

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER, RT. HON. R.G. MENZIES,
C.H., Q.C., M.P., AT CANBERRA ON THURSDAY, 12TH MARCH, 1959, AT
3.30 p.m.

QUESTION: Under-Secretaries, sir, have you made a decision on their future? You said in the Cabinet statement you would be considering this.

PRIME MINISTER: No, not yet. I have been having some discussions on it in the last two days.

QUESTION: There is a suggestion, sir, that you might have been considering them going on to the Executive Council. Would that be possible, sir?

PRIME MINISTER: I have no idea. No, I have nothing to say about that yet.

QUESTION: Can you tell us, sir, if there is any legislation pending we haven't heard about. I mean in this session, not these sittings?

PRIME MINISTER: I don't know what ones have been announced.

QUESTION: Sir, what has happened about the proposal to bring in legislation on union fees, or rather union charges for the political parties. I think before the elections there was some discussion that you may bring a Bill to prevent the victimisation of people who refused to pay.

PRIME MINISTER: Yes, I remember there was some discussion about that at the tail end of the last session - the last Parliament - but I have not seen anything on it of late. That is not to say that the Minister for Labour is not going into it.

QUESTION: Has the Government made a final decision not to proceed with the F104 in any form for the R.A.A.F.?

PRIME MINISTER: That's the star fighter. We rejected that one a long time ago.

QUESTION: That's finally rejected?

PRIME MINISTER: Yes.

QUESTION: What about the 105 millimetre Lowitzer?

PRIME MINISTER: Not that I know of. I think you had better ask the Minister for Defence that.

QUESTION: Sir, at the opening of Parliament, Sir William Slim made some reference to Australia wanting to have closer trade links with Asia. Much the same thing has been said by Mr. Casey at the E.C.A.F.E. Conference. Do we take that as being a deliberate policy by Australia to try and strengthen her ties with Asia?

PRIME MINISTER: Look, I'm not up with the discussions at E.C.A.F.E. I don't know about them yet and I would want to have a talk with Mr. Casey about that before I said anything on that point.

QUESTION: His thinking was along the same lines as Sir William Slim in his policy speech by saying that we wanted closer trade links.

PRIME MINISTER: Yes; but if you want some particulars on that, I am not able to give them to you.

- QUESTION: It wasn't so much particulars, sir, as to whether it was a sort of a general policy that we are now trying to establish ourselves as leaders or Western leaders in Asia through trade and various other things.
- PRIME MINISTER: I think that's a very large inference. I think you ought to talk to the Minister for Trade as to what the possibilities are, because I sometimes hear rather exaggerated estimates of them; but he's the expert on that. You ask him.
- QUESTION: Sir, in view of Mr. Casey's talks today with Mr. Firubin, can you tell us what advantages there will be for Australia in a physical resumption of diplomatic relations with Russia?
- PRIME MINISTER: No - is Mr. Casey having talks with Mr. Firubin today?
- COMMENT: It has been reported so.
- PRIME MINISTER: I didn't even know that.
- COMMENT: I think Mr. Firubin announced it, sir.
- PRIME MINISTER: Did he?
- COMMENT: Yes.
- PRIME MINISTER: Oh well, no doubt it's true.
- COMMENT: And reporting to Cabinet.
- PRIME MINISTER: Well, we've heard nothing about that. I am not going to engage in a discussion of the pluses or minuses of something until it is something which calls for decision.
- QUESTION: Is it true that the International Bank has rejected the idea of a dollar loan for the Mt. Isa-Townsville railway because Mt. Isa Mines wouldn't guarantee sufficient tonnage on the line?
- PRIME MINISTER: The whole nub of the argument there has been whether an effective freight contract can be made between the Queensland Government and the company. So far, the result hasn't been entirely satisfactory; but I know that discussions are still going on, but they primarily concern the Queensland Government and the company, and it is not for me to say what the point of view of the International Bank is. But I know that on its past practice, it would want to see an effective freight contract, so that the amount of any loan could be amortised within the appropriate time.
- QUESTION: Does the Commonwealth come into it at all, sir?
- PRIME MINISTER: We come in as the borrower.
- QUESTION: Has the Bank rejected the request?
- PRIME MINISTER: Don't ask me to make announcements on behalf of the Bank; I'm one of their customers.
- QUESTION: Has the Commonwealth Treasurer, sir, had discussions with the company on any tax concessions that might help to get that kind of a contract you are speaking about?

