

PRESS CONFERENCE GIVEN BY THE ACTING PRIME MINISTER, RT HON.
J. McEWEN, M.P., AT CANBERRA ON THURSDAY, 7TH MAY, 1959, AT
11.30 A.M.

QUESTION: There are reports that Australia will be called on to further reduce its production of lead and zinc, which arises from the current New York meeting - to the extent of 23,000 tons. Have you any information or any comment?

MR. McEWEN: Well, I have some information. I think the story flows from falling lead-zinc prices, dating back more than a year, followed by the American anxiety - the local anxiety - of their own industry. So that, about a year ago, we were proposing from here, after consultation with the Australian industry, that there should be a study, at the international level, of the relevant facts, which would have the dual objectives of seeing whether anything could be done to stabilize markets and give us a basis on which we should argue with the United States that they ought not to take any unilateral action. That is more than a year ago. Sir Edwin McCarthy, at his end, took on instructions, an initiative in convening international meetings, and this has evolved with the Montreal Conference decisions intervening, which gave a general lead in the approach to world commodity prices. This had led to a succession of conferences between governments and their industries; internationally between the industries without benefit of government; and a succession of meetings under the auspices of the United Nations. All this has culminated in the meeting which is now current and may be, in fact, practically finished, in New York, in which governments under the auspices of the United Nations - but all equipped with the advice of their own industry people - have been considering what might be done to stabilize world markets and prices for lead and zinc. I think the critical approach was a question of whether it was practical and desirable to attempt to reasonably equate the quantities of these metals coming on to world markets with the consumptive demand. I think we may expect - perhaps today - some announcements to emerge from the meeting. I know there have been rumours, but there are no official decisions yet that have been communicated to me.

QUESTION: Do you think you might be happy about the information that is coming?

MR. McEWEN: I think so, because the whole procedure has been a work-out of what I was propounding for our Government at Montreal - that there should be a commodity by commodity study of the factors which may contribute to stabilisation of world commodity prices. This has been an actual work-out of that approach.

QUESTION: Mr. McEwen, Isn't this rather a suggestion not to cut production in any country, but instead to keep a certain amount of lead and zinc off the market by stockpiling in the countries concerned?

MR. McEWEN: Well, I have been carefully choosing my words. I say equate the quantity of lead and zinc coming on to world markets to the consumptive demand. It would be left to each country - possibly to each company - to decide whether its contribution would

be at the point of production, or at the point of smelting, or at the point of export to world markets.

QUESTION: Would there be any Government advice to Australian companies on that point?

MR. McEWEN: There is certainly no Government instruction. There is a desire by the Government that, to the extent that our own policies are having a work-out, that Australia should be capable of speaking with a single voice. And that has substantially been achieved.

QUESTION: But, actually, this is more a question for industry than for Government - to take the initiative, I mean?

MR. McEWEN: My own attitude is that the Government ought never to take an arbitrary position if industry is willing to make a decisive arrangement itself. And the units of production in these industries are so few in number that I have always thought that it should be feasible, and I believe in the Australian scene, it is feasible, for the industries to reach such a measure of agreement that it avoids the necessity for Government intervention.

QUESTION: What you say, Sir, seems to suggest that however it may be achieved, we may be brought to a position of agreeing to a further reduction in exports at least?

MR. McEWEN: No; I would correct you there. The industries have done that substantially themselves over the last year. Some of the Broken Hill mines announced long since that some would reduce their working days, and some reduce their exports. And you have seen recently the announcement on behalf of Mt. Isa.

QUESTION: And this would probably not affect us - any agreement we have already anticipated?

MR. McEWEN: I think you may take it that it would not further affect us.

QUESTION: We have had reports that Broken Hill have already agreed with other producers on a private level to a 12½ per cent. cut in their sales. Does this mean that if there was an agreement by the United Nations committee that there would be, say, a 10 per cent. cut in sales? Surely Broken Hill would have to make a further cut in their sales from their current level, following such an agreement?

MR. McEWEN: Well, the relationship, in my experience which is a fairly long one, between the mining groups, is that they meet these problems without all necessarily taking the same action at the same time. But they get a total end result that is substantially the equivalent to what it would have been if they had all taken the same action at the same time.

