

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,
THE RT. HON. SIR ROBERT MENZIES, AT PARLIAMENT
HOUSE, CANBERRA, AT 3 P.M. ON 3RD JUNE, 1965

PRIME MINISTER : You will have a few questions, gentlemen, but perhaps I ought to say something about the Premiers' Conference and the Loan Council because there may be a few things there that need a little clarifying. If you start with the revenue grants, under the arrangement that we ultimately worked out, the position is this that in the current year the figure is calculated at £340.7M. and that will, under the arrangements we have now made, rise on the same assumptions. That is to say, on the basis that population increase and average wages increase resembles the period that is just concluded - the last five years - that £340.7M. would rise, it is estimated, to £510M. in 1969/70. That means that unless extraordinary circumstances arise - and if they do these figures might well be increased - the position would be expected to be that the payments to the States will rise each year over the preceding year by (I will leave out the fractions for simplicity) £35M. in 1965/6, by £29.9 (call it £30M.) in 1966/7, by £32M. in 1967/8, by £34M. in 1968/9, and by £37M. in 1969/70.

Now the point to be remembered about this is that there are virtues from a State point of view in having a five-year term - I think the last one was six, but this time we proposed five and that was ultimately agreed to. That means that over that period of five years, the States can plan ahead, knowing with some precision what they will be getting, year by year. I don't need to point out to you that the Commonwealth has no such assurance itself. Steeply rising defence expenditure, for example, which goes up in 1965/6 by something of the order of £80M. to £90M. will, of course, put heavy burdens on the Budget. Any shortfall on the Loan market to meet the programme of works that was agreed on will, of course, involve burdens on the Budget. A good deal of defence expenditure will be in the works field. That will add to the existing pressures on resources of men and materials - pressure which already is leading to bidding-up for scarce labour, particularly in the skilled field where there is a considerable shortage. Therefore the Commonwealth is left - and I don't complain about this - with problems affecting its normal expenditures and its fiscal policy and its defence policy which are all difficult, but which we will have to cope with from year to year. I think it is worthwhile emphasising that because the position of the States has a measure of stability and assurance that our own position couldn't hope to have.

As to the amounts, what we were aiming at was to get a five years' agreement. This I think is very important for the reasons that I have just mentioned - the States themselves like to know where they are, and I have had a lot of experience in these meetings now, going over many years, and each time there has been a discussion either about a period agreement or before that, from year to year there has been a little bit of what might be politely called bargaining. There is no novelty about it. Somebody finally says, "Yes, I would like another quarter of a million, another half a million," and everybody goes into the corner, and out comes the quarter-million or the half-million.

Any addendum to what has been proposed, mark you, comes out of our Budget, not out of any other safe. And

this has been done. For example in 1959, (I wasn't here, I was out of the country, but the current agreement just expiring was then worked out and agreement was finally arrived at) the State of New South Wales, and I think there was another State, received some extra grant. New South Wales secured a million on that occasion. This was part of the price of the securing of an agreement. Nobody complains about that. Nobody thinks it is extraordinary. I suppose it has affected every State from time to time over my period.

This time Mr. Bolte didn't find himself able to agree to the five years' proposition. Mr. Askin had put up a proposal which modified the one that I had put and modified it in a way that was satisfactory to us and that secured the agreement of five States but Mr. Bolte wasn't able to agree to it and he made an argument which was worth consideration. He pointed out that when the 1959 agreement was made, ultimately concluded, New South Wales having obtained on that occasion the extra million, the difference in the per capita grant to his State, as compared with New South Wales was - I think I am right in saying - 9/7d. but the precise figure doesn't matter. What he did point out was that by the effluxion of time and circumstances that gap had risen by 4/-, so that the differential today was 13/7 - don't hold me to the 9/7, but the difference was 4/-. And we considered this because we were very anxious to get an agreement. If we didn't then one State at any rate would come up next year and say, "We want to reopen this argument. We are not bound by any agreement." Well that is no good to any of us. We do want to have some certainty over a period of years and so we had a look at it and decided that we could meet this position by giving an extra payment to Victoria - by the Commonwealth, not at the expense of any other State - an extra payment which would reduce the gap by 4/- and therefore leave it as it was in 1959. We thought this was an equitable thing to do. I went in and stated this to the Premiers and Mr. Bolte said that under these circumstances he would be prepared to become a party to the agreement, so that in the result we have a five years' arrangement with all the States at the expense of what I think amounted to about £600,000 a year to Victoria.

