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REVIEW OF CABINET BUSINESS

STATEMENT BY THE PRIME MINISTER
(THE RT. HON. SIR ROBERT MENZIES, K.T., C.H., O.C., M.P.)

Cabinet has now concluded its first full meeting since the election. A great deal of ground has been covered. Apart from our examination of the foreign situation as it relates to Malaysia, we were anxious to put in train various policy promises we made, and to be ready to meet the new Parliament with a series of positive legislative measures.

In this statement, I propose, as briefly as possible, to review the Cabinet business of the last two days.

MALAYSIA

The Government has had the military and political situation between Indonesia and Malaysia under constant attention. A full review of the current situation, including various activities in Sarawak and Sabah, was given to Cabinet by the Minister for External Affairs.

Our Australian military advisers have thoroughly examined the military situation and have given the Government their assessment as to the adequacy of the military forces already available to Malaysia. Having considered this assessment, the Government earlier concluded, and still concludes, that there is no immediate need for further Australian assistance. This assessment is shared by Malaysian and British authorities.

Australian forces of all arms already are, and have for some considerable time been, in Malaysia - placed there for, among other things, the defence of that country, which comprises not only Sarawak and Sabah but (it should be remembered) Malaya and Singapore. Australian naval vessels stationed in Malaysia are already available for patrol and escort work, and R.A.A.F. fighter squadrons are being kept at a state of operational readiness for use in Malaysian air defence.

The Australian Government is maintaining close and most harmonious consultation with the Malaysian and British Governments concerning the military situation and concerning the need for any further assistance from Australian forces. In addition to this, the Government is consulting with the Malaysian Government to see what it can do to contribute to the development of Malaysia's own defence effort.

The Government believes that there has been and is considerable scope in the diplomatic field to try to end border incidents and to maintain peace in the area. We have been most active in these matters. We have, in particular, made our position abundantly clear to the Indonesian Government, emphasising that, although we sincerely desire friendly relations with Indonesia, which it regards as important for both countries, we also stand firmly for the political and territorial integrity of Malaysia, and have given definite military undertakings in support of it. We have informed Indonesia that we disapprove of Indonesia's refusal to recognise Malaysia, and its threat to crush Malaysia, and that my statement of 25th September, 1963, that Australia would assist Malaysian and British forces to defend Malaysia against external attack or externally inspired subversion, remains unaltered.

The Government welcomes the forthcoming conversations between President Sukarno and the United States Attorney-General, Mr. Robert Kennedy. We are most hopeful that the discussions will lead to a clearer understanding on the part of President Sukarno of the seriousness with which the United States and her allies regard present developments on the Indonesian-Malaysian border in Borneo.

HOUSING

We gave a great deal of attention to the complex problems which are involved in settling the details of the Housing Subsidy Scheme.

As will be understood, many marginal questions arise about the eligibility of persons for subsidy, the nature of the savings which will attract subsidy, the date of operation of the scheme, and so on. We are determined to settle all these matters of detail in time to present the necessary legislation early in the new Session.

We arranged for a Committee of Ministers and officers to work out the matters of detail in the light of the Cabinet discussions. When the scheme has taken its final statutory form, it will be enacted to operate as from the 2nd December, 1963, i.e., the first working day after the elections had authorised us to proceed. This means that when eligibility has been finally determined, contracts entered into on or after December 2, 1963, by eligible persons who satisfy the conditions, will qualify for purposes of subsidy.

The new Commonwealth Department of Housing has been established under the Ministerial control of Mr. Bury. We have appointed the Secretary of the new Department. He is Mr. J.F. Nimmo, O.B.E., who has in recent years been Deputy Secretary in the Prime Minister's Department. Prior to that, Mr. Nimmo was First Assistant Secretary in charge of the Banking, Trade and Industry Division of the Treasury.

I have referred to the Housing Subsidy Scheme. The other housing proposals in the Policy Speech are being closely examined by the new Minister and Department. I will hope that at a fairly early date, steps towards the putting into effect of the Housing Insurance proposals can be announced.