QUESTION: Could I just check the precise wording of something you said earlier, Sir? You said it would be left to each country or each company to decide at what point there should be controls - whether at mining, smelting, or export. You said "each country" or "each company"?

MR. McEWEN: I said both, and I was trying to get back the atmosphere in which I was quoting both. To each country and, perhaps, to each company, so that in one country it may even be a governmental decision. In our country - in this country - I am sure that whatever is done is going to transpire to be an industry decision which may not necessarily apply in both metals an equal formula to every producing unit. They work out a balance - "You do a little more on lead and we'll do a little more on zinc". They do that kind of thing. It works out, well, much better than a government applying an arbitrary formula.

QUESTION: It has been reported this morning, Mr. McEwen, that there is something in the nature of a revolt in the Government parties over the New Guinea taxation position. I understand that the party met and considered the matter again this morning. Could you clear the thing up for us?

MR. McEWEN: Well, I saw the "revolt" in print, but I would say there has been no revolt. There has been a vigorous discussion, as I would hope always to have, as evidence of a virile party organisation. A further discussion this morning has been conducted in a completely amicable atmosphere.

QUESTION: Can you say, Mr. McEwen, whether the Government will allow debate on the New Guinea issue? If so, when and how?

MR. McEWEN: The New Guinea question of taxation?

COMMENT: Yes.

MR. McEWEN: There will certainly be an opportunity for debate if legislation is passed in the New Guinea Legislature, because our own statute requires that such New Guinea legislation is finally tabled in our Parliament. That produces a procedural opportunity for debate.

QUESTION: I will put it another way: Will there be an opportunity to debate it before it is finalised in the Legislative Council?

MR. McEWEN: I think that there will not be a special opportunity created; but today is "Grievance Day". The Supply debate is on the stocks, and there are opportunities for any members to express themselves.

QUESTION: On another New Guinea question, Mr. McEwen: Is it a fact that there are proposals before the Government, which may or may not have reached the Cabinet, for QANTAS to leave the New Guinea airlines field and for them to be replaced by Ansett and T.A.A., as a sort of extension of Australian domestic airline operations.

MR. McEWEN: Well, I think it is publicly known that Mr. Ansett has expressed his desire to be allowed to get into the New Guinea traffic. This has not been a matter of Cabinet discussion. It may well transpire eventually to be so.

QUESTION: Have you got any person in mind to succeed Mr. McDonald as T.A.A. Chairman, Sir?

MR. McEWEN: No.

QUESTION: Is there likely to be an early appointment?

MR. McEWEN: I would think not a very early appointment, for the reasons that were incorporated in my announcement of his appointment to the other position.

QUESTION: Mr. McEwen, have you yet received any reports from Washington on the "Food for Peace" talks or is it a bit early at this stage?

MR. McEWEN: Well, of course, I have received advice - I mean the cables are buzzing backwards and forwards - because guidance and instruction have to go from here. I am expecting a final communique in today. Indeed, it may have just hit my table for all I know. But I certainly have not sighted the final communique.

QUESTION: When do you expect a decision to be made, Sir, on the QANTAS proposal for a new Sydney hotel?

MR. McEWEN: I cannot put a time upon the thinking that relates to this. It is evident that the growing volume of business of QANTAS - particularly with the additional traffic that is expected to be associated with the 707's - raises the question of the adequacy of the Wentworth Hotel for QANTAS's own purposes there. And that does, quite legitimately, raise the question of whether QANTAS is to be in a position to service the additional traffic and service it where? - this is a matter in which exploratory discussions are proceeding between QANTAS and the Government at the present time.

QUESTION: Has it reached Cabinet level yet, Mr. McEwen?

MR. McEWEN: Oh yes, it has reached Cabinet level, but not to a definitive point.

QUESTION: Is there likely to be an early Cabinet decision?

MR. McEWEN: Well, in a matter in which discussions are proceeding, I frankly can't anticipate how quickly we will reach a decision.

QUESTION: Is it just a question of discussion, Sir, or are you seeking further information?

MR. McEWEN: What is the difference?

COMMENT: Quite frequently, a preliminary Cabinet discussion leads to a decision to get some further facts that may not initially be before the Cabinet.

