of 1975)—
An Act to provide for the Payment of a Bounty on the Production of certain Refrigeration Compressors.

The Acts of the Session

Remuneration and Allowances Act 1975 (Act No. 8 of 1975)—

An Act relating to the Remuneration and Allowances payable to the Holders of certain judicial and other Offices.

Repatriation Acts Amendment Act 1975 (Act No. 35 of 1975)—

An Act relating to Repatriation and related Matters.

Road Safety and Standards Authority Act 1975 (Act No. 30 of 1975)—

An Act to establish a Road Safety and Standards Authority.

Sales Tax Act (No. 1) 1975 (Act No. 15 of 1975)—

An Act to amend the *Sales Tax Act (No. 1) 1930-1970*

Sales Tax Act (No. 2) 1975 (Act No. 16 of 1975)—

An Act to amend the *Sales Tax Act (No. 2) 1930-1970*.

Sales Tax Act (No. 3) 1975 (Act No. 17 of 1975)—

An Act to amend the *Sales Tax Act (No. 3) 1930-1970*.

Sales Tax (No. 4) 1975 (Act No. 18 of 1975)—

An Act to amend the *Sales Tax Act (No. 4) 1930-1970*.

Sales Tax Act (No. 5) 1975 (Act No. 19 of 1975)—

An Act to amend the *Sales Tax Act (No. 5) 1930-1970*.

Sales Tax Act (No. 6) 1975 (Act No. 20 of 1975)—

An Act to amend the *Sales Tax Act (No. 6) 1930-1970*.

Sales Tax Act (No. 7) 1975 (Act No. 21 of 1975)—

An Act to amend the *Sales Tax Act (No. 7) 1930-1970*.

Sales Tax Act (No. 8) 1975 (Act No. 22 of 1975)—

An Act to amend the *Sales Tax Act (No. 8) 1930-1970*.

Sales Tax Act (No. 9) 1975 (Act No. 23 of 1975)—

An Act to amend the *Sales Tax Act (No. 9) 1930-1970*.

Sales Tax (Exemptions and Classifications) Act 1975 (Act No. 24 of 1975)—

An Act relating to Sales Tax Exemptions and Classifications.

Ship Construction Bounty Act 1975 (Act No. 79 of 1975)—

An Act to provide for the Payment of a Bounty on the Production of certain Ships and other Vessels.

Snowy Mountains Hydro-electric Power Act 1975 (Act No. 29 of 1975)—

An Act to amend the *Snowy Mountains Hydro-electric Power Act 1949-1973* in relation to the Offices of Commissioner and Associate Commissioner.

Social Services Act 1975 (Act No. 34 of 1975)—

An Act relating to Social Services.

States Grants (Advanced Education) Act 1975 (Act No. 67 of 1975)—

An Act to amend the *States Grants (Advanced Education) Act 1972-1974*.

States Grants (Beef Industry) Act 1975 (Act No. 81 of 1975)—

An Act to grant Financial Assistance to the States in relation to Beef Producers.

States Grants (Universities) Act 1975 (Act No. 68 of 1975)—

An Act to amend the *States Grants (Universities) Act 1972-1974*.

Supply Act (No. 1) 1975-76 (Act No. 38 of 1975)—

An Act to make interim provision for the appropriation of moneys out of the Consolidated Revenue Fund for the service of the year ending on 30 June 1976.

Supply Act (No. 2) 1975-76 (Act No. 39 of 1975)—

An Act to make interim provision for the appropriation of moneys out of the Consolidated Revenue Fund for certain expenditure in respect of the year ending on 30 June 1976.

Tasman Bridge Restoration Act 1975 (Act No. 37 of 1975)—

An Act relating to an Agreement between Australia and Tasmania relating to the Restoration of the Tasman Bridge on the Derwent River at Hobart.

Tasmania Grant (Associated Pulp and Paper Mills Limited) Act 1975 (Act No. 71 of 1975)—

An Act to Grant Financial Assistance to Tasmania in relation to Associated Pulp and Paper Mills Limited.

Technical and Further Education Commission Act 1975 (Act No. 42 of 1975)—

An Act to make provision for and in relation to the Establishment of a Commission on Technical and Further Education.

Telecommunications Act 1975 (Act No. 55 of 1975)—

An Act relating to the Provision of Telecommunications Services within Australia.

Trade Practices Act 1975 (Act No. 63 of 1975)—

An Act to amend the *Trade Practices Act 1974* to provide for certain Matters to be disregarded in determining whether certain Contracts are unenforceable and in relation to Product Safety and Information Standards and the Sending of unsolicited Credit Cards.

Trade Union Training Authority Act 1975 (Act No. 50 of 1975)—

An Act to establish an Australian Trade Union Training Authority, and for Purposes connected therewith.

Urban and Regional Development (Financial Assistance) Act 1975 (Act No. 74 of 1975)—

An Act to amend the *Urban and Regional Development (Financial Assistance) Act 1974*.

Victoria Grant (Seymour Flood Mitigation) Act 1975 (Act No. 65 of 1975)—

An Act to grant Financial Assistance to Victoria for the purpose of Flood Mitigation Works in relation to the Town of Seymour.

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Wool Tax Act (No. 1) 1975 (Act No. 86 of 1975)—

An Act to amend the *Wool Tax Act (No. 1)* 1964–1974.

Wool Tax Act (No. 2) 1975 (Act No. 87 of 1975)—

An Act to amend the *Wool Tax Act (No. 2)* 1964–1974.

Wool Tax Act (No. 3) 1975 (Act No. 88 of 1975)—

An Act to amend the *Wool Tax Act (No. 3)* 1964–1974.

Wool Tax Act (No. 4) 1975 (Act No. 89 of 1975)—

An Act to amend the *Wool Tax Act (No. 4)* 1964–1974.

Wool Tax Act (No. 5) 1975 (Act No. 90 of 1975)—

An Act to amend the *Wool Tax Act (No. 5)* 1964–1974.

THE BILLS OF THE SESSION

(FIRST SESSION—SECOND PERIOD)

Administrative Appeals Tribunal Bill 1975—

Initiated in the House of Representatives. Senate amendments to be considered by the House.

Apple and Pear Levy Bill 1975—

Initiated in the House of Representatives. Second Reading.

Apple and Pear Levy Collection Bill 1975—

Initiated in the House of Representatives. Second Reading.

Audit Bill 1974—

Initiated in the House of Representatives. Second Reading.

Australian Apple and Pear Corporation Bill 1975—

Initiated in the House of Representatives. Second Reading.

Australian Government Insurance Corporation Bill 1975 (introduced as Australian Government Insurance Office Bill 1975)—

Passed by the House of Representatives. Transmitted to the Senate.

Australian National University Bill 1975—

Initiated in the House of Representatives. Second Reading.

Australian Overseas Trading Corporation Bill 1975—

Initiated in the House of Representatives. Second Reading.

Broadcasting and Television Bill (No. 2) 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Broadcasting Stations Licence Fees Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Canberra College of Advanced Education Bill 1975—

Initiated in the House of Representatives. Second Reading.

Conciliation and Arbitration Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Conciliation and Arbitration Bill (No. 2) 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Constitution Alteration (Simultaneous Elections) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Constitution Alteration (Simultaneous Elections) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Constitution Alteration (Voting at Referendums) Bill 1975—

Initiated in the House of Representatives. Second Reading.

Corporations and Securities Industry Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Crimes Bill 1975—

Initiated in the House of Representatives. Second Reading.

Defence Force Ombudsman Bill 1975—

Initiated in the House of Representatives. Second Reading.

Defence Force Re-Organization Bill 1975—

Initiated in the House of Representatives. Second Reading.

Defence Force Retirement and Death Benefits Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Bill 1975—

Initiated in the House of Representatives. Second Reading.

Electoral Laws Amendment Bill 1975—

Laid aside.

Electoral Re-distribution (New South Wales) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Re-distribution (Queensland) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Re-distribution (South Australia) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Re-distribution (Tasmania) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Electoral Re-distribution (Victoria) Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Foreign Takeovers Bill 1975—

Initiated in the House of Representatives. Second Reading.

Health Insurance (No. 2) 1975—

Initiated in the House of Representatives. Second Reading.

Housing Loans Insurance Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Industries Assistance Commission Bill 1974—

Initiated in the House of Representatives. Second Reading.

Inter-State Commission Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

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Legal Aid Bill 1975—

Initiated in the House of Representatives. Second Reading.

Long Service Leave (Government Employees) Bill 1975—

Initiated in the House of Representatives. Second Reading.

Minerals (Submerged Lands) Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Minerals (Submerged Lands) (Royalty) Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

National Compensation Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

National Health Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

National Health Bill (No. 3) 1975—

Passed by the House of Representatives. Transmitted to the Senate.

National Health Bill (No. 3) 1975—

Initiated in the House of Representatives. Second Reading.

National Investment Fund Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Ombudsman Bill 1975—

Initiated in the House of Representatives. In Committee.

Parliamentary Counsel Bill 1975—

Initiated in the House of Representatives. Senate amendments to be considered by the House.

Phosphate Fertilizers Bounty Bill 1974—

Initiated in the House of Representatives. Second Reading.

Privy Council Appeals Abolition Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Privy Council Appeals Abolition Bill 1975—

Initiated in the House of Representatives. Second Reading.

Public Service Bill 1975—

Initiated in the House of Representatives. Second Reading.

Purchasing Commission Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Remuneration and Allowances Bill 1975—

Discharged from the Notice Paper.

Stevedoring Industry Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Stevedoring Industry Charge Bill 1975—

Initiated in the House of Representatives. Senate amendments to be considered by the House.

Superannuation Act Amendment Bill 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Superannuation Bill 1975—

Initiated in the House of Representatives. Senate amendments to be considered by the House.

Superior Court of Australia Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Superior Court of Australia Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Telecommunications Bill (No. 2) 1975—

Passed by the House of Representatives. Transmitted to the Senate.

Television Stations Licence Fees Bill 1974—

Passed by the House of Representatives. Transmitted to the Senate.

Travel Agents Bill 1975—

Initiated in the House of Representatives. Second Reading.

Travel Agents (Deposits and Levies) Bill 1975—

Initiated in the House of Representatives. Second Reading.

United States Naval Communications Station Agreement Bill 1975—

Initiated in the Senate. Second Reading in the House of Representatives.

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AUSTRALIA
PARLIAMENTARY DEBATES
HOUSE OF REPRESENTATIVES
Hansard
1975

FIRST SESSION OF THE TWENTY-NINTH PARLIAMENT

(SECOND PERIOD)

The House of Representatives, on 5 June 1975, adjourned to 19 August 1975, unless Mr Speaker fixed an earlier day of meeting.

Mr Speaker summoned the House of Representatives to meet on Wednesday, 9 July 1975, at 2.30 p.m.

Wednesday, 9 July 1975

Mr SPEAKER (Hon. G. G. D. Scholes) took the chair at 2.30 p.m., and read prayers.

BASS ELECTORAL DIVISION

Return to Writ

Mr SPEAKER—I have received a return to the writ that I issued on 4 June for the election of a member to serve for the electoral division of Bass in the State of Tasmania to fill the vacancy caused by the resignation of the Honourable Lance Herbert Barnard. By the endorsement on the writ, it is certified that Kevin Eugene Newman has been elected.

New Member Sworn

Mr Kevin Eugene Newman was introduced and made and subscribed the oath of allegiance as member for the division of Bass, Tasmania.

DEATH OF SENATOR B. R. MILLINER

Mr WHITLAM (Werriwa—Prime Minister)—Mr Speaker, I inform the House that on 30 June Bertie Richard Milliner, a senator for the State of Queensland, died. I move:

That this House expresses its profound regret at the death on 30 June 1975 of Bertie Richard Milliner, a senator for the

State of Queensland since 1968, places on record its appreciation of his meritorious public service and extends its deepest sympathy to his widow and family.

Senator Bert Milliner was held in the highest respect and affection by everyone in the Parliament. All of us, especially those, like myself, who counted him a personal and a family friend, were saddened by his death last week at the age of 63. We shall remember his endearing personal qualities of kindness, good humour, wisdom and integrity.

He was elected to the Senate in 1967 and his term began in July of the following year. For more than a quarter of a century he played an honoured role in public life, serving his union, his Party, the Parliament and the nation with dedication and distinction. He had a host of friends in fraternal, community, industrial and political circles.

By trade he was a printer, traditionally the most skilled of all crafts. He loved his trade; he excelled in it; he brought added lustre to all who follow it. He took office with the printing unions in 1951 and continued to hold office for 17 years. During this time he helped bring about the amalgamation of the major printing unions in Australia in 1966 when the Printing and Kindred Industries Union was formed. He was the Queensland Secretary of that union and of the Printing Industry Employees Union of Australia,

as it was known before the amalgamation, from 1954 to 1968. He was a vice-president of the federal union from 1951 to 1968. He was a member of the Queensland Central Executive of the Australian Labor Party from 1944 to 1967 and President of the Queensland Branch from 1958 to 1967.

He served the Parliament as a member of numerous committees, including the Library Committee, the Senate Standing Committee on Education, Science and the Arts, the Joint Committee on Foreign Affairs and Defence and, not unexpectedly, the Printing Committee—later known as the Publications Committee—of which he was Chairman. He was the Chairman of Directors of radio station 4KQ in Brisbane for 9 years from 1958 to 1967. He represented Australia as an adviser on trade union matters at the International Labor Organisation Conferences in 1954 and 1964.

Bert Milliner was born and raised a Queenslander. He came from a fine family and he leaves a fine family. Many of us were among the hundreds of mourners who attended his funeral service in Brisbane last Thursday. Honourable members will deplore that the occasion was marred by a display of loutishness and vulgarity by sections of the media that brought great distress to his family and friends and lasting discredit to those responsible. That contemptible incident will not, however, impair the memory of Bert Milliner. He will be missed by all who enjoyed the warmth of his company, by all who worked with him, and by all who knew and admired his exemplary personal qualities.

Mr MALCOLM FRASER (Wannon—Leader of the Opposition)—The Opposition wishes to associate itself warmly with the expressions of sympathy given on the occasion of the death recently of Senator Bertie Milliner. Senator Milliner was a quiet man who impressed his colleagues with his sincerity and earned the respect of members of both chambers and on both sides of the House. He had a reputation for being a conscientious and industrious executive of the Queensland Branch of the Australian Labor Party and these qualities were displayed during his membership of the Joint Standing Committee on the Australian Capital Territory from 1970 and during his period as Chairman of that Committee from 1973. Senator Milliner, as I think the Prime Minister has told us, also served on the Publications Committee, the Senate Standing Committee on Primary and Secondary Industry and Trade and the Senate Standing Committee on Education, Science and the Arts.

Senator Milliner was an industrial officer and Secretary of the Queensland Branch of the Printing and Kindred Industries Union for 17 years until 1966, a member of the Queensland Apprenticeship Committee during 1965-66, and Chairman of Directors of the Labor Party's radio station 4KQ, as the Prime Minister also told us. He was popular amongst members of all parties and he was generous in his attitude towards members on our side of the House. The Senate and the Parliament have lost a gentlemanly person and the Opposition would want to express its warmest sympathy to his family.

Mr ANTHONY (Richmond—Leader of the National Country Party of Australia)—I would like to associate my Party and myself with the condolence remarks of the Prime Minister and the Leader of the Opposition at the very sad and sudden death of Senator Bertie Richard Milliner. Whilst I did not have much involvement with him my Senate colleagues speak of him as a very warm-hearted and friendly person and one for whom they had the highest regard. He was a very active senator and was involved with many committees. He entered the Senate as a prominent member of the Australian Labor Party from Queensland and had a long and active involvement with the trade union movement in that State. We are very sad to see one of our colleagues leave us so suddenly. The Prime Minister remarked on the unfortunate coverage of his funeral by the media last week. I was not in the country but I have heard a lot of remarks similar to those that the Prime Minister made and I feel sorry for his family that there was such a coverage. On behalf of my Party I would like to extend our deepest condolence to his wife and his family.

Mr CROSS (Brisbane)—I wish to associate myself with this motion of condolence to Mrs Milliner and the Milliner family. I met Senator Milliner almost 30 years ago because of his interest in the Boy Scouts Association, as it then was. While the record of his public life and his political career has been placed before the House this afternoon, many of us will remember him principally as a family man. While we had a long association with him in political life, we shall remember his activities in public affairs outside the political arena.

Bert Milliner was born at Kelvin Grove and lived in the Kelvin Grove and Newmarket suburbs of Brisbane all of his life. He was very active in public affairs in that district, mainly in association with his family interests. He was a former

employee of the Queensland Government Printing Office and he was father of the chapel there. Prior to becoming a paid officer of the Printing Industry Employees Union he gave many long years of honorary service to that Union, which is now the Printing and Kindred Industries Union. He was extremely well regarded in his work place at the Queensland Government Printing Office. His trade union activities are well known to honourable members. He had a particular interest in apprenticeship and in young people. He was a member of the Queensland Apprenticeship Committee. I know from my own personal experience of Bert Milliner that he took a great interest in the problems that sometimes young apprentices meet in their careers. As the President of the Queensland branch of the Australian Labor Party he brought great integrity to that position. He was always a very fair and impartial man and he ensured that the best democratic traditions of the Australian Labor Party were upheld. After being elected to the Senate he represented Queensland members and senators on the Queensland Central Executive of the Party, of which he had, of course, a very long membership. He was active, as indeed other members of his family have been, for very many years in the Masonic Lodge. He was formerly active in the Boy Scouts Association as secretary of a scout group. He was, until he died, active with the Churchill Trust.

I am sure that many people in Brisbane, in callings and in areas of the community quite outside the Labor Party, will long remember Bert Milliner. His major recreation activity in recent times was his association with the Newmarket Bowls Club, of which his wife is president of the ladies section at the present time. I am sure that honourable members on both sides of the House will long remember Bert Milliner not only as a colleague, whether in Government or in Opposition, but also as a fine family man, a good citizen and a fine friend.

Mr KILLEN (Moreton)—Mr Speaker, as one who knew our late colleague very well and who knows his family very well, may I be associated personally with this motion. There were significant political differences between the late senator and myself, but he never allowed a difference in any way to diminish the friendship between the two of us. I have spent many very happy hours with him and with his family, arguing over a great variety of things; but right throughout such arguments 2 qualities always emerged—a powerful, unfailing sense of humanity and a quite unwavering sense of humour. I can recall writing to him shortly before

his death, when he was stricken with an illness, to say that there was nothing very much wrong with him and that half a bottle of rum and a rub down with some of it would cure anything that was wrong with him. My friend wrote back and said that he did not believe in using rum for the purposes of embrocation. That was typical of him. Bert Milliner leaves a very devoted and very dedicated family. Our hearts and prayers go out to them today.

Mr KEOGH (Bowman)—Mr Speaker, I wish to be personally associated with the condolence motion in respect of my late colleague and close friend, Senator Bert Milliner. I wish to record my deep sympathy to his widow, Thelma; to his sons, Des and Glen; to his daughters, Valda and Jan; and to their families. Bert came into my office at approximately 11.45 a.m. on Monday, 30 June. He went away and returned at about 12.10 p.m. On each occasion, as always, he had a happy and friendly greeting for the girls in my office. He stayed and spoke to me until about 12.20. He talked of current political events. As usual, he was well informed and wise in his comments because, as always, he was intensely interested and involved. Within 10 minutes of his leaving I rushed to his office in answer to a call by his secretary and together we were with him as he quietly passed away, most fittingly, as he had lived for many years, working for his fellow Queenslanders.

Reference has been made by the Prime Minister and the Leader of the National Country Party to the disgraceful performance of certain sections of the media at the cremation service of Senator Milliner. I will say no more than that. As one who was present and, I am sure, like the Prime Minister and so many others, particularly Senator Milliner's family, I was disgusted to see how the filming of those events was used, particularly by Channel 2 in its television program that evening.

It will be a lifelong fond memory of mine that I was regarded by Bert as one of his friends. He was in every sense a gentleman, strong-willed, determined when necessary, capable, understanding and tolerant. I could go on and aptly describe him in many other ways as the gentleman that so many honourable senators know that he was. I conclude by saying that a great number of his fellow Queenslanders, particularly those in the trade union movement and the Australian Labor Party which he served for so many years, will always look back in the knowledge that our lives have benefited in many ways from Senator Milliner's efforts during his life.

Mr BRYANT (Wills—Minister for the Capital Territory)—I simply want to place on record the feeling of loss that I am sure the passing of Bert Milliner brings to the people of the Australian Capital Territory as well as to me, in particular, as the Minister for the Capital Territory. I wish also to place on record a tribute to the work that he did as the Chairman of the Joint Committee on the Australian Capital Territory. Membership of a parliamentary committee can be a mixed blessing. It can bring its frustrations. Chairmanship can do this even more so. But the people of the Australian Capital Territory can be grateful for the service that Senator Milliner gave in attempting to create a formula upon which the further progress of this community towards self-government could be advantaged. I deeply regret his passing. His death is more than just a loss to this parliament or to his family; it is a loss to the people he was serving in the capacity of Chairman of that Committee.

Mr SPEAKER—The question is that the motion by the Prime Minister be agreed to. I ask all honourable members to signify their approval by rising in their places.

Question resolved in the affirmative, honourable members standing in their places.

Mr SPEAKER—I thank the House.

PETITIONS

The Clerk—Petitions have been lodged for presentation as follows and copies will be referred to the appropriate Ministers:

Metric System

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled: The petition of the undersigned citizens of Australia respectfully sheweth:

That the plan to obliterate the traditional weights and measures of this country is causing and will cause widespread inconvenience, confusion, expense and distress.

That there is no certainty that any significant benefits or indeed any benefits at all will follow the use of the new weights and measures.

That the traditional weights and measures are eminently satisfactory.

Your petitioners therefore pray: That the Metric Conversion Act be repealed, and that the Government take urgent steps to cause the traditional and familiar units to be restored to those areas where the greatest inconvenience and distress are occurring, that is to say, in meteorology, in road distances, in sport, in the building and allied trades, in the printing trade, and in retail trade.

And your petitioners as in duty bound will ever pray.

by **Mr Stewart, Mr Malcolm Fraser, Mr Lynch, Mr Snedden, Mr Corbett, Mr Hewson, Mr Hodges, Mr Kerin, Mr Killen, Mr MacKellar, Mr Millar, Mr Reynolds and Mr Sullivan.**

Petitions received.

Australian Government Insurance Corporation

To the Honourable the President and Members of the Senate in Parliament assembled. The humble Petition of the undersigned employees and agents of the Australian insurance industry and citizens of Australia respectfully sheweth:

(1) That Parliament should reject the Bill currently before it to establish an Australian Government Insurance Office.

(2) That while there is a need to establish in Australia a Natural Disaster Fund to provide compensation for property damage and other losses resulting from disasters such as earthquakes, floods and cyclones, such a Fund can be established, as in other countries, using the medium of the existing private enterprise insurance offices.

(3) That a plan for such a Fund was submitted to the Treasury in October 1974.

(4) That no sound reasons for the establishment of an Australian Government Insurance Office (other than the desire to provide non-commercial disaster insurance and Australian Government competition with private enterprise) has been given by the Government.

(5) That there is already intense competition between the existing 45 life assurance offices and between over 260 general insurance companies now operating in Australia, and that further competition from a Government Office would only be harmful at this time.

(6) That the insurance industry is already coping with

(a) the effects of inflation,

(b) increased taxation on life assurance offices,

(c) the effects of recent natural disasters,

(d) other legislative measures already in train or in prospect by the Government, e.g. the National Compensation Bill, a National Superannuation Plan and improved Commonwealth Public Service Superannuation.

(7) That as taxpayers your petitioners are greatly concerned at the huge costs (far more than the \$2m initial capital and loan funds which it is proposed will be allocated) of establishing an Australian Government Insurance Office.

Your petitioners therefore humbly pray that the House will reject the Bill.

And your petitioners as in duty bound will ever pray.

by **Mr Malcolm Fraser, Mr Anthony, Mr Jacobi, Mr Macphree and Mr Wilson.**

Petitions received.

Australian Government Insurance Corporation

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled: The humble petition of undersigned citizens of Australia respectfully sheweth that the establishment of an Australian Government Insurance Office will:

(1) Further shrink the flow of funds available for finance for private enterprise in Australia.

(2) Will eventually lead to nationalisation of much of private enterprise in Australia.

(3) Cause serious unemployment in the private Insurance industry throughout Australia.

Your petitioners therefore humbly pray that the House of Representatives rejects completely the Australian Government Insurance Office Bill 1975.

And your petitioners as in duty bound will ever pray.

by Mr Malcolm Fraser, Mr Hewson and Mr Sullivan.

Petitions received.

Australian Government Insurance Corporation

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of undersigned citizens of Australia respectfully sheweth that the establishment of an Australian Government Insurance Office will:

- (1) Nationalise the Insurance Industry.
- (2) Add to the taxpayers burden.
- (3) Create hundreds of public service jobs and cause serious unemployment in the private insurance industry throughout Australia.

Your petitioners therefore humbly pray that the House of Representatives rejects completely the Australian Government Insurance Office Bill 1975.

And your petitioners as in duty bound will ever pray.

by Mr Howard.

Petition received.

Australian Government Insurance Corporation

To the Honourable, the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of undersigned citizens of Australia respectfully sheweth that the establishment of an Australian Government Insurance Office will enable this and every future Government to control absolutely all private enterprise, both corporate and private.

Your petitioners therefore humbly pray that the House of Representatives rejects completely the Australian Government Insurance Bill 1975.

And your petitioners as in duty bound will ever pray.

by Mr MacKellar.

Petition received.

Uranium

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

(a) That the use of Uranium as an alternative source of energy is currently unacceptable as it presents problems including radioactive waste, military implications and thermal pollution.

(b) That there can, at present, be no assurances that radioactive materials for peaceful purposes will not be used in the production of nuclear weapons.

(c) That there is not, as yet, any known safe method of disposal of radioactive wastes, nor ever likely to be.

(d) That the export of Uranium from Australia is internationally irresponsible and is not, in the long term, of benefit to Australia.

(e) That the export of Uranium from Australia only discourages importing countries from investing in research into viable alternatives.

(f) That only the overdeveloped industrial nations will benefit from Australian Uranium and the gap between these countries and the energy-starved Third World will increase yet further.

Your petitioners therefore humbly pray that the Australian Government will immediately cease the mining and exporting of Uranium until perfectly safe disposal methods for the radioactive wastes have been guaranteed; will greatly increase expenditure on research into safe clean and inexhaustible sources of energy; and will aid underdeveloped countries in their plea for a fair share of the world's energy resources, while at the same time honouring its obligations to the future of humanity.

And your petitioners as in duty bound will ever pray.

by Dr J. F. Cairns, Mr Graham and Mr MacKellar.

Petitions received.

Whales

The Speaker of the House of Representatives assembled. The humble petition of residents of Australia respectfully shows. That we believe the plight of the world's great whales to be desperate; that we are convinced that they need conservation now, and that exploitation should cease; that we agree with Dr Sidney Holt of FAO, who says that a complete re-assessment of all scientific data on whales is needed; and we further submit that substitutes to all whale products are available, and could, with Government encouragement, be made in Australia. We are convinced that the great whales, as a significant part of the world's wildlife heritage, and being on the verge of extinction, now need our complete and wholehearted protection.

We, your petitioners, therefore humbly pray that you will:

- (1) Support a 10 year moratorium on whaling at the 1975 meeting of the IWC.
- (2) Support research and development of alternatives to whale products, and encourage production of these products in Australia.
- (3) Provide increased funds for research into marine biology.
- (4) Force the cessation of whaling operations at Cheynes Beach, W.A.; at the same time providing funds to assist the personnel and facilities of the factory to be otherwise gainfully used (perhaps in whale research, to further our own and the world's knowledge).
- (5) Ban the import into this country of all whale products, and all goods containing whale products.
- (6) Urge that Australia, as a member of the IWC, use all possible influence to encourage the end of whaling throughout the world and refuse to service ships of all whaling nations at Australian ports.

And your petitioners as in duty bound will ever pray.

by Mr Connor and Mr Killen.

Petitions received.

Nuclear Energy

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble Petition of the undersigned citizens of Australia respectfully sheweth:

(1) that we, citizens of Australia, see our country as a responsible nation that does not encourage nuclear warfare.

(2) that nuclear energy presents the possibility of environmental and genetic catastrophe. Technology has not eliminated that damage.

Your Petitioners therefore humbly pray;

1. that the Government will immediately suspend sales of uranium to any country engaged in violent conflict or where

common sense tells us that the manufacture of nuclear weapons could be the ultimate purpose to which our uranium is put. It should be a matter of inflexible policy not to consider such sales in the future.

2. that until technology can prove that the hazards of nuclear energy have been overcome, no Australian uranium should be mined except for medical purposes.

3. that the Government should actively and immediately encourage the search for safer energy sources by making grants to appropriate institutes for the research and feasibility studies into solar and other alternative sources of energy.

by Mr Les Johnson.

Petition received.

Pornographic Material

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

That we strongly oppose the easing of restrictions on the importation, production in Australia, sale or distribution of pornographic material whether in films, printed matter or any other format.

That any alterations to the Television Programme Standards of the Australian Broadcasting Control Board which permits the exploitation of sex or violence is unacceptable to us.

Your petitioners therefore humbly pray that the Government will take no measures to interfere with the existing Television Programme Standards or to permit easier entry into Australia, or production in Australia, of pornographic material.

And your petitioners as in duty bound will ever pray.

by Mr Malcolm Fraser.

Petition received.

Australian Government Insurance Corporation

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens of Australia respectfully sheweth:

1. That Parliament should pass the Bill concurrently before it to establish an Australian Government Insurance Office.

2. That while there is a need to establish in Australia a National Disaster Fund to provide compensation for property, damage and other losses resulting from disasters such as earthquakes, floods and cyclones, such a fund can be established using the medium of the proposed Australian Government Insurance Offices.

3. That a plan for such a fund be submitted to the Treasury forthwith.

4. That no sound reasons for the non-establishment of an Australian Government Insurance Office exists.

5. That there is already intense competition between the existing 45 life assurance offices and between over 260 insurance companies now operating in Australia, and that the further competition from a Government Office will engender further useful competition.

6. That the insurance industry is failing to cope with

(a) the effects of inflation,

(b) increased taxation on life assurance offices,

(c) the effects of recent national disasters,

(d) other legislative measures already in train or in prospect by the Government, that is the National Compensation Bill, a National Superannuation Plan and improved Commonwealth Public Service Superannuation are commended by your petitioners.

7. That as taxpayers your petitioners are greatly concerned at the huge costs being spent by the private insurance industry to oppose the establishment of an Australian Government Insurance Office.

8. That as taxpayers and citizens of Australia, we are concerned as policy holders and prospective policy holders of insurance agents actively campaigning against the proposed legislation.

Your petitioners therefore humbly pray that the House will support the Bill and your petitioners as in duty bound will ever pray.

by Mr Bennett.

Petition received.

Assistance to Farmers: Isolated Districts of East Gippsland

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The petition of the undersigned respectfully request that:

(i) the report before the Minister of Agriculture entitled 'A Case for Assistance to the Farmers of the Isolated Districts of East Gippsland' be fully endorsed by the Australian Government as it is by us,

(ii) the recommendations of the said report should be initiated in East Gippsland as soon as possible;

(ii) (a) East Gippsland should be used as a test area for recommendations of the report in the 1975-76 financial year, and that all benefits gained by East Gippsland farmers be given to all those farmers eligible for them when this scheme is introduced on a wider basis, preferably in 1976-77 financial year—this section being irrelevant if the Government should decide to introduce the scheme on an Australia-wide basis either this financial year, 1975-76, or next financial year, 1976-77, the earlier date being desirable;

(iii) the said report be instituted in all isolated districts of Australia with regard to the particular circumstances and situation of each,

(iv) the Agriculture Department publish a report indicating the feasibility or otherwise of this suggested plan in the case of both East Gippsland and all other isolated districts,

(v) pursuant to section (iv) of this petition that the Agriculture Department publish a report discussing the feasibility of the recommendations of the aforesaid report, that copies of such reports be made widely available in isolated areas in such locations as post offices and stores as soon as such a report has been completed.

Your petitioners beg that the Parliament should take immediate action in this respect.

And your petitioners as in duty bound will ever pray.

by Dr J. F. Cairns.

Petition received.

Foreign Students

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens and foreign students in Australia respectfully sheweth:

That many foreign students in Australia, as well as many Australian students are deeply concerned at the political surveillance of foreign students in Australia by the officials of foreign missions from the nations of these students, particularly students from Malaysia, Singapore, Philippines, Indonesia, South Korea and South Vietnam.

That the undersigned strongly object to the extension into Australia of the laws of foreign nations in regard to the political activities and or beliefs engaged in by foreign students during their stay in Australia.

That foreign students on their return home have in fact been charged with activities engaged in while in Australia which under Australian Law are legal.

by Mr Lusher.

Petition received.

Tertiary Education Allowances

To the Honourable Speaker and Members of the House of Representatives in Parliament assembled. The humble petition of the undersigned citizens and foreign students respectfully sheweth:

That the undersigned, as well as many Australian students most strongly agree with the changes proposed to the tertiary education scheme in the submission to the Committee to review the scheme presented by the Australian Union of Students, and see the following specific changes as being immediately necessary:

1. An immediate increase in the maximum away from home and independence rates from the present \$32 p.w. to \$49 p.w., as indicated in the 1974 joint Department of Education and A.U.S. survey of student cost and expenditure.

2. Indexation of the allowance according to moves in the Consumer Price Index weighted for particular student costs.

3. Abolition of the present complex academic requirements preventing financially needy students from obtaining benefits on grounds of their academic standings and replacing them with one year's automatic grace for students who fail or transfer.

4. Abolition of the pernicious regulations which prevents students who are less than 21 and living away from home from receiving the away-from-home rate (except under three limited conditions).

5. Increase in the allowance for dependent spouse from \$5 to \$17 p.w.

6. Efficient administration of the scheme.

And your petitioners as in duty bound will ever pray.

by Mr Ruddock.

Petition received.

Child Endowment

To the Honourable the Speaker and Members of the House of Representatives in Parliament assembled. The humble Petition of the undersigned citizens of Australia respectfully sheweth that:

Child Endowment received by families has declined relative to average earnings so that today it is about 20 per cent of its value in 1949.

The Interim Report of the Australian Government's Commission Into Poverty recommended a substantial increase in Guild Endowment as a way of alleviating poverty.

This report pointed out that increased Child Endowment deserved priority and would be advantageous to the community in the long run.

It specifically recommended increasing child endowment

from 50 cents to \$1.50 for the first child; from \$1.00 to \$2.00 for the second child; from \$2.00 to \$4.00 for the third child; from \$2.25 to \$7.00 for the fourth child; and to \$8.00 for subsequent children.

Your petitioners humbly request that the Government increase Child Endowment in the next Budget.

And your petitioners as in duty bound will ever pray.

by Mr Snedden.

Petition received.

MINISTERIAL ARRANGEMENTS

Mr WHITLAM (Werriwa—Prime Minister)—I inform the House of certain changes in the Ministry and representation arrangements which have taken place since the House last met on 5 June. They are as follows:

Prime Minister and Minister for Environment	The Hon. E. G. Whitlam, Q.C.
Treasurer	The Hon. Bill Hayden
Special Minister of State and Manager of Government Business in the Senate	Senator the Hon. Douglas McClelland
Minister for Northern Australia	The Hon. Rex Patterson
Minister for Science and Consumer Affairs	The Hon. Clyde R. Cameron
Minister for Manufacturing Industry	The Hon. Lionel F. Bowen
Minister for Social Security and Minister for Repatriation and Compensation	Senator the Hon. John Wheeldon
Minister for Aboriginal Affairs	The Hon. Les Johnson
Minister for Labor and Immigration and Minister assisting the Prime Minister in matters relating to the Public Service	Senator the Hon. James McClelland
Minister for the Media	The Hon. Moss Cass
Minister for Police and Customs	Senator the Hon. J. L. Cavanagh
Minister for Defence and Minister assisting the Minister for Foreign Affairs in matters relating to the Islands of the Pacific	The Hon. W. L. Morrison
Minister for Housing and Construction and Minister assisting the Minister for Urban and Regional Development	The Hon. J. M. Riordan

In this chamber the Minister for Northern Australia, Dr Rex Patterson, will represent the Minister for Agriculture; the Minister for Manufacturing Industry, Mr Lionel Bowen, will represent the Special Minister of State and Postmaster-General; the Attorney-General, Mr Kep Enderby, will represent the Minister for Police and Customs; the Minister for Tourism and Recreation, Mr Frank Stewart, will represent the Minister for Social Security and the Minister for Repatriation and Compensation; and the Minister for Housing and Construction, Mr Joe Riordan, will represent the Minister for Labor and Immigration.

TIME LIMIT FOR DEBATE

Mr WHITLAM (Werriwa—Prime Minister)
—Mr Speaker—

Mr Wentworth—What about notices, Mr Speaker?

Mr SPEAKER—Order! The time for notices has not been called.

Mr WHITLAM—Pursuant to standing order 108, I indicate that it is proposed to discuss the matter of overseas loan negotiations on which it is not desired to formulate a motion in express terms. In accordance with the standing order I move:

That the time allotted for debate on overseas loan negotiations be until 10 p.m. this day.

Question resolved in the affirmative.

Suspension of Standing Orders

Motion (by Mr Daly)—by leave—agreed to:

That so much of the Standing Orders be suspended as would prevent the Prime Minister and the Leader of the Opposition each speaking for a period not exceeding 60 minutes in the debate on overseas loan negotiations.

OVERSEAS LOAN NEGOTIATIONS

Mr WHITLAM (Werriwa—Prime Minister)
(2.55)—I move:

That the matter of overseas loan negotiations be considered by the House.

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 2 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.

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 is 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.

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 Environment. As documents which I made public on 1 and 2 July make clear, I took that decision and was obliged to take that decision on 2 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.

The explanation I sought from the Minister did not concern the propriety or prudence of any activities he had entered into as Treasurer concerning petro-dollar 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.

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, insist upon left me with no choice.

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—the 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.

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 move a motion to authorise the publication of the papers.

Mr SPEAKER—Is leave granted?

Mr Sinclair—Are the other papers of Mr Connor to be tabled now or later?

Mr SPEAKER—Order! The question is whether leave is granted? There being no objection, leave is granted.

Mr WHITLAM—Mr Speaker, I present the following papers—

Mr SPEAKER—The honourable gentleman will have to move a motion.

Mr WHITLAM—I was going to present them and then move the motion, which I believe would be appropriate. 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 of 7 March. I move:

That this House, in accordance with the provisions of the Parliamentary Papers Act, 1908-1974, authorises the publication of papers relating to overseas loan negotiations presented to the House by the Prime Minister this day.

Question resolved in the affirmative.

Mr WHITLAM—I ask leave of the House to incorporate in Hansard the text of the papers which I have just presented.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

CONTENTS

Letter to Mr George Harris of 10 March 1975 and two letters to him of 15 April

- A. Letters from the Prime Minister dated 6 June 1975 to:
- (a) The Hon. Jim Cairns, M.P.;
 - (b) The Hon. Bill Hayden, M.P.;
 - (c) Mr J. L. Menadue, Secretary, Department of the Prime Minister and Cabinet;
 - (d) Sir Frederick Wheeler, C.B.E., Secretary, Department of the Treasury;
 - (e) Mr C. W. Harders, O.B.E., Secretary, Attorney-General's Department;
- B. Replies, together with attachments, from:
- (a) The Hon. Jim Cairns, dated 12 June 1975;
 - (b) The Hon. Bill Hayden, dated 13 June 1975;
 - (c) Mr Menadue, dated 11 June 1975;
 - (d) Sir Frederick Wheeler, dated 11 and 20 June 1975;
 - (e) Mr C. W. Harders, dated 14 June 1975;
- C. Memorandum from the Solicitor-General of Australia, commenting on the above replies, dated 20 June 1975.

Letter to Mr George Harris of 7 March 1975

- D. Cable from Washington dated 10 June 1975 forwarded with compliments slip from Mr Menadue to the Hon. Jim Cairns on 10 June 1975.
- E. Letter from the First Secretary (Financial) of the Embassy of Australia, Washington, to Mr A. R. G. Prowse, Department of the Treasury dated 10 June 1975, together with attachments forwarded with compliments slip from Mr Menadue to the Hon. Jim Cairns on 18 June 1975.
- F. Letter dated 25 June 1975 from the Hon. Jim Cairns to Mr Menadue, with attachments.
- G. Prime Minister's Press Statement No. 528 dated 1 July 1975.
- H. Letter dated 2 July 1975 from the Hon. Jim Cairns to the Prime Minister, with attachments.
- I. Letter dated 2 July 1975 from the Prime Minister to the Hon. Jim Cairns.

6 June 1975

My dear Minister,

Naturally I take a very serious view of the matters you referred to in your statement in the House of Representatives yesterday about loan raisings and the handling of papers relating to this matter in your Ministerial Office, in the Treasury and in the Attorney-General's Department. I have asked for a report on this matter from the Permanent Heads of the Departments concerned.

Insofar as you, as Minister, are responsible for your Ministerial staff, I should also like to have from you a report on the handling of any papers on this matter in your Ministerial

Office, including signed statements by any members of your Ministerial Office staff who are still with you in your new portfolio. I am writing to the Treasurer seeking a report in respect of any former members of your staff who may now be on the Treasurer's Ministerial Office staff.

I should like to have this report and the accompanying statements early next week.

Yours sincerely,
E. G. WHITLAM

The Hon. Jim Cairns, M.P.,
Deputy Prime Minister and Minister
for Environment,
Parliament House,
CANBERRA, A.C.T. 2600.

6 June 1975

My dear Treasurer,

You will be aware of the statement made in the House of Representatives yesterday by the former Treasurer, Dr Cairns, concerning the handling of papers relating to loan raisings in his Ministerial Office, in the Treasury and in the Attorney-General's Department.

Naturally I take a serious view of this matter and I have asked for reports from the Permanent Heads of the Departments concerned and from Dr Cairns in respect of the Ministerial staff for which he was then, and is now, responsible.

Some members of Dr Cairns' Ministerial staff as Treasurer may now be on your own Ministerial staff. If this is the position, I should like to have signed statements from them as to any part they may have taken or knowledge they may have in the handling of papers on this matter.

I would like to have these statements early next week.

Yours sincerely,
E. G. WHITLAM

Mr Bill Hayden, M.P.,
Treasurer,
Parliament House,
CANBERRA, A.C.T. 2600.

6 June 1975

Dear Mr Menadue,

You will be aware of the statement made in the House of Representatives yesterday by the then Treasurer, Dr Cairns, concerning the handling of papers in his Office, in the Treasury and in the Attorney-General's Department, dealing with loan raisings.

Naturally I take a serious view of what Dr Cairns has said and I therefore require from you a full report insofar as your Department is concerned, including signed statements from any individual members of the staff who have dealt with this matter in any material way.

The report and accompanying statements should be produced to me early next week.

Yours sincerely,
E. G. WHITLAM

Mr J. L. Menadue,
Secretary,
Department of the Prime Minister
and Cabinet,
CANBERRA, A.C.T. 2600.

6 June 1975

Dear Sir Frederick,

You will be aware of the statement made in the House of Representatives yesterday by the then Treasurer, Dr Cairns, concerning the handling of papers in his Office, in the Treasury and in the Attorney-General's Department, dealing with loan raisings.

Naturally I take a serious view of what Dr Cairns has said and I therefore require from you a full report insofar as your Department is concerned, including signed statements from any individual members of the staff who have dealt with this matter in any material way.

The report and accompanying statements should be produced to me early next week.

Yours sincerely,
E. G. WHITLAM

Sir Frederick Wheeler, C.B.E.,
Secretary,
Department of the Treasury,
Canberra, A.C.T. 2600.

6 June 1975

Dear Mr Harders,

You will be aware of the statement made in the House of Representatives yesterday by the then Treasurer, Dr Cairns, concerning the handling of papers in his Office, in the Treasury and in the Attorney-General's Department, dealing with loan raisings.

Naturally I take a serious view of what Dr Cairns has said and I therefore require from you a full report insofar as your Department is concerned, including signed statements from any individual members of the staff who have dealt with this matter in any material way.

The report and accompanying statements should be produced to me early next week.

Yours sincerely,
E. G. WHITLAM

Mr C. W. Harders, O.B.E.,
Secretary,
Attorney-General's Department,
Canberra, A.C.T. 2600.

MINISTER FOR ENVIRONMENT

Parliament House
Canberra, A.C.T. 2600

June 12 1975

The Hon. E. G. Whitlam, Q.C., M.P.,
Prime Minister,
Parliament House,
Canberra, A.C.T. 2600

My dear Prime Minister,

You will recall that Mr Connor, you and I decided some time ago that it was desirable to investigate the availability of funds from OPEC sources for loan in Australia.

On many occasions people wrote, phoned or otherwise communicated with me and stated that large amounts of money were available. Almost without exception I became satisfied any follow up would be fruitless.

I had always stated the position to be, as I informed you on several occasions, that the Australian Government is willing

to borrow on terms and conditions suitable to us, that we desired only to deal directly with principals or owners of funds, not with intermediaries, and that in the event of a successful loan we would pay the proper commission.

In March of this year Mr George Harris of 6 Southam Court, Bulleen, Victoria, told me he was going overseas on business and would be able to make inquiries about public borrowing.

He showed me a letter which he suggested I might give to him. I considered the matter but told Mr Harris that I could not provide him with this kind of letter, but instead gave him a note dated 10 March 1975, a copy of which is attached.

I made it clear to Mr Harris that he was to inquire overseas, not to enter into negotiations in any way, and that he did not represent the Australian Government and could make no claim on the government or myself, and was merely to make inquiries and notify me of the results.

This he clearly understood and understands today.

On 15 April 1975 Mr Harris came to see me again and showed me two more letters which had been drafted by him. I found them unacceptable and said they should be destroyed and I provided him with two letters dated 15 April 1975, copies of which are attached. I told Mr Harris these were the letters he should use and no others, reiterating the points I have made above.

On Sunday, 1 June, I examined a Treasury file 75/038. I saw in it copies of the three letters to Mr Harris.

I saw also two notes signed Ed Shann, one dated 6 May, and the other 13 April 1975. Copies of these two notes are attached.

In Paris I received a memorandum from Sir Frederick Wheeler, a copy of which is attached. A copy of this memorandum appears in the Treasury file 75/038.

I direct your attention to the fact that a typed version of two of the letters appears in the memorandum as having been sent to the Secretary of the Attorney-General's Department for opinion and in that typed version the first paragraph, I submit a very significant one in regard to any opinion about any legal relationships that may exist, was omitted.

Despite these points Mr Harders was allowed to go ahead and give an opinion that an agency existed. Immediately he became aware from me of the background information and of the oral communication between Mr Harris and me, Mr Harders said to me that the matter 'was different and no agency existed'. This could have been established at first if Sir Frederick Wheeler, aware of the reaction of the Attorney-General's Department, had asked me if there was any background information or any oral communication.

I submit that for the following reasons this matter had been dealt with improperly.

1. The whole thing was done behind my back.
2. No one had any authority to photocopy letters in my personal office or remove them without permission or cause it to be done.
3. The letter headed To Whom It May Concern should not have been altered when sent to the Secretary of the Attorney-General's Department.
4. The attempt to keep the letters anonymous was patently shallow as the Attorney-General's Department immediately inquired if they had been obtained from me.
5. Treasury knows the letters were obtained improperly for it was admitted 'they came to us in a way that created some difficulty for us'.

6. It was improper to ignore the reluctance of the Attorney-General's Department to give an opinion and to ignore the opinion of the Department,

- (a) that the letters were vague,
- (b) that background information was needed,
- (c) that some oral contract may have accompanied them,
- (d) that the Attorney-General's should advise Enderby and Enderby should discuss it with Cairns.

I submit it is impossible for a Minister to work with a Department which behaves in a manner indicated in the evidence above.

I have enclosed with this letter two copies of statements by Miss J. Morosi, and Miss G. Bowden about the typing and filing of the letters to Mr G. Harris.

Yours sincerely,
(J. F. Cairns)

COMMONWEALTH OF AUSTRALIA

TREASURER

PARLIAMENT HOUSE
CANBERRA 2600

The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.

(J. F. Cairns)
March 10 1975

TREASURER

PARLIAMENT HOUSE
CANBERRA 2600

15 April 1975

TO WHOM IT MAY CONCERN

Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists.

The Australian Government is interested in borrowing on favourable conditions and should any person be able to assist us we would be glad to hear from him. I am providing Mr George Harris, holder of Australian Passport No. G740206, and whose signature appears in the margin, with this letter so that he may make inquiries for me.

If it is felt necessary to confirm the authenticity of this letter, then with the consent of Mr Harris, this may be done by contact with Sir John Bunting, Australian High Commissioner, London, or the Australian Ambassador to Switzerland in Berne, or direct with me by telex AA62632, Parliament House, Canberra, Australia.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability and the terms and conditions for lending are acceptable to me and the funds are in amounts sufficient for our needs, I would be pleased to take the matter up.

J. F. Cairns
Deputy Prime Minister and Treasurer

15 April 1975

Mr G. H. Harris
6 Southam Crt
BULLEEN, Vic. 3105

Dear Mr Harris,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds, introduced or arranged by you an appropriate commission would be paid to you or your nominees.

Yours faithfully,

J. F. Cairns
Deputy Prime Minister and Treasurer

TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

The Secretary,

I understand you have discussed this letter with the Treasurer. This letter was passed out to me for filing and in the circumstances I think you should be aware of it. While the letter is not stamped as having been signed by the Treasurer the imprint of his signature is visible on the filed copy and can be faintly seen on the photocopy. Do you wish me to take any follow-up action of any sort?

Ed Shann
13.4.75

OFFICE OF THE TREASURER
6 May 1975
URGENT
Mr Hay ATF

The Secretary,

I attach for your information a copy of a letter dated 15 April which was on file in this office. I understand you have already seen a copy of a letter of the same date headed to whom it may concern.

Ed Shann 6/5

Mr Prowse
for att'n pls

Copies
Secretary
Mr Garrett
Mr Stone
Mr Daniel

TELEGRAMS—IMMEDIATE
PERSONAL AND CONFIDENTIAL
FOR TREASURER
FROM WHEELER

1. As your private office will have informed you the 'K' exercise has been greatly featured in the parliament and the press in recent days.

2. I now let you have as an attachment to this message the full text of a letter which I received from Harders this afternoon.

3. Whilst with the Acting Treasurer and the Prime Minister tonight on taxation matters inevitably I informed them both of the Harders' letter.

4. I strongly advise that you take immediate steps to effect an immediate and complete cancellation of accreditations or authorizations (if any) given to George Harris.

5. I suggest that you telephone me.

6. Given all the circumstances I also strongly suggest that you telephone the Prime Minister without delay. The text of the letter is as follows:

'I refer to your memorandum of 6 May 1975 asking whether certain letters, if given to a private individual by a Minister (including the Treasurer), would constitute a form of Agency Agreement between the recipient and the government, and also whether it could render the government liable to pay any expenses. You also asked whether any other legal implications could arise from the existence of such letters.

2. The letters are as follows:

Letter A

"To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the government in this way it would be pleased to receive such advice. I am providing Mr X (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make enquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the government's needs the government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister."

Letter B

"Dear Mr X,

In the event that the Australian Government or its representatives or nominees successfully negotiate the borrowing of overseas funds a Commission would be paid to you or your nominee.

Signed by the Minister."

I shall deal with the matter on the assumption that the two letters would be given to the one and the same individual.

(a) Whether the letters would constitute an Agency Agreement

3. Letter A indicates that its purpose would be to enable the bearer to make enquiries on behalf of the Minister and therefore on behalf of the Australian Government. The terms of the letter clearly imply that an Agency relationship existed between the bearer and the government for the purpose of making enquiries into, and recommendations on the availability of moneys for borrowing. However, the letter suggests that, after making the recommendations, the recipient would not have any further function in relation to the transaction which would be completed by the government.

4. Letter B refers to payment of a "commission"—a word appropriate to a broker or other agent.

5. I therefore think that the recipient of a letter would be an agent for the purposes described in paragraph 3. Whether the Agency would be a remunerative one, and if so would

form the remuneration would take, are of course separate questions (see below).

(b) Amounts payable to the agent

Letter A makes no references to the remuneration of the agent or reimbursement of his expenses. If letter B did not exist, and if there were no written or oral arrangements to the contrary, it would probably be inferred from letter A that the agent was entitled to reasonable remuneration and reimbursement of his expenses reasonably incurred on making enquiries on the Minister's behalf.

However, letter B indicates that a commission would be paid. The amount of the commission is not stated, but a reasonable commission, assessed according to percentages or in what other manner is customary in the business of finance broking in the relevant markets would probably be payable. Whether expenses should be reimbursed in addition to the percentage fee would depend on the custom.

8. Letter B is not in terms limited to borrowing facilitated by the recipient's enquiries and recommendations of the kind referred to in letter A. However, if the two letters were in fact given together, there would be a strong presumption that the commission payable under letter B is confined to such a borrowing.

9. In the foregoing I have assumed that the letters would not be supplemented or affected by any oral discussions or other documents and I have confined my advice to the terms of the documents.'

MINUTE PAPER

IH:LC
75/038

Mr Prowse,

HARRIS LETTER—ATTORNEY-GENERAL'S DEPARTMENT ADVICE—MEETING OF 9 MAY 1975

At 3 p.m. today following a request from Attorney-General's Department I discussed the Harris letters ("A" and "B"—Harris' name was, of course, not mentioned) with Messrs Menzies, Scott and Byrne, all of Attorney-General's Department.

Mr Menzies did virtually all the talking. The main points he made were:—

- Attorney-General's are reluctant to give advice without all the background information.
- He stressed that the letters were vague and that they implied some oral contract may have accompanied them.
- A letter of the "B" type was "legally undesirable".

Menzies then asked if the letters had been given to someone by the Treasurer. I said they had been given by a Minister who could have been the Treasurer. Menzies assumed from then on that the Minister was the Treasurer. He asked how certain was the Department of the existence and authenticity of the letters. I said that there was no doubt about either. He asked whether the matter had been raised directly with the Treasurer. I said that the matter of giving authorities to individuals was a matter which had been raised on many occasions but that the Treasurer had admitted to the Secretary that he had given such letters to an individual. Menzies asked whether the individual was known to the Treasury or to the Treasurer or whether he was just another carpet-bagger. I said that he was a man of some standing in the community but that he was not principally engaged in banking or underwriting and that we therefore regarded him as a "commission agent" like any other.

He asked also if the Treasurer had given the Department copies of the letters. I said it had not but they had come to us

in a way which created some difficulty for us. (While letter "A" came through Davey via Bunting, letter "B" was provided by Shann).

Menzies suggested that a solution to our problem might be for Attorney-General's to advise Enderby and for Enderby to discuss it with Cairns. I made no comment on that suggestion.

I emphasised to Menzies that the (political) delicacy of the situation was only one aspect and that Attorney-General's advice was sought not only with a view to our informing the Treasurer of any implications for him (Menzies assumed that any written Attorney-General's advice would be simply passed to the Treasurer) but with a view to Attorney-General's advising us of any difficulties which may arise with respect to paying either a commission on any loan which may arise (note the vagueness of the letter, "B" and the relevance of an oral contract), or in meeting from an appropriation any other incidental expenses which may arise. I also said we were hopeful of advice on any other wider implications which these letters might have for the Treasurer and the Treasury which they may care to give.

I also reminded Mr Menzies of our earlier request for advice on the Minister for Minerals and Energy's letter to Khemlani of 16 December. (We sought Attorney-General's advice on 20 December and still have no reply). Menzies considered the "K" affair dead and said he wasn't particularly concerned to reply to that request.

In summary, Attorney-General's are reluctant to provide written advice on the basis of the information we have given but, as Menzies had occasion to speak to Harders during my interview with him he said he would not wish to commit the Department as to the form of their advice until he had discussed our request of 6 May with Mr Harders. He said the Department would contact us further about this matter at a later date.

Submitted for information.

I. Hay
9 May 1975

Copies to:
Mr Daniel
Mr Bailey

On March 10, 1975 I typed a letter dated March 10, 1975, a copy of which is attached.

On April 15, 1975 I was asked by Miss Morosi to type up two letters from a couple of typewritten drafts which she handed me. I did this. Dr Cairns said "they wouldn't do" and that he would prepare something. Miss Morosi later brought me two drafts and I typed up the two letters, copies of which are attached. Miss Morosi also asked me to destroy the first two.

I gave each of the letters to Miss Morosi after I typed them. After Dr Cairns dealt with them I put them in the filing tray on Miss Morosi's office table.

Glenda Bowden

On or about March 10, 1975, I saw a letter, copy of which is attached, dated 10th March, 1975. I put it among other letters and documents in a filing tray for Dr Cairns' personal correspondence which is kept in my office.

On April 15, 1975, Mr Harris came to our office and asked me to arrange for two letters to be typed for Dr Cairns' signature. I asked Glenda Bowden to type them and then took them into Dr Cairns who found them unacceptable and gave me handwritten drafts of the letters which he would give Mr

Harris. He also asked me to destroy the first letters. I had Miss Bowden type the letters and asked her to destroy the original two. Subsequently I took the second lot of letters in to Dr Cairns and left them there, then asked Mr Harris to enter the room.

I later saw the copies of the two letters, copies of which are attached, on my desk. I put them in the filing tray mentioned above.

I did not see those letters again and when I looked for them on Monday, June 1, 1975, they were gone.

No one had permission to take or remove them.

Junie Morosi

TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

13 June 1975

Dear Gough,

I am responding to your recent letter seeking information about any members of my staff who might have worked for Dr Cairns while Treasurer.

The only two people falling into this category are Michael J. Talberg and W. A. Handke, Departmental Liaison Officers from the Treasury.

I have asked them for a full report of their duties and any association or knowledge they might have of matters related to Dr Cairns' statement in the Parliament of 5th instant. Their written and signed statements are attached. You should note page 2 of Mr Handke's statement.

Yours sincerely,
(BILL HAYDEN)

The Hon. E. G. Whitlam, Q.C., M.P.
Prime Minister
Parliament House
Canberra
A.C.T.

Department of the Treasury
MINUTE PAPER

The Treasurer

I refer to your request for a statement as outlined in the Prime Minister's letter to you of 6 June, concerning any knowledge I may have had relating to the loan raising by Mr George Harris.

I commenced work in Dr Cairns' office on 9 January 1975 as a Departmental Liaison Officer, at that time responsible to Mr R. Freney who held the position of Private Secretary. In late January Mr Freney was replaced by Mr E. Shann, as Ministerial Officer, and I then became responsible to him.

Duties involved in this position were briefly as follows:

- collate Departmental Minutes to Dr Cairns and draft letters prepared by the Department for Dr Cairns' signature, pass them to the Ministerial Officer who referred them to Dr Cairns. Upon return, through the Ministerial Officer, refer the Minutes back to the Department and prepare signed letters for dispatch.
- upon receipt, from Dr Cairns' personal staff, of incoming correspondence of a Departmental nature, refer routine correspondence to Department and refer letters from Ministers, members and more

important correspondence from the public to the Ministerial Officer.

- maintain records of Minutes to Dr Cairns, Treasury publications and press releases, releases by the Bureau of Statistics, Hansard, Bills and Second Reading Speeches pertaining to the Treasurer's portfolio.
- upon inquiries by the public and offices of Parliamentarians, ascertain the progress being made on acknowledgements of and substantive replies to correspondence, and on the current state of legislation relevant to the Treasurer's portfolio.
- sign acknowledgements on behalf of the Ministerial Officer.
- liaise with the Office of the Minister Assisting the Treasurer.

I became aware of the existence of letters to Mr Harris concerning overseas loan raisings when in early May I heard Mr Shann tell Dr Brian Brogan, Dr Cairns' economic advisor, of two letters Mr Shann had found. During the period 13 May to 23 May I was on recreation leave in Tasmania and was not in contact with the Treasurer's Office. I do not recall ever handling any incoming correspondence from Mr Harris to Dr Cairns, and I was not aware of any action that was taken concerning the letters following the conversation between Mr Shann and Dr Brogan mentioned above.

(W. A. HANDKE)
Departmental Liaison Officer
12 June 1975

Department of the Treasury
MINUTE PAPER

The Treasurer

I refer to your request arising from the Prime Minister's letter of 6 June 1975 concerning the statement made in the House on 5 June 1975 by the former Treasurer, Dr Cairns, about the handling of papers relating to loan raisings.

On Wednesday, 4 June 1975 I was requested by Mr J. Garrett (Deputy Secretary to the Treasury) to take up the position of Acting Ministerial Officer (vice Mr E. Shann) in Dr Cairns' Office. I have acted in this position previously, from 7 March 1975 to 1 April 1975, during which time Dr Cairns visited the Middle East (12 March to 31 March). Together with Mr W. Handke, I transferred to your office with the change in portfolio on Friday, 6 June 1975.

I wish to state, without qualification, that I have taken no part in or had any prior knowledge of the matter referred to in the Prime Minister's letter.

Michael J. Talberg
12 June 1975

The Department of
THE PRIME MINISTER AND CABINET

Canberra, A.C.T. 2600
11 June 1975

My dear Prime Minister,

LOAN RAISINGS

On 6 June 1975 you asked for a report from this Department concerning events outlined by Dr Cairns in his statement to the House on 5 June 1975 (Hansard 3461 to 3463—copy attached).

I became aware of this matter on the night of 28 May 1975, during discussions with you, Mr Hayden and Sir Frederick Wheeler. At those discussions, Sir Frederick presented to you copies of legal advice he had received from Mr Harders. This was set out in a letter from Mr Harders to Sir Frederick dated 28 May 1975 (reference A/75/484—copy attached).

This is the first knowledge that I, or any member of this Department, had of the matter in question.

Yours sincerely,
J. L. Menadue

The Hon. E. G. Whitlam, Q.C., M.P.

PRIVILEGE

Mr SPEAKER—In relation to the matter raised this morning by the Deputy Leader of the National Country Party the honourable member for New England (Mr Sinclair), I have considered the relevant precedents including the case involving the honourable member for Dawson (Dr Patterson) as referred to by the honourable member for New England. I have concluded that the matter raised does not constitute a prima facie case of privilege. The matter which was raised is more in the nature of a matter of security and on that basis I have ruled that no prima facie case exists on the evidence which is contained in the newspaper article.

Dr J. F. CAIRNS (Lalor—Treasurer)—I seek leave to make a statement on this matter.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

Dr J. F. CAIRNS—The matter that was raised this morning by the honourable member for New England (Mr Sinclair) is one with which I am very much concerned. I do not think it necessary that there should be any inquiry by the Privileges Committee or in any other way because I think I can inform the House of the facts and I think the House can make up its mind. This matter arose because of the circumstances following the increase in the price of oil when money estimated by various people at from \$30,000m to \$60,000m had changed hands and was lying in new parts of the world, not yet under the control of the New York and Swiss banking houses and available for investment sometimes on long term favourable conditions much better than those obtained from these institutions. This situation was considered by the Government and we decided that it was wise to investigate the possibilities there were in the new areas of the oil exporting countries to arrange suitable long term loans for Australia. We found that there were many individuals who came forward saying that they knew the location of funds. We were aware that the Saudi-Arabian Monetary Authority was a significant potential lender and we considered that it was desirable that these matters should be properly explored outside the conventional channels. So a number of individuals were interviewed, many of them—most of them, almost all of them—were found very quickly to be worthless; but some appeared to be somewhat different. In March a Mr George Harris who was well known to me, to the former Prime Minister, Sir Robert Menzies, and to at least one or two members of the front bench today, told me he was going to Europe and that while there he might be able to make some inquiries and give me information that might be useful. I considered that Mr Harris was trustworthy and therefore I furnished him with 3 notes, one dated 10 March 1975 which read:

The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.

Signed J. F. Cairns

On 15 April I gave him another note addressed 'To Whom it may Concern' which read:

Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists. The Australian Government is interested in borrowing on favourable conditions and should any person be able to assist us, we would be glad to hear from him. I am providing Mr George Harris, holder of Australian Passport No. G740206, and whose signature appears in the margin, with this letter so that he may make inquiries for me. If it is felt necessary to confirm the authenticity of this letter, then with the consent of Mr Harris this may be done by contact with Sir John Bunting, —

To whom Mr Harris was personally known—

the High Commissioner in London or the Australian Ambassador in Switzerland in Berne, or direct with me by Telex, Parliament House, Canberra, Australia. In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability and the terms and conditions for lending are acceptable to me, and the funds are in amounts sufficient for our needs, I would be pleased to take the matter up.

On the same day I gave Mr Harris a letter, addressed to him, which read:

Dear Mr Harris,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowings of overseas funds introduced or arranged by you, an appropriate commission would be paid to you or your nominees.

Yours faithfully,

That is to say, the normal appropriate commission that would be paid in any circumstances to a person who had in fact assisted in the successful conclusion of a loan. I made clear to Mr Harris orally that this created no legal relationship between the two of us, no agency of any sort; it merely authorised him to make inquiries and should he be able to advise the Government in the matter so that a loan resulted from it, then Mr Harris would be entitled to proper compensation for it, but until that point no relationship of any kind could be assumed to exist. This to me was a matter that required no further attention at all and the letters to which I have just referred were filed away in my office. When I returned from overseas recently I found that the letters were not in my office; they were missing. I also found in an official Treasury file No. 75/038 a note, written on the notepaper of the Office of the Treasurer. It is written to the Secretary of the Treasury and reads:

I attach for your information a copy of a letter dated 15 April which was on file in this office. I understand you have already seen a copy of a letter of the same date headed 'To Whom it may Concern'.

It is signed 'Ed. Shann' and the date is 6 May. Also in the same file is a note to the Secretary which reads:

I understand you have discussed this matter with the Treasurer. This letter was passed out to me for filing and in the circumstances I think you should be aware of it. While the letter is not stamped as having been signed by the Treasurer, the imprint of his signature is visible on the file copy and can be faintly seen on the photocopy. Do you wish me to take any follow-up action of any sort?

Signed Ed. Shann
13.4.75

At no point did anyone in the Treasury notify me of any interest in this matter, and at no time did anyone have consent from me to photocopy any letters or to remove them from my office. On return from a conference at the Organisation for Economic Co-operation and Development I received a communication from the Secretary of the Treasurer which contained a letter the Secretary informed me he had received from Mr Harders, the Secretary of the Attorney-General's Department, which shows that Mr Harders had been sent two letters for his opinion as to the legal relationship, if any, that they might have established. I noticed immediately on looking at letter A, which was addressed 'To Whom it may Concern', that letter A was not a photostat copy of the original letter but was a typed version

of it and had 3 paragraphs instead of four. The 3 paragraphs in the letter did not contain the first paragraph which I have already read to the House which said that I had been concerned at the fact that I knew that a number of people overseas were saying that they had the authority of the Australian Government and no such authority existed. That paragraph was not in the letter that apparently had been sent to Mr Harders. There were some changes in the words of this letter. It was not an exact copy; the words were not significant, but I think the first paragraph was. It seems to me that in a matter where the legal relationship between Mr Harris and myself was said to be of some importance, this paragraph would surely be important.

Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists.

Mr Harris understood that no authority existed between him and me and he was authorised merely to make inquiries and report to me accordingly. After my return to Australia, the Prime Minister informed me of this matter and said that he had received advice that an agency relationship did exist between me and Mr Harris and that he thought that was very unwise, and, as a consequence, he considered that I should not remain as Treasurer. I informed him that I considered there was not an agency relationship, that this had been made very clear to Mr Harris and had been accepted by him. He was merely authorised to make inquiries. The Prime Minister said: 'You had better see Harders about that.' I did so. I told Mr Harders of the circumstances that I have already described to the House and pointed out that the original reference of the matter to the Attorney-General's Department appeared to have some area of uncertainty which I thought he and I could clear up. As evidence of that uncertainty I mentioned to the House that in this file there is a memorandum signed 'I. Hay', who was a senior officer of the Treasury, dated 9 May 1975, which records that Mr Menzies, of the Attorney-General's Department, had said:

The Attorney-General's Department are reluctant to give advice without all the background information.

He, Mr Menzies, stressed that the letters were vague and they implied some oral contract. The Department was reluctant to give advice in the circumstances and said that the letters implied some oral contract. However, I was not informed that that was the position of the Attorney-General's Department. I was not asked by the Treasury whether there was any oral communication or background and I informed Mr Harders there was. I told him that the oral background was that Mr Harris understood clearly that all he was authorised to do was to make inquiries, to report to me, and, if a satisfactory arrangement did ever eventuate, then and only then would some kind of legal relationship come into existence. Mr Harris understood this.

On being informed of this, Mr Harders told me that this made the situation different and, in his opinion, there was now no agency between Mr Harris and myself. The Prime Minister had taken the view, however, that there was an error on my part because I had, in fact, dealt with Mr Harris contrary to the advice of the Department. I did disagree with that and said so, but after consideration of the matter for the rest of that day I decided that the fair and proper thing to do was to accept the decision of the Prime Minister in the matter, and I so informed the Parliamentary Labor Party on Tuesday morning. I have now given the House all the facts on this matter as I know them to be. I do not think there is any necessity for any inquiry at all. It is a matter of judgment and, if I have made a mistake in judgment, I accept the consequences.

Mr SINCLAIR (New England) (4.10)—I seek leave to make a short statement.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

Mr SINCLAIR—The Opposition obviously has not had an opportunity to consider the implications contained in the statement just made to this chamber by the Treasurer. It obviously canvasses a number of grounds which are distinct from those which I raised this morning with you, Mr Speaker, in the suggested reference to the Privileges Committee. I think that it is necessary, however, to indicate that there is a number of areas in relation to parliamentary practices and procedures with which we on this side of the House would still be concerned.

There seem to be elements regarding the disappearance of letters from the Treasurer's file. There are suggestions that a paragraph has been omitted from one of those letters in a copy that was dispatched to Mr Harders. Therefore, there are obviously matters within the jurisdiction of the Privileges Committee about which we would be concerned. We understand the nature of the ruling you have given, Mr Speaker. We appreciate that the Treasurer has canvassed the whole of the ambit of his assessment of the matter, but on behalf of the Opposition I express my concern that there still seem to be unanswered significant issues pertaining to the matters of fact.

With respect to the dealings themselves, they obviously open an extraordinarily wide range of matters of ministerial and parliamentary responsibility. Those are matters which I believe need to be considered very carefully by this chamber and by the Australian people. I do not propose to canvass them further at this stage, but I indicate to the House that they are matters which we do not believe can be left alone and to be concluded by the statement made by the Treasurer.

ATTORNEY-GENERAL'S DEPARTMENT

Secretary's Office

Tel. 61 9111

Canberra, A.C.T. 2600

A/75/484

Your ref: 75/038

28 May 1975

The Secretary,
The Treasury,
Parkes Place,
Canberra, A.C.T. 2600

Loan Raising—Letters to Individuals

I refer to your memorandum of 6 May 1975 asking whether certain letters, if given to a private individual by a Minister (including the Treasurer), would constitute a form of agency agreement between the recipient and the Government, and also whether it could render the Government liable to pay any expenses. You also ask whether any other legal implications could arise from the existence of such letters.

