

# **THE V.I.P. AFFAIR, 1966-67**

*The causes, course and consequences  
of a ministerial and public service cover-up*

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# Preface

by

**Kevin Rozzoli**

**President, Australasian Study of Parliament Group**

During the late 1950s and 1960s the decline of Parliament was frequently debated in parliamentary, political science and press circles. All parliaments in the English-speaking world were affected. Analyses of the issue were long and erudite. There was even a Penguin special on the topic. Proposals for remedy were rare and no-one was optimistic.

It was no different in Australia. When Harold Holt led the Liberal-Country Party Coalition to victory with a record majority at general elections in 1966 few realised that the following year would signal a change in relations between executive government and the Commonwealth Parliament.

The Parliament's reassertion of its role as the forum for responsibility and accountability centred upon three issues — disquiet about investigations into the sinking of HMAS *Voyager*, increases in postal charges, and the costs and use of the newly re-equipped VIP fleet of the Royal Australian Air Force.

The consequences in each case were a victory for Parliament. The Government established a second royal commission into the sinking of *Voyager*, and which led eventually to a revision of the initial findings, especially exoneration of and a payment of compensation to the former Captain of HMAS *Melbourne*. The new postal charges were delayed and, with alterations, introduced by legislation in the budget context.

The VIP affair grew in significance throughout the year, coming to a head in October and early November in the run-up to the 1967 Senate elections. Whilst Prime Minister Harold Holt and Air Minister Peter Howson struggled in the House of Representatives, Senator John Gorton finally brought the matter to an end by tabling papers whose existence had long been denied. Gorton's action, shortly after taking office as Leader of the Government in the Senate, was in the context of the Government having found itself in a minority in the Senate for the first time in a decade and a half.

One of the features of Ian Hancock's exciting account of the affair is the revelation that the drama in Parliament was matched by drama within the public service.

The value of this outstanding text, the first full account of the affair based upon a close study of the available archival records, is strengthened by Peter Howson's reflections in his Foreword.

I am delighted that Hancock's study of this controversy is being published in *Australasian Parliamentary Review* under the auspices of the Australasian Study of Parliament Group.

The ASPG has provided the major forum in Australia for discussion and debate of parliamentary issues for the last quarter century, a quarter century in which the question of the decline of parliament has lost the prominence it had in the decade prior to the VIP affair. Nonetheless parliaments always have to fight the battle of keeping governments accountable. Ian Hancock's magisterial study shows that even after dormant periods parliaments can still rise to the occasion and prevail.

I share Peter Howson's hope that there will be more research of this character into those important events of the past which have contributed so much to the effectiveness and liveliness of Australia's parliamentary institutions.



# Foreword

by

**Peter Howson**

**Minister for Air, 1964–68**

Ian Hancock has performed a valuable service in undertaking the research needed to reveal fuller details of the VIP planes affair of 1967, many of which have remained hidden in the national archives for 36 years. Although I was Minister for Air at the time, and closely involved in most of the various political comings and goings in this affair, some of this material was not previously known to me. Given the political importance the issue assumed at the time, it is pleasing indeed that a fuller version is now available to the general public of an event that seems relatively minor today but might conceivably have brought the Holt Government down. It is sometimes minor events that do lead to the fall of governments, as happened in 1934 when the first Lyons Government was defeated on (in effect) the question of whether Parliament should sit in Melbourne Cup week!

Why did the question of who was travelling in VIP planes become such an important political issue in 1967?

Nobody had thought to raise that question until after the Opposition Leader, Arthur Calwell, had in 1965 obtained approval for a V.I.P. Aircraft to take him to an ALP Conference in Perth. It was Mr Calwell's selection of one of the passengers to accompany him — the (very) left wing Bill Hartley as well as then Labor Party Secretary, Cyril Wyndham — that set the hares running.

When news of this leaked out, both Vince Gair (Leader of the Democratic Labor Party in the Senate (DLP)) and Labor back-bencher in the House of Representatives, Fred Daly, sought to obtain official confirmation by asking questions on notice in Parliament as to the identity of the passengers. Daly did not take kindly to Hartley but his main reason for asking the question was because he had had a big quarrel with Calwell and wanted to embarrass his leader. Gair was, naturally, only too delighted to try to embarrass the leader of the Labor Party by suggesting it was behoven to the left. However, these questions were not answered by the end of the then current session of Parliament and went on the notice paper to be answered in the next session in the following year, 1966.

By then Sir Robert Menzies had retired as Prime Minister and Harold Holt had been chosen to succeed him in January 1966. In the meantime, Calwell had patched up his quarrel with Daly and, in a friendly fashion, actually told Harold Holt that he should not be too concerned with how he answered the questions — it is worth remembering that life in the Old Parliament House allowed more such “behind the scenes” acts of friendship to occur than in the new palace!

But, while in early 1966 Holt answered the Gair/Daly questions by saying (wrongly, as it later became clear) that the information was not available, Calwell’s friendly advice did not take account of the increasing tension in the relationship between the Senate and the House of Representatives. This had developed in part after the ALP split in 1954 and the establishment, in due course, of a DLP group in the Senate in the 1960s. Independent or quasi-independent senators were also playing an increased role. The Government was slow to recognise that this group would take every opportunity to use its position in the Senate (where the DLP held the balance of power) to harry Ministers. The question of how the Government had handled the issue of passengers taken on VIP flights thus became an important political issue.

For the most part I have no quarrel with Mr Hancock’s interpretation of developments in the handling of the answer to the questions, a saga that extended from 1965 to 1968. However, this foreword does enable me to bring out certain aspects of the saga of which Hancock has not taken full account in relation to my own role as Minister for Air.

First, although I was Minister for Air from 1964 to 1968 it needs to be understood that I had no authority to determine who should or should not be passengers on VIP aircraft. That had been a matter for the VIP himself and remained so when I became the Minister. Equally, the policy on disclosure of passengers was a matter for Cabinet and the Prime Minister and, in relation both to the Gair question and the subsequent several questions asked on notice in early 1967 by independent Tasmanian Senator Turnbull in regard to the cost of VIP flights, Holt indicated to me soon after he became Prime Minister that the answers my department prepared should be consistent with the policy of non-disclosure. In fact, as the saga dragged on and the role of the Prime Minister assumed greater political importance, Cabinet decided at its meeting on 12 October 1967 that the drafting of the answers to the outstanding questions would henceforth become the direct responsibility of the Prime Minister’s Department and Cabinet itself.

Second, that Cabinet meeting, held some twenty months after the first questions were asked, is of considerable importance in understanding my own role. My diaries (*The Howson Diaries: The Life of Politics* by Peter Howson, edited by Don Aitkin, 1984) show that for the previous four months I had become increasingly frustrated by the failure of both Holt and the Prime Minister’s Department to respond to my attempts to have them finalise the answers. In those circumstances, I became determined to warn the Government and, if possible, provoke a more realistic decision. I therefore decided to use the opportunity of that Cabinet meeting

for that purpose by assembling a bundle of manifests showing details of VIP passengers and taking them into Cabinet. There, however, the opposition to publication by Holt and a number of other Ministers caused Cabinet Secretary, Sir John Bunting, to take the manifests from me and lock them in the Cabinet safe.

The foregoing actions by me indicate that it is quite misleading of Hancock to couple me with the Prime Minister in his judgment (page 2) that we were both “merely inattentive, inept and politically obtuse”, let alone “politically and administratively incompetent”, in the handling of the VIP affair. Hancock downplays the importance of my decision to table the manifests in Cabinet.

Indeed, the effect of my action was that Holt could no longer skate over (as he and other Ministers had been doing) the existence of manifests showing VIP passengers or rely on the traditional formula that records were “not readily available”. My tabling of the manifests in Cabinet also meant that I ceased to have responsibility for preparing answers based on the non-disclosure policy: as noted, that function was assumed by the Prime Minister’s Department. But, while the old policy could no longer be enunciated, Cabinet refused to face up to the reality that details of passengers should have been made publicly available. Instead, it decided that the issue would now be made a trial of strength between the Senate and the House of Representatives, that is, the Senate was not to be allowed to “dictate” what should or should not be publicly disclosed.

Third, it should be noted that, as Senator Gorton was not present at the 12 October Cabinet meeting, he was not aware either that I had tabled manifests or that they existed in the Cabinet safe. This explains the differing recollections of this event between Senator Gorton and myself and Hancock’s reference (page 64) to the acrimonious discussions I had with Gorton on 7 November.

Fourth, once Senator Gorton became Senate leader on 16 October he took the view that the veritable onslaught of questions he faced in that chamber from all sides made it impossible to sustain the policy of non-disclosure. While I was attending an overseas meeting in Uganda from 24 October to 5 November (and unbeknown to me at the time) Gorton obtained copies of the manifests from my department and tabled them in the Senate. According to Hancock, Gorton obtained Holt’s approval to this action. However, as my diaries record (page 938), Holt told me that he had not given any such approval and (as my chief of staff informed me) Gorton had in fact been given a dressing down by Holt for not exercising better control over the Senate (in view of the earlier Cabinet decision and the untenable political position in which Gorton’s action placed Holt, he (Holt) would surely have taken the view that Cabinet would have needed to re-consider its 12 October decision).

At all events, Hancock correctly observes (page 64) that no one had told me of these actions in, as Hancock quotes from my diaries, “complete contravention of all that the government had determined to do up to the moment that I left Australia”.

Indeed, I was not even aware of any of the Cabinet papers on this issue that have now become available covering the period from 12 October.

Fifth, this tabling still left the handling of the answers to the outstanding questions on notice. Material that had been drafted on the basis of the non-disclosure policy obviously had to be altered. Most of this redrafting occurred while I was overseas and I have now read the detail of what happened for the first time.

Sixth, after I returned from Uganda I thus found that Holt and his Department had been placed in an untenable position in explaining why the previous policy had taken the line that passenger details were not readily available. I reluctantly accepted the almost impossible task of trying to extricate Holt (and the Government) by making a statement to the House of Representatives on the matter and indicating that, as the Minister with final responsibility in this field, it was behoven on me to offer my resignation. I note that Hancock has acknowledged (page 2) that, in my speech of 12 November, "Peter Howson delivered a forceful and seemingly convincing defence of his actions". This was also the press reaction.

However, Hancock has written (page 69) that "if he did not actually lie to the House, he assuredly did not enlighten it as much as he could have done". That is true, but it is also politically unrealistic to have expected otherwise. I was speaking as a Minister of the Government explaining developments that led to the new policy and could not be expected to reveal details of Cabinet discussions or my own personal views. Nor, having accepted the task of making an explanation to the House, could I have been expected to do what Hancock suggests (page 69) and openly implicate Holt, as blameworthy as he was in the whole affair. The fact that Holt (who spoke immediately after me on 12 November) rejected my offer of resignation was an implicit acknowledgement that I was not the cause of the problem.

I look forward to other examples of historical research that contain the detail that Hancock has given us.

## Acknowledgements

This book could not have been written without the resources, and the co-operation, of the National Archives of Australia in Canberra. I am also grateful for the assistance of the Manuscript Room of the National Library of Australia.

I am especially grateful to the National Archives and the *Canberra Times* for provision of photographs and copies of the documents which are included in the text.

I am indebted to those participants who helped me with interviews: Peter Bailey, the late Sir John Gorton, Peter Howson, Sir Peter Lawler, the late A. B. McFarlane and Dr Reginald Turnbull. A number of individuals have offered valuable comments on the manuscript: Jill Adams, Peter Bailey, Bill Butler, Ainsley Gotto, Paddy Gourley, Ian Harris, Gerard Henderson, Peter Howson, Dorothy Nethercote, George Nicholls, Terry Read, John Ritchie and Phillipa Weeks.

My greatest debt is to John Nethercote. He first suggested the idea of a study of the VIP affair, he prepared the chronology and biographical notes, read the manuscript in its various forms and provided editorial assistance, organised the publication and, above all, allowed me to draw on his vast and intimate knowledge of Australian politics and of the Australian public service.



# *1 Introduction*

On 13 May 1966 the Prime Minister of Australia, Harold Holt, replied to two parliamentary questions on notice in relation to No. 34 Squadron of the RAAF, the so-called VIP fleet. He stated that records were not kept for long and that information on the passenger complement of VIP flights was not available. Moreover, no records were kept of the destination of VIP flights.

Holt's answers were incorrect. The RAAF was required to retain two sets of records. First, there were the flight authorisation books, which recorded the name(s) of the VIP(s), the number of passengers, the destination of the flight and the times of departure and arrival. These books were to be retained permanently and, although the records were not as complete as they should have been, they did exist, and they were available. Secondly, there were the passenger manifests which registered the names of persons carried on particular flights. One copy was taken on board the aircraft; another was held at the airfield of departure; and No. 34 Squadron retained the third. The objects of the manifests were to ensure that an aircraft was not overloaded, that it was supplied with sufficient rations and that, in the event of a disaster, the authorities would know who had boarded the aircraft. Copies of these records were required by RAAF regulations to be retained for a period of twelve months and, despite some slackness in record-keeping, they were also available.

Harold Holt was not especially interested in whether the records were retained. His concern was to reveal as little as possible about the cost and operations of the VIP fleet. For one thing, the governmental system he had inherited was habitually secretive: ministers and public servants felt neither obliged nor disposed to hand out information just because it had been requested. For another, the matter of VIP costs had become particularly sensitive because of a decision by the Menzies Government in 1965 to acquire additional and replacement aircraft at a cost of \$21.6m. Reasoning that any information, not properly managed, would rebound unfavourably on the Government, Holt informed the Prime Minister's Department and Peter Howson, the Minister for Air, that he wanted to maintain the Government's practice of not divulging details of VIP flights. Initially, they were able to fulfil his instructions by simply denying that the details existed in the first place.

Within weeks of providing Holt with the answers he wanted, Howson and the senior public servants involved either knew — or should have known — that the replies were false. No attempt was made to correct them. When, from March 1967, further questions were raised in the Senate, those charged with drafting the answers adopted delaying tactics, quibbled over words, and engaged in obfuscation. As a consequence, the VIP affair acquired a far greater importance than it inherently deserved and, by October 1967, suspicions about the misuse of VIP flights had escalated into accusations that the Prime Minister and the Minister for Air had misled Parliament.

Early that month the Senate called for all the relevant papers to be tabled. On 25 October, just as Labor was planning to call the Secretary to the Department of Air, A. B. ('Tich') McFarlane, to the Bar of the Senate, John Gorton, the newly appointed Leader of the Government in the Senate, tabled the flight authorisation books and passenger manifests of the VIP fleet. At a stroke, Gorton both exposed the original falsehood and began to defuse a major crisis for Harold Holt and the Government. Yet doubts remained. Sheltered by Howson, who himself survived Opposition demands for his resignation, Holt fumbled and faltered as he sought to justify Howson's retention in the ministry and to counter allegations about his own complicity in misleading Parliament. Hidden altogether from view were the public servants and, in particular, Sir John ('Jack') Bunting, the Secretary to the Prime Minister's Department, who had much to explain for the delays and the misrepresentation in responding to parliamentary questions.

The VIP affair continued to excite comment in the lead-up to the periodical election for half the Senate on 25 November. Yet, by the end of 1967, it had largely vanished from public notice, and is not now visibly etched in Australia's historical memory. Just the same, there are several grounds for re-visiting the affair, not least because of the questions raised about accountability by the majority report of the investigation by the Senate Select Committee on 'a certain maritime incident' (the so-called 'children-overboard' affair) of October–November 2001.<sup>1</sup>

First, there is the issue of ministerial responsibility. Did and, if so, to what extent, the Prime Minister and the Minister for Air mislead the Parliament. Speaking in the House of Representatives on 8 November 1967, Peter Howson delivered a forceful and seemingly convincing defence of his actions. An agitated Harold Holt spoke with conviction even though he was incoherent. At worst, both men appeared, in differing degrees, to be merely inattentive, inept and politically obtuse in their handling of the VIP affair. There was no hard evidence in 1967 of them engaging in deception. Yet the official records, and Peter Howson's own diaries, not only confirm that Howson and Holt were politically and administratively incompetent; they also provide evidence of them undertaking a cover-up, at least for the period just prior to Gorton's intervention in the Senate. If it is reasonable to expect ministers to tell the truth, if not always the whole truth, then it is also reasonable to

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<sup>1</sup> The Senate, Select Committee on a Certain Maritime Incident, Oct. 2002.



identify those occasions when, for whatever the motive and however distant in time, they misled the Parliament.

Secondly, there were suspicions in 1967 that senior public servants had been intimately involved in the exercise but there was no mechanism of the kind now available to interrogate them. It is worth pursuing this matter if only because several retired public servants of the traditional mould have criticised the introduction of contract appointments and the employment of ‘staffers’ in ministerial offices. In the ‘good old days’, tenured bureaucrats provided objective, expert and fearless advice, untainted by party considerations. Survivors of the halcyon years claim that recent developments have undermined the role of the ‘traditional’ public service while giving ministerial staffers an exaggerated status and power, and without subjecting them to accountability procedures. The majority report of the Senate Select Committee which investigated the ‘children-overboard’ affair particularly damned staffers in the office of the Minister for Defence, and recommended courses of action to make them more accountable.<sup>2</sup> If a similar select committee had questioned the public servants involved in the VIP affair, it might have queried whether they met their own professed high standards and whether they, and the Prime Minister and the Minister for Air, met the tests of accountability adumbrated by Patrick Weller in his commentary on the ‘children-overboard’ case, namely, that ‘public servants should check and tell’, and ‘ministers should ask’.<sup>3</sup>

Thirdly, it is now possible to see that the VIP affair had several immediate and longer-term ramifications. The doubts raised about Holt’s capacity and honesty probably contributed to the Government’s poor result in the Senate election. Another immediate effect was to enhance John Gorton’s standing within the Liberal Party, thus helping him to win the leadership on 9 January 1968 after Harold Holt disappeared in the sea off Portsea on 17 December 1967. Gorton’s election, in turn, promoted and signalled a significant breach with a past identified with the long ascendancy of Sir Robert Menzies (1949 to 1966). Yet, if it had not been for his very public role in defusing the VIP affair, it is almost inconceivable that Gorton — a senator, still largely unknown outside a fairly narrow circle, and only recently brought into Cabinet from the outer ministry — would have become Prime Minister. Once in office, the new Prime Minister was determined to remove those whom he held responsible for exposing Holt to ridicule and harm over VIP matters. Howson was sent to the backbench where he became a rallying-point for the effective challenge to Gorton’s own leadership on 10 March 1971. Already distrusting the mandarins of the public service, and disliking what he saw as their cosy assumption that they constituted the real government of Australia, Gorton engineered Bunting’s removal as Secretary to the Prime Minister’s Department and dispatched Peter Bailey from his position as a departmental officer in the Prime Minister’s

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<sup>2</sup> The Senate, Select Committee on a Certain Maritime Incident, Oct. 2002, pp. xxxiii-xl, 173–87; Verona Burgess, *Canberra Times*, 27 Oct. 2002.

<sup>3</sup> Patrick Weller, *Don’t Tell the Prime Minister*, Scribe Publications, Carlton North, 2002, p. 102.

# THE START OF THE AFFAIR — PRIME MINISTER HOLT'S ANSWERS TO QUESTIONS ON NOTICE

Answers to Questions.

[13 May 1966]

Answers to Questions.

1913

## **Special Aircraft.** (Question No. 1660.)

**Mr. Daly** asked the Prime Minister, upon notice—

1. Does the Government maintain a special aircraft for the use of the Prime Minister and V.I.P.'s?

2. If so, what V.I.P.'s other than the Prime Minister used this aircraft during the past twelve months?

3. In respect of each such flight during this period, what was the (a) name of the V.I.P. who used the aircraft, (b) name of any other passenger, (c) destination, (d) cost and (e) purpose?

**Mr. Harold Holt.**—The answers to the honorable member's questions are as follows—

1. No. 34 (Special Transport) Squadron of the Royal Australian Air Force has this role.

2. The V.I.P.'s other than the Prime Minister who have used No. 34 Squadron aircraft during the last twelve months include Her Majesty the Queen Mother, His Royal Highness the Prince of Wales, His Royal Highness the Duke of Edinburgh, His Excellency the Governor-General, the Prime Minister of Thailand, the President of the Philippines, His Royal Highness the Crown Prince of Laos, the President of Malagasy, the United States Deputy Assistant Secretary for Defence, the Indian Minister for Food and Agriculture, the British Secretary of State for Commonwealth Relations, His Royal Highness Prince Bertil of Sweden, the Thai Deputy Minister for Defence, the Chinese Foreign Minister, the New Zealand Deputy Prime Minister, the British Lord Chancellor, the British Minister for Fisheries and Agriculture, the British Minister for Aviation, the Argentine Minister for Agriculture, the New Zealand Minister for Defence, and several other dignitaries from overseas. Some Commonwealth Ministers, and the Leader of the Opposition have also used aircraft from the Squadron.

3. (a), (h) and (c) Passengers' names are recorded only so that aircraft may be safely and properly loaded. After a flight is completed the list of names is of no value and is not retained for long. For similar reasons, no records are kept of the places to which aircraft in the V.I.P. flight have taken V.I.P. passengers. The answers to these questions are thus not available.

(d) The cost of operations by No. 34 Squadron is inextricably included in the overall costs of running R.A.A.F. Base Fairbairn (which has several other units) and of maintaining the R.A.A.F. as a whole. The cost of individual flights cannot therefore be given.

(e) Although, as explained above, it is not possible to set out in detail the various specific purposes for which the V.I.P. flight has been used, the purpose of transporting the Governor-General and Ministers is to permit them to attend to Government business and to discharge their public duties in places and at times

which would be impossible if they were tied down by particular airline schedules. Distinguished visitors carried by the Squadron's aircraft are mentioned in the answer to question 2. The Leader of the Opposition has also used an aircraft from the Squadron during the last twelve months.

## **Government Aid to Private Schools.** (Question No. 1679.)

**Mr. Reynolds** asked the Prime Minister, upon notice—

What is the current cost to each State of the various forms of assistance which it gives to private schools and which his predecessor set out in his replies to me on 18th August 1964 ("Hansard" page 334), and 12th October 1965 (page 1719).

**Mr. Harold Holt.**—The answer to the honorable member's question is as follows—

The honorable member will recall that in his original answer on 18th August 1964 my predecessor emphasised that the information being supplied by him represented the current position as obtained from State publications, and that only the responsible State would have complete and up-to-date details of the various measures listed. The same is true concerning the current cost of the various forms of assistance given by each State Government to non-government schools and their pupils. Neither of these matters is the responsibility of any Commonwealth Minister and consequently no responsibility can be taken for figures obtained from State publications.

The information which follows has been collected from the most recent State Budget Papers and other official reports as indicated. It is far from comprehensive because for many activities the State accounts do not distinguish between government and non-government schools or pupils.

### **New South Wales—**

Interest payments on loans raised by independent schools for approved building projects—

\$200,000 in 1965-66. (Source—State Budget Papers.)

### **Victoria—**

Subsidy on interest payments by independent schools on loans raised for school buildings—

\$25,000 in 1965-66. (Source—State Budget Papers.)

Conveyance of pupils—

\$1,057,166 in 1964-65. (Source—Auditor-General's Report 1964-65.)

Bursaries and scholarships—

\$172,496 in 1964-65. (Source—Auditor-General's Report 1964-65.)

Total net expenditure by Education Department on registered schools in 1964-65—

\$2,329,286. (Source—Auditor-General's Report 1964-65.)

**THE PARLIAMENT.****(Question No. 788.)**

**Senator GAIR** asked the Minister representing the Prime Minister, upon notice—

1. What are the circumstance in which according to press reports, the Government made a "V.I.P." plane available to convey Mr. Calwell and a number of A.L.P. officials to a special conference of the Western Australian Branch of the Australian Labor Party?

2. Were any fares paid by or on behalf of these officials or were they transported at Commonwealth expense?

3. What are the circumstances in which officials of a political party may receive this privilege from the Commonwealth Government?

**Senator HENTY.**—The Prime Minister has provided me with the following answer to the honorable senator's question—

1 to 3. The Leader of the Opposition made a request to the Prime Minister, then Sir Robert Menzies, for the use of an aircraft to convey him and his wife and some members of his staff from Melbourne to Perth on Saturday, 20th November, and from Perth to Melbourne on Monday, 22nd November 1965. This was a request by the Leader of the Opposition and not by officials of a political party. The purpose of the honorable gentleman's visit to Perth was to address the conference of the Australian Labor Party which was an arrangement he made at a time when he did not, and could not, expect the Parliament to be sitting on Friday, 19th November. As the honorable senator may recall, arrangements were made during the latter part of last year for the Parliament to sit on Fridays. In the circumstances, the Prime Minister authorised the approval of the request made by the Leader of the Opposition. Particulars of passengers carried are not available.

**DECLARATIONS OF WAR.****(Question No. 817.)**

**Senator COHEN** asked the Minister representing the Prime Minister, upon notice—

1. Since the foundation of the Commonwealth of Australia, on what occasions has the Australian Government declared war?

2. In each case, against whom was the declaration made, and what was the form of the declaration?

**Senator HENTY.**—The Prime Minister has provided me with the following answer to the honorable senator's question—

1 and 2. Prior to 8<sup>th</sup> December 1941, there had been no separate declarations of war by Australia. Up to that time the view was acted on that when the Sovereign had declared war, Australia, as one of the Sovereign's Dominions, was also at war without further declaration. Thereafter, the governor-General made separate declarations of war against Finland, Hungary and Roumania on 8<sup>th</sup> December 1941;

against Japan on 9<sup>th</sup> December 1941; against Bulgaria on 14<sup>th</sup> January 1942; and against Thailand on 10<sup>th</sup> March 1942. The operative part of each of the declarations of war was in the following form:—

"I, ALEXANDER GORE ARKWRIGHT, BARON GOWRIE, the Governor-General aforesaid, acting with the advice of the Federal Executive Council and in the exercise of all powers me thereunto enabling, do hereby declare and proclaim that a state of war with (name of country) exists and has existed in the Commonwealth of Australia and its Territories as from (date and time).

OF ALL WHICH His Majesty's loving subjects and all others whom these Presents may concern are hereby required to take notice and to govern themselves accordingly."

**TAPPING OF TELEPHONE CONVERSATIONS.****(Question No. 825.)**

**Senator WHEELDON** asked the Minister representing the Attorney-General, upon notice—

Are the telephones of any member of Parliament tapped by the Commonwealth security service?

**Senator GORTON.**—The Attorney-General has supplied the following answer—

I do not propose to depart from the sound policy instituted by Mr. Chifley and consistently followed by Sir Robert Menzies and my predecessor Sir Garfield Barwick that details of the operation of the security service should not be disclosed. Accordingly, I will not either by confirmation or denial disclose what action has or has not been authorised under the Telephonic Communications (Interception) Act.

**COST OF LIVING.****(Question No. 834.)**

**Senator DITTMER** asked the Minister representing the Treasurer, upon notice—

1. As the consumer price index is not a reliable guide to the cost of living, is the Commonwealth Statistician making a survey of family expenditure? If so, on what basis is he making the survey and when will the results be available?

2. If the Commonwealth Statistician is not making a survey, will he now proceed to make a survey of family expenditure in order to reveal to the government and the Australian public how difficult many tens of thousands of families are finding it just to exist?

**Senator HENTY.**—The Treasurer has supplied the following answer—

1. As the honorable senator no doubt understands, retail price indexes such as the consumer price index are designed to measure changes in price levels only. They are not designed to measure the "cost of living" or to measure changes in the "cost of Living". In fact there is

office in Parliament House. These actions had implications for the relationship between ministers and the public service, and for the development of the private ministerial office.

At another level, the VIP affair signified the new importance of the Senate in Australian government. The introduction of proportional representation at the 1949 election ended the era when governments customarily, though not invariably, enjoyed huge majorities in the Senate. Subsequently, governments more often than not have lacked the numbers to control the Senate. In 1967 Senator Lionel Murphy, the Labor leader in the chamber since February of that year, successfully joined forces with the Democratic Labor Party (DLP) and two Independents to cause the Holt Government occasional discomfort. Emboldened by its success in calling the Government to account during the VIP affair, the Senate was determined to play a substantial role as a critic of government policy and as a guardian of parliamentary democracy. Or, to put it another way, to be a thorn in the side of the government of the day.

A comprehensive examination of the VIP affair is possible because most of the records are now available. In 1984 Peter Howson published his extensive diary, and included as an appendix a speech he made to the Boobooks Dining Club defending his position.<sup>4</sup> His public account is more revealing than the diarist apparently realised, yet less informative than it might have been: the seemingly unconscious admissions of a cover-up are balanced by his own claims that certain parts were withheld from publication for ‘legal reasons’.<sup>5</sup> Bunting’s own papers are also invaluable.<sup>6</sup> But much of the story has remained hidden for more than thirty years because the official files have not been open to public scrutiny. In theory, they should have been available from 1997–98, and many of them have been. One of the most important is entitled ‘Aircraft questions and queries 1969 — Secretary’s papers’ (67/7875), a file held by the Prime Minister’s Department. It contains memoranda and notes written at the height of the VIP affair and during its aftermath. Yet two critical files — 66/7401 and 67/7737 — are missing. They also emanated from the Prime Minister’s Department, and related to the handling of questions about the operation and use of the VIP fleet. Fortunately, extracts from these files have survived in the form of a document prepared at John Gorton’s instigation. This document is available in 67/7875 and, along with separate but related material, can also be consulted in the recently opened Gorton papers in the National Library in Canberra.<sup>7</sup>

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<sup>4</sup> Peter Howson, *The Howson Diaries: The Life of Politics*, ed. by Don Aitkin, Viking Press, Ringwood, 1984 (hereafter referred to as *Diaries*). The complete unpublished diaries for 1966–67 will be found in Howson Papers, National Library of Australia (NLA), MS 4697. The (undated) speech to the Boobooks Dining Club is hereafter referred to as Boobooks speech.

<sup>5</sup> Personal communication: 16 Apr. 2003.

<sup>6</sup> National Archives of Australia (NAA): M319/17–18.

<sup>7</sup> Gorton Papers, NLA, MS 7984/Box 24 (hereafter referred to as Gorton Papers).

It is not yet possible to identify the investigator(s) who assembled the material delivered to Gorton on 30 January 1968.<sup>8</sup> The forensic skills and the acerbic style suggest Lenox Hewitt, who replaced Bunting as Secretary to the Prime Minister's Department in March 1968. He has denied authorship and pointed, instead, to McFarlane, the Secretary for Air. McFarlane also denied responsibility.<sup>9</sup> It is known that, on 16 January 1968, Bunting forwarded the two (now missing) files of the Prime Minister's Department to E.J. Hook, the Secretary to the Attorney-General's Department.<sup>10</sup> Perhaps Hook himself compiled the report. Alternatively, Gorton may have called in Nigel Bowen, the Attorney-General, who told Howson he had been examining the files of the Prime Minister's Department.<sup>11</sup> The composition and presentation of the document suggest that more than one person was involved so perhaps Hook and Bowen, together, were responsible. In any event, the investigator(s) obviously understood the procedures of the public service, approached the subject with considerable investigative skills, and recognised the political implications. It was a judicious exercise, designed not so much to reach conclusions and make recommendations, as to order the evidence, to ask questions of it, and to highlight the gaps in that evidence. The completed document gave Gorton a comprehensive insight into the activities of the bureaucracy and, to some extent, of the politicians during the VIP affair. He had no trouble working out who was to blame.

It is possible, on the surviving evidence, to reach a number of firm conclusions about the conduct of individuals during the VIP affair. Nonetheless, qualifications have to be made. An exhaustive contemporary summary of absent files is no substitute for access to the files themselves. Different questions — asked of the complete record and at a distance — might well produce different answers. Just six of the individuals most involved in the affair were alive when the research for this analysis was conducted; two have since died; and all, understandably, had selective and possibly unreliable memories. It is difficult at times to work out the precise sequence of events, especially when these events came to a head in the period 21–25 October 1967. And there remain many puzzling questions, some of which will be highlighted in the course of telling the story. Despite these problems, however, it is possible to show how and why an essentially trivial matter developed into a major crisis, and to assign responsibility for it doing so.

