

HENTY ELECTORATE DINNER

MOORABBIN, VIC.



14 SEPTEMBER 1968

Speech by the Prime Minister, Mr John Gorton

Mr Chairman, Mr Fox, Mr Southey, Parliamentary Colleagues, Ladies and Gentlemen :

It is pleasant to be with you tonight. I hope later to have an opportunity to meet more people individually, but while it would be impossible to meet all individually, I do want you to know that it is delightful to be able to meet you collectively, and to meet you in Max Fox's bailiwick. Max has been with us for a long time. He did take over this seat from one of my greatest friends who was then in Parliament, Joe Gullett. He has represented it - perhaps not as flamboyantly in some directions - but certainly as solidly as Joe did. He is the Chairman of our Private Members' Social Services Committee, and social services, as I think you all know, is something which I believe goes to the heart of the running of a country - that we should take care of those who cannot take care of themselves, and he takes the approach that we must do this without discouraging thrift.

I think that perhaps today in Australia we live in the most exciting time that this country has ever known. There have been changes over past years of course, but on the whole they have been gradual. Was it a hundred years ago - perhaps a hundred years ago - don't hold me to it, when Melbourne was served by square-rigged brigs and barquentines, and sailing ships coming slowly from other parts of the world, when we had horse-drawn transport, when those of you who have seen the paintings of what Burke Street used to look like, will know they represented a small and sleepy town. Gradually we became a city, but for so long we stood as a nation with a small population of 4 or 5 million. For so long we stood not really as a nation in our right, but as a nation, the people of whom spoke of "home" and meant some other nation, meant Great Britain. My father used to do that, and I daresay there are some people in this room who used to do that, or whose parents used to do that. And it was taken as a natural thing that that was home, and Australia was a different place away from home - small, distinct, colonial.

Again, the Second World War made some erosions in this approach, but just recently there has been - not a gradual rate of change - but a sudden explosion in this nation, an explosion which has not yet reached its height, and the end results of which we can only dream about.

Who would have thought that suddenly at this point in this nation's history, all the old conceptions would have to be taken out, have to be re-examined, to be re-assessed because the world had changed and we had changed. No longer - and I know these things are well known to all - but no longer, as was the case until a short time ago, do we live under the protection of Great Britain and the British Navy. That has gone. No longer do we live in a part of the world where all our neighbours were ruled by European powers - British, Dutch, French - and where the people themselves who were born there had no say in what happened. That has gone. There are now new nations all around us with new aspirations and new desires; a revolution in the area of the world in which we live is taking place at the same time as a revolution in the kind of

protection to which we used to be able to look.

Well, that's all right. That happens. That poses difficulties and poses problems because it means we must reassess things and be more prepared to stand on our own feet in matters of defence, and give more of our substance to providing for matters of our own defence and make new approaches to the neighbours so close to us. Those are problems, but the solutions are also with us, or if not with us, within our grasp.

Let me illustrate that by telling you something of what is happening in this country - something of what my wife and I saw in one brief visit in one week.

We travelled around this nation. We saw in Gladstone - a town in Queensland which we had visited before and which then was just a small, sleepy village with no future in front of it - an alumina plant costing millions of dollars already increased by fifty per cent as to its capacity and now planned to be increased by another fifty per cent; coal-loading wharves, a new harbour, and a prospect, provided cheap power can be given, of turning that alumina into aluminium, of smelting nickel, of putting in plants of half a dozen different kinds, of turning a town into a city, and turning a town into a city which has a chance of being a great city where previously there was none. That is happening now.

We went to Mt Isa, long-established of course, but suddenly discovering new ore bodies, owned, I am glad to say, as to about fifty per cent by Australians, and with another hundred years of earning export income for this country, which export income will enable our standards of living, here in Victoria, or in New South Wales, to rise as much as if it were earned here.

We went to Weipa, where the bauxite which has lain for hundreds of years is now being used to be turned into what the world wants, and to earn for us again millions on millions of dollars of overseas export income. On this frontier, as on the other frontiers I will tell you about, we saw the towns that had been built. No longer do people have to go into the outback with a Coolgardie safe as we used to go and with kerosene refrigerator. Rather there are provided the most modern houses, air-conditioning, electric stoves, everything that you would get in this blessed corner of the world, at a charge of about \$6 a week by the company which provides these to those who work for it.