2. The letters are as follows:

Letter A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X. (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make inquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X, this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister.'

Letter B

'Dear Mr X.,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominee.

Signed by the Minister.'

I shall deal with the matter on the assumption that the two letters would be given to the one and the same individual.

(a) Whether the letters would constitute an agency agreement

3. Letter A indicates that its purpose would be to enable the bearer to make inquiries on behalf of the Minister and therefore on behalf of the Australian Government. The terms of the letter clearly imply that an agency relationship existed between the bearer and the Government for the purpose of making inquiries into, and recommendations on, the availability of moneys for borrowing. However, the letter suggests that, after making the recommendation, the recipient would not have any further function in relation to the transaction which would be completed by the Government.

4. Letter B refers to payment of a 'commission'—a word appropriate to a broker or other agent.

5. I therefore think that the recipient of the letter would be an agent for the purposes described in paragraph 3. Whether the agency would be a remunerative one, and if so what form the remuneration would take, are of course separate questions (see below).

(b) Amounts payable to the agent

6. Letter A makes no reference to the remuneration of the agent or reimbursement of his expenses. If Letter B did not exist, and if there were no written or oral arrangements to the contrary, it would probably be inferred from Letter A that the agent was entitled to reasonable remuneration and reimbursement of his expenses reasonably incurred in making inquiries on the Minister's behalf.

7. However, Letter B indicates that a commission would be paid. The amount of commission is not stated, but a reasonable commission, assessed according to percentages or in what other manner is customary in the business of finance broking in the relevant markets would probably be payable. Whether expenses should be reimbursed in addition to the percentage fee would depend on the custom.

8. Letter B is not in terms limited to borrowing facilitated by the recipient's inquiries and recommendations of the kind referred to in Letter A. However, if the two letters were in fact given together, there would be a strong presumption that the commission payable under Letter B is confined to such a borrowing.

9. In the foregoing I have assumed that the letters would not be supplemented or affected by any oral discussions or other documents and I have confined my advice to the terms of the documents.

(C. W. HARDERS)
Secretary

The Treasury,
Canberra, A.C.T. 2600
11 June 1975

The Hon. E. G. Whitlam, Q.C., M.P.
Prime Minister
Parliament House
Canberra, A.C.T. 2600

My dear Prime Minister

I refer to your letter of 6 June 1975 arising out of the statement made in the House of Representatives by the then Treasurer, Dr Cairns.

Arising out of a letter dated 17 December 1974 addressed to the Treasurer by Mr George H. Harris, Mr Daniel, Deputy Secretary (Supply and General) in Treasury submitted to the Treasurer a minute dated 31 December 1974. In his minute Mr Daniel informed the Treasurer of the potential dangers associated with approaches of the kind made by Mr Harris and recommended that the Treasurer inform Mr Harris that if he wished to pursue the matter he might like to get in touch with the Department. Dr Cairns signed the letter to Mr Harris. Further details of this episode are provided in Mr Daniel's statement of 9 June 1975.

Also, under date 31 December 1974, Dr Cairns signed a letter to the Minister for Minerals and Energy in which he requested copies of communications to Mr Khemlani so that Treasury and the Attorney-General's Department would be able to give considered advice based on all relevant material. This arose out of advice which had been given to Dr Cairns on the possible dangers of communications given to 'fringe' operators. This matter is referred to in Mr Daniel's statement of 9 June 1975.

On 3 April 1975 Mr George Harris came to my attention again as a result of a letter dated 26 March 1975 from Dr Davey, Minister (Financial), at the Australian High Commission, London. I saw Dr Cairns that day. Messrs Daniel and Prowse of Treasury were also present. I handed to Dr Cairns a copy of Dr Davey's letter together with a covering Minute signed by me. Further details are provided in Mr Daniel's statement of 9 June 1975. Dr Cairns read my minute and the letter from Dr Davey. Dr Cairns stated that the Mr Harris referred to in Dr Davey's letter was a Mr George Harris of Melbourne and that he had 'credentials'.

Even though the activities (of which I was only broadly aware) of the Minister for Minerals and Energy under Executive Council authorisation might have been regarded as setting precedents on policies and procedures I did, nevertheless, put to Dr Cairns that he should withdraw the 'credentials' and that he should do so in writing. Dr Cairns indicated that he would be talking to Mr Harris either that day or the next day. I understood that the matter would be ended.

On 10 April I saw the Treasurer and, inter alia, discussed certain aspects of the Khemlani exercise. During the course of the discussion the Treasurer informed me that recently he had had a phone call from Mr George Harris (apparently from overseas). Also, when commenting on a report from a Sydney businessman that there were now in London two persons carrying letters signed on the one hand by the Prime Minister and on the other by the Treasurer, Dr Cairns stated categorically that no-one had a letter signed by him authorising the bearer to arrange borrowings on behalf of the Australian Government.

On 14 April 1975 a photostat copy of a paper dated 10 March 1975 which appeared to have been signed by Dr Cairns and delivered to Mr George Harris was brought to my notice. It was the one sentence note which is recorded at page 3461 in the Hansard of 5 June 1975 for the House of Representatives. In the light of my discussions with Dr Cairns on 3 April 1975 and 10 April 1975 I took no further action.

On the evening of 22 April 1975, Dr Davey reported to my office, by telephone from London, that Mr Harris had called on Sir John Bunting and that he had with him a letter signed by Dr Cairns dated 15 April 1975 and which authorised him to make enquiries on behalf of the Treasurer regarding possible loans to Australia. I telephoned Sir John Bunting later the same evening. Sir John read to me the text of the letter which Mr Harris had presented to him and of which he (Sir John) had taken a copy for his files. Sir John enabled me to take down the text of the letter and, with his authority, a confirming copy was subsequently forwarded to Treasury, reaching my office on 29 April 1975. The letter presented to Sir John Bunting by Mr Harris was the 'To Whom It May Concern' letter which is recorded at page 3461 in the Hansard of 5 June 1975 for the House of Representatives.

At the time of my telephone conversation of 22 April 1975 with Sir John Bunting, Dr Cairns was overseas, having left the preceding day to attend the annual meeting in Manila of the Asian Development Bank.

About 29 April 1975 a photostat copy of a letter dated 19 April 1975 from Mr Harris in London to Dr Cairns was brought to my notice. It referred to Dr Cairns having given Mr Harris 'two letters'.

On 2 May 1975 Mr Daniel informed me that Dr Davey had telephoned him the previous evening and had stated that Sir John Bunting (who was at that time away from London) wished to have further advice from Canberra against the contingency that he would after his return be requested to authenticate the 'To Whom It May Concern' letter.

I saw Dr Cairns on the morning of 2 May 1975, he having returned the previous day.

I informed Dr Cairns of the exchanges with Sir John Bunting and of Sir John's request for guidance. Dr Cairns stated that he did not think there would be any further developments in the Harris matter. Nevertheless Dr Cairns instructed that if Mr Harris requested Sir John Bunting to authenticate the letter he would wish Sir John to do so. I arranged for Sir John to be informed of Dr Cairns' instruction.

During the course of the foregoing discussion with Dr Cairns, he discussed with me Mr Harris' letter of 19 April 1975 from London (referred to above). Dr Cairns also stated that his 'To Whom It May Concern' letter given to Mr Harris was designed only to enable Mr Harris to 'ferret around in business circles' and to do no more than provide a means for identifying Mr Harris as the bearer of a document signed by him (Dr Cairns). However there was no indication by Dr Cairns that he had signed a further letter to Mr Harris on the matter of commission—the existence of this further letter came to my notice on 6 May 1975—the text is recorded at page 3461 of Hansard. Neither did Dr Cairns give any indication of additional oral understandings with Mr Harris.

On 2 May 1975, I decided to seek legal advice from the Attorney-General's Department on the 'To Whom It May Concern' letter of 15 April 1975. Dr Cairns' attitude was that there was nothing to worry about. However, it was not clear to me whether or not the letter could involve the Government legally in an unwarranted liability. I judged it would be prudent to obtain legal advice before deciding whether to press the matter further. I also decided that the request for legal advice should be effected in a hypothetical manner in

order to maintain confidentiality. The memorandum to the Attorney-General's Department prepared in pursuance of my decision and signed by Mr Prowse on 6 May 1975 also covered in a hypothetical way the second letter of 15 April 1975 addressed to Mr Harris which came under notice on 6 May 1975. Details of these steps are given in Mr Prowse's statement of 8 June 1975.

On 13 May 1975 I had a discussion with Mr Harders during which he and I canvassed some of the considerations relevant to my judgment of 2 May 1975 that I should obtain legal advice before deciding whether to press the matter further. At the conclusion of our discussion I stated that I maintained my judgment.

On the evening of 22 May 1975, the Acting Treasurer arranged that he and I should see you concerning the references to an overseas loan operation by Transia in an ABC 'This Day Tonight' television program of earlier that evening. Mr Daniel also attended this meeting. Arising out of the considerable discussion on the Transia matter, I spoke generally about Ministerial involvement in contacts with 'fringe' operators and about Mr George Harris. I also recall that on 16 May 1975, following the lunch for Sir Laurence McIntyre, I had a brief opportunity to pursue with you certain general aspects of the Khemlani exercise and aspects of other Ministerial involvements. In my discussions with you I referred to your letter of 23 April 1975 to Dr Cairns in which you said 'Sir Lennox gave me an oral report of the status last night of your own October initiatives through Mr Michael Murphy, which you had referred to his Minister yesterday. The merchant bank he invoked has reported an offer of US\$3,724,000,000 which they believe may be consummated this week'.

Late in the afternoon of 28 May 1975 a memorandum of the same date from Mr Harders replying to the Treasury memorandum of 6 May 1975 was delivered to me.

On the evening of 28 May 1975 Mr Hayden (the Acting Treasurer), the Commissioner of Taxation and I saw you by appointment. Following the conclusion of that discussion I gave to you and Mr Hayden the following:

- (a) a letter from Mr McKay, Secretary Department of Overseas Trade recording that the Trade Commissioner in Milan had, inter alia, reported as follows:

'Apparently a loan of \$A500m is being sought for Australia. Promissory notes to this effect, giving the terms as a 20-year compound loan resulting in a total repayment of \$A2,486m, and with the signature of Mr Connor on them have been lodged with the small German bank Wurttembergische in Ulme'.

- (b) The legal advising received late that afternoon from Mr Harders.

I informed Mr Hayden (the Acting Treasurer) and you of the circumstances leading to the request for the legal advising from Mr Harders.

Following the conclusion of the meeting with you and Mr Hayden I prepared a message for transmission to Dr Cairns in Paris. Due to difficulties in making phone contact in Paris the message was dictated at about 2.00 a.m. to Mr Moore in Paris on 29 May 1975. The text of the message is as follows:

'Personal and Confidential and Immediate For Treasurer—From Wheeler

1. As your private office will have informed you the 'K' exercise has been greatly featured in the Parliament and the Press in recent days.
2. I now let you have as an attachment to this message the full text of a letter which I received from Harders this afternoon.

3. Whilst with the Acting Treasurer and the Prime Minister tonight on taxation matters inevitably I informed them both of the Harders' letter.
4. I strongly advise that you take immediate steps to effect an immediate and complete cancellation of accreditations or authorisations (if any) given to George Harris.
5. I suggest that you telephone me.
6. Given all the circumstances I also strongly suggest that you telephone the Prime Minister without delay.'

The attachment referred to in paragraph 2 of the above message is annexed to this report.

On 29 May 1975, on the opening of business, I forwarded to you a copy of my message to the Treasurer.

About 8.30 a.m. on 29 May 1975 Dr Cairns telephoned me from Paris and said that he had received my message. The only comments made by Dr Cairns during the telephone conversation were:

- (a) a comment along the lines that there was nothing for him to do;
- (b) Harris was 'no problem';
- (c) whilst in Switzerland he (Dr Cairns) proposed to do some personal checking and for that required Treasury to let him have the names of the banks and of the persons who had come to our notice during the course of the Khemlani exercise.

I said that I understood that Mr Harris was still in Europe and that I advised him (Dr Cairns) to follow-up quickly in accordance with paragraph 4 of my message.

I have had no further discussion with Dr Cairns on this matter. Dr Cairns arrived back in Canberra late on the night of Sunday 1 June and was heavily engaged on the Monday morning. I took my wife to Sydney, for reasons of which you are aware, on the mid-morning plane on Monday 2 June and was in Sydney throughout the week.

In my absence, Dr Cairns asked Mr Garrett to see him on the afternoon of 3 June. On Mr Garrett's proposal, Dr Cairns agreed that Mr Daniel should also attend. The statement of 10 June 1975 signed jointly by Messrs Garrett and Daniel reports on that meeting. At the conclusion of the meeting Dr Cairns stated his intention to address to me a letter seeking certain explanations. I have received no such letter.

In accordance with your request I enclose signed statements from individual Treasury officers who have dealt with this matter in any material way. The signed statements are from Mr Garrett and Mr Daniel (jointly), Mr Daniel, Mr Prowse, Mr Moore, Mr Hay and Mr Shann. Mr Bailey, Assistant Secretary in the Revenue, Loans and Investment Division of Treasury is at present overseas in connection with the New York loan raising. On his return I shall arrange for Mr Bailey to prepare a signed statement and I shall forward it to you.

Yours sincerely

F. H. WHEELER
Secretary to the Treasury

ANNEXURE

I refer to your memorandum of 6 May 1975 asking whether certain letters, if given to a private individual by a Minister (including the Treasurer), would constitute a form of agency agreement between the recipient and the Government, and also whether it could render the Government liable to pay any expenses. You also ask whether any other legal implications could arise from the existence of such letters.

2. The letters are as follows:

Letter A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it should be pleased to receive such advice. I am providing Mr X. (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make inquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X. this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister.'

Letter B

'Dear Mr X.,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominee.

Signed by the Minister.'

I shall deal with the matter on the assumption that the two letters would be given to the one and the same individual.

- (a) Whether the letters would constitute an agency agreement

3. Letter A indicates that its purpose would be to enable the bearer to make inquiries on behalf of the Minister and therefore on behalf of the Australian Government. The terms of the letter clearly imply that an agency relationship existed between the bearer and the Government for the purpose of making inquiries into, and recommendations on, the availability of moneys for borrowing. However, the letter suggests that, after making the recommendation, the recipient would not have any further function in relation to the transaction which would be completed by the Government.

4. Letter B refers to payment of a 'commission'—a word appropriate to a broker or other agent.

5. I therefore think that the recipient of the letter would be an agent for the purposes described in paragraph 3. Whether the agency would be a remunerative one, and if so what form the remuneration would take, are of course separate questions (see below).

- (b) Amounts payable to the agent

6. Letter A makes no reference to the remuneration of the agent or reimbursement of his expenses. If Letter B did not exist, and if there were no written or oral arrangements to the contrary, it would probably be inferred from Letter A that the agent was entitled to reasonable remuneration and reimbursement of his expenses reasonably incurred in making inquiries on the Minister's behalf.

7. However, Letter B indicates that a commission would be paid. The amount of commission is not stated, but a reasonable commission, assessed according to percentages or in what other manner is customary in the business of finance broking in the relevant markets would probably be payable. Whether expenses should be reimbursed in addition to the percentage fee would depend on the custom.

8. Letter B is not in terms limited to borrowing facilitated by the recipient's inquiries and recommendations of the kind referred to in Letter A. However, if the two letters were in fact given together, there would be a strong presumption that the commission payable under Letter B is confined to such a borrowing.

9. In the foregoing I have assumed that the letters would not be supplemented or affected by any oral discussions or other documents and I have confined my advice to the terms of the documents.'

Transmitted at approximately 2.00 a.m., 29 May 1975.

Department of the Treasury
MINUTE PAPER

The Secretary

MEETING WITH DR CAIRNS ON 3 JUNE 1975

In accordance with your request arising from the Prime Minister's letter to you dated 6 June 1975, we report as follows on a meeting we had with Dr Cairns on 3 June 1975.

2. At about 2.30 p.m. on 3 June 1975 (when you were in Sydney) Miss Morosi rang Mr Garrett (on Dr Cairns' direct line to Mr Garrett) and told him that Dr Cairns wished to see him in Dr Cairns' office at 3.45 p.m. that day. Miss Morosi said that Mr Garrett was to bring with him 'the George Harris file'.

3. Mr Garrett told Miss Morosi he thought Mr Daniel should accompany him to the meeting with Dr Cairns. She asked Mr Garrett to hold on for a moment and she then said that it was okay for Mr Daniel to accompany Mr Garrett to the meeting.

4. We duly saw Dr Cairns in his office at about 3.55 p.m. No-one else was present.

5. Dr Cairns, without preamble, referred to the fact that Mr Shann had sent to the Department copies of certain papers that were on Dr Cairns' own private file. He asked about the authority for this action. In response we referred to an arrangement we understood had been approved by Dr Cairns under which copies of papers relating to unsolicited loan offers were to be passed to the Department. Dr Cairns said that this was not his understanding of what he had approved but did not elaborate. He asked whether we were saying that the Department had a right to copies of any papers on his own private files. Mr Garrett said that in the abstract this question obviously had to be answered in the negative, but he went on to refer back to the understanding we had already indicated to Dr Cairns. Dr Cairns reaffirmed that this understanding was different from his but again did not elaborate.

6. Dr Cairns then pointed out to us that in the advice Treasury had sought from Attorney-General's Department the first paragraph of his 'To Whom It May Concern' letter dated 15 April 1975 had been omitted. He asked us why this paragraph had been omitted. Mr Daniel replied to the effect that the questions that were put to Attorney-General's Department were presented to that Department as being hypothetical and that this was the reason why the first paragraph had been omitted. Dr Cairns strongly questioned the omission of the first paragraph and asserted that it was very relevant to the advising Treasury had sought from Attorney-General's Department.

7. Dr Cairns then told us that he had spoken with Mr Harders the previous day. He had told Mr Harders that there was 'an oral contract' (the nature of which Dr Cairns did not indicate to us). Dr Cairns said that the conclusion indicated by Mr Harders at the previous day's discussion was that the

oral contract changed the situation and that there was no agency arrangement at all with Mr Harris.

8. We told Dr Cairns that we had no knowledge of his discussion of the previous day with Mr Harders and were therefore not able to comment.

9. Dr Cairns also referred to a reluctance on the part of Attorney-General's Department to respond to the Treasury request for advice and to pressure that had been applied on Attorney-General's Department to provide a response.

10. Dr Cairns went on to observe that the Treasury did not seek his advice, before seeking Attorney-General's Department's advice, on whether there were any other background considerations that might be relevant to the matters on which Attorney-General's Department advice was sought.

11. Dr Cairns then said to us that his file copies of the papers of which Mr Shann had sent copies to Treasury were missing. We said we were certain that the copies sent to Treasury by Mr Shann were photostat copies and not the actual papers on Dr Cairns' file. We said that we could throw no light at all on what Dr Cairns had said about papers being missing.

12. Dr Cairns then said that he would be addressing to the Secretary a letter demanding explanations on the points he had raised with us. He said that he had wanted to have a prior discussion with us to ascertain what explanations we could give orally. He commented that we had not given explanations and that he would therefore proceed to address a letter to the Secretary.

13. Dr Cairns then indicated that his discussion with us was concluded. The meeting lasted, we judge, less than 15 minutes. The impression we had was that Dr Cairns did not wish to engage in any prolonged discussion with us.

14. After we left Dr Cairns' room and were on the way out of his suite Dr Cairns called Mr Garrett back to his office and said that he wanted Mr Garrett to arrange immediately for Mr Shann to vacate the Treasurer's office and to return to the Department. Mr Garrett then informed Mr Shann of what Dr Cairns had said, and Mr Shann accompanied Mr Garrett back to the Treasury (Mr Daniel having gone on ahead).

J. H. Garrett
Deputy Secretary
10 June 1975

R. Daniel
Deputy Secretary
(Supply and General)
10 June 1975

MINUTE PAPER

The Secretary

In accordance with your request arising out of the Prime Minister's letter of 6 June 1975 I record the following.

On 31 December 1974 I submitted to the Treasurer a Minute containing comments on a letter dated 17 December 1974 which had been addressed to the Treasurer by Mr George H. Harris, a Director of Karco Nominees Pty Ltd. The letter had been referred to me by Mr R. Frenay (then Private Secretary to the Treasurer). In the letter, Mr Harris had sought from the Treasurer an indication that Treasury and Reserve Bank approval would be forthcoming in the event that he and his partner (a Mr Les Nagy) could successfully negotiate overseas loans for State Government authorities and these authorities were prepared to accept their own exchange risks.

Included in that Minute of 31 December 1974 were the following paragraphs:

'Governments, if they are to retain respect and keep in good standing on the international capital markets, need to avoid allowing their names to be associated with any operators in these markets other than those whose reputation and standing are beyond question. Moreover, any

negotiation by the Government itself for an overseas loan could be quickly soured if it came to the notice of the underwriting group or potential lender that other parties were at the same time 'shopping' for funds on behalf of the Government or with its backing, especially in the same market.

'Going beyond this particular case, I mention that previous Treasurers, including your predecessor, found it useful to adopt a general practice of having persons who approached them about possibilities of arranging overseas borrowings for the Government or for Government instrumentalities referred at least in the first instance to the Treasury, especially if they did not directly represent a major underwriting group or bank well-known to the Government. Experience over the years has demonstrated that, when tested, the propositions that come forward from what I might call the 'fringe' operators—and there is a surprisingly large number of them—almost without exception fall to the ground or are of a kind with which no reputable borrower, especially a Government, should be associated. If you wish, I could give you a more detailed story in this regard, and I would of course be happy to talk with you on the subject at any time convenient to you.'

A suggested reply to Mr Harris, which I submitted with my Minute of 31 December 1974, was signed by the Treasurer. That reply included the following:—

'Should you wish to be more fully informed as regards the procedural requirements that apply in relation to any proposal for an overseas borrowing by a State Government authority, you may like to get in touch with Mr R. Daniel or Mr A. P. Bailey of the Australian Treasury. They would be happy to explain these requirements to you.'

(Copies of the full text of this letter and my Minute of 31 December 1974 are on File 75/038.)

Shortly thereafter I had some discussion with Mr Freney about procedural arrangements for the handling of approaches relating to possibilities of arranging overseas borrowings. On 12 January 1975 I recorded, in a Note for File, advice conveyed to me by Mr Freney. This Note for File (which is on File 75/047) reads as follows:—

'Mr Freney told me on Friday last that the Treasurer had agreed to a note he had prepared for circulation within the Treasurer's Office pointing out the need for caution in relation to approaches by people claiming to be able to arrange overseas loans for the Government.'

'Mr Freney said that the Treasurer had agreed that such approaches should be referred automatically to senior Treasury officers.'

In a Minute I addressed to the Treasurer on 3 April 1975 regarding an unsolicited offer of loan funds by a Mr Llewellyn, I included the following:—

'Early in January you agreed that the approaches by people offering to raise loans overseas on behalf of the Government should be referred automatically to senior officers in the Treasury. This arrangement was designed to provide for checking of the bona fides of people making offers and for provision of advice to you as to how the approaches, some of which could be from unscrupulous operators, might best be dealt with.'

'We hope that you have also found this arrangement to be helpful from your point of view. It appears to us to have been working satisfactorily.'

and further:

'As it seems likely that further approaches from Mr Llewellyn, or his associates, will be made, you may consider that it would be appropriate that any such further

approaches, whether they be by way of written proposals or requests for further interviews, be handled in accordance with the arrangement instituted in January—that is, they be referred to us in the first instance for follow-up action and advice to you.'

The Treasurer annotated this Minute 'Yes' with his signature and the date 8.4.1975. (See File 70/2321 Part 11.)

I note that on 8 April 1975 there was a further Minute to the Treasurer—on that occasion from Mr Prowse—concerning approaches made to him by Mr Llewellyn.

I also think it relevant to record that on 31 December 1974 the Treasurer signed a letter to the Minister for Minerals and Energy which I submitted to him concerning the question of what the consequences could be in the event of a claim being made on the Commonwealth by Mr Khemlani for expenses incurred by him and his associates. This letter included the following:

'I think it important that this question be followed up and that, as soon as practicable, we get considered advice based on all the relevant material.'

'I would be glad if you would arrange for copies of all relevant communications which passed to and from your Office and your Department and Mr Khemlani on the one hand and the Union Bank of Switzerland on the other hand to be made available to the Treasury and to the Attorney-General's Department so that this follow-up action can be undertaken.'

I add that I have not sighted any reply to that letter, or to a follow-up letter signed by the Treasurer on 23 January 1975. (See File 74/096 Part 4.)

I next record that, on 3 April 1975, I was present (as was Mr Prowse also) at a meeting you had with the Treasurer. You then handed to the Treasurer a Minute (dated 3 April 1975) to which was attached a copy of a letter dated 26 March 1975 from Dr Davey, Minister (Financial), Australian High Commission, London which had been received in the Treasury on 2 April 1975. In his letter Dr Davey had reported that a director of Morgan Grenfells had told him that Morgan Grenfells had received a call from a Mr Harris, who was accompanied by a Mr Nagy and 'a Greek'. Davey was also told that Harris claimed to know the Treasurer, and showed Morgan Grenfells a photo-copy of a letter addressed to him and signed by Dr Cairns authorising him to seek out funds for the Australian Government. The letter apparently contained an undertaking to pay a commission of 2½ per cent if, as a result of Harris' efforts in locating a source of funds, successful negotiations were carried out, with a proviso that the interest rate should be no higher than 8 per cent. Davey's informant also said Harris called a 'letter of accreditation' and described this as a document covered with red seals and with Harris' name printed on it.

The Treasurer after reading your Minute (which stated that you would appreciate an opportunity to discuss with him the question of what action might be taken in respect of this matter) and Davey's letter, stated, *inter alia*, that the Harris referred to was George Harris, that he had 'credentials' and that he had been told that, if he could get funds at less than 8 per cent, 'we would be prepared to talk'.

You put it to the Treasurer that he should withdraw the 'credentials' and should do so in writing. (See my Note for File of 4 April 1975 on File 75/038. Your Minute of 3 April 1975 and Davey's letter of 26 March 1975 are also on that file.)

On 13 April 1975 Mr Shann handed to me, in your absence, a note by him which was addressed to you and to which was attached a photo-copy of a copy of a sheet of Treasurer's letterhead paper on which was imprinted one paragraph ('The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us'), the

name 'J. F. Cairns' and the date 'March 10, 1975'. There were also indistinct imprints of the Treasurer's signature and of a notation indicating that the original had been given to George Harris. I passed these papers on to you on 14 April 1975. (See my Minute of 14 April 1975 on File 75/038.)

On 29 April 1975 (or thereabouts) Mr Shann mentioned to me, in a telephone conversation, that a letter dated 19 April 1975 addressed to the Treasurer by Mr Harris had been received by him (Shann) and he briefly indicated the contents of it to me. Shortly afterwards, a copy of the letter was sent to me by Mr Shann. You were away from your office at the time. I passed it to you when you returned.

On the evening of 1 May 1975 I received a telephone call from Dr Davey in London. Dr Davey advised me that Sir John Bunting (who was then away from London) wished to have further advice from Canberra against the contingency that he would, after his return to London, be asked to authenticate the 'To Whom It May Concern' letter of 15 April 1975 which Mr Harris had presented there. I reported this to you the next morning. (See my Minute of 2 May 1975 on File 75/038.)

On 2 May 1975, following receipt from the Australian High Commission, London, of a copy of the 'To Whom It May Concern' letter of 15 April 1975, Mr Prowse sought from you guidance as to whether legal advice regarding this letter should be sought. On the same day, I submitted to you a Minute in which I stated:—

'A possible course of action would be to ask Attorney-General's for advice whether, if a letter along certain lines were to be given to an outside person, it could be construed as an agency arrangement. The lines could be as per the letter received by Mr Harris, but without any explicit reference to it.'

What I had in mind was, of course, protection of confidentiality so far as the Treasurer's position in the matter was concerned.

You wrote on my Minute 'Do this and get a reply as soon as possible. F. W. 2.5.75'. (See File 75/038.) I then referred the matter to Mr Prowse's Division for follow-up action.

On the morning of 2 May 1975 you spoke with the Treasurer about Sir John Bunting's desire for understanding of the situation against the contingency that Mr Harris would ask him to authenticate the 'To Whom It May Concern Letter' of 15 April 1975. (Your Minute to me of 4 May 1975 on File 75/038.) Following this, I wrote to Dr Davey, Minister (Financial), London on 7 May 1975 conveying advice for Sir John Bunting including the instruction, which emerged from your discussion with the Treasurer, that Bunting must, if requested by Harris, authenticate the letter. (A copy of this letter was sent to the Australian Ambassador, Berne, for his personal and confidential information.) At the same time, judging that Davey should be aware of them in handling approaches there or advising the High Commissioner on such approaches, I sent to him on a personal and confidential basis copies of the letter of 10 March 1975, the Harris letter of 19 April and the letter of 15 April 1975 which referred to commission. (Copies of my two letters to Davey are on File 75/038.)

On the night of 22 May 1975 I was present at a discussion between the Prime Minister, the Acting Treasurer (Mr Hayden) and you in the Prime Minister's office. This meeting took place following discussions between the Acting Treasurer and you concerning a report by Richard Carleton on the 'This Day Tonight' television broadcast the same day. The report made reference to the Transia Corporation and, in that connection, to you. A Note for File which I subsequently prepared records that, during the discussion in the Prime Minister's office, you spoke 'about Ministerial involvement in contacts and communications with "funny

money" operators'. (The Note for File, dated 26 May 1975, is on File 75/1634 Part 3.) My recollection is that, in the discussion, references were made to Mr George Harris.

Following a further discussion between the Prime Minister, the Acting Treasurer (Mr Hayden), Mr Menadue and you on the night of 28 May 1975, I participated in the preparation in your office of a 'Personal and Confidential and Immediate' message from you to Dr Cairns in Paris. Included in the message was the text of a memorandum received by you from Mr Harders during the afternoon of 28 May 1975.

On 3 June 1975 I accompanied Mr Garrett to a short meeting with Dr Cairns in his office in Parliament House. Mr Garrett and I are jointly submitting to you a report concerning that meeting.

R. Daniel
Deputy Secretary
(Supply and General)
9 June 1975

The Treasury,
Canberra, A.C.T. 2600
20 June 1975

The Hon. E. G. Whitlam, Q.C., M.P.
Prime Minister
Parliament House
Canberra, A.C.T. 2600

My dear Prime Minister

I refer to my letter of 11 June 1975. As promised I am now forwarding the attached report by Mr A. P. Bailey, Assistant Secretary, Loans and Debt Management Branch.

Yours sincerely

F. H. WHEELER
Secretary to the Treasury

MINUTE PAPER

The Secretary

In accordance with your request arising from the Prime Minister's letter to you dated 6 June 1975 I record the following.

2. Following receipt of Mr Daniel's Minute of 2 May headed, 'Letter from Treasurer to Mr George Harris—Legal Implications', and your subsequent annotation to it, made on the same date, I prepared a draft memorandum to Attorney-General's Department. In the course of preparing the draft discussions were held with both Mr Daniel and Mr Prowse the outcome of which made it clear that the draft prepared should ensure that as far as possible the text of the letters, the second of which became available for inclusion late on 6 May, should be put as hypothetical cases. In order to ensure this the texts used in the draft were altered from the original and the first paragraph of the original letter was omitted. It was not considered that the first paragraph was significant to the interpretation of the letter and its inclusion would have pointed far more clearly to the authorship of the letter. The drafting was undertaken with the objective of protecting the confidentiality of the Treasurer's position in the matter.

3. Through pressure of business, in part associated with the New York Loan operation and an impending domestic loan operation, I was unable to be present at the meeting with Mr Menzies on 9 May. Following Mr Hay's return from that meeting he reported orally to me the basic points of the discussion which were contained in his subsequent 'Note for File' of 9 May. That note contains an accurate account of what he had previously indicated to me.

4. I have had no subsequent discussion with Attorney-General's Department on the matters raised in the memorandum sent to Attorney-General's on 6 May, following receipt of a copy of your Minute of 11 May and a copy of Mr Daniel's Minute of 13 May requesting that no further discussions be held pending the drafting of a reply by Mr Harders. I was absent from the Treasury from mid-day on 3 June until mid-day on 16 June for the purpose of handling the New York end of negotiations in connection with the recent US\$ loan.

A. P. Bailey
Assistant Secretary
Loans and Debt Management Branch
19 June 1975

MINUTE PAPER

The Secretary,

In accordance with your request arising out of the Prime Minister's letter to you of 6 June 1975, I record the following.

After examination of the letter of 10 March and the 'To Whom It May Concern' letter of 15 April from Dr Cairns to Mr Harris, and in view of the potentially serious implications for the Treasurer and the Government both in relation to possible commitments and in relation to obligations arising under the Financial Agreement and Loan Council procedures, and having in mind that in December 1974 advice had been sought from Attorney-General's Department in relation to another letter—to a Mr Khemlani, I put a Minute to you on 2 May in the following terms:—

'The Secretary,

LETTER FROM THE TREASURER TO MR GEORGE HARRIS—LEGAL IMPLICATIONS

Your guidance is sought as to whether we should seek legal advice regarding the letter signed by the Treasurer and given to Mr George Harris on 15 April last. From the text it appears, *prima facie*, that the letter could be construed as constituting an agency arrangement leaving the Australian Government liable to pay expenses incurred by Mr Harris whether or not he is instrumental in obtaining loan funds.

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division
2 May 1975'

It was, of course, in mind that it might be desirable in the light of advice from the Attorney-General's Department, to put advice on the matter to the Treasurer.

Later on 2 May Mr Daniel put a Minute to you in the following terms:—

'The Secretary,

LETTER FROM TREASURER TO MR GEORGE HARRIS—LEGAL IMPLICATIONS

I refer to the Minute Mr Prowse addressed to you earlier today.

A possible course of action would be to ask Attorney-General's for advice whether, if a letter along certain lines were to be given to an outside person, it could be construed as an agency arrangement. The lines could be as per the letter received by Mr Harris, but without any explicit reference to it.

R. Daniel
Deputy Secretary
(Supply and General)
2 May 1975.'

You annotated Mr Daniel's Minute as follows:—

'Do this and get a reply as soon as possible. F.W. 2.5.75.'

The memorandum to Attorney-General's Department was prepared in the light of that decision, signed by me and dispatched on 6 May.

The memorandum also encompassed the 'commission' letter which had subsequently become available in the Department.

In the Memorandum of 6 May to the Attorney-General's Department advice was sought in relation to letters ' . . . along the lines which follow, if given . . . ' (underlining added). Thus the texts 'A' and 'B' were put as hypothetical cases, and to ensure as far as possible their hypothetical and anonymous nature the texts were altered from the original, and, in particular, names were omitted and the first paragraph of the longer letter was omitted. The text of the first paragraph, of course, would have pointed to the possible authorship of the letter and was not considered to be significant to interpretation of the letter for the purpose of the advising sought.

On 9 May Mr Menzies of Attorney-General's Department spoke to Mr Bailey about the Memorandum seeking discussion of it. Mr Bailey informed me of this request and we agreed he and Mr Hay should call on Mr Menzies that day. In the event Mr Bailey was occupied with other business and Mr Hay only attended the meeting with Mr Menzies. Mr Hay has placed a note, dated 9 May, on the file (75/038) reporting on his meeting with Mr Menzies.

On 11 May in a Minute to me relating to the request to Attorney-General's for advice, you said you should be glad if I would refer to you before having any further discussions with Attorney-General's Department on this matter.

On 13 May in a Minute you instructed me that there were to be no further exchanges between officers pending the drafting of a reply by Mr Harders.

On 28 May advice was received from the Attorney-General's Department, signed by C. W. Harders in response to the Treasury Memorandum of 28 May 1975 and it was directed by your office to me 'for attention'.

The file (75/038) records that the text of the advice was transmitted to Paris for the Treasurer at approximately 2 a.m. on 29 May 1975.

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division

8 June 1975

STATEMENT BY DR CAIRNS IN HOUSE OF REPRESENTATIVES 5 JUNE 1975

STATEMENT BY MR J. D. MOORE

While I was in Paris as a member of the Australian delegation to the OECD Ministerial Council Meeting on 28/29 May, I received a telephone call from Sir Frederick Wheeler on the afternoon of 28 May at about 4.00 p.m. (Paris time). Sir Frederick said that he had a personal telegram from himself to Dr Cairns which was vitally important to be conveyed to Dr Cairns as soon as possible. Sir Frederick instructed that I should inform nobody else of the contents or existence of the message.

The message was taken down over the telephone by my stenographer, typed up (original plus one) and handed by me to the Treasurer at about 7.30 p.m. on 28 May (Paris time). A copy of the message is on Treasury file 75/038. After reading the message, the Treasurer indicated that he would probably ring Canberra at around 10.30 p.m. (Paris time) on 28 May.

The next day, at about 3.00 p.m. (Paris time) Mr Shann rang and asked that, at Mr Hayden's request the following copy of a letter from Mr Whitlam to Mr Hayden, dated 29 May, be passed to Dr Cairns:

'Events this week show how imperative it is that before Monday I am personally familiar with all the papers relating to proposed overseas borrowings that have been under consideration since November last year but have not been concluded. Please let me have urgently copies of the documentation you have and copies also of documentation held by your Department. For the present I also want any proposals for further borrowings referred to me in the first instance. Except with my approval any current discussions (other than discussions on the pending US\$100m bond issue in New York) should be stayed for the time being. I have written also in the above terms to the Minister for Minerals and Energy'.

Mr Shann also said that Mr Hayden had requested that Dr Cairns be informed that Mr Hayden had instructed Sir Frederick on 29 May as follows:

'Would you please respond to the Prime Minister's request immediately and advise me on action. All papers sent to the Prime Minister should come through this office'.

The above two messages were typed up (original plus one) and conveyed to the Treasurer at about 3.45 p.m. (Paris time) on the 29 May.

J. D. Moore
First Assistant Secretary
9 June 1975

(Copies to: Secretary Mr Garrett, Mr Stone o.r., Mr Daniel, Mr Prowse, Mr Bailey, Mr Hay, Mr Shann, Mr Freney.)

The Treasury MINUTE PAPER

The Secretary

GEORGE H. HARRIS

In accordance with your request arising out of the Prime Minister's letter to you dated 6 June, concerning Dr Cairns' statement to the House of Representatives on 5 June, I submit the following statement of my role in this matter.

On 9 May 1975 Mr Menzies of the Attorney-General's Department contacted Mr Bailey, my supervising officer, to say that he (Mr Menzies) wished to speak to an officer of the Department concerning the Department's request of 6 May 1975 for advice on two hypothetical letters. Mr Prowse, Mr Bailey's supervising officer, was advised of this request. Mr Bailey and I agreed to see Mr Menzies later in the day but pressure of business prevented Mr Bailey from accompanying me.

After the meeting I wrote the report (file 75/038-minute of 9 May to Mr Prowse, with copies to Mr Daniel and Mr Bailey) and had it typed. As Mr Prowse was not available after I had signed the minute I discussed it with Mr Daniel and Mr Bailey and a copy was supplied to you.

The text of that minute is as follows:

'75/038

Mr Prowse

HARRIS LETTER-ATTORNEY-GENERAL'S
DEPARTMENT ADVICE-MEETING OF 9 MAY 1975

At 3 p.m. today following a request from Attorney-General's Department I discussed the Harris letters ('A' and 'B'-Harris' name was, of course, not mentioned) with Messrs

Menzies, Scott and Byrne, all of Attorney-General's Department.

Mr Menzies did virtually all the talking. The main points he made were:

Attorney-General's are reluctant to give advice without all the background information.

He stressed that the letters were vague and that they implied some oral contract may have accompanied them.

A letter of the 'B' type was 'legally undesirable'.

Menzies then asked if the letters had been given to someone by the Treasurer. I said they had been given by a Minister who could have been the Treasurer. Menzies assumed from then on that the Minister was the Treasurer. He asked how certain was the Department of the existence and authenticity of the letters. I said that there was no doubt about either. He asked whether the matter which had been raised directly with the Treasurer. I said that the matter of giving authorities to individuals was a matter which had been raised on many occasions but that the Treasurer had admitted to the Secretary that he had given such letters to an individual. Menzies asked whether the individual was known to the Treasury or to the Treasurer or whether he was just another carpet-bagger. I said that he was a man of some standing in the community but that he was not principally engaged in banking or underwriting and that we therefore regarded him as a 'commission agent' like any other.

He asked also if the Treasurer had given the Department copies of the letters. I said he had not but they had come to us in a way which created some difficulty for us. (While letter 'A' came through Davey via Bunting, letter 'B' was provided by Shann).

Menzies suggested that a solution to our problem might be for Attorney-General's to advise Enderby and for Enderby to discuss it with Cairns. I made no comment on that suggestion. I emphasised to Menzies that the (political) delicacy of the situation was only one aspect and that Attorney-General's advice was sought not only with a view to our informing the Treasurer of any implications for him (Menzies assumed that any written Attorney-General's advice would be simply passed to the Treasurer) but with a view to Attorney-General's advising us of any difficulties which may arise with respect to paying either a commission on any loan which may arise (note the vagueness of the letter, 'B' and the relevance of an oral contract), or in meeting from an appropriation any other incidental expenses which may arise. I also said we were hopeful of advice on any other wider implications which these letters might have for the Treasurer and the Treasury which they may care to give.

I also reminded Mr Menzies of our earlier request for advice on the Minister for Minerals and Energy's letter to Khemlani of 16 December. (We sought Attorney-General's advice on 20 December and still have no reply). Menzies considered the 'K' affair dead and said he wasn't particularly concerned to reply to that request.

In summary, Attorney-General's are reluctant to provide written advice on the basis of the information we have given but, as Menzies had occasion to speak to Harders during my interview with him he said he would not wish to commit the Department as to the form of their advice until he had discussed our request of 6 May with Mr Harders. He said the Department would contact us further about this matter at a later date.

Submitted for information.

I. Hay
9 May 1975'

I have had no subsequent contact with the Attorney-General's Department on this matter (see also the Secretary's Minutes to Mr Prowse of 11 May and to Mr Daniel

of 13 May requesting no further discussion with Attorney-General's Department).

On 28 May at approximately 11.20 p.m. the Secretary called me to his office to assist in the transmission of a message to the Treasurer in Paris (copy of message as transmitted is on file 75/038). After considerable difficulty in getting a line, the message was dictated between 1.55 a.m. and 2.50 a.m. on 29 May to Mr J. D. Moore's stenographer in Paris.

I. Hay
Acting Assistant Secretary
9 June 1975

DEPARTMENT OF THE TREASURY MINUTE PAPER

The Secretary

THE GEORGE HARRIS LETTERS

With reference to the Prime Minister's letter to you dated 6 June 1975, I have prepared the following report.

2. From end January 1975 until early June 1975 I was Departmental Liaison Officer in the Treasurer's Office.

3. By way of general background the following is a brief description of how papers relevant to the Treasurer's portfolio were handled in the Treasurer's Office. The description has been prepared by Mr R. Q. Freney (Private Secretary to the Treasurer from December 1972 until early March 1975) and myself.

'In our experience an important duty of staff in the Treasurer's office is the orderly management of the very large volume of paper that flows through the office. It is impossible for the Treasurer personally to handle the immense volume.

A very large proportion of the papers addressed to the Treasurer—indeed the vast majority of them—pertain to his Ministerial portfolio. In general material in this category is forwarded to the Department (or as appropriate to other organisations in the Treasury group, including in particular the Taxation Office) for attention and necessary action. A recent assessment revealed an annual rate of about 12,000 letters referred to the Department. Inward correspondence of particular significance is also brought to the Treasurer's notice at the same time as it is referred to the appropriate action area.

According to the office establishment the responsible staff member for the foregoing purposes might be the Private Secretary or, as more recently, the Departmental Liaison Officer.

It is also an important duty of the responsible staff member to handle papers relating to the Treasurer's capacity as Chairman of the Loan Council, Chairman of the National Debt Commission, Governor of the International Monetary Fund, Governor of the Asian Development Bank, and any other such capacities in which he is involved. The normal requirement is for all material coming to the Treasurer in these capacities to be forwarded to the Department for the provision of advice to the Treasurer and any other necessary action.

It is also the responsibility of the relevant staff member to inform the Department of the Treasurer's reactions to material, pertaining to the portfolio, that is submitted to him. Such material includes inward correspondence shown to the Treasurer, letters prepared for his signature and Departmental minutes. It is necessary to inform the Department of the decisions,

actions and requirements of the Treasurer in matters pertaining to his portfolio to ensure that they are implemented and fulfilled, and also so that the Department is in a position to provide advice to the Treasurer should it consider it appropriate to do so.

The foregoing arrangements and procedures have been developed through experience and over time, and followed unless the Treasurer instructs otherwise. They are not, and in our experience never have been, committed to precise documentation approved in writing by the Treasurer. The Treasurer's approval of them has been of a tacit character. There have not to our knowledge been any countermanding instructions.

R. Q. Freney E. W. Shann'

4. The only general statement by Dr Cairns, of which I am aware, about the responsibilities of the position I occupied in his office is that contained in his press statement of 29 December 1974 which read *inter alia* 'Mr Roger Freney, former private secretary to Mr Frank Crean when he was Treasurer, and who is a ministerial officer grade three, will continue with me and will be in charge of all relations with the Treasury and other departments'. I was appointed as a ministerial officer grade three to replace Mr Freney.

5. The first of the three notes referred to in Dr Cairns' statement in the House of Representatives on 5 June 1975 was dated 10 March 1975 and read 'The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us. Signed J. F. Cairns'. The duplicate copy of that note was passed out to me on 13 April 1975 among a bundle of Departmental papers. It was on official notepaper, and had been marked by the Treasurer 'File under Harris, George'.

6. I often received documents from the Treasurer that he had marked for file. I was never instructed that any such documents or copies of them should not be sent to the Department. I therefore exercised my own judgment about how the documents should be dealt with. If I felt that they were of no relevance to the Department, I would file them in the office without sending the Department a copy. In other cases I would send the Department either the original document for filing, or a copy if the original document was being held in the Treasurer's office. The basis on which I determined whether the document or a copy of it should be sent to the Department was whether the matter that was the subject of the document was a matter pertaining to the Treasurer's portfolio and on which the Department needed to be kept informed or might wish to advise the Treasurer.

7. In the case of the duplicate copy of the abovementioned note dated 10 March 1975, I kept the document for filing in the office and sent a copy of it to the Department on 13 April 1975. I knew that the Department had been involved in correspondence the Treasurer had previously had with Mr Harris (the Department had drafted one letter which had been sent by the Treasurer to Mr Harris) and that the Secretary had recently discussed with the Treasurer his correspondence with Mr Harris. (The latter discussion took place on 3 April 1975 and related to a letter Mr Harris reportedly had with him overseas—see File 75/038.)

8. I sent the copy to Mr Daniel (in the Secretary's absence) under cover of a note addressed to the Secretary. Mr Daniel later rang me and advised, in response to the question in my note about whether I should take follow-up action of any sort, that the Secretary had said no further action was needed by me.

9. In sending the copy to the Department I was aware of the procedures for automatic referral to senior Treasury officers set out in the following documents—

- (i) A Note for File dated 12 January 1975 by Mr Daniel which recorded the following:

'Mr Freney told me on Friday last that the Treasurer had agreed to a note he had prepared for circulation within the Treasurer's Office pointing out the need for caution in relation to approaches by people claiming to be able to arrange overseas loans for the Government. Mr Freney said that the Treasurer had agreed that such approaches should be referred automatically to senior Treasury officers.'

- (ii) A minute dated 3 April 1975 by Mr Daniel to the Treasurer regarding an unsolicited offer of loan funds by a Mr Llewellyn; that minute included the following:

'Early in January you agreed that the approaches by people offering to raise loans overseas on behalf of the Government should be referred automatically to senior officers in the Treasury. This arrangement was designed to provide for checking of the bona fides of people making offers and for provision of advice to you as to how the approaches, some of which could be from unscrupulous operators, might best be dealt with.'

We hope that you have also found this arrangement to be helpful from your point of view. It appears to us to have been working satisfactorily.'

and further:

'As it seems likely that further approaches from Mr Llewellyn or his associates will be made, you may consider that it would be appropriate that any such further approaches, whether they be by way of written proposals or requests for further interviews, be handled in accordance with the arrangement instituted in January—that is, they be referred to us in the first instance for follow-up action and advice to you.'

Dr Cairns had annotated this minute 'Yes' with his signature and the date 6.4.1975.

- (iii) A minute dated 8 April 1975 by Mr Prowse to the Treasurer regarding approaches by Mr Llewellyn; that minute included the following:

'I would draw your attention once again to the fact that the vast majority of people offering unsolicited funds do so primarily to acquire evidence in writing from the Government which could be held to be a form of authority allowing them to negotiate for funds on its behalf, without there being any concrete evidence that they could obtain funds in the amounts and on the terms stated in their proposal. In this regard special care needs to be exercised, including independent checks through established banks, in order to verify that funds are available for lending in the amounts and/or terms stated by persons who are unknown in international loan markets.'

Again, I suggest that you may consider it more appropriate that further approaches from this group of agents and any others which have had direct dealings with you

and which may not have come to the attention of the Department, be handled in accordance with the arrangements instituted in January, i.e., that they be referred to the Department for follow-up action and advice.

Specifically we would suggest that Mr White be asked to forward any information made available to him to this Department for assessment.

Submitted for consideration and direction.'

Dr Cairns had annotated this minute as follows:

'No authority is to be given to any person in matters of this kind. We can receive information about available funds from anyone and act on it if it is sound and of value.'

With his signature and the date 15.4.75.

10. In late April an inward letter from Mr Harris dated 19 April 1975 came to me among the ordinary incoming mail. The Treasurer was then absent at the ADB meeting in the Philippines. Mail coming into the office was distributed by Ms Karen Stegmar (Assistant Private Secretary) with mail of a Departmental nature being given to Mr Handke (the Departmental Liaison Officer responsible to me) or myself. I personally handed Mr Harris' letter to the Treasurer on his return, along with other papers, and said he should read it. He glanced through it, but did not comment in substance and the conversation was broken off as someone else was waiting to see him. I had already sent Mr Daniel (in the Secretary's absence) a copy of Mr Harris' letter in the light of the procedures indicates above.

11. The Treasurer was of course aware I had seen Mr Harris' letter as I personally handed it to him and drew its contents to his notice. He gave me no instructions about whether the Department should be informed. In fact on no occasion that I remember did he ever direct me not to send particular papers to the Department.

12. By way of preface to the remainder of this report I describe the filing system that operated in the Treasurer's office.

13. I used the files kept in the outer office where the stenographers worked. All office staff used these files for keeping copies of letters prepared in the office and the files included letters prepared by the Treasurer, Mr Swancott, Ms Bowden, Ms Stegmar, Ms Morosi and myself. The files contained inwards and outwards copies of correspondence on electoral matters, representations (including referrals to other Ministerial offices) and letters to and from organisations and members of Parliament. Correspondence awaiting filing, and in fact all the outer office files themselves, were in a room that could not be locked and during my time in the office the filing cabinets were almost never locked.

14. The filing system was in fact not well kept and has been re-organised over the last month. At the beginning of May there was a large number of loose documents awaiting placement on particular files. If one needed to find the duplicate copy of a letter that had recently been sent from the office one therefore usually needed to look through all the loose documents in order to find it. Regular searches were made when documents needed to be located.

15. In general, the originals of papers prepared in Treasury were filed in the Treasury rather than held in the Treasurer's office. I held confidential Treasury and Cabinet papers in my room as it could be locked and contained a safe. Papers prepared in the Treasurer's office were generally filed in the office and where I felt the papers should be drawn to the Department's attention I sent copies to the Treasury. Papers

that dealt with matters in which the Department had a continuing interest were often prepared (and filed), without their being drawn directly to my attention.

16. At the beginning of May, while searching for other papers in the outer office I found duplicate copies of two more letters to Mr Harris from the Treasurer. Both letters were dated 15 April 1975. The duplicate copies were in the loose papers awaiting filing in the outer office.

17. I made inquiries on 6 May through Mr Bruce O'Meagher (Personal Assistant to the Secretary of the Treasury) and learnt that the Treasury already had a copy of one of the letters. This was the letter dated 15 April 1975 headed 'To Whom It May Concern', a copy of which had been sent to the Department by Sir John Bunting, Australian High Commissioner in London.

18. So that Treasury would have full information on which to advise the Treasurer I therefore sent on 6 May a copy of the 'commission' letter to the Secretary. I did not send to the Department a copy of the 'To Whom It May Concern' letter in view of the advice that the Department already held the copy forwarded by Sir John Bunting. In my covering note to the Secretary I said that the 'commission' letter was 'on file in this office'. More accurately I should have said that the duplicate copy of that letter was 'awaiting filing in this office'.

19. I placed the duplicate copies of both letters dated 15 April 1975 back with the material that was awaiting filing in the office. I did not remove them from the office. In fact I did not see them again and I assumed that they had been filed.

20. I should record that I discussed with Dr Brogan (economic adviser to Dr Cairns) the Treasurer's correspondence with Mr Harris. Mr Handke was also present during some of these discussions and was therefore aware of the existence of the correspondence with Mr Harris.

21. Throughout, I was aware that the Department had been involved in discussing correspondence with Mr Harris with the Treasurer, and as indicated above I was aware of the procedures that had been laid down for the handling of papers relating to overseas loan approaches. In sending to the Department copies of the letters I was simply doing my job in serving the Treasurer by keeping the Department informed on a matter pertaining to the Treasurer's portfolio and enabling the Department to provide advice to the Treasurer if that was felt to be desirable.

Edward Shann
Senior Finance Officer
11 June 1975

ATTORNEY-GENERAL'S DEPARTMENT SECRETARY'S DEPARTMENT

Tel: 61 9111 CANBERRA, A.C.T. 2600

14 June 1975.

The Honourable E. G. Whitlam, Q.C., M.P.
Prime Minister of Australia,
Parliament House,
CANBERRA, A.C.T. 2600

Dear Prime Minister,

I refer to your letter dated 6 June 1975 in which you have asked me to provide you with a full report, in so far as the Attorney-General's Department is concerned, regarding the handling of papers referred to in the statement made by Dr Cairns in the House of Representatives.

2. I attach copies of the following papers—

(1) memorandum dated 6 May from the Department of the Treasury to the Attorney-General's Department (Attachment 'A');

(2) memorandum dated 28 May 1975 from the Attorney-General's Department to the Department of the Treasury (Attachment 'B');

(3) statement of Mr A. C. C. Menzies, First Assistant Secretary, who was at the time performing the duties of First Assistant Secretary in the Advising Division of the Attorney-General's Department (Attachment 'C');

(4) statement of Mr D. J. Rose, Senior Assistant Secretary, Constitutional and Financial Branch, Advising Division (Attachment 'D');

(5) statement of Mr Michael Charles Scott, Principal Legal Officer, Constitutional and Financial Branch, Advising Division (Attachment 'E'); and

(6) statement of Redmond Vincent Byrne, Senior Legal Officer, Constitutional and Financial Branch, Advising Division (Attachment 'F').

3. I report as follows and refer first to matters mentioned by Dr Cairns in the House of Representatives on 5 June regarding papers in his office.

4. In his statement on 5 June 1975 Dr Cairns said that when he returned from overseas recently he found that certain letters were not in his office. Dr Cairns said that the papers were missing. I do not have, and no other officer of the Attorney-General's Department has, any knowledge of this matter.

5. In his statement on 5 June Dr Cairns also said that the letter sent to the Attorney-General's Department for advice on 6 May did not include a paragraph that had been included in the original letter. As discussed below, this matter was not mentioned to me when I saw Dr Cairns on 2 June. I was not aware at that time that any paragraph was missing. I became aware of the missing paragraph on 4 June when Mr Menadue showed me a letter (which actually bears date 5 June) which refers to the omission of a paragraph and gives a text. None of Mr Menzies, Mr Rose or Mr Byrne was aware of this matter until they heard reports of Dr Cairns' statement in the House of Representatives on 5 June.

6. The source of the information on which the Treasury request of 6 May for the advice of the Attorney-General's Department was based was not known to any of us in the Attorney-General's Department at the time I signed my memorandum to Treasury of 28 May. In his statement of 5 June Dr Cairns referred to two notes signed by Mr Ed Shann in Treasury file No. 75/038. I first became aware of the existence of these notes and of the matters referred to in them on 4 June when Mr Menadue gave me a copy of Treasury file No. 75/038 relating to Mr Harris. Mr Menzies, Mr Rose and Mr Byrne became aware of them through reports of Dr Cairns' statement on 5 June.

7. The Treasury memorandum of 6 May was received in the Attorney-General's Department on 7 May. The memorandum was marked for the attention of Mr D. J. Rose, Senior Assistant Secretary in the Constitutional and Financial Branch of the Advising Division. Mr Rose was on leave at the time. He did not return to work until 19 May. The memorandum asked for urgent advice whether letters along the lines set out in the memorandum could, if given to a private individual by a Minister including the Treasurer, be construed as constituting, or liable to constitute, a form of agency agreement between the bearer and the Government. The memorandum also asked for advice whether the letters could render the Government liable to pay any expenses incurred or whether any other legal implications could arise from the existence of such letters. The memorandum then set out a letter A and a letter B.

8. The events immediately following the receipt of the memorandum of 6 May in the Attorney-General's Department are described in the statements of Mr Menzies, Mr Scott and Mr Byrne. Mr Menzies assigned the matter to Mr Scott.

Treasury officers had been in touch with Mr Scott. Mr Menzies had Mr Scott arrange a conference with Treasury officers for 9 May.

9. The conference on 9 May was attended by Mr Menzies, Mr Scott and Mr Byrne of the Attorney-General's Department and Mr Hay of Treasury. Mr Menzies sought to ascertain the circumstances in which the letters referred to in the Treasury memorandum would be sent or had been sent (if that was the case). No definitive advice was given nor was any decision made regarding future action. Mr Hay was questioned as to the source of the Treasury information on which the request for advice was based but he declined to disclose the source. While Mr Hay indicated that he was not quite sure that the letters quoted in the request for advice had been sent he made it clear that in his view it was probable that letters in the form quoted had been sent or given by the Treasurer. However, he was unable to state the circumstances in which the letters had been given or whether there had been any accompanying discussions. Mr Menzies explained that the legal effect of the letters could be affected by oral discussions and pointed out that there could also be other relevant documents. Because Mr Hay was unable to supply information one way or the other as to possible oral discussions or accompanying documents, Mr Menzies expressed some reluctance to give advice on the legal effect of the letters. Mr Menzies also said that the Attorney-General might need to be consulted and he might wish to speak to Dr Cairns.

10. During the conference on 9 May I asked Mr Menzies to see me on another matter. He reported to me on the discussions that were taking place on the Treasury memorandum of 6 May. I told Mr Menzies not to give advice without further reference to me.

11. I considered whether to raise the matter with the Attorney-General or with the Solicitor-General. (The Solicitor-General was at this time in Sydney in connection with important litigation in the High Court.) On the legal side, it appeared to me that no difficult questions of law were raised and that the Government's position as regards financial obligation to a person receiving letters in the terms of letters A and B was basically the same as it had been in relation to Mr Khemlani under the arrangements approved by Ministers in December 1974. As to other circumstances associated with the request for advice it seemed a fair assumption to make that these were real letters and that they had probably been given by the Treasurer or by someone on his behalf. I did not know any of the background. In these circumstances I took the view that this part of the matter was one between Treasury and its Minister, if in fact letters in the terms of letters A and B had been given by the Treasurer to any person. In the result, I did not discuss the matter with the Attorney-General before giving advice on 28 May.

12. On 13 May I had lunch with Sir Frederick Wheeler. The memorandum of 6 May was mentioned. I said that it seemed to me that if letters such as letters A and B had been given by the Treasurer to anyone the best course would be for Sir Frederick first to discuss the matter with him rather than seek legal advice. Sir Frederick said that he respected that view, that it was a view that could be taken but that he preferred first to know what the legal position was. (In my experience, Sir Frederick Wheeler, more than any other Permanent Head of a Department, has followed the practice of obtaining legal advice in matters in which legal considerations may be involved.) There was no discussion between us of any of the background. I said that I would have draft legal advice prepared and then be in touch with him. This course is sometimes followed in the Department to enable the policy Department to correct or supplement any statements of fact. However, in view of the ultimate form of the advice (see especially paragraph 9 of the memorandum of 28 May) I did not show Sir Frederick Wheeler a draft and I

had no further discussion with him until after I had signed the advice. At that point I rang Sir Frederick and told him the advice was about to be delivered by hand to him.

13. So that the course taken by me in regard to the giving of advice on 28 May can be properly understood, it is necessary for me to refer at this point to certain features of the Khemlani matter.

14. On 23 May I was asked by Mr Menadue (as I understand, on your behalf) to examine papers held by Mr Connor concerning the Khemlani matter and to advise whether the Government was under any financial commitment to Khemlani. Mr Menadue told me that Mr Connor wished me to call on him. I did so later in the day. He showed me and gave me copies of some documents. I noted that they related only to the period up to 21 December 1974. I made it clear that any advice that I gave would have to be qualified in that I would have to say that the advice was given on the basis of the papers that I had actually seen. I gave oral advice qualified in that way. (On 30 May certain further Khemlani documents were produced to me and I gave further oral advice qualified in the same way.) I add that ordinarily I am reluctant to give qualified advice.

15. On returning to my office on 23 May I had a discussion with Mr Menzies and Mr Rose concerning the documents given to me by Mr Connor. I said that I must be even-handed. Having now been asked to advise whether there was any commitment to Khemlani, I did not want to be in a position in which I was advising on one matter and not on the other. In both cases the advice would have to be qualified. I could give advice, in each case, only on the basis of the information actually provided to me. I decided to proceed without any further discussion with Treasury.

16. On 26 May Mr Menzies gave me a draft of advice in reply to the Treasury memorandum of 6 May. I signed the advice on 28 May and it was delivered to Treasury that day. I told the Attorney-General of my discussion with Mr Connor on 23 May and I brought to his notice the advice I gave to Treasury on 28 May.

17. I note the following points from my advice of 28 May—

- The terms of letter A clearly implied that an agency relationship existed between the bearer and the Government for the purpose of making inquiries into, and recommendations on, the availability of moneys for borrowing.
- However, the effect of letter A was that, after making the recommendation, the recipient would not have any further function in relation to the transaction, which would be completed by the Government.
- Letter A made no reference to remuneration or reimbursement of expenses. If letter B did not exist, and if there were no written or oral arrangements to the contrary, it would probably be inferred from letter A that the agent was entitled to reasonable remuneration and reimbursement of expenses reasonably incurred.
- However, letter B indicated a commission would be paid. The amount was not stated, but a reasonable commission assessed according to percentages or in what other manner is customary in the business of finance broking in the relevant markets would probably be payable. Whether expenses should be reimbursed would depend on the custom.
- Though letter B was not in terms limited to the borrowing facilitated by inquiries and recommendations of the kind referred to in letter A, if the two letters were in fact given together there would be a strong presumption that the commission payable under letter B was confined to such a borrowing.

- o The advice was given on the assumption that the letters would not be supplemented or affected by any oral discussions or other documents, and I confined my advice to the terms of the documents.

18. I believe that at this point I should make some observations on the subject of agency.

19. I observe first that my advice of 28 May considered whether the bearer of letters in the terms of letters A and B would be an agent of the Australia Government for certain purposes; the Treasury memorandum specifically sought advice on that question. I observe next that there have been public references to the question of agency. It seems to me that the position has not been clearly understood. The recipient of letters A and B would be an agent for limited purposes only, namely, for the purposes of making inquiries into, and recommendations on, the availability of moneys for borrowing; a loan transaction would be concluded by the Government itself; a commission would be payable if a loan were concluded; whether expenses would be reimbursed would depend on the custom. From the financial standpoint, the Government's position would be basically the same as it was under the arrangements with Mr Khemlani. In that case the intention was that commission would be deducted at the source out of the moneys borrowed by the Government. In the letters A and B case, commission would be payable by the Government but the net result would be the same—and presumably, similar arrangements might ultimately have been suggested regarding deduction of commission at the source. Finally, I observe that the legal relationship between the Government and any 'intermediary' could be determined only on the basis of all documentation given to the 'intermediary', and in certain circumstances oral discussions could also be relevant. Circumstances are conceivable where the Government, although not considering or intending an 'intermediary' to be its agent, could, in law, nevertheless be regarded as holding him out as its agent. Even if this result did not follow as a matter of law, documentation in the possession of the 'intermediary', if shown or given by him to third parties, might cause those parties to believe that the 'intermediary' was the Government's agent.

20. On 2 June I was with the Attorney-General in his office when you said that Dr Cairns would be getting in touch with me. When I saw Dr Cairns he referred at once to paragraph 9 of my advice of 28 May in which I had said that I had assumed that letters A and B would not be supplemented or affected by any oral discussions or other documents and that I had confined the advice to the terms of the documents (letters A and B). Dr Cairns said there was other material. He showed me a note which he said was a note of conversation with Mr Harris before letters were given to Mr Harris. Dr Cairns also showed me a document which he said was the text of a telegram that Mr Harris was sending to him that day from overseas. The text concluded with the words 'Letter follows.' Dr Cairns said that the letter would confirm what was in the telegram and that the letter would be given to him on Mr Harris' return to Australia later in the week. I said that I wished to have copies of the two documents, that I would then return to my own office and get in touch with Dr Cairns. I attach copies of the documents (Attachments 'G' and 'H'). While with Dr Cairns I said that the situation appeared now to be different. I said this on the basis that the telegram referred to by Dr Cairns would be received by Dr Cairns and in the expectation that it would be appropriately acknowledged by him. There would then be no agency. At page 3462 of the Hansard of 5 June 1975 Dr Cairns is reported as saying—'On being informed of this, Mr Harders told me that this made the situation different and, in his opinion, there was now no agency between Mr Harris and myself.' Literally, Dr Cairns' statement was correct. My intention was to convey to him that there would be no agency from the point at which the

telegram had been received and acknowledged. I feel, however, on reading the whole of his statement that I may not have made this clear to Dr Cairns.

21. After further consideration of the two documents in my own office I rang for Dr Cairns on the telephone. I was put through to Miss Morosi. I understood that Dr Cairns was not immediately available and in view of the urgency with which events were occurring I gave her the following message and asked her to give it to Dr Cairns—

'In the light of the further documents given to me today my view was that the person who received the letters would not have a claim against the Government. It would nevertheless be prudent to withdraw the letters if that had not already been done. If the letters had not been withdrawn they should be withdrawn in acknowledging the telegram.'

22. I reported the above events to the Attorney-General and to Mr Menadue.

23. In conclusion, I refer again to the paragraph not included in letter A. In his statement in the House of Representatives on 5 June Dr Cairns did not say or infer that he had mentioned to me on 2 June that a paragraph had been omitted. However, there have been suggestions in the press to the contrary. Dr Cairns did not in fact mention the missing paragraph on 2 June. I am sure that if I were to have an opportunity to discuss the matter with Dr Cairns he would agree that he did not say anything to me about a missing paragraph. The advice I gave accordingly had no regard to the paragraph in question. The text appears in Dr Cairns' letter dated 5 June to the Prime Minister and reads as follows—

'Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists.'

24. Having examined letter A afresh with this paragraph included, I come to the same conclusion as that stated in my memorandum of 28 May 1975 regarding the legal relationship, under that letter, between the Government and the person who received it. In other words, the legal conclusion, with regard to letter A, is not affected by the omission of the paragraph.

Yours sincerely,
C. W. HARDERS
Secretary

Attachment 'A'

The Treasury,
Canberra, A.C.T. 2600

Reference No. 75/038

Telephone 63 9111

6 May 1975

The Secretary
Attorney-General's Department
Administrative Building
PARKES ACT 2600

ATTENTION: Mr D. Rose

LOAN RAISING—LETTERS PROVIDING
AUTHORITY AND OFFER OF COMMISSION TO
AN INDIVIDUAL

Your urgent advice is sought whether letters along the lines which follow, if given to a private individual by a Minister including the Treasurer, could be construed as constituting, or liable to constitute, a form of agency agreement between

the bearer and the Government. In turn we are anxious to have your opinion whether such letters could render the Government liable to pay any expenses incurred or whether any other legal implications could arise from the existence of such letters.

LETTER A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make enquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X, this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister.'

LETTER B

'Dear Mr X,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominees.

Signed by the Minister.'

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division

Attachment 'B'

ATTORNEY-GENERAL'S DEPARTMENT SECRETARY'S OFFICE

Tel: 61 9111

CANBERRA, A.C.T. 2600
A/75/484
Your ref: 75/038

28 May 1975

The Secretary,
The Treasury,
Parkes Place,
CANBERRA A.C.T. 2600

Loan Raising—Letters to Individuals

I refer to your memorandum of 6 May 1975 asking whether certain letters, if given to a private individual by a Minister (including the Treasurer), would constitute a form of agency agreement between the recipient and the Government, and also whether it could render the Government liable to pay any expenses. You also ask whether any other legal implications could arise from the existence of such letters.

2. The letters are as follows:

Letter A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or

company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X. (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make enquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X, this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister.'

Letter B

'Dear Mr X,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominee.

Signed by the Minister.'

I shall deal with the matter on the assumption that the two letters would be given to the one and the same individual.

(a) Whether the letters would constitute an agency agreement.

3. Letter A indicates that its purpose would be to enable the bearer to make inquiries on behalf of the Minister and therefore on behalf of the Australian Government. The terms of the letter clearly imply that an agency relationship existed between the bearer and the Government for the purpose of making inquiries into, and recommendations on, the availability of moneys for borrowing. However, the letter suggests that, after making the recommendation, the recipient would not have any further function in relation to the transaction which would be completed by the Government.

4. Letter B refers to payment of a 'commission'—a word appropriate to a broker or other agent.

5. I therefore think that the recipient of the letter would be an agent for the purposes described in paragraph 3. Whether the agency would be a remunerative one, and if so what form the remuneration would take, are of course separate questions (see below).

(b) Amounts payable to the agent

6. Letter A makes no reference to the remuneration of the agent or reimbursement of his expenses. If Letter B did not exist, and if there were no written or oral arrangements to the contrary, it would probably be inferred from Letter A that the agent was entitled to reasonable remuneration and reimbursement of his expenses reasonably incurred in making inquiries on the Minister's behalf.

7. However, Letter B indicates that a commission would be paid. The amount of commission is not stated, but a reasonable commission, assessed according to percentages or in what other manner is customary in the business of finance broking in the relevant markets would probably be payable. Whether expenses should be reimbursed in addition to the percentage fee would depend on the custom.

8. Letter B is not in terms limited to borrowing facilitated by the recipient's enquiries and recommendations of the kind referred to in Letter A. However, if the two letters were in fact given together, there would be a strong presumption that the commission payable under Letter B is confined to such a borrowing.

9. In the foregoing I have assumed that the letters would not be supplemented or affected by any oral discussions or other documents and I have confined my advice to the terms of the documents.