So that there is no novelty about this and, really, I can't see that there is any particular grievance. If I had been proposing to reduce what was going to another State, under provisions to which they had all agreed at that stage (they had all agreed), if I had said, "Well, I want to subtract something from you who have agreed, in order to secure an agreement by Victoria, that would have been something of a grievance. I didn't. I said, "We leave all your allocation untouched, the ones to which you have agreed, and we will add this out of our own funds in the case of Victoria." Well, I don't need to elaborate that. Those of you who have been familiar with Premiers' Conferences over a number of years will not be unfamiliar with these procedures and will not use offensive words about them because they are quite normal.

On the borrowing programme, we put forward a proposal which we ultimately modified, and that was that we decided that instead of holding the amount of the Loan Works Programme as it was last year, which obviously would involve the doing of a little less work because costs have risen, we decided to increase our proposal by £5M. and this was accepted by all the States. This means, for example, that in the case of New South Wales, which I think has roughly 40 per cent., this might be

worth £2M. But anyhow, the borrowing programme was increased by £5M. There was a proposal put up by New South Wales that it should be given, in the semi-government field, on which we were proposing a standstill, the right to get £1.5M. for the Grain Elevators Board. Of course that relates to wheat storage and is therefore of great significance. We at once indicated that we would support that. So that was added to the semi-government programme that we had indicated.

There was another matter discussed in the Premiers' Conference that is perhaps worth a little explanation and that is this business of off-shore oil and gas. This is becoming an interesting topic because of the discovery of gas off the Victorian coast and various enterprises have been seeking for and obtaining permits to search in these areas, and the question, of course, inevitably has arisen between the Commonwealth and the States as to who has the jurisdiction. The States say that within the territorial limits - which, being old-fashioned, we can call within the three-mile limit - they have the sole jurisdiction. We don't agree with that as a matter of law, but we on the other hand assert that outside territorial limits and on the continental shelf, which has a total area about twenty times the size of the territorial waters, the jurisdiction belongs to the Commonwealth.

Now obviously you couldn't go on forever having a wrangle about Constitutional power because this becomes a rather important matter. People want to get on with the job and they want to know where they stand. So our proposal was that the Commonwealth and the States should agree to set up what I will call a joint operation on this matter, the actual administrative work being done in the States Mines Departments, under which we wouldn't argue about Constitutional power, but we would each reserve our Constitutional rights but we would agree that there should be a common administration, whether it was inside territorial waters or further out on the Continental shelf. The proposal that we had put before at Ministers' meetings was that under these circumstances if these became productive, if production was achieved, royalties should be shared fifty-fifty by the Commonwealth and the particular State off whose shores the find was made. That hadn't strictly been agreed to but we thought there was a chance it would be.

There was another question left open. It is rather interesting. When they grant permits to explore and the man gets one of these permits, when he explores and finds, then he has a particular area assigned to him which he can develop and that leaves all the other portions of the area ready for re-allocation. In the United States in particular this has become quite a valuable right in the government because oil or gas having been found, the remaining sections in the area are more valuable and people pay for them. We had originally, at the Ministers' meeting, said that any proceeds of these sales should be divided fifty-fifty. When we met the other day, I said I had got the Cabinet to have a look at this and we were perfectly happy to adopt the attitude that if that happened, the State itself would take the whole of the proceeds. We would make no claim to any proceeds on this reallocation but that we should have fifty-fifty on the royalties, production having come in. The States will also, I may add, get the proceeds of licence fees that are paid. The one matter on which we come in is in the matter of royalties.