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<sup>8</sup> Henceforth, this document will be referred to as the January 1968 report.

<sup>9</sup> Interviews: McFarlane, 7 Sep. 2000; Hewitt, 1 May 2001.

<sup>10</sup> Bunting to Hook, NAA: A1209, 67/7875.

<sup>11</sup> Howson, *Diaries*, 26 Jan. 1968.

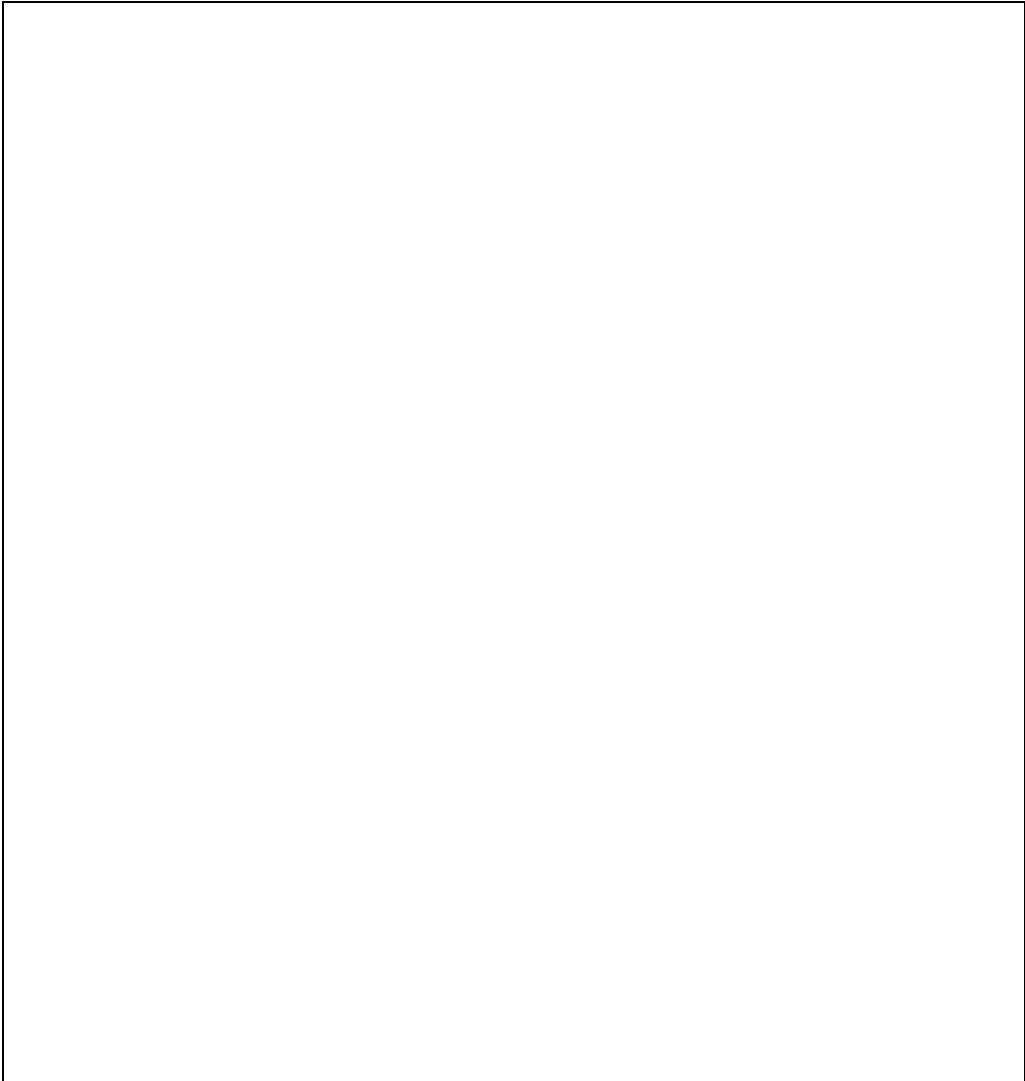


Photo: National Archives of Australia

**Harold Holt, Prime Minister of Australia, 1966–67, photographed at his holiday home at Portsea, Victoria, in 1966**

His political ineptitude, complacency and self-centredness lay at the root of the VIP affair. While there is no evidence of him being corrupt or having deliberately set out to deceive, his initial instruction to reveal as little as possible [about VIP flights], compounded by an extraordinary insensitivity to political fall-out, allowed an essentially trifling matter to escalate into a major crisis.

## 2 *The state of play and the main players*

Harold Holt was elected unopposed to lead the Liberal Party when Sir Robert Menzies retired in January 1966. He had entered the House after a by-election in August 1935 when he stood as the United Australia Party candidate for the safe Victorian seat of Fawkner. Holt served briefly in the Menzies and Fadden ministries of 1939–41, and came back into government as a senior minister after the Coalition won the 1949 election. In 1956 he was narrowly elected deputy leader of the Liberal Party and was appointed Treasurer upon Fadden's retirement at the 1958 elections. Holt's seemingly uninterrupted rise to the top stalled briefly when the Menzies Government almost lost office in 1961, following the credit squeeze of the previous year. Blamed for adhering to the Treasury line, Holt had to endure speculation that John McEwen, the Leader of the Country Party, might eventually succeed Menzies. But his stocks rose again as the economy recovered in 1962–63 and when some senior Liberals made it clear they would not accept Country Party leadership. So in January 1966, in the absence of any rivals, Holt did not have to step over any 'dead bodies' in order to succeed Menzies.

The 17th Prime Minister of Australia took office on Australia Day. A reputedly hard working and experienced politician, and a decent man of presumed integrity, Holt was respected and liked on both sides of politics. But for all his admirable personal qualities, a number of Liberals were apprehensive. How would he perform now that Menzies' protective shadow had been removed? Was there sufficient toughness behind the affability? Menzies, for one, might have pronounced the country to be in good hands, but he had some private doubts about 'Young Harold' and his capacity for the top job. The Federal President and the Immediate Past President of the Liberal Party had so little confidence in the succession at the end of 1965 that they wanted Menzies, then aged 71, to stay on and fight the 1966 election.<sup>12</sup> Other Liberals viewed Harold's feisty wife, Zara, as a liability, and were neither surprised nor disturbed by reports of her handsome and physically fit husband straying in the direction of other women. Nor were they bothered about the gossip concerning the parentage of two of Zara's three sons born during her

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<sup>12</sup> 'Jock' Pagan and Sir Philip McBride to Menzies, 6 Dec. 1965, Menzies Papers, NLA, MS 4936, 14/411/15.

previous marriage. The important point was that Zara's three boys had taken Holt's surname, and had married attractive and stylish young women. They, in turn, enhanced Holt's own image as a 'with it' Prime Minister, especially after he was famously photographed wearing a wet suit and standing beside his bikini-clad step daughters-in-law. So, despite any reservations about his capacity, Holt began his prime ministership with much to recommend him in an election year. Even if his outlook was conditioned by the Depression of the 1930s, and by the war and immediate post-war years, the Liberals had secured the best of both worlds. They now had a leader whose image suited the mid-1960s and who possessed the experience and steadiness acquired during three decades in politics.

The Coalition Government was also in fair shape. Although, as a result of a half-Senate election in 1964, it had lost control of the Senate, it did have a comfortable majority of more than 20 in the House of Representatives. A clear majority of Australians had approved the re-introduction of limited conscription in 1964 and the decision in 1965 to send a battalion to South Vietnam. Notwithstanding the effects of yet another drought, the economy was booming again, overseas capital was readily available, and real wages were rising. Government concerns about inflation, union wage demands, balance of payments deficits, and fluctuating rural incomes were more than offset by the knowledge that most Australians were enjoying an unprecedented standard of living. On the other side of politics, Labor looked to be in a wretched condition. Arthur Calwell nearly became Prime Minister in 1961 but by January 1966 the Labor leader looked and sounded like a man passed over by time. He led a party divided on issues ranging from state aid to independent schools to the need for internal structural reform and the cessation of unity tickets between Communists and Labor Party members in trade union elections. Moreover, Calwell's relations with his deputy, Gough Whitlam, were distant and often hostile.<sup>13</sup>

Holt had a good first year as Prime Minister, culminating in the Government's record majority of 39 following elections for the House of Representatives in November 1966. This result temporarily silenced the doubters. Holt had campaigned vigorously in defence of the Vietnam commitment and, in consolidating marginal Liberal seats and winning nine additional ones, endeared himself to the party hierarchy and to the federal backbench. Yet, within months of the election, the Government was clearly in trouble on several fronts. Gough Whitlam replaced Calwell as the Leader of the Opposition in February 1967, and soon established an ascendancy over Holt in the House of Representatives. There was no evident progress towards victory in Vietnam, the Prime Minister was obliged by his own backbench to establish a second Royal Commission into the sinking of HMAS *Voyager* in 1964, and the escalating costs and the delays in delivery of the F-111 aircraft ordered in 1963 were becoming an embarrassment. Despite Labor's support, the Government lost one of two referenda in May 1967

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<sup>13</sup> For this material on the Labor Party, see Ross McMullin, *The Light on the Hill: the Australian Labor Party 1891–1991*, OUP, paperback edition, 1992, p. 309ff.



and, more seriously, two by-elections during that year, one of them for a seat held by the Liberal Party since 1949.

There were two particular problems that Holt did not handle well. One involved the two most senior members of the Government next to the Prime Minister. William ('Bill' or 'Billy') McMahon, the Deputy Leader of the Liberal Party and the Treasurer, and McEwen, in his capacity as Minister for Trade and Industry, were fundamentally divided over tariff policy and plans for raising overseas capital, and took opposite views in November–December 1967 about the valuation of the Australian dollar following a devaluation of sterling. McEwen was convinced, on very good evidence, that McMahon was undermining him (just as the Treasurer was simultaneously undermining Harold Holt). A frustrated Holt seemed unable to placate McEwen or to control McMahon. At his wit's end, he eventually agreed early in December 1967 to accept an earlier offer by Lord Casey, the Governor-General since 1965 and a former Minister for External Affairs, to intervene and speak directly to McMahon.<sup>14</sup>

The Senate constituted the other problem.<sup>15</sup> The half-Senate elections of 1961 and 1964 had left the Government with 30 of the 60 seats. If Labor forced a division, the Government needed the support of the two DLP senators or the Tasmanian Independent, Dr Reginald ('Spot') Turnbull, for its legislation to pass. After 1 July 1965 it could generally rely on the DLP's Vince Gair and Frank McManus whose animosity towards Labor since the split of 1955–57 had not abated. Unfortunately for the Government, the deaths of two Western Australian Liberal senators meant that, under the provisions of the Constitution, both their replacements had to face the poll which was held in conjunction with the November 1966 House elections, thus enabling Labor, under the system of proportional representation, to secure one of the two seats. Reduced to 29 senators, the Government had suffered a further blow when one of its own, Senator Clive Hannaford of South Australia, resigned from the Liberal Party on 21 February 1967 over his opposition to the Vietnam war. Admittedly, Hannaford said he would vote with the Government on every other issue, and generally did so. There were, in addition, two Liberal senators who had the irritating habit of finding issues of principle to justify crossing the floor. Senators Reg Wright of Tasmania and Ian Wood of Queensland had become loose cannons on the back bench, and it was generally agreed that the Government Leader, Senator Denham Henty, also from Tasmania, was proving ineffective in disciplining them.<sup>16</sup> Holt finally acted. On 16 October, just as the VIP affair was

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<sup>14</sup> A brief summary of this episode can be found in Ian Hancock, *John Gorton: He Did It His Way*, Hodder Headline (Aus.), Sydney, 2002, pp. 136–37.

<sup>15</sup> Malcolm Mackerras has published a detailed analysis of voting in the Senate in *The Australian Senate 1965–1967: Who Held Control?*, Monograph No. 9, Australian Political Studies Association, Sydney, 1968.

<sup>16</sup> For an example of how irritating Wright could be in asserting his independence, see his exchange of letters with Senator Henty in Mar.–Apr. 1967 over Wright's opposition to the

reaching its climax, he announced Henty's resignation as Leader and the appointment of a Victorian senator, John Gorton, to lead the Government in that chamber.

The fact remains that the Senate was beginning to exercise an unprecedented influence and authority. It did so in spectacular fashion when it took the popular step in May–June 1967 of preventing the Government from raising postal and telephone charges by between 25 and 33.3 per cent, amounting to extra revenue of \$34m in a full year. On 12 May it defeated an attempt to raise the charges when it rejected the second reading of the *Post and Telegraph Rates Bill*. On 19 May, it postponed the second reading of the re-submitted legislation for six months, a procedural device which finally disposes of a bill. The Government then raised the charges during the parliamentary recess by promulgating regulations. Before the Senate rose for the recess, however, Senator Murphy successfully moved for it to be recalled if the President received such a request from an absolute majority of senators. Murphy's objective was to enable the Senate to disallow the regulations. At a special sitting on 20 June, Labor, the DLP and Senator Turnbull combined to do so. As Murphy noted, the decision was an 'historic' one. While this was not the first time the Senate had disallowed regulations, the Government in this instance had acted while knowing it did not have parliamentary approval. The Senate had made its point: it was prepared to exercise its powers and it would not be overridden.<sup>17</sup> And, as the Government discovered when the VIP affair came to a head in October 1967, it would not be treated lightly or ignored.

Throughout the latter part of a very poor year the Prime Minister looked and sounded increasingly flustered and lost some of his customary good-natured equanimity. Unwilling or unable to discipline his two most senior ministers or the whisperers on the Liberals' backbench, Holt might well have leant more heavily on what appeared to be one constant in his official life. He knew he could rely on the loyalty, integrity and expertise of the public service.

In particular, Holt could turn to Jack Bunting. Born in 1918, Bunting graduated in Arts from Melbourne University in 1939 and joined the Department of Trade and Customs the next year. He later served in the Department of Post-War Reconstruction before joining the Prime Minister's Department in 1950. After a stint as the Official Secretary in the Australian High Commissioner's office in London, Bunting returned to the Prime Minister's Department in 1955 as Deputy Secretary. In 1959 he became its permanent head. He was proud of his role as a 'traditional' public servant who provided his political masters with expert advice and policy support. Bunting held Menzies in the highest regard because the 'Old Man' respected and relied upon the public service. He especially admired Menzies for his habit of urging new cabinets and new ministers to look to their officials for

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Government's decision to reject Labor's proposal for a select committee on repatriation. Holt Papers, NAA: M2684/130.

<sup>17</sup> For the debates in the Senate, see *CPD*, Senate (Sen.), vol. 34, pp. 1360–3, 1494–1543, 1810–31, 1894–8, 1907–67.

advice, and never to act without taking that advice into account. Menzies, too, saw much to admire. He once described Bunting as ‘the Prince of Civil Servants’, someone who was ‘widely respected all round’.<sup>18</sup> And Bunting belonged to that distinguished body of senior public servants whom Menzies called ‘the boys’, those who became his companions as well as advisers.<sup>19</sup>

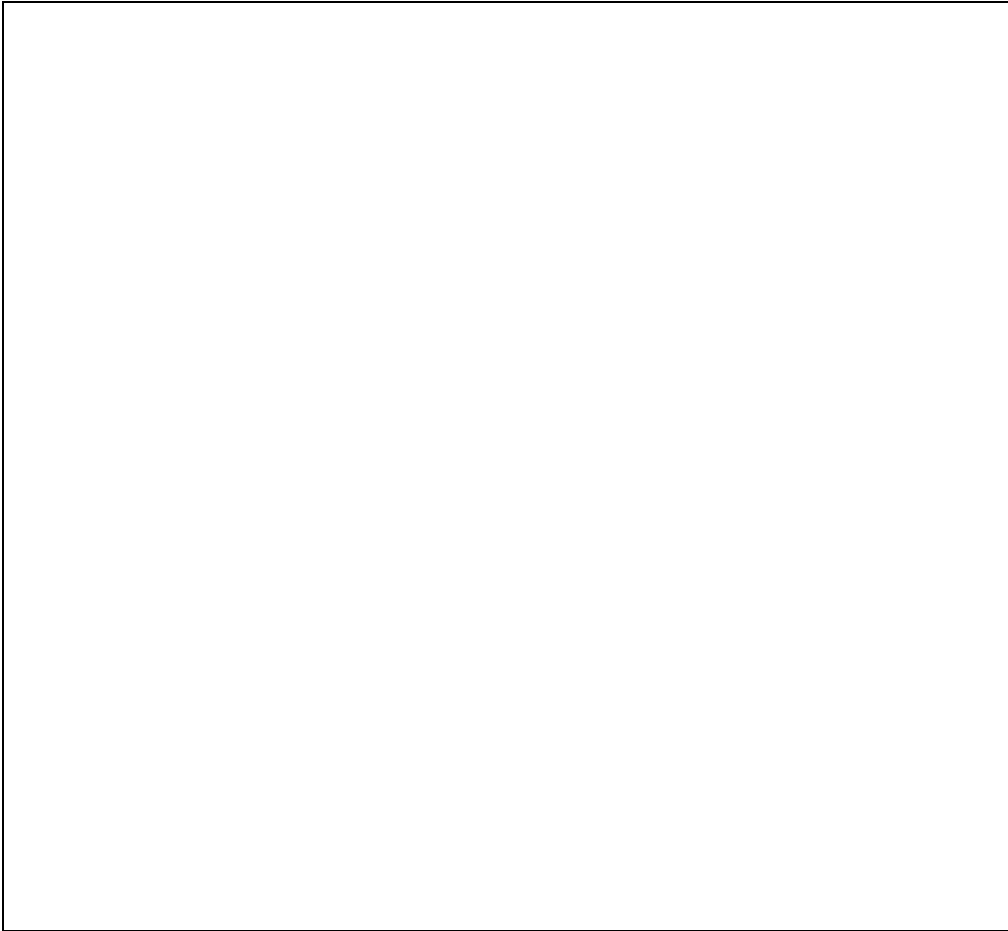


Photo: National Archives of Australia

### **Sir John Bunting, Secretary, Prime Minister’s Department, 1959–68**

Described by Sir Robert Menzies as the ‘Prince of Civil Servants’, Bunting left Holt precariously exposed in his handling of the VIP affair.

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<sup>18</sup> Menzies to McMahon, 11 Mar. and McMahon to Menzies, 23 Mar. 1971, Menzies Papers, NLA, MS 4936/1/22/185.

<sup>19</sup> Sir John Bunting, *R. G. Menzies: A Portrait*, Allen & Unwin, Sydney, 1988, ch. 6.



Holt felt he could trust Bunting's judgment and efficiency. Whether he was aware of Bunting's assessment of himself is another matter. While describing Holt as 'first and foremost, a most personable, amiable person', and 'an accomplished Parliamentarian' who 'could make the right speech at the right time', Bunting saw him as possessing 'a public relations outlook, even an advertising outlook', and as being 'a management man' who 'was interested in show' and who 'looked for the show of results rather than the results'. Holt was pleasant enough to work with but he did not have 'the public service mind': that is, his mind wandered and was 'inordinately . . . wrapped up . . . in newspapers, public opinion.' It was difficult to secure his concentration on the issue at hand and, unlike Bunting's relationship with Menzies, there was 'no meeting of minds'. Bunting even cast doubts on Holt's reputation as a hard worker, claiming that he might start early in the day and work late at night but was apt to 'slow his pace' during the day.<sup>20</sup>

Yet, even if this assessment of Holt, delivered in 1983, held true of the years 1966–67, there was no reason for Bunting to be any the less professional in his approach to advising the Prime Minister. Indeed, there was probably more reason to be alert in protecting him. One of his responsibilities, as Robert Hyslop observed of departmental secretaries, was to 'make sure ministers do not make fools of themselves; that they do not say in a parliamentary answer . . . something they will be sorry for later; that they do not go out on a limb liable to be cut off'.<sup>21</sup> In this respect, in his handling of the VIP affair, Bunting left Holt precariously exposed.

Four other senior public servants are important to this story. Peter Lawler, the Deputy Secretary of the Prime Minister's Department, first joined the Department in 1949. A Catholic with open Labor Party affiliations, Lawler was an experienced and shrewd public servant who successfully protected his back at a critical stage during the VIP affair, thereby escaping the odium which descended on Bunting. Geoffrey Yeend, another career public servant, was a First Assistant Secretary in the Department from 1966 to 1972. He had previously served as Private Secretary to Menzies from 1952 to 1955 and as Assistant Secretary in the Australian High Commission in London, 1959–60. Although Yeend was much more involved in the matter than Lawler he, too, managed to avoid any reprisals. Peter Bailey, First Assistant Secretary, Prime Minister's Department, was attached to the Prime Minister's office and, in a sense, was responsible to two masters in Bunting and Holt. Son of Sir Kenneth Bailey, the former Commonwealth Solicitor-General and, in 1967, the Australian High Commissioner to Canada, Peter Bailey had attended Wesley College (Harold Holt's old school) in Melbourne. A graduate of Melbourne and Oxford Universities, and a Rhodes Scholar, he moved to the Prime Minister's

<sup>20</sup> Interview 1983 (Ian Hamilton): NLA, Oral TRC 1428, 1/7/99-102. For a similar critical view of Holt, see Paul Hasluck, *The Chance of Politics*, Text Publishing, Melb., 1997, esp. p. 125.

<sup>21</sup> Robert Hyslop, *Australian Mandarins: Perceptions of the Role of Departmental Secretaries*, AGPS Press, Canberra 1993, pp. 14–15.

Department in 1965 after nearly two decades in the Treasury and, in 1967, was attached to Holt's office. He would become a short-term casualty of the VIP affair.

The fourth public servant was 'Tich' McFarlane, Secretary to the Department of Air since 1956. Educated at Scotch College, Melbourne, and at the University of Melbourne where he took a Law degree, McFarlane had joined the RAAF as a cadet in May 1937 and was commissioned as a Pilot Officer later that year. He commanded No. 2 (Hudson) Squadron during the Second World War and was awarded the Distinguished Flying Cross after leading his squadron against Japanese shipping and airstrips. He retired from the RAAF with the rank of Group Captain and joined the Department of Civil Aviation in 1948 before taking up his appointment with the Department of Air. Slight, dapper, and incisive, with a liking for fast cars, McFarlane thought that Peter Howson, his Minister, was 'alright' but 'not my cup of tea'.<sup>22</sup> Upright and a public servant of unimpeachable integrity, McFarlane came through the VIP affair with his reputation enhanced.

Peter Howson is the other major character in this story. Born in England in 1919, he was the son of an engineer, Major George Howson, MC. His mother, Jessie Gibson, drew a significant income from her father's holding in the Melbourne-based retailing and woollen-manufacturing firm of Foy and Gibson. The young Howson attended Stowe School, visited Australia with his mother in 1937 and went up to Trinity College, Cambridge. The Second World War interrupted his studies and, while serving with the Royal Navy's Fleet Air Arm, he was shot down by German aircraft off Malta in January 1942 and left with facial scars which gave him 'a somewhat piratical appearance'.<sup>23</sup> After completing his degree, and transferring his specialist interests from science to economics, Howson re-visited Australia and took a packing job in the family firm. Returning briefly to England in 1948, he decided to call Melbourne home and worked his way up in Foy and Gibson to reach the board. He joined the Liberal Party, stood for the federal suburban seat of Fawkner in 1951 and 1954 and, helped by Anti-Communist Labor Party preferences, won it in the general election of 1955. Fawkner adjoined Holt's own seat of Higgins, to which Holt had moved in 1949. Over time, the two men became associates and good friends. After a term as Government Whip, Howson was appointed Minister for Air in the Menzies Government in June 1964 (but without a seat in Cabinet). In December 1966 Holt added to his responsibilities by appointing him Minister assisting the Treasurer (Bill McMahon), so formalising an association which was to flourish in later years.

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<sup>22</sup> Interview: McFarlane, 7 Sep. 2000.

<sup>23</sup> This description was used by Don Aitkin, who edited Howson's diaries for publication. *Diaries*, p. 3.

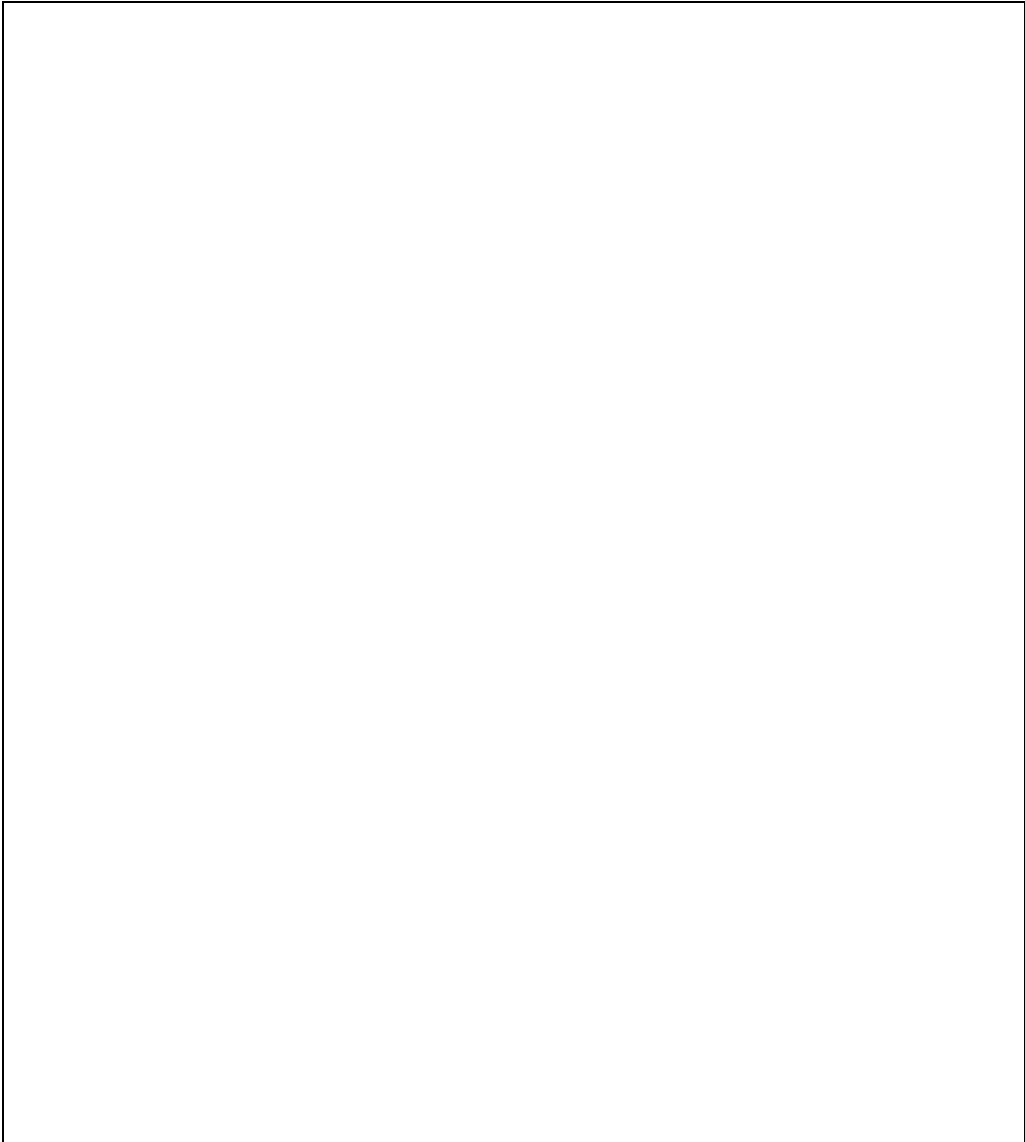


Photo: *Canberra Times*

**A. B. 'Tich' McFarlane, Secretary, Department of Air, 1956–68**

Slight, dapper and incisive, with a liking for fast cars, McFarlane came through the VIP affair with his reputation enhanced. He felt frustrated because Howson and Holt had effectively blocked him from correcting longstanding errors.

Gorton regarded McFarlane as the one public servant to emerge heroically from the VIP affair.

### 3 *Weaving a tangled web*

#### **The VIP fleet**

In 1953 the Government acquired a small VIP fleet to provide a convenient and comfortable alternative to commercial aircraft for distinguished visitors, the Governor-General and the Prime Minister, ministers and their officials and for the Leader of the Opposition. There were few rules or guidelines covering usage. Members of the Royal Family, the Governor-General and the Prime Minister could order VIP flights on their own behalf. The Minister for Air, a very junior figure in the Government, had the authority to approve all other applications (amounting to about 70 per cent of requests in 1966–67), while the Prime Minister would adjudicate where there was a dispute, or where the Minister asked for his intervention. Practice established its own precedents but several ‘grey’ areas remained, most notably concerning precisely who could and should be on board. Was it essential for the VIP who applied for the flight to be a passenger? Were relatives and friends entitled to accompany a VIP? If an otherwise empty VIP aircraft were ‘positioning’ itself to collect a VIP at Essendon airport in Melbourne, was it reasonable for a member of his staff or family to ‘hitch’ a ride from Canberra?

Questions about usage became more frequent after the Menzies Government decided in November 1965 to re-equip and upgrade No. 34 Squadron.<sup>24</sup> At the time the fleet consisted of two Viscounts, two Convair Metropolitans and five Dakotas. While retaining the Viscounts, the Government resolved to replace the other aircraft with three Mystere 20s and two Hawker Siddeley 748s and to place orders for two BAC111s. The Mystere was selected for the majority of those operations which involved the fast carriage of small numbers over main routes, while the 748 was considered more suitable for airfields which were limited in length and where a turbo-propeller engine with a better take-off and landing performance was required. The British aircraft, the BAC111, was chosen for its capacity to fly non-stop to any part of mainland Australia and it could also be used to fly to neighbouring countries.

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<sup>24</sup> NAA: C6.



In making this particular choice the Government rejected the DC9, an American aircraft, which was preferred by the commercial airlines.

When Howson announced in December 1965 that the estimated cost of all these purchases would be \$11.4m he did not include an allowance for such items as replacement parts and servicing. He thus placed the Government in the embarrassing position of having to explain what, in 1967, appeared to be a massive escalation in costs when the Auditor-General found that the total charge for the new purchases amounted to \$21.6m. If Howson had provided a full statement of the projected costs in December 1965 he might have deflected some of the later criticism. Nevertheless, the critics would still have had a field day querying the capital costs. They could also question the wisdom of buying the BAC111s which Gough Whitlam described as 'two orphan aircraft' needing more costly spares than the larger number of DC9s of the commercial fleet.<sup>25</sup> What especially irked the critics was that, while the Government could not hide the capital costs of the new aircraft, it could and did conceal the running costs of No. 34 Squadron by lumping them into the Defence Vote. It was impossible, Holt claimed in March 1967, to determine a precise costing of the VIP fleet because No. 34 Squadron was also engaged in defence training and exercises for the RAAF. Moreover, it would be an accountancy nightmare to separate charges incurred by the different departments whose ministers might travel on the same flight. No one who knew what was possible, and least of all the Department of Air, accepted Holt's contention.

### **Making a 'mistake' and not correcting it**

Although many questions could be asked about the VIP fleet, Harold Holt was reluctant to answer any of them. He feared that public opinion, primed by prejudiced journalists and by envious politicians who did not qualify for VIP flights, would come to regard a necessary means of transport as an expensive and abused luxury.<sup>26</sup> He was unhappy when Bill Wentworth, a Liberal backbencher with the habits of a gadfly, began sniffing about. Holt told Howson on 17 March 1966 that it was not the Government's practice to reveal details of VIP flights. To keep everything under control, Holt explained to Howson his intention to deal with all questions relating to the VIP fleet. The Prime Minister and his Department would be responsible for the final answers to be inserted in *Hansard* (Commonwealth Parliamentary Debates). Howson and the Department of Air were merely required to supply the necessary details.<sup>27</sup>

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<sup>25</sup> 24 Oct. 1967, *Commonwealth Parliamentary Debates* (CPD), House of Representatives (H/R), vol. 57, p. 2153.