(C. W. Harders)
Secretary

Attachment 'C'

Statement by Andrew Charles Collin Menzies, First Assistant Secretary, Attorney-General's Department

On 7 May 1975 I was acting as the First Assistant Secretary, Advising Division and in that capacity I saw a memorandum in the inward mail dated 6 May 1975 from Mr A. R. G. Prowse, First Assistant Secretary, Revenue Loans and Investment Division, Department of the Treasury. A copy of that memorandum is attached to this statement.

2. I assigned the matter to Mr Michael Scott who was then Acting Senior Assistant Secretary of the Constitutional and Financial Branch of the Advising Division during the temporary absence of Mr D. J. Rose to whose attention the memorandum had been addressed by Treasury. During 8 May I was informed by Mr Scott that Treasury officers had been in touch with his Branch requesting an urgent reply to the memorandum. I suggested that Mr Scott arrange a conference in my room with Treasury officers and myself the following day.

3. Early on the morning of 9 May I said to Mr Scott that there could be a significant question as to the effect of oral discussions in relation to the letters referred to in the Treasury memorandum. Accordingly I requested Mr Scott to have some basic research carried out as to the circumstances in which oral evidence could be introduced to vary the effect of transactions committed to writing. Later that morning Mr Scott gave me some notes of research carried out by Mr Byrne, a Senior Legal Officer in his Branch, on this aspect. These notes appear on the departmental file.

4. Mr Ian Hay was the only Treasury representative at the conference which commenced about 3 p.m. on 9 May. Mr Bailey from Treasury who was to have attended could not come. Mr Scott and Mr R. Byrne were also present.

5. One object of the conference from my point of view was to ascertain the circumstances in which the letters referred to would be sent or had been sent (if that was the case). Nothing in the nature of definitive advice was given in the conference nor was any decision made to future action. Because of this and the fact that written advice was subsequently given, no written record was kept in this Department of the discussion.

6. I questioned Mr Hay as to the source of the Treasury information on which the request for advice was based but Mr Hay firmly declined to disclose this source. He did say that it was a reliable source. At the conclusion of the discussion we were left unaware of the source of the information. While Mr Hay indicated that he was not quite sure that the letters quoted in the Treasury memorandum had in fact been sent, he made it clear that in his view it was probable that letters in the form quoted had been sent or given by the Minister. Mr Hay indicated that names had been omitted from the letters in order to preserve anonymity. Nothing was said to suggest any other omissions from the letters provided.

7. Mr Hay was unable to state the circumstances in which the letters were given or whether there had been any accompanying discussions.

8. I explained that the legal effect of the letters could be affected by oral discussions and pointed out that there could also be other relevant documents. Because Mr Hay was unable to supply information one way or the other as to

possible oral discussions or accompanying documents; I expressed some reluctance to give advice on the legal effect of the letter. I also said that the Attorney-General might need to be consulted and he might wish to speak to Mr Cairns.

9. I said that the letters were somewhat vaguely expressed and, if we had been ourselves drafting the letters, we would have expressed them differently. I inquired whether any claim had been made by the recipient of the letters and Mr Hay said that there had not been any such claim.

10. In the course of the conference I was called into Mr Harders' office on a different matter and I very briefly told Mr Harders of the substance of the matters discussed. Mr Harders expressed some reluctance to give advice in the circumstances and indicated that I should not give any firm advice without further reference to himself.

11. I returned to the conference and told Mr Hay that I was not prepared to give any advice on the legal effect of the letters at that time and that Treasury would hear from us in due course.

12. During the week before 28 May Mr Rose and myself assisted Mr Harders in his consideration of the correspondence between the Minister for Minerals and Energy and Mr Khemlani over certain overseas loan negotiations. Mr Harders expressed the view to us that, having given advice on those letters, it was necessary for him to be 'even-handed' and likewise answer the Treasury request for advice. I agreed with this conclusion; I thought that my worry as to the absence of information as to collateral discussions could be met by a paragraph in the advice emphasising that our advice was confined to the terms of the document and that we had assumed that the letter would not be supplemented or affected by any oral discussions or other documents.

13. Mr Rose and I drafted a memorandum for Mr Harders' consideration substantially on the lines of the memorandum dated 28 May 1975. That memorandum was signed and dispatched by the Secretary on 28 May without further reference to myself.

14. I had no further information as to the source of the Treasury information on which request for advice was based until I read the report of Dr Cairns' statement in the House on 5 June 1975.

Dated 10 June 1975

A. C. C. MENZIES

The Treasury,
Canberra, A.C.T. 2600
Reference No. 75/038

Telephone 63 9111
6 May 1975

The Secretary
Attorney-General's Department
Administrative Building
Parkes, A.C.T. 2600

ATTENTION: Mr D. Rose

LOAN RAISING—LETTERS PROVIDING AUTHORITY AND OFFER OF COMMISSION TO AN INDIVIDUAL

Your urgent advice is sought whether letters along the lines which follow, if given to a private individual by a Minister including the Treasurer, could be construed as constituting, or liable to constitute, a form of agency agreement between the bearer and the Government. In turn we are anxious to have your opinion whether such letters could render the Government liable to pay any expenses incurred or whether

any other legal implications could arise from the existence of such letters.

LETTER A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X (who is appropriately identified either by passport, photograph, signature of some other means) with this letter so that he may make inquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X this may be done by contacting the Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister'.

LETTER B

'Dear Mr X.

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominees.

Signed by the Minister'.

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division

Attachment 'D'

STATEMENT BY D. J. ROSE

Statement by: Dennis John Rose
Senior Assistant Secretary,
Constitutional and Financial Branch,
Advisings Division.

The memorandum of 6 May 1975 from the Department of the Treasury was received in this Department while I was absent from Canberra on recreation leave. On my return to Canberra on 19 May, Mr Harders and Mr Scott told me that the Treasury request for advice had been received and that Mr Menzies was holding it. I understood that the question had been discussed with Treasury and that one problem in answering it was our lack of oral or written evidence concerning the circumstances surrounding the giving of the letters.

2. I do not recall any action in relation to the letter until Friday 23 May. On that day Mr Harders discussed with me and Mr Menzies his preparation of advice for the Prime Minister on the question whether the attempts by the Minister for Minerals and Energy to raise a loan had resulted in the Australian Government being liable to pay commission or other moneys to Mr Khemlani. It appeared to us that advice could only be given on the basis of an assumption that we had all the relevant documents and other evidence.

3. In this situation Mr Harders was most anxious that this Department be seen to be (as he put it) completely 'even-handed' as between Minerals and Energy and the Treasury. He mentioned our difficult position as Government legal advisers in circumstances where other Departments were acting independently and in apparent conflict. He said that we should not advise on the Minerals and Energy matter

without also advising on the substantially similar Treasury matter. Accordingly, on the same day he gave me his copy of the Treasury memorandum of 6 May and instructed me to prepare, in consultation with Mr Menzies, a draft reply for his consideration.

4. I prepared a draft which I discussed with Mr Menzies on the following Monday (26 May). With some revisions it was submitted to the Secretary that day. The Secretary signed and dispatched the resulting memorandum of 28 May 1975 without further discussion with me.

5. I received no information concerning the Treasury's sources of the letters in question until the events of 5 June.

(D. J. Rose)
9 June 1975

Attachment 'E'

Statement by Michael Charles Scott, Principal Legal Officer, Constitutional and Financial Branch, Advisings Division, Attorney-General's Department

On 7 May 1975 I received from Mr A. Menzies, Acting First Assistant Secretary, Advisings Division, a memorandum (copy attached) dated 6 May 1975 from the Department of the Treasury asking for advice on the legal effect of two forms of letters set out therein. At that time I was acting Senior Assistant Secretary in the Constitutional and Financial Branch, Advisings Division. I passed the Treasury memorandum to my colleague Mr R. Byrne and asked him to consider the legal issues it raised.

2. The Constitutional and Financial Branch received a communication from Treasury that the advice was urgently required. Late on 8 May I spoke to Mr Menzies concerning the memorandum. He thought that we should try and obtain some further information and suggested that I telephone Treasury officers and arrange a conference. I then telephoned Mr A. Bailey at Treasury and arranged for a conference to take place in Mr Menzies' room at 2.30 p.m. on 9 May. Early in the morning of 9 May, Mr Menzies telephoned me and suggested that oral conversations might have a bearing on the legal effect of the letters. He then asked me if I would prepare some material for the conference relating to the admissibility of oral discussions on the effect and intent of written contracts. As I was engaged on other matters, I asked my colleague Mr Byrne to obtain that material. Later in the morning Mr Byrne gave to me a draft paper setting out the principal rules relating to the admissibility of parol evidence. I forwarded Mr Byrne's paper to Mr Menzies. The paper is now on the departmental file concerning this matter.

3. At 2.30 p.m. on 9 May I went with Mr Byrne to Mr Menzies' room in preparation for the conference. Mr Hay from Treasury arrived at approximately 3 p.m. He apologised for the absence of Mr Bailey, saying that Mr Bailey was tied up with other matters. Mr Menzies asked Mr Hay whether letters of the kind referred to in the Treasury memorandum had in fact been given. Mr Hay replied that he was ninety-nine per cent sure that they had. Mr Menzies also asked whether Treasury had received the letters from a reliable source and Mr Hay replied that they had. Mr Menzies informed Mr Hay that the precise legal effect of the letters could be affected by circumstances in which they were given. Mr Hay was unable to provide any information relating to this matter. Mr Menzies expressed his reluctance to give advice in the absence of all the circumstances relating to the giving or sending of the letters. He mentioned in passing that the matter might have to be referred to the Attorney-General who in turn might wish to take the matter up with the Treasurer.

4. At about this time Mr Menzies received a call from the Secretary and left the meeting for approximately twenty

minutes. During that time no discussion took place between Mr Hay, myself and Mr Byrne concerning the letters. On his return, Mr Menzies indicated that no firm advice could be given concerning the letters, that we would need further time to consider them and that Treasury would receive our advice in due course. Mr Menzies also mentioned that the letters were vague and imprecise and were not in a form in which we, as lawyers, would have drawn them or approved of in advance.

5. I did not become aware of how Treasury came to receive the letters, or whether the letters had in fact been given or sent, until I read the reports concerning them in newspapers on 5 June 1975. Moreover, I did not become aware that a paragraph had been omitted from the letters until I read a report to that effect in the newspapers on 5 June.

Dated this 10th day of June 1975.

(M. C. SCOTT)

The Treasury,
Canberra, A.C.T. 2600
Reference No. 75/038

Telephone 63 9111

6 May 1975

The Secretary
Attorney-General's Department
Administrative Building
Parkes, A.C.T. 2600
Attention: Mr D. Rose

LOAN RAISING—LETTERS PROVIDING AUTHORITY AND OFFER OF COMMISSION TO AN INDIVIDUAL

Your urgent advice is sought whether letters along the lines which follow, if given to a private individual by a Minister including the Treasurer, could be construed as constituting, or liable to constitute, a form of agency agreement between the bearer and the Government. In turn we are anxious to have your opinion whether such letters could render the Government liable to pay any expenses incurred or whether any other legal implications could arise from the existence of such letters.

LETTER A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X. (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make inquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X. this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister.'

LETTER B

'Dear Mr X.

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of

overseas funds a commission would be paid to you or your nominees.

Signed by the Minister'.

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division

Attachment 'F'

Statement by Redmond Vincent Byrne, Senior Legal Officer,
Constitutional and Financial Branch, Advising Division,
Attorney-General's Department

I recall that in the course of a telephone conversation with Mr Ian Hay of the Treasury about 5 May 1975, dealing with documentation for a New York Bond Issue, he asked if I had seen a request from his Department for advice concerning a possible agency arrangement with an individual for loan negotiations. I said I had not seen such a letter and he replied that it would be 'on its way' and stressed that it be dealt with as a matter of urgency.

2. I mentioned the matter to Mr Scott who was then acting as Senior Assistant Secretary in charge of the Branch during the absence of Mr D. J. Rose. A couple of days later Mr Scott gave me a letter dated 6 May 1975, a photo-copy of which is attached hereto and asked me to examine the legal issues involved. I carried out some preliminary work on the matter and conferred with Mr Scott on legal questions arising. He expressed the view that we take the matter up with Mr Menzies who at that time was the acting head of the Division. Later he told me that Mr Menzies wanted to arrange a conference with Treasury officials for the 9th May at 2.30 p.m.

3. Mr Scott asked me on the morning of 9 May to prepare, at Mr Menzies' request, some notes on the admissibility of oral evidence in cases where the interpretation of written documents was involved. I prepared a short note and gave it to Mr Scott and I understand that note is on the Department's official file. Mr Scott and myself attended at Mr Menzies' office at 2.30 p.m. and discussed the legal points arising from letters 'A' and 'B' respectively, whilst waiting for Mr Hay. Mr Menzies received a telephone call from Mr Hay apologising for his delay and mentioning that Mr Bailey who was also to have come, would not be able to do so.

4. Mr Menzies asked Mr Hay, on his arrival, various questions concerning the letters. He asked Mr Hay whether he knew if letters 'A' and 'B' had in fact been given to anyone. Mr Hay replied that he was about 99 per cent certain that they had been. Mr Menzies also asked how the Treasury came to know of the letters and Mr Hay replied that knowledge of the letters had come from a reliable source but that he was unable to identify the source.

5. Mr Menzies told Mr Hay that the letters would need to be construed in the context of surrounding circumstances e.g. oral conversations and other documentation (if any). He said the Department was reluctant to advise on matters unless it was given all the relevant background.

6. He told Mr Hay that the letters were couched in vague terms, particularly letter 'B', and were drawn in an unwise fashion. He suggested that perhaps the matter should be referred to the Attorney-General and then he could, if he wanted to, take the matter up with Dr Cairns.

7. Mr Menzies was called away during the conference to see the Secretary, Mr Harders. The subject matter of the conference was not discussed until he returned.

8. Upon his return, Mr Menzies said that he had mentioned the matter to the Secretary and that the Secretary wanted time to consider the matter. Mr Menzies told Mr Hay that he

was not able to give any firm advice on the matter. He said that the Department would reply to the request for advice in due course and the only comment he was prepared to make was that the letters 'A' and 'B' were drafted in a loose manner and that the Department would not have so drawn them. The conference then ended.

9. I heard nothing more about the matter until reading newspaper reports of Dr Cairns' statement to Parliament. At no time was any suggestion made that any part of letters 'A' and 'B' (other than the names of the parties) had been omitted from the texts set out in Treasury's letter. I recall that Mr Hay had said that the names had been omitted to protect the anonymity of the party concerned. He had also declined to say who the person was except to say that he was a well respected person.

Dated 10.6.75.

(R. V. BYRNE)

The Treasury,
Canberra, A.C.T. 2600
Reference No. 75/038

Telephone 63 9111

6 May 1975

The Secretary
Attorney-General's Department
Administrative Building
PARKES, A.C.T. 2600

Attention: Mr D. Rose

LOAN RAISING—LETTERS PROVIDING AUTHORITY AND OFFER OF COMMISSION TO AN INDIVIDUAL

Your urgent advice is sought whether letters along the lines which follow, if given to a private individual by a Minister including the Treasurer, could be construed as constituting, or liable to constitute, a form of agency agreement between the bearer and the Government. In turn we are anxious to have your opinion whether such letters could render the Government liable to pay any expenses incurred or whether any other legal implications could arise from the existence of such letters.

LETTER A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X. (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make enquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X. this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister'.

LETTER B

'Dear Mr X.

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of

overseas funds a commission would be paid to you or your nominees.

Signed by the Minister'.

A. R. G. Prowse
First Assistant Secretary
Revenue, Loans and Investment Division

Attachment 'G'

No obligation or legal connection of any kind is established or could be established with the Australian Government until the Government successfully negotiates a loan.

Mr George Harris is now authorised to do no more, and must not do any more, than make enquiries and report.

An appropriate commission would be paid in the usual way in the event of a loan being successfully negotiated.

Attachment 'H'

Re your letter to me and our discussions in relation to them I wish to confirm that in all our discussions you made clear to me and I accepted and still accept that I was not an agent in any sense of yourself or the Australian Government and the letters were subject to this understanding.

Letter follows:

SOLICITOR-GENERAL OF
AUSTRALIA
CANBERRA

The Prime Minister:

As requested by you I have examined the reports and supporting documents given to me. Those documents in order of date were:

- the letter to you from Sir Frederick Wheeler dated 11 June, 1975 and its annexures;
- a report to you of the same date from Mr J. L. Menadue to which were annexed a photocopy of Hansard of 5 June, 1975 containing Dr Cairns' statement to the House of Representatives appearing at pages 3461-3463 inclusive and a photocopy of a letter dated 28 May, 1975 from the Secretary of the Attorney-General's Department to the Secretary of the Treasury;
- a letter from the Minister for the Environment dated 12 June, 1975 and its annexures. (The copies of two letters referred to in Miss Bowden's and Miss Morosi's statements precede those statements and are, I have assumed, the two letters dated 15 April, 1975 attached to Dr Cairns' letter to you);
- letter and annexures dated 13 June, 1975 from the present Treasurer to you. With the Treasurer's letter there is a further letter dated 12 June from him to you annexing documents not relevant to the present matter;
- letter dated 14 June, 1975 from the Secretary to the Attorney-General's Department to you and its annexures; and finally and not in order of date a photocopy of a letter dated 6 June, 1975 from you to Sir Frederick Wheeler.

There was also included, and I think not relevant to the present matter, a letter to you from the then Acting Treasurer dated 1 June, 1975.

2. Your letter to the Secretary, Department of the Treasury of 6 June is, omitting immaterial parts, in the following terms:

'You will be aware of the statement made in the House of Representatives yesterday by the then Treasurer, Dr

Cairns, concerning the handling of papers in his Office, in the Treasury and in the Attorney-General's Department, dealing with loan raisings.

Naturally I take a serious view of what Dr Cairns has said and I therefore require from you a full report insofar as your Department is concerned, including signed statements from any individual members of the staff who have dealt with this matter in any material way.

The report and accompanying statements should be produced to me early next week.'

I assume that a letter in similar terms was sent by you to those who have furnished the reports I have read.

3. Dr Cairns made two central points to the House. The first was that his correspondence as Treasurer was without his knowledge or consent removed from his files by officers of his Department and that this was done with the knowledge and approval of the Permanent Head. Further, in one instance a photocopy was taken again without his knowledge and with that of the Permanent Head. The second was that two of the documents so obtained were with a material omission again without his knowledge submitted by his Department to the Attorney-General's Department for legal opinion in a respect that might reflect on his administration of his portfolio and, despite that latter Department's request for information that only he could give, obtained, and thereafter, in his absence, disclosed to the Prime Minister.

4. The facts which I shall now set out are, on the documents that I have read, undisputed. Those facts are:

- (a) That letters in terms identical with those communicated to the House of Representatives by Dr Cairns were given by Dr Cairns to Mr Harris. The first of those letters bears the date March 10, 1975 and is in the following terms:

'The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.'

J. F. Cairns

- (b) On 15 April, 1975 two further letters bearing that date and in the following terms were given by Dr Cairns to Mr Harris. Those letters are as follows:

'15 April, 1975.

TO WHOM IT MAY CONCERN

Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists.

The Australian Government is interested in borrowing on favourable conditions and should any person be able to assist us we would be glad to hear from him. I am providing Mr George Harris, holder of Australian Passport No. G740206, and whose signature appears in the margin, with this letter so that he may make enquiries for me.

If it is felt necessary to confirm the authenticity of this letter, then with the consent of Mr Harris, this may be done by contact with Sir John Bunting, Australian High Commissioner, London, or the Australian Ambassador to Switzerland in Berne, or direct with me by Telex AA62632, Parliament House, Canberra, Australia.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability and the terms and conditions for lending are acceptable to me and the funds are in amounts sufficient for our needs, I would be pleased to take the matter up.

(Sgd.)

J. F. Cairns,
Deputy Prime Minister & Treasurer'

'15 April, 1975.

Mr G. H. Harris,
6 Southam Crt.,
BULLEEN, Vic. 3105

Dear Mr Harris,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds, introduced or arranged by you and appropriate commission would be paid to you or your nominees.

Yours faithfully,

J. F. Cairns,
Deputy Prime Minister & Treasurer'

- (c) That the terms of the letters upon which the Secretary of the Department of the Treasury sought advice from the Attorney-General's Department differed from those which Dr Cairns had given to Mr Harris.

I set out hereunder and opposite the terms of the letters on which advice was sought and the terms of the letters in fact given by Dr Cairns to Mr Harris:

Letter A

'To whom it may concern.

The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice. I am providing Mr X (who is appropriately identified either by passport, photograph, signature or some other means) with this letter so that he may make enquiries on my behalf.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability, the terms and conditions for lending are acceptable to the Government's needs the Government would be pleased to take the matter up.

If it is felt necessary to confirm the authenticity of this letter then, with the consent of Mr X this may be done by contacting an Australian High Commissioner or Ambassador or by contacting me (the Minister) directly in Canberra.

Signed by the Minister'.

Letter in fact given to Harris

'To whom it may concern.

Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian Government in negotiating loans. No such authority exists.

The Australian Government is interested in borrowing on favourable conditions and should any person be able to assist us we would be glad to hear from him. I am providing Mr George Harris, holder of Australian Passport No. G740206, and whose signature appears in the margin with this letter so that he may make enquiries for me.

If it is felt necessary to confirm the authenticity of this letter, then with the consent of Mr Harris, this may be done by contact with Sir John Bunting, Australian High Commissioner, London, or the Australian Ambassador to Switzerland in Berne, or

direct with me by Telex AA62632, Parliament House, Canberra, Australia.

In the event that he recommends that any funds are available and I am satisfied with the authenticity of such availability and the terms and conditions for lending are acceptable to me and the funds are in amounts sufficient for our needs, I would be pleased to take the matter up.

J. F. Cairns
Deputy Prime Minister
and Treasurer'

Letter B

'Dear Mr X

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds a commission would be paid to you or your nominees.

Signed by the Minister'.

Letter in fact given to Harris

'Dear Mr Harris,

In the event that the Australian Government or its representatives or nominees successfully negotiates the borrowing of overseas funds, introduced or arranged by you an appropriate commission would be paid to you or your nominees.

Yours faithfully,

J. F. Cairns
Deputy Prime Minister
and Treasurer'

- (d) That the terms of the letters which Dr Cairns had in fact given to Mr Harris were known to the Treasury when the Secretary of that Department sought advice from the Attorney-General's Department.
- (e) That the advice was sought without prior consultation between the then Treasurer and the Secretary of that Department and without the knowledge of the Prime Minister or of his Department.

5. The Secretary to the Department of the Prime Minister and Cabinet became first aware of the fact that advice had been sought on the night of 28 May 1975 during discussions with the Prime Minister, Mr Hayden and Sir Frederick Wheeler when Sir Frederick presented to you copies of legal advice that Sir Frederick had received from Mr Harders. There is no suggestion to the contrary.

6. Nor was it known within the Department of the Attorney-General at any time before the advice was given that part of either letter had been omitted. There is no suggestion to the contrary of Mr Harders' disclaimer of such knowledge for himself and his officers.

7. No question presently arises as to whether or not the three documents I have referred to above constitute all the documents given by Dr Cairns to Mr Harris. I mention this because of Mr Daniel's reference in his statement dated 9 June 1975 to a letter from Dr Davey, Minister (Financial) Australian High Commission, London dated 16 March 1975 and received in the Treasury on 2 April 1975. This letter is referred to on page 3 of Mr Daniel's statement which accompanies the letter to you from Sir Frederick Wheeler.

8. I turn now to the matters of fact which the documents reveal are, or maybe, the subject of dispute. The first of these is whether or not officers of the Department of the Treasury in Dr Cairns' office removed from the files there two of the three letters I have mentioned above. I think one should read Dr Cairns' reference to 'removed' letters as may be, to two of

the three in the light of his letter to you and the accompanying statements of Miss Bowden and Miss Morosi. These refer only to two letters although both dated 15 April 1975.

9. I do not think it safe to conclude from the documents given me that letters were removed by the officers of the Treasury. Mr Shann whilst admitting copying two denies removing any. The effect of Miss Morosi's and Miss Bowden's statements is that copies of two letters dated 15 April 1975 were placed in a filing tray kept for Dr Cairns' personal correspondence in Miss Morosi's office, that they were not seen by Miss Morosi after 15 April 1975 and that when she looked for them on Monday June 1 they were gone.

10. Mr Shann's note to the Secretary of the Treasury dated 13 April 1975 (set out in paragraph 16 hereof) implies that a photocopy only accompanied it. And while, perhaps his later note of the 9 May is consistent with his attaching to the note that copy of Dr Cairns' letter of 15 April 'which was on file in this office', paragraph 19 of his statement reads 'I placed the duplicate copies of both letters dated 15 April 1975 back with the material that was awaiting filing in the office. I did not remove them from the office. In fact I did not see them again and I assumed that they had been filed'.

11. Mr Harders' letter to you of the 14 June discusses in paragraph 20 his interview with Dr Cairns of the 2 June. He was then given copies of two documents which are Attachments G and H to his letter. Attachment H being (so Mr Harders was told) the text of a telegram that Mr Harris 'was sending' Dr Cairns that day from overseas, reads:

'Re your letter to me and our discussion in relation to them I wish to confirm that in all our discussions you made clear to me and I accepted and still accept that I was not an agent in any sense of yourself or the Australian Government and the letters were subject to this understanding.

Letter follows.'

12. Dr Cairns said that the letter to follow would confirm what was in the telegram and would be given to Dr Cairns on Mr Harris's return to Australia. Mr Harders then and on the basis that the telegram would be received by Dr Cairns and appropriately acknowledged told Dr Cairns that the situation appeared now to be different. Mr Harders goes on to say that Dr Cairns' statement (at page 3462 of Hansard) 'On being informed of this, Mr Harders told me that this made the situation different and, in his opinion, there was now no agency between Mr Harris and myself', was literally correct. Mr Harders says his intention was to convey to Dr Cairns that there would be no agency from the point at which the telegram had been received and acknowledged, but that he (Mr Harders) may not have made this clear to Dr Cairns.

13. Having given the text of a message left with Miss Morosi by him on 2 June (Dr Cairns not being immediately available), Mr Harders's letter concludes:

'23. In conclusion, I refer again to the paragraph not included in letter A. In his statement in the House of Representatives on 5 June Dr Cairns did not say or infer that he had mentioned to me on 2 June that a paragraph had been omitted. However, there have been suggestions in the press to the contrary. Dr Cairns did not in fact mention the missing paragraph on 2 June. I am sure that if I were to have an opportunity to discuss the matter with Dr Cairns he would agree that he did not say anything to me about a missing paragraph. The advice I gave accordingly had no regard to the paragraph in question. The text appears in Dr Cairns' letter dated 5 June to the Prime Minister and reads as follows:

'Recently I have been concerned that persons in Europe and elsewhere claim to represent the Australian

Government in negotiating loans. No such authority exists."

24. Having examined letter A afresh with this paragraph included, I come to the same conclusion as that stated in my memorandum of 28 May 1975 regarding the legal relationship, under that letter, between the Government and the person who received it. In other words, the legal conclusion, with regard to letter A, is not affected by the omission of the paragraph.'

14. I have set out the matter in the preceding three paragraphs because I have felt it fair to both Dr Cairns and Mr Harders to do so. I do not understand you to require of me my opinion on the legal conclusions expressed. Accordingly I have not ventured upon a consideration of the questions Mr Harders was called upon to answer.

15. I turn now to an examination of the documents so far as they bear upon the obtaining by the Department's officers of copies of the letter of 10 March 1975 and the commission letter dated 15 April 1975. The Department's account is that copies were taken of these documents and taken from files in Dr Cairns' office. The Department says that it did so pursuant to a procedure which, while not in terms embracing these letters, was understood by them to do so and, when fairly understood, in fact did so.

16. A copy of the letter of 10 March 1975 was sent by Mr Shann under cover of a letter to the Secretary dated 13 April 1975. This letter reads:

'Secretary,

I understand you have discussed this matter with the Treasurer. This letter was passed out to me for filing and in the circumstances I think you should be aware of it. While the letter is not stamped as having been signed by the Treasurer the imprint of his signature is visible on the filed copy and can be faintly seen on the photocopy.

Do you wish me to take any follow up action of any sort?

(Sgd) Ed Shann
13.4.75.'

(Photocopy annexed to Dr Cairns' letter to you.)

17. A copy of the commission letter of 15 April was sent by Mr Shann under cover of a letter addressed to the Secretary dated 6 May. This letter reads:

'The Secretary,

I attach for your information a copy of a letter dated 15 April which was on file in this office. I understand you have already seen a copy of a letter of the same date headed to whom it may concern.

(Sgd) Ed Shann
6/5.'

(Photocopy annexed to Dr Cairns' letter to you.)

18. As this last letter suggests, the Department already had a copy of the other letter dated 15 April. The text of that letter had been read by Sir John Bunting to Sir Frederick Wheeler during a phone call made to Sir John on the evening of 22 April last. A confirming copy was sent from London to Sydney and reached Sir Frederick Wheeler's office on 29 April. (Sir Frederick Wheeler's letter to you, page 2.)

19. The procedure I have earlier mentioned, so far as applicable to Mr Shann's actions, is stated by him as follows:

(A) 'It is also an important duty of the responsible staff member to handle papers relating to the Treasurer's capacity as Chairman of the Loan Council, Chairman of the National Debt Commission, Governor of the International Monetary Fund, Governor of the Asian Development Bank, and any other such capacities in which he is involved. The normal requirement is for all

material coming to the Treasurer in these capacities to be forwarded to the Department for the provision of advice to the Treasurer and any other necessary action.

It is also the responsibility of the relevant staff member to inform the Department of the Treasurer's reactions to material, pertaining to the portfolio, that is submitted to him. Such material includes inward correspondence shown to the Treasurer, letters prepared for his signature and Departmental minutes. It is necessary to inform the Department of the decisions, actions and requirements of the Treasurer in matters pertaining to his portfolio to ensure that they are implemented and fulfilled, and also so that the Department is in a position to provide advice to the Treasurer should it consider it appropriate to do so.'

(Part of paragraph 3 of Mr Shann's statement—Sir Frederick Wheeler's letter—second attachment.)

(B) 'I often received documents from the Treasurer that he had marked for file. I was never instructed that any such documents or copies of them should not be sent to the Department. I therefore exercised by own judgment about how the documents should be dealt with. If I felt that they were of no relevance to the Department, I would file them in the office without sending the Department a copy. In other cases I would send the Department either the original document for filing, or a copy if the original document was being held in the Treasurer's office. The basis on which I determined whether the document or a copy of it should be sent to the Department was whether the matter that was the subject of the document was a matter pertaining to the Treasurer's portfolio and on which the Department needed to be kept informed or might wish to advise the Treasurer.'

(Paragraph 6 of Mr Shann's statement—see above.)

20. In addition Mr Shann says (paragraph 9 of his statement) that he was aware of procedures 'for automatic referral to senior Treasury officers' set out in three documents the contents of which he quotes. These are a Note for File dated 12 January 1975, a minute dated 3 April 1975 annotated 'Yes' and signed by Dr Cairns on 6 April last and a further minute dated 8 April 1975 submitted to Dr Cairns and signed and annotated by him on 15 April 1975 (two days after Mr Shann had sent to Treasury the copy of the Dr Cairns' first letter).

21. The Note for File contains the statement that a Mr Freney (Private Secretary to the Treasurer from December 1972 to early March 1975—page 1 of Mr Shann's statement) said that the Treasurer had agreed that approaches by people claiming to be able to arrange overseas loans for the Government should be referred automatically to senior Treasury officers; the first minute contains a similar suggestion in relation to further approaches by a named person or his associates. Mr Harris is not the named person.

22. The second minute (that annotated by Dr Cairns on 15 April 1975—the day he gave to Mr Harris the two letters bearing that date) contains the suggestion that Dr Cairns might consider it more appropriate that further approaches from a named 'group of agents and any others having had direct dealings with' the then Treasurer which had not come to Departmental notice should be referred to the Department 'for follow up action and advice'. Dr Cairns' annotation is 'No authority is to be given to any person in matters of this kind. We can receive information about available funds from anyone and act on it if it is sound and of value'.

23. The second paragraph of Sir Frederick Wheeler's letter to you refers to Dr Cairns signing a letter to Mr Harris apparently on or shortly after 31 December 1974 in which it was suggested that should Mr Harris seek to be more fully

informed of procedural requirements applying to proposals for overseas borrowings, he might like to get in touch with Mr Daniel or Mr A. P. Bailey of the Treasury (page 2 of Mr Daniel's statement of 9 June 1975). In addition an interview took place between the Secretary and other officers and the Treasurer on 3 April 1975. This interview was sought following receipt by the Treasurer of a letter dated 26 March 1975 from Dr Davey of the Australian High Commission, London. An account of what there transpired is given on pages 3 (last paragraph) to page 4 (top) of Mr Daniel's statement of 9 June 1975. If correct, it establishes that Mr Harris had approached Morgan Grenfell armed with a photocopy of a letter signed by Dr Cairns authorising him to seek out funds for the Australian Government and containing an undertaking to pay commission of 2½ per cent if, as a result of Harris's efforts successful negotiations were carried out. (This letter, if it exists, must be additional to those of 10 March and 15 April 1975.) Sir Frederick says he suggested to Dr Cairns that Mr Harris's credentials should be withdrawn and understood that the matter would be ended.

24. An interview said by Mr Daniels and Mr Garrett to have taken place with Dr Cairns on 3 June 1975 (their statement of 10 June 1975) suggests that Dr Cairns took the view that the procedures I have mentioned did not warrant copies of his letters being taken by the Department. In view of Dr Cairns' annotation dated 15 April to the minute referred to in paragraph 22 above this is understandable. However, the documents I have examined do not, I think, support a conclusion that those taking or receiving those copies did so acting consciously outside those procedures nor that they believed that those procedures did not in fact extend to authorise their actions.

25. I turn lastly to what is after all the crucial question—the seeking, and obtaining of Mr Harders' opinion. The Department of the Treasury neither sought the opinion of, nor consulted with, either Law Officer of the Crown. Nor did Mr Harders, before delivery of his opinion, mention the matter to them. He has given in paragraph 11 of his letter to you his reasons for adopting this course. I do not see in them any ground for criticism and none has been offered.

26. In his letter to you Sir Frederick Wheeler says—

'On 2 May 1975, I decided to seek legal advice from the Attorney-General's Department on the "To Whom It May Concern" letter of 15 April 1975. Dr Cairns' attitude was that there was nothing to worry about. However, it was not clear to me whether or not the letter could involve the Government legally in an unwarranted liability. I judged it would be prudent to obtain legal advice before deciding whether to press the matter further. I also decided that the request for legal advice should be effected in a hypothetical manner in order to maintain confidentiality. The memorandum to the Attorney-General's Department prepared in pursuance of my decision and signed by Mr Prowse on 6 May 1975 also covered in a hypothetical way the second letter of 15 April 1975 addressed to Mr Harris which came under notice on 6 May 1975. Details of these steps are given in Mr Prowse's statement of 8 June 1975.'

27. Mr Prowse's statement sets out a minute 'put to' the Secretary on 2 May by him in which he says of the text of the 'To Whom It May Concern' letter of 15 April that it could be construed as constituting an agency agreement leaving the Australian Government liable to 'pay expenses incurred by Mr Harris whether or not he is instrumental in obtaining loan funds'. Mr Prowse was First Assistant Secretary, Revenue, Loans and Investment Division.

28. On the same day the Secretary approved a minute by Mr Daniel which suggested that a possible course of action was to ask the Attorney-General's for advice whether, if a

letter along certain lines were to be given to an outside person, it could be construed as an agency agreement. He concluded 'The lines could be as per the letter received by Mr Harris, but without any explicit reference to it'. Mr Daniel was Deputy Secretary (Supply and General).

29. The Treasury letter seeking advice is dated 6 May 1975. A copy is Attachment A to Mr Harders' letter to you. Omitting formal introductory matter (including a reference to subject matter), its first sentence is: 'Your urgent advice is sought whether letters along the lines which follow, if given to a private individual by a Minister including the Treasurer, could be construed as constituting, or liable to constitute, a form of agency agreement between the bearer and the Government'. A further opinion is sought in the remaining sentence of that paragraph. Obviously the sentence I have quoted asks the reader to envisage the possibility of the Treasurer in the administration of his Department handing letters 'along the lines which follow' to private individuals. Thus the advice is sought as to a legal consequence or consequences attendant upon the Minister's discharge of his constitutional duties. It is sought not by him but by his Department.

30. I have set out in paragraph 4 the texts respectively of the hypothetical letters on which advice was sought and those given. And I have mentioned that the texts of the real letters were known to those seeking the advice. Sir Frederick Wheeler makes this clear as to the 'To Whom It May Concern' letter in the third full paragraph on page 2 of his letter to you and as to the 'commission' letter in the third full paragraph on page 3. The point I wish to make is that the texts of the two letters of 15 April are explicitly and openly disclosed by him.

31. The letters submitted to the Attorney-General's Department differ from those then in the Treasury's possession in a number of respects. Thus, for example, the words in the 'commission' letter 'introduced or arranged by you' following and qualifying 'overseas funds' are omitted from Letter B. The result is a promise to pay commission 'In the event that the Australian Government or its representatives or nominees successfully negotiates' an overseas borrowing however arranged. Whether a Court would so construe the promise I take leave to doubt. But that omission no doubt prompted the observation in Mr Harders' advice (paragraph 8) 'Letter B is not in terms limited to borrowing facilitated by the recipient's enquiries and recommendations of the kind referred to in Letter A'. The actual letter was.

32. Again, from Letter A were omitted not only the first two sentences, but also the words 'and the funds are in amounts sufficient for our needs' appearing in the actual letter immediately before 'I would be pleased to take the matter up'. The words last quoted appear in Letter A as 'the Government would be pleased to take the matter up'. The sentence in the 'To Whom It May Concern' letter, 'The Australian Government is interested in borrowing on favourable conditions and should any person be able to assist us, we would be glad to hear from him' appears in Letter A as 'The Australian Government is interested in borrowing on favourable terms and conditions and should any person or company be able to assist the Government in this way it would be pleased to receive such advice'.

33. There are a number of other differences between the texts; for example 'for me' in the actual 'To Whom It May Concern' letter appears in Letter A as 'on my behalf' in each as relating to the making of enquiries. There is a different paragraph arrangement. But these differences do not seem significant.

34. I do not think it unfair to say that the result of the differences between the letters is to give to those hypothetical letters upon which advice was sought a more formal cast than the originals bear. I do not myself think those

differences affect the conclusion that by those letters (standing alone) Mr Harris was clothed with an authority to make enquiries. They could, however, bear upon the result should oral evidence be admissible.

35. I would wish also to indicate that the documents I have at your request examined do not show that Sir Frederick Wheeler or his officers were consciously aware that the conclusion I have expressed in the preceding paragraph could be drawn. And I should add that different minds may well draw different conclusions.

36. I have quoted Sir Frederick's reason for submitting to Mr Harders the letters in form which they took. I should add that on 13th May last, as both Mr Harders and he state in their letters to you, a discussion took place upon the desirability of informing Ministers before obtaining legal opinions such as the present. Sir Frederick, while conceding that a contrary view was maintainable, adhered to his own.

37. I understand you desire my opinion on the legal questions raised by the documents you gave. I do not think that the Treasury's action in seeking and obtaining the opinion is consistent with responsible government and the implications to which it gives rise.

38. Section 64 of the Constitution provides that 'The Governor-General may appoint officers to administer such departments of State as the Governor-General in Council may establish'. Such officers 'shall be the Queen's Ministers of State for the Commonwealth'.

39. The elected representatives of the people are those upon whom the duty to administer the departments is imposed by the Constitution. That duty subsists while they hold office. It may not be renounced except in accordance with the Constitution, nor may it except in that way be taken away. Section 67 provides, so far as relevant, that 'Until Parliament otherwise provides, the appointment and removal of all other officers of the Executive Government of the Commonwealth' shall be vested in the Governor-General in Council. That is, all officers other than the Queen's Ministers of State appointed to administer the departments of State.

40. Each Minister of State in relation to his own Department is the person through whom the Executive Government acts.

'Under our system of government the Minister of State is not merely a member of the Executive Council upon whose advice the power to prohibit is exercisable; he is that member through whom in matters of customs the Executive Government acts. The reservation of the so-called dispensing power amounts to a reservation to the Executive Government itself, which enables it to deal with the importation of the goods by particular order or direction instead of by uniform rule: *'Radio Corporation Pty Ltd. v. The Commonwealth'* (1938) 59 C.L.R. 170 at 192 (per Dixon and Evatt J. J.)'

41. It is in this context that section 25 (2) of the Public Service Act operates. It provides—

'25. (2) The Permanent Head of a Department shall be responsible for its general working, and for all the business thereof, and shall advise the Minister in all matters relating to the Department.'

The sub-section, in my view, imposes upon the Permanent Head the obligation to attend to the general working of the Department of which the Minister is the constitutional administrator and that of advising the Minister in all matters relating to it.

42. But as between Minister and Permanent Head the latter is the subordinate.

43. This is not an unusual or novel view. In an opinion given in January 1944 the then Attorney-General, Dr H. V. Evatt, said:

'It is, however, important to observe that Section 25 (2) must be read subject to the fundamental and overriding principle that the constitutional head of a department of the executive government of the Commonwealth is the Minister of State administering that department (Commonwealth Constitution, section 64), and it is the Minister at the head of the department who is responsible, subject to the Cabinet and to Parliament, for that department (Cabinet Government by Dr W. Ivor Jennings pp.88 and 89) . . .

The true position is that section 25 (2) is intended as a general definition of the responsibility of a Permanent Head, but it must be read with the qualification that the responsibility is subject to the higher responsibility of the Minister and must be exercised subject to the Minister's direction and control. So construed, section 25 (2) conforms to the undoubted constitutional position, and subject to that qualification it stands as part of the statute law of the Commonwealth . . .

So far, I have addressed myself to consideration of section 25 (2) of the Commonwealth Public Service Act from the strictly legal aspect, but to stop there would leave consideration of the section incomplete. The point now to note is that the section must be read so as to harmonise with the practical working of our system of Government. Therefore, although the section has the force of law as regards the internal organisation of Departments of the Public Service, it is, in relation to the Government, really an administrative provision and does not operate as a legal limitation on the Minister in the execution of his responsibility as head of the department.

Dr Jennings, whose views on Constitutional Law and Practice have considerable academic weight, discussing in the work referred to the relations between Ministers and Civil Servants, has this to say (at page 96):

"The problem of a Prime Minister in time of war is more difficult than that of any ordinary Minister in time of peace. Questions which depend on expertise are usually settled by experts. In any Department there must be a substantial measure of delegation; questions which come to the Minister are usually of some political importance; and upon them his own opinion is better than that of his advisers. Moreover, the Minister, as at his hand the services of his Permanent Head of his Department, who is not (except by accident) a specialist in anything, but is the general adviser to the Minister, and general manager and controller under the Minister, with the ultimate responsibility to the Minister for all the activities of the Department (and of its officials)'—from a memorandum by Sir Warren Fisher (Permanent Secretary to the Treasury): Royal Commission on the Civil Service (1929), Minutes of Evidence, page 1272 . . .

'Sometimes, it is true, the Permanent Head acts as a selective filter which allows to pass only those things of which it approves. Yet a strong Minister can always open up the stream. Mr Lloyd George has stated his own practice.

'I have never taken the view that the head of a Government Department is forbidden by any rule of honour or etiquette from sending for any person either inside or outside his office, whatever his rank, to seek enlightenment on any subject affecting his administration. . . . Lloyd George, War Memoirs, III, pp. 1171-2.'

These comments of Dr Jennings are illustrative of what the responsibility of the Minister in a Service department means in terms of the actual exercise of authority. More direct evidence of illustration of the same

point, showing the breadth and decisiveness of the authority that is exercisable, and validly exercisable, by the Minister, is available in the recorded experience of the late Lord Haldane, himself a profound constitutional lawyer, when he administered the War Office as Secretary of State for War, 1905-1912 (R. B. Haldane, *Autobiography* pp.183-207 and pp.288 and 289; see also *Public Administration* Vol. 6 (1928), articles by Rt. Hon. Viscount Grey of Fallodon and Sir Charles Harris at pp. 332 to 349).

So, here, precise definition of the responsibilities and powers of the Permanent Head of a Service Department, and particularly the Permanent Head of the Department of the Army, or adjustments of those responsibilities and powers relatively to other persons including the Commander-in-Chief, are, in my opinion, matters for the decision of the Minister of the Department, subject, of course, to the concurrence of other Ministers who may be concerned, or the approval of the Cabinet, where circumstances make such concurrence or approval advisable. In my opinion, section 25 (2) of the Commonwealth Public Service Act is no bar to exercise by the Minister of his authority in this matter.

There is thus no need, because of the controversy to which this correspondence has given rise, to seek an amendment of that section. It is in the same terms as section 12 (2) of the original Act of 1902, and I find that, when the Bill for the latter Act was introduced by Sir William Lyne (Minister for Home Affairs), he said of the clause which became section 12 (2) 'Now I come to the internal administration of the different departments. The administration is to be conferred upon the permanent head The clause does not mean that the permanent head is to be allowed to do exactly as he likes. The Minister must look to see that the work of the permanent head is properly done. I have inserted the clause after the experience I have had of the public service of New South Wales. We have sometimes had the head of the department fighting with the (Public Service) Commissioners and feeling that he has been oppressed by them. We could not have the work done as it should be done under such conditions'. (*Parliamentary Debates* Vol. 1, p. 1083). Section 25 (2) as it stands, therefore, is a long standing provision, it is a part of the established administrative pattern, and, as will be clear from what I have already said, it consists with constitutional principle and usage and is not a legal limitation upon the Minister in his direction and control of administration.'

44. Article 31 of the Draft Code of Ethics for Public Servants ((1965) *Public Administration* p. 197) might perhaps have provided by analogy a useful guide to the Treasury. It was not resorted to. Nor were the suggestions made in an article by Professor Parker published in 1965 in '*Decisions*' p. 201. Paragraphs 2 and 3 at pp. 219-220 provide:

'2. An official within a Ministerial Department, unless given some statutory independence as above, should remain, in his official acts, neutral, anonymous, and loyal to the Minister, excepting only where the Minister, despite official dissent and warnings, seems deliberately to be pursuing a course involving either departmental inconsistency and favouritism in the treatment of individual citizens, or outright corruption, or bringing the Department and its officials into disrepute. Any departure from conventional loyalty should only be taken after:

- (a) checking, within reason, that there is *prima facie* evidence of grounds for disquiet about the Minister;

- (b) discussing this disquiet directly with the Minister himself.

3. Then, to have reasonable hopes of getting something done or allaying his own suspicions, he might properly:

- (a) consult the Solicitor-General, with a view to investigation of the facts and, if necessary, advice to the Attorney-General to take legal action (if this convention has decayed in Australia there is a case for reviving something like it); or—
- (b) consult the Public Service Board or Commissioner; or
- (c) take his complaints to the Premier (Prime Minister); or—
- (d) resign and make public charges.'

45. The necessity of consultation with the Minister or the Queen's First Minister of State before obtaining the legal opinion here sought may be simply stated. The documents on which the opinion was sought were different from those in fact given. The need to preserve confidentiality is asserted as the reason for that difference. Yet that need existed, or was thought to exist, solely because the opinion was sought without the knowledge of the Minister or Prime Minister. The value of an opinion so sought and given would normally be minimal. And yet important decisions might be taken upon its assumed coincidence with the facts. That such may not have been the case here is accidental.

46. An example may perhaps clarify what I have laboured, I fear at undue length, to say. Suppose the Secretary's immediate subordinate to have sought, without his superior's knowledge, an opinion as to documents given or signed in performance of his duties by the Secretary. And suppose, further, those documents, because of a need to preserve confidentiality, to differ from the ones given. And that, an opinion obtained, it was then (with whatever justification) disclosed, without prior notification to the Permanent Head. And then down the line.

47. I should have thought such behaviour inconsistent with the Public Service Act. It is so because departures from that loyalty the Act postulates are by its provisions attended with penalty.

48. I summarise the conclusions I have reached upon the documents you have asked me to examine, as follows:

- (a) I do not think those documents enable me safely to conclude that copies on the Treasurer's file of the letters signed by him and dated 10 March, 1975 and either of the letters dated 15 April 1975 were removed from his files by officers of the Department of the Treasury.
- (b) Officers of the Treasury did make copies of the letters dated 10 March, 1975 and the commission letter dated 15 April, 1975 from the duplicate copies on the Treasurer's files.
- (c) The Treasury received a copy of the 'To Whom It May Concern' letter dated 15 April, 1975 from London.
- (d) I do not feel able to conclude from the documents you gave me that the copies mentioned in B above were made by officers of the Treasury otherwise than under the belief that they were entitled to do so.
- (e) I do not feel able to conclude from the documents you gave me that copies of the letters referred to in B above were received in the Treasury otherwise than under the belief that those receiving them were entitled to do so.

- (f) The action of the Treasury in seeking and obtaining from the Secretary to the Department of the Attorney-General legal advice of the nature and in the circumstances mentioned in Sir Frederick Wheeler's letter to you of 11 June, 1975 was unjustifiable.
- (g) The Department of the Attorney-General was justified in giving the advice sought.
- (h) The Department of the Prime Minister and Cabinet was made aware that advice had been sought and obtained by the Department of the Treasury from the Department of the Attorney-General on the night of 28 May, 1975 and not before.
- (i) Those officials of the Department of the Treasury on the staff of the present Treasurer who had worked for Dr Cairns while he was Treasurer were not aware of the action of the Treasury in seeking and obtaining the advice mentioned above.

20 June, 1975

M. H. Byers

Department of Foreign Affairs
INWARD CABLEGRAM

Australian Government loan proposal.

For Treasury from McLaughlin, New York for Bailey.

Genena today passed us copies of documents relating to Ivor B. Clark's dealings with Mr George Harris in connection with a borrowing by the Australian Government.

2. The authority produced by Harris was as follows:

(a) A letter dated 7 March 1975 to 'Alco International Pty Ltd, 6 Southam Court, Bulleen Victoria. Attention: Mr George Harris

'Dear Sir,

The Australian Government is interested in exploring available loan funds from overseas. In the event of a successful negotiation which may be introduced or arranged by you, and provided the interest rate for a term loan does not exceed eight per cent per annum in total, we would be prepared to pay a once only brokerage fee of two and a half per cent deducted at the source to you and/or your nominees.

'We would need to be satisfied about the sources of the funds and the size of the loan would have to be appropriate to our needs.

Your sincerely,

(J. F. Cairns)'

(b) A note (no addressee) dated 10 March 1975 on official letter head stating:

'The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.

(J. F. Cairns)'

(c) The following pro-forma letters of introduction:

(I) 'The bearer of this credential, Mr George Henry Harris a resident of the State of Victoria is proceeding on a visit overseas.

'Any facilities or courtesies which may be accorded him will be appreciated by this Government.

R. J. Hamer
Premier of Victoria

Department of the Premier
Melbourne, Australia 23rd December, 1974'

(II) 'Canberra
6 December 1974

'Any facilities or courtesies you may be able to extend Mr George Harris of Melbourne, Victoria while absent from Australia will be appreciated.

E. G. Whitlam
Prime Minister'

3. Genena provided a somewhat fuller explanation of Clark's dealings with Harris than previously. He said Clark's had been puzzled from the beginning by the fact that Harris's letter of authority mentioned a brokerage fee of two and a half per cent, which he said is at least double that usually required of a borrower of Australia's standing. Nonetheless, after Harris's initial introduction to Clark's by the Emigrant Savings Bank a meeting was arranged 14 March 1975 by Clark's with the following list of participants:

Mr William R. White, executive vice president and chief legal counsel, Emigrant Savings Bank, professor of law, Fordham University

Mr Peter Rogers, Australia

Mr Robert Cohen, Australia

Mr Anthony Fensore

Dr Gerard V. Korda, Managing Director, Commerce International Co.

Mr Harris

Ambassador Marion H. Smoak, Consultant, Ivor B. Clark Co.

Mr Elliot D. Kocen, Vice President, Ivor B. Clark Co.

Mr O. H. Genena, Vice President, Ivor B. Clark Co.

4. According to Genena, Harris told the meeting that the letter of authority could be taken as authorising him to seek loan funds for the Australian Government up to dollars 4 billion. However, the Government's immediate needs were not as great as that and after some discussion it was decided that Clark's would explore the prospects of arranging a loan of dollars 1 billion.

5. Subsequent to that meeting Harris signed as 'Accepted' the following letter dated 15 March 1975 to him from Mr White of the Emigrant Savings Bank:

'Mr George H. Harris,
6 Southam Court,
Bulleen 3105, Victoria, Australia

Dear Mr Harris,

In consideration of our introducing to you (directly or indirectly) a lender of funds, you agree:

(i) You have a letter authorizing you to designate parties to receive compensation for their efforts in connection with a loan if consummated with the Government of Australia.

(ii) If any loan is made (directly or indirectly) by any such lender to the Government of Australia or to any agency or instrumentality thereof, you will designate the parties named below to receive, at the settlement of such loan, the percentages, set opposite their names, of the total amount of brokerage, commission and discount connected with said loan:

(a) Alco International Pty Ltd, 45.0 per cent

(b) Anthony C. Fensore, Gerard V. Korda and William R. White, 18.5 per cent

(c) Ivor B. Clark and Co. and their associate bankers and brokers, 36.5 per cent

(iii) said payments shall be in full for all their efforts and expenses. If any future loan is negotiated from such lender, introduced by us (directly or indirectly) with the Australian Government or any agency instrumentality thereof and if said Alco International Pty Limited or George H. Harris or

Leslie Nagy shall receive (directly or indirectly) any brokerage or compensation, there shall be the same division of said total amount of brokerage, commissions and discount.

Very truly yours,

William R. White

Accepted: Alco International Pty Limited
by G. H. Harris
Anthony C. Fensore, Gerard V. Korda and
William R. White by William R. White'

4. A meeting was subsequently set up in London on 20 March 1975 between Harris, a Mr Velous (who Harris introduced as his 'London partner') and a Mr Nagy on the one hand and directors of Morgan Grenfell on the other. The meeting took place after the following exchange of messages between Clark's and P. Murray-Jones' who apparently represent Clark's in London from time to time.

From Murray-Jones' to Clark's:

'Before we approach London merchant bank in connection with large loan discussed yesterday we would appreciate immediate telex message setting out in detail steps which you have taken to ensure authenticity of the introducing agents and of their written credentials. Regards Jack Cox.'

From Clark's to Murray-Jones Ltd. 18 March:

'In response to your telex Feb. 18 Ambassador Marion Smoak of our staff and formerly Chief of Protocol for U.S. State Department has examined documentation carried by Mr George Henry Harris on our request for verification. It is his opinion that the seals and letterheads on said documentation are genuine and said documentation is signed by the necessary and correct Australian official. Regards Genena.'

From Murray-Jones to Clark's 19 March:

'Meeting arranged for Harris and Nagy to meet two banking directors of Morgan Grenfell at 3.30 p.m. tomorrow Thursday. Their credibility is not now in question. The difficulty is likely to be competition on the rate from other sources contacted by these two and by Cairns. Will keep you fully informed. Regards Jack Cox.'

5. Genena said that at the London meeting Morgan Grenfell's had told Harris they doubted whether the loan funds sought could be had anywhere at the interest rate specified. They had nevertheless undertaken to sound out their sources in both the traditional capital markets and in the Middle East. Genena said he will provide us with a copy of a letter from Morgan Grenfell (subject to Morgan's concurrence) to Harris setting out the results of Morgan's soundings—which apparently confirms the opinion they expressed at the London meeting but leaves open the possibility of a smaller financing.

6. Genena said that since the meeting in London Morgan's and Clark's had found it difficult to maintain contact with Harris. They had, however, received considerable 'feedback from the market' to the effect that Harris had approached other possible sources in Europe—mainly, according to the feedback, sources outside established banking circles. In spite of learning of these other approaches, which Genena said had struck not only them but also the 'established market generally' as somewhat 'unorthodox' behaviour, Clark's had proceeded on the basis that the Australian Government was still interested in arranging a loan through them. Hence his enquiry of last Friday. I told Genena that the matter was under consideration in Canberra. He will, in the next few days, be furnishing us with Clark's references.

7. By way of background it appears Ivor B. Clark's is controlled and operated by one Ivor B. Clark. It has offices in New York, Washington, Los Angeles, Houston, Baltimore,

Atlanta and Dallas. It is primarily a real estate investment broker and is not part of the established New York investment banking community.

8. It should also be noted that a Mr Peter Rogers appears to have been mentioned previously in a similar connection.

Prime Minister

Foreign Minister

Treasurer

Sir Frederick Wheeler

Mr Rowland

Mr Menadue

Mr Harders

EMBASSY OF AUSTRALIA

10 June 1975

Dear Bert,

AUSTRALIAN GOVERNMENT LOAN PROPOSAL

Attached hereto is a full set of the papers passed to me by Mr C. H. Genena of Ivor B. Clark Companies, most of which are incorporated in WH. 19786.

2. Also enclosed is a brochure on Clarks, Genena left with me.

Kind regards.

Yours sincerely,
P. A. McLAUGHLIN
First Secretary (Financial)

Mr A. R. G. Prowse,
First Assistant Secretary,
Revenue, Loans & Investment Division,
Department of the Treasury,
Canberra. A.C.T. 2600

c.c. Mr R. Daniel; Mr J. D. Moore

TREASURER
Parliament House
Canberra 2600
7 March 1975

Alco International Pty Ltd,
6 Southam Court,
BULLEEN. Vic. 3105.

Attention: Mr George Harris

Dear Sir,

The Australian Government is interested in exploring available loan funds from overseas. In the event of a successful negotiation which may be introduced or arranged by you, and provided the interest rate for a term loan does not exceed 8 per cent per annum in total, we would be prepared to pay a once only brokerage fee of 2½ per cent deducted at the source to you and/or your nominees.

We would need to be satisfied about the sources of the funds and the size of the loan would have to be appropriate to our needs.

Yours sincerely,
J. F. CAIRNS

COMMONWEALTH OF AUSTRALIA

TREASURER
PARLIAMENT HOUSE
CANBERRA 2600

The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.

J. F. Cairns
10 March 1975.

SECRET

CANBERRA
6 December 1974

Any facilities or courtesies you may be able to extend

MR GEORGE HARRIS

OF

MELBOURNE, VICTORIA

while absent from Australia will be appreciated

E. G. WHITLAM
Prime Minister

Signature of Bearer
G. Harris

Mr George Henry Harris
a resident of the State of Victoria is proceeding on a visit overseas.
Any facilities or courtesies which may be accorded him will be appreciated by this Government.
R. Hamer
Premier of Victoria
Department of the Premier
Melbourne, Australia
23 December 1974

Signature: G. Harris

Attending 3.14.75—11 a.m.

Mr William R. White, Executive Vice President & Chief
Legal Counsel Emigrant Savings Bank
Professor of Law, Fordham University

Peter Rogers, Australia

Robert Cohen, Australia

Antony Fensore

Dr Gerard V. Korda, Managing Director, Commerce
International Co.

Mr Harris

Ambassador Marion H. Smoak, Consultant, Ivor B. Clark
Co.

Elliot D. Kocen, Vice President, Ivor B. Clark Co.

O. H. Genena, Vice President, Ivor B. Clark Co.

Loan Request

How repaid dollar amount
term
interest limit
in what currency
how guaranteed

2. Is there a request to include any particular banks as part of the loan application?
3. Are there any countries not welcome in a loan syndication?

4. Could the request be made through the Australian Embassy in Washington, D. C. directly to the Ivor B. Clark Co. with written mandate?
5. Who is designated as responsible for detailed day-to-day work on the prospective loan.
6. Have any state agencies (Australian or U.S., banks or investment bankers other than those on the line been requested to assist before contact with us today?
7. Is this loan to be kept out of the financial news?

14 March 1975

Mr Anthony C. Fensore
Mr Gerard V. Korda
Mr William R. White
New York, New York

Gentlemen:

In consideration of your introducing to us directly or indirectly Mr George Henry Harris in his capacity as representative of the Australian Government, we agree as follows:

With respect to any loan hereafter made directly or indirectly by any lender supplied by ourselves to the Government of Australia or to any agency or instrumentality thereof in which we or any person, firm or corporation associated with us is involved, the persons named below shall receive on the closing of such loan the percentages set opposite their names of the total amount of all commissions, profits and discounts:

Ivor B. Clark Company, Inc.—36½ per cent

Anthony C. Fensore, Gerard V. Korda and William R. White—18½ per cent

The foregoing shall also apply where the borrower is a person, firm or corporation designated by said Government or any agency or instrumentality thereof.

It is the intent of this letter that this agreement shall apply only to those situations with the Australian Government or any agency or instrumentality thereof arrived at through Mr George Harris, Mr Peter Rogers, or Mr Robert Cohen and any persons associated with them and that this agreement shall endure for a period of five years.

We will furnish you with all information as to the progress of all negotiations respecting such loans, addressing it to William R. White, 58, 42 Street, New York City, New York.

Very truly yours,
Ivor B. Clark Company, Inc.

By O. H. GENENA

Agreed and Accepted:

Anthony C. Fensore
Gerard V. Korda
William R. White

16 March 1975

This confirms you will receive 36½ percent of total commission received by us in relation to any loan arranged by you for Australian Government.

George Harris

P. Murray Jones Ltd
Attention R. Genena
Interjon for Ivor Clark

Before we approach London Merchant Bank in connection with large loan discussed yesterday we would appreciate immediate telex message setting out in detail steps which you have taken to ensure authenticity of the introducing agents and of their written credentials.

Regards
Jack Cox

Attention: Mr Jack Cox
P. Murray-Jones

In response to your telex Feb. 18 Ambassador Marion Smoak of our staff and formerly Chief of Protocol for U.S. State Department has examined documentation carried by Mr George Henry Harris on our request for verification. It is his opinion that the seals and letterheads on said documentation are genuine and said documentation is signed by the necessary and correct Australian official.

Regards
Genena

P. Murray-Jones Ltd
19.3.75

Attention R. Genena
Interjohn for Ivor Clark

Meeting arranged for Harris and Nagy to meet two banking directors of Morgan Grenfell at 3.30 p.m. tomorrow Thursday. Their credibility is not now in question. The difficulty is likely to be competition on the rate from other sources contacted by these two and by Cairns.

Will keep you fully informed.

Regards
Jack Cox

Dear Mr Genena

Please phone me if any questions.

Best wishes
Bill White

Mr George G. Harris
6 Southam Court, Bulleen 3105
Victoria, Australia

3.15.75

Dear Mr Harris

In consideration of our introducing to you (direct or indirectly) a lender of funds, you agree:

(i) You have a letter authorising you to designate parties to receive compensation for the efforts in connection with a loan if consummated with the Government of Australia.

(ii) If any loan is made (directly or indirectly) by any such lender to the Government of Australia or to any agency or instrumentality thereof, you will designate the parties named below to receive, at the settlement of such loan, the percentages, set opposite their names, of the total amount of brokerage, commissions and discount connected with said loan:

- (a) Alco International Pty Limited—45 per cent
- (b) Anthony C. Fensore, Gerard V. Korda and William R. White—18.5 per cent
- (c) Ivor B. Clark Co. and their associate bankers and brokers—36.5 per cent

Said payments shall be in full for all their efforts and expenses.

(iii) If any future loan is negotiated from such lender, introduced by us (directly or indirectly) with the Australian Government or any agency or instrumentality thereof and if said Alco International Pty Limited or George G. Harris or Leslie Nagy shall receive (directly or indirectly) any brokerage or compensation, there shall be the same division of said total amount of brokerage, commissions and discount.

Very truly yours,

Accepted:
Alco International Pty Limited
Anthony C. Fensore, Gerard V. Korda,
William R. White.

WILLIAM R. WHITE

Counsellor at Law
6 East 42nd Street,
New York, N.Y. 10017

March 20, 1975

Ivor B. Clark Co.
Investment Building,
1511 'K' Street, N.W.
Washington, D.C. 20005

Att: Mr Genena

Gentlemen:

Enclosed is a copy of a contract with George G. Harris the representative of the Government of Australia. It refers to a letter of authorisation which was exhibited to you in Washington by Mr Harris.

I regret that the contract was not typed but we met Mr Harris when all offices were closed on Saturday and he was rushing off to England.

The contract requires the payment to your firm indicated in it and you are a third party beneficiary under the contract so that you have all rights to enforce it even though you have not signed the contract.

I appreciate all your efforts in this matter. If I can be of any assistance, please call on me.

Very truly yours,
William R. White

P. Murray Jones Ltd
15.5.75

Interjohn for Ivorclark
Attention Harry Genena

Velous is returning today from Zurich and he will ring me today or tomorrow. I will ask him to ring you at once. His London number is 436-4201 and his Zurich number is 8027. Have today posted to you copy of letter from Morgan Grenfell to Harris

Regards,
Jack Cox

Attention H. Genena

Interjohn for Ivorclark. Cannot raise you on the telephone please ring me at home on 0734-348132 after 8 p.m. this evening. Meeting satisfactory but a very long way to go yet.

Regards,
Jack Cox.

Please acknowledge receipt of this message thank you.

MINISTER FOR ENVIRONMENT

Parliament House
Canberra, A.C.T. 2600
25 Jun 1975

Mr John Menadue,
Secretary to the Prime Minister,
Office of the Prime Minister,
Parliament House,
Canberra, A.C.T. 2600

Dear John,

Thanks for the documents relative to George Harris and Ivor B. Clarke Companies and others. Each of the letters given to Mr Harris have been returned to me and have been destroyed to prevent any possible misuse.

Harris brought to an end in April his relations with Ivor B. Clarke Companies and the others. You will notice that all supposed arrangements were dependent upon a loan being accepted. I rejected the proposals made by Harris in April and he notified the parties accordingly.

Enclosed are copies of two letters which have relevance to these points.

Yours sincerely,
J. F. Cairns

Phone: 850 7117

6 Southam Court,
Bulleen, 3105,
Victoria, Australia
Frankfurt, 2.6.1975

Dr J. F. Cairns, P.H.D.
Deputy Prime Minister and
Treasurer
Parliament House
CANBERRA, A.C.T.
Australia

Dear Dr Cairns,

Further to my telex and cable earlier today I now wish to confirm and expand on their contents.

Early this year I had several discussions with you regarding my intention to investigate the possibility of obtaining private funds from overseas for potential corporate borrowers in Australia.

Following a visit to the United States and Europe in March I informed you that I had located reputable private sources for loans of up to \$10,000,000 and told you that I believed that much larger loans were available for Government use, and asked if you were interested in my pursuing inquiries in this area.

I further informed you that I was returning to Europe to formalise the arrangements I had made in relation to corporate borrowing and suggested that I might endeavour to establish to what extent large private funds were available in Europe.

You agreed that I could do this coincidental with but incidental to my private arrangements. You went to great lengths to emphasise that you would give me no commitment other than in the most general terms that you were interested in overseas borrowing.

Further you stated in the most specific terms that I could not and would not be given any official status, nor be appointed an agent for you or the Government in any way shape or form, but was merely to report to you if and when I established beyond doubt that large private funds were available.

On the basis of that clear understanding you issued me with letters which were only intended to be used and have only been used as an introduction to reputable fund managers.

Nothing has transpired with you since then to alter my status in any way and in fact I have gone to extreme lengths in several discussions I have had with fund managers to emphasise this fact.

I have stated on all and every occasion that I have no official status, that I am not an agent of the Government or of yourself nor do I have any power whatsoever to negotiate or indicate amounts or terms and conditions of potential loans.

Ample evidence of this can be produced if required which shows that I was never in any doubt that you had at any time given me any reasons to believe other than has been stated above.

I am prepared if you think necessary to swear or attest in any way as to the truth of the statements made in this letter.

Yours faithfully

George H. Harris

William R. White,
Councillor at Law,
5 East 42nd Street,
New York,
N.Y. 10017.

Selfridge Hotel.
19 April 1975

Dear Bill,

May I apologise for the length of time it has taken for me to reply to your letter of 31 March, but I had some difficulty in talking with the Treasurer because of his unbelievably busy schedule. Parliament started its Autumn session a couple of days after we arrived back and he was unable to give me an early appointment.

I believe Harry Genena informed you of our meeting with Morgan Grenfell in London, but he may not have informed you that they were not prepared to act in this matter unless they were to deal direct with the Australian Government. For confirmation of this I enclose the letter from them which is self-explanatory.

The Treasurer was not prepared to act in accordance with their request because he has consistently stated that the Australian Government will only deal with a Prime Bank.

I therefore have to inform you that all of our efforts in that regard, and the introductions that were arranged through you and Ivor B. Clarke have aborted. We are now back in London for some meetings arranged by our own European Agents which we hope will bring about a satisfactory conclusion. In the event that they don't, I shall contact you again and maybe then we can arrange meetings with your German contacts.

However, we would still like to talk with you on a continuing basis for small commercial loans ranging from 1-10 million dollars U.S. backed by Australian Prime Bank guarantees. If this is of interest to you, I would be extremely pleased to hear from you, and in the meantime, I would like to thank you for your efforts and assistance and the courtesy you showed me in New York.

I earnestly hope that we can do some business together because I was impressed with your sincerity and your attitude.

Kindest regards,

Yours sincerely,
George H. Harris
Director

2 July 1975.

PRIME MINISTER

Press Statement No. 528
1 July 1975

Dr CAIRNS

Yesterday I was shown a letter in the following terms:

SECRET

(CREST)

TREASURER

Parliament House,
Canberra 2600.
March 7, 1975.Alco International Pty Ltd
6 Southam Court,
BULLEEN, Vic. 3105

Attention: Mr George Harris

Dear Sir,

The Australian Government is interested in exploring available loan funds from overseas. In the event of a successful negotiation which may be introduced or arranged by you, and provided the interest rate for a term loan does not exceed 8% per annum in total, we would be prepared to pay a once only brokerage fee of 2½% deducted at the source to you and/or your nominees. We would need to be satisfied about the sources of the funds and the size of the loan would have to be appropriate to our needs.

Yours sincerely,
(Signed) J. F. CAIRNS

SECRET

On the face of it this letter is inconsistent with a reply which Dr Cairns gave in the House of Representatives on 4 June 1975 (Hansard, p.3294):

OVERSEAS LOAN

Mr LYNCH—I ask the Treasurer: Did he, in a letter dated on or about 5 March, offer a commission of 2½ per cent on any loan money arranged by the recipient of the letter or his company?

Dr J. F. CAIRNS—The answer is no. At no stage did I offer a commission of 2½% or any other amount or give any authority whatever to any person to do anything other than make inquiries.

Mr Malcolm Fraser—No brokerage fee?

Dr J. F. CAIRNS—No brokerage fee. Would the honourable member like to ask more questions?

I have asked Dr Cairns to give me a written explanation of the discrepancy tomorrow.

I have also told Dr Cairns that Mr Phillip Cairns' reported activities concerning housing projects in the Melbourne metropolitan area would make it possible for him to make a profit from his position on Dr Cairns' staff.

