

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER, THE  
RT. HON. R.G. MENZIES, ON MONDAY, 28TH AUGUST,  
1961, AT 4 P.M.

---

QUESTION: Sir, could you tell us, perhaps, for South Australian interest, how far back South Australian rail standardisation has been set by the decision to go ahead in Western Australia?

PRIME MINISTER: I don't know. That process is the subject of litigation in the High Court, commenced by the State of South Australia so it is sub judice; so perhaps one ought not to talk about it too much.

The West Australian rail project, that part of it that runs from Koolyanobbing down to Southern Cross, then down to Kwinana, of course, is directly related to the development of the iron and steel industry in that State and is related to the Agreement that the West Australian Government made with the B.H.P., an agreement which has been ratified by them by Act of Parliament in Western Australia. The condition, of course, of the agreement becoming effective was that the necessary railway facilities should be provided from Koolyanobbing to Kwinana - a very large enterprise - and that couldn't be done unless the Commonwealth itself, particularly in the initial stages, provided financial assistance because Western Australia would have had a very large cash problem unless it could get large amounts of initial finance from the Commonwealth.

Well, that is a very great new industry in the West and I would think, perhaps, as a basic industry, it would probably lead to an expansion of ancillary industries in that State. I think it is the biggest single development in Western Australia in my time and we showed ourselves willing to discuss the terms and conditions on which we could help on that matter. It was, to a large extent, of course, an industrial venture, one of those things that will pay for itself very well over a period of time by increased freights and better railway revenues. It is estimated it will be quite a profitable line in that segment. To that degree it has some points of resemblance to the Mount Isa-Collinsville railway in Queensland. But we thought that it had an element of standardisation and we have allowed for that in the arrangements that we have made with the Government of Western Australia.

As for the rest of the line from Southern Cross up to Kalgoorlie, well it would have been quite ridiculous to have a standard gauge line running to Southern Cross and then get back on to the old one and have the change of gauge transferred from Kalgoorlie to Southern Cross. So we decided, and so did Western Australia, that it would be as well to do the lot when we were at it. The portion from Kalgoorlie to Southern Cross, being essentially a standardisation project, is being financed on the same standardisation terms as applied in the case of the Wodonga to Melbourne line. Under that the State accepts an ultimate liability of 30% of the cost spread over a period of 50 years. We weighed all this up - the primarily developmental line, from there on the primarily standardisation section that I have just been referring to, and we arrived, broadly, at the conclusion that if you called half the expenditure on the total matter standardisation, and half development, that would give broad justice to the position. That was very acceptable to the Government of Western Australia, and hence the terms that have been announced.

I think that this is a remarkable development. Western Australia has been considerably handicapped by being short of secondary industries, to that extent having an unbalanced economy; it has meant that Western Australia has had to be a claimant State on a considerable scale. I don't mean that they will cease to be a claimant state overnight, or even when the railway is completed, but it ought to improve very considerably their overall financial and economic position when it is in full operation, because the total expenditure on both the railway works and rolling stock and the blast furnaces and so on, the iron and steel end of it, will be about £85m. It is estimated that the railway works will be completed by the end of 1968.

QUESTION: Has B.H.P. given any timetable for when they start operations and also for completing their section? Are you aware of any time limit on that?

PRIME MINISTER: Well I can't give you that precisely; but I think that there will be very little, if any, interval between the completion of the line and the opening up of Koolyanobbing and the beginning of the transportation of ore and the completion of the B.H.P.'s first stage, at any rate.

You see there will be three stages: first of all they will be able to ship some of the iron ore to the East. There is a limit to the extent to which they can ship iron ore without processing, without producing pig-iron at any rate, after the establishment of the blast furnaces. Although I haven't their precise date in mind I think it is in the agreement that the Western Australian Government made. But you can take it that there will be a steady development of the process, first of all receiving iron ore, then the blast furnaces coming into operation and the production of pig-iron, and then, finally, the production of steel.

QUESTION: Sir, you said you expected this project would pay for itself in a certain time. Was that expectation based just on the economics of the Koolyanobbing trade, the developmental end of it; or on the expectation of higher traffic because it is part of an eventually standardised transport...?

PRIME MINISTER: No, that is primarily on the Koolyanobbing-Kwinana traffic. This will run up, ..well in the first instance they estimate it will be about a million tons, then it will become two million tons by the time the blast furnaces are operating. They are the estimates made by the West Australian railways and the Commonwealth Railways think they are well-founded. They show that the line will, as from the time the iron ore goes into transport, be a profitable line.