<sup>26</sup> Holt would also have had clear memories of the press and public outcries which followed earlier attempts to raise parliamentary salaries.

<sup>27</sup> *Diaries*, p. 934.

At first, there were no dramas, and the Government had no reason for concern. Indeed, the VIP affair actually began as an attempt by the DLP to embarrass the Labor Party, and by a Labor front bencher determined to annoy Arthur Calwell.

On 20 November 1965 Calwell, as Leader of the Opposition, was due to address a Labor Party State Conference in Perth. He had approached Menzies informally for permission to use a VIP aircraft because the House of Representatives had been suddenly called to sit on a Friday and no scheduled commercial flight could meet his timetable. Without hesitation, Menzies agreed to Calwell's request. Two Labor Party officials joined Calwell on the flight: Cyril Wyndham, the Federal Secretary, and Bill Hartley, the hard-left State Secretary of the Victorian branch. When Senator Gair of the DLP learnt of the passenger list he sought, on 10 December 1965, to place a question on notice asking whether any ALP officials had accompanied Calwell to the Perth meeting. As the parliamentary session was about to end, the question did not appear on the Notice Paper until 8 March of the following year, the first day of the new session.

Peter Howson, as Minister for Air, received a copy of the Gair question soon after it was placed on the Notice Paper. He delivered a response to the Prime Minister's Department on 15 March stating that the passengers carried on the aircraft 'were the Leader of the Opposition, members of his family and his staff'.<sup>28</sup> Howson had obtained this information directly from Calwell's office: there was, he said later, no official manifest. Even so, Howson would have known that Hartley and Wyndham were party officials and were not formally members of Calwell's staff. In those circumstances, his draft answer was misleading.

Bunting discussed the reply with Howson on 28 March, when the Secretary to the Prime Minister's Department agreed that the answer should 'proceed'. In the meantime, Fred Daly, a Labor Party front bench MHR from NSW, had prepared more searching questions. Daly was currently in dispute with Calwell and, on 31 March, he placed the following questions on the House of Representatives Notice Paper:

1. Does the Government maintain a special aircraft for the use of the Prime Minister and V.I.P.s?
2. If so, what V.I.P.s other than the Prime Minister used this aircraft during the past twelve months?

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<sup>28</sup> NAA: A1209, 67/7875.

3. In respect of each such flight during this period, what was the (a) name of the V.I.P. who used the aircraft, (b) name of any other passenger, (c) destination, (d) cost and (e) purpose?<sup>29</sup>

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<sup>29</sup> For the question and Holt's eventual answer, see *CPD*, H/R, vol. 51, p. 1913. Reprinted p. 4 above.

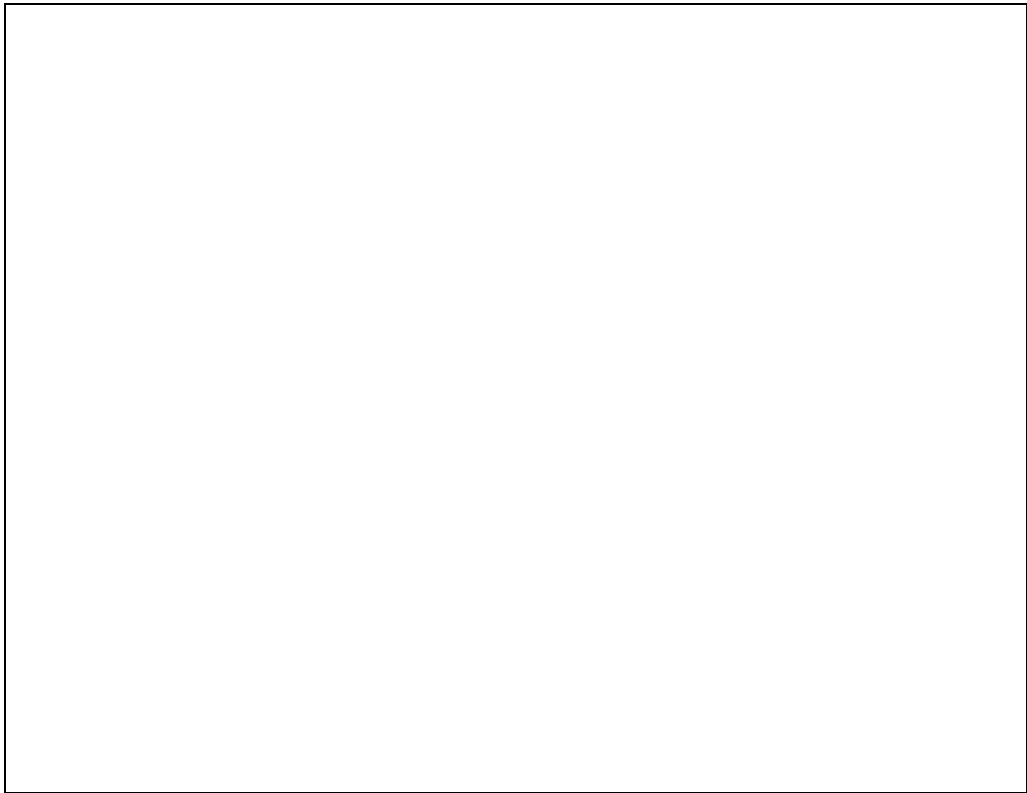


Photo: *Canberra Times*

### **Peter Howson, Minister for Air, 1964–68**

Though Howson delivered a forceful and seemingly convincing defence of his actions, it was his misguided sense of loyalty that exposed Holt to the most damaging of accusations; that is, of lying to Parliament.

The third question was clearly the most important. To respond, Howson consulted his personal staff, who included his RAAF liaison officer, Squadron Leader John MacNeil. He was told, so he claimed, of the existence of passenger manifests which, once flights were completed, were no longer needed and were retained ‘for only a few weeks’. On the basis of this briefing, Howson told the House of Representatives on 8 November 1967<sup>30</sup> that he sent the following draft answer to the Prime Minister’s Department. In reply to questions 3(a) and 3(b), it read:

Passengers’ names are recorded only so that aircraft may be safely and properly loaded. After a flight is completed the list of names is of no value and is not retained for long. The answers to these questions are thus not available.

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<sup>30</sup> *CPD*, H/R, vol. 57, pp. 2775–6.

Howson said in his Boobooks speech that this draft answer ‘went into’ the Department of Air ‘and came back with the notation “OK”‘.

Howson later maintained that this answer ‘was carefully worded and was completely truthful’. In fact, this draft answer was also inaccurate. Howson may have been ‘completely truthful’ in the sense that he believed *at the time* what he had allegedly been told by his personal staff. Curiously, Howson was still asserting that his answer was ‘completely truthful’ long after it was public knowledge that the passenger manifests were retained. Why he persisted with this fiction remains a mystery.<sup>31</sup>

Howson’s draft answer to the Daly questions was sent to the Prime Minister’s Department. Surprised by Holt’s ‘nonchalant’ approach to the whole matter, Howson was not aware that Calwell and Daly had become friends again, and that Calwell had told the Prime Minister not to worry too much about how the question was handled. Howson was also unaware that Peter Bailey in the Prime Minister’s Department had altered Howson’s draft answer by inserting a sentence, in the absence of any offering from the Minister for Air, in order to reply to Daly’s question 3(c) in relation to destinations. Bailey is convinced that, in making his insertion, he would have asked more junior officials in the Prime Minister’s Department to check the proposed answer with the Department of Air.<sup>32</sup> The outcome was that, whereas Howson’s answer said ‘the Squadron visited many airfields throughout Australia and a precise list would not be readily available’, the amended draft now read (with the addition represented in italics):

Passengers’ names are recorded only so that aircraft may be safely and properly loaded. After a flight is completed the list of names is of no value and is not retained for long. *For similar reasons, no records are kept of the places to which craft in the VIP flight have taken VIP passengers.* The answers to these questions are thus not available.

The change was also made in accordance with ‘the functions and drafting discretions’ followed by the Prime Minister’s Department.<sup>33</sup> To maintain consistency, the Department revised Howson’s draft answer to the Gair question by omitting the reference to the flight to Perth ‘carrying the Leader of the Opposition, members of his family and his staff’. Instead, the following words were substituted: ‘Particulars of passengers carried are not available’.

Holt approved the replies to both the Gair and Daly questions on 12 May. Bunting showed Howson the answers on the following evening. Howson later recorded his ‘tremendous shock’ to discover ‘significant differences’ from the original (though the shock was not great enough to merit a mention in his diary). His ‘completely truthful’ replies had been converted into an ‘untruthful answer’. Howson felt,

<sup>31</sup> Boobooks speech, *Diaries*, p. 935.

<sup>32</sup> Interview: Bailey, 13 May 2003.

<sup>33</sup> Bunting, Note 1 to Holt, 30 Oct. 1967, NAA: A1209, 67/7875.

however, that there was nothing he could do at this point. The revised version had been printed and lodged with *Hansard*, Holt was about to travel abroad, and the House had risen.<sup>34</sup>

One alert journalist picked up Holt's reply and started a campaign over the whole issue of VIP flights. E. H. Cox, the Canberra correspondent for the Melbourne *Herald*, published a piece on 21 May. He reported Holt's answers to Daly's questions 3(a), (b) and (c) but was more interested in the response to 3(d) relating to costs. The answer read:

The cost of operations by No. 34 Squadron is inextricably included in the overall costs of running RAAF Base Fairbairn (which has several other units) and of maintaining the RAAF as a whole. The cost of individual flights cannot therefore be given.

This answer had been prepared exclusively within the Prime Minister's Department and in direct response to Holt's wishes not to reveal the operating costs of VIP flights. The answer did not convince Cox. He wondered whether the 'systematic destruction' of records was designed 'to cover up the costs, use and possible misuse of the VIP planes'. If 'concealment' was the intention, 'no more perfect smoke screen could have been put up'. Cox made the further point that the fleet was about to be expanded and that it would be used 'freely' by ministers and others, so the costs were bound to be 'formidable'.

Cox also wondered why the matter had not attracted the attention of the Audit Office or the parliamentary Joint Committee of Public Accounts. He did not know that Richard Cleaver, the Chairman of the Public Accounts Committee, had written to Holt on 12 April 1966 pointing out that the Government could expect an inquiry soon about the purchase of new aircraft for the VIP fleet. Cleaver, who had held a marginal Perth seat for the Liberal Party since 1955, possessed a more acute sense of the political implications of silence than either Holt or Howson. Because the Prime Minister was abroad, Bunting passed the letter to the Minister for Air, who urged a 'firm refusal'. According to Howson, the Committee should be looking at the Commonwealth's receipts and expenditure, and should not be examining estimates or criticising government policy. Holt endorsed Howson's position in a letter to Cleaver on 16 May.<sup>35</sup> The Prime Minister assumed — wrongly — that the inquisitive and meddlesome could be kept at bay simply by corralling No. 34 Squadron.

Howson did have one concern: the amended answers given to Daly and Gair. 'At a reasonably early opportunity', he discussed the matter with McFarlane whom, he claimed, informed him that public service 'regulations' (the Secretary probably

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<sup>34</sup> Boobooks speech, *Diaries*, p. 935. For the full response to Daly's questions given on 13 May 1966, see *CPD*, H/R, vol. 51, p. 1913. For the answers to Gair, see *CPD*, Sen. vol. 31, p. 1109. Reprinted above, pp. 4–5.

<sup>35</sup> Use of VIP Aircraft — Policy, NAA: 65/6200/1.

meant 'practice') required the Department which made the mistake to correct the error. But McFarlane also recalled telling Howson that his own draft answers were not 'completely truthful', that the records were maintained and, though incomplete, were available.<sup>36</sup> In the meantime, Wing Commander W. Addison, the officer commanding No. 34 Squadron, who eventually became Holt's personal pilot, reportedly expressed his unhappiness about Holt's answer to the Gair-Daly questions. The RAAF thought it unfair to say that records were not kept of VIP flights. Addison also made some suggestions about how to handle questions relating to the cost of the VIP fleet. One possible approach might be to say that the Squadron was expected to fly a certain number of hours in a given period. If they were not flying VIPs, they would be on training flights. Given that the planes would be in the air, the cost of using them to fly VIPs would be only marginally greater. Peter Bailey suggested in a note to Bunting that Addison's comment about training flights 'may be worth using . . . as an additional rather than a "corrective" point, in some future answer on VIP flights'.<sup>37</sup> He made no comment on Addison's remark about keeping records.

Bunting was abroad with Harold Holt when Addison's comments reached the Prime Minister's Department. Unlike Bailey, Peter Lawler, the Acting Secretary, recognised the significance of the first part of the Addison comment. On 5 July he made a note for file, 'to cover my back'. Concerned about the replies to the Gair-Daly questions, he had asked another official of the Prime Minister's Department to make further inquiries. Lawler wanted to know 'the factual position' so he could guide members of the Department who might have to return to these matters at a later date. He was also considering whether Holt should be warned that one answer was, in part, inaccurate, just in case he wanted to use it in answering further questions. While Lawler 'had no intention of stirring the matter up', he learnt, after taking a telephone call from McFarlane, that records did exist, although it would take 'a substantial research exercise' to locate them all. Armed with this information, Lawler resolved to contact both Holt and Bunting on their return to Australia to ascertain if they knew of the inaccuracy in case the Prime Minister should become involved.<sup>38</sup>

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<sup>36</sup> Boobooks speech, *Diaries*, p. 935; interview: McFarlane, 7 Sep. 2000. Unfortunately, McFarlane's death prevented follow-up questions to clarify just which records he meant. But, given the knowledge he would have had as a long-serving Secretary of the Department of Air, he probably meant both the flight authorisation books and the passenger manifests. Nor was there an opportunity to determine whether McFarlane himself actually saw Howson's original draft answer.

<sup>37</sup> B. Cox, Note for File, 14 June 1966, A1209, 67/7875. Cox was reporting a conversation that had taken place between Addison and another person on 9 June. See the additional comments on this note by Bailey and Lawler.

<sup>38</sup> Interview: Lawler, 13 July 2000. There is a copy of Lawler's note in NAA: A1209, 67/7875.

So who, by the middle of the year, knew what? Bunting later recalled Lawler telling him ‘in the second half of last year (1966)’, on advice from McFarlane, that records did exist.<sup>39</sup> But Howson had said they did not, so Bunting ignored this advice. The January 1968 report explained that, while Bunting knew of the Lawler-McFarlane conversation, he chose not to act — for three reasons: McFarlane had said the passenger records were not accurate; Bunting understood them to be ‘sketchy’, and McFarlane had not disagreed with that view; and Bunting did not think it was a case requiring the retention of records for a period of time. For his part, Howson, who said records were not retained for long, knew in mid-1966 that some records existed but did not directly tell Holt. Rather, he felt that McFarlane’s conversation with Lawler had satisfied ‘regulations’: ‘we left it to the PM’s Department to tidy up the matter. From there the matter rested for another nine months.’<sup>40</sup> So, in one instance, responsibility was shed; in another, it was not assumed. The choice, however, was clear: either admit an error in answering the Gair–Daly questions, or find a way of re-interpreting those answers. No one, it seems, contemplated taking the first option. Instead, the line eventually adopted was that any records that did exist were incomplete and unreliable.

### **On the defensive**

If there were no real concern about the retention of records, it was at least recognised that the Government needed to determine who was entitled to use VIP flights. At Howson’s urging, Cabinet agreed on 29 March 1966 to draw up ‘guiding rules’, partly because there were more applications than the Squadron could deal with, and partly to provide guidelines for the Minister for Air and for other ministers. Howson discussed the matter with Holt on the following day and, subsequently, produced one-and-a-half pages of ‘rules’. Basically, the ‘rules’ codified the existing conventions. Those persons entitled to use aircraft of No. 34 Squadron were listed as members of the Royal Family, the Governor-General, the Prime Minister, other federal ministers (Cabinet ministers having preference), the Leader of the Opposition, the Chiefs of Staff, persons of similar status visiting Australia, and persons of ‘like importance’ whom the Commonwealth Government considered had a need to use a VIP aircraft. Passengers on each flight would ‘normally’ be limited to the VIP’s wife, his personal staff and officials of his department and, in the case of foreign dignitaries, to the senior officers of their diplomatic mission. All requests for aircraft, other than those on behalf of members of the Royal Family, the Governor-General and the Prime Minister, should be made in the first instance to the Minister for Air. The Minister would then consider these requests on the basis of the availability of aircraft, the availability of alternative means of transport, the importance and necessity of the flight requested, and the status of the applicant. Should the Minister for Air consider that a person needed to

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<sup>39</sup> Bunting, Note 5, 8 Nov. 1967, NAA: A1209, 67/7875.

<sup>40</sup> Boobooks speech, *Diaries*, p. 935.



use a VIP aircraft, but was not normally entitled to do so, he would seek the opinion of the Prime Minister.

Bunting passed Howson's draft to Holt, adding his own view that the rules were 'sufficiently flexible' and should be accepted 'for consideration'. Nevertheless, Bunting was concerned about a certain looseness relating to 'entitlement'. He thought that, aside from members of the Royal Family, the Governor-General, the Prime Minister, 'very senior Ministers' and 'certain government guests', the 'regular arrangement should be that commercial airlines should be used'. VIP flights ought to be limited to 'special circumstances' and to situations where commercial airlines were 'inappropriate or inadequate'.<sup>41</sup>

Bunting's advice looked to be sound and, although Howson's draft rules did not cover the matter of positioning flights, they appeared to close off the political traps. Perhaps because he had succumbed to hubris, Harold Holt ignored their suggestions.

He wanted, among other things, to be generous to his predecessor. In late September, Menzies, through his secretary, applied for a VIP aircraft for travel from Melbourne to Sydney where he was to catch a flight to the United States. Holt readily agreed. Such flights could be approved 'from time to time' by treating Menzies' case as 'sui generis'. Besides, as Peter Lawler pointed out, the flight to Sydney was associated with an international trip that was covered by the arrangements and allowances already provided for Sir Robert. Holt did express 'a little anxiety' about the related proposal for Menzies to call at the Fairbairn air base in Canberra because No. 34 Squadron wanted to present him with a log book. It would be 'unwelcome' from the Government's and Menzies' viewpoint if the visit to Canberra became 'a high-powered publicity affair'.<sup>42</sup> In the event, the Menzies trip passed without much notice. One newspaper did, however, wonder why, if the former British Prime Minister, Harold Macmillan, could be seen standing in a queue for a London bus, the former Australian Prime Minister could not have flown on a commercial airline between Melbourne and Sydney.<sup>43</sup>

If Holt had followed Bunting's advice he would have refused Menzies' request. And he would have found it very difficult to include Menzies within Howson's list of entitled persons, if only because of the requirement that the VIP be on 'official business'. Undeterred, Holt allowed a further concession which, coinciding with

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<sup>41</sup> Use of VIP Aircraft – Policy, NAA: 65/6200/1. No formal action appears to have been taken at the time to endorse Howson's 'rules'. On 18 May 1967 Cabinet did return to the question of usage when it had to decide who could accompany Gough Whitlam on a flight to Darwin. It agreed to apply the rules governing a senior minister: that is, the Leader of the Opposition could be accompanied by a local member, though not a senator, to a particular area.

<sup>42</sup> Peter Lawler, Note for File, 23 Sep. 1967, NAA: A 1209/43, 67/7272.

<sup>43</sup> *Sun-Herald*, 2 Oct 1966.

another VIP flight for Menzies, brought him very ‘unwelcome’ publicity. On 25 February 1967 the Melbourne *Herald* published a photograph of Holt and Menzies standing together at Essendon airport with Dame Pattie Menzies and Holt’s three stepsons. The accompanying story reported that the party boarded a VIP Viscount to Canberra where they were to meet Princess Alexandra and the Honourable Angus Ogilvy and to dine at the British High Commissioner’s residence. Three days later the Melbourne *Sun* published a photograph taken at Essendon airport on 27 February depicting the three ‘mini-skirted Holt girls’, accompanied by one of the stepsons, two small children and a nurse. They had all just travelled on a VIP flight from Canberra.

These two photographs, set against the background of an expanded and expensive VIP fleet, stirred the press into aggressive criticism. Led by the Melbourne *Herald*, editorials across the country questioned the use of VIP aircraft to transport those not on official business and demanded to know just how much VIP flights were costing the taxpayer.<sup>44</sup> Holt responded by fusing an expression of outrage with one of hurt. On 6 March he told a press conference in Canberra that he thought ministers should be making more use of No. 34 Squadron. Visitors to Australia, he said, wanted to meet his family whose presence by his side helped him to do his job. As for Menzies: ‘I hope we don’t reach the stage in this country where we begrudge courtesies and amenities to a man who held the office of Prime Minister for double the record term of any Australian Prime Minister. Anything Australia could ever do for Sir Robert Menzies would be little enough . . . I regard Sir Robert as being in a class of his own.’ So far as costs were concerned, ministers needed VIP flights in order to conduct their business. Besides, the arrangements for the VIP fleet in Australia ‘were pretty standard around the world these days’.<sup>45</sup>

Holt also said it was ‘stretching things a bit’ to accuse the Government of trying to conceal the costs in the Defence vote. That was done as a matter of ‘convenience’. There were simply too many accountancy difficulties preventing the allocation of costs between departments. Two days after Holt’s press conference, Peter Howson wrote the following entry in his diary:

I got Mr McFarlane to take out the actual costs as closely as we could so as to give the Prime Minister some idea of what we are really up for and to see whether any alternative suggestion is possible. I think he will realize when he sees the costs that the present policy we are adopting of not segregating costs from the other votes of the RAAF is probably wise.

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<sup>44</sup> For earlier examples of the *Herald*’s criticisms, see the issues of 21 and 23 May 1966. For later comments, see *Age*, *Australian*, *Courier Mail*, *Daily Mirror* and *Sun* (Melb.), 8 Mar. 1967.

<sup>45</sup> For the transcript of Holt’s press conference on 6 March, see Use of VIP Aircraft — Policy, NAA: 65/6200/1.

So, there were no accountancy difficulties, just difficulties with what the accounts would reveal. It was not merely a ‘convenience’ to conceal the costs in the Defence vote.

For its part, the Department of Air confirmed the feasibility of producing separate accounts for the VIP fleet. McFarlane told Bunting that Air could identify individual departmental costs should the government decide to charge for VIP flights. It would simply be a matter of departments making annual appropriations and estimating future travel requirements. Perhaps the Public Accounts Committee and Treasury would doubt the desirability or necessity of departments charging one another.<sup>46</sup> But that was a different issue altogether. Holt had a reason but no excuse for hiding the VIP costs in the Defence vote.

On 8 March Holt answered a question in the House asked by Dan Curtin, the Labor MHR for Kingsford-Smith. The Prime Minister declared that so long as he held the office he would do the job in the way he thought the most effective. He would also consider his own comfort and the comfort of his ministerial colleagues in carrying out their tasks. He would not be discouraged by a press campaign. If the electorate thought he was acting irresponsibly they would know how to take out their displeasure. Holt reiterated the point that many people wished to meet his family whose members gave up time to be with him and ‘frequently’ paid their own way. There were other occasions when it was appropriate for them to enjoy the same travelling arrangements as the Prime Minister when he was on official business for the Commonwealth. So, if Curtin or any others who ‘are so small minded that they take satisfaction from their criticism, they are welcome to it. In the words of my predecessor, my withers are unwrung.’<sup>47</sup>

### **Evasion, prevarication and obfuscation**

This phase of the press campaign soon stalled, although not before the Sydney *Daily Mirror*, on 7 March, suggested setting up ‘H. Holt’s Travel Agency (Book from Here to Anywhere), as an annexe to the Lodge’. So, whereas in March, Bunting was urgently seeking evidence from Australia’s diplomatic representatives of practices in other countries, by May he could feel that ‘all is quiet’.<sup>48</sup> Yet if Bunting felt that the situation was under control, Senator ‘Spot’ Turnbull was determined to pursue matters further. Turnbull, a medical practitioner and a former minister in Tasmanian Labor governments, had been elected an Independent Senator for Tasmania in December 1961 and took his seat in July 1962. Defence was one of his priorities. So was his profession: Turnbull often stood in as a locum for doctors around Canberra. A conscientious senator — for example, he missed

<sup>46</sup> McFarlane to Bunting, 17 Mar. 1967, Gorton Papers.

<sup>47</sup> *CPD*, H/R, vol. 54, 8 Mar. 1967, p. 452.

<sup>48</sup> Bunting to Sir Kenneth Bailey, 26 May 1967, Use of VIP Aircraft — Policy, NAA: 65/6200/1.

just two of the 65 sitting days in 1967, though he absented himself from nearly half the divisions in 1967 — he was not totally ill-disposed towards the Government. But he could, if so minded, be an unrelenting critic.

Turnbull's first major Senate intervention on the subject of the VIP fleet occurred on 20 October 1966 when he spoke during the debate on the budget estimates for the Department of Air. His line was one he would repeat throughout 1967: although no one opposed the existence of a VIP fleet, the public had the right to know how much it cost. It was, therefore, unacceptable to hide the costs within the general estimates for the Department of Defence. Perhaps the Government was embarrassed about something, such as a recent VIP flight taken by a minister and two officials to Tasmania on a large aircraft devoid of other passengers? Anticipating the rejoinder Holt would later use — that it was impossible to break down the charges for VIP flights — Turnbull said that any Treasury officer would be able to do so. The Minister for Repatriation, Senator Colin McKellar (Country Party, NSW), who represented Howson in the Senate, appeared to agree. Although it would take 'considerable trouble', he thought it would be possible to obtain a figure for costs. Harold Holt would not have been happy with this response.

Turnbull returned to the matter on 2 March 1967, following the revelations about the Holt family and Menzies flying on VIP aircraft. Speaking during the Address-in-Reply debate, Turnbull once again attacked the practice of hiding the costs of the VIP fleet in the Defence vote. He also objected to the wasteful use of large VIP aircraft (the Viscounts) when commercial flights were available, and to the Government's failure to produce clear guidelines for usage. On 8 March he asked why, given that charges for use of official cars could be entered against the departments concerned, a similar arrangement could not be made in the case of VIP flights. On the same day, Turnbull placed the following questions on the Notice Paper:

1. How many applications have been received by the Minister for Air for the use of VIP aircraft for the period 1 January to 8 March 1967?
2. For each application — (a) Who were the applicants; (b) At which airport did they embark; (c) What were their ports of call; (d) At which airport was the VIP aircraft stationed at the time of the application; (e) How many passengers were carried; and (f) How many crew members were on each flight?

It should be noted that Turnbull had not asked for the names of the passengers carried on each flight. His questions could be answered, therefore, by recourse to the flight authorisation books alone.

**Senator Reg ‘Spot’ Turnbull,  
Senator for Tasmania, 1962–74**

When the Government failed to answer his questions on notice about VIP flights he concluded it was ‘so ashamed of this business that it just will not answer them’.

Photo: *Canberra Times*

**Richard Cleaver, Chair,  
Public Accounts  
Committee, 1963–69**

As early as April 1966 he proposed an inquiry into the purchase of new aircraft for the VIP fleet. He and ‘many’ of his colleagues were worried about the bad publicity the VIP fleet attracted.

Photo: *Canberra Times*

Failing to receive any response at all, Turnbull proceeded on four more occasions up to 19 May to put virtually the same question on the Notice Paper.<sup>49</sup> On 16 May he complained in the Senate about the Government's delinquency in not replying to his questions, and drew the conclusion that it was 'so ashamed of this business that it just will not answer them'. For good measure, Turnbull returned to his earlier theme of the abuse of the system — including, specifically, Holt's use of the flights to ferry his family between Melbourne and Canberra — and the practice of hiding the costs in the Defence vote. He made the latter point again in a debate on the following day.<sup>50</sup>

What had happened to Senator Turnbull's questions? On 28 March Alan Storr, an Assistant Secretary in the Department of Air, drafted a response which he forwarded to Howson, along with the flight schedules of No. 34 Squadron covering the period 1 January to 8 March 1967. The schedules were assembled from the flight authorisation books and included the name of the relevant VIP(s), the ports of embarkation, and call, and the number of passengers and crew on board for each flight. Howson sent these schedules to Peter Bailey now located in the Prime Minister's office, as well as a draft answer (now missing) to the Turnbull questions. In view of Holt's expressed wish not to reveal details of VIP flights, Howson felt he needed the Prime Minister's approval before publishing the schedules. Hence, he instructed his private secretary, Dick Fenton, to consult Bailey.<sup>51</sup>

Bailey, in turn, sent a minute to Holt on 26 April. He picked up a point already made by Storr who reported that RAAF Fairbairn saw no reason to register the Holt family's Canberra–Melbourne trip of 27 February as constituting a VIP flight. Howson had nonetheless retained it in the schedules, as well as the controversial Menzies flight and another by the Governor-General's domestic staff from Canberra to Sydney. Bailey advised Holt to delete all this travel from any published schedules. They were not, he wrote, VIP flights, because there was no VIP listed under the heading 'VIP carried'. Deleting these flights would ensure that 'the record remains absolutely straight'.<sup>52</sup>

Bailey's minute reached Bunting but the January 1968 report found nothing in the files to indicate what happened from this point. 'Indeed, to judge from the file, no further action was taken until some months later.'<sup>53</sup> Meanwhile, Storr provided

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<sup>49</sup> For easy access to all of Turnbull's questions on notice, see *CPD*, Sen. vol. 36, pp. 1626–7 (see pp. 32–34 below).

<sup>50</sup> For Turnbull's questions without notice and statements in the Senate to this point see *CPD*, Sen. vol. 32, pp. 1295–6, 1299; vol. 33, pp. 259–62, 320; vol. 34, pp. 1594–5, 1625.

<sup>51</sup> Background Notes for Advice to the Prime Minister on the subject of passenger manifests, nd, NAA: A1209, 67/7875.

<sup>52</sup> Prime Minister's File, 67/7737, January 1968 report, NAA: A1209, 67/7875, and Gorton Papers.

<sup>53</sup> Prime Minister's File, 67/7737, January 1968 report, NAA: A1209, 67/7875, and Gorton Papers.

updated schedules on 28 April and 2 June. An official in the Prime Minister's Department attached a note to Storr's minute of 2 June stating: 'It was suggested to Air (Mr. Storr) that the Prime Minister should be made aware of what Mr. Howson was proposing to say in his answers.' According to Howson, he asked his private secretary 'at various intervals' between May and September 1967 whether the Prime Minister's approval had been given: 'there was no more that we could do other than make noises as loudly as possible.'<sup>54</sup> Arguably, he should have made more noise, especially as the critics were interpreting the Government's silence to mean it had something to hide. Judging by his diary, he had plenty of opportunities between March and September 1967 to mention the subject to Holt himself. He was in his company often enough, and Howson should have had sufficient experience as a politician to read the signals. He should have seen that, far from silencing or diverting the critics, the Government's insouciance and obstructiveness had merely multiplied their numbers and intensified their determination.

By July 1967 Geoffrey Yeend in the Prime Minister's Department was becoming troubled, not least because the press had revived its interest in the matter.<sup>55</sup> He asked Storr and Squadron Leader John Green (Howson's new RAAF liaison officer) to ensure that draft answers to Turnbull's questions were checked through the Prime Minister's office because Holt wanted to answer them himself. Yeend sought to adopt this procedure because both Storr and Green had told him that the Prime Minister's answers to Daly were incorrect.