As I stated in evidence to the Joint Parliamentary Committee on the Pecuniary Interests of Members of the Parliament, I regard it as improper for ministerial staff to put themselves or allow themselves to be put, in such a position. I have therefore asked Dr Cairns to give me a written explanation of this matter also tomorrow.

MINISTER FOR ENVIRONMENT

Parliament House
Canberra, A.C.T. 2600The Hon. E. G. Whitlam, Q.C., M.P.,
Prime Minister,
Parliament House,
CANBERRA, A.C.T. 2600.

My dear Prime Minister,

I have received a copy of your press statement No. 528 in which you quote a letter dated 7 March 1975, to Alco International Pty Ltd—Attention Mr George Harris—a copy of which was sent to me by the Secretary of your Department on 18 June 1975.

I answered a question in Parliament on 4 June 1975, as set out in your press statement.

The letter quoted in your press statement was presented to me for signature. I rejected it because I found it unacceptable.

I replaced this letter with another one which I had dictated and later signed. A copy of this letter is attached. I directed that the second letter should be given to Mr Harris.

You will be aware of this because I referred to it in my letter to you of 12 June 1975.

I answered the question in Parliament on 4 June 1975, consistently with my recollection of these events. I answered the question as I did, believing that I spoke the truth. I have no recollection at all of having signed the letter quoted in your press statement and I have a clear recollection that I rejected it because I found it unacceptable.

I do not intend to resign from any position I hold because I answered the question in Parliament in the clear and sincere belief that what I said was true.

You have asked me to give you a written explanation of the reported activities of Mr Phillip Cairns. He has given to me the attached statement, which explains his position.

Yours sincerely,
J. F. CAIRNS

COMMONWEALTH OF AUSTRALIA

TREASURER

Parliament House,
Canberra, 2600.

The Australian Government is willing to borrow funds from lenders overseas on terms and conditions suitable to us.

J. F. Cairns
10 March 1975.

STATEMENT BY PHILLIP CAIRNS

It has been suggested that I carried out activities which would make it possible to make a profit from my position on your staff.

My association with the private company, Sunshine Migrant Services Pty Ltd, was to see that the concept of leasing sub-division and low cost housing with a fully integrated community type development could be achieved. The company was not to be involved in profit making of any kind and there was no possibility of profit to me from association with it. The issue to me of one share was to allow me to sit on the board of the company to help ensure that the objectives of the company were achieved.

I was in no way associated with any suggestions that I should receive a share of commission on an overseas loan and I have in my possession an affidavit signed by Mr Sear Cows—*the signatory of the telexes which have been*

published—which can be made available and which indicates clearly that I was not involved in any way. I did not intend to accept, nor would I have accepted, any commission on any overseas loan. I have not received at any time any remuneration outside my government salary and I have never used my position to further my personal interest or to obtain any personal gain or reward. I have not, nor would I take part in activities which could make it possible for me to profit from my position on your staff.

Prime Minister
Canberra
2 July 1975

Dear Dr Cairns,

I have received your letter of 2 July with its attached photostat of your letter of 10 March, which you quoted in the House on 5 June (Hansard, page 3463), and an unsigned statement by Phillip Cairns.

You sent me these documents in response to our discussion yesterday about, first, the photostat copy of the letter of 7 March which, as you agreed, appeared to bear your signature and, secondly, your responsibility for your staff.

I do not regard these documents as satisfactory explanations of these two issues which I put to you and which with your consent I stated to the press.

Since you write that you do not intend to resign from any position you hold, I must advise the Governor-General to terminate your commission. He will receive me at 8 o'clock this evening. I feel that thereafter I must release copies of your documents and of this letter to the press.

Yours sincerely,
E. G. Whitlam

The Hon. J. F. Cairns, M.P.,
Deputy Prime Minister and
Minister for Environment,
Parliament House,
CANBERRA, A.C.T. 2600

Mr WHITLAM—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 the 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 the disloyal, alter basic facts which have been well known for 5 months.

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.

For four months, while the House was sitting, the Opposition 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 the 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 has 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* £stg8,000, 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 US\$4,000m 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 US\$2,000m. The authority was revoked on 20 May 1975 since negotiations were in train for a borrowing of US\$100m through Morgan Stanley and Company 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.

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 non-equity 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.

These are the basic facts. The fundamental facts of the authorisations to the Minister, first to raise up to US\$4,000m and then to raise not more than US\$2,000m, 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 2 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.

What were the 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 Organisation of Petroleum Exporting Countries world, principally in the Middle East. Surpluses amounting to no less than US\$55 billion to US\$60 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.

Let me also point out that there have been some very large borrowings of petro-dollars since the OPEC surpluses began to accumulate a year and a half ago. In August 1974 the International Monetary Fund raised US\$3.4 billion, and the World Bank has made a series of quite large borrowings. We also are aware of individual borrowings of US\$1 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.

Sources of overseas loans 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 1920s and 1930s 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.

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 had 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 10 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 12 months, no doubt as a result of the changes that have occurred in the distribution of capital funds in the financial world.

I have had a schedule prepared in the Treasury of unsolicited or unconventional offers referred to the Treasurer or the Treasury by members of Parliament between 1950 and 1975. The schedule lists approaches made within the period indicated, through then-serving 3 State Premiers, 7 Federal Ministers, 2 Senators, 5 members of the House, 2 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 persons, 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.

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 Holt putting forward a proposition for a borrowing of 25 million Swiss francs in Switzerland by the Australian Government. After examination by the Treasury, there were discussions between Treasury officers, including the then Secretary to 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 this 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.

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 of the 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.

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.

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.

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 Governor-General, the Ministers had the advice of the first and second law officers of the Crown. It was proper for the Governor-General to act on the advice of his Ministers.

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 petro-dollars 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 opposition.

Is there any real challenge to this view from the Opposition? Certainly there was none when it was in government. If it needs support, I need go no further than the 1968 Garrañ 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.

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.

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 smokescreen for the real ground of opposition. The way to destroy the policies is to destroy the men who promote them.

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.

Equally, there was no aspect of our program which received more support from the Australian people in 2 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.

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.

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 2 Executive Council authorities. It would be absurd 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 10 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 per cent to 10 per cent. Expenses of borrowing have also fluctuated.

Mr McMahon—Will the Prime Minister give us the details of those?

Mr WHITLAM—In a number of instances total expenses have exceeded 5 per cent on the face value of a loan. For instance, loans were 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 proposed borrowing being negotiated through Mr Khemlani had a coupon 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.

Further, it is suggested that sums like \$2,000m 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 mineral 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. World-wide inflationary pressures compounded both problems.

We saw one opportunity to counter these temporary short-term pressures on our economy and 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.

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 \$2 billion 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.

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 North-West shelf belonging to Australia—rather than selling off this vital part of Australia's farm.

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 \$400m 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 up-grade 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.

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 \$A3,000m 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.

It has been suggested by some of our critics that these borrowings would have been inflationary. 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 milling 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?

We saw our opportunity through which the objectives so strongly supported by the Australian people in the last 2 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.

There has been a third loan negotiation. By the way in which it has been given a sinister connotation and by 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.

A proposal for US\$3.7 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 the 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 a separate 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 verification and identification of funds, and nothing has eventuated.

Papers relating to Transia Corporation could be tabled, 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. Does the Leader of the National Country Party (Mr Anthony) want Sir William Gunn's papers to be tabled? Does he make any charge against Sir William Gunn?

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 petro-dollar loan. The truth is that Australia's credit has never stood higher. Last October Moody's, one of the two great New York credit rating agencies, gave 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 and Poor's, the other New York credit rating agency.

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 US\$100m 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.

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 a 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.

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 long-term 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.

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.

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.

Mr MALCOLM FRASER (Wannon—Leader of the Opposition) (3.39)—The Prime Minister (Mr Whitlam) has been as contradictory and as misleading in the statement which he has just made as he has been and his Government has been throughout the whole of this unhappy and sordid loans affair. He has even contradicted himself on the reason for sacking the present Deputy Leader of the Australian Labor Party because he said that discrepancies concerning letters formed the sole and principal reason for the sacking. But in certain Press conferences which he has held he said that the great difference between Dr Cairns and Mr Connor the Minister for Minerals and Energy, was that Mr Connor was acting with authority and Dr Cairns was not. Dr Cairns has had something to say about this. At a Press conference he indicated

that he was acting with Executive Council approval and with the approval of legislation. As we shall show, one of the charges against the Government is that the Prime Minister and the Minister for Minerals and Energy have in many senses acted as the former Deputy Prime Minister was alleged by the Prime Minister to have acted. If the Prime Minister wants to sack one Minister for one particular act why does he not sack another who has acted in the same way?

There are other contradictions in the speech which the Prime Minister has just made. He said that the \$4,000m was to be borrowed for inflation purposes and to cure unemployment but in another part of the speech he said it was for energy purposes. He cannot have it both ways. At another point in his speech he said:

At no stage, however, was there authority to conclude any borrowings outside the terms of the 2 Executive Council authorities. It would be absurd to suggest otherwise.

I think it ought to be noted that those Executive Council authorities were utterly unlimited. If the Minister had wanted to agree to a 20 per cent rate of interest and utterly impossible terms he could have done it. There was no limit at all, and for the Prime Minister to put in his speech a statement which suggests that those Executive Council authorities were responsible and limiting on the Minister concerned is a sheer nonsense. That is typical of the kind of evasion and half-truth we have had from the Prime Minister on this matter. He said that once and for all it will be decided today in this Parliament. Unfortunately that will not be so because we have had selected documents, selected by the person who needs to stand and tell the truth and make all the facts available. The Prime Minister said that he does not want a royal commission because a royal commission can only get at the facts. That is just what we want; that is what Australia wants and that is what the media wants—the facts in this issue—and this Parliament and the people are entitled to the facts of this sorry and sordid affair. The tabling of selected documents a large number of which are irrelevant to the main charges against the Government will not answer those charges at all. The Prime Minister said that no charges of impropriety or illegality will be made against the Government.

(Government supporters interjecting)

Mr SPEAKER—Order! The Prime Minister was heard in almost absolute silence and I suggest that honourable members on my right should give the Leader of the Opposition the same courtesy.

Mr MALCOLM FRASER—He suggested that there were no charges of impropriety or illegality made against the inner *junta* of his Government. Those charges will be made today. Those charges will be demonstrated and if the Prime Minister is not satisfied or if he cannot hear, that is his business, but they will certainly be made. It will be for his Government to answer them although on the evidence we were given shortly before the House sat it is unlikely that there is an answer.

There are other aspects of this matter which I would have thought ought to concern members of the Government side of the House. One of their colleagues has been sacked from 2 positions—almost sacked twice for the same offence—but, as I have indicated, it can be clearly demonstrated that the Prime Minister and the Minister for Minerals and Energy themselves have not upheld the high standards which the Prime Minister claims to take to himself and his Government. The Prime Minister said that because those high standards were not upheld by the Deputy Prime Minister he had to be removed. The Prime Minister, as the facts will show, I believe is as guilty of those matters as was the Deputy Prime Minister.

We heard the quite extraordinary logic of the Prime Minister when he said that not one cent has been lost, not one dollar has been spent and no commission has been paid. One could almost say that this is like a group of people planning to rob a bank, getting into the vault and finding they could not get the vault door open and because they did not get the vault door open and they failed in their attempt there is no crime, no sin. To plot and to plan a wrongful act carries with it as much blame whether it is successfully carried out or unsuccessfully carried out and it is nonsense for the Prime Minister to claim the fact that not a cent has been paid as a mark of the innocence of his Government. Then he talks about the AAA rating. He could have said how that has developed and how it is given to a country.

Mr Keogh—How is it given?

Mr MALCOLM FRASER—It has been given to this country on 2 counts. Firstly because of the performance of Australia over a 10-year period. It is a 10-year period that is reviewed. Most of that period was a time when we were in office. Secondly we got that AAA rating because of the mineral exports of this country which all were formed and developed in our time in government and which have been damaged very much by the present Government's activities. So, for

the present Government to claim credit for that rating is again sheer hypocrisy and it is misleading this Parliament.

We have had enough of this nonsense from the Prime Minister. We have had enough words without substance. We have had enough words without performance. He will find that performance on the stage no longer hides the great deficiencies of his Prime Ministership and his Government. If he did not get the message in Bass he will certainly get it at a later point. We have received from the Prime Minister not information but a smokescreen. We have received no real explanations. We have had red herrings and not facts. He has attempted one of the most blatant cover-up exercises in the history of this Parliament. The Prime Minister's tongue is no substitute for substance and facts, and the people of Australia will not be fooled any more. Like Premier Dunstan in South Australia they will want to disown the Prime Minister and his Government. What about this intriguing story about no Caucus meeting this morning? Did the Premier not say: 'I can put up with a meeting of Parliament, that will be bad enough, but to have a Caucus meeting reported all over the newspapers as well is impossible'. We have heard of those repeated phone calls to the Prime Minister saying: 'No, I do not need you in this election campaign. Thank you very much for offering'. Just as in Bass the Prime Minister's speech today has been irrelevant to the main issues and has been inaccurate. How many people will stand behind him? How many friends has he left? I notice the Minister for Science and Consumer Affairs (Mr Clyde Cameron) sitting so comfortably next to him at the moment.

The Government has become ensnared in a web of incompetence and deceit and a full public and open inquiry is required. It is the only way to get at the facts. I remind the Prime Minister of what he said in other days. He said:

The Australian Parliament will build into the administration of the affairs of this nation machinery that will prevent any government, Labor or Liberal, from ever again cloaking their affairs under excessive and needless secrecy. Labor will trust the people.

The people of Australia no longer trust their Government. The affair arises from an appalling attempt to keep secret one of the worst scandals of Australia's history—a scandal compounded with stupefying incompetence and brazen deceit. The whole country is concerned with the ineptitude, intrigue and deception. The whole country is demanding answers. There have been Labor calls. The distinguished President of the Senate; Mr Lowe, the Deputy Leader and Tasmanian

President; Mr Holding and Mr Burns want all the facts—a full disclosure. The Prime Minister has tried to fob the nation off with partial disclosure, misrepresentation and scapegoats. How much of what has happened to the former Deputy Prime Minister occurred because the Prime Minister wanted a scapegoat for another of the activities of his Government? Knowing the matter was to break he wanted to label it all on one man. How much of the meeting of this Parliament today is to try to summon support for an event on Monday?

The Prime Minister stands revealed as a person more concerned with his own survival than with honest decent government for Australia or the fortunes of his own Party. I think what he said today reaffirms that. The basic issues concern the competence and honesty of the inner junta which signed the infamous Executive Council decision on 13 December 1974. The Executive Council decision is clear evidence of the most shocking incompetence and raises the most serious possibility of a deliberate conspiracy to deceive and to defraud. Perhaps the Prime Minister cannot hear it. It is a charge that can be put at rest only by the revelation of information and advisings that have not been made available or by a royal commission which would have access to documents and to files.

It is not all that necessary to dwell at length on the first charge of incompetence because I believe every person in Australia now accepts it. The purposes attached to the Executive Council minute themselves were absurd. It was stated that it was to protect Australia against an energy crisis a year after that crisis had broken, a crisis which because of our own supplies as a result of our earlier policies had hardly touched Australia. To strengthen our external financial position: Our balance of payments position was healthy, or did not the Prime Minister know that? Australia's overseas reserves still amount to over \$3,000m in spite of the extravagance of his Government and the trend was up. So why did he want to strengthen the external financial position by a borrowing of \$4,000m? To deal with current and immediately foreseeable unemployment: The Prime Minister knows that there is an easier way of doing that without getting into hock to Middle East countries. He can do this by deficit financing, or has he not heard that his Government has been practising deficit financing over recent months with the prospect of greater use of that tactic in the forthcoming year?

To protect supplies of minerals and energy: That again is absurd because Australia is one of the most resource rich countries in the world. We

did not need to get into debt to the tune of \$4,000m to protect Australia's supplies. What is the reason for seeking such a loan? The Prime Minister suggests that it is national development. In relation to national development, we have only to look at what has happened since his Government has been in power from 1972 to this year. The number of oil and gas investigatory wells in operation has dropped from forty-one to eight and there are no developmental wells in operation around Australia at the present time. That is the Government's record in relation to national development.

Mr Keating—Where is—

Mr MALCOLM FRASER—If people do not like what they are hearing, that cannot be helped. Nevertheless, the Government's record of incompetence is unparalleled in the history of Australia. Incompetence is too weak a word to describe the action of the Government and the harm it is doing to hundreds of thousands of individual Australians, the people the Government is meant to support right around Australia. Was not Treasury advice strongly against every aspect of this loan? The former, former Treasurer, the honourable member for Melbourne Ports (Mr Crean), is in the House today. On 22 November 1974 he made a famous, honest and proper speech. He said that reputable and traditional sources had access to funds. The Prime Minister, in another one of his deceptions, said that unconventional sources today become conventional sources tomorrow. He gave no examples of that and it has not happened. It is most unlikely that it will happen. That former Treasurer repeated himself two or three days ago when he said that the chickens are coming home to roost. I hope that he attacks the credit, as he ought, on Monday. The honourable member said:

No Treasurer would involve himself in deals of this kind in the shadowy underworld of international finance.

But this was too sanguine a view. A Prime Minister and a Minister for Minerals and Energy did involve themselves. Why was Treasury advice ignored? Why was that Treasurer sacked? There is another letter that has not been denied which is dated 20 March 1975 and in which the present Treasurer (Mr Hayden) supported the former Treasurer's view. He said:

Many similar proposals are made each year to the Government. Experience in investigating these proposals has invariably shown that the main objective of the intermediary has been to seek to obtain some form of authority to raise funds on behalf of the Australian Government without being able to provide satisfactory verification that funds are in fact available for lending. No Treasurer could of course agree to provide such authority.

One Minister did, as did another Minister. What grounds did the Government have for believing that funds were available from Mr Khemlani? Nothing has been said about that by the Prime Minister. The incompetence runs into the naive and the foolish. Why did they go to a man like Khemlani when all advice and all experience indicated that substantial Middle East funds are available only through the most reputable sources? Why did they go to a man like Khemlani when British and American negotiations have been directly ministerial at the highest levels and when the Bank of England confirms that Middle East money does go through traditional and responsible sources? Why did they go to a man like Khemlani when all advice was that the money was not available? Why was the impact of the funds on the Australian economy utterly ignored? It would have increased the national debt by \$1,000 for the average Australian family. The amount approaches the total income of all companies in Australia last year. It exceeds the value of all wool, wheat and sugar produced in Australia last year. It is almost as much as total government spending on welfare. No comparable loan had ever been raised. At one stroke it would have increased Australia's overseas debt threefold. Yet the Government claims to be responsible. The Government has been careless and unconcerned about fundamental national interests. Its dogma had taken charge of its commonsense. The gross incompetence of the Government, however, is beyond belief. It is sufficient alone to condemn it, but it is probably a less important charge than the other questions that are raised by the Government's actions—the questions about honesty, integrity and legality which are of fundamental concern to all Australia.

Let us come to that more serious charge which goes to the very integrity of Australian institutions. Facts now before the public raise the strong possibility that there was an illegal conspiracy to defraud and to deceive. Facts now before the public indicate a deliberate devious attempt to avoid by a subterfuge the constraints of the Constitution and to defraud the States. What an irony that we debate these matters on the very anniversary of the date on which the Commonwealth of Australia Constitution Act was signed, 9 July 1900. The projected borrowing of \$4,000m has the appearance of a massive illegality. Section 105A.(5.) states that the Government is bound to the terms of the Financial Agreement with the States regardless of anything else in the Constitution, including Section

61. The Financial Agreement between the Commonwealth and the States, at clause 3(8) requires the Commonwealth to submit loan programs to the Loan Council unless a specified exemption applies. Clause 6(3) of the Financial Agreement makes an exemption of borrowing for temporary purposes.

At this point the illegality seems clear. The purposes of the loan are clearly not temporary. The documents tabled today, which many honourable members probably have not yet read, provide irrefutable evidence that at the time of the Executive Council minute there was a clear intention to enter into a long term loan for 20 years and not a loan for temporary purposes. One of those documents is the Khemlani draft acceptance document dated 16 December 1974. Earlier correspondence, I think especially with the permanent head of the Department of Minerals and Energy, Sir Lenox Hewitt, and Mr Khemlani establishes the same fact. The Prime Minister said that no one has suggested illegality—but it has been suggested. But if he had thought that, and if there was no illegality, why has not the Prime Minister tabled written legal advice that might have been obtained at the time—or was it not obtained at the time? Was there no such advice? The Opposition parties have helped to overcome the deficiencies of the Prime Minister's own actions. I should like to table advice from William Deane which would indicate quite clearly that if the funds were not for temporary purposes the actions of the Government were illegal. Other legal advice is available of the same quality and character.

Mr SPEAKER—Order! Is the Leader of the Opposition seeking leave to table the document?

Mr MALCOLM FRASER—Could I change that request to seek leave to have the advice incorporated in Hansard, Mr Speaker?

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

THE LIBERAL PARTY OF AUSTRALIA RE
POWERS OF THE EXECUTIVE COUNCIL IN
RELATION TO OVERSEAS BORROWINGS
OPINION

In this matter I have been provided with a photocopy of what purports to be a Minute Paper for a meeting of the Commonwealth Executive Council of 13 December, 1974. That Minute Paper is headed 'Department of Minerals and Energy' and reads as follows:

'SUBJECT
PROPOSED BORROWING NOT EXCEEDING THE
EQUIVALENT OF 4,000 MILLION DOLLARS IN

THE CURRENCY OF THE UNITED STATES OF AMERICA FOR TEMPORARY PURPOSES.

CONSTITUTION, SECTION 61

Recommended for the approval of His Excellency the Governor-General in Council.

WHEREAS the Commonwealth of Australia (hereinafter called 'Australia') proposes to borrow a sum not exceeding Four thousand million dollars in the currency of the United States of America (US\$4,000,000,000) for temporary purposes:

NOW IT IS RECOMMENDED for the approval of His Excellency the Governor-General, acting with the advice of the Federal Executive Council, that, in pursuance of section 61 of the Constitution—

(a) the Minister for Minerals and Energy be authorized to borrow for temporary purposes a sum in the currency of the United States of America not exceeding the equivalent of Four thousand million dollars and to determine on behalf of Australia the terms, and conditions of the borrowing;

(b) The Minister for Minerals and Energy, or any other person authorized by him in writing for the purpose, be authorized for and on behalf of Australia to approve, enter into and sign any necessary documents for the purpose of making the said borrowing, including a Promissory Note;

(c) the Minister for Minerals and Energy, or any other person authorized by him in writing for the purpose, be authorized, for and on behalf of Australia, to issue and deliver any such Promissory Note; and

(d) the Minister for Minerals and Energy, and such other person or persons as he appoints in writing, be authorized for and on behalf of Australia to take any other action and execute any other documents required or permitted to be taken or executed for the purpose of making the said borrowing'.

Typed beneath the above appear the names of the Prime Minister of Australia, the then Treasurer, the then Attorney-General and the then Minister for Minerals and Energy. There is nothing on the Minute Paper to indicate whether the Recommendation contained in it was, in fact, approved in Council.

Attached to the Minute Paper is a document headed 'Explanatory Memorandum'. That document reads as follows:

'The Australian Government needs immediate access to substantial sums of non-equity 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 in regard to supplies of minerals and energy and to deal with current and immediately foreseeable unemployment in Australia'.

I am instructed to assume that the Recommendation contained in the Minute Paper was, in fact, approved in Council without alteration or amendment, at a meeting of the Executive Council held on 13th December, 1974. I am also instructed to assume that the borrowings up to 4000 million United States Dollars, which were purportedly authorised, were to be raised outside the Commonwealth of Australia. I am, finally, instructed to assume that the proposed borrowings were outside any projected borrowings placed by the Commonwealth before the Loan Council and were quite independent of any borrowings by the Commonwealth which had been considered by or authorised by the Loan Council.

I am, on the basis of the above-mentioned assumed facts, instructed to advise the Liberal Party of Australia whether in

the context of the provisions of the Financial Agreement between the Commonwealth and the States, the Governor-General in Council could lawfully confer upon the Minister for Minerals and Energy and his delegates the borrowing powers purportedly conferred and whether any borrowing by the Minister or his delegates in purported pursuance of such authority would have been lawful.

By virtue of the provisions of Section 105 (5) of the Commonwealth Constitution, the provisions of the Financial Agreement of December, 1927 between the Commonwealth and the States (as from time to time varied) are binding upon the Commonwealth and the States notwithstanding anything contained in the Constitution or in any law of the Commonwealth Parliament. Clause 4 of the Financial Agreement expressly provides that, in circumstances which at present exist, 'money shall not be borrowed by the Commonwealth or any State otherwise than in accordance with this Agreement'. It would seem clear that the projected borrowings were outside the overall borrowing program for which the Financial Agreement makes provision. It follows, in my opinion, that the projected borrowings could only be lawfully authorised if they would, if effected, come within one of the exceptions to or exemptions from the general provisions of the Financial Agreement. In my opinion, the only relevant exemptions or exceptions are those relating to loans 'for temporary purposes'.

Clause 3 (8) of the Financial Agreement excludes from the amount to be set out in the programs to be submitted to the Loan Council amounts to be raised by loans for temporary purposes. Clause 6 (3) exempts from the provisions of the Agreement (other than clause 6) borrowings solely for temporary purposes when such borrowings are of the type specified in clause 6 (1) (a), that is to say, borrowings 'within the Commonwealth' from specified sources.

It can be strongly argued that the overall effect of the Financial Agreement is to prohibit all overseas borrowings by the Commonwealth 'for temporary purposes'. On this argument, the prohibition contained in clause 4 (4) upon borrowings 'otherwise than in accordance with this Agreement' will be operative unless one can find authorisation of the particular borrowing pursuant to the general provisions of the Financial Agreement dealing with Loan Council procedure or a specific exemption of the particular borrowing of the type found in clause 6 (3). If this argument were to be accepted it would lead inevitably to the conclusion that the borrowing which the Governor-General in Council purported to authorise would have been in contravention of the provisions of the Financial Agreement and, therefore, unlawful.

While the question is obviously one upon which legitimate differences of opinion may exist, I have reached the conclusion that the exclusion of loans 'for temporary purposes' from the programs to be submitted pursuant to clause 3 (8) has the effect, subject to compliance with clause 6 in relation to loans 'for temporary purposes' from Australian sources, of permitting loans for such purposes to be made 'in accordance with the Financial Agreement even though such loans are made outside the loan procedure laid down by that Agreement.

It is clear that if the proposed borrowings had not been borrowings 'for temporary purposes' they would have been in breach of the Financial Agreement and illegal. It follows that the restriction of the authority conferred by the Governor-General in Council to borrowings 'for temporary purposes' was essential if the conferring of the authority was not to amount to a purported authorisation of an illegal act. It also follows that if, in fact, it was intended to expend the moneys borrowed for other than temporary purposes, the proposed borrowings would have been illegal as being both beyond the authority conferred by the Governor-General in

Council and as being in contravention of clause 4 (4) of the Financial Agreement.

The facts available to me do not enable me to reach any conclusion on the question whether the purposes to which it was intended to devote the proceeds of any borrowings were, in fact, of such a nature as to make the proposed borrowings loans 'for temporary purposes' within the meaning of those words as used in the Financial Agreement. The most that can be said is that, in my opinion, a loan 'for temporary purposes' is a loan to supply funds for a passing or transient need. Whether or not a particular loan is or is not 'for temporary purposes' must, in each case, be a question of fact to be answered in the light of all the relevant circumstances. In some cases, the answer to the question will be uncertain even when all relevant facts have been ascertained. Apart from such borderline cases, however, the answer to the question whether a loan is or is not 'for temporary purposes' will once the relevant circumstances are known, be readily determined by the application of ordinary common sense. Thus, for example, a loan for one month to supply bridging finance would, in the context of the Financial Agreement, clearly be a loan for temporary purposes. On the other hand a loan of, for example, ten years to supply finance for the acquisition of assets which are to be held for an indefinite term or for the carrying out of work of an enduring value would not, in the context of the Financial Agreement, be such a loan.

William Deane, Q.C.
8 July 1975

Chambers.

MR MALCOLM FRASER—I thank the House. The use of the formula by the Government to raise funds overseas has all the earmarks of a deliberate conspiracy to evade the Constitution for secret and disturbing political ends. The secrecy is unparalleled. Confidentiality usually applies to actual negotiations, not to the borrowing intention itself, and that was kept secret. The Prime Minister tried to say that all was known from about 12 or 14 February. But throughout the early part of this year the Government and the Minister for Minerals and Energy, who is now sitting at the table, answered minimally, refusing information, saying that it would be improper to provide information. If it were not for the persistence of the Deputy Leader of the Opposition in these matters much of what is now known around Australia would have been kept quiet, would have been kept secret. The Executive Council minute was available to a Swiss bank and to Mr Khemlani. That is how it got flogged all around the world. Is it any wonder that people thought they were agents properly appointed by the Government? That document was not available to the people of Australia, but it was available in financial circles all around the world.

On the basis of illegality, the Government set in motion processes which led to Australia's name being bought and sold in many places. It is time that the Government answered honestly, with a full revelation of what has happened and not with a partial record, a selective tabling of

documents selected by the person who himself is in the dock over these particular matters. This illegal subterfuge was undertaken under the most sordid circumstances and in the greatest haste. Consider the dates: On 22 November the former, former Treasurer made his famous speech. He publicly came out against this kind of deal with this sort of intermediary. The same day it was leaked from the Prime Minister's office that he was going to be removed. On 3 December 1974 Mr Khemlani cabled that he would be able to finalise the first batch of \$500m before 9 December. But where was his authority? There was no Executive Council decision by that time. So, what is the difference between that and the action of the last Treasurer who was accused of acting without authority?

On 8 December Mr Khemlani arrived for his second known visit in this country. On 11 December the Treasurer was dismissed. On 13 December there was the infamous Executive Council meeting. On 14 December the Prime Minister and Sir Lenox Hewitt flew overseas. On 16 December Mr Khemlani left, believing he had full authority to borrow on Australia's behalf. An examination of the documents, an examination of the Executive Council minute and an examination of the exchange of letters—not just one letter, but the total correspondence or the total communication—between Sir Lenox Hewitt, Mr Khemlani and the Minister create a relationship of agency. That is the view, at least, of the Secretary of the Attorney-General's Department who indicated that there was a relationship of agency not less and not greater than the relationship of agency established in relation to the last Treasurer's letters to a Mr Harris. If one was guilty, so was the other. If one was innocent, so was the other. The Prime Minister convicts one but protects and exonerates the other. Did the Prime Minister know of this? Does he now claim innocence of this? Was the former Treasurer, Mr Crean, sacked in the mad illegal rush for fool's gold? Mr Khemlani may have misunderstood the relationship, but I am sure he did not and no one in the financial world would believe he did.

It now appears that, like Dr Cairns, Mr Connor was engaged in raising massive loans for at least a month, and on some information for maybe two or three months, before the authority was provided. If the Prime Minister is to be even-handed he ought to sack him in addition. In addition to that, the Minister for Minerals and Energy, who is sitting at the table, has misled the Parliament. He said that there was no agency. But Mr Harders says that there is an agency, if a

limited one—but an agency. It is high time that the Prime Minister was even-handed in his actions. The Prime Minister himself is the most culpable of all his team. The only way he can get out of it is by a full tabling of all the documents and departmental advisings; or, alternatively, if he is not prepared to do this, by a royal commission. A royal commission would, in any case, need the documents.

The Prime Minister has consistently misled the Parliament and the Australian people by a flood of half-truths which are now engulfing him. On 20 May 1975 he said that the loan was for matters related to energy. That clearly misrepresents the Executive Council minute. Now, who is right? Was the Executive Council minute a lie or was the other statement a lie? They are not both true. On 20 May he said that approval of the Loan Council would be sought if and when the loan was made. But that is totally inconsistent with the Executive Council minute of 13 December 1974 which authorised the Minister to complete a borrowing. On 10 June at a Press conference he made the point of saying that there were no letters to Mr Khemlani from the Minister, but now letters are tabled. Is a letter not a letter if it is in the form of a cable? Was he merely trying to widen the false distinction between the former Deputy Prime Minister and the Minister for Minerals and Energy? On 5 July at his Press conference he twice used the formula that the Minister was authorised to pursue inquiries. Well, that would not be so bad; we could almost trust the Minister with that. But it is quite clear from the Executive Council minute that he was authorised, completely and absolutely without reference to the Prime Minister, the Treasurer or anyone else, to consummate a loan or to consummate a deal. The minute attempted to confer unlimited authority on the Minister for Minerals and Energy.

On 5 July at his Press conference the Prime Minister said nothing was so extraordinary as to be improper about the Government's loan dealings except the sums involved. But what of the use of intermediaries, and the way people met secretly behind closed doors and in hidden places? What of the issuing of the letters of the kind that were used, the terms that were considered, the very nature of the negotiations, the use of full statements of purposes and the massive foreign exchange gamble? It is not long ago that the Minister for Minerals and Energy, who is sitting at the table, blamed Australian mining companies for writing contracts in United States dollars. When there were some changes in currency value, he said that this was their risk and

their fault and that nobody with any sense would write a contract or a borrowing in United States dollars. But now we see a loan for US\$4,000m or US\$8,000m to be repaid in US dollars. The Minister for Minerals and Energy stands convicted by his own criticism of the mining companies which got into difficulties as a result of the revaluation of currency by this Government.

What could possibly be the motives of the Prime Minister in forging this chain of deceit? Is he a man incapable any longer of confronting, knowing and understanding the simple truth. Ten per cent or even 50 per cent of the truth is as good a way of misleading this Parliament and the Australian people as a downright lie. The half truth, the partial answer and the slipping over of the full facts are a misleading of this Parliament just as much as and maybe much more deliberately than the statement by the former Deputy Prime Minister. When the former Deputy Prime Minister answered that question in this Parliament, I doubt whether any member of this Parliament thought he was speaking anything other than the truth. The Prime Minister has indeed set the standards of his Government. By those standards, the Prime Minister is condemned.

He has sought to belittle an inquiry on the grounds that it could only get the facts. That is all that we want. That is all that the Australian people want. The Prime Minister has tabled selective documents which hide many of the facts. The present situation is intolerable. There are too many serious questions unanswered. Did the Prime Minister know of the unauthorised activities of the Minister for Minerals and Energy and his Department before 13 December 1974? If so, why did the Prime Minister do nothing? What legal opinions were received by the Prime Minister on the legality of the Executive Council action? Was the legal opinion only from the former Senator Murphy? What were the real purposes of the \$4,000m loan? We have had so many explanations; which one can be believed?

What was the purpose of the original deception, if even now the latest explanation happens to be an accurate one? Did the junta of four receive advice of the likely impact of the loan on the Australian economy? What was that advice? Did the Governor-General accept without question the legality of the Executive Council minute? Indeed, was he present, or was the Vice-President of the Executive Council in the Chair? Was there indeed a conspiracy to deceive and to defraud the States and to evade the terms of the Constitution? What references did the Government have for Mr Khemlani at the time when it

commenced dealings with him? Was the former Deputy Prime Minister acting with Executive Council authority as he has since claimed? Is there therefore no difference between his actions and the actions of the Government? Did the Prime Minister receive the Harris letters some weeks before he made them public? Why did he hesitate so long? Was it to wait until after the Bass by-election? Has the Australian Government been approached by any agents asking for the payment of commission they believe is due to them because of their efforts to raise loans for the Australian Government? Is the Australian Government still pursuing these vast sums of money?

I now ask for leave to incorporate in Hansard a list of significant questions which have not in fact been answered to this point.

MR SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

Loan raising: Some questions to be answered

1. Did the government, at the time of the Executive Council minute of 13 December 1974, believe it had a mandate for such unorthodox and massive overseas borrowings? If so, what was the basis of such a belief?
2. Is it not a fact that this exceptional loan—the largest in Australia's history—was not cleared through Cabinet?
3. Was the Prime Minister aware that the Minister for Minerals and Energy was actively engaged in making arrangements for a \$4000m loan at least as early as November, and that the first block of \$500m was to be ready for transfer six days before the Executive Council minute authorising the loan? If so, when did the Prime Minister first become aware of this?
4. Did the former Treasurer, Mr Crean, advise against the Executive Council decision? What was his advice?
5. Were any attempts made to raise all or any of the money through traditional channels? If so, what were those attempts?
6. Apart from departmental and bank advice in Australia, did the government receive warnings about this 'back-door' operation from the Bank of England, the French Embassy in Canberra, and Treasury officials in London?
7. Why were the States not consulted?
8. In view of the Prime Minister's claim that the loan was 'for matters related to energy', how can the use of the phrase 'for temporary purposes' be justified?
9. Was the phrase 'for temporary purposes' a deliberate subterfuge to avoid the constitutional requirement of the financial agreement?
10. Who suggested the use of the formula 'for temporary purposes'?
11. Is it not a fact that the Treasury and the Attorney-General's Department have since 1929 regarded 'temporary purposes' as being Treasury Bills for a period of not more than one year?
12. How does the government account for the apparent contradiction between the term of 20 years mentioned in Sir Lenox Hewitt's letter of 12 November 1974 and the 'temporary purposes' formula?
13. Is it not the case that the whole procedure was adopted in order to be secret from the public, the States and the Parliament?
14. What evidence is there that the Loan Council would ever have been asked to approve the loan as the Prime Minister claimed on 20 May 1975?
15. Did the government seek legal advice on the use of the device of the Executive Council minute for a loan-raising of this nature?
16. What was that advice?
17. Who gave that advice?
18. Who drafted the minute?
19. Will the Prime Minister tell the nation what he understood the 'temporary purposes' to be?
20. What advice did the government receive from all sources on the substance of the loan? Will that material be made available in the interests of open government?
21. Was advice sought or received on the likely impact of the loan on the Australian economy?
22. Will that advice, if there is any, be made available in the interests of open government?
23. Would raising of a loan of this magnitude reduce the scope for further loan raisings by Australian private enterprise?
24. What effect have these shady dealings had on Australia's credibility as a borrower?
25. Does the Prime Minister now agree that there is a *prima facie* case that the Executive Council minute was illegal and unconstitutional?
26. Why did the government, for the first time in Australian history, authorise a Minister other than the Treasurer to conduct substantial loan raisings on behalf of Australia?
27. What did the government believe was the propriety in providing such an open-ended authorisation to the Minister for Minerals and Energy?
28. From whom did the Minister for Minerals and Energy receive advice on the terms and conduct of the loan negotiation? Will he table that advice?
29. What action did Mr Connor take to implement the various authorities conferred upon him by the Executive Council decision of 13 December?
30. The letter from Dolmac Consultants to Dr M. G. Ako confirms that they 'are the holders of an exclusive mandate from the Government of Australia' and then refers to a document which appears to be the Executive Council minute. What action did Mr Connor take which would warrant this confirmation being given in such explicit terms? To whom did he provide or allow to be provided a copy of the Executive Council minute? For what purpose was it so provided?
31. The letter from Dolmac Consultants to Dr Ako states that by their mandate they are authorised to negotiate a loan of U.S. dollars funds totalling 4000 million and there are set out terms of 20 years, a promissory note payable 20 years from receipt of funds, to be issued and signed by the signatories of the Reserve Bank, to be guaranteed by the Government of Australia and to be in accordance with ICC recommendations. There is also an undertaking to pay a penalty equivalent to one per cent of the loan funds. These are terms and conditions of the loan. Such terms and conditions are capable of being fixed only by Mr Connor. What action did he take

to actually fix the terms and conditions so that they could be so explicitly stated by Dolmac Consultants?

32. Was the sacking of the former Treasurer, Mr Crean, in any way connected with his attitude on the Government's loan raising policy?
33. What does the Prime Minister understand to be the scope of the authorisation to the Minister for Minerals and Energy under the Executive Council minute? Did this authorisation extend to concluding the loan deal as it appears on the face of the Executive Council minute?
34. Why was the amount of the proposed loan reduced from \$4000m to \$2000m?
35. What was the reason for the sudden revoking of the Executive Council decision?
36. What is the reason for the discrepancies about the reason for the loan—the different explanations given by the Executive Council minutes and in statements by the Prime Minister, the Minister for Minerals and Energy and the former Treasurer, Dr Cairns?
37. Is it a fact that the \$4000m loan would have cost Australia some \$18 billion when repayment fell due in 20 years?
38. To what extent were Mr Bowen and Mr Cameron included at any stage of the loan raisings?
39. Did the Governor-General question the Government's loan-raising activities at the Executive Council meeting on December 13?
40. Has the Australian Government been approached by any persons claiming to be agents and asking for payments of commission?
41. On what basis did the Government believe that Mr Khemlani was a suitable person to be engaged in loan-raising activities on behalf of Australia?
42. Was there a conspiracy to deceive and defraud the States and to evade the terms of the Constitution?
43. Has the Government abandoned all attempts to raise the sum of \$2,000m?
44. To what extent was Dr Cairns acting with statutory and Executive Council authority in his loan-raising activities?

Mr MALCOLM FRASER—I thank the House. I ask for leave also to incorporate in Hansard a list of significant documents and information required to clarify loan raisings. These papers have not been tabled to the present time, or the greater part of them have not been tabled. One or two might have been covered by the documents tabled by the Prime Minister.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

Documents required to clarify loan raisings

1. Executive Council minute issued in December authorising the Minister for Minerals and Energy to borrow up to \$4 billion and all associated letter/s and document/s.
2. Executive Council minute issued in January authorising the Minister for Minerals and Energy to borrow up to \$2 billion and all associated letter/s and document/s.
3. Executive Council minutes authorising the Treasurer in respect of the Deutschmark loan, the United States loan and borrowings for the AIDC and all associated letter/s and document/s.

4. Advice to the Government in respect of loan raisings from:

Treasury
Attorney-General's Department
Minerals and Energy Department
Prime Minister's Department
Department of Labour
AIDC
Commonwealth Bank
Non-Governmental sources, including banks and other financial institutions.

5. Advice from former Treasurer Crean.
6. Advice to the Government from the Reserve Bank.
7. Advice to the Government about the legality of the Executive Council minutes.
8. Treasury advice on the impact of a \$4,000m loan.
9. Copies of all correspondence and records by Ministers and Departments to and from intermediaries, contacts and their associates.
10. Treasury files on or files containing information on:—
Phillip Cairns
Tirath Khemlani
'funny money'
11. All documents and letters associated with any offers or propositions made to Ministers by Mr Lionel Bowen.
12. Copies of any documents issued by Dr Rex Patterson.
13. Copies of any letters signed by Mr Enderby.
14. Copies of any documents or advice given to or received from the Australian Ambassador to Switzerland, Mr Brennan.
15. Statement as to any directions given to the Commonwealth Police or advice received from the Commonwealth Police.

Mr MALCOLM FRASER—I thank the House. A judicial inquiry is the only way to obtain full disclosure and to protect all parties. The Prime Minister owes this much to the Australian people. The Prime Minister has asked for our charges. The basic charge is this: By his actions he has called into question the very integrity of Australia's democratic institutions. He has lashed out at some of his own colleagues in a campaign designed to protect himself. He has convicted the former Treasurer without a trial. On the evidence so far the Minister for Minerals and Energy is as guilty as the former Deputy Prime Minister. He appears to have been the leading member of an illegal conspiracy to evade the Constitution. The only way that the Prime Minister can establish his own innocence is by a full, impartial and judicial inquiry; not by wielding the numbers of the Government in this chamber. The people of Australia have waited for the Prime Minister to offer an explanation and provide the missing information. He has treated that request with arrogance and contempt.

We need to ask why he has called the meeting of Parliament today. Was it to create a smoke-screen? Was it to help him for next Monday?

Was it to denigrate the Opposition as he sought to but just refrained from doing? Was it to show that despite Bass he can still perform? Bass showed that Labor's greatest asset has become its greatest liability. Whenever the Prime Minister gets into trouble he attacks another colleague, alienates another friend. Is the Minister for Science and Consumer Affairs (Mr Clyde Cameron), already in conflict with the Minister for Minerals and Energy, going to help him now? Does the Minister for Science and Consumer Affairs know that the Minister for Minerals and Energy will table documents which implicate the Minister for Science and Consumer Affairs further? If he does not, he would do well to note some of the documents, of which I have copies, that will be tabled by the Minister. Is the present Treasurer (Mr Hayden) going to help the Prime Minister because he shares a former Treasurer's view? What about the fellow conspirator, the Minister for Minerals and Energy? Mr Murphy cannot help him—he has departed.

Australia has had enough of this Prime Minister. It is time that we heard the truth and that a full public inquiry was held. A royal commission is the only way by which that can be achieved; not a narrowly based inquiry which could support a cover-up as this operation today is a cover-up. The Opposition would expect to be consulted on the terms of reference of that inquiry. If the inquiry does not eventuate the Opposition will consider what action it will take. The Australian people have the right to have answers. Why did the Prime Minister try to avoid the Loan Council? Why is he being so secretive? How much has been concealed? Why has he tried to mislead the Press and the Parliament? Is his Government involved in massive illegality? Does he admit the truth of all the matters which have appeared in the Press because not one part of it has been denied? Has the Prime Minister led a deliberate conspiracy to evade the Constitution? We can only know the answers through a full and open inquiry. Accordingly, I move the following amendment to the Prime Minister's motion:

That all words after 'That' be omitted and that the following words be substituted:

this House—

- (a) takes note of public concern about the Government's overseas loan raisings;
- (b) and does not consider that the Prime Minister's statement or the selective tabling of documents adequately allays the public concern or restores public confidence; and
- (c) calls for the immediate appointment of a royal commission.

Mr SPEAKER—Order! Is the amendment seconded?

Mr Lynch—I second the amendment.

Suspension of Standing Orders

Motion (by **Mr Daly**)—by leave—agreed to:

That so much of the Standing Orders be suspended as would prevent the Minister for Minerals and Energy, the Leader of the National Country Party of Australia, the Deputy Leader of the Opposition and the honourable member for Lalor each speaking in the debate on overseas loan negotiations for a period not exceeding 30 minutes.

Mr SPEAKER—The question now is: 'That the words proposed to be omitted stand part of the question'.

Mr CONNOR (Cunningham—Minister for Minerals and Energy) (4.15)—The Prime Minister (Mr Whitlam) at the commencement of his speech challenged the Opposition to put up or shut up. The Leader of the Opposition (Mr Malcolm Fraser) has not put up and has only shut up. No documents were produced by him. No documents were quoted from. No charges were made. There were no questions.

(Opposition members interjecting)

Mr SPEAKER—Order! Early in the speech of the Leader of the Opposition I asked honourable members to hear him in silence. I now ask honourable members on my left to extend the same courtesy to the Minister for Minerals and Energy.

Mr CONNOR—No questions were asked which needed to be answered. I will nevertheless give the answers. I will give the answers and I will give the facts.

(Opposition members interjecting)

Mr SPEAKER—Order! If honourable gentlemen on my left want this debate to continue I suggest that they remain silent and show the Minister the same courtesy as was shown to the 2 previous speakers and as I hope will be shown to other speakers.

Mr CONNOR—The same international forces and their Opposition puppets which frustrated the early birth of the Australian Industry Development Corporation and which destroyed Prime Minister Gorton now turn their malice, their spleen and their venom on an Australian Government which stands in their path as they seek to enlarge further their grip on Australia's resources of minerals and energy. United States Ambassador Marshall Green has said that per capita Australia is the world's most resource-rich nation. Australia's proven recoverable reserves of minerals and energy are worth, on a present day calculation, \$A5,700 billion—an

astronomical figure. In the future they will be worth even more. They represent a security ratio of \$A1,425 in assets for every \$A1 of our proposed borrowing—the best security ever offered to overseas lenders.

Last week in Tokyo I negotiated with the Japanese steel mills a 5-year coal export arrangement which is worth over US\$10 billion. It is over 2½ times the value of the proposed emergency loan, the subject of this debate. The whole of the Opposition case is based on the alleged enormity of the loan transaction. Our proposal for borrowing is the proverbial 'peanuts' compared with the depth and the range of Australia's resources. The loan transaction was for the necessary infrastructure for the emergency development of those resources based on the energy crisis. The profit alone from the loan transaction would have been 1½ times the value of the loan. When one speaks in billions it is difficult for people to understand the true measure of Australia's real and potential minerals and energy wealth.

Our offence in the eyes of certain international forces is borrowing through official Australian Government channels capital funds on the credit of Australia to cope with an energy crisis. Their alternative is for those funds to come into Australia as foreign investment and foreign ownership—the tragedy of Australia's development hitherto.

In one of the most shabby episodes in Australian journalism rival newspapers in 'cheque book' journalism offer unheard of sums to shabby continental fringe men beyond the jurisdiction of Australian courts. The Opposition certainly would not produce them at any inquiry that it is claiming should be held. It would not be game to. It would be afraid to and it would be ashamed to. These men have been paid for fabricated documentation suitably slanted to support the motives of these newspapers. Having built the newspapers, they have then followed with their denials.

Sixty-five billion Middle East petro-dollars, generated by the energy crisis, is sought to be invested yearly. In addition to that are short term investments which need to be recycled. Between \$20 billion and \$25 billion of this goes annually to the United States—the merest trickle to Australia. The orthodox financial institutions are unable to cope with this unprecedented flood, just as the orthodox economic advisers of some of the world's major governments were unable to anticipate the results of overdependence on

cheap imported crude oil. Today they are bewildered and lack plans to correct the distortion in the world economy. Australia, although more fortunately situated than most, still imports nearly \$A700 million worth of crude oil yearly. This will be further escalated by the decision of the Organisation of Petroleum Exporting Countries to further increase crude oil prices in early October, to match the impact of world inflation on their oil incomes. A projected increase of up to 35 per cent could raise Australia's payments to \$1 billion annually. In this situation, which I forecast in April 1973, it was no less than my duty to present to the Prime Minister and my senior colleagues a plan for direct overseas borrowing of \$A3 billion—equal to US\$4 billion—to deal with this menace.

I point out that \$A450 million of our import bill can be replaced with the full availability of natural gas throughout Australia in substitution for imported crude. This economy alone would have aggregated in 7 years the total projected loan. The full list and cost of urgent energy items was presented not only to my co-signatories of the Executive Council minute but also in the presence of the Secretary of the Treasury and the Governor of the Reserve Bank. The Secretary of the Treasury has consistently opposed the project. My name was inserted in the Executive Council minute itself in the course of the drafting. I understand that the minute itself was drafted jointly by officers of the Treasury and the Attorney-General's Department. When it was brought to the Prime Minister's Lodge for signing at the alleged clandestine meeting, my name was inserted in it. I asked there and then why the Treasurer's name was not included, out of respect to the man because that was his function. The Secretary of the Treasury then said 'No' and objected strongly, and it was agreed that my name should be included.

The orthodox objections that such funds could cause distortion if admitted into the Australian economy were answered by my proposal to domicile such funds in the United States, invested in approved securities in the name of the Reserve Bank of Australia and with the approval of the United States Federal Reserve Bank. The United States interest rates then available were comparable with those of the proposed borrowing. The moneys would have been drawn down as the respective parts of the energy crisis program were implemented on a 'crash' and in some cases, 'turn-key' operation. It was only financial logic and prudence that those petro-dollars should be lodged in the home of dollars.

Apart from the completion of the natural gas pipeline from Cooper Basin — Palm Valley — Dampier — Perth, provision was made for the 84 miles of submarine pipeline from Dampier to the North Rankin production platform. Provision was made in my calculations for the necessary petrochemical plant at Dampier, to extract the natural gas liquids for conversion into motor spirit and other derivatives. The cost of 3 uranium mining and milling plants in the Northern Territory and assistance to the Cooper Basin natural gas consortium, in which the Australian Government is now a partner, was included, and also the cost of the plans to economise in diesel fuel consumption by electrification of the heavy freight rail areas in New South Wales and Victoria. Of current significance was a further provision for the upgrading of the 4 major coal exporting harbours of eastern Australia—Hay Point, Gladstone, Newcastle and Port Kembla. The need for over \$200m for this purpose alone is proven by the recent contract with the Japanese steel mills to which I have referred. Despite the presence in Japan of the Leader of the National Country Party (Mr Anthony), doing his ineffective but unpatriotic best to discredit Australia's Government last week, I was able to negotiate a very satisfactory agreement.

To maintain and increase ownership by the people of Australia of our own resources calls for immense sums of money, to which the Prime Minister (Mr Whitlam) has already referred. In our probings for loan funds we are in such well known company as that of Sir William Gunn, a member of the Reserve Bank Board, who has been busy in Europe doing the rounds. Mr Lang Hancock has also announced his interest in such sources for borrowing for the development of his iron ore interests in Western Australia. The issue in short is: Who will own Australia? It is a major issue on which the next Federal election will be fought, ignoring the smears and the sneers of an Opposition which has, to its eternal discredit, the current majority foreign ownership or control of Australia's mineral and energy resources.

Mr Khemlani was introduced to me on 11 November last. He tendered a Letter of Introduction of 6 November from Johnson Matthey Bankers Ltd of London, addressed to the Australian High Commissioner in Hong Kong. I ask for leave to table that letter and to have it incorporated in Hansard.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

JOHNSON MATTHEY BANKERS LIMITED

15 King Street
London
EC2V 8ED
Wednesday
6 November 1974

His Excellency, The High Commissioner for Australia
Hong Kong.

Dear Sir,

We have pleasure in introducing the bearer of this letter, Mr Tirath Hassaram Khemlani, Manager of Dalamal & Sons (Commodities) Limited, 8 West Eaton Place, London, S.W.1.

Dalamal & Sons (Commodities) Limited is a part of the Dalamal Group of Companies, a wealthy and respectable Indian international group with world-wide connections. They have extensive and important connections in the Middle East and handle transactions of high value to our satisfaction.

Yours faithfully,

for JOHNSON MATTHEY BANKERS LIMITED

for P. J. C. FIRTH
Director

Mr CONNOR—I also table and seek leave to incorporate in Hansard a report which was sought and obtained by the Permanent Head of my Department from Mr Drover, a senior partner of Messrs Coward Chance and Company of London.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

INWARDS TELEPRINTER MESSAGE

For Sir Leonard Hewitt from Charles Drover

Our ref. D. 6704. Reference our telephone conversation today I have seen Mr P. J. C. Firth of Johnson Matthey Bankers Ltd. As I told you Johnson Matthey are an old established firm of gold, silver and platinum refiners who over recent years have expanded their activities into different fields including banking. They are highly respected. They have a small subsidiary in Sydney.

I had a full discussion with Mr Firth. He said that Mr Khemlani was the hard-working manager of Dalamal and Sons (Commodity) Ltd. and was well-known to him. Dalamal are an old Pakistani firm which moved the main part of its business to London on the partition of India and Pakistan. The principal in London is Mr Gopu Dalamal. The family is well known for being wealthy. Johnson Matthey are their bankers and think highly of them. A number of banks in London deal with them and Mr Firth says that status reports are always good. Dalamal are engaged in international trading with emphasis on north and west Africa and some business in the Middle East particularly in oil. Dalamal do deal in fairly large sums. They invariably act as middle men.

Mr Firth knows of Mr Theo Cranendonk but knows very little about him.

Mr Firth says that Mr Khemlani asked him for the letter of introduction dated 6th November 1974 (a copy of which Mr Firth has given to me) and Mr Firth's recollection is the Mr Khemlani had said that he was invited by the Australians to come.

Mr Firth said that he knew Mr Khemlani went in connection with the raising of money but he had no knowledge whatsoever of the details. He said that the Arabs sometimes did things in rather unusual ways and it might well be that Mr Khemlani was trying to put a deal together.

Regards Charles.

Mr CONNOR—This firm has been for many years the legal advisers in the United Kingdom to the Australian Government. Separate Treasury inquiries, which were unknown to me—and I give the lie to the sneers and smears and innuendoes of the Deputy Leader of the Opposition (Mr Lynch), the hero of water torture in Vietnam and bastardisation in Duntroon, who called this man a convicted criminal—revealed the man's integrity. Subsequently, further inquiries were made, again by the Treasury of the Morgan Guaranty company of New York. The report was that the firm of Dalamal and Sons (Commodities) Ltd was owned through a dominating company registered in the Bahamas which was owned by the second wealthiest family in India. In addition, further inquiries were made, all of which were designed to smear this man.

In discussions with Mr Khemlani on 12 November I, together with my Permanent Head, informed him that in no circumstances would he be authorised to negotiate and arrange for a loan. To the contrary, confirmed by letter of that day, a copy of which I now seek leave to table and incorporate in the Hansard, I informed Mr Khemlani 'that the availability of such funds for lending should be confirmed at this stage, whereupon negotiations on amounts and other terms and conditions could be commenced immediately between the principals'. I seek leave to have the full text of that letter incorporated in Hansard.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

12th November, 1974.

Dear Mr Khemlani,

I refer to your discussions in Canberra yesterday with my Minister, the Minister for Minerals and Energy, The Hon. R. F. X. Connor, and the Minister for Labor and Immigration, The Hon. Clyde R. Cameron, and to the further discussion this morning with Mr Connor and me.

I am writing to confirm to you what was said by the Ministers at their meeting yesterday. The Australian Government is interested in overseas borrowings of the magnitude you mention, up to a total of approximately US\$4,000m, in blocks of US\$500m, repayable at the end of twenty years. The Minister has suggested that the availability of such

funds for lending should be confirmed at this stage, whereupon negotiations on amounts and other terms and conditions could be commenced immediately between the principals.

In order to overcome any technical difficulties, such as loss of interest, that might result from confirmation, I am sure that we could commence negotiations on receipt of authentic information of the availability of such funds from a lender. For example, a letter from Johnson, Matthey Bankers Ltd conveying this information, accompanied by an indication of the names of the principals, would be fully considered.

Yours sincerely,
(C. L. Hewitt)

Mr Tiraty Hassaram Khemlani,
Manager,
Dalamal & Sons (Commodities) Ltd.,
8 West Eaton Place,
London. SW1X 8LS. England.

Mr CONNOR—Mr Drover was advised of the terms of the letter and, in relation to the last sentence, that his name had been given to Mr Khemlani, who had been informed that it would be acceptable if Johnson Matthey Bankers Ltd provided to him their confirmation or authentication of the availability of such funds from a lender. Mr Drover was also told that the whole thrust of the response to Mr Khemlani had been for him to demonstrate that he had a lender of substance before the Australian Government could commence negotiations. Since the Opposition has made so much of traditional Treasury practice I ask for leave to table and to have incorporated in Hansard a Treasury statement concerning unsolicited offers of overseas funds. If honourable members will read that they will see that my purpose was to identify principals and to secure proof of availability of funds.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

Treasury statement on unsolicited offers of overseas funds.

While all unsolicited offers are investigated on their merits, the following rigorous set of conditions must be satisfied before substantive negotiations may be undertaken:

- (i) identification of principal (through channels of our own choosing).
- (ii) availability of funds must be proven.
- (iii) cost of funds to borrower must be competitive.
- (iv) documentation must satisfy us and A.G.'s.
- (v) offer must satisfy Loan Council.

Mr CONNOR—I seek leave to have incorporated in Hansard a telex of 1 December from Mr Khemlani and also my reply to him of 3 December and his reply to me of the same day. The 2 telex messages were published in the *Melbourne Age*.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

Honourable R. F. X. Connor and
Honourable Clyde R. Cameron.

I would like to offer my humble apologies for the delay and lateness in communicating with you and on the project as discussed, I had been working hard and that I had to contact a lot of people and particularly, I had the misfortune of missing His Excellency Sikkar Geson all the time for he was in the States and in Europe on business of the state and many other important people and this has taken me about 3 weeks up to now and hence this unavoidable delay.

I have already informed my associates in Adelaide and given a message to them to convey to you and I shall take this opportunity to repeat the message to assure you that everything possible is being done to expedite this matter as early as possible.

Other reason for the delay was the fact that service charges and various things involved had to be guaranteed for the prime banks having to confirm the loan had to be satisfied over this and in my case, the instructions given to me as per your letter do not give me sufficient strength to deal with this.

However, I have now arranged sufficiently for the prime banks acting for lenders from Middle East to establish the line of offer into our bank, Johnson Matthey Bank Ltd, so that my bank can convey such message to the Reserve Bank of Australia in Canberra. It is my intention and the arrangements completed are that the assurance of the loan being available and the terms and conditions will be conveyed and given to my bank by Tuesday and my bank will then carry out the necessary relay to the bank in Canberra.

At the moment, the loan is to become available from the 6 December 1974 and therefore they would do this by Tuesday and the first batch is to amount to US\$500 and depending on my further meeting in Canberra the total \$4 billion can be completed within 8 months or 4 months and thus US\$500 shall be granted every 2 weeks or every month as may be desired by your excellencies.

I therefore beg of your excellencies to bear with me just a few more days so that I can arrange all this and it is now only a matter of a few days. I believe having done the spade work, I shall be able to arrange matters in a way so that completion shall be by the 15 December 1974 before the Christmas holidays begin in Australia.

Thanks and regards . . . Th Khemlani of Dalamal & Sons, Commodities Ltd of London.

P.S.—If there is anything that I can do from here before I proceed to Australia for a further meeting after doing the banking please let me know. Immediately after this meeting between the principals that is the lenders and the ministry will be arranged to catch up with timing of completing the loan now.

For attention Mr Khemlani

To Dalsoncom London
from Minergy Sydney

I thank you for your message about the problems you have encountered. The postponements pose some problems as we had expected negotiations here last week or this week in accordance with your earlier message. A particular problem now is that Sir Lenox Hewitt will be leaving Australia with our Prime Minister Whitlam on 14th December. We have also asked through Adelaide whether draft documents could be sent out in advance of your visit and we hope for an early response to that enquiry. If you can comply with this request our advisers can commence their studies.

From R. F. X. Connor
Minister for Minerals and Energy
Mlr—3.12.74 11.08

To Minergy Canberra

From Minergy Sydney

To Margaret Bertoldo

From Miss Wallar

Please pass immediately to the Minister

Attention Hon. R. F. X. Connor
Minister for Minerals and Energy

Your excellency I thank you very much for your message and I offer my humble and deepest apologies for the delay and lateness in doing the conclusion for which I am sorry but due to circumstances beyond my control this was unavoidable.

However I am happy to inform that everything will settled and bank confirmation will be transmitted into the Reserve Bank of Australia in Canberra by Tuesday 16.00 hours and then as discussed in the meeting in your office, I shall bring various documents so that we can get together and complete such necessary arrangements.

I am still more than sure that I can finalise this by the 9th of this month and that after my visit to your ministry by Thursday of this week, I am arranging the matters in a way so as to finalise the first batch of 500 million before the 9.12.1974 and that this will be revolving every month or earlier to comply with the requirement.

Therefore, I most humbly thank you for your indulgence and your kindness in bearing with me. I shall be in touch with my associates in Adelaide and also keep your personally informed of the developments. Our first phase of banking was completed today and final phase of confirmation into our bank will be completed by tomorrow and then transmission to follow. Thereafter it will not take very long for the lenders would like to have this to become effective as early as possible.

I hope that this will be received in the light of my kind and humble evidence of our willingness to serve you well and that no more delay will take place.

I look forward to having the opportunity of meeting once again by Thursday in Canberra. I am

Thanks and regards
Mlr—3.12.74 1.36

Th. Khemlani

Mr CONNOR—On 5 December Mr Drover reported by telephone: 'It looks as though it will be all right. I have seen satisfactory evidence that this money is deposited with a first class bank. I have undertaken not to reveal the name of the bank at this stage'. Mr Khemlani returned to Australia on Saturday, 7 December. He attended a meeting with myself, officers of my Department and of the Attorney-General's Department, and representatives of Darling and Co. Ltd and their legal advisers, Messrs Freehill, Hollingdale and Page, at which the drafting of documentation was discussed. I seek leave to table and to have incorporated in Hansard a copy of the Memorandum of Advice given by the representative of Darling and Co. on 8 December. This arose from some question about

the effective cost of the loan to the Commonwealth of Australia.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

Memorandum No. 1

To Sir Lenox Hewitt
From J. H. Broinowski

Proposed US\$ Borrowing Costs

The question has been raised relative to the terms of the proposed loan that the costs converted to a simple interest calculation would approximate 17 per cent per annum, which would in itself be substantially in excess of current interest rates obtainable for a first-class borrower of normally available funds.

So far as the simple statement goes, the calculated rate is correct, but in my view it is fallacious to apply such a calculation for the following reasons:

1. The nominal interest rate is 7.7 per cent compound per annum and cumulative for 20 years with costs increasing this to an effective rate of 7.95 per cent per annum.
2. Such a sum of money is not normally available in the market place.
3. Being cumulative, the interest is itself available to the borrower over the 20 year period.

I am assured that there is ample scope for the full utilisation of the initial funds (\$A3,036m) in productive enterprises. Further I understand that the management of the funds will enable profitable interest and sinking fund charges to be recovered so that in fact this recovered interest can be 'recycled' for further profitable use. It follows that the accumulating interest has the effect of making new funds available each year or, put another way, the loan of \$A3,036m could be expressed as a loan of \$A13,385m at 7.95 per cent per annum drawn down as to \$A3,036m forthwith and the balance over 20 years at the end of which the total is repayable in full.

From Darling and Co.

Amount of Loan: US\$4 billion

Term: 20 years

Compound Interest Rate: 7.7 per cent
—compounding in annual rates.

Amount Repayable: US\$17,635 million

Based on Australian-U.S. exchange rate of US\$1.3175 = \$A1.00:

Amount of Loan = \$A3,036m

Amount Repayable = \$A13,385m.

Effective interest rates are as follows:

Emission	All Other Charges	Net Total Available	Net Total Available	Effective Interest Rate
%	%	US\$'s m	\$A's m	
100	..	4,000	3,036	7.7
98	..	3,920	2,975	7.81
	1.0	3,880	2,945	7.86
	1.5	3,860	2,930	7.89
	2.0	3,840	2,915	7.92
	2.5	3,820	2,899	7.95
	3.0	3,800	2,884	7.98
	3.5	3,780	2,869	8.01
	4.0	3,760	2,854	8.03

Mr CONNOR—On 13 December the proposed borrowing was further discussed by Ministers and the Executive Council authority for borrowing was given in a document which has already been published. I also ask for leave to table a copy of the draft acceptance given to Mr Khemlani on 16 December for examination by his principals and to have that document incorporated in Hansard.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

DRAFT ACCEPTANCE TAKEN BY T. H. KHEMLANI ON 16.12.1974 AFTER DISCUSSION WITH COMMONWEALTH OFFICERS

DRAFT ACCEPTANCE

The Australian Government accepts the offer made to it of a loan of Four billion United States dollars (US\$4,000,000,000) with the penalty conditions the text of which is set out below, the repayment of which loan is to be secured by the issue of a promissory note the text of which is also set out below, the face value of the promissory note being computed on the basis of a compound interest rate (compounded annually) over twenty (20) years at 7.70 per cent with annual rests, with an emission of 98 per cent, and less fees and charges of the negotiator (Mr Tirathdas Hassaram, Passport No. G621722) of 2½ per cent of the said amount of Four billion United States dollars (being \$100m United States dollars). This acceptance is given on your express warranty and agreement to the Australian Government that there are no taxes restrictions imposts levies or duties present or future of any nature imposed under the laws of Switzerland or any political sub-division thereof in respect of the promissory note this acceptance and the penalty conditions and that there are no restrictions under the said laws or otherwise which prevent the transfer out of Switzerland of the amount of the said loan and should there be any such taxes imposts levies or duties you will pay the same and if there are any such taxes imposts levies or duties payable by the Australian Government the amount thereof will be adjusted on settlement and if there are any restrictions under such laws which prevent such transfer this acceptance and penalty conditions shall be void and of no effect.

Please provide funds at once as the promissory note will be signed by on behalf of the Australian Government and will be delivered by in exchange for the receipt by the Commonwealth of Australia of a draft for the amount of Three thousand eight hundred and twenty million United States dollars (US\$3,820,000,000) drawn by the Swiss National Bank upon the Federal Reserve Bank of New York (FRBNY) to the credit of the account of the Reserve Bank of Australia with FRBNY in New York, and of a certificate from Swiss National Bank that the funds are freely transferable.

PENALTY CONDITIONS

The Australian Government affirms unconditionally that (subject to the terms and conditions of its acceptance of your offer) if, within 1 banking day from the date of its acceptance, the full amount payable under the terms of its acceptance is certified in writing by General Manager of the Union Bank of Switzerland to be immediately available to the Commonwealth of Australia by way of a draft drawn by Swiss National Bank upon FRBNY to the credit of the account of the Reserve Bank of Australia with FRBNY in New York and if the Federal Reserve Bank of New York

(FRBNY) has certified that it would, within seven days after the date of this acceptance, accept a deposit of the said draft for \$3,820,000,000 to the credit of the said account of the Reserve Bank of Australia with FRBNY in New York, and if, for any reason within its control, the Australian Government does not, within 6 banking days from the date of receiving the said certificate of availability, accept delivery of a draft as aforesaid and a certificate by the Swiss National Bank that the funds are freely transferable, the Australian Government will assume for its part and account the sum of US\$300,000 for the expenses caused by the blocking of the funds as well as for the interest calculated on a daily basis at the rate at which first class banks can obtain United States dollar deposits in the London Inter Bank market for each respective banking day from the date of this acceptance until the date of expiration of seven days thereafter or until the date of notice to the Bank that the Australian Government does not propose to take the funds (whichever date is the earlier) and thereafter shall be under no further obligation to you on any account whatsoever.

PROMISSORY NOTE

No.
Date of issue
Date of maturity

For the value received, the undersigned on behalf of the Commonwealth of Australia hereby irrevocably and unconditionally and without protest or notification promises to pay against this promissory note to the order of:

or the holder of this promissory note at on the sum of in lawful money of the United States of America without interest.

This promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political sub-division thereof or therein.

The Commonwealth of Australia promises that if it shall be compelled to make such deductions, then it shall pay such additional amounts as may be necessary to ensure that a new amount received by the lender shall equal the net amount of this promissory note.

The terms and conditions of this promissory note will be governed by and construed in accordance with the laws of Switzerland at the date of signature of this note (and additional thereto by the regulations of the International Chambers of Commerce in Paris, Brochure 222, last revised edition being the regulations annexed hereto.)

The failure of the holder to exercise any of his rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance.

The Commonwealth of Australia hereby certifies and declares that all acts, conditions, and things precedent to the creation and issue of this promissory note and to constitute this promissory note the valid obligation of the Commonwealth of Australia in accordance with its terms have been

done and performed and have happened in due and strict compliance with the applicable laws of Australia.

All rights arising from ownership of this promissory note are freely transferable, assignable and divisible.

The requirement imposed by the second paragraph hereof that the promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political sub-division thereof or therein does not apply where the promissory note or an interest therein is beneficially owned by any person (incorporated or otherwise) residing in or being a resident of Australia or any of its territories.