Well, this offer was within a few minutes accepted by the States. This clarified the whole of the argument and

we anticipate now that agreements can be concluded and executed in the next few weeks. I urged the importance of time because you can't get enterprises to spend large sums of money unless they know they have some sort of title, some sort of protection, and they are not going to be caught up in an argument as to who is the landlord, as I might say. Well that is cleared up. That was a very useful matter.

I think that is all I want to say by way of clarification on the Premiers. There is just one other thing I have just been reminded of. I am going away as you know and Mr. Hasluck will be away very shortly. Senator Gorton will be away leading one of these teams, and Mr. McEwen has agreed to act as Minister for External Affairs during our absence. Well now, any questions?

QUESTION : Have you thought, Sir, whether you will hold a Referendum later or earlier than the six months' period?

P.M. I haven't really worked that out. We will obviously have to present our measures in the Budget Session which I imagine will mean a referendum in the earlier part of next year.

Q. Can you have it as late as that, Sir? Musn't it be not more than six months?

P.M. Yes, it must. It depends on when it goes through. I mean, if we were able to bring it on early in the Budget Session.....

Q. I thought you put the Bill through last week.

P.M. Oh, no. In fact I am glad you mentioned that because it ought to be made clear that we have not yet drafted the amendment. There have been one or two points raised that we are considering, particularly on the aboriginal side. When we settle those matters and we present a bill, or bills whatever it may be, then of course the whole matter will be debated in the House, and we will have an eye on the timetable, because there is a limit within which you can put them, and we will have to observe that. But that will be to a large extent controlled by when we can bring it in and how long the Parliamentary debate can last.

Q. It doesn't look like this year then, Sir?

P.M. Well, look, don't hold me to it. I would have thought probably not. But it will certainly not be later than the earlier part of next year. It might be this year. I don't know.

Q. Sir Robert, can you give us an outline of the scope of the talks you propose having in Washington and London?

P.M. I don't think I can. My experience of talks with the Heads of Government and so on is that you start off by saying, "This is what I am going to say." You end up by not saying it. You have to approach these talks in a rather more flexible manner than that. It is quite clear that in the United States I will have some talks about the financial position vis-a-vis Australia, the new rule. There may be one or two aspects of commodities that I may have to have some talks about. I am not clear yet, but I will be, and I have no

P.M. (Contd.) doubt that the position in South-East Asia will also be very closely discussed. But you can never be dogmatic in advance about those things. The main thing is to go in knowing quite clearly in your own mind all the things that you would like to achieve if you could. Man proposes but Presidents dispose.....

Q. You expressed some sympathy the other day, Sir, at closer ties with New Zealand. Do you intend raising that with Mr. Holyoake?

P.M. Oh, I don't know. That will no doubt crop up in London. But we have certain matters under examination now about exchanges of Members of Parliament and so on and I think it unlikely that I will be discussing the question of some trade arrangement - sometimes falsely called a free trade area or something of the kind - because that is a matter which is under most competent handling on behalf of the Government by the Minister for Trade. If I thought that had to be discussed in London, I would have wanted to take him there. I am not anticipating that in London we will have any substantial trade discussions at all.

Q. In his letter to you, the President invited you to raise at any time any specific American investment measures that were hurting Australia. Do you have any specific cases in mind to raise with him?

P.M. I don't think so. I may tell you that I have been armed with a brief. It is here on the table and I will read it before I leave.

Q. In London, Sir Robert, do you intend to see Mr. Callaghan and Mr. Brown as well as the Prime Minister?

P.M. Well, it is the usual thing. I would expect to.

Q. Mr. Holt has indicated that he feels perhaps the English situation, as far as the economy goes, is more important to Australia's immediate future than the American capital curb position.

P.M. Look, it is very hard to say much about that because I think I saw that there was some modification announced only in the last twenty-four hours. I'll catch up with those in London. I always do see the Chancellor of the Exchequer, whoever he may be, and Mr. Brown occupies a new and rather powerful position on the economic side. There is no doubt I will be seeing him. In fact I will be very surprised if both of them don't participate on occasions in the Prime Ministers' Conference meetings. Quite the usual thing.