PRIME MINISTER: Look, I know that the company has from time to time raised tax problems, but really, you ought to ask the Treasurer about that, I think. I mean I don't know what developments there are in that field.

QUESTION: Does the Commonwealth have to give any guarantee, sir, along these lines?

PRIME MINISTER: If the Commonwealth borrows money from the International Bank, it is the borrower and it is completely responsible. The Commonwealth then proceeds to lend the money, and in that case, suppose - and it's only a suppose - suppose there were an International Bank loan for the Mt. Isa railway project, then we would be the borrowers and we would advance the money to the Queensland Government; and in order to enable us to pay off our debt and interest to the World Bank, the Queensland Government would enter into corresponding arrangements with us, and their capacity for doing that is quite plainly affected by the nature of whatever freight contract they make with the company. So it is a three-cornered affair. But the prime matter for discussion is one between the Queensland Government and the company. We have exhibited great willingness to do our part with the World Bank and we have had, of course, a number of discussions with them. But whether there is a World Bank loan or not depends on many things: first and foremost, it depends on the decision taken some day by the board of the World Bank; nobody can anticipate that. But the basic material that would be needed before you made a formal application for the loan would be some arrangement on freights between the Queensland Government and the company, of a kind which we thought, at any rate, fitted into the pattern of the lending policies of the World Bank.

QUESTION: Sir, on the question of overseas investment, I think Mr. Foley of the British Tobacco Company made a statement recently saying that he was becoming rather worried about the overseas companies gradually taking over a vast number of Australian companies. Mr. McEwen has made a suggestion that it might be a good idea for every overseas investor to enter into partnership with Australian investors. Is that something that you - - -

PRIME MINISTER: I think that it is - first of all, we welcome overseas investment. The general Australian opinion does, because we can't generate inside Australia from our own resources all the capital that is needed for these developmental projects, whether they are public or private. I think that it is eminently desirable that wherever it is possible overseas investors should establish some kind of partnership with Australian citizens - which means that wherever possible, they should admit Australian investors to the equity capital of the enterprise. We haven't laid down any rule about that. First of all, probably because we couldn't and secondly because circumstances differ in every case. But whenever overseas people see me or see my colleagues on this matter of investment we never fail to draw their attention to the fact that we think it desirable that they should have some Australian proprietary interest in whatever it is.

QUESTION: Sir, do you see any indication of those overseas investors coming more and more to that point of view?

PRIME MINISTER: I think I have of late - yes.

QUESTION: General Motors Holden, sir?

PRIME MINISTER: I can't say that, because we know what their share structure is. But I think the last half dozen people of consequence in this matter who have come to see me just to have a general talk about policy have fully understood that point - I'll say it that way.

QUESTION: Sir, will there be a Commonwealth Prime Ministers' Conference in London this year, and if there is - - -

PRIME MINISTER: Well, I think not; but that will be for Mr. MacMillan to decide. Frankly, I don't expect that there will be one. They've got all these preoccupations at the present time, and the Queen goes to Canada in June for a couple of months over the St. Lawrence waterway. Later on in the year we've got a visit by Princess Alexandra. No; it's only my guess, but I think it's about right.

QUESTION: Do you propose making an overseas trip yourself?

PRIME MINISTER: I'm hoping to - yes.

QUESTION: Can you tell when you propose to make the visit?

PRIME MINISTER: No; I haven't arranged it yet, but I'm hoping to. I think I should this year.

QUESTION: It is the first time since 1957, isn't it?

PRIME MINISTER: Yes. Pay a brief visit at any rate, to America and Great Britain in particular, probably going through the one to the other.

QUESTION: Coming back through the Far East, sir?

PRIME MINISTER: I don't know yet.

QUESTION: What time of the year?

PRIME MINISTER: I'm hoping to do this in May-June.

QUESTION: Sir, in relation to your recent invitation from Dr. Subandrio - has that been confirmed at all by an official invitation from President Soekarno.