Mr CONNOR—This was the latest redraft prepared at meetings attended by officers of the Department of the Prime Minister and Cabinet, Department of Minerals and Energy, Attorney-General's Department, Treasury Department, the Reserve Bank of Australia and Mr Khemlani prior to his departure from Australia on 16 December. We also had the benefit on 16 December of Sir Roland Wilson advising on the wording of the draft acceptance. Special attention was paid in the drafting to ensure that there would be no liability for payment by the Australian Government to Mr Khemlani and that he must look to the lenders for payment, which would have been a once only payment. It would not have been applicable to the deferred interest accruing on the original borrowing which, in fact, would have become annually recurring loans over gradually decreasing periods equal to each successive interest accrual. This was explained in the memorandum of Darling and Company. In view of the false allegations made by the Opposition I also ask for leave to table and to have incorporated in Hansard a list of the net proceeds per cent of loans borrowed by the former Government between 1967 and 1972. In many cases the expenses per cent exceeded that contained in the draft acceptance. As an illustration of the borrowings by the Liberal-Country Party Government in New York, I point out that the Commonwealth loan raising in that market in December 1966 involved expenses of 2.55 per cent and that the net proceeds were 94.95 per cent.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

	Interest rate	Issue price	Expenses per cent	Net proceeds per cent
Japanese loan July 1972 (¥10,000,000,000)	6.90	Par	1.93	98.07
German loan January 1972 (DM100,000,000)	7.00	Par	3.09	96.91
Netherlands loan January 1971 (G60,000,000)	7.75	Par	1.55	98.45
Swiss loan February 1970 (SF60,000,000)	6.25	99	5.13	93.87
German loan October 1969 (DM150,000,000)	7.25	98	3.11	94.89

	Interest rate	Issue price	Expenses per cent	Net proceeds per cent
German loan February 1969 (DM100,000,000)	6.25	99.5	1.26	98.24
German loan February 1969 (DM200,000,000)	6.50	99.5	3.06	96.44
Swiss loan November 1968 (SF60,000,000)	5.50	Par	5.06	94.94
German loan September 1968 (DM200,000,000)	6.25	99.5	1.27	98.23
German loan July 1968 (DM100,000,000)	6.75	98.5	3.15	95.35
Swiss loan April 1967 (SF50,000,000)	5.50	Par	5.16	94.84
German loan October 1967 (DM100,000,000)	6.50	99	3.20	96.80
London loan September 1967 (Stg 14,000,000)	7.00	99	1.67	97.33
Average			2.97	

Mr CONNOR—Also on 16 December I gave to Mr Khemlani a Letter of Identification, which I now seek leave to table and incorporate in Hansard. This letter, which speaks for itself, has been the subject of malicious guess-work.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The document read as follows)—

Parliament House,
Canberra, A.C.T. 2600
16 December 1974.

Dear Mr Khemlani,

As I told you this morning I have been authorised by Executive Council decision of the Australian Government to borrow a sum in the currency of the United States of America not exceeding the equivalent of Four thousand million dollars, and to determine on behalf of Australia the terms and conditions of the borrowing.

Before coming to a final decision on the proposal which has been put before the Australian Government, it is necessary to obtain the concurrence of the Federal Reserve Bank of New York to the banking arrangements in respect of the Petrodollars from which the amount of the borrowing is derived. On a preliminary enquiry by the Reserve Bank of Australia to the Federal Reserve Bank of New York we were asked specifically as to the present holders of the currency and their location, and as to the derivation thereof. Accordingly, we appreciate your offer to return to Zurich, and in company with senior officers of the Reserve Bank of Australia and its London Office, to obtain details of the prime banks from which the money is being mobilised to the Union Bank of Switzerland.

The Reserve Bank officers will be producing for the information of the Union Bank of Switzerland copies of the Executive Council Minute of the Government of the Commonwealth of Australia, authorising me to enter into the necessary documents on its behalf. The Reserve Bank officers will also have available for perusal copies of the drafts of the Promissory Note and associated documents based on the original documents which you so kindly brought for our examination.

We greatly appreciate your co-operation and assistance in this transaction, and particularly in securing its earliest possible completion.

Yours sincerely,

Mr Tirath Hassaram Khemlani,
Manager,
Dalamal & Sons (Commodities) Ltd,
8 West Eaton Place,

LONDON SW1K 5LS.
ENGLAND.

Mr CONNOR—I also seek leave to table and incorporate in Hansard copies of telexes of 20 December to the Union Bank of Switzerland and Mr Khemlani containing the necessary details of the Executive Council minute, and also a copy of the Draft Acceptance of 21 December to deal with multiple drawings. The borrowing was not consummated, and notification of the termination of the proposed borrowing was conveyed to Mr Khemlani on 21 December, a copy of which message I also table and incorporate.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

DEPARTMENT OF MINERALS AND ENERGY OUTWARDS TELEPRINTER MESSAGE

To Union Bank of Switzerland Zurich. Attention Mr Nicklaus Senn. Vice President, Department X 3904.

From Hon. R. F. X. Connor, Minister for Minerals and Energy Australia.

Notify authority G.P.C.S./Bajius/22554903/552321 code maximilian-BDPJS-0510-KHEM-FIR.

The following is text of minute paper for the executive council from Department of Minerals and Energy of Australia, 13 December 1974.

Quote: Proposed borrowing not exceeding the equivalent of 4,000 million dollars in the currency of the United States of America for temporary purposes.

CONSTITUTION, SECTION 61

Recommended for the approval of excellency the Governor-General in Council

Whereas the Commonwealth of Australia (hereinafter called 'Australia') proposes to borrow a sum not exceeding four thousand million dollars in the currency of the United States of America (US\$4,000,000,000) for temporary purposes.

Now it is recommended for the approval of his excellency the Governor-General, acting with the advice of the Federal Executive Council, that, in pursuance of section 61 of the Constitution—

(a) The Minister for Minerals and Energy be authorised to borrow for temporary purposes a sum in the currency of the United States of America not exceeding the equivalent of

four thousand million dollars and to determine on behalf of Australia the terms and conditions of the borrowing:

(b) The Minister for Minerals and Energy, or any other person authorised by him in writing for the purpose, be authorised for and on behalf of Australia to approve, enter into and sign any necessary documents for the purpose of making the said borrowing, including a promissory note:

(c) The Minister for Minerals and Energy, or any other person authorised by him in writing for the purpose, be authorised, for and on behalf of Australia, to issue and deliver any such promissory note: and

(d) The Minister for Minerals and Energy, and such other person or persons as he appoints in writing, be authorised for and on behalf of Australia to take any other action and execute any other documents required or permitted to be taken or executed for the purpose of making the said borrowing.

Signed:

E. G. Whitlam, Q.C., M.P.—Prime Minister

J. F. Cairns, M.P.—Deputy Prime Minister

L. Murphy, Q.C.—Attorney General

R. F. X. Connor, M.P. Minister for Minerals and Energy

Approved in Council; J. Kerr—Governor General

End Quote

Transmitted by authority R. F. X. Connor, Australian Minister for Minerals and Energy, Canberra

DEPARTMENT OF MINERALS AND ENERGY OUTWARDS TELEPRINTER MESSAGE

To Mr Tiraty Hassaram Khemlani, Manager Dalamal & Sons (Commodities) Ltd, 8 West Eaton Place, London S.W.1 X 8LS, England.

From Honourable R. F. X. Connor, Australian Minister for Minerals and Energy.

The following is the text of an Australian Executive Council Minute of 13 December 1974, immediately following its transmission to Mr Nicklaus Senn of the Union Bank of Switzerland.

Quote.

Proposed borrowing not exceeding the equivalent of \$4,000m in the currency of the United States of America for temporary purposes.

Constitution, Section 61

Recommended for the approval of excellency the Governor-General in council.

Whereas the Commonwealth of Australia (hereinafter called 'Australia') proposes to borrow a sum not exceeding four thousand million dollars in the currency of the United States of America (US\$4,000,000,000) for temporary purposes.

Now it is recommended for the approval of His Excellency The Governor-General, acting with the advice of the Federal Executive Council, that, in pursuance of Section 61 of the constitution—

(a) The Minister for Minerals and Energy be authorized to borrow for temporary purposes a sum in the currency of the United States of America not exceeding the equivalent of four thousand million dollars and to determine on behalf of Australia the terms and conditions of the borrowing:

(b) The Minister for Minerals and Energy, or any other person authorized by him in writing for the purpose, be authorized for and on behalf of Australia to approve, enter

into and sign any necessary documents for the purpose of making the said borrowing, including a promissory note:

(c) The Minister for Minerals and Energy, or any other person authorized by him in writing for the purpose, be authorized, for and on behalf of Australia, to issue and deliver any such promissory note: and

(d) The Minister for Minerals and Energy, and such other person or persons as he appoints in writing, be authorized for and on behalf of Australia to take any other action and execute any other documents required or permitted to be taken or executed for the purpose of making the said borrowing.

Signed:

E. G. Whitlam, Q.C., M.P.—Prime Minister

J. F. Cairns, M.P.—Deputy Prime Minister

L. Murphy, Q.C.—Attorney-General

R. F. X. Connor, M.P.—Minister for Minerals and Energy

Approved in Council; J. Kerr—Governor General

End Quote

Transmitted by Authority R. F. X. Connor—Australian Minister for Minerals and Energy, Canberra

DRAFT ACCEPTANCE

21.12.74

The Australian Government accepts the offer made to it with the penalty conditions the text of which is set out below of a loan of Four thousand million United States dollars (\$US4,000,000,000) (hereinafter called the principal sum) with an emission of 98 per cent and less 2½ per cent of the said principal sum being fees and charges of the negotiator (Mr Tirathdas Hassaram) and on his account only. The loan shall be drawn in four tranches, details of which are set out below, each tranche being one-fourth of the principal sum with an emission of 98 per cent and less 2½ per cent of the said one-fourth of the principal sum for the said fees and charges. The repayment of this loan is to be secured by four promissory notes for equal amounts the text of each of which is also set out below, the face value of each promissory note being computed on the basis of a loan of One thousand million dollars at a compound interest rate (compounded annually) over twenty (20) years of 7.70 per cent with annual rests. This acceptance is given on your express warranty and agreement to the Australian Government that there are no taxes restrictions imposes levies or duties present or future of any nature imposed under the laws of Switzerland or any political sub-division thereof in respect of the promissory notes, this acceptance and the penalty conditions and that there are no restrictions under the said laws or otherwise which prevent the transfer out of Switzerland of the amount of the said loan and should there be any such taxes imposes levies or duties you will pay the same and if there are any such taxes imposes levies or duties payable by the Australian Government the amount thereof will be adjusted on settlement and if there are any restrictions under such laws which prevent such transfer this acceptance and penalty conditions shall be void and of no effect, and that you will, within 1 banking day after this Acceptance, provide the Australian Government with proof to its satisfaction that the amounts available to pay all the Tranches are derived from the sale of petroleum.

Please provide funds to meet each tranche as specified below. Each promissory note will be signed by on behalf of the Australian Government and will be delivered by in exchange for the receipt by the Commonwealth of Australia of a draft for the amount of Nine hundred and fifty-five million United States dollars (\$US955,000,000) drawn by the Swiss National

Bank upon the Federal Reserve Bank of New York (FRBNY) to the credit of the account of the Reserve Bank of Australia with FRBNY in New York, and of a certificate from Swiss National Bank that the funds are freely transferable.

DETAILS OF TRANCHES

Number of Tranche	Number of banking days after your receipt of this Acceptance within which Tranche must be made available
One	One
Two	Eight
Three	Fifteen
Four	Twenty-two

PENALTY CONDITIONS

The Australian Government affirms unconditionally that (subject to the terms and conditions of its acceptance of your offer) if—

- within 1 banking day from the date of its acceptance, the General Manager of the Union Bank of Switzerland certifies in writing that the full amount of Four thousand million dollars payable under the terms of its Acceptance will be made available to the Commonwealth of Australia, in accordance with the Details of Tranches set out in the Acceptance above, by way of drafts drawn by Swiss National Bank upon the Federal Reserve Bank of New York (FRBNY) to the credit of [the account of] the Reserve Bank of Australia [with FRBNY in New York]; and
- FRBNY has certified that it would, within 14 days after each Tranche is made available, accept a deposit of the amount of each Tranche to the credit of the said account of the Reserve Bank of Australia with FRBNY in New York for credit of the Commonwealth of Australia; and
- for any reason within its control, the Australian Government does not, within 6 banking days from the date of a Tranche being made available, accept delivery of a draft for the amount of such Tranche, and a certificate by the Swiss National Bank that the amount of the Tranche is freely transferable; and
- the lender has established to the satisfaction of the Australian Government that the amounts available for the Tranches have been derived from the sale of petroleum;

the Australian Government will assume for its part and account on any such occasion the sum of \$US75,000 for the expenses caused by the blocking of the funds for that Tranche as well as for the interest in respect of that Tranche calculated on a daily basis at the rate at which first class banks can obtain U.S. Dollar deposits in the London Inter-Bank market for each respective banking day from the date of the Tranche being made available until the date of expiration of seven days thereafter or until the date of notice to the Bank that the Australian Government does not propose to take the Tranche (whichever date is the earlier) and thereafter shall be under no further obligation to you on any account whatsoever in respect of that Tranche.

PROMISSORY NOTE

Date of issue
 Date of maturity
 For the value received, the Commonwealth of Australia hereby irrevocably and unconditionally and without protest or notification promises to pay against this promissory note to the order of:

 or the holder of this promissory note at
 on the sum in lawful

money of the United States of America without interest.

This promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political sub-division thereof or therein.

The Commonwealth of Australia promises that if it shall be compelled to make such deductions, then it shall pay such additional amounts as may be necessary to ensure that a new amount received by the lender shall equal the net amount of this promissory note.

The terms and conditions of this promissory note will be governed by and construed in accordance with the laws of Switzerland at the date of signature of this note.

The failure of the holder to exercise any of his rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance.

The Commonwealth of Australia hereby certifies and declares that all acts, conditions, and things precedent to the creation and issue of this promissory note and to constitute this promissory note the valid obligation of the Commonwealth of Australia in accordance with its terms have been done and performed and have happened in due and strict compliance with the applicable laws of Australia.

All rights arising from ownership of this promissory note are freely transferable, assignable and divisible.

The requirement imposed by the second paragraph hereof that the promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political sub-division thereof or therein does not apply where the promissory note or an interest therein is beneficially owned by any person (incorporated or otherwise) residing in or being a resident of Australia or any of its territories.

Signed for and on behalf
 of
 the Commonwealth of
 Australia
 by:

OUTWARDS TELEPRINTER MESSAGE

To Mr Tiraty Hassaram Khemlani
 Manager, Dalamal and Sons (Commodities) Ltd
 8, West Eaton Place, London, SW1 X8LS England

From Hon. R. F. X. Connor, Australian Minister for Minerals and Energy

Further to my Telex Message of 20 December 1974. I refer to proposals that have been made by you in relation to a loan by unnamed principals to the Australian Government. The proposals have been examined by the Australian Government which has decided in the light of information now available to it that it will not further pursue the matter. The Union Bank of Switzerland has been advised accordingly.

Please acknowledge receipt of this message.

R. F. X. Connor.

Mr CONNOR—In the light of this notification, cheques and a letter referred to by the *Melbourne Age* on 4 July have no validity, nor is the reference to payment of commission by the Australian Government correct. That reporting is typical of the gutter snipe levels to which the *Age*

has descended—to borrow the title of its celebrated slander of the Australian Government. To add to the egg on its face I remind honourable members of the libellous editorial in the *Age* on Saturday last suggesting the complete failure of my coal mission to Tokyo when I had in fact negotiated the best commercial arrangement in Australian history. I remind honourable members of the ungracious, grudging, half-hearted withdrawal in last Monday's editorial in the *Age* after it had bothered for the first time to examine the facts. It is a pleasure to see red faces on the editorial writers

Graduates from the same gutter are those in the Australian newspaper who on 14 June last, after splurging all over its front page a completely inaccurate and misleading story quoting alleged transactions of a Mr Go and Dr Ako with a Mr MacDonald, devoted a single final sentence on the second page to a complete denial by Mr MacDonald that he even knew either of these people. They are, of course, unknown to me. Mr MacDonald's denial was repeated on a recent Australian telecast interview of him in his London office. Could one hang a dog on the evidence of these people?

On 7 January, in connection with the refinancing of a Deutschmark loan the Executive Council borrowing authority of 13 December was cancelled. On 28 January 1975 I was given a new Executive Council authority for a borrowing of \$1,500m—or US\$2,000m. On 30 January I received telex advice from the Moscow Narodny Bank London seeking confirmation that I would accept loan funds prior to its unnamed client 'committing himself to blocked funds'. I seek leave to table and have incorporated in Hansard a copy of that telex and my reply to it of 31 January.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

DEPARTMENT OF MINERALS AND ENERGY
INWARDS TELEPRINTER MESSAGE

For the attention of the Hon. R. F. X. Connor, Minister for Minerals and Energy, Canberra, Australia

Your Ref. AG / MME + AE / 420 / DSCLL / KHEM / 30011975. Our Clients reference DIKS / MAC / AUS / C20 / CAS5. Our client of the above reference before committing himself to blocked funds on your behalf has asked that we have direct confirmation from you to our bank of the following points:

1. That you agree to accept an initial amount of 500 million U.S. dollars for which five promissory notes should be prepared in total amounting to U.S. dollars 2,486,250,000 each being for the value of U.S. dollars 497,250,000 payable 20 years from the date of receipt of funds.

2. That you will accept thereafter continuing amounts of 100 million U.S. dollars or more as the funds become available up to the required total of U.S. dollars 4,000 million.
3. That you undertake in event that availability of funds is notified by our bank to your reserve bank and you do not take up the funds against the necessary promissory notes within four banking days, then you undertake to pay to our bank a sum equivalent to one per cent of the loan funds notified.
4. When availability of the first amount of money has been confirmed to your reserve bank, you will be required to arrange that signatures on the promissory notes can be duly authenticated by the relevant representatives of your Government in London.

We await your confirmation of the above.

Moscow Narodny, London.

DEPARTMENT OF MINERALS AND ENERGY
OUTWARDS TELEPRINTER MESSAGE

To Narodny London
From R. F. X. Connor
Minister for Minerals and Energy
Australia

Our reference AG / MME + AE / 420 / DSCLL / KHEM / 30011975. Your reference DIKS / MAC / AUS / C20 / CAS5.

Your message of yesterday has been received and discussed with Mr Khemlani who plans to visit your office on Monday with principals.

Mr CONNOR—The Bank was further advised by me by telex on 7 February, following further discussions with Mr Khemlani, of the draft terms and conditions upon which the Government would be prepared to borrow if confirmation was provided that funds were available in blocked accounts and immediately available with the permission of the Federal Reserve Bank of New York for transfer. I seek leave to table and incorporate in Hansard a copy of that telex and further 3 telex messages of 27 and 28 February exchanged with the Moscow Narodny Bank.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

To Narodny London
From R. F. X. Connor
Minister for Minerals and Energy
Australia

Our reference
AG/MME/AE/420/DSCLL/KHEM/30011975.

Your reference DIKS/MAC/AUS/C20/CAS5.

A. Following our reply of 31 January to your telex message of 30 January and subsequent to Mr Tirathdas Hassaram Khemlani's visit to your bank of 3 February we are currently in discussion with Mr Khemlani who is present whilst the contents of this are being drafted and communicated to you. We understand that five hundred million United States dollars (dollars United States 500,000,000) are currently available in blocked accounts in United States prime banks and are immediately available with the permission of the Federal Reserve Bank of New York (FRBNY) for transfer to the

account of the Reserve Bank of Australia with the Federal Reserve Bank of New York. On this basis and subject to your confirmation thereof and in respect of this sum we would be prepared to accept an advance of this amount to the Reserve Bank of Australia in accordance with the following draft terms and conditions.

- (1) The repayment of this loan is to be secured by a promissory note the draft text of which is also set out below, the face value of the promissory note being computed on the basis of a compound interest rate (compounded annually) over twenty (20) years at 8.35 per cent with annual rests, with an emission of 100 per cent, and payable 20 years from the date of receipt of funds.
- (2) This acceptance is given on your express warranty and agreement to the Australian Government that there are no taxes restrictions imposts levies or duties present or future of any nature imposed under the laws of England and the United States of America in respect of the promissory note this acceptance and the penalty conditions and that there are no restrictions under the said laws or otherwise which prevent the transfer of the amount of the said loan to the account of the Reserve Bank of Australia with the Federal Reserve Bank of New York and should there be any such taxes imposts levies or duties you will pay the same and if there are any such taxes imposts levies or duties payable by the Australian Government the amount thereof will be adjusted on settlement and if there are any restrictions under such laws which prevent such transfer after acceptance and any penalty conditions shall be void.
- (3) The promissory note abovementioned will be signed by on behalf of the Australian Government and will be delivered by in exchange for the receipt by the Commonwealth of Australia of a draft for the amount of five hundred million United States dollars (dollars United States 500,000,000) drawn by the Federal Reserve Bank of New York (FRBNY) on the FRBNY to the credit of the account of the Reserve Bank of Australia with FRBNY in New York.
- (4) The Australian Government affirms unconditionally that (subject to the terms and conditions of its acceptance of your offer), if within one banking day from the date of its acceptance the full amount payable under the terms of its acceptance is certified in writing by the General Manager of the Moscow Narodny Bank Limited, of 24-32 King William Street, London, to be immediately available to the Commonwealth of Australia by way of a draft drawn by the FRBNY to the credit of the account of the Reserve Bank of Australia with FRBNY in New York and if the Federal Reserve Bank of New York (FRBNY) has certified that it would, within five banking days after the date of this acceptance, accept a deposit of the said draft for 500,000,000 United States dollars to the credit of the said account of the Reserve Bank of Australia with FRBNY in New York, and if, for any reason within its control, the Australian Government does not, within five banking days from the date of receiving the said certificate of availability, accept delivery of a draft as aforesaid and a certificate by the FRBNY that the funds are freely transferable, the Australian Government will assume for its part and account the sum of one quarter of one per cent of the said amount of five hundred million United States dollars (dollars United States 500,000,000) for the expenses caused and thereafter shall be under no further obligation to you on any account whatsoever.

B. Subject to satisfactory completion of this transaction we would be prepared to consider continuing offers during the next 21 days of similar amounts from you up to a total (including this transaction) of two thousand million United States dollars (dollars United States 2,000,000,000) or of one single amount of one thousand five hundred million United States dollars (dollars United States 1,500,000,000) on similar terms and conditions.

PROMISSORY NOTE

No.

Date of issue

Date of maturity

For the value received, the undersigned on behalf of the Commonwealth of Australia hereby irrevocably and unconditionally and without protest or notification promises to pay against this promissory note

To the order of:
or the holder of this promissory note at
on The sum of
in lawful money of the United States of America without interest.

This promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political subdivision thereof or therein.

The Commonwealth of Australia promises that if it shall be compelled to make such deductions, then it shall pay such additional amounts as may be necessary to ensure that a new amount received by the lender shall equal the net amount of this promissory note.

The terms and conditions of this promissory note will be governed by and construed in accordance with the laws of England at the date of signature of this note.

The failure of the holder to exercise any of his rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance.

The Commonwealth of Australia hereby certifies and declares that all acts, conditions and things precedent to the creation and issue of this promissory note and to constitute this promissory note the valid obligation of the Commonwealth of Australia in accordance with its terms have been done and performed and have happened in due and strict compliance with the applicable laws of Australia.

All rights arising from ownership of this promissory note are freely transferable, assignable and divisible.

The requirement imposed by the second paragraph hereof that the promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political subdivision thereof or therein does not apply where the promissory note or an interest therein is beneficially owned by any person (incorporated or otherwise) residing in or being a resident of Australia or any of the territories of Cocos (Keeling) Islands, Norfolk Island or Christmas Island.

over

JML 7.2.75 9.30 p.m. Narodny LDN MINME AA62680

DEPARTMENT OF MINERALS AND ENERGY INWARDS TELEPRINTER MESSAGE

Narodny London 885401 27th Feb. 1975 GM
The Hon. Mr R. F. X. Connor, Australian Minister for Minerals and Energy, Canberra

Your ref: AG/MME +
AE/420/DSCLL/KHEM/30011975
Our ref: DIKS/MAC/AUS/C20/CAS5

Your Excellency:

We refer to discussions and telex negotiations from our client of the above reference and would be glad if you will confirm the under-noted to us:—

1. That you will receive 4,000 million U.S. dollars on the conditions previously agreed in your telex of 7.2.75 within 5 banking days of receipt of availability, to be taken in tranches of at least U.S. dollars 500,000,000—the whole amount to be made available within 21 days.
2. That the promissory note will be according to the text already supplied to our bank, excepting it will be covered by the laws of Switzerland instead of the laws of England.
3. That you will accept the funds to be made available freely transferable to your account with the Federal Reserve Bank of New York.
4. The necessary promissory note should be issued by the Reserve Bank of Australia guaranteed by the Ministry of Minerals and Energy representing the Government of Australia.

We will be glad to receive your confirmation of the above, on receipt of which we will be in a position to accept funds on your behalf.

Respectfully,

DICKS
General Manager
Moscow Narodny Bank London

DEPARTMENT OF MINERALS AND ENERGY
OUTWARDS TELEPRINTER MESSAGE

To Mr Dicks
General Manager
Moscow Narodny Bank

From R. F. X. Connor
Australian Minister for Minerals and Energy

Our reference: AG/MME +
AE/420/DSCLL/KHEM/30011975
Your reference: DIKS/MAC/AUS/C20/CAS5

Thanks for your message just received. In reference to the final paragraph, will you please advise whether you have had an offer of such funds for lending to us. If so we would be obliged if you would let us have information relating to source of funds.

OPR L PLS Note correction second line

Final paragraph, will you please advise whether you have

DEPARTMENT OF MINERALS AND ENERGY
OUTWARDS TELEPRINTER MESSAGE

To Mr Dicks
General Manager
Moscow Narodny Bank

From R. F. X. Connor
Australian Minister for Minerals and Energy

Our reference: AG/MME +
AE/420/DSCLL/KHEM/30011975

Your reference: DIKS/MAC/AUS/C20/CAS5

We will not, repeat not, now be in a position to consider any offers of funds until after the expiration of six clear banking

days commencing from and including Friday, 28 February 1975 London time.

Mr CONNOR—Neither those funds nor funds which were subsequently to have become available through the Seattle First National Bank (Switzerland) and the Overseas Development Bank Geneva became available. I also seek leave to table and incorporate in Hansard a copy of my letter of 22 March to Mr Khemlani relative to the Seattle First National Bank (Switzerland) transaction and of my telex of 28 February 1975 to the Seattle First National Bank (Switzerland) referred to therein, together with the telexes of 21, 25, 26 and 27 February referred to therein.

Mr SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

Minister for Minerals and
Energy
Parliament House,
CANBERRA, A.C.T.
2600
22 March 1975

Dear Mr Khemlani,

I refer to my discussions with you in Sydney today.

I now write this letter to reconfirm the wish of the Australian Government to borrow as indeed was expressed in the telex sent to the Seattle First National Bank Switzerland on 28 February, a copy of which is in your possession. As you are aware the currency of that message expired at the close of banking business on Friday, 7 March last.

As I understand your oral message this morning an amount of four billion United States dollars (Dollars United States 4,000,000,000) would now be available on a basis similar to that set out in my message of 28 February but with an emission of 98½ per cent. Another transaction of four billion United States dollars (Dollars United States 4,000,000,000) would be available subsequently but on this amount the rate of interest would be 8.22 per cent also with an emission of 98½ per cent.

On receipt of any responsible banking offer of funds on these lines we would proceed to finalise the transaction with the utmost expedition, as we have already given the clearest indication of our wishes to prospective lenders consistent with our responsibility and status as a national government with a prime international borrowing status.

Yours sincerely,

Australian Minister for
Minerals and Energy

Mr Tirath Hassaram Khemlani,
Hotel Wentworth,
Sydney, New South Wales.

TO SEATTLE FIRST NATIONAL BANK (SWITZERLAND)

ATTENTION: Dr Farnum, President

From R. F. X. Connor

Australian Minister for Minerals and Energy

Further to your messages of 21, 25, and 27 February, my messages of 26 and 27 February and our telephone conversations last night I advise that:

(1) The Australian Government wishes to borrow four billion United States dollars (dollars United States 4,000,000,000) on the following terms and conditions:

- (a) The repayment of the loan is to be secured by a promissory note (or promissory notes). The face value of the promissory note (or promissory notes) being computed on the basis of a compound interest rate (compound annually) over twenty (20) years at 8.35 per cent with annual rests, with an emission of 100 per cent, and payable 20 years from the date of receipt of funds. The face value of the promissory note (or the promissory notes) will therefore amount in the aggregate to nineteen billion, eight hundred and ninety million one hundred and sixty thousand United States dollars (dollars 19,890,160,000). The text of the promissory note is set out below.
- (b) Our acceptance will be given on the express warranty and agreement to the Australian Government that there are no taxes, restrictions, imposts, levies or duties present or future of any nature imposed under the laws of Switzerland and the United States of America or any political sub-division thereof in respect of the promissory note (or promissory notes) and the acceptance and (underlined) that there are no restrictions under the said laws or otherwise which prevent the transfer of the amount of the said loan to the account of the Reserve Bank of Australia with the Federal Reserve Bank of New York and (underlined) should there be any such taxes, imposts, levies or duties the lender will pay the same and (underlined) if there are any such taxes, imposts, levies or duties payable by the Australian Government the amount thereof will be adjusted on settlement and (underlined) if there are any restrictions under such laws which prevent such transfer the acceptance shall be void and to no effect.
- (c) The promissory note (or promissory notes) abovementioned will be signed by a duly authorised person on behalf of the Australian Government and will be delivered by a duly authorised person in exchange for the receipt by the Commonwealth of Australia of a draft of four billion United States dollars (\$4,000,000,000) drawn by the Federal Reserve Bank of New York (FRBNY) on the FRBNY to the credit of the account of the Reserve Bank of Australia with FRBNY in New York.
- (d) That the FRBNY has certified that it would accept a deposit of the said amount of four billion United States dollars (\$4,000,000,000) to the credit of the account of the Reserve Bank of Australia on terms acceptable to the Australian Government.

(2) In response to your message of 25 February we agree that you act as a trustee bank for the purpose of transmitting to us any responsible banking offer of funds received by you and originated from Dr Sinha and Dr Jha within the next six clear banking days commencing from and including Friday 28 February 1975 (Zurich time). On the basis of a satisfactory offer we would proceed to finalise the transaction with the utmost expedition as we have already given the clearest indication of our wishes to prospective lenders consistent with our responsibility and status as a national government with a prime international borrowing status.

(3) Our agreement in paragraph (2) abovementioned is, of course, given on the understanding that it does not in any way whatsoever commit the Australian Government to any costs, fees or other liabilities, and it is further understood that your bank, in acting as a trustee bank, will obtain funds from the lenders in a sufficient amount to pay all operational

charges or other expenses or commissions and be in a position to transfer to the Australian Government the total amount of four billion United States dollars.

DRAFT PROMISSORY NOTE

No.
 Date of Issue
 Date of Maturity
 for the value received, the undersigned
 on behalf of the Commonwealth of Australia hereby irrevocably and unconditionally and without protest or notification promises to pay against this promissory note

To the order of:
 or the holder of this promissory note at the sum of in lawful money of the United States of America without interest.

The promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political subdivision thereof or therein.

The Commonwealth of Australia promises that if it shall be compelled to make such deductions, then it shall pay such additional amounts as may be necessary to ensure that a new amount received by the lender shall equal the net amount of this promissory note.

The terms and conditions of this promissory note will be governed by and construed in accordance with the laws of Switzerland at the date of signature of this note and additional thereto by the regulations of the international chambers of commerce in Paris, brochure 222, last revised edition being the regulations annexed hereto.

The failure of the holder to exercise any of his rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance.

The Commonwealth of Australia hereby certifies and declares that all acts, conditions and things precedent to the creation and issue of this promissory note and to constitute this promissory note the valid obligation of the Commonwealth of Australia in accordance with its terms have been done and performed and have happened in due and strict compliance with the applicable laws of Australia.

All rights arising from ownership of this promissory note are freely transferable, assignable and divisible.

The requirement imposed by the second paragraph hereof that the promissory note is payable free and clear of deductions for, or on account of any taxes, imposts, levies or duties present or future of any nature imposed under the laws of Australia or any political subdivision thereof or therein does not apply where the promissory note or an interest therein is beneficially owned by any person (incorporated or otherwise) residing in or being a resident of Australia or any of the territories of Cocos (Keeling) Islands, Norfolk Island or Christmas Island.

Over

JML 28.2.75 4.15 pm 55675 Seatl CH MINME AA62680

DEPARTMENT OF MINERALS AND ENERGY INWARDS TELEPRINTER MESSAGE

The Honourable R. F. X. Connor, Australian Minister for Minerals and Energy.

We have received a copy of a Telex you have sent to Mr T. H. Khemlani of Dalami and Sons (Commodities) Ltd, London. Our name appears in this letter as possibly confirming the availability of funds for the Commonwealth of Australia. We have now discussed this situation with Mr Khemlani and

it has been agreed that it is more appropriate if the contact comes directly from the bank having the funds under its control. We will not therefore be contacting you in regard to the availability of funds.

Seattle First National Bank (Switzerland) Zurich.

DEPARTMENT OF MINERALS AND ENERGY INWARDS TELEPRINTER MESSAGE

The Honourable R. F. X. Connor, Australian Minister for Minerals and Energy.

Further to our Telex of February 21, 1975, we are prepared to act as a trustee bank in this transaction at the request of the Australian Government. In this capacity, we would transmit to you—when received—any responsible banking offer of funds in order that you may ultimately establish direct contact with the bank controlling such funds.

Seattle First National Bank (Switzerland) Zurich.

DEPARTMENT OF MINERALS AND ENERGY OUTWARDS TELEPRINTER MESSAGE

To Seattle First National Bank (Switzerland) Zurich.

For identification code: AE + AG / 420 / DSCLL / KHEM / 30011975. Lenders code: SAGAMATA.

In response to your Telex messages of February 21 and 25 1975, and in respect of your offer to act as the trustee bank in respect of the transaction referred to in my Telex to Mr Tirath Hassaram Khemlani of Dalamal and Sons (Commodities) Limited, London, of 20 February 1975, of which you have received a copy from him, and for that purpose for you as a trustee bank to transmit to me any responsible banking offer received by you of bank funds, resulting in direct contact with the bank or banks currently controlling such funds.

I would appreciate the immediate receipt of any such information currently in your possession as the basis for establishing your desired relationship in this transaction.

From R. F. X. Connor, Australian Minister for Minerals and Energy.

APPENDIX TO TELEX MESSAGE

I repeat for information the text of Telex of 20 February 1975 to Mr Tirath Hassaram Khemlani with appropriate amendments.

'To Mr T. H. Khemlani

From R. F. X. Connor, Australian Minister for Minerals and Energy.

Thank you for your message of 0200 GMT of today transmitted after your return from Zurich. I can well appreciate your fatigue.

The transaction is for a loan to the Commonwealth of Australia with the Reserve Bank of Australia acting as banker for the Commonwealth of four billion dollars (dollars United States 4,000,000,000) with an initial tranche of one billion dollars (dollars United States 1,000,000,000) and with the balance available ten days from the completion of the first transaction. The repayment of this loan is to be secured by promissory note(s) signed on behalf of the Australian Government by a person authorised by me delivered in exchange for the receipt by the Commonwealth of Australia of a draft for an initial amount of one billion dollars (dollars United States 1,000,000,000) drawn by the Federal Reserve Bank of New York on the Federal Bank of New York to the credit of the account of the Reserve Bank of Australia with FRBNY in New York, the total face value of

the promissory note(s) being computed on the basis of a compound interest rate (compounded annually) over twenty (20) years at 8.35 per cent with annual rests, to be 19,890,160,000.00 United States dollars, with an emission of 100 per cent and payable twenty years from the date of receipt of funds. The transaction is subject to the acceptance of the money for investment by the Federal Reserve Bank of New York to the account of the Reserve Bank of Australia and also to the identification of funds. In order for us to seek this acceptance from the Federal Reserve Bank of New York we assume that the participating bank will now be the First National Bank of Seattle, Zurich. It is understood that the funds will be blocked and that confirmation of availability of the funds will proceed by telex to the Reserve Bank of Australia from the First National Bank of Seattle, Zurich. I assume that any transaction would be governed by and constituted in accordance with the laws of Switzerland at the date of the signature thereof, and additional thereto by the regulations of the International Chambers of Commerce in Paris Brochure 222 last revised edition.

Would any transaction be through fides of Swiss credit?

Over—JML 26.2.75, 11.20 pm.

DEPARTMENT OF MINERALS AND ENERGY INWARDS TELEPRINTER MESSAGE

The Honourable R. F. X. Connor
Australian Minister for Minerals and Energy

A few hours after my telephone conversation with Mr Hewitt of your ministry, I received a telephone call from Dr Jha and a man who stated that he was an employee of the ultimate lenders. This man said that the lenders were prepared to order their prime bank into action providing that they could be satisfied on one point. They wish a confirmation that, in the event that the lender pays more than 4.0 for 19.89016 in face amount of Australian notes, the lender may direct any such excess to be paid to fides. This man said that if I would state orally that I had a telex to this effect from you, they would put the funding bank directly in touch with my bank.

I leave it in your hands as to whether you can issue such a telex.

Dr J. H. Farnum

DEPARTMENT OF MINERALS AND ENERGY OUTWARDS TELEPRINTER MESSAGE

To Seattle First National Bank (Switzerland)
ATTENTION: Dr Farnum, President

From R. F. X. Connor
Australian Minister for Minerals and Energy

Many thanks for your message from which I hope we will make real progress. We have been examining a loan arrangement whereby we would borrow four billion United States dollars in return for promissory notes totalling in amount 19.89016 billion United States dollars payable at the end of 20 years from date of receipt of the United States four billion dollars. All operational charges, expenses and commissions would be met directly by the lenders presumably by the amount paid by the lenders in excess of four billion dollars to which you refer in your message. We would not, of course, be concerned in the payment of that amount for such operational charges etc., and consequently would regard it as entirely a matter for the lender to direct that such amount in excess of four billion dollars be paid either to fides or otherwise at their direction.

Grateful for your earliest possible advice of the funding bank which informs you of availability of funds for lending to us.

Over

How received pls?

Okay thank you

Tks Bibi JML 27.2.75 9.35 p.m. 55675 Seatl Ch Minme
AA62680

Mr CONNOR—In paragraph 3 of that telex I continued to repeat that in no way whatever was the Australian Government to be committed to the payment of any costs, fees or other liabilities and that necessary funds for such purposes were to be obtained from the lenders.

In conclusion may I say that whatever has been done has been done at all times with the best advice that could be got from the Government of Australia. I am an honest man. I deal with honest people. Throughout my 2½ years as a Minister of the Crown I have stood in the path of those who would have grabbed the mineral resources of Australia. I have no apologies whatever to make for what I have done. It has been done in good faith; it has been done in honesty. I fling in the face of the little men of the Opposition the words of an old Australian poem:

Give me men to match my mountains,
Give me men to match my plains,
Men with freedom in their vision,
And creation in their brains.

Australia has been badly served by the Opposition.

For the first time we have a truly national government in Australia. We have a government which will speak and think and act independently. I do not want to boast, but I have impressed upon the steel mills of Japan the fact that there is in Australia an honest, decent government—a government which is prepared to honour contracts, a government which is proud of its name, a government which is proud of its country. I give the lie to those on the Opposition benches who today seek to besmirch and to smear this Government. Their actions are a disgrace to Australia. I leave them to their own devices and to the judgment of the people of Australia. The whole of the proceedings today are based on humbug, on half truths, on lies. The men who have been publicised in the Australian Press are on the other side of the world. They are not available to an Australian jurisdiction. They could not be summoned to attend. I treat with contempt the allegations of the Opposition.

Motion (by Mr Daly)—by leave—agreed to:

That this House, in accordance with the provisions of the Parliamentary Papers Act 1908-1974, authorises the publication of papers relating to overseas loan negotiations presented to the House by the Minister for Minerals and Energy this day.

Mr LYNCH (Flinders—Deputy Leader of the Opposition) (4.43)—The Minister for Minerals and Energy (Mr Connor) said he did not want to boast. I think the House is very grateful for that because this Minister and this Government have little to boast about at the present time. In fact, a good deal of explanation and the production of documentation has very much gone by default during the course of parliamentary debate up to this stage. The Minister himself directed almost 5 pages of his speech to compounding this Government's duplicity. He described the projects—the long-term projects—for which he had authority to borrow as simply 'short-term funding purposes'.

On 13 November 1972 the then Leader of the Opposition, Mr Whitlam, put the following questions to the Australian people: 'Are you prepared to maintain at the head of your affairs a coalition which has lurched into crisis after crisis, embarrassment piled on embarrassment week after week? Will you accept another 3 years of waiting for next week's crisis, next week's blunder?'

Never before has there been a period in Australian history when those words have been so relevant. Never before has an Australian government been so discredited by its own financial incompetence. Never before has the Australian government been so degraded by international intrigue and by international scandal. For more than 7 months the Government has conducted a deliberate campaign to cover up an unprecedented, extraordinary and illegal conspiracy. It is a conspiracy which has placed Australia's economy and its international financial standing at serious risk, a conspiracy which has involved gross ministerial incompetence, the taint of scandal, and a conspiracy which has in the process threatened the democratic system in this country.

This is a government in crisis; it is a government split by deep and bitter division. It is a government which has forfeited its integrity and, I believe, its moral authority. It is a government which has failed effectively to serve this country's national interest. It is a government led by a Prime Minister without respect for parliamentary democracy or the conventions of government. The Prime Minister during the course of this issue has lost his credibility and his standing. He has chosen authority in favour of respect. He has chosen power instead of leadership. He has chosen vindictiveness instead of restraint and responsibility. In short, I believe this Prime Minister no longer has the respect of his colleagues or the nation at large.

The Prime Minister stands today, in this debate, as a man condemned for aiding and abetting a web of half truths and continuing fabrications. I believe that in this debate he has deliberately misled the Parliament, his party colleagues, the Press and the nation at large. He has sought to avoid a judicial inquiry because concealment of the essential facts, which are yet to be uncovered, is his only defence. Ironically, this is the Prime Minister who pledged in December 1972 an era of open government in these terms:

We want the Australian people to know the facts, to know the needs, to know the choices before them. We want them always to help us as a government to make the decisions and to make the right decisions. Australia has suffered heavily from the demeaning idea that the Government always knows best . . .

Nothing points more to the deceit and the hypocrisy of that statement than the issue before this House today. The Prime Minister himself has been a party to the most infamous conspiracy of silence in Australian political history. Why has this Government indulged in more than 7 months of deceit, secrecy and continuing evasion? Why were answers not provided to the Opposition in December 1974 or during February and April of this year in response to a series of specific questions? This issue, this degrading scandal, would not now be a matter for major parliamentary debate if the Prime Minister had established proper procedures and guidelines for the behaviour of his Ministers and their personal staff. It would not now be a matter for debate if the Prime Minister had been prepared during the whole of the period in which this has become a national scandal to take the Parliament and the people into his confidence. The Parliament and the people deserve and demand no less.

No Prime Ministerial statement can stand as an adequate response to the extraordinary revelations which have been made in this country in recent months. The Prime Minister's statement, selective and misleading, has not answered the questions which today demand to be answered in the national interest. It was a statement designed to avoid blame rather to adequately inform this national Parliament. It was a statement contrived to denigrate some and to excuse others. The Australian media has been unanimous in its demand for an independent judicial inquiry. As the *Australian* editorial on 2 July said, a satisfactory explanation can come only through a royal commission or judicial inquiry. Senior members of the Australian Labor Party have supported this demand and the question which must therefore be reasonably asked

is: Why has the Prime Minister denied the opportunity for a full and open inquiry? What is he hiding and who is he in fact protecting? Nothing said by the Prime Minister today and none of the documents which he has selectively tabled can take the place of a full judicial inquiry. The Government must, we believe, move to establish a royal commission or be subject to the continuing charge of monumental and massive cover-up of the type that we have seen during this parliamentary debate. What the Opposition parties seek—what I believe the public and the media require—are the facts in relation to the Government's recent loan raising activities. Then, and only then, can this House make a proper judgment. It cannot do so today on the basis of the information which the Government has been prepared to put before the House.

The Prime Minister, of course, is the central figure in this debate. He is the Minister who must carry the ultimate responsibility for the scandalous actions of his Government. He is one of the 4 ministers who signed on 13 December the Executive Council Minute which sought to achieve by an unlawful process a borrowing of up to \$4,000m. His conduct amounts to a conspiracy. What was the purpose of the 4 ministers who, without any reference to this Parliament and without any reference to Cabinet, conspired to provide the Minister for Minerals and Energy with unrestrained and unprecedented authority to borrow up to \$4,000m from overseas sources? By unlawful means, by contemptuous evasion of the financial agreement, the Loan Council and the States, they embarked upon a secret fund raising venture. Does the high office of the Prime Minister of this country exculpate him any more than the high office of the former President of the United States was deemed to exculpate that gentleman from criminal charges? The fact that the loan was not raised cannot be seen or be interpreted to represent any form of defence, because what was being proposed was unlawful. As the legal opinion tabled by the Leader of the Opposition (Mr Malcolm Fraser) indicated, the whole basis of the loan was constituting an unlawful act.

Why was section 105A of the Constitution ignored? That section binds the government to the terms of the financial agreement, notwithstanding anything else in the Constitution, including section 61. Why was clause 38 of the financial agreement ignored? That clause clearly requires the Federal Government to submit loan programs to the Loan Council in the absence of a specified exception. There are no grounds for claiming that clause 6 of the financial agreement,

which provides for an exception for 'temporary purposes', could have applied in this particular case. Previous administrations did not make overseas borrowings without consulting the State premiers and without permission from the majority of the States being received. In every case a majority of the State governments agreed. The most frequent objector, I understand, to loans raised by the Australian Government ironically has been the South Australian Premier, Mr Dunstan. I understand that the South Australian Premier has objected to previous loans—loans sought for Papua New Guinea—but he has remained uncharacteristically silent on this occasion. Why has he remained silent while the other premiers have been prepared to speak out on behalf of the interests of the people in their States.

Section 61 of the Constitution has never been used in this way before. No explanation has been given as to why the loan was sought for what the Executive Council minute described as 'temporary purposes'. The concept that the funds in question—the \$4,000m—were for temporary purposes can be described only as the height of deceit. How does that stand against the draft acceptance taken by Mr Khemlani on 16 December 1974 which identifies in the most unequivocal terms that the loans sought were for up to 20 years? How does that stand against the subsequent evidence that in 1994 the taxpayers could have been liable for a payment of almost \$20,000m? Does this Government honestly believe that \$4,000m is available for purposes of short term investment? If the funds were for short term investment in Australia there could have been a total and catastrophic economic collapse.

The alleged purposes for the loan revealed in the Executive Council minute of 13 December have, in fact, no economic foundation. Australia was not suffering from a critical balance of payments deficit in December 1974. That situation did not require the immediate borrowing of substantial loan funds. Major changes in the direction of Government fiscal and monetary policy had already taken place. Further initiatives of the scale proposed would have led to severe economic instability. There was no immediate need to protect our sources of energy supplies. The energy crisis internationally had only a limited impact on the Australian economy. Unemployment was, of course, the most severe since the Second World War; but unemployment benefits could have been and have been financed by normal Budget mechanisms. In other words, the case put according to that Executive Council

minute has no economic foundation whatsoever. Only 3 weeks before the Executive Council minute was signed, the then Treasurer, the honourable member for Melbourne Ports (Mr Crean), in a major policy statement on behalf of the Government, stated:

Australia should carefully preserve its reputation as a steady and cautious borrower on official account.

He went on to say:

There is no need, and no cause, for Australia joining in any mad rush to borrow petro-dollars abroad at any price.

In a matter of days Mr Crean, of course, was removed from office. One wonders out loud whether in fact that removal had any relationship to the conspiracy which was, in a matter of a few days, to take place through the meeting of 4 Ministers in Executive Council. Mr Crean advised the Government against this course of action. The Treasury advised against it. The Reserve Bank of Australia advised against it. Why has the Prime Minister failed to table, failed to make public, the advice which he has received from his own Treasurer, from the Department of the Treasury and from this Government's other principal financial advisers? The reason is that that advice explicitly warned the Government against the actions upon which it chose to embark. The reasons for those warnings have become dramatically clear in recent weeks. The danger of giving one man—not the Treasurer—immense and unrestrained power has never been more apparent. This country has been the deliberate and sustained target of funny money dealers from all parts of the earth, with cheques for commissions of \$20m to be drawn on the First National City Bank and hundreds of mandates and authorities circulating like confetti in the name of the Australian Government.

Because the Executive Council minute was given to Mr Khemlani, to the Union Bank of Switzerland and to the Moscow Narodny Bank, financial institutions were able to state, as the Moscow Narodny Bank did in numerous examples of its correspondence:

We hold documents issued by responsible members of the Australian Government which clearly authorise our client to negotiate and obtain for them a US dollar loan up to a total amount of \$US4,000m.

Why did the Government decide to abandon previous practices adopted in respect of offers of funds from unconventional sources? Why, in fact, was the advice of the Council and the guidance of former Treasurer Crean so blatantly ignored? The present Treasurer (Mr Hayden) said in a letter dated 20 March, published in today's Melbourne 'Age':

Experience in investigating these proposals has invariably shown that the main objective of the intermediary has been to obtain some form of authority to raise funds on behalf of the Australian Government without being able to provide satisfactory verification that funds are in fact available for lending. No Treasurer—

says the current incumbent of that position—

could, of course, agree to provide such an authority.

The fact is that for a period of 7 months, the period between Treasurer Crean and Treasurer Hayden, this nation has been subject to the thoroughly illegal and reprehensible actions of a secret cabal of 4 Ministers and their stooges.

Mr Whan—Sir Frederick Wheeler.

Mr LYNCH—Even those actions have not been carried out within the so-called constraints of the Executive Council decision. If the honourable gentleman who interjected wants to criticise in this House the head of the Federal Treasury, as some of his colleagues in another place did so irresponsibly, let him participate in the debate and let him be prepared to have the advice of the Treasury tabled in this House so that that advice will be subject to no misapprehension of the type that the honourable gentleman might have in mind. Therefore I ask these questions of the Government because in fact it has failed to deliver the goods and to provide the answers which the Opposition parties require. How does the Prime Minister explain the letter written to Mr Khemlani by Sir Lenox Hewitt on 12 November, more than one month before the Executive Council approval was given to the Minister for Minerals and Energy? Why did the Prime Minister fail to explain the offer of funds made to the Minister for Minerals and Energy by the former Special Minister of State, Mr Lionel Bowen? Why was that Minister acting as another form of intermediary?

Was the Reserve Bank at any stage committed on behalf of the Government—and without its knowledge—to issue promissory notes and to accept funds? Why did the Prime Minister mislead this House on 23 April, 20 May and 26 May? Why did the Prime Minister fail to take action on 29 May when he received from Acting Treasurer Hayden the Treasury files which set out, according to those files and according to what the Prime Minister has been prepared to tell this Parliament, the involvement of Dr Cairns and the involvement of a Mr Phillip Cairns? Why did the Prime Minister mislead the public at his Press conference on 10 June concerning Mr Khemlani's role and the communications with that gentleman?

The statements and documents given to this House today by the Prime Minister and the Minister for Minerals and Energy represent but a further episode in a Watergate-style cover up and conspiracy. Where are the Executive Council minute issued in December authorising the Minister for Minerals and Energy to borrow up to \$4 billion and the associated letters and documentation which apply to that minute? Where are the Executive Council minute listed in January authorising the Minister for Minerals and Energy to borrow up to \$2 billion and the associated letters and documents? Where are the Executive Council minutes—

Mr Connor—You have got them all from the Treasury. They have been leaked to you.

Mr LYNCH—Is the Minister accusing me of accepting or taking documents from the Federal Treasury? If he is, by way of interjection, it is part of a typical campaign of irresponsibility upon which he and his colleagues have embarked. I take the opportunity to say that at no time were any documents provided to me or members of my staff by any member of the Federal Treasury. Where are the Executive Council minutes authorising the Treasurer in respect of a Deutschmark loan, a United States loan and borrowings for the Australian Industry Development Corporation and the associated letters and documents? Where is the advice to the Government in respect of loan raisings from the Treasury, the Department of Minerals and Energy, the Australian Industry Development Corporation and finally the Commonwealth Bank? Where is the advice from former Treasurer Crean? Where is the advice to the Government from the Reserve Bank? Where is the advice to the Government about the legality of the Executive Council minutes? Where is the Treasury advice on the impact of a \$4,000m loan?

Mr Hunt—It is a big fraud.

Mr LYNCH—Of course it is a big fraud and cover up. Where are the copies of all correspondence and records by Ministers and Departments to and from intermediaries, contacts and their associates? Where are the Treasury files on, or files containing information on, Mr Khemlani and the funny money issue? Where are all the documents and letters associated with any offers or propositions made to Ministers by the former special Minister of State? Where are the copies of any documents issued by the Minister for Minerals and Energy (Mr Connor)? Where are the copies of any letters issued by the present Attorney-General (Mr Enderby)? Where are the copies of any documents or advice given to or

received from the Australian ambassador to Switzerland, Mr Brennan? Where is the statement as to any directions given to the Commonwealth police or advice received from the Commonwealth police?

I simply say to this House today that these questions and the request for this information is only part of what the Opposition seeks to put before this House today. We do it in brevity because of the question of time. No parliamentary debate of this type can reveal the total truth and the complete story of this Government's duplicity. The only way in which this Government, this Prime Minister, can dispel the taint of scandal which now surrounds his Government is through the medium of a royal commission. Unless such an inquiry is established more documents and more evidence of his Government's conspiratorial activities will inevitably be made public in the period ahead.

Dr J. CAIRNS (Lalor) (5.7)—I want first to table a copy of a statutory declaration made in Canberra yesterday by Mr Leslie Nagy of Roseville, New South Wales, who is an employer and partner of Mr George Harris of Melbourne, Victoria.

Mr DEPUTY SPEAKER (Mr Berinson)—Is leave granted? There being no objection, leave is granted.

Dr J. F. CAIRNS—I ask also that that statutory declaration be included with a number of attached documents and incorporated in Hansard.

Mr DEPUTY SPEAKER—Is leave granted? There being no objection, leave is granted.

(The documents read as follows)—

STATUTORY DECLARATION

I, **LESLIE NAGY**, of **ROSEVILLE**, New South Wales, do solemnly and sincerely declare as follows:

I am a company director.

I am a supporter of the Liberal Party and have been a constant donor of funds to it over the years.

I have no sympathy for the Labor Party.

I have come forward to make this statement in the interests of decency, aware that an injustice has been committed.

Mr George Harris of Melbourne was employed by a company called Alco International Ltd of which I was a 60 per cent shareholder and he was a 40 per cent shareholder. He has been employed by that company since 1 March.

Mr Harris is both my employee and my partner. Sometime late in December or early January, I received a phone call from a man well known to me, Mr Roger Lockwood, who said that he knew of a source of funds for a project I was involved in but first he asked if I had in my employ a man named George Harris. I said I did and he suggested that a meeting could be arranged with a Mr Don Thompson of

Sydney, who could be of assistance. He insisted that Mr Harris be present.

At the meeting, Mr Thompson said he knew that the Australian Government was seeking \$4,000,000,000 from overseas and, if this was so, Mr Thompson believed that he could arrange for that loan.

Mr Harris was believed to know Dr Cairns and he agreed to speak to him.

Later Harris stated that Dr Cairns had said the government was still interested in the loan but it would not deal with intermediaries.

On March 7 1975 I went with Mr Harris to the office of the Treasurer in Melbourne to keep an appointment. Mr Harris and I spoke to Dr Cairns for about half an hour and he was shown one telex and one letter. The telex was from a Mr Fensore of a company by the name of Sunlight, New York. It was addressed to Mr Harris at telex AA22796 and indicated that the \$4,000,000,000 was available at 7.7 per cent at an emission rate of 99.5 per cent and with a once only brokerage of 2.5 per cent. The letter was from Commerce International Co. to Mr Fensore. I have supplied a copy of the telex and the letter.

The purpose of our visit to Dr Cairns was to obtain from him two letters in terms of this telex—one, a Letter of Authority, and the other, an agreement by the Australian Government to pay a brokerage or commission of 2.5 per cent.

Dr Cairns made it very clear in the interview that he did not believe that a loan could be arranged in accordance with the terms mentioned in the telexes. He said the terms were unbelievable. He used the word 'fairytale' to describe the documents, rejected the idea and said we would be wasting our time.

He said he would give us something upon which we could make enquiries and called in a typist, I believe to be Miss Karen Stegmar. Harris knew Miss Stegmar well.

Dr Cairns asked Miss Stegmar to take some notes to compose a draft letter to Mr Harris. It was not to be addressed to Alco International.

While Miss Stegmar took notes, Mr Harris did most of the talking—I said a little. Dr Cairns objected to a number of points.

The girl left to prepare a draft of two letters, each of which was to be in general terms.

Mr Harris and I left Dr Cairns' office and went to wait in part of the office where two girls, one was Miss Stegmar, were sitting. Harris went over and stood near Miss Stegmar and began to talk to her. On two occasions she removed paper from the typewriter and destroyed it and inserted new paper. When a letter appeared to have been agreed upon, the girl and Mr Harris moved towards Dr Cairns' office. She appeared to be carrying a bundle of letters. The girl went into Dr Cairns' office and came out within two or three minutes with Harris, who then came to me and said, 'We've got the letter, let's go'.

When we were outside, I asked him to show me the letter and he showed me the letter dated March 7, which was addressed to Alco International Pty Ltd and which stated that the Australian Government was interested in overseas funds and in the event of a successful negotiation being arranged and provided the interest rate for a loan did not exceed 8 per cent in total, the government would be prepared to pay a once only brokerage of 2½ per cent.

I was pleasantly surprised at the terms of the letter as I had gained the impression whilst in Dr Cairns' office that he would not concede to most of our requests. I had expected him to deliberate on the terms and conditions of the drafts before issuing the final letters to us.

I asked him about the second letter which was also required, and he said, 'Let's get out of here now, I'll come back on Monday, I can get that at any time'.

In order to get the second letter we had to go to Sydney to see Dr Cairns on the Monday following, March 10. He made this appointment with Miss Stegmar. We went to his office in Sydney and Harris asked him for a letter indicating in general terms that the government was interested in borrowing. Dr Cairns said to us that it was no good asking for anything in the way of an authority from the Australian Government and all he would give was a statement that the government is willing to borrow funds from overseas on suitable terms and conditions.

A letter to this effect was prepared. It was dated 10 March 1975 and was given to Mr Harris. He told Miss Morosi in the outer office to change the addressee to Alco International but she said, 'That's what the boss dictated and that is all I am permitted to give you'. We then left the office.

Harris a little later went to America and I went to London. Harris informed me in London by telex dated 15 March 1975 that he had concluded an arrangement to obtain the funds from Ivor B. Clarke Incorporated, the English partner of P. Murray-Jones Ltd. I have provided a copy of that telex. The telex said that Harris would go to London with a representative, a Vice President, Mr Ginena, of Ivor B. Clarke, to conclude the deal. Harris came to London and after waiting for some ten to twelve days in London, no representative of Ivor B. Clarke turned up. Mr Ginena phoned almost every day with some excuse why he did not come, until finally he said he could not come because the King had been assassinated. I have received no satisfactory explanation as to why the money was not made available.

I believe that loan funds at an all up rate of 8 per cent, including commission, were never available.

I have been introduced by Mr Harris to many important people. I was bedazzled by his familiarity with many important people.

On one occasion when my wife and I were staying at the Southern Cross Hotel, Mr Harris took us to a private dining room where he was having dinner with Sir Robert Menzies, Dame Patii, Mrs Jean Harris and two other couples whose names I do not recall. He also introduced me to Mr Ray Meagher. We had a luncheon meeting at the Southern Cross concerning our Melbourne property.

Whilst we were in London Harris, Ginena and myself were to go to Saudi Arabia, so I had to obtain a visa for that country. I found it very difficult to do so. So Harris took me to see Sir John Bunting, whom I had never met before. At that time it was a cordial visit and Sir John appeared to know Mr Harris very well. The following day when we found that visas for Saudi Arabia were so impossible, we went to see Sir John Bunting again. We made no appointment to see Sir John Bunting—we just bowled in without an appointment.

On the second occasion Sir John was not in but we had a discussion with his private secretary. George told him we had to go to Saudi Arabia and we needed a letter each from the High Commissioner to obtain our visas quickly. Later the same day we returned and spoke to the private secretary and were given a letter each. A copy of the letter concerning me is provided.

Although I had met Sir John Bunting only once, the letter states 'Mr Nagy, who is of Christian faith, is well known to me'.

We later returned to Australia and arranged a further appointment to see Dr Cairns.

On April 15, I accompanied Mr Harris to his office in Canberra where Mr Harris gave a written draft of a letter to Miss Morosi. After a while Miss Morosi re-appeared and said,

'There's the draft and, as you can see, Dr Cairns altered it quite substantially and he is not prepared to concede any further points on the matter'.

Subsequently, Dr Cairns came out and said, 'The letter is being typed now, George. I have to go to Question Time and on my return I will sign it for you. I don't expect to be more than half an hour'.

Dr Cairns later returned. The letters were signed and brought out to us by Miss Morosi. Having read the letter, Mr Harris told Miss Morosi this is insufficient for our purposes and insisted that he wanted to see Dr Cairns.

Within minutes, Dr Cairns saw us and Mr Harris tried to persuade him that certain points as per George Harris' draft letter recommendation were important to be included. After some five minutes discussion, Dr Cairns flatly rejected our requests, whereupon we departed.

The draft letter brought in by Mr Harris was kept by Miss Morosi.

Mr Harris had his draft letter typed at the Carlton Football Club.

On April 16, Mr Harris and I went to London where we commenced negotiations with my European connections to obtain a loan for the Australian Government. Two days later my brother-in-law, Mr William Hanna, joined us to help us with our work. At Mr Harris' request, we went to see Sir John Bunting once again at Australia House where a meeting took place between Sir John, Mr Harris and myself and Mr Harris gave the originals of both of Dr Cairns' letters to Sir John Bunting to show him what our mission was. Harris then explained, at great length, to Sir John about the Khemlani affair. He gave him certain names and said should anybody contact him regarding loans, he should beware as Mr Harris only, himself, was authorised to seek out loan funds. He told Sir John that even he was not empowered to negotiate, but on locating any funds, he was to report to Dr Cairns.

Harris repeated to Sir John Bunting a remark made to him (Harris) and me when Dr Cairns had said, 'I'm not going to give you any authority, anything stronger than that. I've got enough trouble trying to get the government out of this bloody Khemlani mess'.

Sir John then called in Dr Neil Davey, Minister (Financial). Australian High Commission. Sir John introduced us. As we were leaving Sir John said to Davey, 'You best talk to these people. Take them into your office'. Dr Davey said, 'I already have copies of the letters from the Treasurer. Mr Harris supplied me with them'.

Sir John said, 'Look after them. Mr Harris is an old friend of mine'.

We then went into Dr Davey's office where Mr Harris repeated verbatim what he had told Sir John Bunting.

Mr Harris explained that there may be bankers wishing to check his credentials and in accordance with paragraph 3 of Dr Cairns' letter, neither Sir John or Dr Davey should give any information to anyone unless prior approval was obtained from Mr Harris. He stressed this point a number of times.

We saw a number of bankers in London and on the Continent and eventually we obtained offers of two separate loans—one from the Exel Bank, for \$1,000,000,000, the representative of the lender being Wehou Trust of Zurich.

On receipt of a letter from Bank Exel about this matter, which I have provided, Mr Harris left on May 16 for Australia to present the letter to Dr Cairns. On Monday, 19th May, or Tuesday, 20th May, whilst I was staying at the Bayerischer Hoff Hotel in Munich, I received a telephone call from Mr Harris in Australia. He said that Dr Cairns has approved the transaction and said that, provided the facts are as in the letter of Bank Exel, he will despatch officers of the

Treasury Department to handle the matter with the bank. This can be corroborated by my brother-in-law, Mr Hanna. Upon Mr Harris' phone call, I arranged for a further \$6,000 to be sent to him to cover his salary, air fares and expenses. On May 23rd, I obtained the Wehou Trust confirmation for this transaction, the original of which is in my possession. A copy is provided.

On Saturday, 23rd May, Mr Harris arrived back in Zurich and told my brother-in-law and I that Dr Cairns would be arriving in Paris the following week and that he was staying at the George Fifth Hotel and that he had arranged to meet Dr Cairns in Paris.

In the meantime, we obtained a further offer for the sum of \$502,775,000 from the Neue Bank of Zurich and Harris was to submit this offer to Dr Cairns in Paris. We waited in Zurich until Friday, 30th May. Harris told me that Dr Cairns was coming to Zurich and he was going to see him there. I returned to Australia. Mr Harris went to Frankfurt for the weekend and was to have come back to Zurich to meet Dr Cairns on Tuesday, May 3rd.

On my return to Australia, the newspapers reported that Dr Cairns was cutting short his trip and returning to Australia because of the loan controversy. I rang Mr Harris at Hotel Zurich early the following week to tell him about the media playing up the case and that his name had been published in practically every newspaper.

My brother-in-law, Mr Hanna, at my request, met Mr Harris at the airport in Sydney to update him on the latest developments in the controversy. Mr Hanna told me that Mr Harris had said don't worry, he had had three telephone conversations with Miss Morosi and two with Dr Cairns and the whole thing was a three day wonder.

Mr Harris informed me that he saw Dr Cairns about June 11th and said he had given the two offers to him. He said that Dr Cairns would acknowledge them and pass them on to the new Treasurer, Mr Hayden, for follow up.

After that date there were several conversations between Mr Harris and myself in which he reassured me everything was all right and the deals were going ahead well. Mr Hanna told me he had received similar calls from Mr Harris.

During the week ending Friday, 20th, Mr Hanna and I flew to Melbourne and Mr Harris picked us up at the airport and drove us to the Carlton Football Club and we held a meeting in the President's office where we questioned Mr Harris as to what he was doing about the loan matter. He said he was still certain the government would accept the loans but at the same time, in order to ensure that our loan deal does not receive any unfavourable publicity, he had made a deal with Mr Lynch, with prior consent of Dr Cairns, to supply him with details on the so-called Khemlani deal, in return for which Mr Lynch would soft pedal on the so-called Harris deal.

On Thursday, June 26th, a further meeting took place between Mr Harris, Mr Hanna and myself in my Sydney office, where Mr Harris again reiterated that our loan was progressing well and on Tuesday, 1st July, I flew to Melbourne where I met Mr Harris at the Southern Cross Hotel, where we had lunch and later had a discussion about my Melbourne property. One other person was present. Harris said you will have to excuse me for an hour or so. I have an appointment with Mr Lynch.

In due course, Mr Harris returned and I said I would like to talk to him on his own. He offered to drive me to the airport and he said this will give us an opportunity to talk privately.

During this drive I informed Mr Harris that only the night before I had heard on the radio or TV that Mr Harris had been seen with the Deputy Opposition Leader. I told him

that was most unwise and that quite frankly I no longer believe that the government has any intention of taking this loan. He accused me of being an idiot and that he had handled the Australian end of the deal and that I should remember he was acting in the interests of all of us.

He further said that during the meeting of the same day with Mr Lynch he had passed over the names and addresses of banking people we had dealt with in Europe, whom he believed will be able to supply Mr Lynch on his forthcoming trip to Europe with plenty of ammunition concerning the Khemlani loan affair. After questioning, he further informed me that it was he who passed to Mr Lynch the photocopy of the telex that was published previously in the media concerning the Moscow Narodny Bank. Mr Harris said to me, 'Cairns is finished. The government is finished. Mr Lynch said he will take up the loan when he becomes Treasurer'.

I returned to Sydney and on my arrival I arranged with Mr Hanna to see me at my home the following morning and I explained to him what had transpired between Mr Harris and myself. He said this sounds so fantastic, I can't believe it. My wife was also present. I said to Mr Hanna, if you don't believe me, ring him right now.

Mr Hanna then dialled Mr Harris and had a conversation with him. When he finished he said that he was now forced to believe in that Mr Harris had confirmed all that I had said about the Lynch-Harris meetings.

I then chewed over this matter and later I placed a call to Mr Harris. He was out. I spoke to Mrs Harris who assured me he would ring me back the following day. On Thursday, 3rd, I rang Mr Harris again and was told he had left for Adelaide and he would not be back until Sunday evening. I asked that she ask him to phone me. I have not yet received any reply to my calls.

WEHAN TRUST

FL-9490
VADUZ
P.O. B. 21851
Hauptstrasse 26
Mr George H. Harris
Mr Leslie B. Nagy
Directors of
Alco International Pty
Limited
6 Southam Court
BULLEN, Victoria, Australia
3105

I/REF. U/REF.

DRV/A I/NACHRICHT VOM

DATUM 23rd May 1975

BETRIFT: Code: WEF-212/21-7-29

Gentlemen,

Further to the letter of Bank Exel from the 16th May 1975, we, as representative of the lender wish to advise you that the lender is now in a position to confirm a loan of US\$ 1,000 mio, 20 years compounded 8.6 per cent per annum effective interest, to the Australian Government, security promissory notes of the Reserve Bank of Australia, Sydney/Australia.

The prime Bank confirmation is available to you provided the borrower agrees to the terms and conditions as detailed in the letter of the 16.5.75 to you, from Bank Exel.

We are naturally aware that to complete a transaction of this magnitude, a considerable amount of arrangements are necessary, therefore we expect a confirmation in general terms only so that these funds can be irrevocably and with full responsibility, reserved for the Australian Government, without interest being accrued during the period of time that is required to complete negotiations.

As you will appreciate, this arrangement can be kept open for a short period of time only, therefore it will be necessary for the Australian Government to notify us of their intentions within seven (7) days of the date of this letter.

Yours sincerely,
WEHAN TRUST

Dr A. Vejda,
Director
Dr Ch. Keele
Manager
in authority:

Attn Nagy

All arrangements concluded satisfactorily B/A executed today with Ivor B. Clark Inc., Washington. English Partner Coy P. Murray-Jones Ltd Mr Jack Cox who will arrange Nat Westminster as P/B confirmation. V. P. Ivor B. Clark arrives London Tue/Wed. to conclude arrangements. Stop. I will arrive London KLM Flt 119 Heathron 9:45 a.m. Sunday.

Regards
George

BANK EXEL

Mr George H. HARRIS
Mr Leslie B. NAGY
Directors of
Alco International Pty Limited
6 Southam Court
BULLEN, Victoria, Australia
3105
Zurich, 16th May 1975

Code: WEF-212/21-7-29
Gentlemen,

The representatives of the lender have invited us by telex dated 15th May 1975 to request the written consent of the borrower with reference to the earlier agreed conditions (US\$ 1,000 mio, 20 years compounded, 8.6% p.a. effective interest, promissory notes established by Reserve Bank of Australia, Sidney/Australia for US\$ 5,207,107,037.—) the following amendments:

- (a) The execution/value-day will be made in part payments of each approximately US\$ 100 mio.
- (b) The payment of the total credit amount will be made within 8 weeks after receipt of your written confirmation.