We went to Gove, another enormous expansion for Australia, not yet producing, but which when it does produce, will provide in the present under-populated North, another city, another city which must strengthen our own security and help us to cope with the problems I have mentioned before, of defence and of our relations with our neighbours.

And to Groote Eylandt, to find there again a thriving township, a growing township, and a company employing aboriginals from Groote Eylandt on precisely the same award wages as were available to Australian white-skinned people who went there, including a special hardship allowance for having to live on Groote Eylandt - these people having been born there, and having lived all their lives there!

Then on to the Ord, that still controversial irrigation project, where cotton may or may not be grown successfully, but where as I believe ultimately in this nation, there must be advantage from bringing some hundreds of thousands of acres under irrigation for whatever purpose.

And then through the West. . . . Mt. Newman not yet in production because there is a 270-mile railway line to be built by the company, a port to be completed by the company - not by the State Government. This has already been done at cost to the company itself, which is mostly owned by Australians. A town built; Goldsworthy sending iron ore down; plans for producing iron pellets from the iron ore, and ultimately, I am sure, another iron and steel industry. There may be an offshoot here in Victoria of an existing iron and steel industry, but there will be another one in the west in time to come.

And to Port Hedland, and Mt. Tom Price, through to the entirely Australian-owned Western Mining Corporation with some of the richest nickel mines in the world. These things will bring us in, within a measurable time at least one billion dollars a year of export income. Now what does this mean?

Does this mean that because these things are situated in Western Australia, that Western Australia will get the benefit of this, or does it mean that because some of them are situated in Queensland, that Queensland will get the benefit of this? No it doesn't. What it means in terms of the export income it earns is that the whole of this nation will get the benefit and that a demand can be built up in this nation, all parts of it, which if our own resources cannot meet it, can be met in all parts of it by imports because of the export income so generated. And it means that of all the profits earned by all these companies now and in the years to come, all Australians are fifty per cent partners because the tax taken from these companies is 45 per cent of their earnings and the tax taken from all those who work in them is also flowing initially to the Australian Government and eventually - perhaps there may be argument whether in large enough quantities or not - but eventually to the other governments scattered around Australia.

What I want to get into your minds by this very brief and necessarily insufficiently detailed catalogue is that there is now going on in this country something which ten years ago, five years ago, nobody could possibly have thought would happen. And this is probably only the beginning of other things which will be discovered, of other things which will be developed, of things which will be developed by billions of private capital and by, quite possibly, hundreds of millions of governmental capital which must necessarily be provided by the Australian Government.

This will so transform this country that in a decade, or a decade and a half, we will be able, even more than we are now, to play a full full part in our own defence, we will be able to carry a population perhaps twice as great as that which we have now, and we will be able materially to be significant - or more significant is the proper word - in the councils of the world. I hope and believe that being more materially significant, we will also be able, if we adopt the proper approach, to present a society in which freedom for the individual is maintained, perhaps more than in any other society in the world, in which racial tensions have no part, as they have a part in too many other countries of the world, in which those who are not strong enough or who have not had the opportunity to provide for themselves in their old age or in their illness will, as a matter of right, be looked after by the community as a whole, properly looked after. A

society in which we will have abandoned the philosophy that a pension for old age is not one which is intended to keep somebody but merely an addition to what would come from charity or a family. I hope we can abandon that - and indeed, I have abandoned it - so that there should be nobody provided with a pension which will not give them at least a modest standard of living so that they do not need blankets to be provided for them in the winter, so that they at least have enough to eat and a roof over their head.

These are the things that we can do because of the changes that are taking place, because of the possibilities that lie before us, and as we meet these challenges, it is essential, and I hope I don't offend anybody by saying this, and if I do, I don't much care, it is essential that we should develop a feeling of nationhood. Everybody wherever they live in Australia should say first, "I am an Australian and I am glad to be an Australian, and I am proud to be an Australian, and I am working for the Australian nation", and this, too, is in a sense a change from what would have been the situation ten years ago. I will illustrate it perhaps by a true story of what happened in Mt. Tom Price.