PRIME MINISTER: No. I've heard no more.

QUESTION: You wouldn't contemplate going under the present conditions?

PRIME MINISTER: No, I would expect an invitation from the head of the Government, yes. I've heard nothing more about that.

QUESTION: Can you give us any idea of the reasons why you want to go to America and Great Britain? Is there any particular subject you want to discuss?

PRIME MINISTER: No. I think that the Prime Minister of Australia ought to be in direct personal touch with these people at reasonable intervals of time. It is very important.

QUESTION: On the general subject matter - foreign affairs, economics - - -

PRIME MINISTER: I want to - if I go - I want to have some direct intimate informal discussions about, no doubt, all the current matters - as little program as possible.

QUESTION: East Berlin in particular?

PRIME MINISTER: Don't ask me to say what the subjects are. Our experience of life is that all the subjects that are current today are non-current in two months' time - who knows. Whatever is a lively issue, I would hope to discuss.

QUESTION: How long will you be away for?

PRIME MINISTER: Oh, I don't know yet.

QUESTION: Sir, would the recent successes that the Government has been having with its internal loans lead you to expect that the overall cash deficit would be about less than half what you anticipated last budget time?

PRIME MINISTER: I think it is very early to say that, but it will be substantially less, because the cash responsibilities on the loan program will quite plainly be lower and so there will be a reduced deficit. As a matter of fact, I noticed that when the Treasurer said the other day that he anticipated there would be another deficit next year - that's quite right; there must be - somebody read into that an inference about taxes, but it has got nothing to do with that. I mean all other things being equal, I would anticipate that there would be a cash deficit next year, for reasons similar to the ones that produced it this year.

QUESTION: To a large extent, that would rule out any major tax concessions?

PRIME MINISTER: Don't ask me that. We won't begin to consider that until we are approaching the budget. And when we begin to approach the budget, you boys will all publish the most authoritative stories as to what is going to be in it, won't you? (Laughter).

QUESTION: Is there anything you can say, sir, about the Governor-Generalship on the departure of Sir William Slim and the appointment of a new one?

PRIME MINISTER: No. We have a rather loose arrangement on that. I would think - well, he won't go before Princess Alexandra has gone. I suppose that means somewhere about the end of the year. But we have got no hard and fast date in our minds.

QUESTION: Can we assume that this will be one of the subjects you will discuss when you are in Britain?

PRIME MINISTER: You could, yes.

QUESTION: Sir, as you will be away in May and June, does that mean we will have a late budget, or what, or will you discuss the budget before you go?

PRIME MINISTER: No; we never begin to discuss the budget until July.

COMMENT: I thought there was always a preliminary discussion before the Premiers' Conference and Loan Council.

PRIME MINISTER: The general state of affairs - well, we've had that and there will probably be another one before the next Premiers' Conference. We have to consider the problem of tax reimbursement, for example, and the overall state of the loan program. Yes, we discuss those things, and they have an effect on the budget. But we don't actually get to the problem of budgetting until after we have got rid of those things.

QUESTION: Sir, have you made any definite arrangements as yet about the appointment of an independent committee to review the tax laws?

PRIME MINISTER: Yes; it has been under discussion between Ministers and the Treasury. We have been working out the terms of reference. It is quite alive. I would hope to have something announced on that any moment in the next week or two; certainly quite soon.

QUESTION: Mr. Menzies, is there any indication of when Sir Garfield Barwick will be in a position to put submissions on constitutional changes to the Cabinet? Is it likely this year or early next year?

PRIME MINISTER: I don't know. The first thing is to re-establish the committee. I think that will probably be done in the next week.

QUESTION: Under his chairmanship?

PRIME MINISTER: Well, that is one of the problems we have to consider, as to whether he can put in time on it. When we clear that up, we will get the committee re-established, and they will go on with their work. They have made an interim report. We haven't considered the interim report. I don't know whether he has or whether he thinks that within some limited time he can make suggestions to us. But I haven't discussed that.

QUESTION: I understand, sir, that Sir Frank Richardson has either delivered his report to you or is about to do so.

PRIME MINISTER: They tell me that he is delivering it quite soon. It hasn't yet been delivered.