After having received the confirmation of the borrower, if possible confirmed by Reserve Bank of Australia, Sidney/Australia, we will ask to confirm the evidence of funds and will let you have detailed instructions concerning the execution of the transaction.

Sincerely yours
BANK EXEL

AUSTRALIAN HIGH COMMISSION—LONDON

The High Commissioner
Sir John Bunting, C.B.E.

20 March 1975

Excellency,

The bearer of this letter, Mr Laszlo Bela Nagy, who is an Australian citizen holder of Australian Passport Number H 158434, is desirous of travelling to Saudi Arabia on Monday, 24 March for approximately one week.

Mr Nagy, who is of Christian faith, is well known to me and I would be pleased if you would give him every assistance and facility in obtaining a visa.

E. J. BUNTING

His Excellency Sheikh Abdulrahman
Al-Helaissi, G.C.V.O.,
Ambassador,
Royal Embassy of Saudi Arabia,
27 Eaton Place,
LONDON. SW1X 8BW.

COMMERCE INTERNATIONAL CO.

Suite 438 North
101 Park Avenue
New York, N.Y. 10017
23 January, 1975

Mr Anthony C. Fensore,
80 Mott Street,
New York, N.Y. 10013.

Dear Mr Fensore,

With regard to a loan of \$4,000,000,000 to the Government of Australia we are pleased to advise you that our Mid-Eastern Fund representative has such funds available and is willing to arrange such a transaction in the immediate future. The emission rate would be 99½ per cent.

Normally the interest rate would be 8.8 per cent, but we applied for a special rate of 7.7 per cent in view of the size of the loan; so far, we received a preliminary consent to this rate and expect a final approval within a day or two. The loan period would be for 20 years and the re-payment instrument would be Australian Government Bonds with attached interest bearing coupons (payable semi-annually in arrears); the principal loan amount would be repayable at the end of the 20 year period.

The total transaction would be carried out in several partial remittances, details of which we shall be able to advise, when you will have received a definite expression of intent from the Australian Ministry of Finance.

Fundings are done on the first and fifteenth banking day of each month. Consequently, the first funding could take place on 3 March provided that the paper work will be completed within about the next two weeks. We have provided you with the data for such paper submission, which is uncomplicated and easy to do.

We shall be glad to hear from you and from your friends in Australia.

Yours very truly,
COMMERCE INTERNATIONAL CO.
Gerard V. Korda
Managing Director

GVK:D

Schedule AA22796

Att. Harris.

Reference loan details yr. Major borrower up to USD.4 billion now available at rate 7.7 pct. p.a. simple payable semi annual in arrears. Emission rate 99.5 pct. total once only brokerage 2.5 pct. Term 20 yrs. Loan principal repayable at end of period. Security documents as described in commerce international letter.

No application needed but two separate letters as previously arranged in the letter of awareness no reference should be made to brokerage only emission. These letters

are for my perusal and need not be handed over until verification is made thru prime bank in Zurich or such prime bank as the principal may choose. Settlement may take place on the 15 March for the full amount.

Anthony C. Fensore, Exec. V.P.
Sunlight Nky 123731

Narodny Ldn 4.2.75 13.48

1975 FEB 4 15:21

To banque generale du Luxembourg, telex no: 3401 a/b bgll
lu.

1353529 for dollars 4,347,205,374 for the attention of Mr Feyereizen.

For the account of Mrs Vanderperre

Ref: No. 505 r.p./002

Your ref: vdp/200/vl:s/mac

Our ref: dk/lm/vdp/20/as2

We hereby confirm irrevocably on behalf of our client of the above reference to accept a loan of U.S. dollars 4,347,205,374 for a period of 20 years having a total pay-back interest and capital of U.S. dollars 19,890,160,000.

The above funds will be exchanged against promissory notes totalling U.S. dollars 19,890,160,000 signed by the Reserve Bank of Australia and guaranteed by the Australian Government dated 20 years from the date of the receipt of the funds.

The text of the promissory note will be according to the form recommended by article 222 of the international chamber of commerce.

Moscow Narodny Bank London.

Dr J. F. CAIRNS—I thank the House. It is rather inconvenient from up here. It is my responsibility and duty in this national Parliament today to defend myself. I do not intend to talk politics. I do not intend to use the exaggerations for political reasons that we have heard recently from the Deputy Leader of the Opposition (Mr Lynch). I intend to be fairly precise. I intend to seek to defend myself with the full sense of responsibility to the Government and to the Australian Labor Party of which I am part. If it were not for that I would not be here. I am not concerned with a collection of letters, a collection of international communications and meetings here and there. I am concerned first of all with one matter, that is, whether I misled this House on 4 June 1975.

I thank the Leader of the Opposition (Mr Malcolm Fraser) for what I understood he was saying about that when I think he said that no-one would believe that I did mislead the House. But I have a responsibility of convincing honourable members about that and of convincing the people of Australia as well. On 4 June 1975 I answered a question in this House from the Deputy Leader of the Opposition and by interjection from the Leader of the Opposition

whether in a letter dated on or about 5 March I had offered a commission or brokerage fee of 2½ per cent on any loan money arranged by the recipient of the letter or his company. I answered that question by saying no. I said that at no stage did I offer a commission or brokerage fee at 2½ per cent or any other amount.

I have stated continuously since 4 June that I would explain this matter to this House alone and to no one else. I found myself compelled to depart from that when the Prime Minister demanded an explanation, but it is to the House and to the House alone that I propose to explain publicly. Had the House been in session when I discovered there was evidence that I may have signed a letter referring to a brokerage fee of 2½ per cent under certain conditions, I would have come back to the House and said: 'On 4 June I answered a question truthfully to the best of my recollection but I have now seen evidence that perhaps I might have been wrong. If I was wrong I want to correct that impression and say to the House: 'Please accept my apology'.' I would have done the same thing as I have heard other honourable members do on dozens of occasions during the 20 years in which I have been a member of this House. The House no doubt would have accepted by explanation, as it has accepted theirs. I take now the first opportunity I have had since 4 June 1975 to explain to the House about this matter.

I did have authority to have discussions with people about overseas loans. I had that authority in terms of an Act of this Parliament authorising the Government to borrow \$250m on behalf of the Australian Industry Development Corporation and I had that authority in terms of an Executive Council minute authorising me to do that. On 7 March I had interviewed George Harris and Leslie Nagy in my office in Melbourne. They asked me to provide them with a letter offering a brokerage fee of 2½ per cent, provided that a loan could be arranged at a total cost of 8 per cent. I made it clear to them that a loan could not be arranged under those conditions, that they would be wasting their time if they thought so, and that I would not provide any letter or other document making an offer of this kind. I have a clear and positive recollection of rejecting the proposal about the 2½ per cent brokerage fee and the 8 per cent interest rate. When I answered the question in this House on 4 June 1975 I had this clear recollection. I answered the question in accord with that recollection. This is still my clear and positive recollection of the matter. I have no recollection that I offered to anyone at any time a brokerage fee of 2½ per cent or any other

amount. Since then Mr Harris has given me a letter dated 7 March 1975, which apparently bears my signature, which does offer a brokerage fee of 2½ per cent, provided a loan was obtained which did not exceed an interest rate of 8 per cent per annum in total. I assure the House that I have no recollection whatever of having signed this letter and it was completely contrary to my expressed intention to Mr Harris and to Mr Nagy, and indeed to several others, both prior to and after 7 March 1975.

On many occasions I have been approached by people who said they could find funds overseas from oil country sources on terms and conditions much better than the conventional ones from the United States or from Western Europe. I believed this to be true and I still believe it to be true, and I believe that if we seriously followed up the opportunities that are available it would be possible for this nation to gain a very great amount from entering into new financial relations with Middle Eastern countries. I was convinced that it was in the interests of Australia that this matter should be fully explored. I agreed with the initial decision by the Prime Minister (Mr Whitlam), the Minister for Minerals and Energy (Mr Connor), and the then Attorney-General, at a meeting at the Lodge early in December that this should be done. From discussions with other Ministers, and on my own behalf as Treasurer, I decided that the position I should take was that we should allow certain people to make inquiries on our behalf to ascertain if loan funds were available and to report back to us if they found good prospects. The Prime Minister fully accepted this approach.

In my own discussions with the many persons who approached me, in every case I laid down a number of conditions. First was the one that the Australian Government gave no one the right to negotiate or act as its agent in respect of any loan. They were entitled only to look around and to report back to us, and I usually emphasised that it should be to me. Further, I emphasised in all cases that I would not agree to any conditions in advance—interest, emission, brokerage or commission. On more than one occasion—in fact, I suppose on many—I rejected proposals by people who wanted me to be specific about these matters as I rejected them to Mr Harris and to Mr Nagy. I told those I thought were reliable: 'Find out what you can and let me know. If the prospects look reasonable I will then ensure that Treasury, Reserve Bank or Commonwealth Bank officials take up the matter and decide whether the money is available and decide what we should pay for it in interest, commission or

brokerage'. On several occasions this is precisely what was done.

At no stage did I ever attempt to conduct negotiations. At every stage I made it clear to everyone to whom I spoke that no agency obligation or responsibility could possibly arise until a loan acceptable to the Australian Government was actually undertaken. I was clear and specific in this respect in the case of Mr Harris and Mr Nagy as in every other. I believe that nothing whatever they may consider they had in terms of a letter could possibly be claimed to have any validity in excess of what I said to them verbally, with clarity and with emphasis.

Indeed, I did not consider I had to be suspicious or careful about Mr Harris. He had come to me with a letter which stated he had established relations with several Victorian State Government authorities, including the Melbourne and Metropolitan Board of Works. I knew he had easy and close access to Victorian Ministers, including the Premier. He appeared to be a personal friend of Sir Robert Menzies. On 7 March 1975 I had no reason to suspect that Mr George Harris could be capable of any deception. Perhaps I do wear my heart too easily on my sleeve. Perhaps I am too willing to encourage those who want to break through the rigours of the establishment, but on 7 March 1975 I had no reason to believe that Mr George Harris would do anything that was inconsistent with my clearly expressed verbal desires and intentions. Perhaps I do wear my heart too easily on my sleeve. Perhaps if I do that I am not suitable to be a Minister of this nation. If that is the decision of the Government of the nation I accept it because I will not cease to wear my heart on my sleeve.

I ask honourable members to look specifically at the position on 4 June 1975 when I said in this House that I had not offered anyone a commission or a brokerage fee of 2½ per cent or any other amount. I had already seen what purported to be a photostat copy of a statutory declaration by Mr Alexander Daniel Thomson of Warriewood in New South Wales which did not contain any copy of my signature but merely a type-written name. I knew that Mr Thomson was closely connected with the Liberal Party and must have been in touch with Mr Lynch who had asked me the question or perhaps with Mr Fraser who asked the question more accurately. I believe that Senator Wood had tried, I think unsuccessfully, to put Mr Thomson in touch with me and that Senator Wood had been a co-director of a company with Mr Thomson and a shareholder of many shares in this company which showed a very substantial loss. I knew that had I made an

offer or given a letter to Mr Harris in the terms decreed by Mr Lynch, or more accurately as I said by Mr Fraser, Mr Harris would use that letter. I knew its use would become well known in Europe and in Australia, especially to people like Mr Thomson.

I ask the House: Would I, in those circumstances, have denied that I had given Mr Harris that letter if, in fact, I had known that I had done so, knowing that Mr Harris would have used such a letter to locate funds overseas or attempt to do so and knowing that it had already become known to Mr Thomson and to Mr Lynch? Would I have been stupid enough to deny it had I remembered or known that I had signed it? I have been severely punished for my association with Mr Harris. I was deprived of my position of Treasurer of this country for asking Mr Harris to inquire in Europe whether funds were available for Australia on terms and conditions favourable to us on the payment of an appropriate commission. But I did not knowingly mislead this House.

I have been told also to account for the conduct of my son Phillip who is said to have placed himself in a position in which he could profit from his position on my staff. This is apparently because he agreed to take one share in a non-profit organisation—Sunshine Migrant Services Pty Ltd. He provided me with a statement when I was asked by the Prime Minister to get the statement. It reads as follows:

It has been suggested that I—

That is, Phillip Cairns—

carried out activities which would make it possible to make a profit from my position on your staff. My association with the private company, Sunshine Migrant Services Pty Ltd, was to see that the concept of leasing sub-division and low cost housing with a fully integrated community type development could be achieved. The company was not to be involved in profit making of any kind and there was no possibility of profit to me from association with it. The issue to me of one share was to allow me to sit on the board of the company to help ensure that the objectives of the company were achieved.

I was in no way associated with any suggestions that I should receive a share of commission on an overseas loan and I have in my possession an affidavit signed by Mr Sear Cows—*the signatory of the telexes which have been published—which can be made available and which indicates clearly that I was not involved in any way. I did not intend to accept, nor would I have accepted, any commission on any overseas loan. I have not received at any time any remuneration outside my government salary and I have never used my position to further my personal interest or to obtain any personal gain or reward. I have not, nor would I take part in activities which could make it possible for me to profit from my position on your staff.*

I was not aware that my son Phillip held one share in Sunshine Migrant Services Pty Ltd. I

was not aware that any telexes had been sent from Australia by Mr Sear Cows. I have to be responsible for the actions of a member of my staff but when I was asked for an explanation I was not aware of those activities. If I was satisfied that Phillip Cairns or anyone else had tried to profit or put himself in a position of profiting from a position on my staff he would have been dismissed immediately, no matter who he was. Mr Speaker and gentlemen, whatever I might think of this matter I was not going to dismiss Phillip Cairns last week in an attempt to save myself.

I would like to return to the more important matter that I might have misled this House and the circumstances associated with it. I ask the House, the Government and the nation: As Treasurer of this nation was I or was I not able and qualified to give 2 letters to a man apparently of the best standing, but enterprising and active, to inquire about overseas loans and to report back to me? That man has written above his own signature as late as 2 June, and has widely stated in the media, that he never had any right or authority in excess of that or ever intended to assert or use it. I ask the House: Was it not a reasonable exercise of my power as Treasurer to give letters to a private individual asking him to try to find available funds for the nation, and that if he were successful appropriate commissions could be paid? Even if this did establish a legal relationship, is the Treasurer of the nation not entitled to do that? No one has shown me any law which says that is not so.

In the case of my own Government, was the Treasurer not entitled to do that when the Prime Minister and other senior Ministers had turned to private individuals in December 1974? Was it wrong for me not to involve Treasury officials in a decision with a private individual when the Prime Minister, other senior Ministers and I had decided to choose an alternative to the Treasury in December 1974? Frankly, I did not have confidence that conventional officials would treat seriously anything that private individuals could do in the search for overseas funds.

Is this not an important matter? Is it not important to explore the new world of available capital? Was it not important in the interests of the Australian nation, as I stated to this House on several occasions in explanation and justification of what the Minister for Minerals and Energy had done, to realise that as much as \$60,000m of liquid funds has been diverted from conventional financiers in New York and in Western Europe to the Middle East? Was it not important to realise that the conventional financiers in New

York and Western Europe would seek to regain control of those liquid funds and prevent countries like Australia from gaining direct access to them in the Middle East? Was it not important to realise that conventional officials working with these New York and Western European financiers are not ideally equipped to break through? Were we not justified in trying to break through even by asking unconventional private individuals to make inquiries and to report back to us. What was all the fuss about?

I do not know the truth, but I was assured by Mr Harris and by Mr Nagy that their efforts were successful, that they had been successful in finding funds of over \$1,500m available on favourable terms and conditions for Australia. But this matter has now become paralysed. I was successful in receiving an initial offer from the Saudi Arabia monetary authority of \$250m under more favourable conditions as I corresponded with that authority. This prime opportunity to establish relations with a country with liquid reserves greater than the United States of America has too become paralysed by the Australian media and by the way in which many in turn have been paralysed by the media. Australia has been deprived of these funds by Press hysteria and by the acceptance of it by men who should know better.

The reaction to my 2 letters to the apparently much respected and influential Mr Harris is not the end of it. I have heard little from Mr Harris, but I have heard much in writing from some who were very closely associated with him in these activities. I have tabled a statutory declaration made by a man, at considerable risk to himself, who says that he is a supporter of the Liberal Party and an opponent of the Labor Party but that he is convinced that a great injustice has been done.

The removal of me from the position of Treasurer of this Government was not the end of it. I have been removed from the position of Minister for Environment for a reply to the Prime Minister, which he considered unsatisfactory, on whether I had misled the House in my answer to questions on 4 July. I ask this House: Does it consider that I should pay any further penalty? I ask the House to consider a little my position. How many Ministers or members are subject to the pressures which have been applied to me? How many others are in a position like mine, in which the editor of a responsible newspaper like the *Melbourne Age* admitted to me that his paper paid £8,000 for documents which were used against me without reference to me in any way

but one which would have damaged me still further?

Does any Minister or member of this House have a member of his staff who has been offered, as Miss Glenda Bowden has been offered by the *Sydney Daily Telegraph*, a sum increasing from \$3,000 to \$15,000 as the bid went up to write articles about the personal details of my office and of my life? Does anyone have a member of his staff who would refuse such an offer as Miss Bowden has refused this offer? I wonder how well some of the Ministers and members of this House would look if they were subject to that kind of scrutiny. I do know that members of my staff have been offered money even to provide telephone numbers and other information, which they have refused. I know that countless details appear distorted unfairly in the Press all over Australia about me and about members of my staff. I have heard that hundreds of thousands of dollars have been spent by the Press in Australia and in many overseas countries with a view to damaging me and the Australian Government. What have they discovered as a result of this intense scrutiny, this enormous expense, this vast spread of publicity? That I have employed some attractive women—women, more unfairly misrepresented about this nation than any other people in it, who have served me with a loyalty and dedication that I have not experienced up to now, and I do not intend to be intimidated about any one of them. They have discovered that I have employed my son, and it is said that I have become inaccessible. I wonder if any Minister in this House can claim to have been seen by more people than I have over the last 6 months or can claim to have had his heart more on his sleeve than I have had. I also have explored unconventional areas of international finance. All this criticism has been made by people, most of whom are delighted at any of my failures.

I think it is time that this Parliament looked seriously at these activities and these pressures and decide whether there is to be any limit to the power of the Press to destroy or to damage prime ministers, deputy prime ministers or members of the national Parliament by these methods and by the use of the power of money. I think the average citizen also should take note of the power of the media and of the power of money. If the media can do what it has done, or has caused to be done, to me, what can it do to the individual citizen? What can it do to the people?

I take it that I have one main point on which to satisfy this House now. The Prime Minister said that my explanation of the answer I gave to this

House on 4 June was unsatisfactory, and I take it that that is the main reason why I am no longer a member of this Government. My reply may have been unsatisfactory in the sense that I should have been more careful in some letter which I may or may not have signed; perhaps I should not have worn my heart so easily on my sleeve. If that is the reason for the unsatisfactory nature of the reply, I accept it. But the charge, as I understand it, is that I misled the House. All I can say is that I have a clear and positive recollection of rejecting a proposal for a 2½ per cent brokerage fee put to me by a man who at that time I trusted. I have no recollection of ever offering to Mr Harris or anyone else a commission or brokerage fee of 2½ per cent or any other amount. When I answered the question about that in this House I answered according to what I believe to be true. I answered it in clear and sincere belief that what I said is true and I rest my defence upon that belief. It is up to the House and the people of Australia to judge. I leave it to you.

Motion (by Mr Daly)—by leave—agreed to:

That this House, in accordance with the provisions of the Parliamentary Papers Act 1908-1974, authorises the publication of papers relating to overseas loan negotiations presented to the House by the honourable member for Lalor this day.

Mr ANTHONY (Richmond—Leader of the National Country Party of Australia) (5.34)—We have listened with a great deal of interest to the Deputy Leader of the Australian Labor Party, the honourable member for Lalor (Dr J. F. Cairns), defending himself against a charge which has been made against him by his Leader, the Prime Minister (Mr Whitlam). I think all of us in this House would agree that the honourable member for Lalor is a man of great resilience, of great courage and, indeed, of considerable persuasion. He makes a case today on the basis that if he did mislead this Parliament he did so unwittingly and that he has no recollection of signing a certain letter. Having been a Minister and knowing the intensity of work that a Minister has to undertake, I am prepared to give goodwill to such an argument; I know that sometimes one is not aware or one forgets what one might have signed, if one has an enormous volume of work. But it is a matter for members of this House to make up their own minds whether the argument presented is to be believed. Certainly it is very much a matter for the honourable member's own Party to determine.

However, I am disappointed that the honourable member has levelled such a heavy attack on the media. Certainly the media deserve to be attacked at times. They are deserving of the

heaviest condemnation if what the honourable member said about bribes being offered to his staff is true. But we would not have got the amount of information that we have now in regard to the whole sordid affair of overseas money raising if it had not been for the activities of the Press in trying to prize information out of a Government which remains secretive about the whole operation. One of the great virtues of a free democracy is that the Press has the right to try to obtain information and to print that information. The Press can build a man up; but provided he has a sound case and strength of character the Press cannot destroy him. If there is some substance to the arguments which the Press has brought forward and which have produced a situation of crisis, as there is today within the Labor Party and the Government as a result of the Government trying to conceal or hide the facts from the Australian people, this Government and individuals in it are deserving of whatever criticism they get from the Press.

Today we listened to the Prime Minister. With his usual rhetoric he tried to smooth over the whole operation as if there were no irregularities or illegality in his Government's overseas loan raising. He simplified the Government's actions almost to the point of creating the impression that there was virtue in what the Government was doing by hopping on the old emotional bandwagon with phrases such as 'buying back the farm' and the old socialist doctrinaire philosophy of buying out private enterprise by putting ourselves in hock to some foreign lenders whom we do not know. We do not know whether the money was to come from foreign governments, or whether it was illegal Arab money or even Mafia money. The Prime Minister tried to put forward a case that everything the Government has done has been above board, honourable and proper.

I think that the Prime Minister condemned himself by the speech he made today. If the Prime Minister condemns the former Treasurer for seeking money by sacking him from the position of Treasurer and then by disposing of him completely from the Ministry, I believe that he and the Minister for Minerals and Energy (Mr Connor) are deserving of even greater censure. I say this because they conspired to corrupt the Constitution. They conspired to get around the proper methods of raising money overseas. They obtained Executive Council approval to go overseas and raise \$2,000m on the assumption that the money was to be used for temporary purposes, that it was to be used to enable Australia to meet its balance of payments commitments,

that it was to be used in respect of the energy crisis in our country and that it was to be used in regard to unemployment. But today we are told by the Prime Minister and the Minister for Minerals and Energy that this money is to be used for long term investment in the electrification of railways, in port facilities, in the development of gas, in the development of coal and in the development of the hydrogenation of coal. This is the first time that we have heard the facts. The memorandum with the Executive Council minute was a fabrication. The Government misled the Governor-General and it has not told the Australian people the truth.

This matter has been going on for 6 to 7 months and we have had to squeeze every drop of information out of the Government to know what has been going on. But what we do know is that the previous Treasurer, the honourable member for Melbourne Ports (Mr Crean), had grave reservations—indeed, I think strong objections—about using unorthodox and questionable methods of raising money overseas. He wanted no part of funny money being raised by funny men for funny purposes in Australia and he is deserving of credit for that. It seems that because he was a man of integrity and standing and was prepared to take the advice of his Treasury officials, who have provided the normal and orthodox channels for raising loans overseas, he was discharged from his office and put in another position. Now we have another Minister being removed. Why? Because he has fallen out with the Prime Minister and the Minister for Minerals and Energy.

This whole matter really has made a mockery of our nation. The overseas loan fiasco has shown the world something that Australians have known for a long time: The Whitlam Government is a fumbling and grossly incompetent government in the management of the nation's economic affairs. Its negligence and management incapacity which has caused so much damage is now visible to the outside world. The Prime Minister talked about our triple A rating a few weeks ago. I wonder what it is now? Nobody else is to blame other than the Prime Minister, who was party to an Executive Council minute giving approval for the Minister for Minerals and Energy to go overseas and borrow money. The approval was not merely to examine the situation and see what the prospects were, as the previous Treasurer tried to do. With the issue of a promissory note, the Minister for Minerals and Energy could go overseas and borrow \$2,000m at a proposed interest rate of 8.35 per cent compounded over a period of 20 years. Do

honourable members know what that would mean to future generations in this country who would have to pay back the loan? An amount of \$18,000m would have to be paid back by future generations. For what purpose? To satisfy the doctrinaire philosophies of this socialist sitting opposite me, the Minister for Minerals and Energy, who wants to get his hands on mineral resources and mining activities in this country.

The sum of \$18,000m is the compounded figure for a loan of \$4,000m for a period of 20 years at an interest rate of 8.35 per cent—an enormous amount of money. This loan was to be raised just so that the Government could own and run these enterprises which it believes it can run better than private enterprise. Because of its hatred of private enterprise it wants to get into these areas. We set up the Australian Industry Development Corporation which allowed Government involvement in enterprises if they could be shown to be bona fide, worthwhile projects and we passed legislation and allowed this Government to go overseas and borrow up to \$250m, as the honourable member for Lalor (Dr J. F. Cairns) said today. But that was not going to satisfy the Minister for Minerals and Energy. No. He wanted to get his hands on much greater sums of money.

It is quite clear now why we have had no major mining development projects since this Government has been in office. It is because the Minister for Minerals and Energy has been stymieing all developments until he can get his own hands on them. What he has been waiting for is to get the finance to make them nationalised, socialised projects. Imagine this. He claims that Australia has great mineral and energy resources, but in 2½ years not one major project for their development has been undertaken. There are enormous uranium deposits and great new coalfields in Queensland to be opened up and offshore gas fields in north-western Australia to be developed, yet nothing has happened. The companies in these areas have had frustration after frustration, not knowing what the policies of the Government are. Other countries which have wanted to lock in with these mineral developments have not been able to get a positive answer. There is no clarity as to what the Government's decisions are. It is becoming clear now that the Minister for Minerals and Energy is the man responsible because he has wanted to nationalise the industry, and he has managed to link in the Prime Minister with his socialist philosophies.

Can we afford a situation in which a government acts so secretly and furtively? What else is it

doing that we do not know about? It has taken us 6 months to get as much information as we have, although even today we have not been able to get the full facts surrounding the matter of overseas loan negotiations. How much illegality is there? How much corruption is there? When somebody can get a 2½ per cent commission, is there not ground for wondering where the money which is raised might finish up? Enormous sums of money are involved. Most other countries which have a similar standard of living to us—the United States of America, England and the European countries—have obtained enormous Arab loans over the past 12 months, but the negotiation has been on a government to government basis with government officials doing the work. Why call in some unknown person? If Mr Khemlani is such an outstanding, worthy character as we have been told today, where is he now? Why does he not stand up, front the world and tell us what is going on? Of course, we do not know where he is.

What we need is a full inquiry into this whole matter. It needs to be more than just an inquiry; it needs to be a royal commission so that the full facts can be obtained to see how deeply this matter goes. We need to know the real purposes for which this Government needed the money. We need to know the legal aspects. Was the Governor-General deceived? Was the Loan Council by-passed? Were the State premiers misled in this matter? Why were unknown intermediaries called into action to raise this money? What would be the impact on the economy of bringing \$2,000m into Australia? Today the Prime Minister told a new story. He said that the Government was going to raise this money before it carried out a feasibility study of projects because it would be wrong to do the feasibility study first and then go looking for the money. In other words we start off with the cart and then look for the horse. When he does raise this money what is he going to do with it? He is going to reinvest it in New York so that it does not have any effect on our economy at the moment because of the inflationary pressures. It is just one cover-up after another—a new story every day. All that we can get out of the Government is a new story trying to cover up more and more exposures that come forward. One thing that is certain is that Australia's reputation has been damaged and will remain damaged both within this country and overseas until there is a full inquiry and all the facts are known. When the most senior people in this country are involved there is only one way to have such an inquiry,

and that is through a royal commission looking into the matter.

We were told today by the Prime Minister that he obtained from the Crown Law office of this country legal advice concerning the raising of this money and the minute that went before the Executive Council. I would like to see the advice that was given to the Prime Minister on this matter. No such paper was tabled here today. We know the advice of the Treasury officials, the experts in this matter. They were strongly opposed to the Government's moves. I fail to believe that the Attorney-General's office also did not have very grave reservations. It knows that it is a breach of our Constitution to be raising money overseas other than for defence purposes or temporary purposes. No one can say that the \$2,000m that was for all the purposes that were mentioned here today was for temporary purposes. It is a fabrication. It is dishonest. I hope that the Governor-General, who may or may not have been present, will in future examine closely any other proposals that come forward and will make sure that the legal advice is there for him to examine. The Ministers knew that this procedure was illegal. Nobody can tell me that 2 Q.Cs., the former Attorney-General and the Prime Minister, did not know that it was a breach of the Constitution to go forward and seek money, on a misleading minute of the Executive Council.

Today we have heard a very emotional speech by the honourable member for Lalor when presenting his case. If he is guilty the Prime Minister and the Minister for Minerals and Energy are doubly guilty. Both these men have misled Australia by conspiring to get around the Constitution. That is the most serious breach that has occurred. The former Treasurer misled this House. That was a serious breach. Today he explained his situation. There has been no explanation why Ministers deceived the Governor-General on the raising of this money. It was not for temporary purposes. The minute was to allow the Minister for Minerals and Energy to raise money overseas. A precedent was established in Australia by which people other than the Treasurer could go overseas and rake up whatever people they liked, who were involved in overseas finance, to raise money and to offer a commission of 2½ per cent. It was an abnormal commission in the light of the amount of money involved, even in today's circumstances. The commission on a loan overseas today in which the Treasury is involved is generally about half to one per cent. The commission on a loan of this nature should have been less than half of one per

cent. Yet we are told that up to 2½ per cent would be involved.

One thing comes clearly out of this: Some honourable members of the Government, especially the honourable member for Melbourne Ports, tried to do the right thing previously. He defied his Prime Minister and was downgraded, but he can still hold his head high in this Parliament. I say to you Mr Deputy Speaker and to the Australian people that this matter cannot be shut up as the Prime Minister would like it to be shut up. It cannot be shut up until there is a full, open and independent inquiry into all the matters. The many questions that the Leader of the Opposition (Mr Malcolm Fraser) has brought forward today will have to be answered. Until they are, the media and the whole of Australia have the right to continue to question this dishevelled, incompetent and what appears to be completely dishonest Government which is in charge of this nation and which does not deserve to remain in office any longer.

Mr HAYDEN (Oxley—Treasurer) (5.54)—If this House is to make any contribution to an intelligible understanding of these loan matters we need to sort out and deal separately with several issues. So far the tendency in public reporting to lump together unrelated issues and the talent of the Opposition to muddy the quality of some personal characters have surely left the Australian public confused and lost. For instance, the greatest amount of reporting and the largest amount of silver pieces have surely gone to the so-called Sear Cows communications. By his own lips, that gentleman is apparently a faker. His fiction apparently has borne a high return. These and other matters which had been connected with the former Treasurer, the honourable member for Lalor (Dr J. F. Cairns), have been well gone over by the Press. There has been a dramatic change in the Ministry as a result. The penalty was high—quite high. The result is that there is now agreement that the events which led to the ministerial changes have been properly responded to, but I do not believe that the House can easily press on to other issues without fairly acknowledging the valuable and honourable role of the honourable member for Lalor to this institution over many years and his honourable and unyielding commitment to the issues of personal rights, civil liberties and the freedoms of a democratic society.

But for the time being that is behind us. The main issue today centres on the loan proposals with which the Minister for Minerals and Energy (Mr Connor) has been associated. One of the

main criticisms has been that the Minister's operations have not been orthodox; that he has sought out unconventional ways of dealing with those matters. But the former Treasurer is on public record as freely acknowledging this point on 3 June 1975, in the Parliament. He then said:

As I have explained to this House several times, since 1973 and the increase in the price of oil, an amount of some \$60,000m has changed direction—it has come under the control of different people, and a large amount of that money was being invested for wealthy individuals in various financial circles in Switzerland and elsewhere in Europe.

I think that this Government, as did every other government, had a responsibility to ascertain the circumstances which existed with respect to the availability of those funds. I believe that our Government and other governments that took similar steps were justified in exploring the new areas for available funds and available investment. I think that was a perfectly reasonable step to take, and I believe, as I explained when I was first asked a question on this matter in Australia, that had our Government not taken the steps to explore the new circumstances we should have been vulnerable to criticism for failing to do so.

I apologise for a somewhat lengthy quote but I think it necessary so that these events can be seen in less murky light than would be the wish of some people criticising this precise point. However the fact that something was unorthodox does not in itself mean that it was wrong. Let us put the reaction to something unconventional to one side and look at the key points in the loans matters with which the Minister for Minerals and Energy has been associated.

Let us consider the general arguments of the Minister for Minerals and Energy which he claims justify the action he pursued—the amounts. It is said they were too large—that they would distort and destabilise the economy if either amount had been negotiated. That would be perfectly true if the loan money had come directly to Australia and had been fed into the economy. But both the Prime Minister (Mr Whitlam) and the Minister for Minerals and Energy have made it clear that this was not their intention. They have said the borrowings would have first been invested overseas in sound governments' bonds. They have made it clear that the funds would then be called on progressively to cover the cost of bringing into the country goods and services as required for the development of our nation.

It is true, of course, that there is always a cost involved in investing; that is, the cost of borrowing. For example, no businessman would want to borrow money from a bank at 10 per cent and invest it at, say, only 8 per cent. But everybody understands that principle. Mr Connor has advised me that the interest rate on the proposed \$4 billion loan was to be an all up cost of 7.95 per cent. During December, 1974, 6-month

Eurodollar deposits were returning from 9.9 per cent to 10.4 per cent, a clear margin over the costs of borrowing proposed by the Minister for Minerals and Energy.

Some critics have even hinted that there is something peculiar about the idea of borrowing from the Middle East; it is not conventional enough for their liking. But Australia has traditionally been an importer of overseas capital, and now an entirely new source of overseas borrowings is available: The petro-dollar market. The oil producing countries' overall external surpluses in 1974 were estimated at about US\$55 billion—of the order of US\$1 billion a week. These investable funds were largely directed towards the United States, Euro-currency markets, and the United Kingdom, but a very significant proportion—in excess of 20 per cent—was available to other borrowers, including the Australian Government if we were interested.

Not only have leading international borrowers such as the United Kingdom, France, Japan, Italy and Denmark arranged large government-to-government loans on a bilateral basis, amounting to \$6.3 billion in the second half of 1974 alone; an increasing number of other borrowers both corporate and governmental have tapped Organisation of Petroleum Exporting Countries (OPEC) sources of funds. The trend has continued in 1975. In the first five months of this year some 14 bond issues were arranged by Arab financial institutions. Borrowers have included a number of leading European banks, the Asian Development Bank as well as leading European and Japanese corporations. Does the Opposition want to suggest that there is anything wrong in the Australian Government placing itself on a par with these international institutions?

Sitting suspended from 6 to 8 p.m.

Mr HAYDEN—There has also been comment on Commission costs. The important consideration from a borrower's viewpoint is the all-up cost of the loan. The all-up cost covers all costs. The anticipation of the Minister for Minerals and Energy of an all-up cost of 7.95 per cent was generally cheap by the then prevailing market standards. The all-up cost of a Swiss borrowing in December 1974 to the Australian Government was 10.06 per cent. The recent June borrowing from the United States was at 8.74 per cent for the 5-year bonds and 8.98 per cent for the 8-year bonds. Both were higher than the Minister's borrowing proposal.

Concern has been expressed about a compound interest borrowing with accumulated deferred payments of principal and interest. The deferred payment of interest and of interest on interest, can be presented as a loan for the present to be paid later. If the deferred interest allows the equivalent amount of finance to be invested and to earn more than the interest cost, then there is a net gain and our community is better off. Another matter that has caused comment is the level of accumulated repayment. Most of us face the experience of a compound interest loan in our housing loans and yet we do not see ourselves as wicked or wrong for proceeding in this way.

There is another aspect to the proposal of the Minister for Minerals and Energy which was brought out in the papers he tabled today. The paper I refer to is a memorandum to Sir Lenox Hewitt from J. H. Broinowski, headed 'Proposed US Borrowing Costs'. I understand Mr Broinowski is an executive of Darling and Co., a respected merchant banking firm concerned with corporate finance. I draw the attention of the House to the last paragraph of that memorandum. It states:

I am assured that there is ample scope for the full utilisation of the initial funds (\$A3,036m) in productive enterprise. Further I understand that the management of the funds will enable profitable interest and sinking fund charges to be recovered so that in fact this recovered interest can be 'recycled' for further profitable use. It follows that the accumulating interest has the effect of making new funds available each year or, put another way, the loan of \$A3,036m could be expressed as a loan of \$A13,385m at 7.95 per cent per annum drawn down as to \$A3,036m forthwith and the balance over 20 years at the end of which the total is repayable in full.

Again this is a fairly lengthy quote but it is necessary in the circumstances. I should imagine that Mr Broinowski, with the experience he has and the resources he is able to call upon, would be providing accurate figuring. I therefore remind the House of the point that he makes on a loan of a little over \$3,000m with an effective interest rate of 7.95 per cent per annum over 20 years with accumulated interest payments and capital to be paid at the end of 20 years. He suggests that this was the same effect as a loan of \$13,385m at 7.95 per cent per annum drawn down.

Some have said that the repayments of the loan would be difficult. Let me remind honourable members of the increased export earnings, the greater scale of production and productivity that the Minister has described he saw flowing from his investment plans. Over the 20-year period he saw the nation, after paying its debts,

achieving considerably greater net economic advance as a result of the development momentum coming from the investment provided progressively from the borrowings. I challenge the Opposition to question the relevance of these points to the thinking of the Minister for Minerals and Energy when the documents he has tabled today bear a direct relationship to these points. I refer again to the comments of Mr Broinowski which I quoted a few seconds ago, especially in terms of sinking fund charges to be recovered.

The role of the Loan Council in these borrowings has also been raised. Last May, in the Parliament, the Prime Minister (Mr Whitlam) made it clear that the Loan Council was not to be bypassed. More recently, at the Loan Council meeting which I chaired in my capacity as Treasurer, I conveyed an assurance to the Premiers from the Prime Minister, in relation to these loans matters now before the House, that it was never the intention of the Government to disregard the commitments and obligations under the Financial Agreement and the Loan Council. I indicated on behalf of the Prime Minister that it was the Government's intention that any action would have been consistent with the requirements arising in the Loan Council and under the Financial Agreement.

Some Opposition spokesmen have been unkind enough to suggest that the actions of the Minister for Minerals and Energy and some other Ministers in this general field of foreign borrowings, had adversely affected our international credit rating. This is not borne out by the facts. Australia obtained a triple A rating Moody's of New York in October last year and a further triple A rating from Standard and Poors of New York announced in June this year. That means that under this Government we achieved recognition which had not previously applied. These are the 2 principal credit rating agencies in New York. Their ratings are keenly influential on international investors. Triple A ratings are not easily come by. Thus, having achieved that recognition from Moody's in October last year we had it confirmed by Standard and Poors in June this year after the country and—if the Opposition wants to put it this way—the world had been exposed to the public and not helpful comments of spokesmen from the Opposition on the very matters which we are currently debating. In the face of the tempo and the quality of the Opposition's public comments on these matters in that period, I suggest it is evidence of the continued strength and resilience of the Australian economy and of our credit worthiness that we

were nonetheless able to retain our triple A rating.

As I mentioned earlier, it is acknowledged that the actions of the Minister for Minerals and Energy and of other Ministers in these matters were not orthodox in the sense that they did not turn to the old established finance houses of the rich industrial countries. But those very institutions are prepared to search out the new sources of funds, so why is it wrong for Australia to do so? It was openly stated by the former Treasurer and it is on public record that such actions were taken because of the unorthodox nature, the unconventional rearrangement which occurred in the international financial scene following the massive diversion of international liquidity into petrodollars. It is my belief that a great deal of the surprise which is apparent in the community on these matters springs from the unorthodox, the unconventional. I remind the House that France, England, Japan, Italy and Denmark have already trodden that so-called unorthodox, unconventional path.

I turn to the issues and propositions which, as I have indicated, were influencing the Minister for Minerals and Energy and other Ministers. I suggest that if there is a debate on these matters it is debate on the policy of Ministers, not on their honesty and not on whether there has been any wickedness. If members of the Opposition have any evidence of any of these serious wrongs then let them put it forward now. Such wrongs ought to be revealed in the Parliament. Where is the evidence to support the push for a judicial inquiry? Of course, there is no room for that sort of behaviour in public office. I would in no way want to be tainted, even by the most distant association, with people who have been responsible for that sort of impropriety. On the other hand, I do not believe anyone will accept the simple principle that if someone says you are guilty, then you are guilty. That is not justice and it is not the way of this Parliament. If the real question before us today is a matter of policy—and that is what I believe this debate is all about—then I cannot see how setting up an open judicial inquiry will resolve the matter. That assessment has to be made in the political context, not within the judicial system.

Mr ELLICOTT (Wentworth) (8.9)—Some of the evidence which the Treasurer (Mr Hayden) wants comes from his own pen. He has written this:

The Australian Government's international reputation as a prime borrower is such that it does not need to use any

form of intermediary. In the past it has always confined overseas loan negotiations to dealing directly with principals; leading financial institutions in overseas capital markets.

This debate raises a question which man has constantly had to face. It is simply this: Do the ends justify the means? It is not about goals in themselves but the means adopted to achieve them. It is not about our need for energy and the ownership of our resources but whether that need has been pursued with honesty and integrity. It is not about the Government's desire to do its best for our people. In a sense it is not about unorthodox loan raisings. It is about whether the Government has acted in a way which commands respect and support at home and abroad. It is about honesty and integrity in Government. Nor is it a contest between the Press and the Government or even between the Opposition and the Government. It is a plain question whether our people, those who have supported this Government and those who have not, can go on believing that the men who lead it—particularly its Prime Minister—are men of integrity. That question hangs there. The Opposition did not raise it. The Government raised it. By its own actions the Government raised it. For its own sake and for the sake of our country the Government dare not fail to answer it.

It is my firm belief, notwithstanding what we have heard today, that the questions which arise can be answered only by a full, open judicial inquiry. The Government can shout, it can rave and protest its honesty, but out of its own mouth it has today established a *prima facie* case against itself of deceitful conduct. It was inevitable that this debate would centre around the Executive Council decision of 13 December last. Indeed, whenever unfortunate events occur an explanation of the misfortune is likely to be found in the circumstances that set them off. The consideration of the tragic dismissal of Dr Cairns therefore leads unavoidably to an analysis of the events of December. On the other hand, if a basic supervening event has involved deceit, fabrication and deviousness, that same deceit, fabrication and deviousness are likely to be found in the events which flow from it.

O what a tangled web we weave,
When first we practise to deceive!

Deceit, fabrication and falsity have all appeared in the events which flowed from the decision to seek overseas funds in this illegal and unconstitutional manner. The fact is that the seed bed for whatever fabrication and deceit has occurred—who knows if all has yet been revealed—was laid and watered by the Prime Minister (Mr Whitlam) and his gaggle of Ministers when they

met on 13 December 1974. Since that time injustice and deviousness have also appeared.

I refer particularly to the dismissal of Dr Cairns as Treasurer early in June. I could never understand why he should have been dismissed as Treasurer. He had authority to raise funds totalling \$250m. He only asked somebody to make inquiries for him, to put together a proposition. I cannot believe that these events alone justified the Prime Minister's actions. His real reasons for dismissing him must have been otherwise. I believe that in this respect the Prime Minister was less than frank. He was devious. Dr Cairns says that he was destroyed by the Press. The fact is that he was destroyed by his own Prime Minister, not by the Press. He knows it and so does every honourable member opposite know it. I hope that they will stand up for decency next Monday when the matter comes before their Caucus.

The main issue here is the events of 13 December 1974 and those leading up to them. In considering these matters it is important to bear in mind these incontrovertible matters: The Government could not in the circumstances borrow funds without the consent of the Loan Council unless its borrowing fell within certain exceptions. The only relevant exception was that the funds were required for temporary purposes. The reason for inserting in the Executive Council minute that the borrowing was for temporary purposes could surely only have been to avoid the necessity of going to the Loan Council. It is difficult to give any credence whatsoever to any suggestion that it was ever intended to seek the approval of the Loan Council. I am afraid that I cannot accept what the Prime Minister has said today about going to the Loan Council for approval.

The draft acceptance document that has been produced gives the lie to it. The draft acceptance document has nothing in it about Loan Council approval. It has a lot in it about what the Swiss people were going to do and whether there were any conditions that they would lay down about the loan, but not a word about the Loan Council. The proposal was that that would be the draft acceptance and that a promissory note would be signed. There is no doubt about it. I believe that it is deceitful to come before this Parliament and try to tell us and the Australian people that the Government intended to get Loan Council approval. The Government intended no such thing. Further the Financial Agreement is the supreme document of the Constitution. In a sense it stands above the Constitution. I do not want to refer to the terms of it. They have already been referred

to. But the fact is that the Financial Agreement in its own way does stand above the constitution. It is the supreme document in this land and every Minister opposite knows it, and none better than the Prime Minister.

The procedures for obtaining funds overseas were well known and practised. Officers of the Treasury and the Attorney-General's Department are well versed in these procedures. They are known to the Ministers involved and borrowing has traditionally been the function of the Treasury. Never before has anybody heard of a department such as Minerals and Energy or the former Department of National Development borrowing funds of \$4,000m or anything like that amount. Indeed I have not heard of any other department doing it. This was a complete and utter departure.

The phrase 'for temporary purposes' could not, on any view, include borrowings totalling \$4 billion for 20 years to be used for energy purposes. In the context of the agreement, 'temporary' must mean 'to meet a passing need'. In practice it may have been interpreted by the parties as being 'for a period under 12 months'. In my opinion no honest lawyer could express the view that this borrowing was for temporary purposes.

The documents that have been produced today and the speeches have made all this abundantly clear. The moneys in question were to be lodged in a bank, apparently overseas, until they were needed. Then they were to be brought back into this Commonwealth and used for long term purposes. Temporary purposes; what nonsense!

The then Treasurer, Mr Crean, said in a speech which was circulated as a Press release:

Australia should, I suggest, carefully preserve its reputation as a steady and cautious borrower on official account. There is no need and no case for Australia joining any mad rush to borrow petro-dollars abroad at any price.

The prudent Minister was there, but his advice was rejected. He was dismissed 2 days before this unfortunate event. Those are the vital matters to bear in mind. There are others which appear from documents and circumstances which are equally vital to an understanding of the minute of 13 December. Khemlani had been in direct contact with Mr Connor and Sir Lenox Hewitt from 12 November at the latest. His task was to confirm the availability of funds. It was not different in substance from Mr Harris's task. I thoroughly agree with what Mr Harders said. Khemlani must have been on some arrangement for commission or other remuneration. I wonder today what it was. It is said in this draft acceptance that the great amount of \$100m was to be

deducted at the source, instead of being appropriated out of Consolidated Revenue. That was another unlawful act, another act unheard of. If a man was to be paid commission for performing services for the Commonwealth it should have come out of Consolidated Revenue. But this was not the case. It was to come out at the source. The Government asked for instances of unlawful and illegal acts. That is another unlawful act. That money should have come out of Consolidated Revenue.

This Government has shown a preparedness in this event to trample over the Constitution. The main reason why we need national disaster insurance in this country is that we have 2 unguided missiles, a combination of Mr Connor and Sir Lenox Hewitt. They are causing disaster to this country, and the sooner honourable members opposite get rid of them the better they will be and the better we will be. There is no suggestion that officials from the Treasury and the Attorney-General's Department became involved in this matter until late in the time scale. It also seems clear that any documents produced by Khemlani were not signed. There is one other matter. The Government's momentous financial problems were upon it. Honourable members remember the events of November. They will remember how close the Government got to the brink and how worried Government supporters were. They knew that they could not finance their energy programs out of the consolidated revenue of this country. They were in a position in which they had to get funds from overseas in order to carry out the program. I honestly believe that is the reason this position came about.

Let us have a look at this document J itself, this farrago of fact and falsity. Of course, honourable members remember a royal commission when there was a document J. This document states that the Minister for Minerals and Energy is authorised to borrow for temporary purposes. I have already dealt with that. What utter and complete nonsense it is to say 'for temporary purposes'. How can it be said that the loan is for temporary purposes. Then we have the situation that for some special reason a promissory note is mentioned. Why not a guarantee? The promissory note is referred to because it was about to be signed and because the Minister for Minerals and Energy had no intention of this matter going to the Loan Council. This document was in the course of preparation. The Loan Council, be damned! There was no intention ever to take the matter before the Loan Council and it is a complete and utter lie—

Mr Cope—Look on the bright side.

Mr ELLICOTT—I am looking on the bright side and the bright side is not very far off, I can assure the honourable member. What do we find when we look at this explanatory memorandum? There is nothing about moneys being deposited overseas. There is nothing about the sole purpose of the loan being for matters related to energy. What do we find? We find ten or 15 lines of falsity; that is what we find. We find it is stated that the loan is for temporary purposes and the exigencies arising out of the current world situation, the international energy crisis, to strengthen Australia's external financial position, to provide immediate protection for Australia in regard to the supply of minerals and energy, and to deal with current and immediate foreseeable unemployment in Australia. This is a series of propositions which have been hardly mentioned in the Parliament today. It is a series of propositions which reveal the falsity of the document's contents. This document went before His Excellency the Governor-General. I will say more about that in a moment.

Why was it that this Executive Council Minute approved a borrowing of \$4,000m for temporary purposes when the borrowing was known to be and was intended to be a long-term borrowing for long-term purposes? How did the Governor-General come to approve a resolution for such temporary purposes when the borrowing was for indefinite purposes? What was the reaction of the Treasury? It is unlikely that Sir Frederick Wheeler would agree to this proposition. No wonder he did not want his name on this document. Mr Connor says he asked why the Treasury's name was not on the document. Sir Frederick Wheeler was not stupid enough to associate his Department with this document J, this farrago of fact and falsity. He was not so stupid in a day. He knows what is proper in terms of a government seeking loans overseas. I cannot believe that Sir Frederick Wheeler would approve of such a document or would fail to draw attention to the problems of the financial—

Mr Keating—Mr Speaker, I rise to order. The point of order I take is a serious one. The Standing Orders state that honourable members are not to cast aspersions on the judiciary or the Governor-General. The honourable member for Wentworth has said that the Governor-General was party to an illegal act.

Mr SPEAKER—The honourable member is quite aware that the honourable member for Wentworth did not mention the Governor-General in this context. (*Extension of time granted*)

Mr ELLICOTT—We now know who gave the legal advice that the loan in fact sought could be dressed up as a loan for temporary purposes. The oral advice of the then Attorney-General was given. Let us just read what was stated because it is very interesting. The former Attorney-General advised orally:

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.

I do not want to be discourteous to a Justice of the High Court, nor do I want to be discourteous to somebody I served under. But that is not the sort of advice that honest men would seek on an occasion like this with this extraordinary loan in their minds. It is not the sort of advice that honest men would seek if they were going off to the Governor-General to tell him that this was a loan for temporary purposes. I have given this matter the most careful thought but I cannot believe that any honest man could advise the Governor-General to approve of that minute if he knew that the borrowings were for 20 years and were to meet the long term energy purposes of the Government. I do not believe an honest man could do it. I believe it was an illegal and unconstitutional act. Who were those involved? Sir Lennox Hewitt, Mr Connor and Senator Murphy. I have referred to the advice. By the way, where was the advice of the Solicitor-General? If this Government wanted the impartial advice of a lawyer, where was the advice of the Solicitor-General? That has not been produced. We know that on 13 December the law officers were gathered. We know that Messrs Byers and Harders were at a meeting in the Attorney-General's Department. They were good enough to prepare this document 'J', this farrago of fact and falsity. Why was the Solicitor-General not good enough to be asked for advice on this particular matter and where is his advice? If it were tabled here it might satisfy a lot of us.

Of course it is unnecessary to say how important it is that the Governor-General should receive honest and proper advice for although he is no mere puppet he is and indeed should be bound to accept the advice of apparently honest Ministers. Although this minute bears the seeds of its own destruction I cannot imagine that His Excellency, a lawyer of great eminence, would have approved this minute unless he had received assurances and advice that satisfied him that this was indeed a borrowing for temporary purposes. To satisfy him that it was, was to deceive him. The minute was deceptive in other respects. That is exactly what has happened. The

Government cannot trample on Executive proprieties like this. If the Governor-General has been deceived it is the grossest deception which any person in government could practice. If a deception takes place in Parliament we can deal with it. The Governor-General has no defence and the citizens of Australia have no defence except in this Parliament. That is why we are here today.

I believe there is a *prima facie* case against the Government—a case that it has deceived the Governor-General, a case that it has produced a document which is false, a case that there is deception. It is a case the Government has to answer. It is a *prima facie* case. The question that is asked constantly is: Where is the charge? That is the charge. The action was unconstitutional, unlawful and based on deception. That is the charge. There is a *prima facie* case. It comes out of the mouths of members of the Government here today. It can be answered only before a royal commission or before the people. If the Government will not answer this case before a royal commission it should go to the people to see what they say about it. They will not be deceived. The people are not deceived. I go back to what I said in the beginning: This is a question of whether the ends justify the means. I believe that many people opposite are clearly of the view that the ends do not justify the means. I believe that in the minds of honourable members opposite tonight—and before tonight—this question has been asked and those honourable members will go on asking it. I hope they will bring pressure on their Prime Minister to make sure that the great Australian Labor Party is not demeaned in this way and is not sent out of office—bundled out of office—in an air of falsity. I believe that honourable members opposite will come to that conclusion next Monday when they meet.

Mr Connor—Melodrama.

Mr ELLICOTT—The Minister calls it melodrama. He is the one who is pulling the Government down. I shall read a notice of motion given in the Senate. It states:

I give notice that on the next day of sitting I shall move:

That the Senate is of the opinion that the Government has failed to give the Parliament and the Australian people a proper, full and accurate account of the activities of its Ministers, servants and agents, relating to all dealings by them both prior to and subsequent to the Executive Council meeting of 13 December 1974, which authorised the Minister for Minerals and Energy to borrow a sum not exceeding four thousand million dollars in the currency of the United States of America for temporary purposes, and because the Government refuses to appoint a royal commission with proper and adequate terms of reference to investigate and report upon all aspects of the Government's overseas loan activities, the Senate resolves:

(1) (a) That the following persons be called to the Bar of the Senate, by summons under the hand of the Clerk of the Senate, on Tuesday, 15 July 1975, at half-past 2 p.m., and from day to day until the Senate otherwise orders—

Sir Frederick Wheeler . . .
Mr J. O. Stone . . .
Mr R. J. Whitelaw . . .
Mr A. R. G. Prowse . . .
Mr A. P. Bailey . . .
Mr I. Hay . . .
Sir Lennox Hewitt . . .
Mr J. T. Larkin . . .
Mr C. W. Harders . . .
Mr M. H. Byers, Q.C. . . .
Mr A. C. C. Menzies . . .

and such other person or persons as the Senate determines—

To answer questions upon these matters and to produce all documents, files or papers in their possession, custody or control relevant to these matters which have not been tabled in either House of the Parliament; and

(b) That notwithstanding anything contained in the Standing Orders, and unless otherwise ordered, the examination of such witnesses take place immediately after the presentations of Petitions and the giving of Notices each day . . .

Mr ANTHONY (Richmond)—I wish to make a personal explanation.

Mr DEPUTY SPEAKER (Mr Berinson)—Does the honourable member claim to have been misrepresented?

Mr ANTHONY—I claim to have been misrepresented today, and tonight on a program conducted by the Australian Broadcasting Commission, by the Minister for Minerals and Energy (Mr Connor) who falsely accused me of maligning the Australian Government whilst I was in Japan. That is completely false and dishonest. I challenge the Minister to prove his remarks. When I was in Japan I made it quite clear that I was there representing Australia. I would not criticise my Government and I would not criticise the Minister, even though I must admit it was hard at times not to do so when people found fit to criticise the Minister.

Mr LIONEL BOWEN—(Kingsford-Smith—Minister for Manufacturing Industry) (8.32)—We have just heard the remarks of the honourable member for Wentworth (Mr Ellicott). Let us give credit to the honourable member for Wentworth because, despite all the nonsense that has gone on before this House was convened today. This is the first time we have heard this charge. For the first time. It has now been brought down to the fact that the loan of \$4,000m was not a temporary loan and, therefore, was illegal. What about all the people who have been slandered and maligned across this country in the last fortnight or 3 weeks? What about all the corrupt allegations that have been made with convicted criminals ostensibly giving

evidence that they were true. Does the Opposition believe that if it can pick persons out of the gutter and give them money to make an accusation, that is good enough? The Opposition had the hide to come in here tonight and talk about honesty and integrity. Opposition members even had the audacity to accuse Sir Lenox Hewitt tonight of being a misguided person. He cannot defend himself here. What about a public servant having the right to protect himself? It is your own fixation—

Mr Ellicott—What did your own Prime Minister do to the Secretary of the Treasury?

Mr LIONEL BOWEN—I would appreciate a bit of silence. If the honourable member cannot take it, he can leave. The point is that the honourable member for Wentworth was a public servant, with all his fixations, hates and dislikes. He comes into this chamber tonight and says: 'I love Sir Frederick Wheeler, but that Hewitt, you want to be careful of him'. What about Sir Lenox Hewitt's position as a man in the Public Service? Where is the honesty and integrity of the honourable member for Wentworth? Why is it that he must adopt this attitude?

Mr Ellicott—You bring him before a royal commission.

Mr DEPUTY SPEAKER—Order! The honourable member for Wentworth has spoken in this debate. I ask him not to interject any further.

Mr Ellicott—I rise on a point of order. I suggest that the Minister for Manufacturing Industry address his remarks through the Chair and not directly to me.

Mr LIONEL BOWEN—I will address the Chair but the honourable member for Wentworth should not run behind a coward's castle and attack somebody who cannot protect himself, and then talk about honesty and integrity. I say to the honourable member he ought to know better. I say to you, Mr Deputy Speaker, that he would know better and that this is an example of his using semantics to put on an exhibition. I give the honourable member credit for finalising what the Opposition thinks the position is. But why was it not left at that? Why is it that while the Parliament has been in recess we have had this muck raking exercise as to what has been wrong? The inference is: Where are the graft and corruption?

Let us have a look at the economic aspects of this situation. It is well known that last September there was not a great deal of money available. If honourable members look at the

charts published as to the volume of money available they will see that at that time it was at its lowest ebb for many years. That was due to a number of factors. The requirement for statutory reserve deposits had been increased. There was a balance of payments problem—

Mr McMahon—No. The money supply was there. The rate of increase was there.

Mr LIONEL BOWEN—I find it very difficult to have an argument with the right honourable member for Lowe. His protagonist normally is the honourable member for Wentworth. I am trying to make this point: The trading banks are required by statute to hold a certain percentage of their funds in statutory reserve deposits. That percentage was increased by some 3 points. This action had the effect of freezing \$260m in deposits. Again, for the benefit of the right honourable member for Lowe, with respect to the balance of payments situation, the figures show that because of the deficit situation another \$1,300m was not available. These figures demonstrate the problem that existed. The graph published last week sets out the problem in September of last year.

We come to this question: Would it not have been advantageous to try to get capital inflow? At that stage, the arrangements had been altered and there was no restriction any longer, for example, as to the 25 per cent deposit requirement. In that climate the question was asked whether the Government would be interested in capital borrowings. The Government was interested. Was the Department of Minerals and Energy interested in using these moneys? It was. Accordingly, a number of people offered money to the Government, asking whether the Government could use those funds.

I respect what the honourable member for Wentworth has said, but I do not have to answer that specifically. What I want to talk about is the imputation that I have been involved in some loan raising activities. No accusation—not one—has been made to this effect here tonight. But I notice that, in the 45 questions in the document tabled and incorporated in Hansard today by the Leader of the Opposition (Mr Malcolm Fraser), a question is asked as to what was my involvement. This demonstrates the integrity and honesty of the Opposition. If a charge is to be laid, the normal thing to do is to get the Commonwealth Police to investigate the matter. If anybody lays an information, the person against whom the charge is laid can answer that charge and he has the right to seek remedy by way of compensation for malicious prosecution if the

information is proven incorrect. But we do not get that right here. We just get a smear in a newspaper by some 'Deputy Deputy'. We have had this smear campaign as to what has been wrong with the actions of the Government, but nobody has looked at what actually happened. Regarding my alleged involvement in loan raisings, the Rural Bank in Sydney was the organisation which suggested that somebody had access to overseas funds. This was checked out by no less a person than Sir Lenox Hewitt. It was found that the person putting himself forward as an agent for people overseas was not in fact their agent; and they disowned him. They had no funds anyway. Accordingly, that was the end of the matter.

But I see in the Press that a Mr Barbarich has produced a copy of a letter that the Minister for Minerals and Energy, Mr Connor, wrote to me, dated 16 September. Mr Barbarich said: 'This is really sinister'. The whole idea of writing this letter was to convince the so called principal overseas that the Government was interested, and Barclay's Bank was nominated as being the appropriate authority through which the funds could be borrowed. Before that, the Rural Bank was prepared to act, but then it felt that it might have a conflict of interest as it was the State Government bank in New South Wales. That is the true position with respect of that matter. It could have been checked with anybody. If the Deputy Leader of the Opposition, Mr Lynch, wanted a copy of the letter, I could have given it to him at any time.

On that basis all these accusations are made by a person named Barbarich. I did not want to have to say this, but Barbarich is a convicted criminal. He is well known to the Opposition as, when it was in government, he made offers of loan money to it. He has been in a mental asylum. The 'Deputy Deputy' of the Opposition knew that, because he was Minister assisting the Treasurer at the time when that offer was made. The allegation now made in Sydney is that \$5,000 was paid by Mr Lynch to Barbarich to get a copy of a letter that he could have obtained from me for nothing. What about the criminal aspect of this mentality? What about honesty and integrity? When honourable members read the headline in the *Australian* newspaper referring to myself they should bear in mind that I have a family and children who go to school. I have to uphold the integrity of my family. But the newspaper headline comes out and states: 'Bowen involved in pipelines'. It went on to state: 'But when Treasury got wind of it, the loan

was dropped'. What utter rubbish! The chronological table of events is as follows: The negotiations of the loan which Hewitt was checking out were continuing on until the end of October and it was not till then that Hewitt established that the person involved was not able to be the agent and did not have access to the funds. Treasury knew about this matter as far back as 28 September because one of the acquaintances of the person concerned also saw the Treasury at about that time. There is no suggestion at all that the loan was dropped because Treasury got wind of it. But what about the verbatim accusation?

Mr Chipp—You are doing yourself a lot of damage.

Mr LIONEL BOWEN—I am not doing myself any damage. The honourable member should look at the letter. If my honesty and integrity is damaged I have to look at these matters. Here is a letter which was published verbatim. It was put forward obviously by Mr Lynch.

Mr Howard—Why don't you sue the *Australian*?

Mr LIONEL BOWEN—It would be a good idea to sue the *Australian*. But let us talk about honesty. The letter is quoted verbatim except for one paragraph and that paragraph of the letter said, of course, that any loan would have to receive the approval of the Treasury. A letter is quoted verbatim in the *Australian*, except for a paragraph that says that Treasury approval should be given. The newspaper then put in a sub-heading that of course the loan was dropped when the Treasury got wind of it. The letter could not have been published in detail with that paragraph included if the *Australian* were still to run that top line, that by-line—that criminal libel, because that is what it is.

Who had the letter? Mr Lynch had the letter because on the next day the letter was published in full—including that paragraph—in the *Telegraph*. The honourable member said that he had had the letter for a few days and had decided to release it at that time. Honourable members opposite talk about honesty and integrity. That man should be called before the Privileges Committee of this Parliament to explain why he quoted only part of a letter and left out another part. Did he have access to the Treasury? Is that the basis for thinking there would be no consultation? The minutes of Treasury show that there was consultation on 28 September. Why is it that Lynch left out the last paragraph of a letter and then the next day tried to recover the situation? Is Barbarich telling the truth when he said that he

got \$5,000 from Lynch for the letter. The point we have to look at is what is happening to this Parliament in the sense of honesty and integrity. Just what is the position?

Let me turn to another matter. As we all know—a number of members of Parliament have been named in this respect—honourable members get suggestions from constituents who have access to funds. A former Liberal Minister in the last Parliament saw me in about November. I will not mention his name because if I do so he will never be selected again. But if any honourable member wants to have a look at his name I have it written on a piece of paper. This former Minister introduced me to Mr Malcolm Llewellyn. I do not know Mr Llewellyn, but Mr Llewellyn said that he had access to funds. I said: 'Go through the Treasury or Minerals and Energy'. He did that and the minutes show that he saw them on 16 December.

Mr Martin—Was it Malcolm Mackay?

Mr LIONEL BOWEN—In fairness I do not want to name the Minister. The point is that Mr Llewellyn came to see me again in March and said that he had raised money but the Treasury was objecting to it. He said that the money could be borrowed at a fair rate of interest. He said that he was conducting a legitimate operation and that he was a well respected financier. I believed that was the case. He asked me: 'Why is it that the Treasury rejected this loan?' I said that I had no idea and that he ought to discuss the matter with the Treasurer. In the course of that discussion, Mr Llewellyn, whom I do not know—he is the only person I have ever met in regard to the loan raisings; I have met nobody else—said: 'I am not impressed with the way that the Treasury is raising loans. In my view they are not as efficient as they should be in respect of interest and other charges that are paid'. He said: 'I particularly mention the recent renegotiation of an existing Deutschmark loan in September'. He went on to say: 'I think you will find that the cost is about \$A12m'. I have had some mathematics done on this and I have found that that was a loan for 200 million Deutsche marks or \$57.1m, issued at 99 per cent, with an interest rate of 10 per cent and flotation expenses of 3 per cent. When one works out what has to be paid for the renegotiation of the loan one—finds that Australia has incurred an exchange loss of \$12m. I think Mr Llewellyn is entitled to ask whether everything is reasonable when we renegotiate loans on that basis.

Naturally a number of loans has been arranged over the years, but the expenses have

averaged at least 3 per cent. If we were in a climate where we could not get international money at 8 per cent or 8½ per cent, was it efficient to negotiate this loan at 99 per cent against 100 per cent at 10 per cent interest with flotation expenses of 3 per cent? Perhaps there is a bit of kick back in Mr Llewellyn's case. Is it not about time we had a look at who receives these commissions. I would suggest with the greatest of respect that the Auditor-General should look at all the loans raised since 1967 so that he covers a wide spectrum, ascertain who received the commissions and the percentages, and ask all of us, including the Treasury officials, whether we received any direct or indirect financial benefit. He could make a report to this Parliament as to those who wanted to co-operate or otherwise. It would clearly show to the Australian people what happened to this money, this question of efficiency and this question of what was the best way to renegotiate loans, and not leave us in this muck raking exercise with accusations being made that with the former Government it was always right and with the present Government it is always wrong.

This climate is created mainly by people who have a political axe to grind. It is all very well to make accusations about people and say that they can recover the best way they can. Accusations have been made against my former partner in a firm of solicitors, Mr Gerathy. I no longer have an interest in the firm; I have retired from legal practice. Mr Gerathy has been accused all the time of being involved, for example, by Mr Barbarich. He appeared for Mr Barbarich on 6 November in a bankruptcy matter. As honourable members know, if a person is in the legal profession he has to appear for people who need legal aid. Mr Gerathy did that. Mr Barbarich bobs up with some wild and mysterious statement that he has a letter which has been written and that Mr Gerathy is involved in the loans. Mr Barbarich was involved in suit No. 413 of 1974. The petitioner was St Vincent's Hospital. The other creditor was the Deputy Commissioner of Taxation. An amount of \$20,599.75 was involved. Mr Gerathy appeared for Mr Barbarich but, as honourable members know, he cannot disclose Mr Barbarich's peculiarities, his criminal record, his insanity. (*Extension of time granted.*) I just want to illustrate how people can be maligned. Gerathy is a Master of Law with honours. He has done no harm to anybody, but he is maligned because some misguided criminal wants to make all sorts of accusations. The Deputy Leader of the Opposition knew of Barbarich when he was Minister assisting the

Treasurer yet motivated that man with money to make accusations that something was wrong and to involve Gerathy. Gerathy cannot answer any accusations that he must have known something about the matter being debated today.

Is it not time we had a little bit of honesty and decency? How is it that honourable members opposite go along with this muck raking exercise? What about the people who have been named and who cannot answer for themselves tonight? They include Sir Lenox Hewitt.

Mr Sullivan—That is a red herring.

Mr LIONEL BOWEN—It is not a red herring. The point is that accusations were made. There were headlines about myself and a half quoted letter. I want to make this clear: It all comes from Mr Lynch, who has said in the presence of a number of Government supporters, particularly during May last: 'I want to make it clear that I have a more comprehensive knowledge of what is happening in the Treasury than the Treasurer'. It is not about time we had a look at the conduct of the Opposition? Is there some patronage on the way back? It cannot be proved, but I ask honourable members to look at the matter in the light of a declaration tabled tonight. It is a question of what can happen. In a declaration by Mr Nagy, tabled tonight, members will see another outrageous accusation. It refers to Mr Harris, who is talking about Mr Lynch, and in the declaration Mr Harris allegedly said, 'Cairns is finished. The Government is finished. Mr Lynch said he will take up the loan when he becomes Treasurer'. That is in the declaration tabled tonight. He can make these accusations but at least he can get up here and answer them. But what about all the things that have been said about me, a former partner of mine and other people on the basis that there was something wrong? We still have to look at the fact that the 22 loans raised in the past 8 years covered a wide spectrum of interest rates, percentages and commissions. I have them listed here and I repeat that we ought to have this investigated, because there were commissions paid, there were expenses taken out. Money did change hands, if we want to put it on that basis. Let us find out who got it. I am prepared to submit—

Mr Peacock—Let us have an inquiry.

Mr LIONEL BOWEN—No, we do not need an inquiry, we want an inquiry of an expert type, because a lot of the money could be overseas. Members opposite know the position and they do not want to have an inquiry. What have they got to hide? Why cannot they tell the Auditor-General what they have got? I will tell him. What

are they worried about? We could have this in no time. Members opposite want to parade a series of people, who are perhaps maniacs, in the witness box and who can make all sorts of accusations. It might take 6 months to get through them and to work out that nothing has happened. These are specific loans; they are detailed and the commissions are known. Nobody knows at this stage who got the money because it is left to what is known as the normal method of raising loans. I would not have raised the matter but Mr Llewellyn did, and he did it in connection with the German loan. There is a bit of a kick in his case when in a roll-over of \$57m it cost us \$12m. Honourable members opposite say that is good business. I say it requires an explanation. From the point of view of everything that has been said, we now come to the final position: No charges have been made against anybody except the suggestion that the Executive Council meeting was illegal, and it was not said until the honourable member for Wentworth (Mr Ellicott) got up tonight at about 8.10 p.m. and said, 'That is all we are worried about.' If that is all they are worried about is it any wonder that the Press tonight, talking about this afternoon's debate, said it was a non-event, it was an anticlimax and they had heard all this before? The implication unfairly made by the honourable member for Wentworth is that the Governor-General did not know what he was doing. The honourable member has left himself in that position. He said Mr Byers was not consulted. I understand Mr Byers was there. Why is it that members opposite make these rotten outrageous accusations? If it is only a matter of a legal opinion I am certain any State can take appropriate action to see whether the validity of the decision can be challenged.