Mr. Heath was out here, you may remember, and he went up there and he wanted to meet an Australian, and he was taken round by Mr. Court - who is Minister for Industrial Development - and they went to a gang of men working and he said to one, "Are you an Australian?" and he said, "No, I am a Finn," and he said to another, "Are you an Australian?" and he said, "No, I come from Germany", and he said to another, "Are you an Australian?" and he said, "No, I come from Holland", but one was quite clearly identifiable as an Australian, and he said to him, "Are you an Australian?" and he said, "No, I am a Victorian", and so he gave up!

But don't get me wrong. It is important to be a Victorian, or to be a New South Welshman, or to be a Western Australian, or to be a Queenslander, provided the overriding feeling is to be an Australian, and that we are going to build a country we will all be proud to belong to and let it be run in its divisions by those who have the responsibility for doing it.

I hope you will all help me in the years ahead to foster this feeling of real nationalism and I believe you will. I believe the Australian people want it, and I believe that with it and with the opportunities that lie within our grasp, we will be able to bring into existence on this continent a nation which will redress the sad balances in Europe and some countries in Asia and which, given wise material management and proper spiritual approach to the responsibilities towards individuals, will become a nation the like of which may never have been seen on this earth before.

Q. As I understand it, the Chowilla Dam was intended to serve three purposes. . . . (rest of question mostly inaudible but dealing with purposes of Dam, salinity of the water, and shares by the States.) In recent South Australian elections, I am assured by friends in Renmark that Labor lost that seat solely through the failure of Mr. Dunstan's Government to assume that the Chowilla Dam project would grow bigger. In the light of an impending Federal election, I have been asked by my friends in Renmark to find out whether the Commonwealth Government has any thoughts upon

that particular project.

PM. Thank you. I don't know whether everybody heard that question. It was concerned with the Chowilla Dam which was a dam projected to be built virtually on the South Australian border near a place called Lake Victoria in order to provide a large storage of water which South Australia felt was to its advantage. Because the Murray River Commission agreed to it, that meant that it would be financed not only by the Commonwealth, the State of Victoria, and the State of South Australia, but also by the State of New South Wales, all of whom were to put some water in for it. It was considered wise to see whether one could not build higher up in the Murray, in the head waters of the Murray, a dam more cheaply which would provide as much water and that that water could be earmarked for South Australia. That is under consideration now by the River Murray Commission and the engineers connected with that Commission. I wouldn't undertake to say what the recommendation of the Commission might be. But I think it likely that if the recommendation shows that a dam can be built for half the cost of Chowilla and can provide the water that South Australia wants and can provide it so that it runs all the way down the Murray and flushes it out and doesn't allow the salinity to build up, then I should imagine that the Commonwealth and the Premier of Victoria and the Premier of New South Wales would think that was a better proposition than building the dam at Chowilla.

Q. Question on Russian ships trading with Australia.

PM. I was asked a question on this in the Parliament last week. On Russian ships, the information that was provided to me by the Department was that there were some 13 Russian ships which had come to Australia to pick up wheat or wool or something like that and that one of those ships had in fact called at Hanoi before it came to Australia. There was no information provided nor, to the best of my knowledge do we have any, that that ship had delivered arms to Hanoi, but it had called in to Hanoi, and the legal advice given to us by the Attorney-General, by the Minister for Shipping and Transport and those concerned, was that there was an international convention that unless there was a state of hostilities declared, one did not shut one's ports to the entry of ships from any country, and there was therefore no reason for us to prevent the entry of such ships to Australian ports. I don't know the freight rates at which these ships would carry from Australia wheat or wool or any other of our primary produce, but considering the difficulties in which so many of our primary producers are now placed because they cannot pass on rises in wages and rises in costs the way other people can, I could not regard with disfavour a reduction in freights on produce of Australia to other countries because such a reduction in freights means an increase in incomes to those who produce things on the land in Australia. This must be read against the background that it is necessary to have a shipping conference in order to be sure that you have a guarantee that a number of ships will arrive in order to pick up your produce. Against that background, I think that the lower we can keep overseas freights, the better it is for us as long as it is not just a fly-by-night operation in which somebody rushes in and cuts prices and gets out.

