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PRIME MINISTER

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TEXT OF ADDRESS BY PRIME MINISTER AT LOCOMOTIVE NAMING AT
CLYDE INDUSTRIES, SOUTH AUSTRALIA

I regard it as a great honour to have a new locomotive named after me, particularly as it is the first of a new class of locomotives for A.N.R.

The builders are to be congratulated on the latest example of their craft.

I understand that locomotives have been named after a number of former Prime Ministers.

I hesitate to ask what has happened to each of them.

I hope that the "Gough Whitlam" has not run off the rails somewhere.

I believe that the "Robert Gordon Menzies" is still running well: indeed that it completed three million miles on 30 June last.

Clyde of course, are no strangers to the manufacture of locomotives. Clyde started making steam locomotives at Granville, N.S.W. works in 1907.

They are certainly one of the leaders in diesel electric locomotives in Australia. They have delivered about seven hundred of these locomotives to the various Australian systems.

Their association with general motors electro-motive division has ensured that they have kept abreast of world technology and developments in the field.

The new locomotive has been selected by A.N.R. as the locomotive best suited to their needs on the Trans Australian Railway.

The diesel electric locomotive was introduced early to the Australian scene by men of vision who staked reputations on these machines while the traditional steam locomotive was still supreme.

Australia now needs men of even greater vision, to meet the crisis which all the railway systems are currently facing.

The financial situation of Government railway systems has deteriorated at very fast rates in the last few years.

The combined deficits of Government systems rose from \$62.7 million in 1969/70 to \$409.5 million in 1974/75. This represents over \$30 for every man, woman and child in Australia and about \$70 for every employed person. This could be in the region of \$600 million within a year or two.

Clearly no Government can continue to bear losses at present levels, let alone tolerate rapid escalation which is occurring.

Some drastic action is necessary to bring the situation under control.

Australia is not unique.

Railway systems throughout the world are faced with similar problems. But this is no reason why we should just wait for the problem to be solved elsewhere.

The Commonwealth through its own system, A.N.R., will be meeting a deficit of \$60.8 million in 1976/77 but most of this is on the South Australia region (37.4 million) and the Tasmanian Region (18.2 million)

One of the principal problems is the relationship between salaries and wages and total revenue earned. In a number of cases I understand that the wages and salary bill exceeds revenue.

In these circumstances, minor exercises in cost pruning or improvement in efficiency will at best have a marginal effect.

Clearly drastic action is necessary to bring costs of providing the service below revenue earned.

The railways at present are highly labour intensive.

In the face of challenge from other modes of transport the railways must be prepared to change their traditional methods if they are to survive.

This will require active consultation with, and the cooperation of, unions concerned.

The railways should concentrate on developing those areas where they can provide the most economic and viable services.

There is a need for a complete reappraisal of the proper role of railways in the Australian transport system of the latter quarter of the century.

Some people seem to think that the railway's ills can all be overcome by giving them more funds.

In this view, the railways have not been able to compete because they have not had adequate funds to purchase equipment or make the improvements needed. And I can certainly understand a manufacturer such as Clyde wishing there were more funds available

I recognise that there are areas where railway performance has been adversely affected by the lack of funds.

However, there is a more fundamental malaise and unless this is overcome other improvements can really only have a marginal effect.

Improvements in the efficiency of the railways may entail the elimination of some services which are no longer effectively demanded and certainly will mean the introduction of improvements designed to give the most efficient service.

This involves both technical changes and changes to operational methods.

It will require railway systems to give greater attention to their management and marketing practices.

In the area of locomotive performance and utilisation, the diesel locomotive has certainly brought considerable benefits to the systems.

Almost 3,800 locomotives were required to perform the freight transport task of 11,900 million tonne kilometres in 1954/55.

20 years later, a fleet of less than 2000 locomotives is used to perform the freight task of 29,800 million tonne kilometres, i.e. in a 20 year period, the task per locomotive has multiplied almost five-fold.

If similar improvement could be effected in labour productivity, there would be every reason for confidence.

I have no doubt that the railways will continue as a vital force contributing to the well-being of the nation. But the present escalating deficit position cannot continue.

Railway people have shown in the past how they are ready and willing to rise to a challenge.

I am sure they will in the future.

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