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MAJOR PROJECTS TO ASSIST THE EXPORT TRADE

Statement by the Acting Prime Minister (Mr. McEwen)

The Acting Prime Minister today said that the decision by the Commonwealth to discuss with State Governments the planning of large-scale developmental works, was an important step in a programme designed to assist in the expansion of Australia's export trade.

He was referring to the announcement by the Prime Minister that the Government had under particular and sympathetic consideration large enterprises such as road development in the North; improved port and loading facilities to assist the coal export trade; standardization of the rail links in South Australia and Western Australia; and proposals to stimulate the discovery of oil and minerals generally.

Mr. McEwen recalled the twin objectives of the Government in its current policies were to put a brake on inflation and, at the same time, place a new sense of urgency on policies aimed at the substantial expansion of export earnings.

As one important step towards avoiding recurring balance of payments difficulties, it is the Government's aim to give the national development effort a pronounced bent towards the expansion of our export trade.

Against this background the Government has considered certain problems associated with the expansion of exports of beef, minerals, coal and steel, all of which are important commodities in any long-range plan to increase total exports. Large-scale developments will be needed to exploit the full export potential of these industries in which the investment of the private capital needed to increase production for export is dependent to a very important degree on the provision of large-scale public works.

In this field the Commonwealth is prepared, where necessary, to devise special financial arrangements to encourage projects on which export expansion depends, especially when the projects are of such size as to place them beyond the resources of a single State.

The Prime Minister announced that the Government would discuss road development in the North with the appropriate Governments. The Commonwealth has had the benefit of surveys and advice on this particular issue. These suggest that road developments in this area could trigger-off an expansion of private investment in the beef industry and give an important stimulus to the beef exports. Additional exports of £15m./£20m. are in prospect from this industry and the first results could be obtained within very few years.

There were very good prospects that coal exports could earn upwards of £10m. a year by 1965 if the inadequacy of coal-

loading and berthing facilities in the major export ports is remedied. We were competing for business in Japan against countries which had highly mechanized and extremely modern loading facilities on berths which could accommodate the very large ore carriers which Japanese buyers plan to use for coal transportation.

State Governments and the industry are giving attention to this problem. The Commonwealth proposes to discuss with the State Authority whether some assistance from the Commonwealth may be necessary to enable these installations, which are so vital to the future of the coal export field, to be completed in time to enable the industry to renew the long-term contracts on which its export trade depends.

In the Prime Minister's statement on the 3rd January, he indicated that attention would be given to the special position of steel as an export earner. Discussions had already taken place with the steelmakers and, at this stage, there appear excellent prospects of the steel industry making further very sizeable contributions to import savings and to export earnings within very few years. To do so, the industry will need to expand its production considerably and an integral part of its overall expansion plans is the development of an additional steelmaking centre in Western Australia. The industry has stated that the development of a steelmaking plant at Kwinana is dependent on the standardization of the rail link between Kalgoorlie and the Coast.

The Government has been asked to provide special assistance for the construction of this standard gauge line from Kalgoorlie and is considering this request, particularly in light of the benefits which this might bring to the expansion of steel and mineral exports.

In addition to undertaking discussions with the Western Australian Government on the Kalgoorlie-Fremantle rail link, the Commonwealth is considering a request to assist in the standardization (including the provision of modern rolling stock) of the Broken Hill/Port Pirie rail link. Mr. McEwen said that the freight economies which would be expected to flow from the standardization and dieselization of this line could assist the Broken Hill producers to compete more effectively on increasingly competitive world markets.

The Prime Minister had stated that the Commonwealth will proceed with discussions with State Governments on the planning of such selected projects. Although no substantial funds can be provided from the Treasury in the near future, the Government is nevertheless convinced that some projects of economic development, especially those which will make an important contribution to our export capabilities, should proceed as soon as the economic situation permits.

By planning now, the way should be clear in 1962 for such projects to proceed as would substantially assist to expand our export earnings.

Mr. McEwen said that these important decisions were further steps in the Government's programme to ensure a substantial and a continuous increase in Australia's export earnings. Works of the types referred to were an essential prerequisite to the large private investment which the Government is confident will flow, as a result, into these important industries and which will contribute substantially to the desired increase in our export earnings.

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CANBERRA,

26th February, 1961.