Q. Question on Government policy for the Ord River scheme.

PM. I am not quite clear what you mean by a short term or a long term proposition, but the provision of a dam, the main dam, once it is made is there forever so it is clearly a long term scheme. At the moment, in the Ord there is the initial dam opened by Sir Robert Menzies and they have

been growing cotton there with some success. But it is still a matter of dispute and argument as to whether the growing of cotton is economic or not, that is to say, the growing of the kind of cotton they are growing at the Ord at the moment, but I don't know of any irrigation scheme anywhere in Australia which, at its inception, was not said to be uneconomic, which in many cases did prove for a while to be uneconomic, but which eventually proved to be a great boon to the country. If you have read the history of Mildura, for example, or of Renmark, you will remember that that was controversial. You will remember a lot of people went broke, and you will balance against that the development around Mildura and around Renmark which has since been made possible.

In a country such as ours, where perhaps our greatest disability is a lack of sufficient rainfall and a lack of sufficient water, I personally believe that it would be impossible in the long run to store water in an otherwise dry area which would not become an economic asset to the country. The choice, I think, is not whether one stores water, but where one stores it on a cost effective basis. There is no doubt in my mind at all, for example, that the Nogoia Dam, the Emerald Dam will produce 17 per cent to 27 per cent return on the capital investment in it. That is not a bad return, leaving out altogether the fact that in drought times it will save in that area cattle and livestock which would otherwise die.

I wouldn't predict the long term way in which the Ord will continue. It may well be that it will work in with the big cattle stations around and provide protection for the breeding herds there or provide some safflower or some other thing which will help to increase the carrying capacity of the cattle. It may well turn out that they will get a different kind of cotton. It may well turn out that a number of possibilities are open and I cannot believe that in a country as dry as Australia the storage of large quantities of water, the possibility of irrigating thousands of acres, will not, in the long term, be cost effective and be of advantage to us.

Q. Question on future of Australia's sterling balances.

PM. The question was: In view of our relationship with sterling and the agreement that we have recently made with England to keep a proportion of our balances in sterling, are we guaranteed against a loss from that should England again devalue. Let me answer this way. Sterling has been under considerable pressure, and England felt that in order to strengthen sterling, in order to keep its credibility - if I can use that word in the monetary system of the world - it needed to have a significant guarantee from central banks. It arranged a \$2,000 million guarantee from central banks throughout the world for sterling, but that arrangement was contingent upon those who were prepared to lend that money, or to make that money available if it were required, being assured that there would not be a flight from sterling by those countries who held their balances in sterling.

It was essential in the monetary markets of the world that sterling should not again have to devalue. This would have had repercussions throughout the dollar area, throughout the sterling area. It could have had grave repercussions on international trade, and so England came to us and said, "Will you help us? Will you keep some of your overseas reserves in sterling and will you guarantee to keep them there for a number of years? If you do this and other countries do this, but more particularly if Australia does this, then we will get the \$2,000 million guarantee from the International Bank."

Because we thought it was responsible, because we thought it was to Britain's advantage, to our advantage, to all trading nations' advantage, we said, "Yes, we will. We will keep a minimum of forty per cent of our total overseas reserves in sterling - not all our reserves in sterling - but at any given moment there will be forty per cent of our overseas reserves in sterling and we will do this for a period of three years. You can be assured we will do it, and then we will have a look at it again". And perhaps because we are a little tough, I don't know - I carried out these negotiations myself - I said we would do this but of course we have always been able to raise loans on the British market and there are a number of loans which are falling due for conversion. We would expect to have access to that market in order to convert those loans, and should for any reason that access be impeded and should we be unable to convert, then by the amount by which we were unable to reconvert our loans we can reduce the sterling holdings that we have. That was a protection for us which I think was necessary. We also felt that we did not wish to have an interruption in the outflow to Australia of British capital for development and for portfolio investment, and we raised that matter and should there ever be a British Government impediment on that outflow, then there is provision for the thing to be discussed at once.

Now coming to the final points you have made as to whether we had protection against a further devaluation of what we agreed to keep in sterling, the answer is yes, we have, to a very great extent but not entirely. We have received a guarantee that should Britain devalue, then she will repay or she will make available to us the dollar equivalent of sterling before it was devalued up to, I think eighty or ninety per cent of the total amount that we have over there. So we have got a guarantee against devaluation for by far the greater amount of the balances we will keep in sterling. We have got other advantages to ourselves. We are helping England, we are helping sterling and I think we are helping the monetary system of the world by doing that.