Q. Have you got a short list to take to The Queen on another matter, Sir?

P.M. No. And if I had, I wouldn't announce it. Look, I'm glad you raised this matter. There is a great misconception about this business. Some chuckle-headed fellow in some English paper announced that we had been hawking this job around. I said something about this in the House. This is utter drivel. Even "The London Times" has got some nonsense that I have just been reading somewhere. This is not how it happens. I am a bit of a stickler on this business. I don't approach anybody until I have had a talk to The Queen. The Queen's position has to be respected in

this matter. The Governor-General is her personal representative in this country, among other things, and I have in the past always had a talk with her. We have discussed names. We have discussed qualifications. We have had an intimate talk about these matters, and in the long run I get to an agreement on this matter and it is then only that I say, "Well, now, I have Your Majesty's approval to approach Mr. X. or whoever it may be" and that is the first time that anybody is ever approached at all. I have stuck to that rule this time. You can take it quite positively nobody has had the faintest approach made to him. I would regard that as a gross discourtesy.

Q. Has the Cabinet any collective view on the question of whether it should be an Australian or a non-Australian, Sir?

P.M. I think if the Cabinet has a view on anything, it will say so.

Q. Well, may I ask you. Would you say so on behalf.....

P.M. No, I am not prepared to discuss that. Nor indeed are you to assume that I have some prejudice on that matter, because I haven't. I have never adopted the attitude that an Australian is excluded. I think we have produced as good a percentage of people of consequence in this country as any other country that I know, so that that question of prejudice is to be put on one side. I am only prejudiced against one thing and that is against me being Governor-General. (Laughter)

Q. Sir Robert, will you be having any discussions in London about a possible visit by the Queen Mother next year? The South Australian Government have extended an invitation to her.

P.M. Look, that matter will be dealt with at the appropriate time. You ask the Lord Mayor of Adelaide that one.

Q. It has been announced.

P.M. Oh, has it? Oh, well that's fine. Usually these matters are announced from the Palace. Anyhow I am not announcing anything. And after all if an invitation does go, it goes from me. It doesn't go from anybody else. I would remind you of that. I am announcing nothing.

Q. Have you any engagements in Europe, Sir, or are your calls entirely in America and Britain?

P.M. No, I will be in America for a few days - Washington, New York for a couple of days. I aim at arriving in London about four days before the Conference begins in order to have the necessary preliminary talks and work and I think I will have to remain in London for a few days - three or four days perhaps after the Conference ends, but I will then come home.

Q. That will bring you here early in July, won't it?

P.M. Yes, I think somewhere about the 9th - I'm not sure what it is. But I have to be back in time to have these conferences that we have with the people in the industrial and trades union field and so on, and then we go on into our Budget discussions which I think will probably begin about the middle of July, so I can't be back much after the 8th or 9th.

Q. Sir, there is a vacancy in Cabinet at the moment. Can you say if this is to be filled in the near future?

P.M. I expect it will be filled shortly after my return. I noticed a fantastic story about this. Poor John McEwen and I are always having a brawl about something, I gather, and we are having one about the Cabinet vacancy. Now this is just utter nonsense. When Harrie Wade died, the vacancy was filled by a Country Party Minister because the Country Party has its proportion in the Cabinet itself, and John McEwen and I had a talk about it at that time and I said, "Well, we needn't worry because the vacancy will be filled by the promotion of a Country Party Minister." There is no argument about that, otherwise you would be down to two in the Cabinet." There has never been any argument about that at all. Then, both being of Scots derivation, we decided that we wouldn't rush into deciding who the one to be promoted should be because they are all fairly new. We would like to have a look-see, and we are having a look-see. We were reminding each other of it the other night. There is no argument about it. It will be a Country Party Minister. That's never been in doubt and McEwen and I hope we will have our judgment matured sufficiently by a little time after my return to come to a conclusion about it. It won't at any stage give rise to any differences of opinion.