Yeend was not the only official in the Prime Minister's Department to be concerned. Another official suggested on 8 August that, in view of Turnbull's questions, and the likelihood of more questions from the House, it would be 'good tactics' for the Prime Minister to get in early with a statement which 'may stop the avalanche' and 'wipe the slate clean'. The advice, if not the mixed metaphor, was appropriate. Turnbull was a persistent questioner and to sidestep him would 'aggravate the situation in a delicately balanced Senate'. The advice was also constructive. Holt in his statement should take up the concept of VIP flights as a 'flying office', an idea mooted by Tony Eggleton, the Prime Minister's press secretary. Above all, Holt should stress that VIP flights saved time; they were not a luxury given to a privileged few but an adjunct to the conduct of government business, and restraint and control were always exercised.<sup>56</sup>

After Yeend had collected the draft answers from Storr and Green he held them back while compiling a general dossier which he delivered to the Prime Minister on 14 August (more than five months after Turnbull had asked his original set of questions). The dossier included a number of draft answers, extracts from the press

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<sup>54</sup> Background Notes for Advice to the Prime Minister on the subject of passenger manifests, nd, NAA: A1209, 67/7875; Boobooks speech, *Diaries*, p. 936.

<sup>55</sup> Yeend, *Reconstruction and Recollection*, NAA: A1209, 67/7875.

<sup>56</sup> B. Smith to R.J. Linford, 9 Aug. 1967, Use of VIP Aircraft — Policy, NAA: 65/6200/1.

critical of the VIP fleet, and a copy of Holt's reply to the Daly question. Yeend's accompanying minute began with the archetypal statement of a good public servant:



Turnbull Question here





‘On the understanding you are not in favour of disclosing the full details of VIP flights the attached answer to Senator Turnbull is suggested’. That is, irrespective of the wisdom of the Prime Minister’s decision, the public servant would find a way of implementing it. Yeend proceeded to report the Department of Air’s advice that there was no difficulty involved in charging for use of VIP flights. Nevertheless, ‘we’ (the Prime Minister’s Department) believed that charging individual departments would not satisfy the critics. Nor was there much point in asking Air to determine costs if there was no intention of making them public. Yeend pointed out that the Minister for Air ‘has not yet put in answers and is seeking guidance’, and that Turnbull would keep asking his questions which ‘amount to harassment of Ministers in the exercise of their duties’. Yeend then advised Holt how he might extricate himself from this situation:

You might wish to suggest that Mr. Howson sidestep the questions simply by saying that it is not the practice to provide the details sought by Senator Turnbull. Mr. Howson could give the names of some of the visitors who have used VIP aircraft as an indication of the sort of use to which they are put. This was done in your answer to Mr. Daly’s question in March 1966 — but on that occasion you declined to indicate destinations, costs and purposes of individual flights.<sup>57</sup>

Yeend’s duties probably did not include, explicitly, the capacity to offer sound political advice. It was, however, far too late, and in fact would have been counter-productive, to ‘sidestep’ the issue. Yet, in fairness, the professional politicians — Howson and Holt — had also failed to understand just how far their position had deteriorated.

There is no record of Bunting or of Holt having read Yeend’s minute and the attached dossier, let alone of them acting on it. An official in the Prime Minister’s Department did note on 4 September that no action should be taken until the Prime Minister had decided what to do about ‘Sen Turnbull’s question’.<sup>58</sup> By this stage, the dossier had been in the Prime Minister’s office for twenty-one days. Probably, but not certainly, there would have been more movement if Holt, or Howson, had been aware of another memorandum sent on 29 August by Alan Storr in the Department of Air to both the Prime Minister’s Department and to the Minister’s office. After replying to Yeend’s request for further updated details of VIP flights, Storr tacked on the following sentence:

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<sup>57</sup> Yeend to Holt, 14 Aug. 1967, Prime Minister’s File 67/7737, NAA: A1209, 67/7875 and Gorton Papers. Yeend wrote a note to Bailey on 15 August pointing out that caution needed to be exercised in assessing the costs of the VIP fleet. If the published figure included both the costs of acquisition and the maintenance costs, then there was bound to be comment on escalating expenditure. If the figure merely included the cost of acquisition then the expenditure on the fleet would be under-stated by \$9m.

<sup>58</sup> Prime Minister’s File, 67/7737, NAA: A1209, 67/7875, and Gorton Papers.

No. 34 Squadron advise us that Passenger Manifest details are retained at the Squadron for a period of about twelve months.<sup>59</sup>

This passage had all the hallmarks of a public servant safeguarding his back.<sup>60</sup> The Department of Air now had on record its own correction to the answer given to Daly in May 1966 which had stated that, upon the completion of a flight, ‘the list of names is of no value and is not retained for long’.

What did Yeend do with the Storr memorandum? He simply filed it. His justification was that, in August 1967, he was dealing with the questions asked by Turnbull, not those raised by Daly. Turnbull’s questions related solely to the number of passengers travelling on each VIP flight, and this information was available in the flight authorisation books. As the senator had not asked for names, the retention of the passenger manifests was immaterial. So, while aware that the new information further discredited the reply to Daly, Yeend did not see fit to pass it on to Bunting or the Prime Minister. Nor, according to a statement Howson made later, did Storr or anyone in Howson’s personal office think it important at the time to inform the Minister for Air about the memorandum and the retention of the passenger manifests.

On 6 September Harold Holt showed the first signs of recognising that he had a problem. He told Lawler of his intention to speak to Howson about VIP flights. Lawler, in turn, reminded the Prime Minister of the information already delivered to him on 14 August and which had been updated to include VIP flights taken between January and June 1967. On the same day as this conversation, Yeend sent another minute to Bailey pointing out that the dossier included suggested responses to Senator Turnbull’s questions, adding that the updated schedules now extended to the end of July. He concluded: ‘This is a good illustration of the detail that is available.’<sup>61</sup>

Yeend recalled that Holt saw Howson in Melbourne on 9 September and talked about the answers to questions on VIP flights. Yeend also claimed that Howson asked him during the week following 9 September to liaise with Squadron Leader Green in order to draft an answer to Turnbull’s questions. The objective was to release as much information as possible while stopping short of supplying details to particular questions relating to aircraft flights and passengers. In other words, the aim was to avoid contradicting an earlier claim that no records existed, but without actually saying the records were unavailable. It would only be a matter of insisting that it was not the practice to publicise details about aircraft, flights, passengers or the crew.

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<sup>59</sup> NAA: A1209, 67/7875.

<sup>60</sup> ‘Four Rounds to Mr McFarlane’, *Nation*, 18 Nov. 1967.

<sup>61</sup> Yeend, *Reconstruction and Recollection*, NAA: A1209, 67/7875; Prime Minister’s File, 67/7737, NAA: A1209, 67/7875 and Gorton Papers.

Howson's diary contains no reference to a meeting with Holt in Melbourne on 9 September though it does record one such meeting in Canberra on 19 September. The diary entry itself is cryptic. 'We also discussed some difficult questions concerning the VIP aircraft that have appeared on the notice paper and agreed on the method of dealing with them.'

Not so much cryptic as intriguing is Howson's diary entry for 11 September. It refers to his schoolboy son, George, skiing with his father that morning, and then joining him on a VIP flight from Cooma to Sydney where Howson was due to open a conference of Asian statisticians. George, it seems, then caught a commercial flight from Sydney to Melbourne. Howson himself went to Mascot where he planned to board an aircraft for a return VIP flight to Cooma to resume his skiing holiday. The Convair proved to be unserviceable. So, after a long delay, he had to board a Mystere from the VIP fleet. As this aircraft could not land at Cooma, he flew to Canberra where he took a Commonwealth car for the remainder of what proved to be a long journey in appalling weather. Presumably, Howson approved the Cooma–Sydney VIP flight which, by including his son, broke his own guidelines relating to passengers. Presumably, too, he approved of the return flight that allowed him to resume his skiing holiday at Perisher Valley which had nothing to do with official business. Obviously, both flights could be defended: the first on the grounds that the additional cost was limited to refreshments, and the second on the basis that the Minister for Air had interrupted his holiday to attend to the nation's affairs. Harold Holt would almost certainly have joined the defence. Senator Turnbull, on the other hand, had he known of these activities, might have raised questions about the abuse of privilege and the breach of guidelines.

As it happened, 'Spot' Turnbull was preoccupied. The Senate had resumed sitting on 15 August for the budget session. A number of Labor senators and the two DLP senators began raising questions about the cost and authorised usage of VIP flights. They also wanted to know whether and when the Government intended to provide the information being sought by Senator Turnbull and others. By now, it was known from the Auditor-General's report that the new aircraft would cost \$21.6m. Howson's earlier bungle, in not including the figures for extras, was adding to the Government's difficulties. Turnbull, however, was more immediately interested in securing replies to his questions on notice.

And why not? He wanted to embarrass the Government. He knew, because a RAAF Wing Commander had told him — by letter and by telephone — that RAAF regulations required the information to be retained.<sup>62</sup> So, on 31 August, he asked Senator McKellar whether the Minister for Air had any intention of replying to what had become five questions upon notice stretching back to 8 March. McKellar said that all he could do was transmit the questions to Howson; it was a matter for the Minister for Air 'whether he replies and, if he does reply, when he replies'. On 7 September Turnbull asked McKellar if he had spoken to Howson about his

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<sup>62</sup> Interview: Turnbull, 12 Sep. 2000.

questions and whether the Minister for Air had indicated any intention to reply. McKellar responded: 'The answer to both questions is no.'

Nineteen days later, on 26 September, fourteen questions without notice were asked in the Senate in relation to the VIP fleet. In one of them, Senator Murphy, the Leader of the Opposition in the Senate, invited McKellar to inform the Minister for Air that, if he was not prepared voluntarily to provide answers to the Turnbull questions, the Senate 'will take whatever steps are available to secure those answers'. Senator McKellar replied that he did not think the Minister for Air 'would be amenable to threats'. Senators might well have asked whether, at this point, Peter Howson was 'amenable' to anything (assuming they were not aware of his acquiescence in Holt's wishes). In any event, after the thirteenth question, Senator Henty as Leader of the Government asked that further questions be placed on the Notice Paper. By this time McKellar was at once irritating the Senate by his uninformative answers and was himself becoming irritable. Designed to forestall further embarrassment, Henty's intervention actually caused the Government and the President of the Senate, Senator Alister McMullin, who mismanaged the subsequent proceedings, even more discomfort. The Senate voted 29–23 to dissent from the President's ruling to proceed with further business. Once again, the Opposition, the DLP and the two Independents (this time supported by a normally 'reliable' Government member — George Branson from Western Australia) had wrested control of the chamber from the Government.

Senator Turnbull was thus able to ask another question through which he elicited from Senator McKellar an assurance that his statement of 7 September was 'perfectly honest': McKellar had not seen the Minister for Air about a response to Turnbull's questions on the Notice Paper. Nor, the answer implied, had he seen him since 7 September.<sup>63</sup> By this stage, alarm bells should have been ringing loudly and incessantly.

Next day, 27 September, Senator Murphy gave notice of a motion calling for the tabling in the Senate of all accounts and papers relating to the applicants, airports of embarkation and call, times and distances of flights, passengers, crew members, costs and responsibilities for payment. Senator Henty agreed to facilitate a debate on the following day,<sup>64</sup> but the Government successfully forestalled the debate by promising that the Prime Minister would make a statement.

Holt duly made his statement in the House of Representatives on 4 October.<sup>65</sup> Much of his time was devoted to explaining the need for a VIP fleet and justifying the expenditure of \$21.6m on new aircraft. He pointed out that VIP planes were used by the Governor-General, the Prime Minister, senior ministers, the Leader and Deputy Leader of the Opposition, and by prominent international visitors. The

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<sup>63</sup> *CPD*, Sen. vol. 35, pp. 407, 593, 875–97.

<sup>64</sup> *CPD*, Sen. Vol.35, pp. 965–6.

<sup>65</sup> *CPD*, H/R, vol. 57, pp. 1648–53.

rigidity of commercial timetables and the restricted number of commercial flights meant that ministers frequently needed access to VIP planes to carry out their duties. On the question of cost, Holt argued that it was difficult to produce an accurate breakdown because the VIP fleet was also used for training purposes and because several departments might be involved if a number of ministers travelled on the same flight. Nevertheless, the Prime Minister said that he had ‘no wish to deny to the public or to the Parliament information which should reasonably be available to them’. If realistic figures could be produced, he would produce them. As for allegations that it was all chicken and champagne on board, he often ate unthawed salad and, for the sake of variety, his wife Zara once ordered pies and sausage rolls. Finally, there had been no misuse. There was just one occasion when members of his family, in his absence, had used a VIP flight.<sup>66</sup>

The press was not persuaded by Holt’s statement. Pointing out that no one liked paying for privileges enjoyed by others, the *Sydney Morning Herald* (*SMH*) argued on 5 October that there was ‘no more potent symbol of privilege, exclusiveness and extravagance’ than the VIP fleet. ‘It is the gold pass of the jet age.’ The editorial found Holt’s justification for expanding the fleet, and for spending \$21.6m in doing so, to be ‘on the whole, unconvincing’. It offered the telling observation that some of the Government’s present embarrassment would have been avoided if it had been more frank in the first place and not refused to reveal details. Significantly, the *SMH* made no reference to the Government’s failure to acknowledge that it had previously denied the existence of certain information. Moreover, the *SMH* did not know, and could not know, that the Secretary to the Prime Minister’s Department was still trying to protect the VIP fleet from prying eyes. On the day Holt delivered his statement, Bunting expressed his concern to the Prime Minister about the Public Accounts Committee looking at VIP costing. The Committee was only entitled, he wrote, to examine published accounts. If allowed to investigate further it ‘would call officials from all points and conduct a public raking over V.I.P. flying’.<sup>67</sup>

Senator Henty read Holt’s statement in the Senate on 5 October, and moved that the Senate take note of the paper. Lionel Murphy followed with the observation that the Government had not yet replied to questions dating from 8 March 1967 and, therefore, had only itself to blame if a distorted picture had emerged about the operations of the VIP fleet. A succession of Opposition, DLP and Independent senators made much the same point. Suspicion was bound to arise about the use of VIP aircraft if the Government refused to divulge full information. They proved their point by repeating all the rumours they had heard about extravagance and the

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<sup>66</sup> This was a reference to the flight taken by family members from Canberra to Melbourne on 27 February 1967. The excuse was that the aircraft was being ‘positioned’ to collect the four ministers. In fact, there were many occasions when members of Holt’s family used VIP flights in his absence, especially if Zara, his wife, is counted as family. Holt later corrected this part of his statement, though not entirely accurately. *CPD*, H/R, vol. 57, p. 2409.

<sup>67</sup> Bunting Papers, NAA: M319/17.



misuse of VIP aircraft. In response, Government senators focussed on the value of a VIP fleet and the difficulties involved in assessing the running costs of usage. Towards the end of the debate, Senator Cant (Labor, Tas.) moved an amendment to Henty's original motion, in effect to order the Government to lay all the relevant papers on the table of the Senate, covering the period from 1 July 1966 to 5 October 1967. This amendment was carried by 25 votes to 15, the Government's most substantial defeat in the Senate since the double dissolution election of 1951. Three Liberals — Lillico (Tas.), Wood (Qld) and Wright (Tas.) — voted with Labor, the DLP, and Senators Turnbull and Hannaford.<sup>68</sup> The Clerk then formally delivered the Senate's demand to Senator Henty who passed it on to Holt on 9 October.<sup>69</sup>

Cabinet was due to meet on 12 October. Bunting informed Holt beforehand that he was 'a bit disturbed on your behalf' that 'an exercise' between the Prime Minister's Department and the Department of Air 'may have got out of hand'. It was a masterly understatement. While Bunting agreed with Holt that the Senate should not be demanding papers, and should not have its demands met by tabling them, 'we felt we could not look blank if we were asked today by the cabinet to show what kind of papers would be involved'. To avoid this situation, the two departments had assembled some papers which could be shown to ministers but, in the meantime, had been locked away. Bunting said he was telling Holt about this action in case there was a leak about papers being ready for tabling. The Prime Minister could thus decline to table without being trapped into saying no papers had been assembled. Holt might also say that the departments had assembled these papers without his express authority but, in the light of the Senate resolution, thought it their duty 'to do some preparatory work in case they were called on'.<sup>70</sup>

In the event, the papers were not circulated. They remained locked in the Cabinet safe. Consequently, Cabinet was not presented with any documentation or submissions when it met after lunching with the Prime Minister of Japan. Noting the Clerk of the Senate's letter 'calling for certain information to be furnished', Cabinet proceeded to register 'a firm acceptance of the need to resist the Senate's demands' (Decision No. 630).<sup>71</sup> Cabinet also resolved that, because Holt had already made a statement to the House, and because Treasury was examining the possibility of costing VIP movements, it felt 'the matter should not be further magnified'. Cabinet could meet its obligation to inform Parliament by providing the results of Treasury's examination. Cabinet also considered 'a possible approach' to the dissection of charges — by taking the total cost of No. 34 Squadron and making an allowance for the Squadron's role as part of the RAAF — but insisted that any dissection of costs 'should be a defensible one'. Overall, however, the principal concern underlying Decision No. 630 was to shift the focus from VIP flights to the powers

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<sup>68</sup> For this debate, see *CPD*, Sen., vol. 36, pp. 1189–1266.

<sup>69</sup> NAA: A4490, C4733.

<sup>70</sup> Bunting Papers, NAA: M319/17 (21 Sep. to 21 Dec. 1967).

<sup>71</sup> NAA: A5840/1. See pp. 42–3 below.

of the Senate. To this end, the Attorney-General, Nigel Bowen, undertook ‘to look into the basis and extent of the Senate’s powers in relation to the present issue’.

Peter Howson had been called into Cabinet for the consideration of the VIP issue. There, he formed the clear view, which he still holds, that Decision No. 630 bound all ministers, including those who were not present (John Gorton was absent), to withhold any further information regarding VIP flights.<sup>72</sup> According to Howson, Cabinet ‘decided not only that the records were not to be circulated, but that the decision about answers to questions on the notice paper was to incorporate that decision’. No doubt this point was raised during the discussion. Perhaps there was an informal understanding. Yet the wording of the official Cabinet Minute recording Decision No. 630 does not endorse Howson’s recollection. There was no explicit and unambiguous statement binding ministers not to provide further information.<sup>73</sup>

Although pleased with what he perceived to be a clear Cabinet directive, Howson left the meeting feeling ‘rather annoyed with Jack Bunting’ for his request to the Department of Air ‘to assemble some documents in case they should be required’. His published *Diaries* contain the following entry for 12 October:

Once documents like this have been assembled, it’s very difficult to suggest they don’t exist, and I was very annoyed with the PM’s Department for having asked us to assemble them and then, when we got into Cabinet, tell us they weren’t going to be required and would we dismantle them as soon as possible; a most difficult procedure.

This sentence was followed by another, which was not published: ‘I don’t think Jack Bunting comes out of this matter at all well.’<sup>74</sup>

Howson was already identifying Bunting as the source of his subsequent predicament. The documents which Bunting had insisted on assembling incorporated samples taken from the passenger manifests. Yet, while both men were well aware of the retention and availability of at least some of those manifests, Howson was the one who would be obliged to dissemble in public.<sup>75</sup> He would have to deny the existence of what he knew to exist. Like Iago in Shakespeare’s *Othello*, Bunting had evidently decided that ‘to be direct and honest is not safe’. At best, he was trying to protect the Prime Minister from innocently giving a wrong answer to Daly in May 1966 (an answer which Holt, in any case, wanted to give). At worst, Bunting was compounding the original ‘error’ by covering it up, and further entangling Howson in the process.

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<sup>72</sup> Interview: 13 Sep. 2000.

<sup>73</sup> Boobooks speech, *Diaries*, pp. 936-7; Dec. No. 630, NAA: A5840.

<sup>74</sup> Howson Papers, NLA, MS 4697/29/232.

<sup>75</sup> Personal Communication: Howson, 16 Apr. and 7 Oct. 2003.

## Cabinet Decision



On the day after Cabinet met (13 October), Yeend forwarded Howson's latest draft answer to Bunting. He observed how this version was very different from earlier suggested replies. It was noticeably lacking in detail. Instead, the draft consisted of general observations about the operations and use of the VIP fleet, accompanied by assurances of everything being well 'above board'. This draft deliberately followed the broadly uninformative line which Holt adopted in his statement of 4 October. It did make one original if hardly persuasive contribution to the case for saying as little as possible: because the operation of the VIP fleet 'is an integral part of the RAAF's operations . . . it is not the practice to give details of aircraft, passengers, crew, etc.'. Yeend did suggest that the word 'give' should be replaced by 'publicise', and elsewhere declared it to be unwise to present the costing practices for the VIP fleet as being similar to those for Commonwealth cars. Bunting also wanted some minor — unspecified — changes but his handwritten note on Yeend's minute of 14 October concluded 'I would go ahead — i.e. put to P.M.'.<sup>76</sup> The Secretary to the Prime Minister's Department thought that this draft might meet Holt's approval as a satisfactory response to Turnbull's questions.

On 17 October, three days after Bunting attached his comment, Treasury 'furnished certain material' to Cabinet. Treasury had concluded that it was possible to cost the use of VIP aircraft: the question was merely one of how it should be done. Treasury suggested that the Minister for Air could inform Parliament of the total costs of VIP flights. These charges could be listed separately in the vote for the Prime Minister's Department and payments from that department could be credited to the Department of Air, an approach which could be adopted for the 1967–68 budget. So after more than 18 months of Holt saying that it could not be done, Treasury proved in five days that it was just a case of having the will to act. The Department of Air had been making this point for months.

Holt's main worry at this point was how to present the costs of the VIP fleet in the best possible (that is, relatively inexpensive) light. Treasury had answered the call with an estimate of \$451,400 for the financial year 1967–68 by adopting Howson's view that No. 34 Squadron would have a full defence capability in time of war. Hence, the estimate need not include capital costs, as well as many other charges such as pay and allowances, the upkeep of crews and other squadron personnel, and the facilities provided by Fairbairn and other RAAF bases.<sup>77</sup> All these charges could be set against the Defence vote. The Department of Air disagreed. It produced its own estimate of \$761m for what the fleet cost in 1966–67, a figure that was far too high for Holt's comfort. Not surprisingly, Cabinet, on 17 October, followed the Treasury line.

Two letters expressing concern reached Holt's office on the same day as this Cabinet meeting. In one, Richard Cleaver reiterated his suggestion that the

<sup>76</sup> Yeend to Bunting 13 Sep. 1967, Gorton Papers.

<sup>77</sup> Leslie Bury (Acting Treasurer) to Holt, 17 Oct. 1967 and Attachment A, NAA: A1209, 67/7768. McMahon was in the United States at this time.

Government accept a Public Accounts Committee investigation of the history, administration, usage and cost of the VIP fleet. He and ‘many’ of his colleagues were worried about the bad publicity given to the VIP fleet, and thought it had affected the Government’s image with ‘many’ of its own supporters. The Government’s vote in the forthcoming half Senate election ‘could be disadvantaged’.

John Gorton, the Leader of the Government in the Senate since 16 October, wrote the other letter. He warned Holt that there would be ‘an unholy row’ in the chamber if the Government refused to table any documents, and Gorton could not exclude the possibility of defeat on the estimates. He considered that the issue would ‘subside’ if ‘treated with tact’, but might ‘loom largely and unnecessarily’ in the Senate election. Obviously aware of the existence of the flight authorisation books, he thought it both practical and principled to give Parliament what it was entitled to know: the name of the applicants for VIP flights, the records showing embarkation, ports of call and distances covered, and the crew members of each flight. The Government could explain that the costs of each flight were not available but that investigations were under way to provide the general costs of the VIP fleet. It could also tell Parliament that passenger records did not exist. Apparently, he was unaware that the flight authorisation books contained passenger numbers and, in any case, believed what he had been told: that passenger manifests were not retained. He did, however, add that if a record existed, ‘we should provide it’.

Gorton’s advice was both blunt and sensible. Unless the information was delivered — and he thought it was proper for Parliament to request it:

we are embarking on a course which will inflate the V.I.P. question out of all reason, which will alienate many of our own Senators even the ones who stick with us, and which can lead to public disquiet over alleged secrecy which would be much greater than public disquiet over any factual disclosures.

The Government, Gorton argued, could not win an argument against the Opposition’s numerical majority. Moreover, it would be a mistake to seek a ‘showdown’ with the Senate over the Executive’s refusal to provide information to Parliament on the expenditure of public funds. Gorton had seen through the absurdity of Decision No. 630. The Government would look even more foolish if it tried to turn the VIP affair into a constitutional issue involving the powers of the Senate.<sup>78</sup>

Cabinet at its meeting on 17 October had also decided that the Prime Minister, the Leader of the Government in the Senate and the Minister for Air ‘would concert regarding what might be said in the meantime on the issue in the event of questions’. Next day, 18 October, Holt and Howson met to discuss the Prime Minister’s ‘proposed statement on VIP aircraft’. The two men also discussed the Treasury report, which Howson did not like. Apparently Holt told him it would be

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<sup>78</sup> Use of VIP Aircraft — Policy, NAA: 1965/6200/2.

'bad politics' to ask for a revised version, and they both agreed that the report would provide the main basis for Holt's forthcoming statement.

Photo: National Archives of Australia

**John Gorton, Leader of the Government in the Senate, October 1967 to January 1968**

Gorton wrote to Holt that there would be 'an unholy row' in the Senate chamber if the Government refused to table any documents about VIP flights.

He believed that the Government would look even more foolish if it tried to turn the VIP affair into a constitutional issue involving the powers of the Senate.

'Public disquiet over alleged secrecy', he told Holt, 'would be much greater than public disquiet over any factual disclosures'.



Howson did not refer at all to the further discussion which took place concerning his draft answer which Yeend had forwarded on 13 October. Bunting, however, did so. He addressed a minute to Yeend in which he outlined the agreed approach to Senator Turnbull's questions.<sup>79</sup> It was now decided to provide a list of applications for VIP flights, although Bunting thought there was some uncertainty about whether names or numbers would be produced. Turnbull's request for information about ports of embarkation and call was to be met with the statement 'there is no detailed information readily available'. The response to his question — 'At which airport was the VIP aircraft stationed at the time of application?' — would say that 'the aircraft are stationed at Canberra in general'. On the number of passengers carried, Turnbull would be told that it was not the practice to transport passengers other than ministers, staff and officials, except with the prior approval of the Governor-General, the Prime Minister or the Minister for Air. If space permitted, service personnel, duly authorised in advance, might also be carried.

The Holt–Howson agreement of 18 October marked an important departure from months of simply doing little or nothing. Now, having eschewed 'bad politics' by accepting Treasury's version on costs, the Prime Minister and the Minister for Air had embraced 'bad politics' by deciding not to disclose the details in their possession. Howson had known of the existence of the flight authorisation books since at least mid-1966. He had known since March 1967 that the schedules would have answered Senator Turnbull's questions. Holt had had this material in his possession since mid-August 1967. Both men, however, resolved on 18 October to say that some of this information was not readily available when, clearly, it was. Knowing that Turnbull's question about airports was designed to elicit information about costly empty positioning flights to pick up VIPs, they were also prepared to give the misleading answer about the aircraft being based in Canberra. And they intended simply to 'sidestep' the question about passenger numbers. Hitherto, at worst, in relation to Turnbull's questions, Howson had been negligent in not pressing the Prime Minister's office for guidance and approval in answering them, and remiss in not chasing up his own office and department over the possibility that more records actually existed. Holt had been foolish in not recognising the political consequences of his prevarication. On 18 October both men took the next step of committing themselves to a cover-up.

Next day, Howson, McFarlane, Squadron Leader Green and Yeend discussed the draft answer, and Yeend provided updated information from Alan Storr on ministerial applications for flights to 30 September. Howson also talked with Bunting and Gorton, and felt caught in the middle. Whereas Gorton wanted to release as much information as possible, Bunting (and Holt) wanted to give out as little as they could. Gorton did secure one important change. Howson's draft included the words 'It is not the policy of the department to release details concerning passengers'. The Senator was not happy for the Government to be seen

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<sup>79</sup> Prime Minister's File, 67/7737, NAA: A1209, 67/7875, and Gorton Papers.

behaving as a law unto itself on the matter of providing information. He insisted that the wording be changed to ‘there is no reason for the records of passengers to be kept’. But there was a reason, and clearly no one had informed Gorton. The flight authorisation books, which contained the answers to Turnbull’s question about the numbers carried *had* to be kept, as required by RAAF regulations. Nevertheless, Howson believed that the answer — which now had Gorton’s approval — ‘had been carefully worded so as to be truthful but at the same time not to give away any more information than was absolutely necessary, in order to conform with the Cabinet ruling (Decision No. 630 of 12 October)’. So an unfazed Minister for Air left Melbourne on Saturday morning, 21 October. He was due in Uganda to attend a week-long conference of the General Council of the Commonwealth Parliamentary Association. As he wrote later, he left Australia ‘conscious that my task was completed, and that my responsibilities were at an end, for the matter was then entirely one for the PM and for Cabinet’.<sup>80</sup>

On Friday 20 October Green handed Yeend what the latter called Howson’s ‘final draft’ in answer to Senator Turnbull’s questions. The longest section listed all the applications for VIP flights from 1 January to 30 September 1967. The combined answer to questions 2 (b) and (c) — relating to ports of embarkation and call — now read ‘There has been no reason to keep on record the detailed information needed to answer this part of the question’. In relation to 2 (d), concerning stationing of aircraft, the answer read ‘All aircraft of No. 34 Squadron are stationed at the RAAF Station, Fairbairn’. On the matter of passengers carried, the paragraph began ‘Again there has been no reason to keep detailed records of who travelled with an applicant on a particular flight’. The response went on to repeat what had been agreed at the Howson-Holt meeting on 18 October but added: ‘In general, the wives of applicants . . . are permitted to travel.’

Yeend told Green of his intention to inform the Prime Minister ‘that parts of the answer on the availability of records were incorrect’. Yeend then wrote a note to Bunting on 21 October. He described the answer to Turnbull’s questions 2 (b) and (c) as ‘in the most part, incorrect’. He pointed out that the ports of embarkation and call, the stationing of aircraft and the numbers of passengers and crew were all recorded on the sheets from which the information about applicants had been obtained (namely, the flight authorisation books). As for question 2 (d), Yeend wrote that it was ‘not incorrect’ to say that all aircraft of No. 34 Squadron were stationed at Fairbairn. But, given Turnbull’s question — asking where the aircraft had been stationed at the time of the application — the answer ‘does not give the required information’. Noting how question 2 (e) asked for the number of passengers carried on each flight, Yeend observed that the numbers ‘are readily available’. He might also have pointed out that Howson had confused the issue. The Minister for Air, who would persist in saying he did not know of the requirement to retain passenger manifests for twelve months, but who did know that a record of

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<sup>80</sup> *Diaries*, 20 Oct. 1967; Boobooks speech, *Diaries*, p. 937.

numbers was retained in the flight authorisation books, was prepared to answer Turnbull's question about numbers with the answer given to Daly over names. If Senators Murphy or Turnbull, or the press, had been privy to the inner workings about this matter they might have had trouble deciding which question to pursue harder: was Howson being dishonest and, if so, why? or was he in the wrong job?

As Yeend passed his note on the final Howson draft to Bunting on 21 October, he knew his own position was becoming difficult. He saw the draft for what it was: at best, misleading. He could also see the political folly of withholding available information. Enough of the truth would come out, one way or another. Yet Yeend was expected to advise a Government which was committed to denying and massaging the truth.

On the morning of 23 October he sent a teleprinter message to Bunting who was in Melbourne. Yeend had been thinking about the 'disclosures' that would be made in answering Turnbull's questions. His 'original thought' was not to provide all the details: it was too much to ask ministers to account for everything they did on a working day. Upon reflection, he saw that 'time and events now see us in the position of giving some information but not all information'. The Government now had to look at the matter of tabling a number of papers. Yeend had recently spoken to two 'out of towners' who believed there had been malpractice involved in VIP flights and, with a Senate election due, the Government might want to consider 'maximum disclosure' in answering questions as an alternative to tabling. Questions, he wrote, could be answered 'with little embarrassment'. Questions raised on the basis of tabled papers could prove more embarrassing. So, as a compromise, Yeend suggested adding the Department of Air's schedules to the Howson draft while omitting dates of travel (they were not asked for) and changing the reference from 'VIP carried' to 'Applicant'. The change to 'Applicant' was critical. Yeend knew of the cases where the Prime Minister was not on board a flight carrying members of his family. By describing Holt as the 'Applicant', and by listing the number of passengers, no one — theoretically — would know how often Holt's family had been allowed to travel on VIP flights in his absence.