QUESTION: Sir, there is no hard and fast view as to whether you'll wait until the new committee has completed a further report before Cabinet considers the interim report of the committee?

PRIME MINISTER: No, there's no hard and fast rule.

QUESTION: Sir, on that report, do any recommendations apply from July 1, or will they - - -

PRIME MINISTER: My dear boy, I haven't a clue as to what the recommendations are.

QUESTION: Any of them?

PRIME MINISTER: I haven't a clue what they are. How can I start discussing problems of retrospectivity. For all I know, the recommendations are all negative.

COMMENT: I meant July 1 this year.

PRIME MINISTER: I am not going to anticipate any of those things. I will read this report first when I get it.

QUESTION: Did you read, sir, that the Scotch were burning your immigration literature?

PRIME MINISTER: I saw that. I concluded it must have been a cold winter. (Laughter).

QUESTION: Mr. Menzies, there was an earlier question on possible legislation arising from the union political levies. Isn't the position that the Government is waiting for a High Court decision - for the Burbury decision?

PRIME MINISTER: I think you are right. I think that does have a bearing on it. But really I haven't given any thought to that matter myself lately, but now you mention it, the decision of the Court probably will throw a good deal of light on this thing. That is quite right. I don't know whether the Attorney has been looking at this.

QUESTION: Sir, have you been asked to represent Australia at the Imperial Cricket Conference at Lords in June?

PRIME MINISTER: No, sir. Oh no, there's some limit. (Laughter).

QUESTION: Sir, is it proposed to introduce in the current sittings a Bill to authorise the second £2½ million grant for development of the north-west?

PRIME MINISTER: Well, I hope so. There are always a few technical matters that have to be thrashed out on that and that may affect the date of introduction. It won't affect the date of operation of the second £2½ million, because you remember that I said that we had agreed to find over a certain period of five years £2½ million and that we would double that. Well, the £5 million covers the same period.

QUESTION: So that unless the State gets on with the job in a hurry, they run the risk of losing portion of the £5 million?

PRIME MINISTER: I don't know, but the original £2½ million was offered in relation to projects which were put forward by the States - by Western Australia I mean - and in a general way approved by us. Certain ones were put forward and approved and they are understood to be in hand. Subsequently to that, the Premier has put up a proposal in relation to the Ord River, and it is not quite clear yet as to whether this is designed to be part of the £5 million, or whether it is a separate project which he is asking for to be additional. The last I heard of that was that we had asked him for further information.

QUESTION: I understood, sir, that in the House the other day you gave the impression that the Premier had now told you that most, if not all, of the £5 million would be spend on the projects already approved by the Commonwealth.

PRIME MINISTER: I don't think I said that. But having regard to the nature of the projects, I wouldn't be surprised if they needed all the money, because they are quite substantial. I mean, our £2½ million was really designed to help on that matter and I would think that these projects might easily absorb the whole sum; in which case, this Ord River proposal would be something additional; but at present I have asked to have that cleared up and until it is cleared up, it may be a little difficult to appropriate the £5 million for certain purposes with that matter still vague. And that may give rise to a little delay in introducing the legislation, but it won't give rise to any delay in our acceptance of our own responsibility from July, 1958, for five years, or the increased sum.

QUESTION: Would it be a reasonable assumption, sir, that the second additional grant from the Commonwealth might only result in a saving for the State Treasury, the way the State intends to handle the scheme?

PRIME MINISTER: Well, I suppose that's up to the State. We intended it to be of assistance in the development of the north-west. But in all these matters, one is very much in the hands of a State Government within whose area the particular things come.

QUESTION: Mr. Menzies, are you going to appear on the platform with Mr. Morton for the elections in New South Wales?

PRIME MINISTER: I don't know who's going to be there. I am making a speech - they tell me - tomorrow night in North Sydney. I will go down and I will make a short speech and come home.

QUESTION: Are you going to underwrite his promises?

PRIME MINISTER: I'm not an underwriter. (Laughter).

QUESTION: Will this be your only appearance in the campaign?

PRIME MINISTER: Yes.

QUESTION: Are you also going to the West, sir?

PRIME MINISTER: No.