Mr Killen—They may well do it, too.

Mr LIONEL BOWEN—Of course, and is that not the way to do it? But members opposite are desperate. Unless they can undertake some muck-raking expedition here they are desperate for some elections in South Australia or somewhere else. This is all put on to create a political climate to suggest that something has happened, but when I ask members opposite to have a look at what actually happened they are all saying: 'We will do it that way.' The real proposition is to do it the way we suggest. Let us face up to the fact that people are maligned and do not have a chance to answer. It is no credit to any member of the Opposition to make a series of accusations. It does no good for anybody to come up and say to me tonight: 'We've nothing against you; everything is all right.' Why make the accusation

if that is the position? Why is it not done as it is normally done? If there is a charge, have the Commonwealth Police investigate it and lay the charge. Give the person accused the right to sue the person who made the charge. That is the real issue. Do not raise it as a result of deals made with convicted criminals, people who it is known are criminals and to whom money is now being paid to manufacture evidence. Can members opposite imagine any criminal passing a document without money?

Mr Howard—Can you prove that?

Mr LIONEL BOWEN—You can easily prove the fact. As you know, people working for the *Age* are running around with a sackful of money to buy any evidence they like, and the accusation by an informant is that Mr Lynch paid \$5,000 for this one.

Mr Howard—Have a royal commission.

Mr LIONEL BOWEN—What will the royal commission prove? Mr Lynch says he did not pay the person concerned, and the criminal might say: 'If Mr Lynch gives me another \$10,000 I will say he didn't.' That is how silly it is. Do members opposite think a criminal would part with a document he never had in the first place without getting some money? How naive are they? Do they not know that the Commonwealth Police already suggest that? The Commonwealth Police have interviewed this man and are aware of the fact that it is normal practice for a criminal to do what he thinks is best for himself. But in here we have an accomplice to a criminal libel as far as I am concerned, on the basis that the letter produced does not put in the appropriate paragraph and makes some ridiculous accusation that the Treasury got wind of it and therefore stopped it. Hewitt was the man who established the position. There were no credentials of the agent—and all credit is due to Hewitt, because that clearly showed—

Mr Viner—Who is that? Khemlani?

Mr LIONEL BOWEN—No, the honourable member does not understand the accusations and I have not time to go back over them.

Mr DEPUTY SPEAKER—Order! The Minister's time has expired.

Mr McMAHON (Lowe) (8.55)—I came into this House today, as I think most honourable members did, to hear the explanations of the Prime Minister (Mr Whitlam) not only about the Cairns affair but of the Khemlani affair as well. We felt, then, that the Prime Minister would give us some explanations and state the common

sense of the actions taken by the Labor Government.

But if honourable members care to analyse the statements that the Prime Minister has made, they will see that very nearly every statement is either a misunderstanding of administrative procedures, a misunderstanding of what is contained in the Constitution itself, or a failure to understand the proper and most effective means of raising loans overseas.

I refer first to the first statement that the Prime Minister made, that is the one relating to open government. He said that there are 2 areas where secrecy is necessary. One was with regard to borrowings overseas by the Government and the other related to changes in the value of the currency. I agree with the second one, but I state that the first one is total nonsense and it ought to be known as nonsense by the Prime Minister because I have stated publicly in this House on at least 2 occasions what the true position is. The Prime Minister is not listening. What a pity, because he could get a lesson on economics and administration on this occasion.

Today the Treasury was good enough to send to me a number of articles which I contributed to newspapers during the time that I was the Treasurer. They disclose, in a completely adequate way, that one can disclose everything that you want to with the exception of the range of interest rates within which negotiations will take place. These documents show that I made statements before the commencement of negotiations for loans, during the commencement of negotiations and when all the arrangements associated with the loans were completed. I have asked the Leader of the House (Mr Daly) if I may table these documents so that the Labor Party can be informed of the proper procedure. I now ask that that leave be approved officially.

Mr DEPUTY SPEAKER (Mr Berinson)—Is leave granted? There being no objection leave is granted.

Mr McMAHON—I wish to refer to the second point which the Prime Minister made. I am glad I interjected during his remarks about interest rates because I hoped he would be tempted to make a statement which could then be proved inaccurate. I asked him whether he would mention those cases relating to loans in which I was involved as Treasurer. He mentioned 3 loans at the rate of about 8.5 per cent. Fortunately, and I hate to say this in the presence of one who claims he is the greatest Foreign Minister ever known, nor do I want to say much about my ability as a Treasurer, but I wrote those figures down after

discussions with others before getting confirming advice from the Treasury. My first loan as Treasurer was for 50 million Swiss francs at an Australian rate of interest of 5.5 per cent. The second loan was for 60 million Swiss francs or roughly \$12m at 5.5 per cent, not 8.5 per cent and all the other twaddle that the Prime Minister went on with. Early in 1970 a further loan for 60 million Swiss francs at 6.5 per cent was arranged. Then we went to the American market and arranged a US\$25m loan at 6.5 per cent. Costs on a once and for all basis must of course be added. I will not go further into this matter other than to say that the Prime Minister's reputation for accuracy has again been dented and soon it will stand permanently as the record of a man who does not care very much about the truth. In September 1968 another loan was negotiated, at 6.2 per cent. I am glad to say that just before I left the Treasury—I think probably as a mark of friendship between the Deutsche people and myself—they made us 2 loans. One loan was of 200 million Deutschmarks. If we divide that by 4 we will get the amount in Australian dollars. It was borrowed at 6.5 per cent. The final loan was at 6.5 per cent. These are just some of the tendentious statements of the Prime Minister.

I come now to his statement relating to new sources of borrowing. Nobody on my side of the House argues against new sources if the money is from the Arab oil producing countries. Of course we do not want funds from those who have engaged in illegal practices and have accumulated funds improperly. If the money comes from the Organisation of Petroleum Exporting Countries, then of course it would be welcome in this country, provided it was arranged on appropriate terms. What we are arguing about now is the means adopted by the Australian Labor Party to get these loans, that is about those it has treated as agents, the degree of secrecy and the motivation for that secrecy. If this had been a normal and not an abnormal transaction, these questions would not have been necessary.

I have here several documents which illustrate to the House what our position as a Liberal Party always has been on loans. We have always believed that negotiations should be open, that the Treasury should handle these matters other than in exceptional circumstances, and that it should not be left to agents to act as intermediaries. The Treasury should carry out the basic operation with the underwriters and brokers before it was agreed to at a ministerial and then the Cabinet level. I brought in to the House a letter which I wrote on 15 May 1967 setting out in clear terms

exactly what I thought, and what Mr Holt agreed was the proper procedure to follow and the Department which should carry out loan negotiations.

As an explanatory note I should say that during the time I was Treasurer I found that some other departments thought they had a greater degree of expertise than the Treasury. That was never the truth. But, vanity being what it is, one can never stop that kind of vanity and thinking. From generation to generation action has had to be taken by the Prime Minister to ensure that the proper role of the Treasury as set out in the Administrative Arrangements Order, for which the Prime Minister is responsible, is observed. In this letter of 15 May I said to Mr Holt:

The second report gives an account of the reactions of various bankers overseas to a proposal . . . for a government-owned corporation that would borrow funds abroad.

The letter was written in the context that the Trade Department no doubt would seek authority to borrow abroad, other than through the Treasury. I then stated:

Finance in general and Commonwealth borrowing abroad in particular are clearly within the responsibilities of the Treasurer and there are well-established methods of bringing such matters to the attention of the responsible Minister. What . . . is being suggested cuts right across the long accepted divisions of Ministerial responsibility and breaks rules that are basic to the working of the Cabinet system.

Mr Holt agreed. During the time he was Prime Minister he refused to permit any Department or Minister to chisel in on this area of Treasury responsibility. The rule was broken during the Prime Ministership of the right honourable member for Higgins. The concept of Treasury responsibility was confirmed in a letter of 20 March 1975 from Mr Hayden to a Mr Dyer relating to an agent being allowed to act as an agent for borrowing of money on behalf of a government agency, when he said:

No Treasurer could of course agree to provide such authority.

The Prime Minister went on to mention that the British Government had borrowed from Arab sources. I state clearly that it was not the borrowing in which we were interested; it was the means and the people through whom it was done. The British said in their statement—as I think it ought to have said—that borrowing negotiations were first carried out by the Bank of England and then the commercial banks, as agents carrying out their normal functions under the Bank's supervision. Even tiny New Zealand has adopted exactly the same practice.

The only person to whom the Prime Minister referred as having written a letter direct to a Treasurer of Liberal persuasion to seek approval to act as an agent for raising loans was Mr Walter Pisterman, who happened to be a great friend of the late Mr Holt but whose request for approval was turned down. Let me turn to another question which I believe to be of critical importance and which is associated with what I have just said. I mentioned my recent visit overseas. Today the Prime Minister referred to Australia's rating in the official standard of precedence and borrowing priorities. Our rating by the relevant rating authority, Standard and Poor, is AAA, which is tops. That position was achieved by the hard effort of the producers of this country and in particular by the leadership of the Liberal-Country Party Government, and its incentives to growth and increased productivity. As the Leader of the National Country Party (Mr Anthony) said today, we won that rating because so many new raw materials were discovered and processed during the time we were in government. We became one of the most respected countries. A country in which other countries could invest with the lowest risk and with a reasonable return. I have no doubt that Australia's rating is still high. But I say with great diffidence and hesitation that if one goes to the United States of America or England today he will find that it is not this country, this Parliament or the people of this country but the Australian Government that is being laughed at and ridiculed because of its economic and social policies. The Cairns and the Khemlani affairs have made us a laughing stock. People ask: 'What has happened?' One company said to me that it had already invested \$150m in Australia and now wanted to invest another \$350m. They referred not to the Strangler, as I called him before, but to Old Boofhead over there. They asked: 'What is he up to now?' This \$350m cannot be invested because the Minister will acquire crudes at well head and he will not tell us the terms and conditions under which acquisition will take place.

Mr DEPUTY SPEAKER (Mr Berinson)—Order! It was not until the end of that sentence that it became clear that the right honourable member was referring to another honourable member in a quite unparliamentary way. I ask him to withdraw it.

Mr McMAHON—He was there and he did not object, Sir.

Mr DEPUTY SPEAKER—But I am objecting. I ask the right honourable member to withdraw.

Mr McMAHON—Have you the right as Speaker to do that?

Mr DEPUTY SPEAKER—I ask the right honourable member to withdraw.

Mr McMAHON—Then I will use another phrase when I think of one.

Mr DEPUTY SPEAKER—Order! I have asked the right honourable member to withdraw that remark.

Mr McMAHON—I withdraw that remark, Sir. Now let me come to one other point I would like to make. We have in the Treasury three or four men who are recognised as technical experts of the highest quality and as men who have entree to the greatest banking systems of the world and to the governments in countries which save internally and invest overseas. I refer to Lindsay Brand, Dr Visbord and Mr Whitelaw. They helped me during the time I was Treasurer and we obtained all the money needed when we were running deficits in our finance. If these men had been consulted and used they would have been able to negotiate with Arab countries without intermediaries and arrange for borrowing on behalf of this country. This would have prevented the Government from becoming involved in sordid transactions such as the Khemlani affair. It is also to be remembered that borrowing with an authoritarian government and a free country is different.

In authorising loans the negotiation must be government to government. I want to speak on only one other subject and that is about what has become known throughout the world as the Khemlani affair. There is no doubt that Mr Khemlani was the principal agent. The Prime Minister has said that he was not, but if you look at the correspondence and at the various documents that have been tabled there can be no doubt that he was the principal agent, and fits perfectly into the definition of agent. That can be illustrated by several of the letters that have been published—not in the list tabled today but published in the Melbourne Age.

It is a fact that Mr Khemlani wrote to the Moscow Narodny Bank and told them of the 5 cheques for \$20m and one of \$15m that were to be issued to those who were to receive commission. One was for an amount of \$15m for Mr Bajius who is now a fugitive from justice and one of the men who was tested by the security service or someone else as to integrity. He had this power. He was an agent. Then there is Mr Khemlani whom we cannot find now. He is also at large and not able to be traced by anyone so that we can test his opinion.

It appears from the letters that apart from the Minister for Minerals and Energy the mastermind was the Prime Minister himself and that not only did he attempt to ignore the constitutional legalities but also adopted devious means to ensure that these negotiations were kept secret. He did so because he dared not show his hand before he had completed the deal as he knew that if he did the Labor Party would find it intolerable and so would the people of this country. However, if he could get away with it and face the people and the Labor Party with a *fait accompli* he would be safe and would have until Budget time in which to recover from the odium and distress he had caused. There is no appeal from that in Parliament. But the Labor Party and the people will each have an appeal soon. If the Labor Party does not change its leadership the people will change the Government and, Mr Deputy Speaker, certainly you will not be Deputy Speaker for long and the Prime Minister will lose his job as Leader of the Government and the Australian nation.

Mr CLYDE CAMERON (Hindmarsh—Minister for Science and Consumer Affairs) (9.12)—I rise to take part in this debate in order to set some facts straight and to answer some of the false statements made by honourable members opposite. I have not time to deal with them all because there were too many speakers and each of them made too many false allegations for me to deal with them all in 15 minutes. I will have to content myself with the remarks made by the last speaker. The right honourable member for Lowe (Mr McMahon) gave great credit to himself in particular and in a general sort of way to the government of which he was a member for the fact that he raised a loan in November 1968 for Swiss francs at a rate of interest of 5.5 per cent. What he did not tell the House was that in order to get it he paid a commission of 5.06 per cent. No one can give a person much credit for raising a loan anywhere if that person was prepared to pay 5.06 per cent commission. Nothing like that is charged in respect of the Khemlani proposal that I propose to deal with later.

The right honourable gentleman went on to say that the Opposition is not complaining about the borrowing; it is not complaining about the amount. It is the means by which the amount was borrowed and the kind of people by which the transaction was carried out that causes its worry. He went on to say that the Prime Minister (Mr Whitlam) was the mastermind behind this transaction with Khemlani. He was not the mastermind; I was the mastermind. I was the one who discovered Mr Karidis and if it had not been

for me finding Mr Karidis the Government would never have got near the point of being able to raise enough money to give Australia ownership of its own natural gas, ownership of its own uranium enrichment plants, the right to own its petrochemical industry and the right to put a pipeline from west to east across this continent. I was the one who discovered Mr Karidis and without Mr Karidis, the Minister for Minerals and Energy, Mr Connor, would never have come into the picture and the Prime Minister would never have had the satisfaction which he must surely enjoy of having been present at an Executive Council meeting which formally authorised the borrowing of the money which came solely as a result of my enterprise and the fact that I knew somebody who was able to tell us we could get money we badly needed.

In this country we have to decide whether we will allow the ownership of our natural resources to be controlled by the Australian people or whether we will hand it over to foreign enterprise and foreign investors. I am sick and tired, and so is every other Australian, of seeing our natural resources gobbled up by foreign investors so that we, the people of Australia, then lose control of our own assets. I am tired of that and I hope that the day will come when I will have the great satisfaction of making some small contribution to stopping the rot that Sir John McEwen complained about of selling off a bit of the farm each year. I thought that I might one day be able to make a small contribution. Never did I realise in my wildest dreams that I would make the contribution which I believe I can still make because I believe that this loan can still be brought about. There is no criticism from honourable members opposite about the rate of interest. How can there be when we look at the rates of interest that they paid on loans when they were in government? There is no criticism of the amount of money because nobody can deny that \$4,000m is needed if we are to set up our own petro-chemical industries, instal a trans-continental gas pipeline, have an uranium enrichment plant or exploit our natural resources as we ought to do. We need every penny of this amount. In fact, Sir Charles Court has discovered that you need about \$4,000m to do anything worthwhile. In the 'Bulletin' of 1 February it is stated:

West Australian Premier Sir Charles Court may be about to pull off an enormous political and economic coup at the expense of the Whitlam Government, according to stories circulating in Canberra. Court is said to have organised the financing of a West Australian government merchant bank, similar to the Whitlam Government's Australian Industries Development Corporation, during his visit to the United States.

The 'West Australian' newspaper had this to say in its edition, of 19 June 1975, a more recent date:

The State Government intends to begin direct negotiations with the Woodside-Burmah consortium to bring the North-West shelf natural gas discoveries into production. It will neither seek the approval of the Australian Government nor wait on the outcome of the High Court dispute over off-shore sovereignty . . . It would cost about \$4,000m to get the project off the ground.

I ask the honourable member for Wentworth (Mr Ellicott), who has made a complaint, to listen to this. The newspaper article continues:

It believes this could be one way of by-passing the traditional Commonwealth-States financial relationship.

Honourable members opposite talk about by-passing the Australian Loan Council. They talk about deception and about not telling the people what is happening. When did their government ever tell the people what kinds of commissions they paid and what kinds of interest rates they paid during the 23 years that they were in government. When did honourable members opposite ever tell the people what they had done? It is any wonder that the people that they chose to give a monopoly over the raising of loans overseas for the Australian Government are concerned that somebody else is likely to muscle in on what they believe to be their sole preserve? I would like to know how much money went into the campaign funds of the Liberal Party of Australia and the National Country Party from the Morgan Guaranty Trust Company. Would not that company pay in order to get a Liberal-National Country Party in office by kicking in to the campaign funds? Out of every \$100m that was borrowed on behalf of the Australian Government, the company that provided its services to obtain the money would receive \$2m clear for doing virtually nothing. Of course, why would not such a company support the previous government? Why would not such a company be disturbed when it thought that somebody else was going to get into these nice pickings? That is what it is all about, excepting for this one other factor. The Government is not prepared to hand over our natural resources to foreign controllers whereas the Opposition is prepared to do so. Some time in September 1974 a Mr Jerry Karidis of Adelaide told me there that he believed that it would be possible for the Australian Government to raise a long term loan of a substantial amount at about an 8 per cent interest rate.

Mr Wilson—Was that a long term loan or a temporary loan?

Mr CLYDE CAMERON—It could be either a long term or a temporary loan. They did not care which. I am glad that the honourable member

asked that question because instead of being as smart as he thinks he is, he is as silly as I think he is. The fact is that it was not necessarily a long term loan. The term of the loan could be negotiated. So the honourable member is wrong. I state again that it is the silliest interjection he has ever made. I am glad that he made it. I told Mr Karidis that the Minister for Minerals and Energy had indicated frequently by public statements that he wanted to see Australia's mineral and energy resources developed in such a way as to ensure that ownership and control would remain in Australian hands and that this could be best achieved, thought Mr Connor—and he was so right—through the Government itself becoming involved in these activities.

Uranium enrichment, the development of gas reserves on the North-West Shelf, the construction of a trans-continental gas pipeline and the establishment of an Australian owned petrochemical industry were some of the projects that the Minister for Minerals and Energy had mentioned at various times. I told the Minister for Minerals and Energy of my conversation with Mr Karidis and I asked whether he would be interested in a loan of this kind. He said that he would be interested and that he would like to discuss the matter with Mr Karidis. I arranged for such a meeting. The meeting was attended by the Minister for Minerals and Energy; Dr Cairns, who was at that time, I believe, the Acting Prime Minister; and Sir Lenox Hewitt. I hope no one will cast any aspersions on the impeccable character of Sir Lenox Hewitt. If any member of the Opposition can stand up and say 'My character is as impeccable as that of Sir Lenox Hewitt', they are better men than I think they are. Also, a Mr Anderson accompanied Mr Karidis.

Mr Daly—The Liberals knighted Sir Lenox.

Mr CLYDE CAMERON—I thank the Minister for that interjection. Those opposite knighted Sir Lenox Hewitt for his impeccability. That indicates what they thought of him. I was present at the meeting which was arranged. At this meeting there was a general but inconclusive discussion in which questions were raised relating to the proposed rates of interest, the terms of the loan and the proposed commission. I notice that eventually Sir Lenox Hewitt and the Minister for Minerals and Energy were able to reduce the rate of interest from 8 per cent to an effective 7.92 per cent, which included the commission. The Opposition can put that in its pipe and smoke it and compare it with what it has ever done.

Mr Garland—They did not get the loan.

Mr CLYDE CAMERON—They did not get the loan, but in my view they will get it. The money is there. It is the only place in the world where one can get money of that magnitude.

Mr Garland—There is a lot of other things which I will comment on if you will sit down.

Mr CLYDE CAMERON—The honourable member says that it is not there. That is all he is complaining about, is it?

Mr Garland—It is not there.

Mr CLYDE CAMERON—Right. The honourable member is complaining only that it is not there. I can tell this House that I am certain that the money is there and I am certain that before very long the Minister for Minerals and Energy will be vindicated; he will be able to come into this House with the \$4 billion in his hand, obtained at the rate of interest that I have mentioned. I believe that he will still bring it off.

Mr Karidis promised to supply information and the Minister for Minerals and Energy and Sir Lenox Hewitt undertook to examine the legal position of the authorities under the control of the Minister in relation to the raising of loans. In the second week in October Mr Karidis sent a telex message addressed to me and the Minister for Minerals and Energy care of my Adelaide office, because the Minister for Minerals and Energy at that time did not have a telex machine and all the messages that had to come by telex had to come through my office in Adelaide or my office in Canberra. Mr Karidis—

Mr Wilson—They all came from your office?

Mr CLYDE CAMERON—The honourable member should not keep asking questions. I wish I had time to answer all his interjections, because he strengthens my case every time he opens his mouth. Mr Karidis subsequently indicated that he had made contact with a Mr Khemlani who claimed to be in a position to make direct contact with Middle East oil interests who had large sums of money to lend. I repeat: I still think that Mr Khemlani will succeed in raising the funds and I still believe that my colleague eventually will get the \$4,000m for Australia's development.

Subsequently Mr Karidis called at my office with Mr Khemlani, whom he introduced as the person who was able to make contact with the Arab principals. Mr Karidis asked me to arrange for him to be introduced to the Minister for Minerals and Energy. This arrangement was made and when the meeting took place Mr Karidis made the introduction of Mr Khemlani to the Minister for Minerals and Energy because,

although courtesy demanded that I do it, I had forgotten his name by the time we met the Minister for Minerals and Energy. I had to turn to Mr Karidis and ask him to make the introduction. At this meeting no negotiations whatsoever concerning the loan proposal were carried out in my presence. Right from the very first day I had spoken to Mr Karidis I had explained to him that it would be Mr Connor who would have to carry out the negotiations because he had the responsibility of carrying out those kinds of investments. However, I did indicate—as I am indicating now, and as I have indicated everywhere for years; and I did it again then—in Mr Khemlani's presence that I fully supported Mr Connor's aim of trying to gain maximum Australian ownership of Australian mineral and energy reserves and to stop any further foreign ownership and control of our natural resources.

I do not think anybody here will doubt the character and the standing of the Minister for Minerals and Energy. What the Opposition does not like about the Minister for Minerals and Energy is that its wealthy friends cannot bribe him as they used to be able to bribe some of the Opposition's party officials at election time. That is what the Opposition does not like about him. Its wealthy friends cannot bribe him in the way that they could bribe the Opposition's party officials at election time. The Opposition does not like the fact that the Minister for Minerals and Energy stands as true as steel in the interests of the Australian people and, on this particular occasion, was on the brink of being able to pull off the greatest coup in the interests of Australia. That is what the Opposition is upset about.

Mr LYNCH (Flinders—Deputy Leader of the Opposition)—I wish to make a personal explanation.

Mr DEPUTY SPEAKER (Mr Berinson)—Does the Deputy Leader of the Opposition claim to have been misrepresented?

Mr LYNCH—Yes. During his speech the honourable member for Lalor (Dr J. F. Cairns) took the opportunity to table a statutory declaration from Mr Leslie Nagy of Roseville, New South Wales. It has been brought to my attention that the statutory declaration refers to conversations which Mr Nagy alleges took place with a Mr George Harris in Melbourne and states on page 8:

Mr Harris said to me—

That is to Mr Nagy—

Cairns is finished. The Government is finished. Mr Lynch said he will take up the loan when he becomes Treasurer.

I want to make it perfectly clear, without any sense of qualification whatsoever, that the allegation contained in the statutory declaration made by Mr Leslie Nagy that I have given Mr George Harris an undertaking—any undertaking or commitment whatsoever—to take up a loan apparently sought by Mr George Harris, should there be a change of government, is utterly, completely, totally false. This suggestion is without any foundation whatsoever. I believe it is a fabrication of the worst possible type. In no circumstances will I tolerate this kind of attempt to implicate me in the present scandal which surrounds Mr Whitlam's discredited Government.

(Government supporters interjecting.)

Mr DEPUTY SPEAKER—Order! I cannot allow the Deputy Leader of the Opposition to turn this into a further contribution to the debate. He will please confine his remarks to where he has been misrepresented.

Mr LYNCH—I should like to add further that my office made contact with Mr George Harris during the last half hour. I have had no direct conversation with him but I am informed by my office that Mr Harris gave my office the following statement:

I deny emphatically that Mr Lynch ever said it to me or that I ever said it to Mr Nagy.

I also take the opportunity to claim to have been misrepresented by the Minister for Manufacturing Industry (Mr Lionel Bowen).

Mr Daly—We are having a bad night.

Mr LYNCH—We have had a pretty good day. Suggestions were made by the Minister for Manufacturing Industry—I was not in the House at the time but I heard part of them on the broadcast system—

Mr Connor—You can hand it out but you cannot take it.

Mr LYNCH—The Minister would be the first to recognise that he cannot take it, and he knows it. So far as the comments made by the Minister for Manufacturing Industry are concerned, as I understand it the suggestion was that certain moneys had changed hands or had been offered. I repeat here what I have said publicly and what I have informed the Liberal and National Country Parties: Neither I nor any member of my staff has ever been involved in any suggestions of this type. Such allegations are completely and utterly without foundation. I make it perfectly clear also that I have had no direct conversation or communication with the gentleman mentioned by

the Minister. I certainly have had no conversation with that gentleman. It is true that a member of my staff made contact with him at a certain stage in Sydney recently. That member was in the company of a Press reporter from one of the daily newspapers. That reporter happened in fact to quote the letter to which the Minister for Manufacturing Industry referred. The suggestions are without foundation.

Mr SINCLAIR (New England) (9.31)—The whole of the course of today has been quite extraordinary. It has been extraordinary for several reasons. The first reason is that it is the Government which has called the Parliament back. The Government at long last realised that significant charges had been made against it and that those charges needed to be answered. It has been a significant day also because the answers that the Government has tried to give in the House are so totally inadequate. The charges remain, not because there has not been a great volume of new evidence brought today but because the evidence which has progressively been revealed—not because the Government has been prepared to expose its actions openly, but as a result of the assiduous efforts of newspapers and, in particular, the efforts of the Deputy Leader of the Opposition (Mr Lynch)—has slowly brought to the light of day the whole of the complexity of what lies behind the overseas loan dealings of this Government.

This matter concerns not just the loan dealings of the one man who has been sacked. It concerns the whole of the ramifications of dealings which emerged from the Executive Council minute relating to the loan borrowings approved by the Executive Council and the 4 senior Government Ministers present, of whom I wish to say a little in a moment. That Executive Council minute was passed on 13 December last. Significantly, the charges remain. The Government is incompetent and the senior members of the Government have been involved in a deliberate deception and in a conspiracy to deceive. It is no use the Prime Minister (Mr Whitlam) coming into this House and saying that no responsible person has expressly or directly made any specific charge of impropriety or of illegal or corrupt conduct on the part of his Government, himself or any individual Minister, for that demonstrably is untrue. Charges have been made. A *prima facie* case has been substantiated in this place and it is now for the Government and for this House to accept the amendment that has been moved by the Leader of the Opposition (Mr Malcolm Fraser) or, alternatively, to accept the judgment of the people.

In my view there are sufficient facts still to emerge—facts which are not disclosed in the inadequacy of the documents tabled either by the Prime Minister or by the Minister for Minerals and Energy (Mr Connor) on behalf of the Government today and which must be answered. These are facts which must in some way rebut the charges made, or the charges will stick. These dual allegations of incompetence by the Government and of a deliberate deception and a conspiracy to deceive remain. The Government has not answered those charges.

Of course, individually, the Ministers themselves have a great deal to answer for. The Government says that no action was taken on our side of the House earlier. The Prime Minister made much of the fact that he claimed that parliamentary action could well have been initiated long before this. I remind the House that it was not until 12 June, some 7 days after the rising of the House of Representatives, that the Executive Council minute of 13 December was revealed to the Parliament. If one looks—

Mr Chipp—And then by accident.

Mr SINCLAIR—Yes. The Government has from the very beginning refused to disclose the circumstances of the whole of this very sordid affair. All one needs to do is to look at the brevity of the replies of Ministers in the House. On 13 February the Minister for Minerals and Energy in response to a question about the whole of the ramifications of the overseas borrowings said:

Matters relating to the currency, loans and the commercial credit of the nation should be handled with the utmost discretion. I am acting accordingly.

How inadequate a response. On 13 February the Prime Minister in answer to a long question from the right honourable member for Lowe (Mr McMahon), regarding again the circumstances of overseas borrowings, said:

Open government has never applied in respect of loans or valuations of the currency.

On 20 May 1975 the Leader of the Opposition asked the Prime Minister:

Can he inform the House whether the proposed \$2 billion borrowing by the Minister for Minerals and Energy has the approval of the Australian Loan Council? If not, when will the Government seek approval of the Loan Council? What is the purpose of the loan?

The Prime Minister replied:

The answer to the first question is no; to the second, if and when the loan is made; to the third, for matters related to energy.

So much for the information that the Government has been prepared to give to the Parliament and the people. So much for the opportunity given to members of the Opposition to canvass this matter adequately.

If the Prime Minister thinks this matter has been brought forward as a result of Opposition tactics all he needs to do is to look at the newspapers and the comments of the Press about the silence of members of the Ministry and of members of the Government. An article written by John Jost which appeared in the *Age* of 5 July carried the heading: 'From Connor, stunning silence'. So much for the opportunity for the people to know all the circumstances of this sordid affair.

Let me just ask 2 questions. First, was the borrowing of \$4,000m so extraordinary as to be improper? The borrowing was in contravention of the Loan Council. It was for an incredible amount and for purposes inadequately and misleadingly described and involved an unprecedented method of implementation likely gravely to damage Australia's financial standards. The second question is: Was the \$4,000m of borrowing legal and constitutional? The answer is no. The Parliament has been ignored, the Constitution by-passed and the Loan Council and the Financial Agreement treated as of no consequence. The law has been flouted. The Prime Minister came in and said: 'We have taken no action earlier'. Now belatedly, nearly 7 months later, he tries to give us yet another reason for the actions of the Government. But let us look at some of the circumstances, some of the questions that still remain. Why the funny money men? Of course, the funny money men are not accepted as being agents through whom a Government should act, not only those of us who believe that it is necessary that the advice of responsible officials of the Government be listened to. One might again ask why was not Sir Frederick Wheeler given an opportunity to comment on the Executive Council minute of 13 December. Why? Because he would not have been prepared to accept it. Why was only the advice—the oral advice at that—of the then Attorney-General taken with respect to the nature of the temporary purposes of the loan. It was because once again the members of the Ministry who were concerned with that Executive Council minute were apprehensive that if the Solicitor-General or the Permanent Head of the Attorney-General's Department had been listened to the whole of the nature of the Executive Council minute would have been declared invalid. Of course, if that had happened the

Governor-General might have refused to sign the minute. That would have prevented what seemed at that stage the finalisation of a negotiation that was apparently very near completion.

Not only the Opposition has expressed the belief that these were peculiar ways to go about business. Today I read the comments of the former Treasurer—as the Leader of the Opposition called him—the present Minister for Overseas Trade (Mr Crean) who in a speech on 22 November stated:

In the end what the Government borrows overseas needs to be determined in the light of the basic needs of the economy. Beyond that Australia should, I suggest, carefully preserve its reputation as a steady and cautious borrower on official account. There is no need and no case for Australia joining in any mad rush to borrow petro-dollars abroad at any price.

But did the Government listen to what the Minister had to say? Not on your life.

Even the present Treasurer (Mr Hayden) has the same view. In a letter to Mr A. N. H. Dyer of 424 Hoddle Street, Clifton Hill, Victoria, referred to in the *Age* this morning, the Treasurer made the point:

I should point out that many similar proposals—

He is talking about one of these funny money proposals, or a proposal that seems as though it may well have been a funny money proposal—

are made each year to the Government.

Experience in investigating these proposals has invariably shown that the main objectives of the intermediary has been to seek to obtain some form of authority to raise funds on behalf of the Australian Government without being able to provide satisfactory verification that funds are in fact available for lending.

No Treasurer could of course agree to provide such an authority.

The Australian Government's international reputation as a prime borrower is such that it does not need to use any form of intermediary.

In the past it has always confined overseas loan negotiations to dealing directly with principals—leading financial institutions in overseas capital markets.

It will be said by the Minister for Minerals and Energy: 'Of course, this was our idea. We were going to use an intermediary only until we got to the principal'. But that is nonsense. At the time that the Executive Council minute was executed, as we have already been shown, there were drafts of the acceptance document. Already it is quite apparent that at the time of that Executive Council minute being concluded the Minister for Minerals and Energy believed that through Mr Khemlani he was already on to a significant part of this money. The Government through that acceptance document was going to give a fairly significant commission, not in the way that it should

have been given but out of the funds to be provided and in a way that would seem to indicate that the same form of agency agreement—we already have in the document tabled today advice from the Permanent Head of the Attorney-General's Department that he believed it was the same—was made. The advice of the Permanent Head of the Attorney-General's Department puts all the arrangements of the Minister for Minerals and Energy, as executed through that Executive Council minute, in the same light as those which led to the dismissal of the former Minister for Environment, the honourable member for Lalor.

So, the Government is showing double standards. It is showing one standard which the Prime Minister takes much credit for having applied with respect to the honourable member for Lalor and another standard which he applies to the Minister for Minerals and Energy and to himself. There is no basis on which this debate today can be resolved unless there is an answer on the reason for this discrepancy. There is a significant discrepancy—a discrepancy which puts one law for those who are in office against that applied to the man who has been dismissed. Even as far as he who has been dismissed is concerned, let us not for one moment think that the Prime Minister can escape all odium for all the implications which he said obliged him to require the handing in of the former Minister's commission and, failing his handing it in, to call on the Governor-General to terminate it.

Two significant questions within the responsibility of the Prime Minister remain to be answered with respect to all the borrowings initiated by the former Treasurer, a man who I believe believes that he was honest in the statement that he made to this House on 5 June and a man who I believe far more, I am afraid, than I believe either the Prime Minister or the Minister for Minerals and Energy. As far as the Prime Minister and his involvement are concerned, what is he doing about the revelations which demonstrably have been of concern to the Government of Fiji and which have been promulgated through questions that were put to the Fijian Minister for Information, Ratu David Toganivalu? Did Mr Phillip Cairns in fact travel to Fiji on a diplomatic passport? Were his fares paid by the Government? These are significant questions relating to the whole of that affair which have been ignored, and they are matters within the responsibility of the Prime Minister.

There are many questions that have not been answered in this debate today. What were the real reasons for this loan? We have been told

today that the objective was to try to nationalise the whole of the exploitation of Australian mineral resources. If that is so, why were those reasons not exposed to the people and to the Parliament at least 6 months ago? The only conclusion that one can reach through the whole of the machinations and the manner of the deceiving of the States through the temporary purposes conception of that Executive Council minute is that at no stage did the Government intend to reveal to those who have a responsibility in the States the nature of its intentions. But it is only because the whole nature of the dealings have come into the light of day through the revelations in the Press that the Government now finds it necessary to reveal what are the real purposes—so it now claims—of its operations.

Of course, there are many areas in which the Minister for Minerals and Energy has let down the States. He has just returned from Japan. In some discussions he had with the Association of Colliery Owners he asked some members of the Association to go to Japan and discuss with Japanese purchasers the prospect of buying coal at \$57 a ton. Some members of the Association went to Japan and negotiated contracts at \$52 to \$54 a ton. The Minister went there last week and sold out the coal industry at \$48 a ton. So much for the integrity of the Minister for Minerals and Energy. The whole of the circumstances of this affair relate to a continued conflict between the Commonwealth and the States. There has been a continued and deliberate intent to hide from the States an opportunity to know the whole of the circumstances of how and in what way we are going to be nationalised in relation to the exploitation of our natural resources. There is no doubt that certain questions will remain unresolved after this debate today. The only alternative is to have a vote on the question of whether there should be a royal commission. If there is to be no royal commission the Prime Minister is charged with the responsibility of handing in his commission and letting the people of Australia decide. There is no other alternative. The charges remain.

Mr SPEAKER—Order! The honourable gentleman's time has expired.

Mr CHARLES JONES (Newcastle—Minister for Transport) (9.47)—**Mr Speaker**, for the last month—

Mr Sinclair—**Mr Speaker**, in order that the fate of the motion may be determined, I move:

That the question be now put.

Question put.

The House divided.

(**Mr Speaker**—Hon. G. G. D. Scholes)

Ayes	61
Noes	64
Majority	3

AYES	NOES
Adermann, A. E.	Armitage, J. L.
Anthony, J. D.	Beazley, K. E.
Bonnett, R. N.	Bennett, A. F.
Bourchier, J. W.	Berinson, J. M.
Bungey, M. H.	Bowen, Lionel
Cadman, A. G.	Bryant, G. M.
Cairns, Kevin	Cairns, J. F.
Calder, S. E.	Cameron, Clyde
Chipp, D. L.	Cass, M. H.
Connolly, D. M.	Child, G. J. L.
Corbett, J.	Clayton, G.
Drummond, P. H.	Coates, J.
Drury, E. N.	Cohen, B.
Edwards, H. R.	Collard, F. W.
Ellicott, R. J.	Connor, R. F. X.
Erwin, G. D.	Cope, J. F.
Fairbairn, D. E.	Crean, F.
Fisher, P. S.	Cross, M. D.
Forbes, A. J.	Daly, F. M.
Fraser, Malcolm	Davies, R.
Garland, R. V.	Dawkins, J. S.
Giles, G. O'H.	Duthie, G. W. A.
Graham, B. W.	Enderby, K. E.
Hewson, H. A.	Everingham, D. N.
Hodges, J. C.	FitzPatrick, J.
Holten, R. McN.	Fry, K. L.
Howard, J. W.	Fulton, W. J.
Hunt, R. J. D.	Garrick, H. J.
Hyde, J. M.	Gun, R. T.
Jarman, A. W.	Hayden, W. G.
Katter, R. C.	Hurford, C. J.
Kelly, C. R.	Innes, U. E.
Killen, D. J.	Jacobi, R.
King, R. S.	Jenkins, H. A.
Lloyd, B.	Johnson, Keith
Luccock, P. E.	Johnson, Les
Lusher, S. A.	Jones, Charles
Lynch, P. R.	Keating, P. J.
MacKellar, M. J. R.	Keogh, L. J.
McLeay, J. E.	Kerin, J. C.
McMahon, W.	Klugman, R. E.
McVeigh, D. T.	Lamb, A. H.
Macphee, I. M.	Luchetti, A. S.
Millar, P. C.	McKenzie, D. C.
Newman, K. E.	Martin, V. J.
Nixon, P. J.	Mathews, C. R. T.
O'Keefe, F. L.	Morris, P. F.
Peacock, A. S.	Morrison, W. L.
Robinson, Eric	Mulder, A. W.
Robinson, Ian	Oldmeadow, M. W.
Ruddock, P. M.	Patterson, R. A.
Sinclair, I. McC.	Reynolds, L. J.
Snedden, B. M.	Riordan, J. M.
Staley, A. A.	Sherry, R. H.
Street, A. A.	Stewart, F. E.
Sullivan, J. W.	Thorburn, R. W.
Viner, R. I.	Uren, T.
Wentworth, W. C.	Wallis, L. G.
Wilson, I. B. C.	Whan, R. B.
	Whidam, E. G.
	Willis, R.
	Young, M. J.

Tellers:
Cameron, Donald
England, J. A.

Tellers:
James, A. W.
Nicholls, M. H.

Question so resolved in the negative.

Mr JONES (Newcastle—Minister for Transport) (9.55)—We have just had the sincerity of the Opposition shown in its refusal to allow this debate to continue by moving that the question be put. If we had attempted to move that the question be put, Opposition members would have been screaming blue murder. However, on this occasion they had had enough of the debate. It has become obvious during the debate this day that the Opposition's unsubstantiated questions have been dealt with, first by the Prime Minister, then by the Minister for Minerals and Energy (Mr Connor), and then by the member for Lalor (Dr J. F. Cairns), who have shown conclusively that not one ounce of proof or truth has been brought to the attention of the Parliament by the Opposition today. In fact, all that the Opposition has relied on during the past month has been Press releases, statements and articles that have allegedly been prepared.

Today there has been talk about a sum of \$8m in sterling having exchanged hands. We have heard the member for Lalor state today that a member of his staff was offered amounts beginning at \$3,000 and ending at \$15,000. In making statements truthful or untruthful the newspapers were not concerned with the facts. Despite all the rubbishing and maligning of people that has taken place today and over the past month, not one ounce of proof has been brought forward. As the Prime Minister said, as reported in the Press last Monday, when he gave notice of calling this meeting of Parliament, it was up to the Leader of the Opposition (Mr Malcolm Fraser) to back up or shut up. It is fairly obvious to everyone here this evening that the Leader has not been able to bring forward any proof whatsoever of any impropriety on the part of anyone.

The facts are that if the Opposition wants royal commissions or judicial inquiries it has to establish a *prima facie* case to start with to show that there is justification for holding such a judicial inquiry or royal commission. Where have members opposite produced proof? Members should look at the credibility of the Deputy Leader of the Opposition (Mr Lynch) as revealed in the statutory declaration of Mr Nagy which was tabled by the member of Lalor this afternoon. In it Mr Nagy states that Mr Harris said to him that Cairns was finished and that the Government was finished, but that Mr Lynch had said that he would take up the loan when he became the Treasurer. Let us look at the facts of this matter. I have referred to a statutory declaration of one of the men who has been involved in these negotiations with the Treasurer or the Minister for Minerals and Energy, whatever the case

may be. Let members opposite produce facts and figures about just what complaint they have.

In any case, let us consider the past record of the Liberal and Country Parties when they were in government in this place. I realise it will not do members opposite much good if we look too closely at that. For example, let us consider what the former Leader of the Country Party (Sir John McEwen) said in his second reading speech on the Australian Industry Development Corporation Bill on 5 May 1970:

That there are great resources of capital overseas willing for investment in Australia either as equity or fixed term lending does not have to be demonstrated. The facts of capital inflow speak for themselves. If we could get more capital from overseas in non-equity form, carrying a terminating liability for income payments abroad, our balance of payments would be the stronger and our industries less dominated from overseas.

That is what the Minister for Minerals and Energy and the former Treasurer were interested in. They were interested in capital that could be terminated. They were taking the line that Sir John McEwen took in this Parliament on 5 May 1970. Where have honourable members opposite changed their ground? They want still to be in the position where they can sell out a bit of the farm, as Sir John McEwen once mentioned. Honourable members opposite want to sell a bit of the farm each way to continue to exist. That is the way they want it. That is the way that they want it for their rich friends, just as the Leader of the National Country Party (Mr Anthony) is continually trying to get the price of oil increased. What for?

Mr SPEAKER—Order! The time allotted for the debate has expired.

Mr Daly—Mr Speaker, in accordance with the provisions of standing order—

Mr SPEAKER—Order! I suggest that the Leader of the House resume his seat. The question before the Chair is 'That the words proposed to be omitted stand part of the question'. If the mover of the question does not rise, I will be forced to put the question.

Mr DALY (Grayndler—Leader of the House)—Mr Speaker, in accordance with the provisions of standing order 108, I withdraw the motion moved by the Prime Minister.

Mr Wentworth—Mr Speaker—

Mr SPEAKER—The motion having been withdrawn, in accordance with the standing order the amendment moved by the Leader of the Opposition lapses.

Mr Daly—Mr Speaker—

Mr SPEAKER—Order! I call the honourable member for Mackellar.

Mr WENTWORTH (Mackellar)—I ask for leave to make a personal explanation.

Mr SPEAKER—The honourable gentleman does not have to ask for leave to make a personal explanation. If the honourable gentleman has been personally misrepresented, he may ask for my indulgence.

Mr WENTWORTH—A few moments ago the Minister for Transport (Mr Charles Jones) said that I, in common with other honourable members, had voted for the gag in order to terminate the debate. This was not so.

Mr SPEAKER—Order!

Mr WENTWORTH—As you would know, Mr Speaker—

Mr SPEAKER—Order! The honourable gentleman will resume his seat.

Mr Wentworth—Sir, as you would know, the gag was moved —

Mr SPEAKER—Order! The honourable gentleman will resume his seat.

SPECIAL ADJOURNMENT

Motion (by Mr Daly) agreed to:

That the House at its rising adjourn until Tuesday, 19 August next, at 15 minutes past 2 o'clock p.m. unless Mr Speaker shall, by telegram or letter addressed to each member of the House, fix an earlier day of meeting.

ADJOURNMENT

Motion (by Mr Daly) proposed:

That the House do now adjourn.

Mr KILLEN (Moreton) (10.4)—Mr Speaker—

Motion (by Mr Daly) put:

That the question be now put.

The House divided.

(Mr Speaker—Hon. G. G. D. Scholes)

Ayes	64
Noes	61

Majority	3
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AYES

Armitage, J. L.
Beazley, K. E.
Bennett, A. F.
Berinson, J. M.
Bowen, Lionel

NOES

Adermann, A. E.
Anthony, J. D.
Bonnett, R. N.
Bouchier, J. W.
Bungey, M. H.

AYES

Bryant, G. M.
Cairns, J. F.
Cameron, Clyde
Cass, M. H.
Child, G. J. L.
Clayton, G.
Coates, J.
Cohen, B.
Collard, F. W.
Connor, R. F. X.
Cope, J. F.
Crean, F.
Cross, M. D.
Daly, F. M.
Davies, R.
Dawkins, J. S.
Duthie, G. W. A.
Enderby, K. E.
Everingham, D. N.
FitzPatrick, J.
Fry, K. L.
Fulton, W. J.
Garrick, H. J.
Gun, R. T.
Hayden, W. G.
Hurford, C. J.
Innes, U. E.
Jacobi, R.
Jenkins, H. A.
Johnson, Keith
Johnson, Les
Jones, Charles
Keating, P. J.
Keogh, L. J.
Kerin, J. C.
Klugman, R. E.
Lamb, A. H.
Luchetti, A. S.
McKenzie, D. C.
Martin, V. J.
Mathews, C. R. T.
Morris, P. F.
Morrison, W. L.
Mulder, A. W.
Oldmeadow, M. W.
Patterson, R. A.
Reynolds, L. J.
Riordan, J. M.
Sherry, R. H.
Stewart, F. E.
Thorburn, R. W.
Uren, T.
Wallis, L. G.
Whan, R. B.
Whitlam, E. G.
Willis, R.
Young, M. J.

NOES

Cadman, A. G.
Cairns, Kevin
Calder, S. E.
Chipp, D. L.
Connolly, D. M.
Corbett, J.
Drummond, P. H.
Drury, E. N.
Edwards, H. R.
Ellicott, R. J.
Erwin, G. D.
Fairbairn, D. E.
Fisher, P. S.
Forbes, A. J.
Fraser, Malcolm
Garland, R. V.
Giles, G. O'H.
Graham, B. W.
Hewson, H. A.
Hodges, J. C.
Holten, R. McN.
Howard, J. W.
Hunt, R. J. D.
Hyde, J. M.
Jarman, A. W.
Katter, R. C.
Kelly, C. R.
Killen, D. J.
King, R. S.
Lloyd, B.
Lucock, P. E.
Lusher, S. A.
Lynch, P. R.
MacKellar, M. J. R.
McLeay, J. E.
McMahon, W.
McVeigh, D. T.
Macphree, I. M.
Millar, P. C.
Newman, K. E.
Nixon, P. J.
O'Keefe, F. L.
Peacock, A. S.
Robinson, Eric
Robinson, Ian
Ruddock, P. M.
Sinclair, I. McC.
Snedden, B. M.
Staley, A. A.
Street, A. A.
Sullivan, J. W.
Viner, R. I.
Wentworth, W. C.
Wilson, I. B. C.

Tellers:

Cameron, Donald
England, J. A.

Tellers:

James, A. W.
Nicholls, M. H.

Question so resolved in the affirmative.

Original question resolved in the affirmative.

Mr SPEAKER—The House stands adjourned until Tuesday, 19 August next, at 15 minutes past 2 p.m. unless the Speaker shall, by telegram or letter addressed to each member of the House, fix an earlier day of meeting.

House adjourned at 10.9 p.m.

ANSWERS TO QUESTIONS

The following answers to questions were circulated:

Minerals

(Question No. 827)

Mr Fairbairn asked the Minister for Minerals and Energy, upon notice:

(1) Did he state on 31 January 1973 that relevant Ministers had been authorised by Cabinet to initiate discussions with the relevant State authorities, proprietors and unions to devise ways and means of assuring the orderly development of mineral industries in the best interests of Australia.

(2) Was the Australian Minerals Council established to facilitate co-operation between the Australian and State Governments in the promotion of the general welfare and progressive development of the Australian mineral industry.

(3) Is he the President of the Council.

(4) How many meetings of the Council have taken place since 2 December 1972.

(5) What subjects were discussed at these meetings.

(6) When will the next meeting be held.

(7) Were all State Governments consulted by him prior to the decision to establish the National Pipeline Authority.

(8) If not, which State Governments were not consulted, and why.

(9) Have all State Governments and their instrumentalities engaged in power generation and gas supply been consulted on their future requirements for, and sources of, natural gas and/or nuclear power.

(10) If not, which Governments and instrumentalities have not been consulted, and why.

(11) Will the State Governments be represented on the proposed Fuel and Energy Authority; if not, why not.

(12) What does he regard as the respective roles of the Commonwealth and the States in the formulation of minerals policy.

Mr Connor—The answer to the honourable member's question is as follows:

(1) Yes.

(2) The functions of the Australian Minerals Council are: 'To promote the general welfare and progressive development of the Australian mining and mineral industry'.

(3) Yes.

(4) and (5) No meetings have been held since 2nd December 1972.

(6) A date for the next meeting of the Council has not been set.

(7) and (8) The State Ministers principally concerned with the construction and operation of a national pipeline system supported the concept.

(9) and (10) The Australian Atomic Energy Commission consults with the various State electricity generating authorities on the relative merits of nuclear and fossil fuel power stations, and the prospects for nuclear power in each State. The extent of consultation with each State body depends on the prospects and future timing for nuclear power in that State. The activities of The Pipeline Authority since its formation have had bearing on the natural gas needs of New South Wales, Victoria, Queensland, South Australia and Western

Australia and there has been consultation with the State Governments and pertinent instrumentalities in those States.

(11) Representation on the National Fuel and Energy Commission will be related to the major energy resources of black coal, brown coal, petroleum, nuclear energy, hydro-electric power and solar energy.

(12) I am concerned to formulate and develop a national minerals policy for the comprehensive development of Australia's mineral resources which conforms to the constitutional responsibilities of the Australian Government and to the constitutional responsibilities of the States.

Unsolicited Pornography: Distribution

(Question No. 1317)

Mr McLeay asked the Attorney-General, upon notice:

(1) In view of the Government's decision to prevent the distribution of unsolicited bank cards, will the Government take similar action to prevent the distribution of unsolicited pornographic material.

(2) Is the Government able to prevent the use of post office boxes in the Australian Capital Territory being used for this purpose.

Mr Enderby—The answer to the honourable member's question is as follows:

(1) The Postal Services Bill which was introduced into the Senate on 23 April 1975 contains a provision (clause 115(g)) which would enable regulations to be made prohibiting the sending of unsolicited indecent, obscene or offensive material by post. The nature of any regulations made under this provision will depend on the outcome of a review at present being undertaken into appropriate amendments to A.C.T. law in respect of distribution of unsolicited pornography.

(2) In the event of regulations being made to prohibit the posting of unsolicited indecent, obscene or offensive material, the use of post office boxes, whether in the A.C.T. or elsewhere, in connection with this activity would also be prohibited.

Nuclear Energy

(Question No. 1998)

Mr Snedden asked the Minister for Minerals and Energy, upon notice:

When will he answer my question No. 444 which first appeared on the Notice Paper on 16 July 1974.

Mr Connor—The answer to the right honourable member's question is as follows:

The answer to Question No. 444 is given in Hansard of 3 June 1975 (page 3272).

Atomic Energy

(Question No. 1999)

Mr Snedden asked the Minister for Minerals and Energy upon notice:

When will he answer my question No. 449 which first appeared on the Notice Paper on 16 July 1974.

Mr Connor—The answer to the right honourable member's question is as follows:

The answer to Question No. 449 is given in Hansard of 3 June 1975 (pages 3272 and 3273).

Canberra Car Parking Station

(Question No. 2066)

Mr Snedden asked the Minister for Urban and Regional Development, upon notice:

When will he answer my question No. 1730 which first appeared on the Notice Paper on 13 November 1974.

Mr Uren—The answer to the right honourable member's question is as follows:

My answer to Question No. 1730 appeared in Hansard (page 960) on 28 February 1975.

Canberra Car Parking Station

(Question No. 2075)

Mr Snedden asked the Minister for Urban and Regional Development, upon notice:

When will he answer my question No. 1749 which first appeared on the Notice Paper on 13 November 1974.

Mr Uren—The answer to the right honourable member's question is as follows:

My answer to Question No. 1749 appeared in Hansard (page 960) on 28 February 1975.

Statutory Authorities: Employment

(Question No. 2159)

Mr Snedden asked the Minister representing the Minister assisting the Prime Minister in matters relating to the Public Service, upon notice:

(1) Further to question No. 314 concerning the staffing of Authorities, is any section of the Public Service responsible for maintaining a record of such employment; if so, which section.

(2) Will he arrange for a figure of current total employment in all statutory authorities to be provided; if not, does this imply that the Government has no accurate figure of the total employment in all statutory authorities.

Mr Riordan—The Minister Assisting the Prime Minister in matters relating to the Public Service has provided the following answer to the right honourable member's question:

(1) Over the years, no single section of the Public Service has had the responsibility for maintaining a comprehensive record of employment in all statutory authorities.

I would point out, however, that included among its terms of reference is the provision that the Royal Commission on Australian Government Administration:

'inquire into and report upon the administrative organization and services of the Australian Government and in particular—

the purpose, functions and management of Australian Government Departments, statutory corporations and other authorities and the principal instruments of co-ordination of Australian Government administration and policy'

(2) As stated in the Prime Minister's answer on 5 December 1974 (Hansard, pp 4764-5) the Statistician does

not collect separate employment figures from all statutory authorities since such a collection is not necessary for purposes of the employment statistics which he publishes. The Acting Statistician did, however, provide estimates of employment at that time.

The Statistician has now obtained details of the total employment in Australia of all the statutory authorities listed in part (1) of the answer to Question No. 314 except for the Australian Security Intelligence Organisation for the periods set out below:

End December 1972	83 600
End June 1974	97 300
End February 1975	101 700

Publication 'Secrecy—Political Censorship in Australia'

(Question No. 2254)

Mr Ruddock asked the Treasurer, upon notice:

(1) With reference to the Prime Minister's answer to my question No. 1779 (Hansard, 5 December 1974, page 4763), has his attention been drawn to the book of Mr J. J. Spigelman entitled *Secrecy—Political Censorship in Australia* and, in particular, *An Inside Dopester's Index of 100 Examples of Secrecy*, on pages 177 to 180.

(2) Has his attention also been drawn to indexed item 46—Statistics on special taxation of foreign controlled companies.

(3) In respect of that item, has it been made publicly available since 1972; if so, when, and in what manner and by whom was the disclosure made.

(4) If the item has not been made publicly available, what is the reason for the continuing secrecy.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) and (2) Yes.

(3) and (4) I refer the honourable member to Part (3) of the Prime Minister's reply to Question No. 2243 (Hansard, 13 May 1975, page 2198).

Publication 'Secrecy—Political Censorship in Australia'

(Question No. 2256)

Mr Ruddock asked the Treasurer, upon notice:

(1) With reference to the Prime Minister's answer to my question No. 1779 (Hansard, 5 December 1974, page 4763), has his attention been drawn to the book by Mr J. J. Spigelman entitled *Secrecy—Political Censorship in Australia* and, in particular, *An Inside Dopester's Index of 100 Examples of Secrecy*, on pages 177 to 180.

(2) Has his attention also been drawn to indexed item 74—Departmental reports on tax avoidance schemes.

(3) In respect of that item, has it been made publicly available since 1972; if so, when, and in what manner, and by whom was the disclosure made.

(4) If the item has not been made publicly available, what is the reason for the continuing secrecy.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) and (2) Yes.

(3) and (4) I refer the honourable member to the comments in Part (3) of the Prime Minister's reply to Question No. 2243 (Hansard, 13 May 1975, page 2198).

Publication 'Secrecy—Political Censorship in Australia'

(Question No. 2257)

Mr Ruddock asked the Treasurer, upon notice:

(1) With reference to the Prime Minister's answer to my question No. 1779 (Hansard, 5 December 1974, page 4763), has his attention been drawn to the book of Mr J. J. Spigelman entitled *Secrecy—Political Censorship in Australia* and, in particular, *An Inside Dopester's Index of 100 Examples of Secrecy*, on pages 177 to 180.

(2) Has his attention also been drawn to indexed item 75—Commissioner of Taxation, estimates of revenue loss from tax schemes.

(3) In respect of that item, has it been made publicly available since 1972; if so, when, and in what manner, and by whom was the disclosure made.

(4) If the item has not been made publicly available, what is the reason for the continuing secrecy.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) and (2) Yes.

(3) and (4) I refer the honourable member to the comments in Part (3) of the Prime Minister's reply to question No. 2243, 13 May 1975 (Hansard page 2198).

Publication 'Secrecy—Political Censorship in Australia'

(Question No. 2320)

Mr Ruddock asked the Attorney-General, upon notice:

(1) With reference to the Prime Minister's answer to my question No. 1779 (Hansard, 5 December 1974, page 4763), has his attention been drawn to the book of Mr J. J. Spigelman entitled *Secrecy—Political Censorship in Australia* and, in particular, *An Inside Dopester's Index of 100 Examples of Secrecy*, on pages 177 to 180.

(2) Has his attention also been drawn to indexed item 48—The register of restrictive trade practices.

(3) In respect of that item, has it been made publicly available since 1972; if so, when, and in what manner, and by whom was the disclosure made.

(4) If the item has not been made publicly available, what is the reason for the continuing secrecy.

Mr Enderby—The answer to the honourable member's question is as follows:

(1) Yes.

(2) Yes.

(3) No.

(4) Until 30 September 1974 public disclosure of the Register of Trade Agreements was prohibited by section 34 of the Restrictive Trade Practices Act 1971-1973. The secrecy of that Register was then preserved by section 149 of the Trade Practices Act 1974, under which, however, the Register for all practical purposes ceased to be operative. Documents that are required by the Trade Practices Act 1974 to be registered are open for public inspection.

Publication 'Secrecy—Political Censorship in Australia'

(Question No. 2321)

Mr Ruddock asked the Attorney-General, upon notice:

(1) With reference to the Prime Minister's answer to my question No. 1779 (Hansard, 5 December 1974, page 4763), has his attention been drawn to the book of Mr J. J. Spigelman entitled *Secrecy—Political Censorship in Australia* and, in particular, *An Inside Dopester's Index of 100 Examples of Secrecy*, on pages 177 to 180.

(2) Has his attention also been drawn to indexed item 49—Commissioner of Trade Practices complaints and investigations on examinable practices, etc.

(3) In respect of that item, has it been made publicly available since 1972; if so, when, and in what manner, and by whom was the disclosure made.

(4) If the item has not been made publicly available, what is the reason for the continuing secrecy.

Mr Enderby—The answer to the honourable member's question is as follows:

(1) Yes.

(2) Yes.

(3) and (4) I refer the honourable member to the comments made by the Prime Minister in his reply to Question No. 2243.

Health: Pathology Services

(Question No. 2401)

Mr Ruddock asked the Minister for Health, upon notice:

(1) What further steps have been taken towards the implementation of a scheme to accredit pathology services in Australia, as outlined in the Hospitals and Health Services Commission's Report of May 1974.

(2) Is it a fact that an exemplary laboratory accreditation service, the National Association of Testing Authorities, is in a position to satisfactorily operate such an accreditation scheme, on a favourable cost basis, within 12 months.

(3) If so, will he use NATA as the accreditation body, which was outlined in the abovementioned report.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) Since the tabling of the Hospitals and Health Services Commission's report on 'A Proposal for a Scheme to Accredite Pathology Services services in Australia', the Commission has established the Joint Pathology Working Party. The Working Party consists of representatives of the Hospitals and Health Services Commission, the Australian Department of Health, State Health Authorities (Victoria as an observer), the Royal College of Pathologists, the Australian Medical Association, the Australian Association of Clinical Biochemists and the Australian Institute of Medical Technologists.

(2) and (3) The standards developed by the National Association of Testing Authorities will be of value in developing the details of the proposed Pathology Accreditation Scheme. However, the Scheme envisaged goes beyond the control of laboratory standards and includes determination of medical, technical and administrative procedures. Since professional and patient care issues are involved, NATA would not be an appropriate body to develop the accreditation scheme.

Nursing Mothers' Association of Australia

(Question No. 2412)

Mr Lloyd asked the Minister for Health, upon notice:

Was the Nursing Mothers' Association of Australia refused a community health grant; if so, why.

Dr Everingham—The answer to the honourable member's question is as follows:

The Hospitals and Health Services Commission has received a number of submissions from the Nursing Mothers' Association of Australia for assistance under the Community Health Program. The submissions are under active consideration.

Hunter Region of New South Wales: Private Hospitals

(Question No. 2430)

Mr Morris asked the Minister for Health, upon notice:

(1) What new private hospitals have been opened in the Hunter Region of New South Wales during the last 3 years.

(2) What is the name and location of each hospital.

(3) How many beds are provided in each hospital.

(4) What areas of health care do each of the hospitals specialise in providing.

(5) Who are the proprietors of each of the hospitals.

(6) If they are not wholly owned by individuals, who are the shareholders in each, and what is the composition of the shareholdings.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) Two private hospitals have been opened in the Hunter Region of New South Wales during the last three years.

(2) Lake Macquarie Private Hospital Pty Ltd, cnr Pacific Highway and Sydney Street, Gateshead 2290 (Newcastle).

Christo Road Private Hospital Pty Ltd, 219 Christo Road, Waratah 2298 (Newcastle).

(3) Lake Macquarie—36 beds
Christo Road—61 beds.

(4) The information is not available.

(5) and (6) The information available to my Department is that:

a. The shareholders of Christo Road Private Hospital Pty Ltd, are: Rodger Anthony, David C. Wallis.

b. The Directors of Lake Macquarie Private Hospital Pty Ltd, are: N. E. Hinds, B. R. Convery, G. E. Scott, G. J. Leonard.

In answering this question, I recognise the co-operation my Department has received from the Department of Social Security.

Shipbuilding

(Question No. 2469)

Mr Nixon asked the Minister for Transport, upon notice:

What progress has been made with the enlarging of shipyards in Australia to build replacements for the ships imported from overseas.

Mr Charles Jones—The answer to the honourable member's question is as follows:

The Australian Shipbuilding Industry has the capacity to build ships up to 92 000 deadweight tonnes. Only four ships beyond this size have been temporarily imported to Australia.

Any decision to extend existing facilities to build vessels beyond 92 000 deadweight tonnes rests initially with Australian Shipyard Management.

To date no Australian shipbuilder has notified the Government of its intention to build ships beyond 92 000 deadweight tonnes.

Restricted Pharmaceutical Benefits Listings

(Question No. 2492)

Mr Lloyd asked the Minister for Health, upon notice:

(1) Why does the April edition of the Pharmaceutical Benefits Schedule restrict the use of the semi-synthetic penicillins Ampicillin, Epicillin and Amoxycillin as benefits but allows the unrestricted prescribing of the combination product of Trimethoprim and Sulphamethoxazole.

(2) As the combination product is considered particularly with extended treatment, possibly to have serious side effects, has the Department's desire to obtain the cheapest product possibly endangered the health of many Australians.

(3) How will this decision affect the viability of the Commonwealth Serum Laboratories as a producer of Ampicillin.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) Restricted pharmaceutical benefit listings of ampicillin, epicillin and amoxycillin in the April edition of the Pharmaceutical Benefits Schedule are as recommended by the Pharmaceutical Benefits Advisory Committee. Late in 1974 the Committee recommended the derestriction of trimethoprim with sulphamethoxazole and this recommendation has been implemented in the April edition of the schedule.

(2) Derestriction of the combination product was not due to a desire of the Department to obtain the cheapest product, but was the result of a recommendation of the Pharmaceutical Benefits Advisory Committee based primarily on medical considerations. Side effects which may occur with this drug combination are widely known by the medical profession; they were the subject of an article in a recent copy of the Australian Drug Evaluation Committee's Adverse Drug Reactions Bulletin which is distributed by the Department to all medical practitioners. While aware of its possible side effects, the Pharmaceutical Benefits Advisory Committee recognised the place of trimethoprim with sulphamethoxazole, particularly in the treatment of urinary tract and respiratory infections and that the medical profession had gained wide experience in its use of this preparation.

(3) CSL believes that there will be some downturn in sales of ampicillin. However, it does not follow that any such downturn would be caused solely by the derestriction of trimethoprim with sulphamethoxazole as it had been expected that the relatively new amoxycillin, which is also marketed by CSL, would take a share of the market previously covered by ampicillin.

Australian Citizenship Applications

(Question No. 2501)

Mr Cadman asked the Minister representing the Minister for Labor and Immigration, upon notice:

What is the average time taken in each capital city in processing applications for Australian citizenship from first contact to the naturalisation ceremony?

Mr Riordan—I am informed that at present the average time taken between the date of receipt of new applications for citizenship and the date of approval is as follows for the various offices of the Department of Labor and Immigration:

Sydney—5 months
Melbourne—5 months
Brisbane—4½ months
Adelaide—1½ to 2 months
Perth—6 to 7 months
Hobart—1 month
Darwin—3 months
Canberra—3 months

The time between approval of citizenship applications and actual granting of citizenship varies considerably. Where applicants opt to have citizenship conferred at a ceremony held by the Department of Labor and Immigration, the average delay is less than two weeks. Where citizenship is conferred at ceremonies arranged by Local Government Authorities the delay is governed by the frequency of ceremonies held by the individual Local Government Authority. The interval between formal Local Government Citizenship ceremonies has varied between one month and 12 months depending mainly on the number of candidates for citizenship in their areas.

Public Environmental Awareness Program

(Question No. 2507)

Mr Hunt asked the Minister for Environment, upon notice:

(1) Is his Department responsible for the public environmental awareness program as shown in Budget Paper No. 1 under the Department of Urban and Regional Development's program; if not, why not.

(2) What sum has been spent on this program to 31 March 1975, and how has it been spent.

Dr J. F Cairns—The answer to the honourable member's question is as follows:

(1) Yes.

(2) As at 31 March 1975 \$35,000 had been spent as follows:

A grant of \$5,000 was made to assist in financing the Radical Ecology Conference convened in Melbourne from 28 to 31 March;

The Australian Conservation Foundation was granted \$20,000 to assist in producing a film on The Great Barrier Reef; and

The first payment of \$10,000 was made to Spectrum International Marketing Services Pty Ltd for research undertaken in preparation for the Public Environmental Awareness Program. The total cost of this work was \$20,000.

Australian Capital Territory: Introduction of Poker Machines

(Question No. 2515)

Mr Hunt asked the Minister for the Capital Territory, upon notice:

In view of his reply to my question No. 2397 and his desire to hold discussions with the people of the A.C.T. before making a decision to implement the recommendations of the Joint Committee on the A.C.T., will he also hold discussions with the people or seek their views by referendum before introducing poker machines in the A.C.T.; if not, why not.

Mr Bryant—The answer to the honourable member's question is as follows:

I consider that the introduction of poker machines to the A.C.T. is a matter which must be very carefully considered by the community and its representatives. For this reason, I have encouraged many individuals and community organisations to convey their views both to me and to their representatives in the Legislative Assembly. In addition, I have referred the matter to the Legislative Assembly, which is representative of the Canberra community, for their careful consideration.

In view of my active encouragement of an expression of views by the community, I do not consider that it would be appropriate for me to unilaterally insist on the holding of a referendum. The appropriate Ordinance, will however, be tabled in the Parliament and it is open for any Member of the Parliament to move appropriately for the holding of a referendum at that stage.

Medical Staff Salaries and Conditions

(Question No. 2520)

Mr Calder asked the Minister for Health, upon notice:

(1) Has his attention been drawn to the wide discrepancies in the salaries offered to doctors staffing the Canberra Community Centres and the North West Medical Service of Western Australia, compared with those offered to District Medical Officers carrying out similar work in the Northern Territory.

(2) Is there a large number of unfilled vacancies for medical and nursing staff in the Northern Territory.

(3) What steps does he intend to take to remedy either situation, especially in regard to salaries and conditions.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) Yes. Salaries for the Medical Staff in the three areas are as follows:

Canberra Community Health Centres	\$20,100-\$23,600
North West Medical Service of Western Australia	\$16,893-\$20,762
District Medical Officers (Northern Territory)	\$15,860-\$16,480

These differential rates make it difficult to attract medical staff to the Northern Territory.

(2) Medical Staff—The establishment for Medical Staff in the Northern Territory provides for 123 positions of which 26 positions are vacant.

Nursing Staff—The establishment for nursing staff in the Northern Territory provides for 723 positions of which 159 positions are vacant. The major vacancy rate exists at Darwin Hospital where there are 96 positions unfilled.

(3) **Medical Staff**—A departmental review has recently been conducted and a proposal seeking amended salaries and terms and conditions of employment for Medical Staff employed throughout the Northern Territory is currently being prepared.

Nursing Staff—The Department of Health, in conjunction with the Public Service Board and the Department of Repatriation and Compensation has been engaged in a Nurses Category Review. This review has been concerned with the determination of classification standards for nurses rather than salaries and conditions. Nevertheless, it can be anticipated that these classifications will be taken into consideration and may have an influence on the salary levels and conditions of employment which will apply in the future. The review is nearing completion.

Advertisements for medical and nursing staff are appearing in the Metropolitan press and relevant journals at regular intervals. Vacancies for medical staff have also been advertised overseas.

North-West Shelf: Oil Resources

(Question No. 2528)

Mr Connolly asked the Minister for Minerals and Energy upon notice:

(1) Did he state on 19 November 1974 in relation to the North-West Shelf that oil in any quantity is much farther out on what is known as the Exmouth Plateau.

(2) If so, have any discussions been held with companies interested in petroleum exploration on the Exmouth Plateau to date.