QUESTION: Mr. Menzies when you said at first they will have to ship some iron ore to the east, were you thinking of Whyalla?

PRIME MINISTER: It may be Whyalla, I don't know. They have got good iron ore suppliers there on the spot. I would have thought, myself, primarily to Port Kembla and Newcastle. But I am not speaking for them.

QUESTION: Sir, are you able to give an indication how long the legal drafting of the agreement and the Bill is likely to take, and when you think the Bill might be introduced into Parliament?

PRIME MINISTER: We arranged on Saturday that the officers would get together for the drafting within a week; and that must be completed and the Agreement executed in time for the Commonwealth Parliament to ratify it by legislation. That means that the Bill must be in a position to go into our House not later, I would have thought, than the end of September. So there will be no delay. Late October is the deadline for all of us, including the West Australian agreement with the B.H.P. and our own with Western Australia. So there will be no delay on that. I expect that we will be looking at the legislation by the end of September, and that it will be in the House immediately thereafter. It is not anticipated that there will be any drafting difficulties.

QUESTION: Mr. Whitlam on his recent visit to Queensland criticised the difference in terms for the financing of the Mount Isa railway as compared with those for Southern Railway work - and now in Western Australia. Could you give us the Government's thoughts on that?

PRIME MINISTER: Well that is more than the Queensland Government has ever done I must say! The Mount Isa Railway has got nothing to do with the standardisation problem. The Mount Isa Railway scheme began as part of the entire development of the mines at Mount Isa. It will have incidental benefits in the north, of course. But when that line was originally investigated by some railway experts, Ford Bacon & Co. - the then Queensland Government got them out - it became quite clear that that line would be most profitable and, as a matter of fact, would pay for itself over a period of 20 years.

In the case of Western Australia part of the line is pure standardisation, and the rest is primarily, but not entirely, a developmental and industrial developmental job, rather like Mount Isa. So we blended the two together. There was no inconsistency, either with Wodonga-Melbourne, or Mount Isa-Collinsville; it merely means that we have taken the same principles and tried to work out, as sensibly as we could, how the two could be blended for the purposes of this mixed venture in Western Australia. We had very good discussions about this. We discussed a lot of details. But in the end result, they were about the only negotiations I have conducted in which both sides appear to be content.

QUESTION: Mr. Menzies, in your communication to Sir Thomas Playford about the dieselisation of the Port Pirie-Cockburn line, have you given any undertaking about the standardisation of that?

PRIME MINISTER: No. Well as you know he has got a Writ out on the standardisation issue and I don't need to go into what is involved in a Writ. Sir Thomas has chosen to have litigation. All right, I don't mind. That case will, no doubt, be determined by the High Court in due course.

But whatever comes or goes on that matter: if he's right in saying that we have to do the standardisation right away, or if we are right in saying that this is a matter for judgment under the circumstances of the case,

whatever happens, it will be, on the view that he put to us some time ago, advantageous to dieselise (to use that horrible word) this line as it stands, because it would mean some substantial reductions in the cost of haulage.

His original proposal was that these diesels, and the rolling stock, should all have their bogies so constructed as to be adjustable to a standard line, if and when the line was, in fact, standardised. So that it is not part of standardisation - it is ahead of it. But it is something that we think presents obvious advantages. Therefore putting the standardisation argument on one side - that will be determined by other people - we have made an offer to provide the finance for this dieselisation venture on the basis that the State would repay to the Commonwealth over a period of 50 years, 30% of the expenditure for this purpose, together with interest, of course, at the long term bond rate.

Well I haven't heard yet - of course I couldn't have - from Sir Thomas as to what the view of his Government is on that matter. But we think it is a pretty good offer.

QUESTION: Whatever happens in the matter of the Writ, Sir, the West Australian project will go on?

PRIME MINISTER: Oh, there is nothing sub judice about our arrangements with them. The only thing that could prevent that one from going ahead is for the Commonwealth Parliament to toss it out.

QUESTION: Has B.H.P. given the Commonwealth any indication that it will use the new West Australian facilities in an endeavour to increase Australia's export earnings?

PRIME MINISTER: We have had long discussions with them. We are satisfied that they are going to press on with this job and that they are going to expand their production as a result. This will certainly either reduce the present importation of iron and steel, or, in the long run, we believe, will increase our exports. In other words, from our point of view, the attraction of this thing was that it bore on export income, or on the balance of payments - to put it more accurately. That was what attracted us about this matter; that is what makes this a rather special case and gives it some special urgency. Because it would be a great pity if they had to hold up all their plans for iron and steel in the West because there was no agreement on the subject of the railway. We believe that the B.H.P. have a completely good attitude on this matter.

