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NEW SOUTH WALES INTRA-STATE AIRLINES

Statement by the Prime Minister, the Rt. Hon. R.G. Menzies

I have written to Mr. Heffron, the Premier of New South Wales, suggesting to him that having regard to the important details that have to be worked out between the Commonwealth and New South Wales in relation to the country air routes in that State, there should be a deferment of operative decisions until after the Federal Election. There are two very good reasons for this.

The first is that, as has been pointed out by Mr. Borthwick, who made a special enquiry on behalf of the New South Wales Government, there are practical difficulties associated with the putting into operation of the plan recommended by him - e.g. fare anomalies, provision of additional aircraft capacity, payment of appropriate Commonwealth subsidies, redundancy of staff, etc. Mr. Borthwick pointed out that "concurrence and assistance" of the Commonwealth would be necessary to carry out effectively any plan adopted by the New South Wales Government. The Commonwealth aviation advisers, in the very limited time they have had, feel that the proposed reallocation of air services in New South Wales could result in some cases in fare increases, in the substitution of DC3 aircraft for Fokker Friendships on some routes, in some possible redundancy in some classes of airline staff, in requests for increases in subsidy, and quite possibly, though perhaps temporarily, a curtailment or cessation of services to certain rural centres in New South Wales. These are all important matters which I have quite frankly told Mr. Heffron deserve discussion between us before licences are actually issued. I have no reason to doubt that Mr. Heffron will see the force of these views.

Second, I always try to adhere to what I believe to be the sound constitutional rule of practice that, when a Parliament is dissolved, major decisions should not thereafter be made by the Government until after the elections. This is a sound principle, for the arrangements made by the out-going Government, after the dissolution of Parliament, might, in the event of the defeat of that Government, prove to be completely unsatisfactory to the new Government. As nobody can reasonably say that the matters which arise for discussion between New South Wales and the Commonwealth in relation to these airlines are not important and don't give rise to any elements of policy, I am hoping that Mr. Heffron will agree to my suggestion of deferment. The problems that have arisen are much more likely to be solved by sensible and detailed discussion between the aviation authorities and the airline operators than by public hostilities.

Having said this I want to say something about the position of the two country airlines in New South Wales. I understand that it is said in some quarters that the existence of East-West Airlines is threatened. It is certainly not threatened by my Government. We want to have the New South Wales intra-State airlines system maintained on a sound and efficient basis with East-West airlines playing its part in a sound and efficient system. We believe that the prevailing interest in this matter of air services is the interest of country people themselves. We are anxious that that interest should be studied and given the greatest possible consideration.

The East-West Company, which has an honourable record of service to a number of country districts can be assured that the Commonwealth Government is in no way trying to render it ineffective or precarious. On the contrary, we would like to see it continue in a healthy state, just as we want the people in the country areas served by Airlines of New South Wales to continue to have an effective service.

My Government has in fact and under the present Minister for Civil Aviation demonstrated its good faith in these matters. It introduced the system of subsidy from which both East-West Airlines and Airlines of New South Wales have substantially benefitted. It assisted East-West Airlines to secure the bulk of the fleet of aircraft which it now employs.

Speaking generally for the moment, and not just in relation to New South Wales, the fact is that the Commonwealth has throughout these years given great practical assistance in order to make it possible for country areas to have the effective and much needed air services which are now in existence, not least in the more remote areas. Services have been established, for instance, in Western Australia, the Northern Territory, Western Queensland, to Lord Howe Island and the Bass Strait Islands. The services in these places and elsewhere are supported in direct fashion by subsidy payments totalling £500,000 annually. But, over and above that, there have been many millions of pounds spent in providing airports in country areas, providing other airways facilities, extending generous financial help to the owners of country airports, and assisting in appropriate cases the introduction of turbine-powered aircraft such as the Fokker Friendship.

Whatever comes or goes in the present argument in New South Wales, we have no intention to abandon subsidy arrangements for either airline. All that we have said, and very properly, is that there should be no assumption that additional routes would automatically carry fixed entitlements to additional subsidy. The question of subsidy must always be most carefully considered for it involves the application of public funds. However, we are not contemplating any proposal that the Commonwealth should, in respect of these two airlines, pay in total less subsidy than in the past. To lend point to this, I now state that the short period of deferment which I have suggested to Mr. Heffron, would not hurt anybody because the Commonwealth would, in the meantime, accept a liability to pay subsidy to each airline at the current 1960/61 rates.

I hope that these reasonable proposals will be accepted. There is no profit in public disputes on such matters but there is great importance to be attached to the proper interests of all those citizens who are now served by each of the two airlines.

CANBERRA,  
1st November, 1961.