Q. Sir, is there any difference between you as to which Country Party Minister it should be?

P.M. We haven't discussed that yet. I think I told you. We said we would wait so we could form our own opinion. I am not aware of any difference for the very good reason that we haven't discussed it. All we have done is to agree - I confirmed it the other night having read a piece of nonsense in some paper - that we would have to come to a conclusion on this before very long. I don't expect there will be any argument about it at all. I know the field but I don't know who the choice will be and I venture to think neither does he yet.

Q. On the subject of arguments, Sir, Mr. McEwen has announced that he and Mr. Wheeler are deadlocked on the question of the secondary industry section in trade. Do you propose to break that deadlock?

P.M. The position is that the Public Service Board has the authority to deal with promotions of this kind and we have decided that the Public Service Board's authority must be preserved. If a Cabinet began to give orders to the Public Service Board contrary to its own judgment on a matter of internal administration like that, then you could say goodbye to the independence of the Civil Service and introduce political control, and the Cabinet believed that that is wrong, and therefore this is a matter, like all matters of this kind, which has to be worked out between the Trade Department people and the Public Service Board. Every Department does this from time to time. At present they are not in a state of agreement but I hope they will be in due course because I think it is important that it should go ahead.

Q. Sir, can you say anything about the replies from the companies that you wrote to about American investment in Australia?

P.M. No, except to say that we had replies from I think practically all of them and that they have without exception been very helpful and I have written to each of them and acknowledged that and the result of all this is under analysis in the Treasury.

Q. The Treasury White Paper mentioned the replies last week, Sir.

P.M. Yes, well I don't propose, of course, nor would you ask me to say what these replies were. These replies are all made to us confidentially. We are asking about the particular activities of particular companies and what their plans are and all this, when I wrote I made it quite clear, would be regarded as confidential as far as they are concerned. We may draw certain general conclusions but it would never do to indicate the business of some particular company.

Q. Can you say anything about the general conclusions to be drawn, Sir?

P.M. No, I can't. As I said, these matters are being analysed by the Treasury.

Q. Is there any way of ensuring that legislation gets more orderly and less hurried consideration than it had at the end of the last Parliamentary Session, Sir?

P.M. I don't think there was anything unique about the end of the last Parliamentary Session. I have been in Parliament for thirty-six years or something and it has always been the same.

Q. Isn't it about time it was changed, Sir?

P.M. Well, I said that thirty-six years ago. You know, you musn't underestimate the difficulties of this business. Our position in this place is really quite peculiar because we have these two sessions in a year. I remember in the old days in Victoria the Sessions began in July. You had the whole of the six months to work out legislative proposals and for the draftsmen to do their work. We are rather short of draftsmen. Draftsmen are not to be picked off every bush, good draftsmen, and because of the fact that you have the Autumn Session and then the Budget Session, we live under the most constant pressure of Cabinet meetings and Cabinet ^{Committee} meetings. I was asking the other day for a few facts on that. It might amuse you to know that in this Parliamentary Session just ended, taking that period from 16th February - well, I start on 16th February. Parliament opened a little after that; we have had 25 Cabinet meetings - we have had Cabinet meetings on 25 days, and in the course of those days, we have had 40 sessions of Cabinet because we frequently meet at night when the House is sitting. The General Administrative Committee which is the other section of the Cabinet met about eight times, the Foreign Affairs and Defence Committee met approximately half a dozen times, the Legislative Committee about a dozen times, and other Committees about fifteen times. I think it almost a record. Now all this involves constant pressure, and I quite agree with you, if we were living in a perfect world, we would hold up the meeting of Parliament until we had had all these meetings and discussed all these things and got a lot of precise instructions to the draftsmen.

P.M. (Contd.) I think there would be a great deal of resentment if we held up the sitting of Parliament while all that went on, though no doubt it would contribute very powerfully to avoiding a last-moment rush. But you know, we musn't pretend to be too superior about these things. When you were a student, I bet you did more work in the last month of the year than you did in the whole of the previous eleven put together. Otherwise you were a remarkable exception.

Q. Sir Robert, Mr. Brand has said that he has received a letter from you on the standard gauge rail project.

P.M. Yes.

Q. I wonder whether in those circumstances you would be prepared to release the text of the letter.

P.M. No, no. I am not.

