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ORD RIVER PROJECT

Statement by the Prime Minister, Mr. Harold Holt

Cabinet devoted a good deal of time yesterday to a considerable body of material which it had before it relating to the Ord River Project.

The Government has already demonstrated its interest in the development of the Ord and its willingness to assist the Western Australian Government in the hope that an extensive agricultural settlement can be maintained in the area utilising the water of the Ord for the irrigation of the fertile soil which it can serve.

The Commonwealth has studied closely the results of the research and practical farming which have already been carried out there. Some of the cotton yields have been very encouraging and no doubt can be improved as a result of further research and additional farming experience.

The Commonwealth Government approaches the question of second stage development of the Ord in a helpful spirit. It has noted, however, that latest estimates of cost are of the order of \$70 million, and this amount seems likely to escalate against a background of rising costs in Western Australia as it moves through the greatest industrial boom in its history.

There are some problems associated with depending on cotton as a single crop and these need to be carefully considered. It would not be in the general interest to establish a community depending upon a single crop which faces falling world market prices, and either has to rely indefinitely on subsidised production or proves unprofitable if subsidy is withdrawn.

We are aware of the principal advantages which could flow from the larger settlement on the Ord that adoption of Stage 2 would encourage. The creation of an attractive township at Kununurra, and the enthusiasm of those who have taken up farm areas are encouraging features.

However, we have noted that there is at present a good deal of pressure on resources in Western Australia, including a shortage of labour for construction purposes. It seems an inappropriate time, therefore, to launch another major construction project.

Any delay arising from this cause can be usefully employed in further analysis of the potentialities of a variety of kinds of production. The further time will also bring additional information on crop yields, the incidence of pests and cost per acre of their control, and other matters of this sort.

In order that consideration of the project can proceed in a manner satisfactory to both the Commonwealth and Western Australian Governments, I have arranged with the Acting Premier of Western Australia for a meeting to take place next week between three Commonwealth Ministers - the Treasurer, the Minister for National Development, and the Minister for the Interior - and Ministerial representatives of the Government of Western Australia. The exchange of views and information should assist both Governments in the further consideration we believe to be necessary before final decisions are taken.

CANBERRA, 18th May, 1966