QUESTION: Mr. Menzies, is it true that the Snowy Mountains Authority is spending ahead of its 1958/59 allocation, and that the Government has agreed to give it a supplementary grant until the end of the year to enable it to keep its work ahead of schedule.

PRIME MINISTER: I really think you ought to get that from Senator Spooner. Don't you think so? He's been handling that. I know about it myself, but I'd very much prefer - - -

COMMENT: I just thought you might be able to give us some details.

PRIME MINISTER: I'd much prefer him to deal with it. I'll just say one thing about it: Yes, they have been ahead of their scheduled expenditure and at least one reason is a very satisfactory one and that is that the contractors have got on with the job so fast that really they have almost begun to run out of "chips".

QUESTION: It involves bonus payments to a great extent, doesn't it?

PRIME MINISTER: Well, I don't know how it's been done, but I know the Authority is delighted with the efficiency, not only of the American contractors but of the Australian contractor, and of course I've got a rather favourable eye on expedition of this matter, because the sooner any stage is finished, the sooner it becomes revenue-producing. There has been a financial problem about it, but we thrashed that one out and I think - I wouldn't trespass on the jurisdiction of my colleague, but if you ask him, he could probably tell you about it.

QUESTION: There is no suggestion that this extra grant will come out of the 1959/60 allocation, which could force them to cut that work?

PRIME MINISTER: No, whatever is done won't interfere with the flow of the job - no. But ask him about that, because I don't like making statements on matters that one of my colleagues has been handling in Cabinet and on which he has secured agreement. But he's got an interesting story to tell, I should think, which you might ask him about.

QUESTION: Were you pleased, sir, to have Sir Thomas Playford back again at your conference table this time?

PRIME MINISTER: Well, it wouldn't be the same without him.

QUESTION: Sir, during the Premiers' Conference, Mr. Cahill made some references to the future of the federal system. Do you believe that current Commonwealth-State financial relations and the temper of the recent Premiers' Conference have been jeopardised or could jeopardise the future of the federal system?

PRIME MINISTER: As a matter of fact, I thought this last Premiers' Conference was the best tempered conference we have ever had. I did indeed. Of course, there is no question about it that uniform tax brings about a de facto result in constitutional balance - that's quite true. But practically all the States have accepted that feature of life. As you have noticed, five out of six - in the case of Victoria, of course, some of their troubles arise from the formula, and their disabilities on that matter are quite perceptible, because they arise from the fact that Victoria was a very low taxed State before uniform tax, you see. It was almost the lowest taxed State. State taxes in Queensland were probably three times as great as those in Victoria. It was the policy in Victoria to keep State income tax down, and if you establish a formula on the average of tax collections over a period of years, then they are bound to suffer - and they have. Of course the formula has had its internal adjustment over ten years, so that it is now on adjusted population, which means population adjusted for the density and the number of school children between 5 and 15. And Victoria says that is not quite a fair thing, because there are other factors that ought to be taken into account. For example, they say: "We may have fewer school children per thousand than some other States, but we have had more migrants. We have had a considerable increase in our adult population. While that modifies

PRIME MINISTER (continuing): relatively the demand on us for schools, it increases the demand on us for housing and services and other things." And then they also say: "We've had a very acute industrial development and all these developments in areas like Dandenong and Thomastown and out towards the hills and around Geelong by concentrating population in certain places sets up demands for new schools, whereas if your increase is more spread, existing schools with a little extension could cope with it." In other words, they say two factors have been selected: density of population, on which they are bound to lose as a small State, and school children population, and there are other factors. I stated quite plainly that I am not happy about this formula. I think that it is really the root of the Victorian trouble about uniform tax, and the day after the conference the Treasurer and I had a long discussion with Mr. Bolte and Mr. Rylah about the formula and invited them to make suggestions that we should be able to consider. At the same time, we are going into it, to do a little analysis ourselves, with the idea of meeting the Premiers the next time with some constructive proposals about how the formula ought to be stated. Then, of course, entirely apart from that, which is the formula of distribution, the formula amount itself has chronically proved inadequate and it may be that we ought to write a new formula, but start a new base year as well. The formula of increase will still go on; it works tolerably well, but it started too low.