MR. McEWEN: Well, I think that is partly the position, but I think the exploratory discussions - and that is the term I use - will roam over the whole field of necessity, dimensions, when, where - I think that is the kind of discussion that is proceeding.

QUESTION: Has any protest been made to the Government against this hotel going on - in the party, for instance?

MR. McEWEN: Well, I have never heard of any protest.

QUESTION: By private parties like Chevron?

MR. McEWEN: No. To the best of my knowledge - no.

- QUESTION: Senator Paltridge is handling the matter at this stage, I take it - between Cabinet discussions?
- MR. McEWEN: Yes, naturally; it is his business.
- QUESTION: The R.S.L., Mr. McEwen, is proposing to ask the Government to introduce legislation to restore soldier preference - legislation which would not be open to challenge in the court. Have you considered that matter at all, or received any request?
- Mr. McEWEN: My understanding - and I am without the benefit of the Attorney-General's advice on this - is that the Court's decision is on a straight constitutional base that would leave the Government - leave the Parliament - without power to legislate to re-establish preference in ordinary employment. This, of course, does not touch - on my understanding - the constitutional right of the Government in respect of its own employees. The Government does not propose to vary its policy in regard to its own employees. The Boyer Report which deals with the whole matter of public service employment by the Commonwealth, will be studied on its own merits. I am not aware as to whether this issue is raised at all in the Boyer Report. But it will be studied on its merits. And I understand that the State Governments have said that they propose to sustain preference as they have had it up to the present time in their own employment.
- QUESTION: Are you proposing naything outside the public service level on this matter?
- MR. McEWEN: I am, personally, not aware of what opportunity there is outside the Commonwealth employees.
- QUESTION: Have you had any further information, Sir, on this so-called new wonder fibre from Italy?
- MR. McEWEN: No, I have not.
- QUESTION: What is the Government's attitude to Sir Thomas Playford's request for money for the rail standardisation - - -?
- MR. McEWEN: I am not equipped to answer that.
- QUESTION: Has anything come before Cabinet yet, Sir,
- MR. McEWEN: Not in the immediate past.
- QUESTION: How far past have you had something to do with it?
- MR. McEWEN: Well, I think it is known - didn't we announce back at the time of the election that we would make some funds available? I think that is the most recent treatment of the matter by the Government.
- QUESTION: Have there been any discussions with Britain on the launching of satellites from Woomera?
- MR. McEWEN: I am not able to answer.
- QUESTION: Sir, it has been suggested that a third Minister, other than Mr. Downer and Mr. Cramer, will be going abroad shortly. Are you in a position to tell us who he is and what his purpose would be in going abroad?

- MR. McEWEN: No, I am not in a position, but I have seen Senator Spooner's name mentioned in the papers. All I can say is that the very nature of Senator Spooner's Department and its functions is such that there could arise an occasion for him to go abroad, but there is nothing in prospect as of the present.
- QUESTION: Can you say, Sir, when you think the present sittings will finish and when the House will resume again?
- MR. McEWEN: Well, I expect them to finish probably today week. I can't say with any precision when the House will resume the Budget session. That will be influenced by the timing of the conclusion of the Cabinet's construction of the Budget, I should think.
- QUESTION: You have no time-table in mind for the Budget itself?
- MR. McEWEN: Not a precise one.
- QUESTION: It will be later than last year, I take it, Sir?
- MR. McEWEN: I would think it might be a little later, but not much later.
- QUESTION: Have you any date in mind yet for the Loan Council-Premiers' Conference?
- MR. McEWEN: No, we have not a date.
- QUESTION: Does it look like being early or late?
- MR. McEWEN: It looks to me like being medium. (Laughter.)
- QUESTION: Mr. McEwen, there have been reports that there have been substantial revisions in the balance of payments estimates for 1958/59 and probably for 1959/60, compared with what was sought at the time of the last Budget; also that the overall cash deficit that the Government looked to at the time of the last Budget will almost certainly not be realised. In view of that more favourable out-turn in those two basic financial estimates which governed the bid at the time of the Budget, would that, in your mind, be prima facie evidence in favour of more tax reductions or a more liberal approach in the next Budget, just as a matter of principle?
- MR. McEWEN: Well, let me try to deal with the two subjects separately. The balance of payments - to the extent that the balance of payments has improved through additional earnings, is gratifying but not very great. The balance of payment improvement is, undoubtedly, principally attributable to capital outflow, which is gratifying but not predictable with any great confidence or precision. And I would think that, to the extent that our policies are affected by the phenomenon - it is illustrated in the fact that with a fall-away in earnings, we have sustained, for the time-being, the import licensing ceiling at 800 million. I think we will take it from there in accordance with our experience of capital inflow and then in the import licensing period following the present one, we will have the benefit of the new wool season. I don't think I can really say more than that, except to repeat that it has been our constant desire to lessen the stringency of import licensing as we felt it was safe to do it. But we have no intention of applying a short-term approach - and on and off approach - to that. That is good for