QUESTION: Have the Commonwealth talks with B.H.P. resulted in the B.H.P. promising to, or have the B.H.P. decided to speed up this West Australian development?

PRIME MINISTER: Look you are asking me as if we had made some specific bargain of some kind. What we have been eliciting is the general approach. Mr. McEwen had a good number of discussions with them and I sum that up, myself, by saying that I am sure that they are not going to waste any time about this matter. It may very well be that they can speed up the operation, particularly with this railway work being put in hand and being due to be completed by the end of 1968.

QUESTION: Sir, the Treasurer in his Budget speech made it clear that the grant for Western Australia and the Queensland beef roads would be considered at the end of the year. As your statement yesterday indicated the amount for Western Australia, does that mean that will be for the beef road scheme for this year, or will you still consider further ... ?

PRIME MINISTER: Oh, no, this is our arrangement with Western Australia. But in Queensland there are discussions going on now on the official level in order to identify some other road project about which we could agree. We are already, as you know, finding £650,000 for the Julia Creek-Normanton road. What the Budget speech means is that if we can agree - and I hope we can quite quickly - on another one which has a high order of priority, we are perfectly willing to come to their financial aid on that matter. So that I am anticipating a second road proposal in Queensland just as we have had the one that I announced in the case of Western Australia - and the one that we have already included for the Northern Territory.

QUESTION: This financial year, Sir?

PRIME MINISTER: Yes, this financial year.

QUESTION: Sir, the arrangement with W.A. on beef roads is for this financial year?

PRIME MINISTER: That's right, that's right.

QUESTION: Mr. Menzies, Mr. Holt is reported as saying he would be quite happy to fight the election campaign on the Budget ...

PRIME MINISTER: I would go better than that: I would be quite happy to fight it on anything.

QUESTION: Can you say when the election will be held, Sir?

PRIME MINISTER: No, no. Everybody knows except me.

QUESTION: Do you feel, Sir, that the upturn in the employment statistics the other day indicate that an upturn in the economy is already taking place?

PRIME MINISTER: Oh, I think that there is. I don't delude myself into thinking that it is going to be sudden and violent. But I am sure that there is an upturn. And of course the speed with which the upturn can affect employment is a different problem, because there has been a good deal of building up of stocks and they have to be cleared out of the pipelines to a reasonable extent. Then there has been a little choking along the line of trade credits, from the retailer to the wholesaler, to the manufacturer. When they are cleared up there will, I think, be a marked effect on employment all down the line. But until that happens I am not looking for anything exciting about this upturn expressed in terms of employment. I think the position will go along quietly.

QUESTION: Sir, has there been any retreat on the Government's policy, or modification, of its now 11-year old policy of full employment?

PRIME MINISTER: Oh, none whatever. I think, you know, there is a good deal of misapprehension about full employment. The man isn't born who can bring about a state of affairs in which there are always exactly the same number of jobs as

there are men wanting them. He's not born; he doesn't exist on either side of Parliament. So what you do is to get full employment without spilling over, if you can help it, into over-full employment with all the bidding up and inflationary pressures that are the result. At the moment we are short of full employment, fractionally. One of our great aims in our current activities is to break up that, so that we get back once more. You have got to remember that if you look over the period of the last 11 years, as you rightly say, the extent to which full employment has been maintained is quite remarkable. We have no apologies to make about it.

QUESTION: Sir, do you see any problem arising at the end of this year because of the extra number of boys and girls leaving school?

PRIME MINISTER: Oh, in all the calculations that have been put to us that figure has always been brought forward and is well in mind. There are a rather higher number of school-leavers than usual.

QUESTION: Sir, you have announced that the Duke of Edinburgh will open the Commonwealth Games in Perth next year; there has been a Buckingham Palace spokesman quoted as saying that the Duke will come only for three days and that he is not likely to make any country tours or visit any other State. I am wondering if you can indicate the sort of mechanics of negotiating the tour from the point that there is an acceptance in limitation.

