

MT. ISA RAILWAY

Statement by the Prime Minister

In August, I concluded a published statement concerning the actions of the Commonwealth in relation to the Mt. Isa railway project with these words:

"All that need be said at this stage is that the Queensland Government and my own are both active and co-operative, since we are both enthusiastic about the project, and will do all that we can to see it completed as a whole, in the interests of both mineral and pastoral development in Northern Queensland."

Today, I am able to publish a letter from myself to Mr. Nicklin, Premier of Queensland, dated 26th October and a reply from him which I have received today. Some details will have to be worked out on the official level but they will not, I imagine, create any difficulties.

In effect, therefore, the great problem of the financing of the rehabilitation of the railway from Collinsville to Mount Isa in North Queensland will be solved and a new era of North Queensland development will be opened up. When it is realised that in addition to the £30m. which will be spent by government, the Mount Isa Company will spend substantially more than that sum in developing its mining production, it will be seen that the total project is of immense magnitude. When both the mine development and the railway rehabilitation are complete, there will be not only great improvement in Queensland railway finances and in employment in many ways, but there will also be a very large addition to both Queensland industry and to national export income.

I do not need to recapitulate the actions of the Commonwealth on this matter. Up to a very recent point, I explained them fully in a statement which was widely published in the Queensland press.

Mr. Holt, on his recent journey abroad, conducted, with the Secretary to the Commonwealth Treasury, Sir Roland Wilson, a close examination into all possible sources of special borrowing for the Mount Isa railway, including those which had been suggested from the Queensland end. It turned out that there was no immediate prospect of such a loan-raising. This was, from our point of view, unfortunate; since to obtain the money overseas would have had the dual advantage of strengthening our overseas funds while at the same time helping to finance this great enterprise in Australia.

I want to make it quite clear that from first to last we have been tremendously keen on seeing this job done. I myself, as is well known, have devoted a very great deal of time and effort to solving the problems involved.

Upon considering Mr. Holt's report, we were naturally disappointed. Since the Commonwealth Budget is already in deficit, it is no simple matter to accept added burdens. But we felt that the time had come when a very special effort should be made by us to assist Queensland in this matter. After close deliberation with the Treasurer, we agreed that we should in effect put the Commonwealth in the position which the World Bank would have occupied had the recent loan negotiations succeeded; except that we would not, as the lender, insist upon the conditions which the World Bank found it necessary to put forward. This is not a criticism of the World Bank, which has treated

Australia's requirements with marked consideration over a long term of years. But we are not the Bank's only customers by a long way; and it found it impracticable to give terms in respect of the Mount Isa railway loan which it had denied to other customers.

In the result, the Commonwealth will find £20m., in the earlier stages from its own resources but later on, if that turns out to be possible, by some borrowing abroad at a future date. As between the Queensland Government and ourselves we guarantee to underwrite the £20m. on the basis set out in my letter to Mr. Nicklin and which he has told me is satisfactory to him.

It will be widely realised that this has been a big decision for us to take. We have taken it because we have a great faith in the future of North Queensland and have felt all along that this railway undertaking is the key which can unlock the door to major development.

I would like to be allowed to add for myself that I am very happy to be able to announce these arrangements, and that I am confident of the great State and national benefits which will flow from them.

CANBERRA,  
29th October, 1959.