no one. On the other side, it is undoubtedly true that the response to Government loan raisings has been very gratifying. I don't think that the Government feels that the future in this is completely predictable. Last year, there is no doubt that the estimate of the outcome of loan conversions was a contributing factor to the deficit budgeting. And, by the same token, an improvement in the loan situation will be appropriately taken into account in the Budget construction, but I would be the last to be guessing now as to the consequences for taxation.

QUESTION: Sir, recently the New Zealand Minister for Agriculture conferred with Sir John Collins in Wellington on the price of Australian butter selling in the U.K. Have you had any official complaints from New Zealand about us dumping butter on the U.K. market?

MR. McEWEN: No, I have not. I think that would come to me. Any such issue would be first considered by the Australian Dairy Produce Board and the Department of Primary Industry. But I think it would come to me pretty fast, and I have no knowledge of it at all.

QUESTION: Has the Government yet decided on an Ambassador to Moscow, Mr. McEwen?

MR. McEWEN: No.

QUESTION: Another point on this "Food for Peace": When you came back from America, you said that if the Americans - as I understand it - if the Americans wanted to step up their disposals following the "Food for Peace" Conference, there would have to be some assumption by the Americans of some obligations towards stabilizing, or ensuring that we would be able to have export earnings sufficient for our purposes, or there would have to be some compensation to us if the Americans expanded their surplus sales into our markets. Do you think, following what you know of the developments at the "Food for Peace" Conference, that we will have to pursue that line of approach?

MR. McEWEN: I don't think that we will. I don't feel able to be dogmatic about this, because I feel that there has been some shift of American policy - some indication of shift of American policy - even since I was over there.

QUESTION: In other words, they are showing signs that they would be prepared to bind themselves in some way to not making sales that would affect our commercial sales?

MR. McEWEN: Well, they have been, from the outset, very forthcoming in giving assurances that they recognise our claim to be protected in our legitimate commercial opportunities. They accept that as a principle. They will, I am sure, come out with a much more effective and continuous instrument of consultation, because to accept the principle is not enough in a spatter of individual transactions. We have always relied on two things - acceptance of a principle and then the backing of that principle by an instrument of study and consultation. I think that that will be one of the outcomes of this conference. On the other hand, the operation of this declared principle is very important if there be any appreciable increase in the actual non-commercial disposal,

QUESTION: What form do you think this instrument of consultation could take?

MR. McEWEN: Well, first it could be a committee formally constituted, including representatives of all the commercial exporters of wheat. So it could have a basis of existence founded upon an agreement - a formal agreement - between the countries concerned. Then it would need to have an appropriate charter which would need to be a charter governed by a declaration of principle and procedurally capable of continuous and particular study of the financial capacities, for example, of individual countries to buy commercially; what inhibited them from buying commercially - a complete exchange problem or an exchange problem flowing from a diversion of their exchange resources to developmental programmes, as distinct from consumption imports. These are the kind of things.

QUESTION: Is there some evidence that the Americans appreciate that some countries are transferring their exchange problems to us?

MR. McEWEN: Yes, I think there is. And I really think there will flow from this conference an acknowledgement of the peculiar interest of Australia in wheat trade with the Asiatic countries. They have been our historic markets and, of course, we have the geographic advantage of freight.

QUESTION: Have you yet decided on the composition and terms of reference of the committee to review taxation laws?

MR. McEWEN: No, we have not.

With the Compliments of:

HUGH DASH,
PRESS SECRETARY TO THE PRIME MINISTER.