(TAPE CHANGED AT THIS STAGE)

QUESTION: By the time you meet them, sir, do you expect to have a Cabinet decision on the payment of social services to aborigines?

PRIME MINISTER: Oh yes.

QUESTION: Mr. Menzies, some time ago Professor Bland criticised some unnamed civil servants for speaking in public on matters of policy and last night in the House, Dr. Coombs was also criticised for having made some statements in the Mills Memorial Lecture about the administration of monetary policy. I wonder if you could tell us what your own feeling is about the extent to which civil servants should be allowed to speak and the latitude they ought normally to be granted when speaking on matters of policy in public?

PRIME MINISTER: Well, I always think it undesirable for any civil servant to speak publicly on matters of policy which civil servants have to administer, because that involves entering into the political field which I think is very undesirable, and I'm now talking about senior civil servants. Dr. Coombs, you know, is in rather a different position. He is Governor of the Bank, and the Bank is set up - it is not a branch of the civil service like any of the departments - and he, of course, with his board, makes an annual report in which many comments and observations are made relevant to the operations of the central bank, and if a man of that distinction is invited to do the Roy Milne Lecture - they even got me to do it once many years ago - on some aspect of central banking, or

PRIME MINISTER (continuing): discussing the problems of central banking, I think it would be depriving people of valuable expert knowledge if there were some rule that he couldn't do it. But he would use his discretion; he always does in my experience. I've never known him to exceed the bounds of proper discretion on those things. I very greatly admire his discretion and judgment.

QUESTION: In his speech on banking the other night, Dr. Evatt suggested that the establishment of the new money market had been organised in the arbitrary grant of access to the market to a chosen number of stockbrokers, in order to make it possible for them to in some way skin the cream on Government bond dealings in the various markets - - -

PRIME MINISTER: Yes, I heard that said. As a matter of fact, the possibility of having a short-term money market has been under discussion for many many years. An abortive attempt was made to do it in a small way about 20 years ago - more than 20 years ago. A short-term money market has great advantages as the experience in bigger countries shows; but, as it happens on this occasion, the idea of this kind of entry into a short-term money market was promoted by the Commonwealth Bank, very powerfully - not by somebody else. And after a long examination proved by us, and in order to make it operate certain people enter into relations with the Commonwealth Bank and with their own banks - all that is quite normal. As it happens, the creative idea on this matter came from the Bank.

QUESTION: That doesn't rule out the possibility of others entering into the same relationship?

PRIME MINISTER: Oh no, there's no monopoly rights here. They'll have to comply with certain conditions which relate to their stability and so on, but the bank will see to that.

QUESTION: Any views, sir, on the Berlin question?

PRIME MINISTER: No; there is nothing at this stage.

QUESTION: Will Sir Arthur Fadden be going into the bank job, sir?

PRIME MINISTER: I haven't a clue. Legislation is not through yet. I might apply for it myself. (Laughter). Well, it would be the fifteenth job I've been nominated for. (Laughter).

QUESTION: In the last few days in the House at least three Government backbenchers, while praising certain points of the legislation, have said more should be done to protect various aspects - would it be true to say that the Government has completely closed the door to further amendments, or not? Is the way still open at a later stage?

PRIME MINISTER: Look, the Government has had an examination of all the points that have been raised both ways this year. The Treasurer has had long discussions with a few members who had particular ideas. We then examined the whole of those; we made two amendments; and so far as I am concerned, that is it. There has been no suggestion made to me that Cabinet should re-consider any of these decisions. They were discussed for a very very long time.

QUESTION: Do you expect to be going overseas before the next Premiers' Conference?

PRIME MINISTER: I don't know the date of the Premiers' Conference yet, so I don't know. I was saying something earlier that I think it desirable to go overseas this year some time - May-June, somewhere round that period.

QUESTION: Will you be away for long, sir?

PRIME MINISTER: I don't know yet.

QUESTION: Will you fly all the way, sir, or go by sea part of the way?

PRIME MINISTER: Well, I had a good look at my wife the other day and I decided that if anybody ever wanted a fortnight's holiday, it was my wife. She is greatly overworked. I think I might get her on to the water for a little while.

With the compliments of:

Hugh Dash,
Press Secretary to the Prime Minister,
CANBERRA, A.C.T.