CHILD ENDOWMENT

In the Policy Speech I said :

"Child Endowment will be raised to 15/- per week for the third and subsequent children. Having in mind the educational responsibilities of parents, 15/- per week endowment will be paid in respect of all full-time student children from 16 to 21."

Cabinet has decided that the new rate of endowment and also the entitlement of student children will commence as from the 14th January, 1964.

The Minister for Social Services will announce further details, including the description of those student children who are to be regarded as "full time".

EDUCATION

We discussed arrangements for Commonwealth Secondary and Technical Scholarships and for assistance to science buildings and equipment for secondary schools.

Senator Gorton as Minister assisting me in Commonwealth activities in relation to Research and Education will be in touch with State Ministers of Education and independent school authorities in relation to the scholarships and also in relation to science buildings and equipment. Obviously, there will be many important administrative arrangements to be made.

It is not practicable, having regard to the fact that examinations for scholarships cannot be usefully organised when the school year is about to begin, to make the scholarship scheme effective until the 1965 year. It will clearly, having regard to the divergent practices in various States, take some little time to organise a system of awarding scholarships by competitive examination. However, arrangements for grants for science buildings and equipment will be put into effect as soon as possible after my colleague has had the necessary conferences.

The Commonwealth's Committee which is enquiring into the future of tertiary education is expected to make its report in March. It would, we think, be wise to have the benefit of this report before we fix the final machinery for the Technical Scholarships and the grants for Technical Schools to which I referred in my Policy Speech. There will be no avoidable delay. We want to see the whole of our educational proposals going into effect as soon as possible.

NORTHERN DEVELOPMENT

We discussed and approved the constitution of the Division of Northern Development in the Department of National Development. It will be assisted by the appropriate inter-departmental committees drawn from those Commonwealth Departments and Organisations which have special knowledge. We agreed upon the following statement of functions :-

- (a) In conjunction with other Departments or Government organizations possessing special knowledge or facilities to keep under review the natural resources of northern Australia.
- (b) To examine broad questions of policy which need special consideration in the interests of fostering northern development.
- (c) To advise on northern development including any proposals submitted to the Commonwealth by the Governments of Western Australia and Queensland.
- (d) To ensure that basic mapping and surveys of resources are maintained and co-ordinated with developmental requirements.
- (e) To publish maps, reports and other data relevant to the resources of northern Australia and their development.

WATER RESOURCES

The Australian Water Resources Council which we established has put in hand the preparation of estimates of the requirements of the States and the Commonwealth Territories so that the rate of measurement of surface water and the investigation of underground water resources should be accelerated.

The Standing Committee of the Council will meet on January 29 and 30 to formulate recommendations to the Council of Ministers which we are endeavouring to arrange for February. After that Council has met, we anticipate that firm proposals for an expedited programme of water resources measurement will come before the Cabinet.

IRON ORE

We considered the Agreement which has been made between Hamersley Iron Pty. Ltd. and the State Government of Western Australia. The company concerned is in substance a partnership between Conzinc Rio Tinto (Aust.) Ltd. and the Kaiser Steel Corporation.

The agreement contemplates development of the immense deposits of iron ore which occur in the Hamersley Range area; first by straight-out export of iron ore, and later by the organisation of a secondary processing plant and the ultimate establishment of an integrated iron and steel plant. Much large capital investment is involved, for the work to be done will, in addition to mining facilities, include roads, water, town establishment, a railway line and a harbour.

Cabinet decided to approve the export of 200m. tons of iron ore pursuant to this contract over a period which is estimated to be 21 years. Our export approval is subject to the use of good mining practices and approval of price as being reasonable, having regard to the overall national interests.

MEAT EXPORTS

The Minister for Trade explained in detail the nature of the negotiations now being conducted overseas by a Mission headed by Sir Alan Westerman.

We approved of the lines being followed. It is, of course, for obvious reasons, not desirable to say what proposals are being exchanged but there was complete agreement upon the way in which the negotiations for Australia were being conducted.

VARIOUS

A number of other matters were examined. Some of them gave rise to decisions which are suitable for administrative action, while others gave rise to further enquiries, the result of which will no doubt lead to future decisions.

CANBERRA,

16th January, 1964.