PRIME MINISTER: Yes. What happens is this, that we either have some one of our people in London go and discuss with his staff the details of what is to be done - and those haven't been fixed yet anyway - or, if it became necessary we would send a man from here. In the case of longer tours we would always send somebody from here so that they organise what there is. Then if you have a tour you have people engaged in a sort of broad organising committee representing each State concerned, and also the Commonwealth. But if it turned out that the Duke came out and opened the Games and stayed around there for a while and then went straight back, the organisation problem is very much simpler. It might not be necessary to send somebody; it perhaps could be readily worked out in London. But whether he will do anything else - I don't think that he will take on any particular public form of engagement, I don't think so, I don't know of it - but whether he will just go to Western Australia and then go straight back remains to be seen. This is a matter I take up with him in correspondence.

QUESTION: Mr. Menzies it has been reported that you have begun talks with the U.K. Government on a new Agreement covering Woomera in relation to the proposed European space work. Could you tell us something about that, or give us some background?

PRIME MINISTER: Mr. Thorneycroft has been negotiating with European countries, as you probably know, about a "Space Club". They have got to a certain point. We have been told what that point is; we have been asked for our comments; and we have made some. They are going to have a conference about this matter on the official level - I think it is in London - fairly shortly. We will be represented at that, not necessarily to conclude an agreement because there are a lot of questions that we have on it which have yet to be

answered. You can take it that Australia is at present not committed to any proposal. But as the proposal would involve the use of the Woomera facilities, we have, of course, a very large interest in it. But there is no conclusion.

QUESTION: But it will involve a new agreement, a separate agreement as distinct from the Weapons Research ... ?

PRIME MINISTER: It doesn't necessarily involve any change in our Weapons Agreement because, of course, there is a great volume of that still going on, irrespective of Blue Streak. There is more money being spent now than there was five years ago - I mean on the general weapons development. But if there were a Space Club established and Australia was in it, in virtue of the Rocket Range, and terms had been arrived at, which they haven't yet, then there would presumably be a multi-lateral agreement about that in which we would be a party, and Great Britain and France, and Italy, whatever it may be. But that would be in parallel with the Weapons Establishment Agreement.

QUESTION: Has the Government any plans for enlarging the Tariff Board further to expedite its hearings, Sir?

PRIME MINISTER: No, no plans, no plans. There are always discussions, you know, going on about that because it is very important to expedite its hearings without lowering the quality of the work done. But that is one of those things that we occasionally have informal discussions about, but there are no plans.

QUESTION: Sir, have you had any reaction from abroad yet to the scheme mentioned by Mr. McEwen for an orderly marketing of world primary commodities?

PRIME MINISTER: I have had none, no.

QUESTION: Sir, talking about Mr. McEwen, what is the latest on the threat of the Liberals to contest his seat?

PRIME MINISTER: Well, I seem to be the only fellow who hasn't made a statement on this so far. I have the greatest confidence in the world that Mr. McEwen will be back here after the elections.

QUESTION: Are you going to send him away, before the election, on the Common Market, Sir?

PRIME MINISTER: Well, I hope not, but who knows? I mean, we don't know what is going to develop in the course of these Commonwealth discussions that are going to occur in London. He wouldn't want to go away at this stage; nor would I want him to. But it may be that he will have to go. But I don't know.

QUESTION: Do you think a Liberal will be contesting the seat against him Sir?

PRIME MINISTER: I don't. But I don't run the Liberal Party you know. You are just asking me now, as an innocent bystander. Well, as an innocent bystander, I don't think that he will be.

QUESTION: How innocent were your remarks to certain people, then, about the Liberals contesting the seat, Sir?

PRIME MINISTER: I don't know. You ought to ask them that. I don't run the organisation of my Party. The relations between me and the Liberal Party Organisation seem to be somewhat different from the relations between my opponents and their Party organisation.

QUESTION: Sir, your Party has endorsed the establishment of a Northern Australian Development Commission, but your National Development Minister is opposed to it. Could we have your personal views on it?

PRIME MINISTER: No. I don't know what you mean when you say "my Party" has endorsed it. Tell me about this; I always like to learn a bit of news.

QUESTION: The Federal Council of the Liberal Party, Sir, at the Conference just prior to the last election, endorsed a West Australian scheme that it should be treated as a matter of national emergency.

PRIME MINISTER: Oh, no, I've no comment on that. I don't think we are doing too badly by the north at the moment.

QUESTION: Has the proposal come up, or been discussed in Cabinet Sir?

PRIME MINISTER: This thing he is talking about?

PRESSMAN: Yes: the Northern Australian Development Commission.

PRIME MINISTER: Oh, I daresay somebody has mentioned it at one time or another. We haven't set one up. You can draw your own inferences from that.