Yeend then considered the questions which Senator Ormonde (Labor, NSW) had placed on notice. In particular, he was concerned about Ormonde's question relating to the operating costs of each VIP aircraft during the previous five years. Even Treasury's figure for the 'true cost' of the VIP fleet meant that the average charge for each flight undertaken in 1966–67 was \$1,000. As Yeend pointed out, this figure would become 'a stick to beat the government and is the figure that so far we have sought to avoid being disclosed'.<sup>81</sup>

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<sup>81</sup> And even though, for example, VIP flights on the Sydney-Canberra and Melbourne-Canberra routes would have cost less than the average, the figures would have stood in marked contrast to the respective commercial rates of \$10-30 and \$23-20 which applied in the fare period of September 1966-August 1967. *Official Airline Guide*, Sydney, 1967.

While in Melbourne, Bunting discussed Yeend's proposal with Holt and the pair agreed on 'a change of tactics'. Bunting telephoned Gorton in Canberra to say he had 'discovered' records did actually exist which were not supposed to exist.<sup>82</sup> These records related to ports of embarkation and call and to destinations, and could provide some of the answers Turnbull had been seeking. (It will be recalled that Storr had provided this material to Howson on 28 March 1967 and that the Minister had then delivered it to Bailey.) Armed with this information, Gorton wanted the Howson draft changed. After Bunting returned to Canberra that evening he held a meeting with Yeend, McFarlane and another Department of Air official, and together they began to prepare the sheets for tabling alongside the answers to be given to Senator Turnbull's questions. The answers themselves were to be amended in order to refer to the detailed information that was now to be provided. Perhaps it was this meeting where Howson believed 'the girl' who typed the final answer mistakenly used a version in Holt's handwriting. This rendition had converted Howson's 'truthful' answer — there was no reason to keep records — to the inaccurate statement that 'no detailed records had been kept'.<sup>83</sup>

### **Gorton rescues the Government**

On the morning of 24 October, Holt informed Cabinet of the course the Government intended to follow in the House and the Senate by way of a statement, replies to questions, and the tabling of papers. On the same morning, either before or just after Cabinet met, Bunting and McFarlane discussed the draft answers with Gorton in his office. Gorton said he wanted to table the original sheets but not all of them were available, and what Air had produced was material based on the original flight records.

According to Howson's now second-hand account, there was a further discussion that day involving Holt, Gorton, Bunting, McFarlane and Yeend. At this meeting there was supposedly 'a terrific scene' where Holt berated Gorton for not controlling the senators and said that he, the Prime Minister, would be solely responsible for making statements about VIP flights.<sup>84</sup> The Yeend account makes no reference to these alleged happenings, and Gorton had no recollection of them. It does appear, however, that from this point the Prime Minister's Department assumed the responsibility for the final answers to be given to Turnbull's questions. Yeend sent those answers to the Department of Air for Senator McKellar to deliver to the Senate, including the phrase 'no detailed records had been kept of who travelled with an applicant on a particular flight'. In forwarding the answers, Yeend did point out that, in view of the Government's decision 'to table flight records

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<sup>82</sup> *Sunday Australian*, 9 Aug. 1971; interviews: Sir John Gorton, 18 June and 22 Aug, 2000.

<sup>83</sup> Boobooks speech, *Diaries*, p. 938.

<sup>84</sup> Boobooks speech, *Diaries*, p. 938.

showing the numbers of passengers — not names — this part of the answer should have been deleted. It was in any case unnecessary as well as inaccurate.<sup>85</sup>

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<sup>85</sup> Yeend, *Reconstruction and Recollection*.

**William McMahon,  
Treasurer, 1966–1969**

The tabled documents revealed that between January and September 1967 he had used VIP planes on 54 occasions, 47 on the Canberra–Sydney route.

Photo: *Canberra Times*

**Senator Lionel Murphy,  
Leader of the Opposition  
in the Senate, February  
1967 to December 1972**

The VIP affair was ‘a victory for Parliament’ and ‘a victory for the Senate’.

When he reflected on the affair, he recalled Sir Walter Scott’s warning:

*Oh what a tangled web we weave  
When first we practise to deceive!*

Photo: *Canberra Times*

Holt made his further statement on the afternoon of 24 October; and it included Treasury's estimate listing the operational cost of the VIP fleet at a round \$450,000 for the 1967–68 financial year. Holt again justified the use of VIP flights in enabling him to do his job, and denied anything improper had occurred. Holt also tabled a number of documents giving details of VIP flights from 1 January to 31 August 1967. (Senator McKellar tabled documents in the Senate giving information up to 30 September.) The Holt documents revealed that the Prime Minister had used the VIP fleet on 81 separate occasions during this period. More remarkably, Billy McMahon had used VIP planes on 54 occasions, most of them for the Sydney–Canberra or Canberra–Sydney route. The next principal user was McEwen (40) while Whitlam had used the fleet on 8 occasions. Lord Casey almost topped Holt. He used the fleet on 79 occasions between 1 January and 30 September.

On the same day as the Holt statement, Colin McKellar started to deliver the 'untruthful' answers in the Senate. He was interrupted when Clive Hannaford collapsed in the chamber, and died soon after. The Senate was promptly adjourned.<sup>86</sup> McKellar completed his answers to the Turnbull questions on the afternoon of 25 October. John Gorton, through the medium of a ministerial statement, then laid a set of papers on the Senate table, giving the dates of travel of all flights, the names of the applicants, the persons who authorised the flights, the ports of embarkation and of call, the numbers of passengers and the numbers of crew. Gorton added that, 'if the Senate wished to have the names of the passengers, they could be provided after a little more dissection'. He could also produce the time of take-off and the duration of each flight, but could not meet a request for the costs of individual flights because they were not costed individually.<sup>87</sup>

It remains unclear precisely when Gorton learnt that the passenger manifests were available, and in what condition. His own account, written in August 1971,<sup>88</sup> placed him having a discussion with Bunting and McFarlane at some time on 24 October. They told him that there were extant records of the passengers carried on VIP flights, although they would not all be accurate. Gorton then telephoned Holt and told him about the manifests. After expressing surprise, the Prime Minister approved Gorton's proposal to inform the Senate that the Government could produce passenger lists. Ainsley Gatto, then the secretary working for Dudley

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<sup>86</sup> In the course of his speech on the Hannaford condolence motion, Senator Turnbull said his friend died, not of a coronary, but of 'a political conscience'. Turnbull, who sat next to Hannaford in the chamber and could — as a doctor — have rendered immediate assistance, was absent in Sydney when he collapsed. He now felt 'awfully conscience stricken'. Turnbull had McKellar specifically in mind when he accused some of Hannaford's former Government colleagues of being 'despicable' towards the dead senator. *CPD*, Sen. vol. 36, pp. 1619–20; interview: Turnbull, 12 Sep. 2000.

<sup>87</sup> For the full McKellar replies and Gorton's intervention, see *CPD*, Sen. vol. 36, pp. 1627–8, 1633–4.

<sup>88</sup> See Gorton's article on the VIP affair in *Sunday Australian*, 9 Aug. 1971.

Erwin, the chief Government whip in the House, has a different recollection. She had received a call from her father, a former senior RAAF officer, who pointed out that passenger records were retained, and were required by RAAF regulations to be kept for a period of about twelve months. Gotto passed the information to Erwin who suggested they both go to see Gorton.<sup>89</sup> Gotto's version, which places the meeting with Gorton on the afternoon of 25 October — that is, following his ministerial statement in the Senate — makes this the occasion when Gorton first learnt the truth about the passenger names.

Taking account of Gorton's ministerial statement, and his 1971 recollections, he did know of the existence of the manifests *before* he saw Gotto and Erwin. Yet, in later interviews, he confirmed that he first learnt of the requirement to retain records when the deputation arrived from the Whip's office. The Gorton and Gotto accounts appear, therefore, to be at variance. They can, however, be reconciled by returning to Gorton's meeting with Bunting and McFarlane on 24 October. At this meeting Gorton learnt that it was possible to produce the authorisation books and *some* of the details of passengers carried. On this basis, he made his telephone call to Holt, and received approval to release the available information. Gorton did not, however, at this stage know of the regulations relating to the retention of passenger manifests, nor the extent to which the records had actually been retained. Gotto, therefore, armed him with more searching questions and, on the afternoon of 25 October, he called the Secretary of Air to his office in Parliament House.

A delighted and relieved McFarlane brought with him samples of the flight authorisation books and the passenger manifests. The Secretary of Air had 'felt poorly' about the whole matter because it had taken 19 months for the truth to come out. All he could do in the meantime was to answer questions from the Prime Minister's Department. His own Minister — Howson — was part of the cover-up. Now, at last, McFarlane could communicate directly with a senior Cabinet minister, and one who wanted to know the facts.<sup>90</sup>

The two men spent the afternoon and early evening preparing the manifests for presentation in the Senate. Returning to the Senate just before 9.00 p.m. Gorton, in what Gough Whitlam described as 'his usual smart-arsed way',<sup>91</sup> proceeded to table three flight authorisation books and thirteen sets of passenger manifests covering, respectively, the periods from July 1966 to October 1967 and August 1966 to October 1967.

Howson believed that Gorton had breached Cabinet solidarity when he tabled the documents in the Senate. The implied argument here is that Howson did not reveal the truth himself because he was bound by Decision No. 630 of 12 October.

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<sup>89</sup> Interview: Ainsley Gotto, 17 Feb. 2003.

<sup>90</sup> Interview: McFarlane, 7 Sep. 2000.

<sup>91</sup> Interview: Whitlam, 2 Mar. 2000.



*Hansard* of Gorton tabling the papers

**Here**

Leaving aside the point already made — the precise wording of Cabinet Decision No. 630 does not support Howson’s contention about the treachery of Gorton’s action — it is difficult to accept his argument that Decision No. 630, in effect, validated supplying inaccurate answers to questions. A decision taken not to produce documents was not a decision to say they were not available.

Yeend thought there was a distinction between a refusal to table papers in relation to the Senate motion (Decision No. 630) and not tabling the papers in relation to Turnbull’s questions. For this reason, the papers originally presented by McKellar referred only to Turnbull’s request which covered the period from 1 January 1967 and did not include any reference to passenger manifests. To this extent, Howson was right: Gorton went one step further by insisting on tabling *both* the flight authorisation books and the passenger manifests, dating back to July/August 1966. Importantly, Holt himself was not bothered by Gorton’s action. On 22 October, two days after Howson had left for Uganda, the Prime Minister told Bunting that if particulars of flights existed they should be supplied and, since they were so detailed, they should be tabled. In his reconstruction of events, Yeend recalled that a decision to table the flight records had been made at a meeting attended by Holt on 24 October. On 8 November Holt told the House how he had approved Gorton’s action in advance of him taking it, presumably to the extent of tabling the passenger manifests (though it should be pointed out that, by then, Holt would have looked very silly if he had said otherwise).<sup>92</sup> In any case, Gorton had the perfect defence: the Government could not maintain such a damaging cover-up. By providing the full information, he had rescued it from further haemorrhaging, and had begun to undo the damage for which Holt was ultimately responsible. And, not surprisingly, there was a palpable sense of relief among Government backbenchers as word of Gorton’s intervention reached the House of Representatives later that evening.

The Labor Party was stunned by Gorton’s unexpected action.<sup>93</sup> Senator Murphy had planned to move that the papers tabled in the afternoon had failed to meet the Senate’s full request of 5 October, and that the Secretary of Air should be called to the Bar of the Senate on 2 November. All he could do after Gorton’s second intervention was to ask for time to peruse the new material to see whether, in fact, the Government had now met the Senate’s request for information. Even so, Gorton’s action had not altered the central fact: it was the Senate which had forced the issue. Gorton could legitimately claim that, once he obtained the manifests, he brought them immediately into the Senate. He was not prompted to do so after learning of Murphy’s plan to bring ‘Tich’ McFarlane to the Bar of the Senate. Yet, as Lionel Murphy rightly pointed out on 27 October, ‘but for the determination of the Senate to proceed to obtain the information for itself [from 5 October], the Government would have continued to withhold the information from the Senate and would have continued to deceive the Senate’. Deception, he saw, was pivotal.

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<sup>92</sup> *CPD*, H/R, vol. 57, p. 2779.

<sup>93</sup> Interview: Doug. McClelland, 28 Feb. 2000.

Hence, without knowing just how befitting they were, he quoted Sir Walter Scott's famous lines:

O, what a tangled web we weave,  
When first we practise to deceive!

But, for Murphy, something more important had occurred than the exposure of the Government's deception. He saw this 'disgraceful episode' ending in 'a victory for Parliament' and 'a victory for the Senate'. Just as the Senate had foiled the Government over the increased postal charges, its persistence and willingness to use its powers had effectively called the Government to account over the operation and use of the VIP fleet.

## 4 *Accountability*

Gorton's action in the Senate obviously raised questions about Howson's political future. McFarlane telephoned him in Uganda on 29 October to warn him he would be accused in the House of Representatives of lying to Parliament. More telephone calls followed and, on 31 October, Holt issued a statement saying that when Howson returned he would ask how the 'error' occurred. There was no question, however, of calling him home immediately. The Minister for Air would be indulged, and allowed to bask in his election as Chairman of the Commonwealth Parliamentary Association. Holt himself had once chaired the Association, and thought the position prestigious. He even imagined that the Association achieved worthwhile ends.

Howson did not return to Australia until Saturday, 4 November. In the meantime there was action on several fronts, some of it well out of sight.

Once the information on VIP flights had been disclosed, it was important to prepare a defence against charges of misuse. Two days after Gorton's intervention in the Senate, Peter Bailey in the Prime Minister's office followed their agreed practice by suggesting a 'debating point' — albeit, a weak one — which Holt might use to rebut accusations about McMahon making excessive use of VIP flights.<sup>94</sup> By employing a different measure — calculating the number of hours and miles flown instead of merely adding up the number of applications for VIP flights — McMahon's usage did not appear so excessive. So, whereas Gough Whitlam had travelled on VIP aircraft on just eight occasions, compared with McMahon's 54, Whitlam's usage in terms of hours was nearly 60 per cent of the Treasurer's and the figure was nearly 80 per cent in the case of miles travelled.<sup>95</sup>

Holt mentioned Bailey's defence in a speech to the House on 31 October. Wisely, or fortuitously, he did not make too much of the point. Little was to be gained by comparing the Whitlam–McMahon usage. The Leader of the Opposition travelled across parts of Australia — western New South Wales, northern Tasmania, north

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<sup>94</sup> Interview: Bailey, 13 May 2003.

<sup>95</sup> Bailey to Prime Minister, 27 Oct. 1967, Gorton Papers.

Queensland, the Northern Territory and Western Australia — where he could not rely on regular commercial services. On the other hand, of McMahon's 54 flights between January and September 1967, 47 of them can be identified as short trips either way between Sydney and Canberra, of which just eight included another VIP. Given that there were 13–14 commercial airline flights both ways on each working day (admittedly bunched together because of parallel scheduling by Trans Australia Airlines and Ansett), McMahon could hardly justify his use of VIP flights on the basis of there not being any available commercial alternative.<sup>96</sup> The Treasurer's explanation was risible. He claimed that he needed, on this shortest of routes, to conduct confidential conversations about classified documents with Treasury officials.<sup>97</sup> In fact, just as he had done in 1951 after Menzies appointed him to the Navy portfolio and he required a naval rating to caddy for him when playing golf, McMahon sought and used almost every privilege and every opportunity to enhance his sense of self-importance.

On 30 October Bailey produced another document, this time prepared in conjunction with Yeend, which attempted to counter charges of misuse by Holt's family and by others associated with him.<sup>98</sup> Bailey considered that the evidence 'amounts to a substantial refutation of virtually all the unpleasant allegations or implications made by Senator Cant and other critics'. Bailey also tendered advice for any statement that Holt might make. The Prime Minister should 'deal first with the mistake made in good faith as to the retention of certain documents'. He should claim 'some merit' for making available all (and more) of the documents requested. Finally, he should concentrate on the difficulties faced by the critics who wanted to cavil when so much of it was 'nonsense', and when hundreds of documents showed how carefully the VIP fleet had been controlled.

Taking up Bailey's third point, a close examination of the manifests indicates that Holt was occasionally careless in his calls upon the public purse and rather too generous in his interpretation of the criteria. It remains questionable whether he needed, in addition to his wife, three step sons and three step daughters-in-law in Canberra to assist him on official occasions. It remains equally doubtful whether it was appropriate to use what were called 'positioning' flights to transport family members and assorted secretaries to and from Canberra as sole passengers on flights booked to collect ministers. Yeend himself drew attention to what he tactfully described as a 'somewhat questionable' practice. On 17 April 1967 a VIP plane, captained by Flight Lieutenant Terrill, flew from Canberra to Melbourne for maintenance work. It returned to Canberra that afternoon with a secretary on board as the sole passenger. Then, captained by Wing Commander Addison, it returned to Melbourne the following day to collect the Prime Minister. As Yeend observed, an extra 800 miles were flown solely to allow Holt's personal pilot to captain a prime

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<sup>96</sup> *The Official Airline Guide*, Sydney, 1967.

<sup>97</sup> *CPD*, H/R, vol. 57, pp. 2213, 2308, 2418.

<sup>98</sup> Bailey to Prime Minister, 30 Oct. 1967; Yeend to Bailey, 30 Oct. 1967, Gorton Papers.

ministerial flight. Apparently the Prime Minister also thought it reasonable for Mrs Holt's friends to accompany her on some flights and when Holt himself was not on board. His generosity with public funds even extended to the point where, on 11 September 1967, a VIP aircraft took Zara on a return Melbourne–Sydney flight to address members of the NSW division of the Liberal Party. Bailey subsequently justified this usage on the ground that Mrs Holt was due to make an official visit to Western Australia on the following day. He did not need to explain why it was necessary for two of her step daughters-in-law to accompany her to Sydney, simply because no one had told him of their presence.<sup>99</sup>

### **Bunting in self-defence**

While Bailey and Yeend were preparing a defence against misuse, an obviously worried Jack Bunting was mounting a defence for himself. He wrote a number of notes to Holt in the period between 30 October and 8 November.<sup>100</sup> In Note No. 1 Bunting referred to 'allegations' about 'wrong answers' being given to three parliamentary questions asked by Daly and Gair (on Holt's behalf) and to Turnbull (on Howson's behalf). He agreed that the replies were handled 'at some stage' by the Prime Minister's Department. Bunting recounted the broadly factual story, already outlined here, of the alterations made by the Prime Minister's Department to Howson's draft answers to Gair, Daly and Turnbull. At first sight, therefore, this note of 30 October looks bland enough. Nevertheless, it did have an ulterior motive: to make the point that several hands, including the Prime Minister's, were involved in preparing the answers, especially to Senator Turnbull's questions.

Next day, Tuesday 31 October, Gough Whitlam gave notice in the House of Representatives of a motion of no-confidence in the Government. It related to 'the untrue and misleading information given by the Prime Minister, the Treasurer and the Minister for Air in relation to the use of the VIP flight'. Holt announced that the Government was 'willing, and indeed eager' to proceed with the matter immediately.<sup>101</sup> He was obviously annoyed by what he saw as Whitlam's unnecessary pre-emptive strike. That morning Cabinet had approved his outline of the statement he intended to make rebutting the charge of giving 'misleading and untruthful information' to the House. In one sense he need not have worried. Whitlam's speech was not one of his best. Relying too much on recollection, the Leader of the Opposition got some of his facts wrong, and mis-quoted from

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<sup>99</sup> Interview: Bailey, 13 May 2003. Harold Holt explained their presence. He told the House of 31 October 1967 that his wife 'invited two of her daughters-in-law to go with her for company,' adding 'I do not know whether she was expected to make the flight alone and just sit there and meditate . . .'. *CPD*, H/R, vol. 57, p. 2409. This Melbourne–Sydney–Melbourne flight occurred on the same day as the Howson return trip to Perisher Valley.

<sup>100</sup> NAA: A1209, 67/7875.

<sup>101</sup> For the debate, see *CPD*, vol. 57, pp. 2403–44.

*Hansard*. His attack on McMahon, for instance, which included the claim that the Treasurer flew with officials on only four occasions, was wide of the mark. Whitlam also allowed himself to be diverted in exchanges with Holt about matters which he conceded did not justify the terms of his own motion. But Whitlam was at a disadvantage. He did not know, and could not know, who was responsible for the untrue and misleading answers to questions. All he could do was demand that Parliament be told why it had been given inaccurate information.

If Whitlam's speech seemed laboured and lacked penetration, Holt's response was simply incoherent. Perhaps this was a deliberate tactic, designed to obscure the issues and to divert attention from his own culpability. Alternatively, he may have been so incensed by what he saw as an assault on his integrity that, in a state of agitation, he lost all sense of direction and proportion. Whatever the reason, he flipped and flopped all over the place. He attacked the Opposition for using the Senate to make 'thoroughly unjustified and cowardly allegations', and accused Labor of focussing on 'pettifogging trivial matters' and ignoring those of national importance. He spoke of the 'irony' of Gough Whitlam accusing the Government of untruthfulness when he had established 'a record for lack of credibility unequalled, in my experience, in the history of Federation'. He defended his wife and family, and the Treasurer, for their use of VIP flights, traversed constitutional issues and repeated his defence of the VIP fleet.

Holt managed, twice, during his speech to massage the truth. Referring to his recollections 'the other day' (presumably his statement of 24 October), he commented that 'I had no knowledge of the papers which were subsequently produced in the Senate chamber'. Later, Holt said 'I inform the House, and I think the House will accept my statement, that the first time I knew of this Flight Authorisation Book or of these manifests was when this was mentioned to me by the Leader of the Government in the Senate'. Indeed, he claimed to have seen the flight authorisation books for the first time on 30 October. What Holt failed to mention is that the information available from these books had been given to him on 14 August. The significant question is not whether Holt had seen the source of the information given to him; rather, it is whether he had the information in the first place. The short answer is — yes — he did. But the Prime Minister was not prepared to go down that track. He just wanted the House to understand that he had never, in 31 years, either 'wilfully or wittingly' misled it, and had always exercised 'good faith' in giving information to the Parliament. It would be a shameful thing if the House would not accept the word of a Prime Minister of known honesty and integrity.

Holt's explanation for delaying answers to Turnbull's questions would have been comical if it were not deceitful. He told the House of his concern that answers given in the form sought 'could only create a quite misleading impression and give a distorted view of what was happening'. So they were withheld until Parliament could be given 'an authoritative statement' on the matter. The surviving files simply do not bear out Holt's claim. The information was withheld because Holt did not

want to release it. The fact that he was led to believe it did not exist, or that it existed in inadequate or inaccurate form, was the excuse and not the explanation for his reluctance.

The debate on 31 October attracted the heavy-hitters from the two front benches, and ended with a vote along party lines. In another building, some 200 metres removed from the sound and fury of the House of Representatives, Bunting was writing some more notes. His Note No. 2, delivered to the Prime Minister on 2 November, sought to emphasise three points. First, Bunting believed Howson when he said in relation to Daly's questions that passenger names did not constitute 'a vital kind of record'. They were not 'systematically retained' or even 'systematically recorded'. They were 'scrappy'. So, when the Department came to prepare the final answers, it relied on Howson's word and information. Secondly, while Bunting could not recollect testing Bailey's insertion of the words 'no records are kept of the places to which craft in the VIP flight have taken VIP passengers', it 'would have been normal practice to do so'. Thirdly, in relation to the Gair question, Bunting had asked Howson whether Labor Party officials were carried on Calwell's VIP flight to Perth, and Howson had advised him that 'passenger records being uncertain, it could not be stated with certainty that there were no such officials'. Hence the Department replaced the words 'the Leader of the Opposition, members of his family and his staff' with 'particulars of passengers carried are not available'. Again, Bunting believed he had cleared this answer with the Minister for Air.

Towards the end of this note, and in two additions made later that day, Bunting tackled the vexed question of altering one of the replies to Turnbull. It will be recalled how the 'final' Howson draft declared that, in relation to the number of passengers carried, 'there was no reason to keep on record the detailed information needed to answer this part of the question'. This version was replaced with the words 'no detailed records had been kept'. Here Bunting was anxious to show that Holt had suggested the change in wording, and that the Secretary to the Prime Minister's Department had approached the whole issue in 'a state of mind' affected by Howson's original advice about records not being meticulously kept. Even though he learnt from McFarlane in Gorton's office on 24 October that passenger lists could be produced, Bunting did not see the significance of the remark until he read the press criticism after Gorton had tabled the papers in the Senate. How did Bunting explain his seeming slowness to act?

I did not, even if I should have, approach my work on the answer as if I were conducting the entire exercise. I approached it in the sense of proposing such adjustments as I saw to be necessary, but otherwise leaving the Minister's answer stand.

Holt had wanted the Prime Minister's Department and himself to take the responsibility for answering questions on the VIP fleet. The Secretary of his Department waived much of that responsibility in his own case.



Bunting took this line even further with his undated Note 3. Informed by Howson that the draft answer to the Daly question drew upon the advice of ‘his own officers’, Bunting said he never considered, either then or subsequently, that the Minister’s statement ‘would not stand [the] test’. When Lawler (in the second half of 1966) and Yeend (in August 1967) expressed their uneasiness about the answers given to Daly, Bunting thought ‘the matter was one of degree’. No one had denied the existence of records (merely their retention — a fine distinction), but they were unreliable and incomplete. Therefore, to supply information from the passenger lists could amount to ‘misinformation’. Moving to the Turnbull question, Bunting obviously thought the best method of defence was to relegate his status to one of postal officer and spectator. He explained that the final version of the answer was prepared in Air for transmission to the Senate, and was given to Bunting to pass to the Prime Minister for background to the statement he was preparing. At no stage ‘was I or the Prime Minister more than on the sidelines’. Further, Bunting did not set himself up against Howson’s view, ‘evidently still retained, that passenger records were not maintained in a full or permanent way’. And, as for a comment by McFarlane during the meeting on 24 October, that passenger records could be produced, the Secretary for Air made the remark in general discussion so any relationship with the draft answer to Turnbull ‘was not picked up’.

Having excused his actions by denying responsibility and by loading as much as he could upon Howson, Bunting’s undated Note No. 4 adopted another line of defence.

1. The pressure of work.
2. It seems to be left out of account in the comment which has been made that questions are sometimes put for information and sometimes put for political advantage.
3. It also seems to be left out of account that a policy of reticence in answering a question is neither new nor, so far as I understand it, improper.

Like the others, this note was intended for Holt’s eyes. It is unknown whether the Prime Minister, or Bunting, saw any contradiction between the Secretary’s first and second line of defence: between ‘I did nothing wrong’ and ‘if I was wrong, what I did was both explicable and excusable.’

Peter Howson arrived in Sydney from Uganda on Saturday morning, 4 November, unaware of the primary intentions of the Secretary to the Prime Minister’s Department. He flew on to Melbourne and spent much of the afternoon speaking by telephone to McFarlane and RAAF officers in Canberra. McFarlane arrived next day from Canberra and the two men, along with Howson’s secretary, Dick Fenton, and Squadron Leader John Green, set about preparing their own story. Bunting arrived in the afternoon ‘and we unravelled his side of the story as seen from the Prime Minister’s Department. Then we put the two stories together and started the preparation of a memorandum to submit to the Prime Minister tomorrow.’ Howson thought that ‘Jack might have been worried about some of the views I’d put

forward' but 'we were reasonably well in agreement' by midnight when everyone departed from Howson's home. McFarlane and Bunting revised the statement the following morning. Howson noted: 'we toned down the more violent parts of disagreement and, by midday, we pretty well found ourselves in agreement as between the PMs Department and the Air Department.'<sup>102</sup>

This memorandum — finally presented as Background Notes for Advice to the Prime Minister on the subject of passenger manifests — became the basis of Howson's subsequent speech in the House on 8 November. Bunting added his own comments in a memorandum sent to Holt on 9 November.<sup>103</sup> According to the Howson account, the Minister talked to Bunting on 6 April 1966 about the draft answer to the Daly questions which had been prepared jointly by a member of the Prime Minister's Department and by his own staff officer, Squadron Leader MacNeil. Bunting, on the other hand, claimed that when he came to Howson's office he was presented with the draft, and that there was no evidence of any drafting being undertaken by the Prime Minister's Department. In any event, in advance of his discussion with Bunting, Howson questioned his personal staff about the passenger manifests and formed 'the very firm impression' that, following a particular flight, retention of the manifests 'was not required for more than a few weeks'. As corroboration, he stressed how his original draft had returned from the Department of Air with the accompanying notation 'O.K.'. At this stage the draft went to the Prime Minister's Department and Howson did not see the Daly answer again until his meeting with Bunting on 12 May 1966, by which time it was too late to remove the sentence which had been inserted.

Howson's discussion with Bunting on Sunday 5 November had produced an important revelation. The Minister for Air claimed he had never been told the reason for inserting the Bailey sentence into the Daly answer. Why he never asked for an explanation is another matter.<sup>104</sup> The relevant point here is that, as will be recalled, in reply to question 3(c) relating to the destination of flights, the following had been added to Howson's draft: 'For similar reasons no records are kept of the places to which craft in the V.I.P. flight have taken V.I.P. passengers'. Bunting informed Howson at their Sunday meeting of the Prime Minister's Department interpretation of the question as one really directed to passengers rather than destinations. As a corollary, 'it was felt . . . further use could be made of the fact that passengers' names are not available'. A particular interpretation, dubious at best, had produced a mistake which had not been corrected because Bunting continued to believe passenger manifests had not been retained. Naturally, Howson highlighted this point in his own account of the affair which he prepared for Harold Holt.

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<sup>102</sup> Howson, *Diaries*, 5 Nov. 1967.

<sup>103</sup> NAA: A1209, 67/7875.

<sup>104</sup> Bailey later recalled having told Howson of the reasons for his intervention some six months earlier. Interview (John Nethercote): Bailey, 12 May 2003.

Around midday, 6 November, Howson saw Holt in the latter's Melbourne office where he gave his version of events, emphasising how the Prime Minister's Department had altered his original draft

in such a way that I was led to believe that they had told me that records I knew to exist did, in their opinion, not exist; in fact, I was being told that although I knew them to exist, I was being instructed to say, from that time on, that they were not available. It was from that particular moment onwards that I had, in my opinion, been required to cover up the true situation.<sup>105</sup>

But what was Howson being asked to say did not exist? Was there some confusion here which explains Howson's further comment in his diary that he and Bunting appeared to have been at 'cross purposes'? After all, Howson's original draft claimed that records were not available to answer Daly's question about the names of the passengers on the flight to Perth. In other words, the passenger manifests had not been retained. So the only records which Howson 'knew' still existed in May 1966 were the flight authorisation books. If Bunting, on the other hand, was referring to the passenger manifests, then Howson's cover up, as he himself put it, need not have occurred 'for the whole of this time'.