(3) If so, what were the results of those discussions, and with which companies were they held.

Mr Connor—The answer to the honourable member's question is as follows:

(1) Yes. I refer the honourable member to the evidence by Mr Kruijenga of Esso given on 10 June 1975 to the Industries Assistance Commission.

(2) Yes.

(3) The discussions have been preliminary only and any disclosure at this stage would be quite inappropriate.

Portuguese Timor and Australian Territorial Waters: Demarcation Line

(Question No. 2531)

Mr Connolly asked the Minister for Minerals and Energy, upon notice:

(1) What negotiations has the Australian Government conducted with the Portuguese Government to settle a demarcation line between Portuguese Timor and Australian territorial waters.

(2) Has Oceanic Exploration of Denver made application to conduct seismic surveys in those areas of its permit which cross permits granted by Australian authorities.

(3) Has Oceanic Exploration of Denver commenced seismic surveys in these disputed areas.

Mr Connor—The answer to the honourable member's question is as follows:

(1) Approaches were made to the Portuguese Government but that Government indicated that it wished to await

the outcome of the Law of the Sea Conference before entering into negotiations. Recently the Australian Government reaffirmed its wish that differences should be settled amicably.

(2) No applications have been received by Australia.

(3) On the basis of available information, no.

Pig Industry

(Question No. 2545)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) In view of the decision to ban swill feeding of pigs, has any consideration been given to providing assistance for adjustment to pig farmers affected by the ban.

(2) If so, what are the details of the considerations and what decisions were reached.

(3) If not, will the Minister examine the question.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

(1), (2), (3), The Australian Agricultural Council, at its 91st meeting on 14 February 1975, asked the Standing Committee on Agriculture to arrange for consideration to be given to the possibility of providing adjustment assistance to the pig industry and the terms and conditions on which such assistance should be provided and that a report on these matters be presented for the Agricultural Council's consideration at its next meeting on 4 and 5 August 1975.

McKinsey Report: Implementation of Recommendations

(Question No. 2546)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) What recommendations of the McKinsey Report on the organisation of the International Wool Secretariat have been implemented.

(2) What recommendations have not been implemented, and why.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

(1) All of the major recommendations in the McKinsey report have been implemented or are in the process of implementation.

(2) The only significant recommendation not implemented concerns the IWS Board Committee. The recommendation that additional committee members be appointed from outside the grower countries constituting the IWS and from outside the wool industry was not accepted by the Board of the IWS.

However, the Board has implemented procedures under which members of the Board serving on the Committee will specialise in particular aspects such as marketing plans, budget and long range planning.

The Board believes this change has already increased the effectiveness of the Board's overall policy direction.

I also refer the honourable member to the answer given to Question No. 1331 on 5 December 1974 (pages 4774-4775 of Hansard).

Wool: Applications to Australian Wool Corporation for Advances

(Question No. 2547)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) How many applications were made by woolgrowers to the Australian Wool Corporation for advances on wool awaiting sale in the period to 30 April 1975.

(2) How many advances were approved, and what sum was advanced.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

(1) A total of 49 applications for advances were received by the Australian Wool Corporation during the period in question. Of these, 3 were subsequently withdrawn.

(2) A total of 46 advances were approved, totalling \$354,000.

Oilseeds: Market Prospects

(Question No. 2579)

Mr McVeigh asked the Minister representing the Minister for Agriculture, upon notice:

(1) What are the market prospects at home and abroad for rapeseed and linseed for the coming season.

(2) Can farmers confidently plant these oilseeds in the coming season.

(3) What are the prospects for other oilseeds, e.g., safflower.

(4) In view of the proximity of the 1975 winter crop planting season, will the Minister answer this question urgently.

Dr Patterson—The Minister for Agriculture has supplied the following answer to the honourable member's substantive questions:

(1) At present there appear to be reasonably good prospects for the disposal of rapeseed on the domestic market, which normally absorbs about twice as much edible vegetable oil as can be obtained from locally grown seed. Australian prices for rapeseed and other oilseeds are established having regard to price levels prevailing on the world market. World rapeseed prices have fallen from the very high level of \$326 per tonne (Canadian No. 1, Winnipeg Exchange) in October, 1974 to the current level of about \$184 per tonne.

The major Australian crusher has not yet offered growers a guaranteed minimum price for the 1975 rapeseed crop because of a continuing element of instability in world price levels. However, current indications are that growers might anticipate a price of around \$150 per tonne, delivered capital city, which compares with the guaranteed minimum \$165 per tonne offered to growers in 1974.

Very high prices for linseed in 1974 encouraged the growing of a large Australian crop, some of which was exported. Current market trends indicate that domestic prices for the 1975 crop may be in the vicinity of \$130 per tonne compared with a guaranteed minimum provided by crushers of \$185 in 1974. In view of the reduced price incentive, and even given normal seasonal conditions, production in 1975 may not reach the level achieved last year. In these circumstances growers should have little difficulty in marketing their 1975 crop to Australian crushers. In the event that production does exceed domestic demand, disposal of the surplus at satisfactory prices on world markets may be difficult if world demand and prices continue to decline.

(2) Prices for rapeseed and linseed will probably be lower this year and guaranteed prices have not been established by crushers at this stage. However, prices for alternative crops such as wheat and barley have also declined. Accordingly, production of rapeseed and linseed should continue to be a comparatively attractive enterprise for established growers.

(3) Safflower seed is in considerable demand on the domestic market and I am advised that contracts for the coming season are available to growers at prices of around \$150 per tonne (delivered to capital city basis).

As the summer growing oilseeds such as sunflower and soyabean are not planted until late this year with harvesting in 1976 a reliable assessment of market prospects for these crops cannot be made at present.

Market prices for all oilseeds have declined recently in response to an increase in the supply of some vegetable oils and a decline in demand for both oils and meals. Future prices will also be influenced by the progress of crops in major producing countries particularly in North America, and, in the case of soya beans, by any upturn in the livestock industry which is the major outlet for high protein meals.

Distillate: Excise Duty

(Question No. 2580)

Mr McVeigh asked the Minister representing the Minister for Police and Customs, upon notice:

(1) What is the amount of excise on distillate used in road transport vehicles at the present time.

(2) How much has the excise increased since December 1972.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) The present rate of excise duty on distillate used in road transport vehicles is \$0.04905 per litre.

(2) Compared with rate of excise duty applicable in December 1972 (\$0.03850 per litre) the present rate represents an increase of \$0.01055 per litre.

Australian Broadcasting Commission Schools Program

(Question No. 2645)

Mr Lloyd asked the Minister for the Media, upon notice:

(1) Has the Australian Broadcasting Commission received complaints that a film used in its schools program presents a biased view against natural feeding of babies?

(2) If so, what action is being taken to ensure that a more balanced view is presented?

Dr Cass—The answer to the honourable member's question is as follows:

(1) Yes. It should be noted however that before being televised, the program referred to by the honourable member was approved by an ABC School Broadcasts Advisory Committee.

(2) Other ABC television programs for schools include sequences on the natural feeding of babies.

Oil: Import Costs

(Question No. 2657)

Mr Garland asked the Treasurer, upon notice:

With reference to his immediate predecessor's answer to part (5) of my question No. 670, what are precisely the other particular and general factors to which his immediate predecessor referred, when answering my question as to whether the Government agreed some allowance should be made for the enormous increase in oil import costs when comparing Australia's rate of inflation with that of other OECD countries.

Mr Hayden—The answer to the honourable member's question is as follows:

In making comparisons between the experiences of different countries it is necessary to take account both of factors specific to individual countries and of the inherent differences in national statistics which purport to measure the same concept.

International comparisons of recent inflation rates do need to take account of differential impacts of oil price increases. These have had a lesser effect on inflation in Australia than they have had in general in other OECD countries. But there have been other factors which also have led to differences in inflation rates. For example, this Government inherited from its predecessor excessively easy financial conditions which contributed significantly to Australia's inflationary experience during 1973 and 1974.

Individual countries have experienced different wage and cost pressures; individual countries differ in the extent to which they are engaged in international trade and commerce and so are differently subject to 'imported' inflation; individual countries make different choices as to the extent and manner in which economic growth is reduced in order to combat inflation.

The nature and content of price indexes upon which international comparisons of inflation rates are made do differ considerably from country to country making it not always possible to compare like with like.

The foregoing is not to suggest however, that appropriately qualified use of published statistics cannot give rise to valid broad generalisations about inflation rates in broadly comparable economies.

Department of Police and Customs: Grants

(Question No. 2697)

Mr Lamb asked the Minister representing the Minister for Police and Customs, upon notice:

(1) What financial assistance by way of (a) grants, repayable or non-repayable, (b) loans at varying rates of interest, (c) subsidies and (d) matching grants are available through the Department to non-government bodies or individuals.

(2) How is this assistance advertised or made available to interested persons or bodies.

(3) Will the information be collated, together with similar information from other Departments, and issued in booklet form along the lines of the booklet issued by the Department of Urban and Regional Development as a guide to financial assistance from the Australian Government to local government.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) The following subsidies and bounties are administered by the Department of Police and Customs:

- (i) *Agricultural Tractors Bounty*—paid in respect of certain agricultural tractors produced and sold for use in Australia.

- (ii) *Book Bounty*—paid in respect of the production in Australia of certain books.

- (iii) *Cellulose Acetate Flake Bounty*—paid in respect of production in Australia of cellulose acetate flake used in the manufacture of cellulose acetate rayon yarn.

- (iv) *Metal Working Machine Tools Bounty*—paid in respect of the manufacture and sale for use in Australia of certain metal working machine tools.

- (v) *Nitrogenous Fertilisers Subsidy*—paid in respect of the manufacture and sale of nitrogenous fertilisers used as such in Australia and on the import and sale of such fertilisers when prescribed conditions are met.

- (vi) *Refrigeration Compressors Bounty*—paid in respect of the manufacture of compressors having an output of 1.5 kW or less which are subsequently used as a refrigeration component in the manufacture of other goods for use in Australia.

(2) Each bounty/subsidy is provided for in appropriate, individual legislation. Eligible claimants are dealt with by the Department both individually and through industry associations.

(3) No advantage is seen in this proposal due to the diverse nature of the several industries involved and the specific liaison maintained by the Department.

Commonwealth Police Force

(Question No. 2731)

Mr Hunt asked the Minister representing the Minister for Police and Customs, upon notice:

(1) How many officers are currently serving in the Commonwealth Police Force.

(2) What are the numbers in each rank.

(3) How many have been recruited since 1 January 1974.

(4) How many recruits are currently being trained.

(5) What is the duration of the initial training program.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) 1478.

(2)—

Chief Commissioner	1
Assistant Commissioner	3
Superintendent 1st Class	6
Superintendent 2nd Class	2
Superintendent 3rd Class	3
Inspector 1st Class	10
Inspector 2nd Class	13
Inspector 3rd Class	16
Sergeant 1st Class	68
Sergeant 2nd Class	77
Senior Constable	187
Constable 1st Class	179
Constable	913

(3) 585 with an additional 44 appointed, but not yet taken up duty.

(4)—

(a) Correspondence Course—270

(b) Live-in Constable's Course—58 (Australia Police College, Manly).

(5)—

(a) Correspondence Course—10 assignments, 5 months.

(b) Live-in Course—4 weeks.

Australian Capital Territory Police Force

(Question No. 2732)

Mr Hunt asked the Minister representing the Minister for Police and Customs, upon notice:

- (1) How many officers are currently serving in the A.C.T. Police Force.
- (2) How many officers are there in each rank.
- (3) How many recruits are currently in the training program.
- (4) What is the duration of the initial training program.
- (5) How many officers have resigned from the A.C.T. Police Force in the last 12 months.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) 576.

(2)—

Commissioner	1
Deputy Commissioner	1
Superintendent	4
Inspector 1st Class	4
Inspector 2nd Class	10
Sergeant 1st Class	17
Sergeant 2nd Class	17
Sergeant 3rd Class	55
Senior Constable	22
Constable 1st Class	86
Constable	359

(3) 53.

(4) 26 weeks.

(5) 34.

Northern Territory Police Force

(Question No. 2733)

Mr Hunt asked the Minister representing the Minister for Police and Customs, upon notice:

- (1) How many officers are currently serving in the Northern Territory Police Force.
- (2) What are the numbers in each rank.
- (3) How many have been recruited since 1 January 1974.
- (4) How many recruits are currently being trained.
- (5) What is the duration of the initial training program.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) 431.

(2)—

Commissioner	1
Assistant Commissioner	2
Superintendent	5
Chief Inspector	4
Inspector	14
Sergeant 1st Class	16
Sergeant 2nd Class	13
Sergeant 3rd Class	60
Senior Constable	8
Constable 1st Class	12
Constable	296

(3) 151.

(4) 29.

(5) Normally 17 weeks but due to problems arising following Cyclone Tracy, training facilities of South Australia Police Force are being used and the period has been reduced to 10 weeks.

Australian Industry

(Question No. 2742)

Dr Edwards asked the Minister representing the Special Minister of State, upon notice:

With reference to the statement issued jointly with the Minister for Overseas Trade on 30 May 1975 announcing a reference to the Industries Assistance Commission requesting it to report on the scope for Australia entering into reciprocal multilateral trade negotiations, in which the Commission is instructed to have regard to established guidelines for the development of Australian industry and to consider concessions compatible with Australia's long term industry development policies.

(a) What are these established guidelines for the development of Australian industry, and

(b) What are Australia's long term industry development policies.

Mr Lionel Bowen—The Special Minister of State has provided the following answer to the honourable member's question:

(a) The Government's guidelines for the development of Australian industry are laid down in Section 22 of the Industries Assistance Commission Act 1973.

(b) See (a) above and Government decisions on Tariff Board and Industries Assistance Commission reports.

Duck River Parkland Development

(Question No. 2759)

Mr Ruddock asked the Minister for Tourism and Recreation, upon notice:

With reference to his answer to my question No. 1301, in what way does the Government's funding through the Area Improvement Program of the Duck River Parkland Development reflect planning of the Department of Tourism and Recreation as distinct from the Auburn Municipal Council and the Department of Urban and Regional Development which has advanced the funds for the development.

Mr Stewart—The answer to the honourable member's question is as follows:

The Australian Government's funding through the Area Improvement Plan of the Duck River Parkland Development in no way reflects the planning of the Department of Tourism and Recreation as distinct from the Auburn Municipal Council and the Department of Urban and Regional Development.

My Department, however, operates in close liaison with the Department of Urban and Regional Development particularly in regard to the development of leisure facilities in Area Improvement Program Regions. My Department also co-operates closely with local government authorities in the planning of leisure facilities.

Department of Police and Customs: Grants

(Question No. 2782)

Mr Ruddock asked the Minister representing the Minister for Police and Customs, upon notice:

(1) With reference to question No. 2697 of the Member for La Trobe, what has been the cost to the Government of the programs detailed in part (1) of the question during each of the years 1971-72, 1972-73, 1973-74, and during 1974-75 to date.

(2) What organisations have received such grants during the years mentioned.

Mr Enderby—The Minister for Police and Customs has provided the following answer to the honourable member's question:

(1) and (2) In respect of the bounties and subsidy listed in the answer to Question No. 2697, the information sought by the honourable member is contained in the annual returns to Parliament required by each of the relevant Acts. Such annual returns for the year 1974-75 will be tabled in due course.

Australian Post Office: Sea Conveyance of Mail

(Question No. 2561)

Mr Bungey asked the Minister representing the Postmaster-General, upon notice:

What is the estimated cost for a full financial year of the increased rates payable by the Australian Post Office to shipping companies for sea conveyance of mail notified in Statutory Rule No. 47 of 1975.

Mr Lionel Bowen—The Postmaster-General has provided the following answer to the honourable member's question:

The estimated increase in cost is \$185,000 per annum.

Bread Prices: Increase

(Question No. 2578)

Mr McVeigh asked the Treasurer, upon notice:

(1) What have been the increases in bread prices in the capital cities of each State during the last 2 years.

(2) What amount of the increases has been attributed to (a) labour costs, both production and distribution, (b) cost of inputs other than flour, (c) cost of flour and (d) wrapping and slicing costs in each case.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) The table below shows the delivered price of an ordinary white 2 lb loaf of bread in each of the State capital cities in March 1973 and March 1975, the absolute changes in price over the period and the percentage change in prices in the period under consideration.

	Price of 2 lb loaf March 1973	Price of 2 lb loaf March 1975	Absolute change in price between March 1973 and March 1975	Percentage increase between March 1973 and March 1975
	(cents)	(cents)	(cents)	(per cent)
Sydney	25.0	40.0	15.0	60.0
Melbourne	26.0	34.8	8.8	33.8
Brisbane	23.0	33.4	10.4	45.2
Adelaide	24.0	38.0	14.0	58.3
Perth	25.0	36.0	11.0	44.0
Hobart	26.0	38.0	12.0	46.2

Source: ABS 'Average Retail Prices of Selected Food and Grocery Items Six State Capital Cities and Canberra' March Quarter 1973 and January to March 1975.

(2) There is no official information available on cost increases contributing to bread price increases between March 1973 and March 1975. However, Bunge (Australia) Pty Ltd in making application to the Prices Justification Tribunal in April 1974 for increases in the prices for bread and like products manufactured by Sunicrust Bakeries Pty Ltd outlined the contributions which various cost increases between February 1973 and March 1974 had made to the overall price increase sought by the firm.

Cost component	Percentage contribution of cost component to overall price increase sought by Bunge (Australia) Pty Ltd	per cent
Wages	55.2	
Payroll tax	3.4	
Ingredients (excluding flour and gluten)	11.9	

Cost component	Percentage contribution of cost component to overall price increase sought by Bunge (Australia) Pty Ltd	per cent
Paper	5.2	
Flour	5.9	
Excise on petrol	1.1	
Interest	10.0	
Sundry expenses	7.3	
Total	100.0	

Source: Report by the Prices Justification Tribunal on the application of Bunge (Australia) Pty Ltd for increases in the prices of bread and like products—page 5.

Kangaroos: Harvesting
(Question No. 2570)

Mr Hunt asked the Minister for Environment, upon notice:

(1) What co-operation has been achieved with the States to undertake a controlled commercial harvesting and conservation program of the kangaroo.

(2) How many kangaroos were harvested in Australia during each of the years 1971, 1972, 1973, 1974 and in 1975 to date.

Dr J. F. Cairns—In reply to the honourable member's question, the following information is provided:

(1) Some measure of co-operation has been achieved with the States in implementing acceptable kangaroo management and conservation programs.

The export ban has been lifted for skins and products from kangaroos taken in accordance with approved management programs operating in New South Wales/South Australia.

The three other States which commercially export kangaroos—Queensland, Western Australia and Tasmania—have not yet implemented kangaroo management programs satisfactory to the Australian Government and export permits will not be issued for skins and skin products originating from these States until such time as I am completely satisfied with these programs.

It is understood that Western Australian legislation has been amended so that kangaroos are no longer classified as vermin. The Queensland Government introduced a tagging system on 1 March 1975 and I am hopeful that a satisfactory decision on the Queensland program, and the reserve system for the protection of kangaroos, will be reached shortly. The management program in Tasmania is unsatisfactory because there is only limited provision for the monitoring of populations of species commercially exploited and inadequate control over the numbers of wallabies harvested. The Tasmanian authorities are currently working to overcome these problems.

(2) Number of kangaroos harvested—

State	1971	1972	1973	1974	1975
Queensland	581 679	953 325	457 720	317 479	n.a.
N.S.W.	92 000	136 000	122 371	n.a.	n.a.
S.A.	80 395	18 500	67 610	40 597	n.a.
		(b)	(c)		
W.A.	170 000	204 000	n.a.	n.a.	n.a.
Tasmania	29 000	39 000	27 000	n.a.	n.a.
(a)	(d)	(e)	(f)		

(a) Tasmania: Bennetts and Red-necked Wallaby and Pademelon; number of skins traded.

(b) South Australia 1972—January-June.

(c) 1972-73.

(d) 1971-72.

(e) 1972-73.

(f) 1973-74.

n.a. Not available.

Victoria: No commercial harvesting.

Department of Manufacturing Industry: Grants
(Question No. 1566)

Mr Snedden asked the Minister for Manufacturing Industry, upon notice:

(1) What programs does his Department or statutory authorities under his control administer which enable individual groups or people in the community to apply for grants from the Australian Government for a specific purpose.

(2) What is the name of each program.

(3) What is the purpose of each program.

(4) What are the conditions surrounding eligibility for a grant under each program.

(5) When did each program commence.

(6) What is the legal authority for the existence of each program.

(7) How is the community informed of the existence of each program, and its entitlement to apply for a grant.

(8) How many applications for grants under each program have been received in each of the last 3 years or for the period of operation of the program if it has been in operation less than 3 years.

(9) Who decides which applications for grants should be accepted.

(10) What percentage of applications for grants under each program have been successful in each of the last 3 years or in each of the years in which the program has been operating if it has been in operation for less than 3 years.

(11) What proportion of total funds allocated under each program in each of the last 3 years, or in each year the program has been operating where it has been in operation for less than 3 years, have been allocated to individuals as against groups.

(12) Are any attempts made to assess the extent to which the widest cross-section of the community is aware of the existence of the program and the means by which applications can be submitted; if so what attempts.

(13) What checks are made once applications are received for each program to determine if the attempts to widen access to the funds have been successful.

(14) Is he confident that the widest cross-section of the community is aware of the existence of the programs, and is aware of the application process.

(15) What procedures exist to assess the use to which the grants are being put, and to attempt some accountability for the money granted.

(16) What is the total amount that has been paid out under each program in each of the last 3 years or in each year of the operation of the program if it has been operating for less than 3 years.

(17) What is the total amount of moneys paid out for all such programs administered by his Department or authorities under his control.

(18) What attempts are made to ensure that the same individual organisations or persons do not receive several grants under different programs which he or other Ministers are responsible for and which, when added together, may be unwarranted.

Mr Lionel Bowen—The answer to the right honourable member's question is as follows:

(1) and (2) There are seven such programs administered by my Department—

(a) Structural Adjustment Assistance (as it relates to firms)

(b) Subsidy Assistance For Certain Electronic Components

(c) Industrial Design Council of Australia—Grant

- (d) Visiting Industrial Experts Grants Scheme
- (e) Assistance to Inventors
- (f) Inventors' Association of Australia—Grant
- (g) Industrial Research and Development Grants Scheme, which is administered by the Australian Industrial Research and Development Grants Board, a statutory authority responsible to me.

(a) Structural Adjustment Assistance (as it relates to firms)

(3) To facilitate desirable structural change and to ensure that if such changes are desirable in the national interest, the nation—not the individuals affected bears the cost.

Supplementary to the general program, provision of special assistance to non-metropolitan areas (SANMA) exists to alleviate the problems of unemployment arising from structural change as it affects non-metropolitan areas.

(4) Normally assistance is considered only in response to specific actions by the Government although there may be special circumstances, not attributable to Government action, which warrant the provision of assistance. Adjustment assistance only becomes available when Cabinet decides that a particular Government action or other event warrants it. The criteria for eligibility for individual firms are:

that the structural change had adversely affected, or was adversely affecting, the firm to the extent of rendering a significant separate part of its assets incapable of economic production; or that the desired change was unlikely to occur at a reasonable speed and at a reasonable economic cost without assistance to the firm; and

that the firm had taken reasonable steps for self-help but that this was unlikely to enable complete adjustment by the firm (e.g. that the firm was unable to obtain finance on reasonable terms and conditions from normal commercial sources); and

that generally-available measures had been utilised to the full but were inadequate.

In determining a firm's eligibility under the SANMA section of the program, additional guidelines are taken into account, including:

adequacy of general adjustment assistance measures in preventing undue hardship or inequity;

the size and composition of the workforce in the relevant labour market area;

the growth rate of the town and that of other towns in the relevant labour market area;

the proportion of the total workforce affected in the town and labour market area;

proximity to other sources of employment;

ability of the town or labour market area to absorb a marked increase in short term unemployment;

importance and function of the town in the region.

(5) The Structural Adjustment Assistance Program was introduced on 23 April 1974. The additional provisions relating to SANMA were announced on 22 October 1974.

(6) Annual Appropriation Acts.

(7) Press Statements and speeches by the Prime Minister, Deputy Prime Minister and Minister for Manufacturing Industry and advertisements placed in national newspapers.

(8) To 30 April 1975, 508 applications have been received including 122 under the supplementary SANMA provisions.

(9) The Treasurer, the Ministers for Labor and Immigration and Manufacturing Industry, and additionally, in the

case of SANMA applications, the Minister for Urban and Regional Development.

(10) To 30 April 1975, payments have been approved in 70 of the 208 concluded cases, including 39 of the 83 concluded SANMA cases. Total applications approved thus represent 34 per cent of the applications concluded.

(11) The Department of Manufacturing Industry does not administer payments to individuals under the Structural Adjustment Scheme. See (16) for total of payments to firms.

(12) It is considered that eligible firms are made aware of the program as a result of press statements, advertisements and enquiries made of my Department in all States. Officers of my Department also take the opportunity to publicise the program through involvement in seminars, meetings, etc.

(13) Checks have been made through contact with industry associations and industry representatives.

(14) Yes.

(15) The nature of closure compensation payments to firms precludes the need to assess future use of Government funds, as it is compensation for any loss sustained in the sale of assets rendered incapable of economic use due to specific Government actions. No payments of consultancy grants have been made to this date.

The procedures for accountability of grants under the SANMA Scheme are contained in the Deed of Agreement made by the Australian Government and the firm.

(16) Since its inception to 30 April 1975, the total amount paid to firms under this scheme is \$4,598,000, including SANMA grants of \$3,902,000.

(17) See composite answer.

(18) See composite answer.

(b) Subsidy Assistance for Certain Electronic Components

(3) To maintain at least until the Industries Assistance Commission report on Professional Electronic Equipment is considered by the Government, the production in Australia of selected electronic components which are or could be important for defence, telecommunications or technology.

(4) Eligibility for assistance is determined by the Government's assessment of the need to assist a company to maintain production of one of the following components for the time being:

integrated and thick film circuits; special purpose transducers; printed circuit boards; and certain types of discrete semiconductors; quartz crystals; resistors; capacitors, vacuum tubes; transformers and inductors.

(5) July 1974

(6) Annual Appropriation Acts

(7) Press statements by the Prime Minister and by the Minister for Manufacturing Industry. A copy of the statement by the Minister for Manufacturing Industry was forwarded to all known manufacturers of components eligible for subsidy assistance.

(8) 6 applications have been received.

(9) Appropriate Ministers following advice from the Standing Interdepartmental Committee on Assistance to Industry.

(10) Two applications had been accepted by 30 April 1975; of the remainder, one had been rejected and the remaining three were then under consideration.

(11) Payments are made only to companies manufacturing the nominated components.

(12) Press statements have been issued and distributed to known relevant manufacturers.

(13) No such checks have been carried out.

(14) Yes.

(15) Funds are provided for the specific purpose of maintaining existing production capability. Departmental cost accountants determine the amounts payable in each case.

(16) \$40,000 to 30 April 1975.

(17) See composite answer.

(18) See composite answer.

(c) Industrial Design Council of Australia—Grant

(3) To promote industrial design and to improve the quality and efficiency of industry's products and processes in order to increase its competitiveness and meet consumers' functional and environmental needs.

(4) Grants are conditional on the Council's proposed annual budget and design promotion program being acceptable to the Government and on a given proportion of the Grant being matched from non-Australian Government sources.

(5) 1962

(6) Annual Appropriation Acts.

(7) Grants are restricted to the Industrial Design Council of Australia.

(8) Grants are made annually to the Council.

(9) The Minister for Manufacturing Industry and the Treasurer in pre-budget negotiations.

(10) Not applicable

(11) See (7)

(12) to (14) Not applicable.

(15) The Department of Manufacturing Industry is represented on the Council and Management Policy Committee and thereby monitors Council activity and plans against the program agreed to by the Government. Also, audited accounts and claims are submitted.

(16) 1972-73 \$212,819; 1973-74 \$339,898; 1974-75 to 30 April 1975 \$316,689.

(17) See composite answer.

(18) See composite answer.

(d) Visiting Industrial Experts Grants Scheme

(3) To assist manufacturing enterprises to meet the cost of employing overseas industrial experts whose employment will directly contribute to the development of more efficient and competitive secondary industries by the introduction of modern overseas technical know-how.

(4) Eligibility of each application is determined by the Visiting Industrial Experts Grants Advisory Committee against set criteria.

(5) 1 July 1973.

(6) Annual Appropriation Acts.

(7) By advertisements placed in newspapers from time to time and articles in various trade and association journals.

(8) Thirty-six applications had been received by 30 April 1975.

(9) Grant payments are subject to approval by the Minister for Manufacturing Industry following assessment and recommendation by the Visiting Experts Grants Advisory Committee.

(10) 13 grants approved to 30 April 1975.

(11) All grants in this scheme are paid to companies. No payments to 30 April 1975.

(12) and (13) Yes, by contact with Industry Associations and individual companies.

(14) A large number of enquiries from a broad cross section of industry in all states indicates awareness of the Scheme.

(15) The Department expects the applicant enterprise to maintain suitable records so that eligible expenditure can be readily verified to the satisfaction of the Department. The Department also requires an audit certificate (in a form provided by the Department) for each grant year, showing the amount of eligible expenditure and certified by an external auditor.

(16) No payments have been made to 30 April 1975. First claim received 20 April 1975.

(17) See composite answer.

(18) See composite answer.

(e) Assistance to Inventors

(3) To encourage private inventors in the development of worthwhile new concepts.

(4) The program is open to private individuals only. Assistance under the scheme is available for development of inventions to the stage where a final patent could be granted. The assistance is not given for the exploitation of inventions.

(5) 28 October 1974.

(6) Annual Appropriation Acts.

(7) By press releases, television announcements, circular letters and correspondence with interested organisations. Also the Inventors' Association of Australia is represented on the Australian Inventions Advisory Committee.

(8) Up to the end of May 1975 over 400 applications have been received.

(9) The Minister for Manufacturing Industry, following assessment and recommendation from the Australian Inventions Advisory Committee.

(10) No grants have been approved to the end of May 1975.

(11) Refer (10).

(12) No such assessment has been made.

(13) No such checks have been made.

(14) Yes.

(15) Procedures are being formulated.

(16) Refer (10).

(17) See composite answer.

(18) See composite answer.

(f) Inventors' Association of Australia—Grant

(3) To assist the Inventors' Association of Australia in its task of encouraging and supporting Australian inventors.

(4) Each year a base grant is made to the Association as well as a further grant which matches \$ for \$ the income the Association receives from non-Government sources.

(5) The present program outlined in (4) above commenced in October 1974. Prior to then, grants have been made since 1968-69 and were conditional on the Association raising matching funds.

(6) Annual Appropriation Acts.

(7) Grants are made only to the Association.

(8) Grants are made annually to the Association.

(9) Cabinet would approve any change in the grant.

(10) Not applicable.

(11) See (7).

(12) to (14) Not applicable.

(15) The Association's accounts are audited by a private Auditor and a copy of his certificate is provided to the Department. The Association's accounts are also subject to examination by Departmental officers.

(16) 1972-73 \$11,221; 1973-74 \$10,098; 1974-75 to 30 April 1975 \$15,918.

(17) See composite answer.

(18) See composite answer.

(g) Industrial Research and Development Grants Scheme

(3) To promote the development of Australian Industry by encouraging increased industrial research and development in Australia.

(4) Eligibility is specified in the Industrial Research and Development Grants Act 1967-1973 and is restricted to companies which:

- (a) are incorporated under the law of a state or a territory of the Commonwealth forming part of the Commonwealth or, in the case of an unincorporated body or association of persons, is prescribed by regulations;
- (b) carry on in the relevant grant year or the following grant year the manufacture of goods or mining operations; and
- (c) have incurred eligible expenditure as defined by the Act in the relevant grant year.

(5) 1 July 1967.

(6) The Industrial Research and Development Grants Act 1967-1973.

(7) Through press advertisements, advice forwarded to trade associations for publication in their journals.

(8) Applications for the 1972-73 and 1973-74 grant years closed on 30 November 1974. Final figures for the last three years are:

1971-72 grant year: 918
1972-73 grant year: 1170
1973-74 grant year: 1140.

(9) Responsibility for acceptance of applications rest with the Australian Industrial Research and Development Grants Board.

(10) The percentage of applications processed by the Board, during the 3 financial years ended 30 June 1974, on which grant applications were authorised was:

1973-74	91 per cent
1972-73	92 per cent
1971-72	92 per cent.

The remaining applicants were not eligible under the Act.

(11) Under the Act no payments can be authorised to individuals.

(12) Yes. Officers of the Department of Manufacturing Industry during their routine contacts enquire as to whether the company is aware of the provisions of the grants scheme and, if not, supply copies of the Board's explanatory notes.

(13) Maintenance of a register of applicants and identification of new applicants under the scheme. Statistics indicate that in recent years over 20 per cent of the applications received each year have been from new applicants.

(14) Yes.

(15) The applications, which are lodged annually, after expenditure for that year has been incurred, require the projects on which research was performed to be specified. Additionally, the company declares that the results of the industrial research and development undertaken by the company relating to activities specified will be exploited on normal commercial terms and otherwise in a manner that will be for the benefit of the Australian economy. Further, the Board's investigation officers satisfy themselves that the work subject to claim is directly related to manufacture or proposed mining operations of the company or a company that is related to the company.

(16) 1971-72 \$13m; 1972-73 \$14m;
1973-74 \$15m; 1974-75 to 31 March \$9.2m.

(17) See composite answer.

(18) See composite answer.

(17) A total of \$89,251,973 made up as follows:

Programs	Amounts	Comments
(a)	\$4,598,000	From inception to 30.4.75
(b)	\$40,000 (i)	From inception to 30.4.75
(c)	\$1,882,637	From inception to 30.4.75
(d)	Nil	Approvals from inception to 30.4.75 total \$60,000 but none paid yet (see (e) (16))
(e)	Nil	From inception to 30.4.75
(f)	\$102,164	From inception to 30.4.75
	\$82,629,172 (ii)	From inception to 30.4.75

(i) A further \$560,000 has been appropriated by Appropriation Acts Nos. 5 and 6 of 1975 for expenditure in financial year 1974-75.

(ii) A total of \$17,500,000 has been appropriated for 1974-75.

(18) The likelihood of overlap between the above grants and between those grants and others would be minimal. In any event the following safeguards apply:

(a) Liaison with the Departments of the Treasury and Labor and Immigration and in the case of Special Assistance to Non Metropolitan Areas availability of assistance from other Government sources is evaluated before consideration of claims.

(b) Availability of assistance from other Government sources is evaluated before consideration of claims.

(c) Safeguards are provided by involvement of the Department in the management of the Industrial Design Council of Australia, and by procedures, requiring Industrial Design Council of Australia claims to be audited.

(d) Each application is monitored by the Visiting Industrial Experts Grants Advisory Committee.

(e) Liaison with the Australian Industrial Research and Development Grants Board.

(f) Audited annual financial statements of the Association are submitted to the Department.

- (g) Each applicant is required to declare in writing the extent to which other Government assistance has been received.

Wool: Exports
(Question No. 2552)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) How much wool has been shipped from Australia since 1 July 1974, and how much of this wool was scoured or semi-processed.

(2) Of the greasy wool shipped from Australia since 1 July 1974, how much was— (a) sold by auction in Australia, (b) wool bought privately from wool growers, (c) transference of Australian Wool Corporation stocks for storage overseas, (d) growers' wool shipped for overseas sale, (e) bought from Australian Wool Corporation stocks and (f) from other sources.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

Australian exports of wool during the nine months ended 31 March 1975 were as follows:

	'000 kg actual weight
Greasy wool	320 196
Slipe	75
Washed and scoured wool	22 495
Carbonised wool	4 762
Carded or combed wool (incl. tops)	3 458
Noils	569
Wool waste	692

Because the various categories of wool exported have a differing clean fibre content, the total volume of wool exports can be meaningfully expressed only by converting the various categories to a common basis. Converted to greasy equivalent, total exports of wool during the period were approximately 379 353 000 kg.

- (a) No statistics are compiled.
- (b) No statistics are compiled.
- (c) 250 000 bales.
- (d) No statistics are available but the quantity is known to be very small.
- (e) No known shipments.
- (f) No statistics are compiled.

Australian Wool Corporation: Wool Stocks
(Question No. 2548)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) What stocks of wool were held by the Australian Wool Corporation as at (a) 30 June 1974 and (b) 30 April 1975.

(2) What was the location of the stocks on those dates.

(3) How many bales of wool were bought by the Australian Wool Corporation in each month since June 1974.

(4) What was the monthly expenditure on these wool purchases.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

(1) and (2) Stocks of wool held by the Australian Wool Corporation on the dates in question and the location of these stocks were as follows:

Australian Wool Corporation's Wool Stocks (*000 bales)		
Location	30.6.74	30.4.75
Brisbane	24	133
Sydney	16	188
Newcastle	6	83
Goulburn	3	34
Melbourne	22	248
Geelong	12	91
Albury	4	32
Portland	9	59
Adelaide	21	178
Launceston	1	20
Hobart	1	19
Fremantle	13	217
Albany	7	91
	139	1393
Overseas or in Transit Overseas	37	226
	176	1619

(3) and (4) The monthly purchases by the Australian Wool Corporation during the period in question and their cost were as follows:

Month	Bales (000's)	Cost (\$000's)
July	85.7	15,512
September	248.6	41,268
October	200.7	38,534
November	124.9	24,980
December	197.6	38,927
January	184.4	36,142
February	194.0	38,412
March	185.0	36,075
April	65.7	12,483

Wheat Sales to Chile
(Question No. 2544)

Mr Bungey asked the Minister representing the Minister for Agriculture, upon notice:

(1) What is the (a) quantity and (b) value of wheat sold to Chile in each of the last 10 years.

(2) How many visits have been made to Chile over the last 10 years by representatives of the Australian Wheat Board, and what was the cost of each visit.

(3) What other costs have been incurred by the Board in establishing a market for Australian wheat in Chile.

(4) Can the Minister say what quantity of wheat has been exported to Chile by other wheat exporting countries in the last 10 years.

Dr Patterson—The Minister for Agriculture has provided the following answer to the honourable member's question:

(1)—Exports of wheat to Chile from Australia

Financial Year	Quantity	Value
	('000 tonnes)	(\$'000)
1964-65	..	..
1965-66	..	..
1966-67	46.9	2,625
1967-68	170.7	9,295
1968-69	104.8	5,257
1969-70	79.2	3,837
1970-71	183.1	8,660
1971-72	296.9	14,641
1972-73	508.7	24,240
1973-74	303.1	37,590
1974-75 (to 28.2.75)	142.7	21,539

Source: Australian Bureau of Statistics.

(2) The Australian Wheat Board advises that commencing with two visits to South America in 1967 the Board has mounted at least one visit to that area in each of the subsequent years. As the missions have been to various South American markets, it is not practicable for the Board to determine the costs associated specifically with visits to Chile.

(3) The Board advises that it has incurred expenses in respect to visits to Australia by representatives of certain of the South American importing countries, including Chile, who at times have been in Australia as guests of the Board.

(4)—Exports of wheat to Chile by main exporting countries

('000 tonnes)

Financial Year	Argentina	Australia	Canada	EEC	U.S.A.	U.S.S.R.	Others	Total
1964-65	28	..	..	3	187	..	..	218
1965-66	71	..	..	9	311	..	..	391
1966-67	57	47	..	11	325	..	..	440
1967-68	70	171	..	20	138	..	124	523
1968-69	102	105	..	11	112	..	80	410
1969-70	111	79	1	18	20	..	15	244
1970-71	109	183	..	14	151	72	55	584
1971-72	155	297	..	11	7	53	..	523
1972-73	402	509	..	5	17	..	13	946
1973-74 (a)	177	303	..	24	600	..	29	1 133

(a) preliminary.

Source: International Wheat Council Statistics.

French Nuclear Tests

(Question No. 2707)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

(1) Has the Minister stated that the Government is opposed to nuclear tests both above and below the ground?

(2) Has the French Government announced that it will conduct underground nuclear tests in the South Pacific during 1975?

(3) If so, has the Government assessed what impact these tests might have on the environment of the South Pacific; if so, what has been the outcome of that examination; if not, will an investigation be undertaken urgently?

Mr Whitlam—The Minister for Foreign Affairs has provided the following answer to the honourable member's question:

(1) The Australian Government has on many occasions expressed its opposition to all forms of nuclear testing and has urged the nuclear powers to reach agreement on a comprehensive test ban. The honourable member is referred in particular to the statement I made at the 29th session of the United Nations General Assembly on 30 September 1974, and to the press release which I, as Acting Foreign Minister, issued on 8 June 1975.

(2) As I indicated in my press statement on 8 June 1975, and as the French Government subsequently confirmed, that Government has already conducted the first of a series of underground nuclear tests in the South Pacific.

(3) The Australian Government is naturally anxious that the environment of the South Pacific not be damaged. The honourable member will be aware that underground testing of nuclear devices constitutes a lesser hazard than atmospheric testing in that it is designed to prevent the release of radioactive fallout into the atmosphere. However, the Government, through the Australian Radiation Laboratory of the Department of Health has made arrangements to monitor levels of radioactivity in the atmosphere as a precaution in case of any fallout reaching Australia as a result of any incomplete containment of the underground nuclear tests being conducted by France in Polynesia.

Peaceful Settlement of Disputes

(Question No. 2709)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

What action has the Government taken to pursue its proposals for new international measures for the peaceful settlement of disputes.

Mr Whitlam—The Foreign Minister has provided the following answer to the honourable member's question:

The objective of the Australian Government's initiative at the 29th United Nations General Assembly was outlined in the reply to Question No. 1176 (Hansard, 15 October 1974). The discussion of this question, held at the initiative of Australia, led to the adoption by the General Assembly on 12 December 1974 of Resolution 3283 (XXIX) on the peaceful settlement of international disputes. The resolution.

which was initiated and co-sponsored by Australia and supported by a representative group of countries, drew the attention of Members to the machinery established under the Charter of the United Nations for the peaceful settlement of international disputes; called for its greater use and improved implementation; and asked the Secretary-General of the United Nations to report on the existing machinery under the Charter and on other measures in this area subsequently adopted by the General Assembly. This review is expected to be the subject of further discussion at the United Nations.

Territorial and Diplomatic Asylum

(Question No. 2710)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

What action has the Government taken to further its proposal for new measures with respect to political asylum.

Mr Whitlam—The answer to the honourable member's question which the Minister for Foreign Affairs has provided, is as follows:

At last year's session of the United Nations General Assembly, Australia played an active role in relation to the two aspects of political asylum, namely, territorial asylum and diplomatic asylum.

On territorial asylum, Australia participated in the drafting of, and cosponsored, resolution 3272 (xxix) establishing a Group of Experts, composed of representatives of twenty-seven States, to review the text of a draft Convention on Territorial Asylum submitted to the attention of the General Assembly by the United Nations High Commissioner for Refugees. The resolution also decided that the General Assembly would consider at its thirtieth session the question

of holding a conference of plenipotentiaries on territorial asylum.

An Australian expert has participated in the work of the Group of Experts. The Group completed its review of the draft Convention at Geneva in May this year. Its report will be considered at the forthcoming session of the General Assembly.

On diplomatic asylum, Australia was instrumental in securing the adoption by the General Assembly by a vote of 110-0-16 of resolution 3321 (xxix) which invited Member States wishing to express their views on the question of diplomatic asylum to communicate those views to the Secretary-General not later than 30 June 1975. The resolution also requested the Secretary-General to prepare and circulate to Member States, before the thirtieth Session of the General Assembly, a report containing an analysis of the question of diplomatic asylum, and decided to include in the provisional agenda of its thirtieth Session an item entitled 'Report of the Secretary-General on the question of diplomatic asylum'.

Australia will be submitting its views on the question of diplomatic asylum to the Secretary-General and, as the State responsible for the original inscription of this item on the agenda of the General Assembly last year, will, of course, participate actively in the discussion of this item at the forthcoming session of the United Nations General Assembly.

Department of Foreign Affairs: Administrative Arrangement Order

(Question No. 2712)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

With respect to the Acts listed in the most recent Administrative Arrangement Order as being administered by the Minister, what sections within the Department of Foreign Affairs have the major responsibility for each Act listed?

Mr Whitlam—The Minister for Foreign Affairs has provided the following answer to the honourable member's question:

Act	Section
Australian Development Assistance	Aid Policy Liaison (as distinct from the Australian Development Assistance Agency)
Charter of the United Nations Act 1945	United Nations Political/United Nations Legal/United Nations Social and Technical
Consular Fees Act 1955	Consular
Consular Privileges and Immunities Act 1972-73	Protocol/General Legal
Continental Shelf (Living Natural Resources) Act 1968-73, insofar as that Act relates to Papua New Guinea	Law of the Sea and Antarctica/PNG (Political)
Diplomatic Privileges and Immunities Act 1967-73	Protocol
High Commissioner (United Kingdom) Act Repeal Act 1973	Conditions of Service/General Legal
Indus Basin Development Fund Agreement Act 1960	Aid Policy Liaison
Indus Basin Development Fund Supplemental Agreement Act 1965	Aid Policy Liaison
International Labour Organisation Act 1947	United Nations Social and Technical
International Labour Organisation Act 1973	United Nations Social and Technical
International Organisations (Privileges and Immunities Act 1963-66)	Protocol/General Legal
International Trade Organisations Act 1948	United Nations Economic
Nauru Independence Act 1967	New Zealand and South Pacific
Papua New Guinea Act 1949-74, except in relation to Part VI	PNG (Political)
Papua New Guinea Application of Laws Act 1973	PNG Political/Treaties

Act	Section
Papua New Guinea (Staffing Assistance) Act 1973, except to the extent to which that Act is administered by the Treasurer	Aid Policy Liaison (as distinct from the Australian Development Assistance Agency)
Petroleum (Submerged Lands) Act 1967-74, insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Petroleum (Submerged Lands) (Exploration Permit Fees) Act 1967, insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Petroleum (Submerged Lands) (Pipeline Licence Fees) Act 1967 insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Petroleum (Submerged Lands) (Production Licence Fees) Act 1967, insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Petroleum (Submerged Lands) (Registration Fees) Act 1967, insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Petroleum (Submerged Lands) (Royalty) Act 1967, insofar as that Act relates to matters concerning the area adjacent to Papua New Guinea	Disapplied by Proclamation 21 March 1975
Security Treaty (Australia, New Zealand and the United States of America) Act 1952	Defence Policy Branch
South East Asia Collective Defence Treaty Act 1954	Defence Policy Branch
Treaty of Peace (Bulgaria) Act 1947-73	Treaties
Treaty of Peace (Finland) Act 1947-73	Treaties
Treaty of Peace (Hungary) Act 1947-73	Treaties
Treaty of Peace (Italy) Act 1947-73	Treaties
Treaty of Peace (Japan) Act 1947-73	Treaties
Treaty of Peace (Roumania) Act 1947-73	Treaties
United Nations Educational, Scientific and Cultural Organisation Act 1947	United Nations Social and Technical
United Nations Food and Agriculture Organisation Act 1944-73	United Nations Economic
United States Naval Communications Station Agreement Act 1963	Defence Policy Branch

International Court of Justice

(Question No. 2716)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs the following question, upon notice:

1. Has the Prime Minister stated that Australia will drop its reservations with respect to the jurisdiction of the International Court of Justice.

2. If so, will the Minister list the reservations to which the Prime Minister referred.

3. Have these reservations been dropped: If so, when, and in what form was this action taken.

Mr Whitlam—The Minister for Foreign Affairs has provided the following answer to the honourable member's question:

1. The honourable member for Kooyong will be aware of my long-standing interest in this matter. For example, on 26 September 1961 (Hansard, page 1321) I expressed the hope that Australia would provide a lead to other countries by abandoning its qualifications to its acceptance of the jurisdiction of the International Court of Justice. I have also raised this subject in questions on several occasions (for instance, Hansard, 9 April 1963, page 541; 17 April 1963, page 696;

13 May 1969, page 1734). On 11 February of this year I made a statement in this House in which I referred to our warm support for the principles and objectives of the International Court and in which I said that Australia proposed to forgo its existing reservations to acceptance of the Court's jurisdiction. On 14 March 1975 I issued a statement announcing that I had taken action on 13 March to give effect to this earlier proposal to withdraw all of Australia's substantive reservations.

2. The reservations to which I referred in these statements were the reservations listed in Australia's declaration of 6 February 1954 as follows:

- (i) disputes in regard to which the parties to the dispute have agreed or shall agree to have recourse to some other method of peaceful settlement;
- (ii) disputes with the government of any other member of the British Commonwealth of Nations, all of which disputes will be settled in such manner as the parties have agreed or shall agree;
- (iii) disputes with regard to questions which by international law fall exclusively within the jurisdiction of Australia;
- (iv) disputes arising out of events occurring at a time when the Government of Australia was or is involved in hostilities; and

(v) disputes arising out of or concerning jurisdiction or rights claimed or exercised by Australia—

- (a) in respect of the continental shelf of Australia and the Territories under the authority of Australia, as that continental shelf is described or delimited in the Australian Proclamations of 10 September 1953 or in or under the Australian Pearl Fisheries Acts;
- (b) in respect of the natural resources of the sea-bed and sub-soil of that continental shelf, including the products of sedentary fisheries; or
- (c) in respect of Australian waters, within the meaning of the Australian Pearl Fisheries Acts, being jurisdiction or rights claimed or exercised in respect of those waters by or under those Acts,

except a dispute in relation to which the parties have first agreed upon a *modus vivendi* pending the final decision of the Court in the dispute;

(3.) These reservations have been withdrawn. As I announced on 14 March this was done by signing and depositing with the Secretary-General of the United Nations a declaration which had the effect of withdrawing Australia's then current declaration under Article 36 of the Statute of the International Court of Justice and of substituting a new declaration. This new declaration, which I signed, was deposited with the Secretary-General on 17 March 1975. It contained no substantive reservations and only one procedural reservation relating to disputes in regard to which the parties thereto have agreed or shall agree to have recourse to some other method of peaceful settlement. Attached for incorporation in Hansard is a copy of this declaration; it was tabled in the Senate on 3 June 1975, the day before the honorable member placed this question on notice.

WHEREAS on the first day of November one thousand nine hundred and forty-five Australia ratified the Charter of the United Nations of which the Statute of the International Court of Justice is an integral part; and

WHEREAS Australia made a declaration under paragraph 2 of Article 36, of the said Statute on the sixth day of February, one thousand nine hundred and fifty-four; and

WHEREAS Australia desires to withdraw the said declaration;

The GOVERNMENT OF AUSTRALIA hereby WITH-DRAWS the said declaration and DECLARES for and on behalf of AUSTRALIA that it recognises as compulsory *ipso facto* and without special agreement, in relation to any other State accepting the same obligation, the jurisdiction of the International Court of Justice, in conformity with paragraph 2 of Article 36 of the Statute of the Court, until such time as notice may be given to withdraw this declaration.

The GOVERNMENT OF AUSTRALIA further DE-CLARES that this declaration does not apply to any dispute in regard to which the parties thereto have agreed or shall agree to have recourse to some other method of peaceful settlement.

IN WITNESS WHEREOF, I, EDWARD GOUGH WHITLAM, Prime Minister acting for and on behalf of the Minister of State for Foreign Affairs of Australia, have hereunto set my hand and affixed the seal of the Minister of State for Foreign Affairs.

DATED this thirteenth day of March, one thousand nine hundred and seventy-five.

E. G. Whitlam

Prime Minister acting for and on behalf of the Minister of State for Foreign Affairs of Australia.

Department of Foreign Affairs: Interdepartmental Committees

(Question No. 2722)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

(1) What standing Interdepartmental committees does the Department of Foreign Affairs participate in.

(2) At what level is the Department represented in each case.

(3) What was the most recent meeting of each of the inter-departmental committees concerned.

Mr Whitlam—The Minister for Foreign Affairs has provided the following answer to the honorable member's question:

(1), (2) and (3) The honorable member is referred to my answer to an earlier question on this matter (Hansard, 15 October 1974, page 2370).

Department of Foreign Affairs—Resources Sub-Section

(Question No. 2723)

Mr Peacock asked the Minister representing the Minister for Foreign Affairs, upon notice:

(1) Is there a section in the Department of Foreign Affairs dealing with resources.

(2) If so, (a) what is the purpose of the section, (b) what is its actual staff at present and (c) what is the role of the section with respect to the responsibility to other Departments, specifically Overseas Trade and Minerals and Energy.

Mr Whitlam—The Minister for Foreign Affairs has provided the following answer to the honorable member's question:

(1) There is a section of the Economic Policy Branch which deals with transport and resources matters.

(2) (a) The functions of the Resources Sub-Section are to review and analyse developments and trends in global resources matters, to evaluate their implication for Australia's foreign policy interests, and to assess the political/diplomatic dimension to resources questions in the context of Australia's overall foreign policy objectives. It also has particular responsibility for the coordination of Australia's relations with the International Atomic Energy Agency.

(2) (b) The Sub-Section has a staff of three.

(2) (c) The Resources Sub-Section deals with foreign policy implications of resources issues, including the provision of advice on the foreign policy implications of bilateral and multilateral arrangements and negotiations concerning resources. It maintains liaisons with the Departments of Overseas Trade, Minerals and Energy and other Government agencies with relevant responsibilities, to ensure that Departmental advice in these fields takes account of a range of viewpoints.

Arthritis

(Question No. 2628)

Mr Lloyd asked the Minister for Health, upon notice:

Is it possible for arthritis sufferers in Australia to be fitted with plastic or other types of artificial finger joints; if so, what is the average waiting time; if not, why not.

Dr Everingham—The answer to the honourable member's question is as follows:

Arthritis sufferers in Australia can be fitted with plastic and other types of artificial finger joints and suitable patients are receiving this form of treatment.

National figures on average waiting times for the different types of surgical procedure are not kept.

Learmonth Communications Station: Garbage Disposal

(Question No. 2562)

Mr Bungey asked the Minister for Health, upon notice:

(1) How is garbage from the Learmonth Communications Station disposed of.

(2) Has his Department investigated the position concerning disposal of garbage, especially that of foreign origin, to ensure that no quarantine risk exists.

(3) If so, were any changes instituted following these investigations.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) There is no communications station at Learmonth but there is an airport which, at present, is held in a care and maintenance state. Quarantinable food is not permitted on the base for the caretakers' use. Food waste from the private dwellings of the resident caretakers is disposed of on a local tip with other garbage from the locality.

(2) Yes. Learmonth is used as a first port of entry for RAAF and U.S. military aircraft arriving from overseas. All incoming aircraft are met by a Quarantine Officer and a Quarantine Assistant; the latter disposes of any garbage from these aircraft by burning. Aircraft that land to refuel only are required to retain quarantinable materials on board for destruction by incineration at their terminal ports. The method of disposing of garbage from the caretakers' dwellings presents no quarantine risk.

(3) No changes were required. However, my Department will be arranging for an incinerator to be provided at Learmonth to dispose of quarantinable food waste in the event that a large aircraft arriving from overseas needs to use it as an alternate airport to Perth.

Sales Tax: Visualtek Read Write System Units

(Question No. 2493)

Mr Lloyd asked the Treasurer, upon notice:

(1) With reference to the answer to question No. 2425 by the Minister for Police and Customs indicating that only 3 of the 10 Visualtek Read Write System units imported in the last 2 years were exempt from sales tax, why were not the other 7 also exempt.

(2) What are the criteria for exemption.

(3) What representations have been received requesting total exemption.

(4) Will total exemption be granted.

Mr Hayden—The answer to the honourable member's question is as follows:

(1) The units that were not exempt from sales tax were imported for private individuals who are not entitled to exemption.

(2) Exemption from sales tax is allowable only if the units are acquired for use and not for sale by bodies that are entitled to exemption from sales tax, e.g. public benevolent institutions.

(3) None.

(4) I refer the honourable member to part (3) of the reply to his Question No. 2424.

Department of Tourism and Recreation: Cost of Reports

(Question No. 2817)

Mr Ruddock asked the Minister for Tourism and Recreation, upon notice:

(1) With reference to question No. 2614 of the Member for Macarthur, what has been the total cost to the Government of examination of issues and preparation of reports by his Department, by authorities for which he is responsible, and by ad hoc commissions, committees, task forces, etc., within his portfolio, since 5 December 1972.

(2) What is the cost apportioned to each report referred to in part (1) of question No. 2614.

Mr Stewart—The answer to the honourable member's question is as follows:

(1) and (2) I refer the honourable member to the reply, given by the Prime Minister to Question No. 2789 which appeared in Hansard (page 3546) on 5 June 1975.

Department of Tourism and Recreation: Reports

(Question No. 2614)

Mr Kerin asked the Minister for Tourism and Recreation, upon notice:

(1) What reports, excluding annual reports, have been produced by his Department, by authorities for which he is responsible, and by ad hoc commissions, committees, task forces, etc., within his portfolio, since 5 December 1972.

(2) Which of these reports have not been published, and when does he expect them to be published.

Mr Stewart—The answer to the honourable member's question is as follows:

I refer the honourable member to the reply, given by the Prime Minister to Question No. 2586, which appeared in Hansard (page 3545) on 5 June 1975.

Intal, Lyndiol and Ovostat: Prices

(Question No. 2646)

Mr Lloyd asked the Minister for Health, upon notice:

(1) What action has been taken by his Department to obtain monetary rebates from the United Kingdom makers of Intal, Lyndiol and Ovostat as recommended by the Joint Committee on Prices.

(2) What was the price of these preparations in (a) May 1973 and (b) May 1975.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) Negotiations have been conducted in the first instance with Fisons Pty Ltd and Organon (Australia) Pty Ltd resulting in reductions in the price to chemist of Intal, Lyndiol and Ovostat.

(2)—

Preparation	Price to Chemist	
	May 1973	May 1975
Intal	\$6.90 for 50	\$11.80 for 100
Lyndiol	\$0.72 per pack	\$0.69 per pack
Ovostat	\$0.72 per pack	\$0.69 per pack

Department of Health: Cost of Reports

(Question No. 2809)

Mr Ruddock asked the Minister for Health, upon notice:

(1) With reference to question No. 2606 of the Member for Macarthur, what has been the total cost to the Government of examination of issues and preparation of reports by his Department, by authorities for which he is responsible, and by ad hoc commissions, committees, task forces, etc., within his portfolio, since 5 December 1972.

(2) What is the cost apportioned to each report referred to in part (1) of question No. 2606.

Dr Everingham—The answer to the honourable member's question is as follows:

(1) and (2) I refer the honourable member to the Prime Minister's reply to question 2789.

Urea

(Question No. 2554)

Mr Bungey asked the Minister for Overseas Trade, upon notice:

(1) What exports of urea from Australia were made during the period 1 July 1974 to the date of effect of Statutory Rule No. 45 of 1975.

(2) From what Australian plants did these exports emanate.

(3) To which markets was the urea shipped.

Mr Crean—The answer to the honourable member's question is as follows:

(1), (2) and (3) Exports of urea are not recorded separately in official statistics.

Royal Commission on Human Relations

(Question No. 1342)

Mr Lynch asked the Minister representing the Special Minister of State, upon notice:

(1) When was the Royal Commission into Human Relations established.

(2) What are its terms of reference.

(3) With what frequency has the Commission been requested to make its regular interim reports.

(4) How many interim reports has the Commission made to date.

(5) What were the recommendations made in these reports.

(6) What recommendations have been made on matters specifically relating to women.

Mr Lionel Bowen—The Special Minister of State has provided the following answer to the honourable member's question:

(1) 21 August 1974.

(2) to (6). A copy of the terms of reference is set out below. You will see that they provide for interim reports to be presented; the frequency of such reports is a matter for the Commission. None has been presented to date.

I also draw the attention of the honourable member to the answer given by the Special Minister of State to a question without notice (Senate Hansard 12 June, pages 2588 and 9) which sets out the background to the work of this Commission.

Royal Commission on Human Relationships Terms of Reference

To inquire into and report upon the family, social, educational, legal and sexual aspects of male and female relationships, so far as those matters are relevant to the powers and functions of the Australian Parliament and Government, including powers and functions in relation to the Territories:

To give particular emphasis to the concept of responsible parenthood, to have regard to experience in other countries and to include in your inquiry the following aspects of the said matters:

- (a) the extent of relevant existing education programs, including sex education programs, and their effectiveness in promoting responsible sexual behaviour and providing a sound basis in the fundamentals of male and female relationships in the Australian social environment;
- (b) the extent of relevant existing programs in medical schools and their adequacy to provide comprehensive medical training in contraceptive techniques in the physical, psychological and sexual problems experienced by women in adapting to marriage and before, during and after menstruation and in matters relating to pregnancy, fertility control, spontaneous and induced abortions and childbirth and to encourage acceptance by the medical profession of its responsibilities in the field of contraceptive counselling;
- (c) the provision, adequacy and effectiveness of existing family planning facilities, educational and activation information on family planning, and methods of evaluation of all family planning techniques;
- (d) the social, economic, psychological and medical pressures on women in determining whether to proceed with unplanned or unwanted pregnancies, having regard to:
 - (i) the adequacy of housing, child-minding centres, pre-school centres, domestic assistance for families and working mothers, assistance to single parent families, other forms of assistance for mothers employed in industry, and adoption procedures;
 - (ii) the disabilities of families with handicapped children; and
 - (iii) the social status of women in the community; the social, psychological and medical results of termination of, or and failure to terminate such pregnancies;
- (e) the adequacy and effectiveness of existing medico-legal determinations in relation to termination of pregnancy, the incidence of such terminations, the

- factors influencing their occurrence, the adequacy of medical training in an evaluation of methods of termination, consultative rights of the family or other persons concerned and the adequacy and effectiveness of pregnancy support services; and
- (f) any other matters in relation to the family, social, educational, legal and sexual aspects of male and female relationships to which the attention of the Commission is directed by the Prime Minister in the course of the inquiry.

To make recommendations as to measures that are desirable with respect to the foregoing matters under existing or future laws of the Australian Parliament or of the Territories (including laws providing for grants to the States) and to indicate whether these measures should be implemented through existing bodies or through government instrumentalities to be created.

The Commission may present interim reports on any aspect of its terms of reference.

Bankstown Airport: Aircraft Movements

(Question No. 2739)

Mr Street asked the Minister for Transport, upon notice:

(1) How many aircraft movements using runway 05/23 at Bankstown Airport were there in each of the last five years prior to its closure on 6 August 1974.

(2) What was the cost of maintenance on runway 05/23 in each of those years.

Mr Charles Jones—The answer to the honourable member's question is as follows:

(1) In 1969-70 there were 216 457 total movements at Bankstown.

In 1970-71 there were 227 335.

In 1971-72 there were 273 807.

In 1972-73 there were 256 247.

In 1973-74 there were 285 461.

Records are not normally kept on individual runway use, but it is estimated that until 1972 about 30 per cent of all movements were using runway 05/23. Thereafter for various reasons, including an embargo on 05/23 being used above 10 knots cross wind, the use of 05/23 about halved to an estimated 15 per cent of the total.

(2) Aircraft movement area maintenance costs at Bankstown were:

In 1969-70, \$55,982.

In 1970-71, \$50,164.

In 1971-72, \$49,627.

In 1972-73, \$64,788.

In 1973-74, \$73,900.

Maintenance is not costed on a runway basis, but when the 05/23 runway was looking after about 15 per cent of total movements it was estimated to require about 40 per cent of the total maintenance effort.

Industrial Research and Development

(Question No. 2378)

Mr Lynch asked the Minister for Manufacturing Industry, upon notice—

(1) When was the interdepartmental committee established to examine ways of improving the Industrial Research and Development Grants Scheme.

(2) Which Departments are represented on the committee.

(3) What are the committee's terms of reference.

(4) When does the Minister expect the committee to finalise its report.

Mr Lionel Bowen—The answer to the honourable member's question is as follows:

(1) The Interdepartmental Committee mentioned by the honourable member was established following the Treasurer's 1973-74 Budget Speech in the House of Representatives on 21 August 1973.

(2) Departments of Manufacturing Industry (Chairman), Health, Minerals and Energy, Special Minister of State, Science and Consumer Affairs, Transport, and the Treasury. Also represented are the Commonwealth Scientific and Industrial Research Organisation and the Australian Industrial Research and Development Grants Board.

(3) The Committee's terms of reference are basically as outlined by the Treasurer in the House of Representatives in the 1973-74 Budget speech as alluded to above, and by statements made by Dr Cairns on 22 August 1973 and by Mr Enderby on 8 November 1973.

(4) It is expected that the Committee's report will be considered by the Minister in the very near future.

Department of the Capital Territory: Publications

(Question No. 1596)

Mr Snedden asked the Minister for the Capital Territory, upon notice:

(1) What is the name of each publication prepared by his Department for distribution to the public.

(2) How often is the publication printed.

(3) Which offices of his Department are responsible for the preparation of each publication.

(4) What is the purpose of each publication.

(5) What is the cost of each edition of the publication.

(6) How many copies of each edition of the publication are produced.

(7) How many people receive the publication.

(8) Is it distributed free of charge.

(9) If so, to whom and how is it distributed to them.

(10) If not, what is the selling cost of the publication and what are the retail outlets.

(11) When was the publication first produced.

Mr Bryant—The answer to the right honourable member's question is as follows:

(1) The following is a list of publications prepared by the Department of the Capital Territory for distribution to the public.

PUBLICATIONS	Sale Price
Botanic Gardens Pamphlet	
Botanic Gardens for Children	
Canberra Your Capital	
Facts About the A.C.T.	
Canberra Captain Cook Memorial	
Embassies in Canberra	
Facts at a Glance	
Geology of Tidbinbilla	
Carillion	
Noise	
Consumer Protection and You	

Air Pollution	
Canberra Social Laboratory	
Compost and Mulch	
History of Lanyon Station	
Sydney Nolan Art Catalogue	
Index Seminars	
Canberra Residential Leases	
Pressure Hot Water Systems	
Land Leasing in Canberra	
Driving in the A.C.T.	
Co-operative Housing in the A.C.T.	
Canberra Community Services	
23 One Sheet answers to Garden Problems	
23 One Sheet answers to Fruit Problems	
Packaging Legislation in the A.C.T.	
Parking Meters and Vouchers	
Your rates and the municipal estimates 74-75	
Guide for Tenants	
Housing and Flat Tenancies	
Carillon program (fortnightly)	
Norfolk Island pamphlet	
Canberra Accommodation Guide	
Do it Yourself Car Tours	
Canberra, Australia's National Capital	
Day and half tours	
Points of Interest	
War Memorial	
Parliament House	
Canberra Convention Capital	
Now You've Had Your Baby	
Social Welfare Benefits in the A.C.T.	
Child Care Services in the A.C.T.	
Fact about Family Planning	
Adoption in the A.C.T.	
Mothers Alone	
Straight Facts about Sex and Birth Control	
Family Planning by Contraception	
Let's Talk Series:	
Fire Protection	
Building Homes	
Buses	
Buying a used car	
Dogs (1969)	
Rubbish (1968)	
Flammable nightwear	
Summer Fires	
Litter (Interior)	
Saving Water	
Posters:	
The Best Chain and Kennel	
Door-to-Door Salesmen	
Buying Carpet	
Canberra's Coat of Arms	
Captain Cook Memorial	
Carillon	
Australian War Memorial	
Indonesian Embassy	
Norfolk Island	
Floodways	
Canberra Calendar	\$ 0.75
A.C.T. Home Building Code	8.50
Mountains, Slopes and Plains	0.80
A.C.T. Associations, Clubs and Committees	0.50
Native Plants for Rock Gardens	0.15
Growing Native Plants Vol. 1, 2, 3 & 4	0.60
Discovery, Norfolk	0.65
Bush Families of Tidbinbilla	0.80
Canberra Botanic Gardens	1.35
Canberra Past, Present and Future	0.50
Canberra Street Names and Their Origins	0.30

	\$
Trees in Canberra	3.00
Lake Burley Griffin	0.90
Tidbinbilla Trail Guide	0.10
Wildlife in the A.C.T.	0.75
Planning Your Canberra Garden	0.30
Postcards:	
Yachtsmen on Lake Burley Griffin	0.10
Sunset on Lake Burley Griffin	
Paddleboat on Lake Burley Griffin	
The Australian-American Memorial	
Commonwealth Gardens and Captain Cook Memorial	
Blundell's Cottage	
Canberra Maps by Suburbs	15.60

REPORTS

Welfare Branch Annual Report, 1972-73, 1973-74
Canberra Municipal Accounts 1971-72, 1972-73
Tentative Territorial Accounts for the A.C.T. 1971-72, 1972-73
Notes for the Budget Debate 1973, 1974
Report by the Third Party Insurance Premiums Advisory Committee on the level of premium rates for the A.C.T.—October 1973 and 1974
Norfolk Island Annual Report 1972-73
Norfolk Island Annual Report 1973-74
A.C.T. Advisory Council Report—1972-73

STATEMENTS OF EVIDENCE TO PARLIAMENTARY COMMITTEES SINCE JANUARY 1973

Inquiry into Self Government in the A.C.T. Statement No. 1 November 1973 and No. 2 February 1974
Mine Waste Pollution of the Molonglo River 1974
A.C.T. Recreation Study Stage I—September 1974
Royal Commission on Australian Government Administration 1975
Off-Shore High Security Animal Quarantine Station—June 1973
Inquiry into the Proportion of Municipal and State-type Costs which should be met by the A.C.T.—July 1973 and June 1972
A.C.T. Land Development and Administration—May 1974
Investigation into compulsory Deposits on Beverage Containers—October 1973
Report of the Task Force on Land and Housing in the A.C.T.—September 1973
Submission to the Committee of Inquiry into Museums and National Collections—September 1974
Consumer Affairs Council—First Annual Report 1973-74
Norfolk Island Newsletter every month till March 1974
Joint Parliamentary Committee on Prices—Meat Prices—June 1973
Committee of Inquiry into the National Estate—October 1973
Inquiry by the Milk Authority of the Australian Capital Territory—June 1973
Black Mountain Reserve—Preliminary Development and Management Plan. Conservation Series No. 1 March 1972
Inquiry into Land Tenures—June 1973
Southeast Region and Canberra—1974
Self-government and Public Finance in the Australian Capital Territory—December 1974.

(2) These publications were published to provide information to the public, depending on the type of publication, and are revised and reprinted as required.

(3) The Information and Public Relations Branch of the Department has the overall responsibility for the preparation and publishing of the Department's publications. The Branch acts on the advice of the specialist Branches of the Department.

(4) Each of the Department's publications has a general information purpose.

(5) The budget allocation for publishing purposes over the past three years:

1972-73	\$60,000
1973-74	\$97,300
1974-75	\$96,500

(6) The print run of each publication depends on its purpose.

(7) Distribution varies according to the purpose of the publication. A statement of evidence is distributed to members of the Parliamentary Committee and interested organisations. Publications of an informative nature are distributed to the public through the Department's Information Centres and on request.

(8) See answer to No. 1.

(9) See answer to No. 7.

(10) See answers to Nos 1 and 7.

(11) The publications were produced on various dates. Older publications are revised and reprinted as required.