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CABINET

## PRIME MINISTER

FOR PRESS

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### LOCAL PROCESSING OF NATURAL RESOURCES

The Prime Minister has written to all State Premiers seeking their cooperation in the Commonwealth's policy objective of encouraging further industrial development in Australia through the local processing of natural resources.

The Government believes that the domestic processing of resources will occupy a prominent place in Australia's industrial future and manufacturing industry development with immediate interest being centred around the processing of minerals and energy resources.

Australia is favourably placed for additional mineral processing. It has the necessary resources of minerals and energy, the economy is on its way back, and price stability is within our grasp. We have a skilled workforce and a first class record as a reliable supplier of raw materials and semi-processed products.

It is important, however, to develop a suitable policy framework as early as possible to both guide and encourage industry looking at future processing prospects and to facilitate desirable forms of development.

Increased domestic processing of minerals would give rise to many benefits, including, a more integrated mining and manufacturing structure, external economies and marketing advantages to industry, increased foreign exchange earnings and additional and more diversified employment opportunities for a workforce possessing increasingly sophisticated skills.

The Government has no wish to disturb existing commodity flows and its main attention will be given to the promotion of Australia's prospects for sharing in the future growth in demand for processed mineral products as well as taking up any opportunities offered when existing plants need to be replaced by new plants.

In view of the responsibilities of State Governments in matters relating to processing, there would be merit in establishment of arrangements for close and continuous inter-governmental consultation in this area so that as far as possible the policies and initiatives of the respective Governments complement and support each other.

To this end the States have been asked to agree to the establishment of a Standing Joint Study Group of the Australian Minerals and Energy Council and the Commonwealth/State Industry Ministers' Conference. Initial discussions took place at recent meetings of both these bodies.

In addition the Australian Manufacturing Council has agreed to establish a Study Group to further examine the issues involved.

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