Either way, Howson felt bound to offer his resignation, which Holt refused to accept. The Minister for Air had further discussions with Bunting and McFarlane that evening when Holt interrupted them with a question about 'a lost memorandum of 29 August that had suddenly come to light'. Howson reported that McFarlane went to see the Prime Minister to 'explain in detail the whole situation'. At this stage, Howson could see the situation changing by the hour and 'was full of worry, not only for myself and McFarlane but also for Bunting'. Further revisions were made to his forthcoming parliamentary statement on the following morning, 7 November — Melbourne Cup Day — whereupon Howson flew to Canberra and had 'acrimonious discussions' with John Gorton. He was now convinced Gorton 'had gone out of his way to try to wreck my political career'. Howson also noted that Gorton's action in the Senate was 'in complete contravention of all that the government had determined to do up to the moment that I left Australia'. It seems that no one had told him how and why, and with whose permission, Gorton had acted.<sup>106</sup>

Probably no one told him either of another Bunting missive to Holt, written on the same day as Howson's meeting with Gorton. This letter is the most remarkable of all those Bunting sent to Holt in early November.<sup>107</sup> For, by now, Bunting had developed a third line of defence, namely, that he and Howson would fall in behind Holt who was to scramble over the trenches ahead of them. The suggestion was

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<sup>105</sup> Howson, *Diaries*, 6 Nov. 1967.

<sup>106</sup> Howson, *Diaries*, 6-7 Nov. 1967.

<sup>107</sup> NAA: A1209, 67/7875.

presented in the most gentle and tactful of terms, and the focus was placed on protecting Howson and not Bunting.

It would be ‘a wise and even necessary line’, Bunting wrote, for the Prime Minister to share some of the responsibility which had to be taken ‘in various quarters, departmental and Ministerial’. To load everything onto Howson ‘may be more than he can carry and may lead to allegations of a scapegoat’. Holt, in contrast, had ‘the stature and goodwill to take the broad government responsibility’. Bunting added that he and Howson had agreed the Prime Minister should ‘accept responsibility in your statement for the answer given to Daly on our recommendation about destination details. I believe you can and should do so.’ To assist Holt, Bunting ‘would compose some words’. The Secretary also thought it might be a good idea to say something about the Government’s general attitude towards parliamentary questions; that is, the approach was ‘responsive rather than niggling’.

Bunting attached some speech notes he had prepared in conjunction with Keith Sinclair, the Prime Minister’s speechwriter. Holt was to discard most of those which required too many *mea culpas*, too many admissions, and too many apologies. For Bunting and Sinclair wanted Holt to admit to ‘unnecessary delays’, ‘some laxity’ and ‘some inaccuracies’. He should ‘share some responsibility’ for the lateness in replying to Senator Turnbull, and accept ‘the broad responsibility as Prime Minister’. He was to acknowledge that he and the Minister for Air ‘gave wrong information’, albeit ‘innocently and unwittingly’. He should admit to ‘gaps and misunderstandings’, express gratitude for the exposure of ‘loopholes’, and assure the House that the lessons had been learnt and the procedures tightened. Above all, the tone should be one of sincere regret, backed by promises of improvement.

After forwarding this letter and its attachment to Holt on 7 November, Bunting followed up with another brief note on the same day. He included a one-and-a-half-page statement setting out the words Holt might use in accepting responsibility for the sentence Bailey had inserted into the Daly answer. The idea was to incorporate the explanation Bunting had already given Howson. The Prime Minister would declare he had taken ‘the liberty’ of interpreting Daly’s question in a particular way. That is, he assumed Daly really wanted to know about passengers and not about destinations and, because Holt understood that manifests were not maintained, he made his reference to records not being kept of places to which VIP aircraft had flown. He now saw this interpretation to be ‘wrong’, perhaps ‘misleading’. He regretted making it, though, like all his answers, it was made ‘in good faith, and in good faith I fully believe on the part of all those who advised me’.

So, another line of defence had been invented. Whereas, originally, it was said that records either did not exist or were not retained for long, and then it was claimed they were incomplete and inaccurate, now it was to be argued that Bunting, like everyone else, had acted ‘in good faith’. Errors of judgment, incompetence, the failure to act or to ask questions could all be excused because those responsible

believed certain things to be true, and acted — or did not act — on those honestly held beliefs.

In his letter Bunting also informed the Prime Minister of the efforts he and McFarlane were making to amend Howson's proposed statement to the House, the first draft of which had arrived in the Prime Minister's Department that morning (7 November). The aim was to make Howson's introduction more general instead of limiting it to passenger manifests. It was important to clarify just why the Minister had relied on personal rather than departmental staff. McFarlane might well have been insistent on this point. After all, the Department of Air would not want the House to think it ignorant of its own regulations about passenger manifests. Bunting said that the two public servants also wanted to offer 'a rather better presentation of [Howson] remaining unaware up until the Turnbull answer of the real situation about passenger manifests'.<sup>108</sup> They wanted to remove any reference to the Prime Minister's Department. So, in the amended draft, the following Howson sentence was deleted: 'It [the draft answer to Gair's question] was discussed between me and the Secretary of the Prime Minister's Department and we reached agreement that an answer on the lines proposed would be submitted to the Prime Minister'. Probably for the same reason, Bunting and McFarlane wanted to excise Howson's proposed reference to the reinterpretation of Daly's question regarding destinations. It was one thing for Bunting to tell Howson how the question had been understood in the Prime Minister's Department to refer to passengers. It was another for Howson to furnish the House with an interpretation which was difficult to justify and which might draw attention to the intervention of the Prime Minister's Department.

The Secretary was not yet finished. In a further note of 7 November, entitled 'Howson Situation', Bunting expressed concern 'about one possible eventuality in this matter'.<sup>109</sup> If it dragged on, there might be 'callings' to the Bar of the Senate or the formation of a select committee. To forestall this possibility, Bunting suggested inserting the following sentence in the statement which he and Sinclair had drafted for Holt to make:

I may add that [I] share responsibility for some of the delay [in answering Senator Turnbull], and indeed contributed to the drafting on the basis of the information available to me at that time.

Bunting sent Note No. 5 to the Prime Minister on 8 November, probably on the morning of the proposed Howson–Holt statements to the House. In this instance, his principal objective was to explain why, in view of the information coming in from various quarters, the Secretary did not enquire further into the passenger lists. Basically, Bunting felt 'I had no reason to doubt the Minister and, on the contrary, reason to accept his statement' that records were 'temporary' and 'scrappy'. He admitted he had failed to follow up Yeend's uneasiness 'about what it was proposed

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<sup>108</sup> NAA: A1209, 67/7875.

<sup>109</sup> NAA: A1209, 67/7875.

to say in relation to passengers in the Turnbull answer'. Bunting explained his failure to act in terms of his concentrating, with McFarlane, on an amendment to the Turnbull answer (presumably the amendment which stated that no detailed records had been kept). Bunting said he was acting in this instance with the Prime Minister's authority and with Gorton's knowledge (though the latter was still ignorant of the true situation of the records). He went on to say, 'I had the opportunity to propose amendment to the reference to passengers, but what I failed to do was carry through in an enquiring sense right to the end of the question'. So, faced with growing evidence of the existence and retention of records, including the documents assembled for the Cabinet meeting of 12 October, Bunting continued to accept Howson's original draft answer to the Daly questions.<sup>110</sup>

In addition to Note No. 5, Bunting also wrote some reminders for himself.<sup>111</sup> He listed the points he needed to clear with Holt in regard both to Howson's forthcoming speech and Holt's own contribution. Bunting wanted to make the point that Daly's question about destinations had been interpreted to relate to passengers carried and not to destinations; so, given the understanding that manifests were not retained, the information Daly requested was 'not available'. Bunting also wanted to make sure Holt took some responsibility for the delay and drafting of the Turnbull answers, and that the Prime Minister would stress the 'good faith on the part of those who advised me of whatever Department' (underlining in the original). Evidently, Holt still retained his misgivings about releasing passenger details because Bunting also wanted to clear with him whether, 'as a matter of general policy', they were not to be revealed, and would be 'considered on merits'. Sensitive, no doubt, to criticisms about Lord Casey using the VIP fleet to transport his domestic staff, Bunting particularly wanted to know whether the passenger details of the Governor-General's flights would come under the head of 'general policy'.

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<sup>110</sup> Around this time an anonymous letter arrived at the *Canberra Times* making several allegations about the VIP affair. The letter was not signed, so the editor refused publication, but he did pass it on to Tony Eggleton in his capacity as the Prime Minister's press secretary. Eggleton, who passed the letter to Holt on 8 November, noted he had received a carbon copy, and wondered whether further copies had been passed on to other newspapers and to the Opposition. The letter was obviously written by someone with inside knowledge. It was inaccurate in places but close enough to the truth to cause discomfort, especially with its references to the earlier knowledge of the retention of passenger manifests, the appointment of Addison as Holt's personal pilot, the refrigerators provided for the *Mystere* aircraft, the increased usage once the better jets arrived, the attempts to massage the operating costs of the fleet, and the Holts' treatment of the fleet as their 'private airline'. The allegations were further proof, if any were needed, of the folly of trying to impose secrecy on the operations of the VIP fleet. VIP Aircraft — Investigation of Anonymous Letter, NAA: A1209, 67/7764.

<sup>111</sup> Bunting notes, 8 Nov. 1967, NAA: 67/7875.

## Howson and Holt defend themselves

Howson was due to attend a Cabinet meeting on the morning of 8 November. He saw Holt beforehand and told him how ‘because I thought he had made a deliberate mis-statement (in answering Daly in May 1966), I had backed him up loyally throughout the whole of the intervening period, even denying records were available when I knew that they actually were available’. The Minister for Air thought ‘it was a useful moment to put all our cards on the table’ to explain how and why the ‘misunderstandings’ had occurred. The two men then entered the Cabinet room together where Howson traversed ‘the whole history’ of the VIP affair. He thought Gorton was ‘antagonistic’, and McEwen ‘not really easily convinced’. Yet he came away believing Cabinet ‘realised that I had acted truthfully and honestly through the whole of this matter’, while Gorton ‘had behaved abominably’.<sup>112</sup> Apparently, it was possible to act ‘truthfully and honestly’ when denying the truth of what one knew to be true.

The House met at 2.30pm that afternoon and Howson spoke immediately following Question Time.<sup>113</sup> He pointed out that the answers given to the Gair–Daly–Turnbull questions observed the same form, although his response to Turnbull should have added the words ‘complete and accurate’ to the sentence which read ‘No detailed records have been kept of who travelled with an applicant on a particular flight’. (Howson’s loyalty to Holt extended to taking responsibility for the sentence the Minister for Air did not write.) Howson explained that his personal staff informed him of the existence of passenger manifests, telling him they were retained for only a few weeks after the end of each particular flight. Given this information, ‘I formed the firm belief that passenger manifests were not kept for long’. Howson said he held to this belief up until the time he departed for Uganda. Anticipating the question of why he did not inquire further about the passenger manifests, Howson saw ‘the prime need’ as one of controlling the authorisation of flights and the carriage of passengers (like, for example, his own use of VIP flights on 11 September 1967). There was no occasion ‘to inquire again into the retention of passenger manifests’. When, and only when, he returned from Uganda, did he discover that the passenger manifests were retained for 12 months as required by Air Force Publication No. 873. Since his return he had instituted new procedures whereby manifests would be kept in proper order, co-ordinated with the Squadron’s records, and full information would be available in his office and within the Department of Air.

Howson acknowledged his failure to take earlier steps to establish that records were maintained and were required by orders to be so. Fortunately, there were no revelations of misuse but the House had experienced ‘a climate of doubt and anxiety which has caused me concern and distress’. Howson concluded by assuring the

<sup>112</sup> Howson, *Diaries*, 8 Nov. 1967.

<sup>113</sup> *CPD*, H/R, vol. 57, pp. 2775–7.

House he would never be ‘a party to any deception’ nor mislead it, no matter how trivial the matter. Mistakes had been made — not large or harmful ones — but as the responsible Minister he felt obliged to offer his resignation to the Prime Minister, even though he had ‘acted at all times honestly, and with integrity and in the best interests of this great nation of Australia’.

There are three points of note about this speech. First, there was Howson’s apparent attempt to shift the blame to his personal staff. The Chairman of the Public Service Board subsequently sought his assurance that the reference to being ‘misinformed’ by his personal staff did not imply any need for a formal inquiry.<sup>114</sup> If Howson is to be believed, there was certainly a case for such an investigation. After all, how could Squadron Leader John MacNeil, Howson’s then RAAF liaison officer, not know that manifests were retained for much longer than ‘a few weeks’, the phrase Howson employed in the House when reporting on the information received from his staff? Or to re-phrase the question, while MacNeil may not have had the fine print of Air Force Publication No. 873 at his fingertips, is it plausible he was ignorant of the general rule? A similar question might be asked of Squadron Leader John Green, the RAAF liaison officer in Howson’s office in 1967. It might also be asked why he or someone else in Howson’s office did not inform the Minister for Air of the contents of Storr’s memorandum of 29 August.

Secondly, at no stage did Howson implicate Harold Holt in the whole exercise, apart from recalling that it was the Prime Minister who had answered Daly’s question. The Minister for Air was prepared to pass the buck down, but not up. He was happy to assign responsibility to personal staff and to a stenographer, ‘the girl’, but did not identify his Prime Minister as a guilty party. Harold Holt had every reason to be grateful to a loyal friend.

Thirdly, and most importantly of all, there is the matter of deceit. In telling the House that he would not be ‘a party to deception’, Howson contradicted his own diary entries of 6 and 8 November 1967 where he admitted to being part of a ‘cover up’, in the first instance expressly so. In telling the House he did not know of the twelve-month retention of the manifests before leaving for Uganda, he had neglected to say how, on and before 12 October 1967, he had been party to assembling manifests for presentation to Cabinet. Moreover, the references in his speech to Senator Turnbull’s questions were grossly misleading. Reduced to its simplest terms, Howson told the House that, because the passenger manifests were not retained (even though, at the very least, he knew some were), it was appropriate to say there was ‘no reason’ to keep the records necessary to respond to parts of Senator Turnbull’s questions. He did not tell the House that Turnbull’s questions could have been answered on the basis of the flight authorisation books. At this point, if he did not actually lie to the House, he assuredly did not enlighten it as much as he could have done. Worse, while knowing of the existence of records other than the manifests, he approved a misleading answer to Senator Turnbull,

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<sup>114</sup> NAA: A1209, 67/7875.



assured John Gorton that the answer was correct, and exposed Senator McKellar to ridicule in the Senate.

On several grounds, therefore, Harold Holt ought to have accepted Howson's offer of resignation. Indeed, the Prime Minister should simply have dismissed him. Yet Howson was just the front man for the cover-up, irritated by what he saw as Bunting's clumsiness, but a willing participant nonetheless. Moreover, by accepting responsibility, expressing contrition and being 'a party to deception', Howson had rendered his leader untouchable. How, then, could Holt dispose of a friend and colleague who had dissembled in order to implement his master's wishes and guard his reputation?

Holt spoke immediately after Howson.<sup>115</sup> Having praised the Minister's speech as 'manly and dignified', Holt claimed that 'most fair-minded listeners' would accept that the Government's various statements had cleared the air. He then praised himself and the Government for providing 'a full and detailed account of these matters' which enabled Parliament and the country to reach these conclusions. He explained the decision to leave Howson in Uganda in terms of the great importance of the Commonwealth Parliamentary Association. The House should also know of Howson's election as chairman which was evidence of him enjoying the trust and respect of some very distinguished colleagues throughout the Commonwealth.

After devoting more than half his speech to these preliminaries, Holt finally moved to the central question of dismissal or resignation. His line was that the Minister's 'sins' were not really so sinful. The Minister for Air had almost been accurate in his original response to the parliamentary questions. If only he had added that 'complete and accurate particulars were not fully available', his answer would have been both 'a precise statement of the position as it existed then', and 'in accordance with the facts as we still know them to this time'. Besides, when it became known that records, 'if not complete and wholly accurate', were kept longer than a few weeks, 'we made the information available'. The Prime Minister's excuse was the one he had used before: the Government had to be careful about how the information was made available because false inferences could be drawn.

Holt told the House that when Howson learnt the full truth about the records (the passenger manifests) he went to the Prime Minister and had a 'full discussion' with him. (The fact that the Minister for Air had long known about the flight authorisation books was allowed to become immaterial.) At this point, Holt had the brush with candour Bunting had been seeking. 'To a degree my own Department and my own position were involved in this matter.' But the Prime Minister had no intention of making himself the focus of debate. Following this brief comment, he returned immediately to Howson's 'mistakes' which, because they had been frankly acknowledged, and because the Minister had no intention of misleading the House, were not of sufficient magnitude to require or to accept his resignation. Holt made

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<sup>115</sup> *CPD, H/R, vol. 57, pp. 2777–80.*

light of the offence: in recent weeks ‘some molehills have been made into mountains.’ The issues, seen in their ‘true perspective’, were trivial when seen alongside the great questions of the day. And the saving grace was that the original answers given to Gair had related to Arthur Calwell. There was no question of protecting a member of the Government. Overall, therefore, Holt and his Cabinet colleagues felt that Howson had acted sincerely and in good faith, and had decided the Government should retain his services.

Gough Whitlam was doubly disadvantaged in replying to the Howson–Holt speeches.<sup>116</sup> While he correctly assumed that the two men were implicated in a cover-up, he lacked the evidence to prove it. Nor could Whitlam confirm public service involvement. He could, however, pinpoint a number of deficiencies in the Howson–Holt statements. Neither, for example, had explained just why inaccurate information had been given. Further, the House was being asked to believe that, for seventeen months, neither the Prime Minister nor the Minister for Air had bothered to consult the Department of Air on a matter which was becoming the subject of continual questioning. Or to put it another way, no one in the Department of Air had thought to tell Holt or Howson within a period of seventeen months that misleading information had been given to the Parliament (Whitlam was not to know the Department of Air had actually done so). Whitlam’s other most telling criticism was that it took ‘a protracted and painful process . . . to extract and extort from this government as much truth as has so far been revealed’. As he said, Holt’s picture of ‘an open handed government, a firm, forthright, frank and friendly government . . . freely and voluntarily’ giving information was a ‘fantasy’.

The House had been asked to take note of Holt’s ministerial statement. Whitlam concluded his speech by moving an amendment declaring that the Government had failed to give a complete explanation. The Opposition wanted to bring McFarlane before the Bar of the House on the following morning to be asked about the answers given to the Daly questions. Holt then spoke to the amendment. He began with a tortured metaphor. It was ‘palpable to every thinking person’ that Whitlam had ‘sought to squeeze the last drop out of the lemon of the political gimmick that he has been working with his colleagues’. Holt then repeated what had become his standard response regarding the original replies to the Gair–Daly questions: ‘if there had been an error it was an honest error’ and ‘it had been corrected as soon as the error was perceived’. It is unlikely that Holt’s ‘thinking person’ would have considered that a gap of 15–17 months constituted a prompt response. Nor would such a person, handed the evidence which is now available, accept as adequate an explanation of any delay in terms of trying to present a complete and accurate picture. Very simply, Holt’s obfuscation amounted to lying.

The Prime Minister was obviously rattled. Alert enough to recognise that he, not Howson, was the Opposition’s real target, he proceeded to thrash about in all directions. He said he had been longer in the House than Whitlam; unlike Whitlam

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<sup>116</sup> For Whitlam’s speech and the subsequent debate, see *CPD, H/R*, vol. 57, pp. 2811–40.

he was the unanimous choice of his party for leader; thirty-six Commonwealth countries respected Howson who was 'a man of decency and honour'; Daly and Gair had wanted to embarrass Calwell; and the molehill was turned into a mountain because of the proximity of the Senate election. For good measure he made another reference to squeezing the lemon, and threw in 'a political stalking horse' to emphasise his point that Labor was trying to make something of very little. They were wasting their time. 'The Australian people are not fools'. They knew they were well represented by a Government which had given them 'so many material benefits', kept the country secure, and ensured it was well regarded by other nations.

The debate on the Whitlam amendment lasted almost three hours, and was defeated on party lines. While Labor's speakers accused Holt and Howson of lying, Government members insisted that Holt was someone of unimpeachable integrity. Billy McMahon, so often himself a stranger to the truth, declared him to be 'probably the most honest man I have met in my life'. As for Howson, the Government line was to describe the 'mistake' as technical and minor, and to praise the Minister for Air for being man enough to admit fault.

Allan Barnes in the *Age* on 9 November might have thought Howson 'too short and plump and too conservative of dress, manner and speech to be the star of a great political drama'. Yet, by the afternoon, he 'was to be acclaimed for a brilliant parliamentary performance'. The *Age* editorial spoke of Howson's 'dignity' and thought he had suffered enough. The *SMH* described him as 'manly' and said he was obviously telling the truth about the passenger manifests. The editorialist did, however, wonder why, if Gorton could get at the truth about the manifests, the truth had managed to elude the Minister for Air. 'Obviously it is better to be convicted of inefficiency than of dishonesty; but inefficiency is still a serious matter'. The *SMH* also wondered why the officials in Air, who 'must have known of the existence of the passenger manifests', did not inform their Minister. But the editorialists, like the Opposition, saw Holt as the real culprit, and attacked him for his lack of frankness and determination.

Howson considered he had acquitted himself well. He was 'tremendously thrilled' when the Holts invited him and his wife Kitty to lunch at the Lodge on 9 November, a gesture by the Prime Minister to express both his support and his gratitude. Returning to Melbourne later in the day, Howson gave two television interviews before adjourning to the Melbourne Club for the annual Cup Week cocktail party. There he was met with congratulations all round, and was moved to doubt whether he and Kitty had ever experienced 'a more moving hour and a half, to find so many friends anxious to share with us our joy after the end of our tension'.<sup>117</sup>

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<sup>117</sup> Howson, *Diaries*, 9 Nov. 1967.

### **The Storr memorandum, the Senate election and some loose ends**

Yet the hiccups continued. At a press conference in Melbourne on 10 November, following the launch of his Senate election campaign, Holt was asked whether any ‘disciplinary action would be taken against those members of Howson’s staff who had allegedly misled the Minister for Air. Holt replied that Howson had made it clear he accepted full responsibility: ‘while the Minister did develop a false impression I’m sure he didn’t want to create a belief that he’s been misled either in a negligent or a deliberate way by any member of his staff.’ Asked whether, if a minister declared he had made ‘an honest mistake’, this statement removed him from blame or disciplinary action, Holt gave a typically circumlocutory response. Broken down to its essentials, he said Cabinet had to decide whether the mistake was ‘of an order of magnitude that we would be justified in depriving him of his portfolio’. This mistake had to be taken back to when it first occurred, and account should not be taken of ‘what blew up out of it subsequently’. Although actions which led to a special sitting of Parliament, or warranted a no-confidence motion in the Government, were serious matters, by going back to what was done at the time (the answers to Daly and Gair), and ignoring what flowed from the original actions, then the Cabinet could not justify removing him. The Minister had performed well in his portfolio, he had been a ‘most assiduous’ assistant to the Treasurer, helped Tasmania with the 1967 bush fires, and had been chosen by the representatives of some 86 parliaments to be Chairman of the Commonwealth Parliamentary Association.<sup>118</sup>

In the course of defending Howson, Holt casually disclosed that his Department and Howson’s office had received a memorandum in late August stating that passenger manifests were retained for a period of twelve months. Very properly, in making this reference to the Storr memorandum of 29 August 1967, Holt did not identify either the author of the minute or the recipient in the Prime Minister’s Department. Nor did he explain just how he came to hear of the matter. According to the January 1968 report, Bunting had ‘discovered’ the memorandum on or about 6 November.<sup>119</sup> Howson recorded in his diary for 6 November how Holt first raised the subject with him when he telephoned the Minister for Air that evening.<sup>120</sup> So, both men knew of the existence of the memorandum before they spoke in the House on 8 November. Understandably, neither of them chose to mention it. After all, the situation was already embarrassing; there was no need to compound the discomfort. Nor had Howson mentioned it in any other public forum. Yet, at his press conference on 10 November, the Prime Minister referred to the Minister for Air making it clear that, while the memorandum ‘came’ to him, it ‘didn’t come under his own notice. It was filed away in his office with his VIP file.’

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<sup>118</sup> For a transcript, see Use of VIP Aircraft – Policy, NAA: 65/6200/2.

<sup>119</sup> Prime Minister’s File 67/7737, NAA: A1209, 67/7875 and Gorton Papers.

<sup>120</sup> Judging by an unpublished sentence in Howson’s diary, Holt also raised the matter of Wing Commander Addison’s resentment in June 1966 about claims that the RAAF did not keep proper records of VIP flights. Howson Papers, NLA, MS 4697/29/232.

Having successfully added to the general confusion, and raised further doubts about his veracity and command of the situation, Holt proceeded to explain what happened when the Storr memorandum reached the Prime Minister's Department. It

came to an officer [Yeend] of my own Department, but it wouldn't either come to the Head of my Department or to me. It was filed away by him. It was an updating of information which had previously been given, and this was the concluding sentence in the thing, and there was a belief in his mind as indeed in the mind of the Minister that while these things were kept, they weren't kept for any length of time. There may be odd ones that had been kept for a longer period of time.<sup>121</sup>

It is highly unlikely that Yeend, on reading Storr's memorandum, retained 'a belief in his mind' of 'these things' not being kept for very long. In May 1966 a 'length of time' amounted to weeks rather than months. In August Yeend learnt it meant 'about twelve months'.

Once again, everybody had to go into survival mode. On 12 November Bailey reminded Holt that neither he nor Howson had specifically referred to the memorandum in public comment, although both were aware of its existence the previous Wednesday (the day on which Howson and Holt defended their actions in the House). Bailey advised the Prime Minister to talk with Howson before making any comment about the memorandum. Along with Bunting, Bailey felt that 'there is no need for you to go further than say that the August memorandum was one of the detailed pieces of information to which, in your general statements, it hardly seemed necessary to make specific reference'.<sup>122</sup> If Holt *had* followed this advice, in the face of Storr's explicit and unambiguous reference to the passenger manifests, he would have appeared even less than frank or even more than obtuse.

The Prime Minister told another press conference in Adelaide on 14 November that he first learnt of the Department of Air memorandum before Howson returned from Uganda (4 November).<sup>123</sup> By now, Holt was shredding what was left of his credibility. He recalled McFarlane telling him how just 70 per cent of the records were retained, while 80 per cent of them were inaccurate. But the thirteen manifests and three flight authorisation books Gorton tabled in the Senate were largely complete and almost exact for the period covered. One reason for their quality was the Department of Air's insistence throughout 1967 on retaining full and flawless records. Holt even had trouble getting his dates right. Having told the House on 31 October that Senator Gorton first told him about the manifests six days earlier, he informed the press conference on 14 November of learning about their retention only when advised about the Storr memorandum, probably on or about Friday 3 November.

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<sup>121</sup> Transcript of Press Conference, 10 Nov. 1967, Use of VIP Aircraft — Policy, NAA: 65/6200/2; *Age*, 11 Nov. 1967.

<sup>122</sup> Bailey to Holt, 12 Nov. 1967, Gorton Papers.

<sup>123</sup> *Adelaide Advertiser* and *Age*, 15 Nov. 1967.

Clearly angry because the matter had been raised again, Holt threatened to end the Adelaide press conference if journalists persisted in asking questions about the VIP affair: 'if you have no more important issues to discuss, then I have better things to do.' After all, he was in the midst of a Senate election campaign. The handwritten note Howson sent him on the same day as the unhappy press conference might have comforted him. 'Now that the events of last week are nearly over, may I just . . . thank you for all the wonderful support and confidence that you gave me.' Expressing his regret for helping 'to get us into this mess', Howson added that 'with your help and encouragement, I was able to assist in extricating the Government last Wednesday'.<sup>124</sup>

Holt wanted the media and the electorate to focus on two issues during the election campaign. One was the Government's right and capacity to govern, which was threatened, he argued, by the actions of the Senate. The other concerned defence and foreign policy and, specifically, the continued commitment to the Vietnam war. The VIP affair, however, intruded upon Holt's strategy in two ways. First, whereas Holt wanted to condemn the Senate for disruption, a considerable proportion of the electorate probably approved of its role in confronting the Government over the operation and use of the VIP fleet, just as it had approved of the Senate's action in defeating the increased postal charges. Secondly, and more importantly, Holt's conduct over the VIP affair called his competence and credibility into question. Whitlam made the case as well as anyone. The 'real importance', he said of the VIP affair, 'is that the people cannot trust a Government in great matters when it is so manifestly and needlessly evasive on smaller matters'.<sup>125</sup> Confronted with the perception that he had been deceitful, and had failed to manage something intrinsically insignificant, Holt spent much of the campaign defending himself.

Holt's image, if not his self-image, had slipped noticeably during 1967 and, in contributing to that deterioration, the VIP affair was undoubtedly a factor in the sharp decline of support for the Government in the Senate election. Whereas in 1964 the Government had obtained 45.7 per cent of the Senate vote, and in 1966 it won nearly 50 per cent in the general election for the House of Representatives, the Coalition secured only 42.8 per cent on 25 November 1967. Although Labor had gained an extra five per cent on the House vote of 1966 and headed the Coalition in the primary vote, it had improved by just 0.4 per cent on its 1964 Senate return. Noting this minor shift, the editorialists generally interpreted the results as a rebuff for the Government rather than a triumph for a Labor Party not yet firmly united behind Gough Whitlam. The real winner was the DLP which doubled its representation from two to four, and now clearly held the balance of power in the Senate. 'Spot' Turnbull, meanwhile, was a direct beneficiary of the VIP affair. His surging popularity enabled him to retain his Tasmanian seat.

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<sup>124</sup> Howson to Holt, 14 Nov. 1967, Holt Papers, NAA: M2684/130.

<sup>125</sup> *Age*, 16 Nov. 1967.

The *Age* advised Holt on 27 November that it was a ‘time for repairs’, and a number of commentators thought he should overhaul the ministry. If, indeed, he had contemplated making changes, the Prime Minister was not given the time to do so. He was dead within three weeks.

Two days after the *Age* editorial Sir John Bunting wrote a note for file concerning the Lawler minute of 5 July 1966. He confirmed that Lawler had told him of his conversation with McFarlane, ‘either by means of a minute or orally’. Bunting responded by telling Lawler of his own discussions with Howson ‘and of the reliance I placed on the Minister for Air’s description of the passenger details situation’. The Minister had not denied the existence of records. ‘On the contrary, he was aware of them’, but considered them to be ‘inadequate’ and ‘short-lived as records’. On this basis, Bunting felt justified in considering that the Daly question had been ‘properly answered’.<sup>126</sup>

For his part, Peter Howson probably felt secure in his portfolio. The fall-out from the Senate election would not affect him. Determined now to take the initiative, and to sink the VIP issue, he prepared an *aide memoire* which he took with him to a meeting with Harold Holt on 6 December. The note began by raising the question of what would be the Government’s attitude to a Senate motion calling a senior public servant to the Bar. Howson suggested that the Government should ready itself for further questions when the House resumed after the summer break. He then listed what he saw as the questions likely to be asked. What action had been taken in respect of the staff who had misled the Minister for Air over passenger manifests? Why was the minute of 29 August not presented to the Minister for Air and the Prime Minister and, if there had been failure on the part of departmental officers, what actions should be taken? Why did the Prime Minister and the Minister for Air fail to mention this memorandum on 8 November? What action did the Department of Air take when the final text of the Daly answer became known? Why did the Department take until August 1967 to provide the correct information on passenger manifests?<sup>127</sup>

Although Howson was obviously worried that the Senate might focus attention on himself and on the Department of Air, his principal objective in meeting Holt was to persuade him that the real culprit in the whole affair was the Prime Minister’s own department. Holt might have told Howson that he was ‘over-dramatising the position’, but he did agree to meet again the following morning — with the addition of Bunting and McFarlane. This second meeting must have been an interesting one. It was agreed that Bunting and McFarlane should prepare answers to Howson’s questions over the Christmas–New Year period. Howson recorded progress on another front. The Prime Minister ‘had not known fully what had taken place in his Department during the VIP issue’. Howson reported that he and McFarlane had worried about this deficiency for two weeks. Now matters had come to a head, and

<sup>126</sup> Note for file, 29 Nov. 1967, NAA: A1209, 67/7875.

<sup>127</sup> Use of VIP Aircraft — Policy, NAA: 65/6200/2.