Q. Alternatively, would you say something about the matters that are giving the Commonwealth some concern?

P.M. No, I won't. I have sent a long and detailed letter to the Premier of West Australia. I am not in the habit of publishing my letters to Premiers, particularly when they are on complex matters. I will get an answer in due course. Whether the matter will then be publishable or not, I don't know, but not now.

Q. Sir Robert, you will have read last week that the Federal A.L.P. executives severely censured Senator Kennelly and Mr. Hawke for having put forward a proposal for making a deal with the D.L.P. Have you any comments to make?

P.M. No, I don't like interfering in the neighbours' quarrel. Good luck to them whoever they are.

Q. Sir, the Australian Government's note to the Soviet Union said the sending of an Australian battalion to South Vietnam was in no way contrary to international law. It didn't mention the SEATO treaty. Is there any reason for that?

P.M. No. The SEATO treaty is part of our international law.

Q. Sir, can you give any estimate on when the Government might be considering architects' submissions for the new Parliament building?

P.M. Oh dear no. Oh, now, come. Didn't you know that I am proposing to set up a committee - not to discuss the plan of the building - but to discover what ought to be in it, what the requirements are, including the requirements of the Press, including the requirements of Private Members, including the requirements of Ministers, including the requirements of the staff, the Library - all the things. You can't start talking about architects or designs until you have determined what it is that is to be in the new building.

Q. When do you think that will be determined?

P.M.

Well you are asking me about the speed with which a committee will act. We won't debate the setting up of the committee until we resume. I would think that it might very well take the better part of a year because it is a very complex matter. There are a lot of unsatisfactory things about a building like this, as you know and as I know. When we get to the stage of building a new Parliament House, we will need to look to the future a bit, we will need to anticipate that there will be some expansion in due course, as there must be in the numbers in Parliament as the population goes up, and there are a few things that have to be made quite clear. There ought to be some section, for example, in a new Parliament House which is the executive wing which is controlled by the Cabinet itself so that you don't have to go to the Speaker and say, "Please may I have a room. I am appointing a Minister." That ought to be a separate matter. But it must have, of course, easy and immediate access to the House. The accommodation for Private Members is really quite inadequate and - I don't venture to speak for you - but I would think that you have found that the Press accommodation in this building, with its placing and all that kind of thing, most unsatisfactory. All these things must be worked out properly so that when the Committee reports and its report is adopted that this is what the new building should contain, then you get to the stage of discussing how you are going to go about it, whether you are going to have a competition, an architectural competition, with sails on the roof (Laughter) or, you know..... So the architects can remain a little easy on this aspect for a little time to come.

Q.

Have you noticed where Mr. Calwell and Mr. Wentworth seem to have joined forces in being angry over what they call the predetermination of the site?

P.M.

I am aware of that but I still believe that a great majority of the people on both sides of the House prefer the site which was announced seven years ago. I think so. It wouldn't be uncommon to find individuals disagreeing, naming no names.

Q.

Do you think you will get the cost within the Opera House budget?

P.M.

Well, by Jove, I hope for less than that, yes. But you never know..... I haven't a clue.

Q.

Sir Robert, could I ask you something about Washington. When you go there, it has been suggested that perhaps Australia's economic intelligence out of Washington has not been what it might have been and perhaps we were warned a little too late of the American proposals in regard to the capital curbs and also both Mr. McEwen and Mr. Holt referred to the work of the American lobbies in lead and zinc and sugar and wool. Will you be looking at this aspect of Australia's operations in Washington with the idea of enlivening it?

P.M.

If there is any defect in that field, I will no doubt discover it. I don't know. I have no predetermination on that matter. It may be, of course, that the President, like one or two other political leaders that I know of, makes his own announcements and doesn't give notice of them a fortnight ahead. That's not uncommon.

Q.

Sir Robert, do you plan to lead the Government at the next election?

P.M.

I don't know. I don't know anything about my future. I have got to the stage where I do not ask to see the distant scene, one step enough for me - and the next step unfortunately is into the aeroplane to go on another of these journeys.