QUESTION: Has any sort of pattern developed, so far, for Commonwealth aid to the States for special development projects, or do you favour dealing with each matter as it comes up?

PRIME MINISTER: Well, it is a combination of the two things. The pattern, broadly, has been, as we have indicated in statements that have been made, that we are interested in proposals which lead to a material improvement in exports. It is for that reason that we were interested in the Mount Isa line, because that speaks big in terms of export earnings; it is for that reason that we have been taking a hand in these beef cattle roads because they will increase the outturn, or the turnout, I don't know what the word is, of cattle, primarily for export; it is for that reason that we have been in touch with the New South Wales Government about coal ports, improved coal port facilities, because there is a prospective growing market for coal. But that has been the thing that attracts our minds in the first place. Then we deal with them ad hoc.

We think, as a matter of fact, we probably do better by discussing concrete proposals individually with the State Governments than by leaving all this to some non-parliamentary authority. In the long run these things usually end up by us having to find some money. You rather like to be the master of your own fate on those things.

QUESTION: Mr. Menzies, Sir Garfield Barwick said the employment situation got a lot worse than the Government ever intended. Was he speaking for the Government when he said that?



PRIME MINISTER: Oh, I read about that, something about that in the paper. I didn't hear him speak. I have read some rather amusing comments on it. We have made our position quite clear on those things.

QUESTION: Sir, has the Government any knowledge of President Kennedy having indicated to the Indonesians, a change of American policy over West New Guinea, or a willingness to modify the American attitude to Indonesia's claims?

PRIME MINISTER: Well we have heard suggestions made and all that kind of thing. But I wouldn't tell you that they had made any change in their policy. I don't know. So far as I can make out there have been some rather exaggerated rumours in that field. That problem is always being discussed; we are always having exchanges with other Governments about it, including the Administration of the United States. But I have no reason to suppose that the Americans have developed some new approach on this matter: they may have thought of a few. But I imagine you want to know whether they have propounded something.

QUESTION: Mr. Macmillan is reported to have said on the week-end that no one would fight over Berlin. Do you agree with him on that?

PRIME MINISTER: Oh, for heaven's sake don't ask me about a statement of his which is in the cables. My experience of Mr. Macmillan is that he is quite capable of expressing his own views. And when I have tabled some papers about Berlin and made a statement I will express mine. Wait and see.

QUESTION: Your other week-end statement about the Universities Committee, Sir, can you enlighten us any more about these University-type institutions which you suggested earlier might emerge from this? What sort of institutions did ...

PRIME MINISTER: Oh, now, look, this is the very thing that they are going to examine. It is not for me to say because I lack the competence to say. But it is quite clear that we have reached a stage here, just as they have in England, where they have appointed a similar committee, where you have to think very hard about whether you go on just increasing the number of Universities on the stock pattern; or whether there ought to be a greater variety of instruments of tertiary education - some simpler than others; some may be less costly than others. But, of course, the financial problem for the Commonwealth, and even more for the States, is growing and can become formidable. And, just as in England, they said, "Well we had better have a look at this thing and see whether the answer to it is to develop more technological institutions", if you want technology developed, or do this or that. That is why we have got a pretty broad-based committee that can have a look at it.

But it will take it a long time because it is a tremendously complex problem. It doesn't need to make a report overnight because the present triennium lasts for two more years, but they need to give us their ideas in a pretty precise form by 1963 - either us, or our successors - because it is a problem which you wouldn't allow to drift into a third triennium. It would perhaps affect the way in which you were working out the money to be found and the way it is to be spent. But it is very important, always remembering that we have gone along for a long time now on what I call Universities on the 19th century model. The whole thing needs re-looking at.

QUESTION: Sir, Mr. Holt in the Budget speech, I think, mentioned that you were working towards agreement, or hoped to reach agreement soon, or some such thing, with the New South Wales Government on the coal ports project.

PRIME MINISTER: That is what I was just mentioning. Didn't you hear me mention that just now? It has great possibilities I think.

QUESTION: A recent report, Sir, said that the United States would oppose any special arrangements being made about the Commonwealth if the U.K. should enter the Common Market because of their concern over the ability of the Latin-American countries to export. When you were in Washington recently, Sir, did you have any discussions on the Common Market question with Mr. Kennedy?

PRIME MINISTER: No. When I was in Washington last the state of the Common Market discussion was that the last statement by Great Britain was that she wasn't proposing to enter the Common Market unless agriculture would be kept out. It is only in the last few weeks that that position has been modified.

---