Howson could press his case for separating the Cabinet secretariat from the Prime Minister's Department (which his nemesis, John Gorton, proceeded to do soon after he became Prime Minister).<sup>128</sup>

If the Minister for Air was gratified by the outcome of the 7 December meeting, he was also aware of an important loose end. Squadron Leader John MacNeil, the staff member who had allegedly advised Howson sometime during March–April 1966 that passenger manifests were not retained for long, was now on posting abroad. In an earlier diary note — for 28 November 1967 — Howson recorded McFarlane's wish for Frank Mulrooney, a legal officer in the Department of Air, to meet MacNeil, presumably to establish just what advice had been given to the Minister for Air. Bunting had refused permission for Mulrooney to travel. Howson commented:

Jack is anxious, I think, to hush up the whole matter . . . We, on the other hand, are keen . . . to provide ourselves with all the answers to any questions which may be raised subsequently in Parliament . . . We feel that Jack Bunting is scared of what further information may emerge in the PM's Department.

At the meeting on 7 December Howson 'pressed first of all for the need for Mulrooney to go overseas'. He also requested that a Cabinet submission be prepared to deal with the question of whether officials and official documents could be brought before the Senate. Whether or not he was perturbed by the prospect of McFarlane or members of his staff being summoned to appear, what is certain is that Howson expected MacNeil to back his story about staff advice over the passenger manifests (he later realized he would not), while McFarlane wanted MacNeil to testify that the Department of Air had not provided the false information.

Meanwhile, Bunting had his own problems. On 8 December he returned to the issue of the missing minute.<sup>129</sup> In trying to explain his actions, or inaction, he revealed the very cast of mind which had helped to create the initial and the enduring problem. Instead of asking questions, the approach was to manufacture answers within Holt's designated framework of revealing as little as possible. In this instance, Bunting went further with an exercise which, though honest in intent, amounted to circumlocution and obfuscation.

The Secretary claimed that he did not show the Storr memorandum to the Prime Minister, and did not discuss it with him before 6 November. Nor had he seen the memorandum, nor had anyone spoken to him about it until, apparently, Holt had

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<sup>128</sup> Howson, *Diaries*, 5–7 Dec. 1967.

<sup>129</sup> Note No. 6, NAA: A1209, 67/7875. Bunting in fact wrote two versions of this note, one of which was undated and appears to have been a first draft. The second, dated 8 December and cited above, has properly numbered paragraphs and looks to be the preferred account.



raised the matter with him whereupon he, Bunting, contacted Yeend. That is, Holt knew about a memorandum arriving in the Prime Minister's Department and the Secretary did not. 'To the best of my knowledge, I had not been shown the letter nor had any word of its existence.' After pointing out what Yeend believed about its relevance, or lack of relevance, to Turnbull's question about passenger numbers, Bunting continued:

Mr. Yeend did not fail to pass on to me, in the general environment of the answer to Senator Turnbull, his understanding that passenger details were available, and in my mind, if not in his, this had its repercussions back to the answer given to Mr. Daly. But my consistent response within myself was that the Daly answer was soundly based and that I felt comfortable about it. That answer did not deny the existence of records. It was a commentary on their quality and on their permanence. I accepted in the beginning and continued to accept the Minister's statement about the passenger records, and although I do not rely on this, I add that my own experience and observation as a passenger tended to give substance to the Minister's statement.

Bunting's comment on the Turnbull answers was no more reassuring about his management of the substantial issues or his willingness to recognise and accept responsibility. Referring, once again, to Yeend's unease about the proposed replies, Bunting acknowledged he had been given an opportunity to go further into the matter. He did not act, not because he dismissed it, 'but because I attached myself to one particular aspect of the answer where, on the authority of the Prime Minister and with the knowledge of Senator Gorton, I was involved with Mr. McFarlane in making a particular change'. He also excused his inaction on the basis of Turnbull's questions being directed to the Minister for Air. His job was not to check the answer. Rather, he needed to 'have knowledge of it for the purposes of a statement being prepared by the Prime Minister'. True, he was in the position to suggest alterations, 'but my mind did not carry on to alteration of the section referring to passenger lists'.

## 5 *Winners and losers*

Apart from any influence it exercised over the Senate election, the VIP affair's most immediate and politically significant outcome lay in John Gorton's elevation to the prime ministership.

On the day of the no-confidence motion in the House (31 October), one of the leading Gallery journalists, Ian Fitchett, noted in the *SMH* how Gorton's Senate leadership had lifted the Government's morale. Government senators were claiming that Gorton had established an ascendancy over Labor's Senate leadership, and Fitchett prophesied moves to find him a seat in the House in order to take the party leadership should anything happen to Harold Holt. Perhaps Fitchett had heard of the chatter around the Whip's office about the possibility of Gorton eventually succeeding Harold Holt. The main concern then, however, was to find ways of helping Holt to improve his performance. On 17 December something did happen: the Prime Minister entered the churning waters off Cheviot Beach at Portsea, Victoria, and disappeared.

Despite McMahon's attempts to persuade Casey to choose him, the Governor-General commissioned McEwen to be the 18<sup>th</sup> Prime Minister of Australia. McEwen declared that the Country Party would not serve under McMahon, while Paul Hasluck, Menzies' preferred candidate and the right man to represent the past, hesitated before eventually entering the leadership contest. Although he had been a senator since 1949 and a minister since the end of 1958, Gorton was not well known — either to the broader public or within the Liberal Party. Menzies had held him back, and it was Holt who brought him into the Cabinet in 1966. His intervention in the VIP affair, however, changed all that. Many Liberal backbenchers now saw a decisive and forthright individual. Their assessment was reinforced by Gorton's engaging and refreshing performance on radio and television in the approach to the leadership election. Hasluck appeared dour, the other candidates (Leslie Bury and Billy Snedden) insignificant. Menzies did campaign hard on Hasluck's behalf while Howson campaigned almost as hard in trying to thwart a Gorton victory. On 9 January 1968, and despite some apprehension about choosing the relatively unknown ahead of the well known, a combination of Liberal backbenchers in the

House and the large majority of Liberal senators preferred Gorton to Hasluck. Significantly, most of the existing ministry opted for the latter.

So, the former fighter pilot with the battered face, the rugged Australian nationalist with a touch of the larrikin, was selected as the man more likely to match Whitlam and win the next election. As well as being the first senator to win the prime ministership, he was the first Prime Minister to have entered Parliament after the Second World War. Yet if Harold Holt had taken his ill-fated swim in mid-October 1967, it is unlikely that John Gorton would ever have assumed the office. His intervention in the VIP affair on 25 October was the making of him.

One of Gorton's early acts as Prime Minister was to call for all the papers on the VIP affair. The report he received on 30 January 1968 was damning. It noted that the two files from the Prime Minister's Department were 'incomplete'. The author(s) asked for the whereabouts of seven missing items in file 66/7401 (the Gair-Daly questions) and ten in file 67/7737 (Senator Turnbull's questions). In addition, there were references to papers not on the files; instances where there was no indication of who saw which minutes; and, 'quite contrary to normal practice', cases where there was almost no record retained of action taken. For example, the author(s) could find no trace of any action taken by Lawler or Bunting in relation to McFarlane's advice in mid-1966 that the Holt answers to Gair and Daly were inaccurate. The author(s) also assembled a chronology of the progress of the Gair, Daly and Turnbull questions through Holt's office and Howson's office, and through the Department of Air and the Prime Minister's Department. They attached occasional comments to the bare details, and pointed out some inaccuracies. In addition, they provided extensive commentaries on files 66/7401 and 67/7737.

Moving into detailed consideration, the report first examined Howson's level of responsibility. The author(s) found he knew as early as 15 March 1966 of the existence of some records and, between 28 March 1966 and 26 April 1967, 'must have known that records existed in No. 34 Squadron, including information about ports and number of passengers'. One of Howson's draft answers to the Turnbull questions included the words 'it is not the practice to give details of aircraft flights, passengers, crew, etc.'. Those words implied a knowledge of the existence of records. Further, on 18 October, at a meeting with the Prime Minister, it was agreed to answer Turnbull's questions 'on certain lines'; there was 'no suggestion, stated or implied that records did not exist'. The report noted how Howson's statement on 8 November did not refer to the flight authorisation books, the existence of which had been reported to him in Storr's minute of 28 March 1967 (McFarlane had said that Howson knew of their existence in mid-1966). Instead, as the report crisply noted, Howson informed the House that the answer prepared for Senator Turnbull was based on the assumption of records (the passenger manifests) not being 'kept for long'. Finally, after noting the anomaly in Howson's statement to the House, the author(s) drew attention to what he/they called the Minister's 'dragnet' sentence where he declared he 'would not be a party to any deception'.

In relation to the officials, the report found that Lawler, Bunting, Bailey and Yeend all knew records were retained and were available. It especially noted how Bunting had omitted to amend Howson's draft answer to the Turnbull questions in the light of the knowledge available to him. From the detailed chronology and associated commentaries, the evidence in all cases supported Howson's contention that members of the Prime Minister's Department (including Bailey in the Prime Minister's office) had altered the drafts received.

Several points emerge from the five pages drawn from the files in relation to the Turnbull questions. The officials were well aware that the RAAF maintained sufficient records to answer all the senator's questions as they related to the year 1967. There was no basis for claiming the records were inaccurate or scrappy. It was Turnbull's quest for numbers rather than names which enabled the officials to provide evasive answers. But, so far as altering the sense of a reply was concerned, the worst case related to Howson's original draft answer to Turnbull's question 2(e). The Howson reply, it will be recalled, read: 'There was no reason to keep on record the detailed information needed of who travelled with a particular applicant on a particular flight'. After passing through the Prime Minister's Department it now read: 'No detailed records have been kept of who travelled with an applicant on a particular flight'. The fact that Howson himself had avoided answering Turnbull's actual question was beside the point.

Who, then, was to blame, and to be blamed for what? Given the very public pursuit of other, admittedly more important, 'transgressions' — from the 'loans affair' of 1974–75 to 'A Certain Maritime Incident' in 2001 — a few individuals were fortunate that their words and actions in 1966–67 were not subject to closer scrutiny. The officials in Howson's office, who allegedly failed to inform the Minister for Air what they all knew, would certainly have been exposed. Alternatively, along with 'Tich' McFarlane and Alan Storr in the Department of Air, they might well have pleaded their innocence. Lawler, a minor player, did what he had to do, and kept out of sight. Bailey's role was more significant, if intermittent. The 'debating points' he offered to Holt, as recorded in the files, were not always sound, and it is unclear whether he took any steps between April and September 1967 to persuade Holt to take action. Yeend's role was even more significant. His advice, too, was not always sound but, like Bailey, he was working within parameters set by his political master. Surprisingly, Yeend was not considered to have erred in failing to pass on the Storr memorandum. Perhaps, because he was a public servant, dealing as required with a question about numbers and not about names, he could be excused for being literal rather than lateral in his thinking. Yet for someone who, in every other aspect, proved to be the sharpest of all those involved in the VIP affair, it was an odd lapse not to appreciate the implications of Storr's memorandum.

There remain some puzzling aspects about McFarlane's part in the VIP affair. Again, if Howson is to be believed, it does seem strange that the Minister for Air remained ignorant of the rules about the retention of passenger manifests right up

until his departure for Uganda, all the more so because he participated in the collection of the documents for the Cabinet meeting of 12 October 1967. If McFarlane did — as he claimed — tell his Minister in mid-1966 records were retained, it is highly probable that he was referring to the passenger manifests. After all, the subject under discussion was the Gair–Daly questions, and the passenger manifests would or should have provided one set of answers. Would he not have taken the further step of telling Howson about the regulations, even though he did not take the precaution, as Storr did, of placing his advice on the record? Whatever the truth of the matter, John Gorton was convinced McFarlane felt frustrated because Howson and Holt had effectively blocked him from correcting longstanding errors. In a little-noticed aside, just after Gorton had tabled the manifests and flight authorisation books, he said that the Department of Air ‘asked to provide the records’. One anonymous political commentator interpreted this statement to mean ‘Tich’ McFarlane ‘had put his foot down’.<sup>130</sup> He wanted the truth to come out, and he wanted to shield the Department of Air from any opprobrium. And, for his actions, John Gorton regarded McFarlane as the one public servant to emerge heroically from the VIP affair.

Sir John Bunting’s stellar reputation as ‘the Prince of Civil Servants’ would surely have taken a knock if a parliamentary select committee had been given access to the official files of the Prime Minister’s Department, been privy to his notes, and been allowed to interview him. For Bunting had largely failed, on this occasion, to meet his own high standards of professionalism. Like other public servants of his generation, he contrasted the professionalism and disinterestedness of the ‘traditional’ public service with the ‘political’ outlook of the staffers who now occupy ministerial offices and with the modern practice of contract appointments in the public service. But the ‘traditional’ system depended for its efficacy upon the competence and political nous of the mandarins and their immediate underlings. In this case, Harold Holt was severely compromised because his principal official adviser had failed him. Bunting had not himself listened to advice, had not followed up matters calling for his close attention, and had allowed, or himself orchestrated, misleading responses to parliamentary questions. Above all, he had, in Robert Hyslop’s words quoted earlier, allowed the Prime Minister ‘to go out on a limb liable to be cut off’.<sup>131</sup> No doubt, Bunting was affected, as he said, by ‘pressure of work’, and by working for a Prime Minister who did not always listen and who was showing disturbing signs of not being up to the job. But the author of those Notes written in early November 1967 — so casuistic and self-regarding — did not fully display the highest professional standards expected of him, and expected by him. The ‘good old days’ were not always so ‘good’.

There were probably three strikes against Peter Howson. First, he proved to be incompetent in running his own office and his own department. Admittedly, he was

<sup>130</sup> CPD, Sen., vol. 36, p. 1667; ‘Four Rounds to Mr McFarlane’, *Nation*, 18 Nov. 1967.

<sup>131</sup> Robert Hyslop, *Australian Mandarins: Perceptions of the Role of Departmental Secretaries*, AGPS Press, Canberra 1993, pp. 14–15.

— as his *Diaries* indicate — a busy man attempting to sort out the F-111 mess, assisting McMahon in Treasury matters, and doing a lot of travelling, reflecting, attending briefings, lunching, dining, conferring, compiling his diary, and reporting each of his hair cuts. Yet, accepting his word, that he did not know what was happening in his own bailiwick — when everyone else except Holt did, and when Bunting chose not to accept what he was told — then Howson set a new standard for ministerial ignorance. Again, accepting him at his word, Howson was unaware of his own Department of Air maintaining records which allowed it to deliver John Gorton an almost complete set of flight authorisation books and passenger manifests covering a period of more than twelve months. Perhaps he should have had more contact with ‘Tich’ McFarlane.

Secondly, Howson failed the most important test for a politician: to recognise approaching political trouble. David Butler, the British psephologist visiting Canberra in late 1967, suggested that, if there was no ‘constitutional imperative’ for his resignation, there was — possibly — a ‘political imperative’. It was one thing to be disingenuous, another to be naive. Howson had admitted he was ‘administratively simple-minded enough’ to accept that no records were preserved. A minister ‘who cannot smell trouble afar off is a menace to himself and his colleagues’. Butler thought a temporary retirement to the backbench would suffice.<sup>132</sup> He was probably too charitable, perhaps because he was unaware of the extent of Howson’s failure as a politician. For Howson’s misguided sense of loyalty had exposed Holt to the most damaging of accusations; that is, of lying to Parliament. The Prime Minister did not need a subordinate who failed to recognise when to tell him what he did not want to hear, or lacked the courage or foresight to do so.

Thirdly, Howson admitted in his published *Diaries* to engaging in a ‘cover up’. As a result, he misled the House. Admittedly, Howson was a victim as well as a perpetrator but there was clearly a ‘constitutional imperative’ for resignation.

Harold Holt, however, was the real delinquent. His political ineptitude, complacency and self-centredness lay at the root of the VIP affair. While there is no evidence of him being corrupt or having deliberately set out to deceive, his initial instruction to reveal as little as possible, compounded by an extraordinary insensitivity to political fall-out, allowed an essentially trifling matter to escalate into a major crisis. Ironically, Holt’s stand meant that he achieved precisely the opposite of what he intended. Instead of silencing opposition, he promoted it. If Menzies wanted to bury an issue he could do so with a withering speech or by a slight movement of the eyebrow. Holt may well have thought that his own reputation as a hard working and honest politician would achieve a similar result. But he lacked Menzies’ stature for such an approach to succeed.

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<sup>132</sup> David Butler, ‘Some Thoughts on Ministerial Responsibility — the VIP planes affair’, *Australian Quarterly*, vol. 39, no. 4, 1967, pp. 36-40.

In any case, he — like Howson — had failed to observe the changes in the world over which Menzies had presided. Labor in the Senate and in the House, an increasingly restless Liberal Party backbench, and a resolute ‘Spot’ Turnbull, were making Parliament less manageable than it had been during Menzies’ long ascendancy. Investigative journalists, many of them young braves, were apt to press harder when confronted with a flustered Prime Minister trying to evade issues with rambling and incoherent sentences, or becoming angry when his word was questioned. This new world was one where the inquisitive were embracing a concept which would eventually translate into freedom of information legislation. Holt did not understand that, by 1967, governments could not tell taxpayers and their elected representatives, as well as their self-appointed guardians in the fourth estate, they were not entitled to know where and how their taxes were being spent.

After reading the report and assembled documents, and making his own notations on it, Gorton decided he could not trust those he held responsible for misleading Harold Holt. That Holt was a principal contributor to what happened was, in Gorton’s view, irrelevant. The files from the Prime Minister’s Department did not refer to his role in the fiasco. Gorton concluded from the material presented to him that senior public servants, by acts of commission and omission, had turned Holt’s request for non-disclosure into a denial there was anything or enough to disclose. Holt had, therefore, been rendered vulnerable. To avoid any repetition, Gorton decided to remove Bunting from a position of influence. But he soon found obstacles in the way.

The permanent heads and members of the Public Service Board, many of them social companions who belonged to the prestigious Commonwealth Club in Canberra, constituted the major barrier. They were determined to save their fellow mandarin from humiliation. The Public Service Board informed Gorton that he could not simply dismiss the Secretary to the Prime Minister’s Department. He would have to find him another post. Under the *Public Service Act 1922* the Governor-General appointed the permanent heads. There was no provision for their removal, except for disciplinary reasons. Once appointed, a permanent head could expect to remain in office until he reached the age of retirement. According to advice from the Attorney-General’s Department, short of acting on disciplinary grounds a government could remove a permanent head only by abolishing the department. As it happened, permanent heads did move on before retirement, often to diplomatic posts or to positions of similar eminence. Ministers who felt they could not work with a certain individual would negotiate for their reassignment elsewhere: sometimes it took a combination of private pressure and an offer too comfortable or important to turn down.

What Gorton set out to do was unprecedented. There would be no ‘decent interval’ between the demand for removal and the fact of departure. Instead of abolishing a department, Gorton created a new one: the Cabinet Office. Bunting argued strongly, and repeatedly, against this proposal. He saw it as just a service department, providing background commentary on Cabinet papers and suggestions on how

business might proceed. The Office would be detached (wrongly, in Bunting's view) from the policy work of government.<sup>133</sup> In effect, as the Secretary, Bunting would have the largely mechanical task of recording Cabinet decisions. Upset because an important principle had been breached by his removal as head of the Prime Minister's Department (he remained on the same salary), Bunting told Menzies that 'it all leaves something to be desired'. He did see some good outcomes: he headed a new department which existed in its own right and he saw a greater opportunity for thinking. And, as Lawler pointed out, Jack Bunting did go to considerable lengths to turn the Cabinet Office into a major industry.<sup>134</sup>

Bunting was joined in the Cabinet Office by Lawler (whom Gorton had wanted to retain in the Prime Minister's Department) and by Bailey (whom he wanted out of his office as soon as practicable). Bunting had tried to save Bailey. He wrote to Gorton on 2 February 1968 recommending Bailey's retention in a post which needed 'a person who is seasoned and resourceful — the channel for papers and other official business into you and your normal channel for them out to the Department and beyond.' Clearly, Bunting and Gorton had a discussion on the subject because Bunting took up the matter again in notes to Gorton on 5 and 6 February. While agreeing that a Prime Minister must have people on his staff who could work to his 'methods and idiom', he also needed at his elbow 'an official of experience, of grasp of the machine, and of all-round quality'.<sup>135</sup> Inadvertently, Bunting had made the case *against* Bailey. Gorton wanted compatibility not experience, and certainly did not want a public servant who appeared to be by, for, and of the system. He appointed Ainsley Gotto to the post of Principal Private Secretary.

If the new Prime Minister ever needed further arguments for removing his inherited departmental secretary, Bunting himself provided them with a two-page memorandum he wrote to Gorton on 11 March 1968, just before the House of Representatives was due to meet.<sup>136</sup> In view of Holt's press statement on 10 November 1967, where he referred to Storr's memorandum of the previous 29 August, Bunting thought that Gorton might be asked a question on the subject in the coming session. Obviously worried about trespassing on the ground of an earlier administration, Bunting attached a copy of the Storr minute while emphasising the confidentiality of what he, Bunting, was about to report.

Holt had said that Howson also received the same information at the same time as the Prime Minister and, as in Holt's case, the memorandum had been filed without the Minister seeing it. Bunting said he knew Howson had 'received such a

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<sup>133</sup> Bunting to Gorton, 23 Feb. 1968, Bunting Papers, NAA: M319/18 (Jan. to Mar. 1968).

<sup>134</sup> Bunting to Menzies, 10 March 1968, Menzies Papers, NLA, MS 4936/1/40; interview: Lawler, 12 June 2000.

<sup>135</sup> Bunting Papers, NAA: M319/18 (Jan. to Mar. 1968).

<sup>136</sup> Various versions of this note can be found in NAA: A1209, 67/7875 and the Gorton Papers.



memorandum, and I know that he has said privately that it was not seen by him. But he has not commented publicly, so far as I am aware.’ Bunting then proceeded to provide a ‘background’, all of which should be treated as ‘confidential’ (as he noted in the margin). The Storr memorandum, he wrote, was a response to Turnbull’s questions. Turnbull had asked only for numbers and not for names, and this information had already been provided by the Minister for Air and the Prime Minister in the form of a draft answer. The last paragraph of the Storr memorandum had referred to passenger manifests ‘and was not therefore relevant to Senator Turnbull’s questions’. (In the version he gave to Gorton, Bunting changed this last section to read ‘did not affect the drafting of answers to Senator Turnbull’s questions’.) The information in the memorandum was in reply to the query from the Prime Minister’s Department ‘as to how far back the type of information needed to answer Senator Turnbull’s questions was available’. As there was no reference in the Storr memorandum to the Daly questions of fifteen months earlier, the sections dealing with the passenger manifests were not relevant to the Turnbull questions. They did not give rise to action in respect of them, and were not marked by the sender nor regarded by the recipient as going back to the Daly answers. Besides, the officer handling the Storr memorandum was not the same one in the Prime Minister’s Department who dealt with the Daly answers which, in any case, ‘as I have always understood them, rested on the quality of the records as well as on retention’.

Bunting acknowledged it could be asked why, if the manifests were kept for twelve months, the answer given to Turnbull stated that no detailed records of a particular flight were available. The answer, he suggested, was that the answer in draft form arrived just before Howson was about to go to Uganda (as draft answers had been tossed around for some weeks, this proposition was almost mischievous). Bunting added: ‘At a late stage this draft was amended in certain respects, but no amendment to that part of the answer now in question was made in the departmental and Ministerial discussions that took place.’

John Gorton distrusted bureaucratic prolixity, and Bunting had done nothing to change his disposition. The next section of Bunting’s note simply raised Gorton’s hackles. Bunting thought that, should it prove necessary to answer a question without notice, there were four courses open: to turn the question away on the ground Parliament had ‘raked over this matter; to treat it as a question upon notice’; to receive the question and undertake to check the facts to see what answers might be given; to have a reply ready. Because a reply was not ready — and would need ‘very close study’ — Bunting did not want to pursue this line. In the end, his advice to Gorton read ‘TO SUM UP: TRY TO AVOID TAKING ANY POSITION’. Gorton sarcastically referred later to Bunting’s note as ‘the outstanding classic of political advice’.<sup>137</sup>

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<sup>137</sup> *Sunday Australian*, 8 Aug. 1971.

**BUNTING'S FINAL MEMORANDUM ON THE VIP AFFAIR:  
Gorton later referred to it as  
'the outstanding classic of political advice'**



Gorton brought in Lenox Hewitt to replace Bunting as Secretary to the Prime Minister's Department. Hewitt had attended Scotch College, Melbourne, obtained a degree in Commerce at Melbourne University, joined BHP in 1933, and served as Assistant Secretary to the Commonwealth Prices Board during the war years before joining the Department of Post-War Reconstruction in 1946. After a stint as Official Secretary and Acting Deputy High Commissioner in London between 1950 and 1953, Hewitt worked in the Treasury where he rose to the position of Deputy Secretary (Supply and General). Gorton formed a good relationship with him when Hewitt chaired the Universities Commission and Gorton was Minister for Education and Science. The new Prime Minister wanted a Secretary who had a first-class mind, but not one which was suffocatingly bureaucratic. Gorton regarded it as a point in Hewitt's favour that the mandarins disliked him intensely, not least for rejecting their smug collegiality.

Seen by others to be as much a political adviser as a departmental head, Hewitt represented a break with tradition both in the circumstances of his appointment and in his subsequent relationship with the man who appointed him. Too much, however, can be made of this latter point. If the VIP affair showed anything about the upper reaches of the 'traditional' public service, it demonstrated just how close the mandarins could get to their political masters. As 'Tich' McFarlane once suggested to Howson: 'certain Public Service heads have been too anxious to please Ministers as the government has now been in power for such a long time; rather than to maintain the old Public Service standards of complete objectivity.'<sup>138</sup>

Peter Howson was a loser in the immediate aftermath of the VIP affair, though he did attempt a sort of rearguard action. His conviction that Gorton was unsuitable and unacceptable as Prime Minister did not inhibit him from fighting to retain his place in Gorton's ministry. He met the new Prime Minister in Canberra on 2 February where he recounted his version of the VIP affair. Gorton showed him Bunting's files which Howson believed provided 'a complete vindication' of what he had previously told Holt: 'the primary responsibility' belonged with the Prime Minister's Department and not with Air. During a lunch-break Howson talked further with McFarlane and then flew to Melbourne with Gorton. He now felt that Gorton understood his role in the VIP affair. He even decided that their differences in early November were the result of 'misunderstandings' and thought he might be working with Gorton for a longer period than initially seemed possible. Howson subsequently sent some papers to Gorton, including selected diary entries dealing with the VIP questions, as well as a short note explaining the alteration to his draft answer to Daly.<sup>139</sup> Sensibly, he did not include the entries for 6 and 8 November 1967 where Howson had made certain admissions. Nor, it appears, did he inform Gorton of the entries for 12 and 17 January 1968 where he referred to a paper written by John MacNeil, his former RAAF liaison officer, who had allegedly given

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<sup>138</sup> Howson, *Diaries*, 6 Feb. 1968.

<sup>139</sup> Howson to Gorton, 6 Feb. 1968, Gorton Papers.

the original advice about the passenger manifests. As Howson acknowledged: 'to an extent, his statement and mine did not correspond. This is a problem that I must resolve but not necessarily immediately'. His dismissal from the ministry saved him the bother.

Howson's confidence rose in early and mid February. Senior colleagues were telling him that they understood he had been protecting Holt, while McMahon assured him Gorton wanted to 'rule off the slate' and start again. It was a false hope. Gorton had no intention of retaining Howson in the ministry. He did not like him, thought him incompetent, and considered him dishonourable for attempting to blame his staff. Far from protecting Holt, Howson — in Gorton's view — had laid him open to political embarrassment by not insisting on a correction.<sup>140</sup> Howson, on the other hand, reported in his diary on 23 February, the day Gorton sacked him, that the Prime Minister said he was not being dismissed because of the VIP incident. Indeed, Gorton thought him 'more sinned against than sinning'. Whatever Gorton did or did not tell Howson, the Prime Minister considered his performance over the VIP affair to be totally unacceptable and sufficient grounds for his removal. Besides, he needed vacancies in the ministry to reward loyal supporters, and certainly did not need a minister whom he knew to be hostile. As for Howson, he could comfort himself with something very warm: 'I have a sense of loyalty that is not shared by the others'. He had found a higher cause than support for his current party leader. After three years of activity on the backbench Howson helped to engineer Gorton's own removal in March 1971. His personal reward for such loyalty occurred on the following 31 May when McMahon appointed him Minister for the Environment, Aborigines and the Arts (EAA), and Minister in charge of Tourist Activities, though placing him last in the ministerial order of precedence.

When McMahon became Prime Minister he dispatched Hewitt, now Sir Lenox, with a speed which made Gorton's removal of Bunting look almost leisurely. Many senior public servants were delighted to see him go, and probably some of them thought it a fair thing for him to end up in EAA with Howson as his minister. Not that Hewitt suffered greatly from what he later described as 'the first public execution of a permanent head'. After serving as Secretary of EAA, he was appointed Secretary to the Department of Minerals and Energy under the Whitlam Government (1972–75) and later held several business-related posts including the chairmanship of QANTAS (1975–80).<sup>141</sup>

All five of the senior public servants involved in the affair prospered in the longer term, though in varying degrees. McMahon as Prime Minister re-united the Prime Minister's Department and the Cabinet Office as the Department of the Prime Minister and Cabinet, and appointed Bunting as its Secretary. Bunting's relationship with McMahon was uncomfortable. He clearly preferred working under Whitlam,

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<sup>140</sup> Interviews: Sir John Gorton, 18 June and 22 Aug, 2000.

<sup>141</sup> For two different versions of just how Hewitt was sacked, see Hancock, *John Gorton*, p. 334.

and was even happier when Whitlam secured his appointment as High Commissioner to the United Kingdom, from which position he retired in 1977. Lawler served the Whitlam, Fraser and Hawke Governments. In 1973 he became Secretary to the Department of the Special Minister of State. The Fraser Government appointed him Secretary of the Department of Administrative Services in 1975, a post he relinquished to become Ambassador to Ireland and to the Holy See (1983–86). Lawler was knighted in 1981. Yeend was appointed CBE in 1976, knighted in 1979 and appointed a Companion of the Order of Australia in 1986, having been Secretary to the Department of the Prime Minister and Cabinet (PM&C) from 1978 to 1986. He later became a company director and Chancellor of the Australian National University. Bailey, after being sidelined by Gorton, was promoted to a post of Deputy Secretary of PM&C in 1971. His appointments to the Royal Commission on Australian Government Administration (1974–76) and to the Human Rights Commission (1981–86) reputedly left him marginalised. He later taught in the Law School at the Australian National University, where he became an Adjunct Professor and published in the field of human rights.

Ironically, ‘Tich’ McFarlane, whom Gorton regarded as ‘the hero’ of the VIP affair, had a somewhat chequered career thereafter. At first, he benefited from Gorton’s patronage. Sir Frederick Wheeler, Chairman of the Public Service Board, had given Cabinet three names as options to fill a vacancy on the Board. McFarlane’s was not among them. Gorton, who was not a man to worry over such things, secured McFarlane’s appointment to the Board on 7 May 1968. The Prime Minister, it seemed, had won another victory over the public service ‘establishment’. Yet, despite speculation that McFarlane would succeed Wheeler when the latter’s term as chairman expired at the end of 1970, Wheeler was reappointed for a further five years. McFarlane then unsuccessfully sought to leave the Board in 1971 to head Supply. In June 1973, he became the first commissioner not to be reappointed to the Board when available to continue. McFarlane finished his service to the Australian Government as an executive member of the Petroleum and Minerals Authority (later Company) in the portfolio of Minerals and Energy where Sir Lenox Hewitt was the departmental secretary.

## 6 *The Aftermath*

There were at least four longer-term, direct or indirect, consequences of the VIP affair.

