

EXPANSION OF BELL BAY ALUMINIUM PLANT.Joint Statement by the Prime Minister and the Premier of Tasmania.

In a joint statement today, the Prime Minister and the Premier of Tasmania, Mr. Reece, announced agreement upon a detailed plan to increase the capacity of the Bell Bay aluminium works from 12,000 tons to 16,000 tons of aluminium ingots a year, at a cost of approximately £3 million.

The plan for expansion was recommended to the two Governments by the Australian Aluminium Production Commission.

Up till now the Commonwealth has found £9.7 million and the Tasmanian Government £1.5 million for the establishment of the Commission's undertaking.

The Commonwealth contribution to the expansion programme is that it will continue for the time being to guarantee the existing bank overdraft of the Commission of £300,000. It further agrees, as has the Tasmanian Government also, to temporarily waive any claim on the Commission for payments on account of profits, interest or capital. It is anticipated that this will enable the Commission to provide up to £650,000 from its own resources towards the cost of the expansion programme. In addition the Commission may be able to provide the further working capital that will be necessary.

The Tasmanian contribution will be to underwrite the total cost of the expansion programme. It is estimated that this may involve the provision of £2 million. Even when the enlargement to 16,000 tons is completed, Bell Bay will still be able to supply only about half the Australian demand, leaving the remainder to be met by imports.

The two Governments have therefore agreed to continue the negotiations to attract private capital to Bell Bay so that its manufacturing capacity can be increased further. It is not proposed to make any statements concerning these negotiations until finality is reached thereon.

The new agreement should enable construction to commence almost immediately.

CANBERRA, A.C.T.,
1st September, 1959.