First, one of the direct but lesser-known effects of the affair was that several attempts were made during John Gorton's time as Prime Minister to lay down clear and agreed rules and guidelines for the use of VIP aircraft.<sup>142</sup> Cabinet looked briefly at the question in April 1969, and two successive Ministers for Air attempted to formulate clear and strict procedures. Meanwhile, Gorton personally drafted his own version — which he never took to Cabinet — but assumed was being applied after he sent it to the Department of Air in June 1969. Apparently, the Department misplaced the Gorton draft, and confusion reigned until May 1970 when the Department acknowledged that the Gorton rendition was in force.

The striking features of the Gorton version were the stress on clarity, the resolve to translate existing but unrecorded practice into formal guidelines, and the desire to avoid charges of misuse. It plainly identified those who were entitled to VIP flights and laid down strict criteria to govern cases where the Minister for Air would be responsible for giving approval. McMahon's applications in 1967, for instance, would have been subject to more rigorous examination because of the explicit reference to the availability of other forms of transport 'at or near the time of travel'. Significantly, compared with 40 applications for VIP flights on the Sydney–Canberra–Sydney route over nine months in 1967, McMahon made only 23 applications in the 17 months after Gorton became Prime Minister.<sup>143</sup> Possibly, he no longer felt the need for confidential conversations on short trips. More probably, he knew or sensed that this Prime Minister was watching him.

Gorton evidently had Holt's staff, family and friends in mind in the section concerned with 'members of the VIP's party'. They would 'normally be limited to

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<sup>142</sup> For material on the later rules, see V.I.P. Aircraft, Rules for Use, 1969 —, NAA: CO 599.

<sup>143</sup> Gorton Papers. According to the *Diaries*, McMahon told Howson on 16 May 1968 that he was finding it 'much more difficult to get VIP aircraft' from the new Minister for Air (Gordon Freeth).

the VIP's wife, his personal staff and departmental officials connected with the official party'. While it was still possible for members of the VIP party to travel on a 'positioning' flight without the VIP being present, their presence was always subject to approval by the appropriate authority. Gorton himself was most circumspect. In the period between 10 January 1968 (the day he was sworn in as Prime Minister) and 14 May 1969, there were just two occasions when members of the Gorton family (in addition to his wife, Bettina) used VIP flights. Gorton himself was on board the aircraft for both trips, as he was for all VIP flights he had ordered. Betty Gorton was described as the 'VIP' on the one flight in this period where she flew in his absence. There is no record in the manifests of members of Gorton's staff using VIP aircraft in his absence.<sup>144</sup>

Paradoxically, while seeking to stamp out misuse, Gorton had actually widened access to VIP flights to include, for example, parliamentary delegations and committees. But, in extending the privilege, Gorton based his approach on the notion of the 'flying office' and on the need to move individuals or groups acting in an official capacity. Moreover, he grasped a truth which had eluded Harold Holt. It was better to be open and honest when administering a system where one person's greater convenience looks to many others like an expensive luxury, especially at a time when the fleet suddenly expanded, and when the press and the electorate were not yet accustomed to those assaults upon the public purse which raised the contentment levels and status of politicians and their entourages.

The decision to remove Peter Bailey, and to appoint Ainsley Gotto as Principal Private Secretary, constituted a second important outcome of the VIP affair. Previously, under the Menzies Government, ministerial private offices consisted of about five people, two or three of whom were secretaries or stenographers. Private secretaries were usually, though not invariably, drawn from the public service, and there was a provision in the *Public Service Act* covering their appointment, and their subsequent reintegration, including reintegration at a higher level without being subject to the normal appeals process. Steps were taken under the Holt Government to enhance the capabilities of private offices as an extension of public service departments, and on lines familiar in Whitehall. Peter Bailey was the most visible of these assignments, though he remained a departmental officer whilst based in the Prime Minister's private office. By removing Bailey, and replacing him with Gotto, John Gorton made a distinctly personal appointment to his private office. Although McMahon, as Minister for External Affairs under Gorton, and then as Prime Minister, made appointments in line with Whitehall practice, the Whitlam Government (1972–75) greatly expanded personal appointments to private offices (though a number of individuals were in fact public servants), and the private office

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<sup>144</sup> When his own wife, Bettina, was clearly dying and wanted to do so in Canberra and not in Melbourne where she was being treated, Gorton approached Bob Hawke, who was then Prime Minister, to ask if she might be given a VIP flight, as a commercial service would have been unsuitable. Hawke readily agreed. Betty returned, with her husband, to Canberra on a VIP flight on 2 October 1983. She died overnight.



was already becoming a substantial personal domain. The expansion continued, after a break, under the Fraser Government (1975–83), while the Hawke Government (1983–91) placed these arrangements on a statutory footing through the *Members of Parliament (Staff) Act*. But despite this growth in the size and status of ministerial offices, there has been no commensurate evolution of procedures to cover accountability. So, just as the VIP affair revealed weaknesses in the practice of public service accountability, so the children-overboard affair highlighted major deficiencies in closing the gap between the exercise of power by ministerial staffers and their answerability. A Senate committee has recently examined the matter.

This latter point is a long way removed from the VIP affair itself. Obviously, it would be erroneous to explain the development of private offices, and the consequences, in terms of John Gorton's dissatisfaction with the advice given to Harold Holt over No. 34 Squadron, RAAF. All the same, it is reasonable to claim that Gorton's determination to remove Bailey did kick-start a different approach to appointments, and one which was to have long-term ramifications.

Thirdly, Gorton's removal of Bunting in March 1968, and his replacement by Hewitt as Secretary to the Prime Minister's Department, and Hewitt's own removal by McMahon almost three years later to the day, signalled the beginning of the end of what the *Public Service Act 1922* described as the 'Permanent Head'. It is true that there were cases before 1968 in which public servants were moved fairly discretely. Usually, they either retired or took other — often diplomatic — posts. Gorton's actions were exceptional in that he created a Department to remove a Secretary. McMahon achieved his objective by abolishing the Prime Minister's Department and creating the Department of the Prime Minister and Cabinet. Following the Gorton–McMahon actions, the Whitlam Government successfully removed a number of departmental heads, and the Fraser Government in turn removed a number of the Whitlam appointees, as well as, with the passage of time, its own. In 1984 the Hawke Government's legislation to some extent formalised the change of status by substituting the title 'Secretary' for 'Permanent Head'. Eventually both sides of politics accepted a principle which John Gorton had enunciated in 1968: ministers should have considerable latitude in determining with whom they could work as heads of their departments. Symbolically, the last vestige of the old system was removed when, under the Howard Government (1996–), Paul Barratt was removed as Secretary of the Department of Defence at the behest of the Minister for Defence. The decision of the Federal Court in the consequent legal action underlined the greatly strengthened position of the Government in removal of department secretaries under a new *Public Service Act* adopted in 1999.

John Gorton's determination to get rid of Bunting, and his manner of doing so, marked a departure from the respectful and, in many instances, cosy relationships between ministers and the public service that had been fostered during and after the Second World War by Menzies, Curtin and, particularly, Chifley, and which Menzies had maintained during his post-war prime ministership.

The VIP affair also signalled the enhanced standing of the Senate. Although Senator Gair had initiated the Senate's involvement with the question he placed on the Notice Paper, Senator Turnbull 'carried the flag' between March and October 1967. The Senate resolution of 5 October, and the subsequent responses to the Senate's demands, further encouraged the Labor Party, the DLP and Senator Turnbull in their determination to call the Government to account. In succeeding years and, until Labor won office in 1972, frequently under Senator Murphy's leadership, the Senate developed a comprehensive accountability regimen, manifest both in proceedings in the chamber itself and in the work of its expanding committee system.

The Senate's enlarged role in questioning governments, and the development of the committee system, would certainly have occurred even if there had been no controversy over the operations of the VIP fleet. Even so, the VIP affair, while not the first occasion in or before 1967, was a crucial one in forcing a government to account for its actions, and in setting an encouraging precedent for action by the Senate. Fortunately, subsequent inquiries were better equipped to get closer to the truth of the matters being investigated. Perhaps governments have learnt how to disclose information in such abundance, or so deftly, that inquisitions can be distracted or otherwise thwarted. On the other hand, they no longer enjoy the almost exclusive command they previously held over the release of confidential information. They once could, as the Holt Government did in 1967, deny the existence of information or refuse to disclose it. They also enjoyed the prerogative of releasing only such information as would suit their own interests. Changes in administrative law in the 1970s — as well as whistleblowers — have created a new regime where governments have lost exclusive control and are more likely to be threatened than advantaged by non-disclosure.<sup>145</sup> In this context, the VIP affair is important in serving as a reminder of how an earlier system of cloistered government operated.

This latter point may be expanded. As much as any other event during 1967–68, the VIP affair and its aftermath underscored the end of the Menzies era. The assertive Senate and the more insistent media, the elevation of Gorton, the 'outsider' who brought his own style to the office of Prime Minister, the removal of Bunting who was the official closest to Menzies, the changing relationship between ministers and the public service: in different ways, each of these developments exemplified a departure from the more leisurely, abstemious years of seemingly benign and closeted government. Seen in a broader perspective, Harold Holt's travails came, not because he was the harbinger of something new, but because he represented something old.

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<sup>145</sup> I am grateful to Paddy Gourley for drawing my attention to this point.

**‘None of us is perfect in an imperfect world’<sup>146</sup>**

As Gorton commented in 1971, ‘there should never have been a VIP affair.’<sup>147</sup> It was a trivial matter which, handled differently, would never have escalated into anything more. The trouble started because Harold Holt insisted on keeping a secret. His instructions were followed to the letter, and to the point where early ‘mistakes’ were left uncorrected. Senior officials and the Minister for Air then participated in what became a damaging cover-up. They found new excuses for not revealing what they knew to exist, and new ways of justifying their inability to see what could be seen. A generous assessment might pass off their early efforts, or lack of them, as incompetence, insouciance and foolishness. Perhaps no one, initially, practised to deceive. Towards the end, however, stunning ineptitude was compounded by intentional dishonesty. By October 1967 some individuals had become tangled in a web of deception without for a moment, it seems, being conscious of committing a misdemeanor or worried when they knew they were doing so.

It is not particularly edifying to follow their attempts to shift blame and disclaim responsibility. Peter Howson may have been largely right when he told the Boobooks Dining Club that it was ‘obvious . . . the main responsibility for the whole mess lay with Jack Bunting and his department’. But Howson did not feel it necessary to quote those parts of his diary which would have drawn the diners’ attention to his own complicity in a cover-up.<sup>148</sup> For his part, Bunting’s efforts to extricate himself in his early November notes to Holt were hardly the actions of a ‘Prince of Civil Servants’ (unless Menzies was being ironic in bestowing that title, which he was not).

The saving grace was that no great crimes were committed, there was no evil conspiracy at work, no damage was done to the economy or to society at large, and no one could claim that the Government had gained political advantage by its actions.<sup>149</sup> In any event, Harold Holt’s tragic disappearance at Cheviot Beach, and Howson’s later removal from the ministry, robbed the VIP affair of endurance as a political issue. Bunting’s forebodings, which underlay the memorandum he wrote to Gorton on 11 March 1968, were not realized. Nevertheless, it may be wondered whether other secrets were more successfully buried thirty-seven years ago by individuals who claimed to have the highest professional standards and were proud of their reputation for integrity.

<sup>146</sup> Harold Holt, *SMH*, 15 Nov. 1967.

<sup>147</sup> *Sunday Australian*, 8 Aug. 1971.

<sup>148</sup> Howson, *Diaries*, p. 940.

<sup>149</sup> See, for example, by way of contrast, the claims about the re-election of the Howard Government in 2001 following the ‘children overboard’ affair which are discussed, in part, in David Marr and Marian Wilkinson, *Dark Victory*, Allen & Unwin, Crows Nest, 2003.

## ***The V.I.P. Affair — a chronology***

### **20 November 1965**

The Leader of the Opposition, Arthur Calwell, took a VIP night to Perth to address the W A State Conference of the ALP. He was accompanied, *inter alia*, by two party officials described as ‘staff’.

### **November 1965**

The Menzies Government decided to re-equip and upgrade No. 34 Squadron (the VIP fleet).

### **10 December 1965**

Queensland DLP Senator Vince Gair placed a question on the Senate Notice Paper asking whether ALP officials had accompanied Calwell on the flight to Perth. The question was published in the Notice Paper of 8 March 1966.

### **26 January 1966**

Harold Holt took office as Prime Minister, succeeding Sir Robert Menzies.

### **17 March 1966**

Prime Minister Harold Holt told the Minister for Air, Peter Howson, that it was not the Government’s practice to reveal details of VIP flights; also told Howson that he would deal with all questions relating to the VIP fleet.

### **29 March 1966**

At Howson’s urging, the Cabinet agreed to drawing up guiding rules about use of the VIP fleet.

### **31 March 1966**

Fred Daly (Labor, Grayndler, NSW) placed questions about the VIP fleet on the House of Representatives Notice Paper.

### **12 April 1966**

Richard Cleaver (Lib, Perth, WA), chair of the Joint Committee of Public Accounts, wrote to Holt about a prospective inquiry into purchase of new aircraft for the VIP fleet.

**13 May 1966**

Holt answered Daly's questions on notice stating that records not kept for long and information on passenger complements not available; Gair's question also answered.

**16 May 1966**

After consultation with Howson, Holt replied to Cleaver stating that the committee should be looking at the Commonwealth's receipts and expenditures and should not be examining estimates or criticising government policy.

**20 October 1966**

Tasmanian Independent Senator 'Spot' Turnbull raised questions about the VIP fleet during debate about the estimates for the Department of Air.

**26 November 1966**

General election for the House of Representatives. Holt Government had a decisive victory by 39 seats, a then record majority. Its position in the Senate, however, deteriorated as a consequence of elections for two casual vacancies in Western Australia arising from the deaths of two Liberal senators, Vincent in 1964 and Sir Shane Paltridge in January 1966. The Government's strength in the Senate fell from 30 to 29.

**8 February 1967**

Gough Whitlam elected leader of the Labor Party and becomes Leader of the Opposition in the House of Representatives. Lionel Murphy elected Leader of the Labor Party in the Senate.

**21 February 1967**

Senator Clive Hannaford (SA) resigns from the Liberal Party. Government support in the Senate now 28 out of 60.

**25 February 1967**

Photos in the press of the Holt family, Sir Robert and Dame Pattie Menzies at Melbourne airport using VIP flights to Canberra to attend dinner for the Princess Alexandra and the Hon Angus Ogilvy.

**2 March 1967**

During the Address-in-Reply, Senator Turnbull again spoke about the VIP fleet.

**8 March 1967**

Senator Turnbull placed questions about the VIP fleet on the Senate Notice Paper. In the House of Representatives, Dan Curtin (Labor, Kingsford-Smith, NSW) questions Prime Minister Harold Holt about his family's use of the VIP fleet.

**12 May 1967**

Senate rejected legislation to increase postal charges.

**16 May 1967**

Senator Turnbull complained in the Senate about the Government's failure to reply to his questions about the VIP fleet.

**18 May 1967**

The Cabinet considered access to the VIP fleet by the Leader of the Opposition. Decided that he should have access on the same basis as a senior minister.

**19 May 1967**

Legislation to increase postal charges finally disposed of.

**20 June 1967**

The Senate (Labor combining with the DLP and Senator Turnbull) disallowed regulations increasing postal charges at a specially convened sitting.

**8 August 1967**

An officer in the Prime Minister's Department suggested, in view of Turnbull questions and the likelihood of others, that the Prime Minister make a statement about the VIP fleet at an early date.

**14 August 1967**

G.J. Yeend, First Assistant Secretary, Prime Minister's Department, delivered a dossier to Holt containing a number of draft answers, extracts from the press critical of the VIP fleet, and a copy of Holt's reply to the Daly question. The dossier included advice by the Department of Air that there was no difficulty in charging departments for use of the fleet.

**15 August 1967**

Parliament resumed. Questions in the Senate about the VIP fleet from the Opposition and the DLP.

**29 August 1967**

Alan Storr, Assistant Secretary, Department of Air, sent a memorandum to Howson's office and Prime Minister's Department providing further updated details of VIP flights and stating that Passenger Manifest details were retained for a period of about twelve months. Memorandum filed in the Prime Minister's Department.

**26 September 1967**

Fourteen questions without notice about the VIP fleet. Senate carried a motion to dissent from the President's ruling that it proceed with further business (Opposition combined with DLP, two independents and Senator Branson (Liberal, WA)).

**27 September 1967**

Senator Lionel Murphy, Leader of the Opposition in the Senate, gave notice of a motion calling for the tabling in the Senate of all accounts and papers relating to the applicants, airports of embarkation and call, times and distances of flights, passengers, crew members, costs and responsibilities for payment.

**4 October 1967**

Statement by the Prime Minister to the House of Representatives.

**5 October 1967**

Prime Minister's statement read in the Senate. The Senate voted (25–15) that the Government lay all relevant papers covering the period from 1 July 1966 to 5 October 1967 on the table of the Senate.

**12 October 1967**

Cabinet meeting. Cabinet decided 'to resist the Senate's demands'.

**16 October 1967**

Senator John Gorton succeeds Senator Sir Denham Henty as Leader of the Government in the Senate.

**17 October 1967**

Cabinet decided that the Prime Minister, the Leader of the Government in the Senate and the Minister for Air 'would concert regarding what might be said in the meantime on the issue in the event of questions'.

Government Leader in the Senate, John Gorton, and Richard Cleaver, Chairman, Public Accounts Committee wrote to Holt to inform him of their concerns about the handling of the VIP issue.

**18 October 1967**

Holt and Howson met to discuss the Prime Minister's proposed statement on VIP aircraft.

**19 October 1967**

Howson, McFarlane, Squadron Leader Green and Yeend discussed the draft answer to Turnbull's question.

**20 October 1967**

Howson provided Prime Minister's Department (Yeend) with final draft answer to Turnbull's question.

**21 October 1967**

Peter Howson left Melbourne to attend a meeting of the General Council of the Commonwealth Parliamentary Association in Uganda.

**22 October 1967**

Holt told Bunting that if particulars of flights existed they should be supplied and, since they were so detailed, they should be tabled.

**24 October 1967**

Cabinet meeting. Holt informed the Cabinet of proposed courses of action.

Later in the day, Holt made a further statement to the House of Representatives. Gave information on Treasury estimates of costs and tabled a number of documents giving details of travel from 1 January to 31 August 1967. The documents revealed that the Treasurer, William McMahon, had used the flight on 54 occasions, most of them for travel between Sydney and Canberra. Holt had used the fleet on 81 occasions; McEwen on 40; Whitlam 8 times.

As Senator McKellar, representing the Minister for Air, was providing the same information to the Senate, the former Liberal Senator from South Australia, Clive Hannaford, collapsed in the chamber and died shortly afterwards. The Senate adjourned immediately.

At same time, Bunting and McFarlane told Gorton that there were extant records of the passengers carried on VIP flights, although they would not all be accurate.

Holt approved Gorton's proposal to inform the Senate that the Government could produce passenger lists.

**25 October 1967**

McKellar completed his answers. Gorton then made a ministerial statement which included tabling various papers on use of the flight.

During the afternoon, the Government Whip in the House of Representatives, Dudley Erwin, and Ainsley Gotto, his secretary, informed Gorton that RAAF regulations required that passenger details be kept for twelve months. Gorton contacted McFarlane who brought samples of the flight authorisation books and the passenger manifests to him.

At 9.00 pm, Gorton tabled three flight authorisation books and thirteen sets of passenger manifests in the Senate.

**27 October 1967**

Senator Lionel Murphy told the Senate that, but for the determination of the Senate to proceed to obtain the information for itself [from 5 October], the Government would have continued to withhold the information from the Senate and would have continued to deceive the Senate'.

**30 October 1967**

Bunting wrote first of his notes to Harold Holt.

**31 October 1967**

Whitlam gave notice of a no confidence motion in the Government in the House of Representatives. Debate led by Prime Minister Harold Holt followed immediately.

**4 November 1967**

Peter Howson returned to Australia from Uganda.



**6 November 1967**

Howson offered to resign. Holt refused to accept the proffered resignation. Holt and Howson are aware of the 29 August memorandum from the Department of Air which Bunting learnt about on or about 6 November.

**8 November 1967**

Cabinet meeting in the morning. When the House of Representatives met in the afternoon, Howson made a ministerial statement. Harold Holt and Gough Whitlam speak in ensuing debate.

**9 November 1967**

Peter and Kitty Howson lunched at the Prime Minister's Lodge with Harold and Zara Holt.

**10 November 1967**

At a press conference in Melbourne, Harold Holt disclosed the memorandum of 29 August from Storr, Department of Air, to the Prime Minister's Department.

**25 November 1967**

Periodical elections for half the Senate (those whose terms would expire on 30 June 1968). Government secured 42.8 per cent of the vote — cf 45.7 per cent at comparable elections in 1964.

**17 December 1967**

Harold Holt disappeared in the sea while swimming at Cheviot Beach.

**18 December 1967**

John McEwen sworn as Prime Minister of Australia.

**9 January 1968**

John Gorton elected leader of the Federal Parliamentary Liberal Party and is sworn next day as Prime Minister. He was the first and, thus far, the only senator to become Prime Minister.

**23 February 1968**

Second Gorton Government took office. Peter Howson removed from the ministry.

**11 March 1968**

C. L. S. Hewitt took up an appointment as Secretary to the Prime Minister's Department. Sir John Bunting appointed Secretary to new Department of the Cabinet Office.

**25 October 1969**

General elections for the House of Representatives. Large swing against the Coalition Government.

**10 March 1971**

Gorton relinquished the leadership of the Liberal Party after a tied vote in the party room. William McMahon succeeded him as leader of the Liberal Party and, thus, as Prime Minister; Gorton elected deputy leader and is appointed Minister for Defence.

**11 March 1971**

Department of the Prime Minister and Cabinet created with Sir John Bunting as secretary. New Department of the Vice-President of the Executive Council, later renamed Department of the Environment, Aborigines and the Arts created. Hewitt appointed secretary.

**31 May 1971**

Peter Howson returned to the ministry as Minister for the Environment, Aborigines and the Arts.

**12 August 1971**

John Gorton removed from the McMahon Government after publishing the first of a series of articles in the *Sunday Australian* entitled 'I Did It My Way' in which he discussed the VIP affair and breached Cabinet solidarity by suggesting that other ministers had breached Cabinet solidarity.

**2 December 1972**

General elections for the House of Representatives. The ALP led by Gough Whitlam won 67 seats to the Coalition's 59. Three days later the first Labor Government in just under 23 years took office.

## *Select biographical information*

**Bailey, Peter.** b. 1927. Ed. Wesley College; Univ. Melb; and Oxford Univ (Rhodes Scholar). Joined APS, 1946; Attorney-General's Dept, 1946; Treasury, 1946–65; secretary, Joint Committee of Public Accounts, 1955–57; Prime Minister's Dept, 1965–67; First Assist Sec, Prime Minister's Office, 1967–68; Cab Office, 1968–71; Dep Sec, Dept Prime Min & Cab, 1971–74; Cmnr, Royal Commn on Austn Govt Admin, 1974–76; Head, Task Force on Coordination in Health and Welfare, 1976–77; Consultant, Austn Council for Intergovernmental Relations, 1977–78; Special Adviser on Human Rights, Attorney-Gen's Dept, 1978–81; Deputy Chmn, Human Rights Cmn, 1981–86; various appointments, Faculty of Law, ANU, since 1987.

**Bowen, Nigel.** b. 1911. Ed. King's School; Univ Syd. Barrister from 1936 (QC 1953). MHR (Lib, Parramatta, NSW), 1964–73; Attorney-Gen, 1966–69, and 1971; Min for Educ & Sci, 1969–71; Min for Foreign Affairs, 1971–72. Justice, Court of Appeal, NSW Supreme Court, 1973–76; Chief Judge, Federal Court of Australia, 1976–81; d. 1994.

**Bunting, Sir John.** b. 1918. Ed. Trinity Grammar, Melb; Univ Melb. Joined APS, 1940. Dept of Trade & Customs, 1940; Dept of Postwar-Reconstruction; Prime Min Dept, 1950–68; Official Sec, Austn High Commn, London, 1952–55; Dep Sec, 1955–58; Sec, 1959–68; Sec, Cabinet Office, 1968–71; Sec, PM&C, 1971–75; Austn High Commnr, London, 1975–77; subsequently co-ordinator, Sir Robert Menzies Memorial Trust. d. 1995.

**Calwell, Arthur.** b. 1896. Ed. Christian Bros Coll, Nth Melb. Vic Pub Service, 1913–40. MHR (ALP, Melb, Vic), 1940–72; Min for Information, 1943–49; Min for Immig, 1945–49; Dep Ldr, Oppn, 1951–60; Ldr of the Oppn, 1960–67. d. 1973.

**Cleaver, Richard.** b. 1917. Ed. Perth Modern Sch. Accountant. MHR (Lib, Perth, WA), 1955–69. Chmn, Joint Cttee of Pub Accts 1963–69.

**Curtin, Daniel.** b. 1898. Ed. Patrician Bros Coll, Redfern. MHR (ALP, Kingsford-Smith; Smith, NSW), 1949–69. d. 1980.

**Daly, Fred.** b. 1913. Ed. Christian Bros Coll. MHR (ALP, Martin, then Grayndler, NSW), 1943–75. Min Serv & Prop and Ldr of the Hse, 1972–75. d. 1995.

**Erwin, Dudley.** b. 1917. Squ Ldr, RAAF. MHR (Lib, Ballarat, Vic), 1955–75. Govt Whip, 1967–68. Min for Air and Ldr of the Hse, 1969. d. 1984.

**Gair, Vincent.** b. 1902. Qld Leg Ass (ALP), 1932–60. Sen (DLP, Qld), 1965–74; Ldr, 1965–74. Austn Amb Ireland, 1974–76. d. 1980.

**Gorton, John.** b. 1911. Ed. Geelong Grammar; Oxford Univ. War: RAAF (Flt Lt), 1940–44. Senator (Lib, Vic), 1949–68; MHR (Lib, Vic), 1968–75. Min Navy 1958–63; Min Asst Min for Ext Affs, 1960–63; Min Works and Min Asst PM for Ed and Research, 1963–66; Min for Ed & Sci, 1966–68; Ldr, Govt in Senate, 1967–68; Prime Minister, 1968–71; Min for Def and Dep Ldr, Lib Party, 1971. d. 2002.

**Hartley, Bill.** b. 1931. Ed. St Peter's Coll, Adel; Hale Sch, Perth; Univ. WA. State Sec, ALP (Vic Branch), 1963–70.

**Henty, Denham.** b. 1903. Ed Launceston C. of E. Grammar Sch. Senator (Lib, Tas), 1950–68; Min Customs and Excise, 1956–64; Civil Aviation, 1964–66; Supply, 1966–68. Ldr Govt in Senate, 1966–67. Member, Bd of Overseas Telecomms Cmn from 1968.

**Hewitt, Lenox.** b. 1917. Ed. Scotch Coll, Melb; Univ of Melb. BHP, 1933–39. Joined APS, 1939. Cwth Prices Bd, 1939–46; Postwar-Reconstruction, 1946–49; Off Sec, Austn High Cmn, London, 1950–53; Cwth Tsy, 1953–66 (Dep Sec from 1962); Chmn, Universities Cmn, 1967–68; Sec, Prime Minister's Dept, 1968–71; Sec, Dept Vice-Pres Exec Cl, later Env, Abors & the Arts, 1971–72; Mins & Eng, 1972–75; Ch, QANTAS, 1975–80. Mem various govt bds, 1973–80. Subs co dir.

**Holt, Harold.** b. 1908. Ed. Wesley Coll Melb; Melb Univ; MHR, Fawcner, 1935–49; Higgins, 1949–67. Min Lab. Nat Serv, 1941, 1949–58; Min Immgn, 1949–56; Ldr HoR, 1956–66; Dep Ldr, Fed Parl Lib Party, 1956–66; Treasurer, 1958–66; Prime Minister, 1966–67.

**Howson, Peter.** b. 1919. Ed. Stowe School; Cambridge Univ. War service: Royal Navy, Fleet Air Arm, 1940–46. Foy and Gibson Stores Ltd, 1950–56. MHR (Lib, Vic), 1955–72. Chief Govt Whip, 1964. Min Air, 1964–68; Assisting Treasurer, 1966–67; Environment, Abors and the Arts, 1971–72.

**Lawler, Peter.** b. 1921. Ed. Marist Bros; Christian Bros; St Stanislaus Coll, Bathurst; Univ. Syd. Joined Dept of Postwar-Reconstruction, 1944; Prime Min's Dept, 1950–68 (Dep Sec from 1964); Cab Off, 1968–71; Prime Min and Cab, 1971–73; Sec, Special Min of State, 1973–75; Administrative Servs, 1975–83; Amb to Ireland and Holy See, 1983–86.

**McFarlane, Archibald Bertram.** b. 1916. Ed. Scotch Coll, Melb; Melb Univ. War service: RAAF, 1938–46. Dept Civil Aviation, 1948–56; Sec, Dept Air, 1956–68; Cmnr, Public Service Board, 1968–73; Exec Member, Petroleum & Mins Authority, 1973–76. d. 2002.

**McKellar, Gerald.** b. 1903. War service: Army. Senator (Country Party, NSW), from 1959. Minister for Repatriation, 1964–69. During 1967 he was Minister representing the Minister for Air in the Senate.

**McMahon, William.** b. 1908. Ed. Sydney Grammar Sch; Univ Syd. War service: Army. Solicitor. MHR (Lib, NSW), 1949–82. Min for Air, Navy, 1951–54; Soc Servs, 1954–56; Primary Ind, 1956–58; Lab. Nat Serv, 1958–66; Tsr, 1966–69; Ext (For) Affairs, 1969–71; Prime Min, 1971–72.

**McMullin, Sir Alister.** b. 1900. Senator (Lib, NSW), 1950–71. Pres, 1953–71. KCMG, 1957. d. 1984.

**Murphy, Lionel.** b. 1922. Ed. Syd. High; Univ Syd. Barrister from 1947 (QC from 1960). Senator (ALP, NSW), 1962–75; Ldr Opposition, 1967–72; Ldr of the Govt, Attorney-General, and Min for Customs & Excise, 1972–75. Justice, High Court, 1975–86. d. 1986.

**Sinclair, Ernest Keith.** b. 1914. Ed. Hampton and Melb Highs. War service: RAF/RAAF, 1938–46; journalist from 1932; Editor, Age, 1959–66. Consultant, Prime Min's Dept, 1966–73; Aust Tourist Comm from 1967.

**Storr, Alan.** b. 1921. Ed. Northcote High; Univ Melb; Canberra Univ Coll. War service: Flt Lt, RAAF, 1941–46. Tsy, 1947–49; Audit Off, 1950–52; Dept Air, 1952–57; Repat Commn, 1959–60; Dept Air from 1961 (Asst Sec, 1965; First Asst Sec, 1968).

**Turnbull, R. J. D. ('Spot').** b. 1908. Ed. Wesley Coll, Melb; Melb Univ. (MB, BS). General practice, Launceston from 1936. War service: Aust Army Medical Corps. MHA, Tas. (ALP), 1946–61; Min Health, 1948–59; Tsr, 1956–59. Senator (Independent), 1962–74 (Australia Party, 1969) Alderman, Launceston City C1, 1959–67.

**Wyndham, Cyril.** b. 1930. Ed. Kingston Day Commercial College; London School of Econs; British Labour Party, 1947–57; Res off, Dr H.V. Evatt, Leader of the Opposition, 1957–60, A.A. Calwell, 1960–61; Sec. ALP (Vic Branch), 1961–63; subsequently Fed Sec, ALP.

**Yeend, Geoffrey.** b. 1926. Ed. Canb HS; Canb Univ Coll. Priv Sec to Prime Minister, 1952–55; senior posts, PM's Dept/PMC, 1960–78; Secretary, 1978–86. Co. Dir. and Chancellor, Australian National University. d. 1994.