

EMBARGO: CHECK AGAINST DELIVERY

STATEMENT BY THE PRIME MINISTER,
THE RT. HON. HAROLD HOLT IN THE
HOUSE OF REPRESENTATIVES

24RD OCTOBER, 1967

COSTING OF V.I.P. FLIGHTS

The House will recall that when making a statement recently on the V.I.P. flight, I said I would examine the feasibility of some realistic dissection of costs so that more information could be given to the Parliament, and I expressed the view that the Treasury would be the most appropriate body with the necessary expertise and objectivity to conduct such an examination.

I immediately followed this assurance given to the House by asking my colleagues, the Minister for Air and the Acting Treasurer, to have examined the possibility of establishing a realistic basis for the assessment of costs attributable to V.I.P. flights and the financial policy implications of the recovery of such costs by the Department of Air from other Departments.

In the light of the Treasury examination I now make the following comment. In doing so, I remind Honourable Members that No. 34 Squadron is an integral part of the R.A.A.F. and must be there in time of war to provide transport and communications services. Currently the flights made are mainly for the purpose of V.I.P. transport, for training, for air tests, for ferrying, and for Squadron support. But in a time of emergency, there would be both a national and a defence requirement for fast, secure and independent transport and communication, for example, for the carriage of service chiefs, for other direct service purposes and for the carriage of persons directly connected with the defence side of Government. This, of course, carries with it the need for air crew trained for these services. It has been regarded as the function of the Air Force to provide and conduct this Squadron. Its operations clearly would, in an emergency, be integrated with other R.A.A.F. transport arrangements.

In other words, No. 34 Squadron has, prospectively, a full defence role - in direct terms and in other ways directly related to the national defence effort. Having regard to this, the capital costs of the Squadron and certain other charges may be considered properly attributable to defence appropriations. This is not to deny that V.I.P. transport requirements have not been allowed for in the re-equipment programme or that certain fitting out with V.I.P. transport purposes in mind has taken place. But neither is it to deny the defence support capability. Accordingly, the Treasury, in its findings, has based its calculations for the costing of V.I.P. flights on an extra cost basis.

The Treasury has agreed, with the Department of Air, that these costs comprise aircraft flying costs, aircraft handling at civil airports and catering. The aircraft flying costs in turn comprise fuel and oil, tyres, oxygen, spares and servicing by contractors.

This basis means that certain items are eliminated from the costing on the ground that they would be incurred in any event - that is to say, as a consequence of defence policy provision against a time of emergency. These items include amortization and interest on the cost of capital facilities, including aircraft, the pay and allowances and upkeep of crews and other Squadron personnel, and support provided by Base Squadron Fairbairn and other R.A.A.F. formations.

On this basis, the Treasury has been able to indicate the cost of V.I.P. flights for the year 1967/68 - that is the current financial year. Its estimate is an amount of approximately \$450,000. The actual amount could be somewhat higher this year and will certainly be higher next year when the more modern aircraft are fully in operation. On the other hand, there will be gains in efficiency and considerable saving of time in the air on many flights for Ministers, their staffs and other users. The 1967/68 estimate provides for travel by senior service officers to be regarded as a proper charge to the defence appropriations and not to V.I.P. flights. Travel by the Defence and Service Ministers, however, is in this calculation being attributed to V.I.P. flights even though their travel is in part directly associated with defence and service assignments.

I now move to the question of charging out of costs.

As a general rule, it is not the policy for one Department to recover from another Department costs of carrying out functions for which it is responsible - except in respect of services provided to or by business undertakings such as the Postmaster-General. This rule has, I understand, the general support of the Joint Committee of Public Accounts. Treasury suggests that this policy should be adhered to except in special circumstances. It goes on to say, however, that if recovery is to be made, it would not think that the costs should be recovered from every Department involved but rather that they should be met from a separate appropriation item of the Prime Minister's Department. This strikes me as being both practical and sensible. My own Department is the most appropriate in view of certain of its central responsibilities, and also since it is responsible for costs relating to visits of Government guests from abroad and for the travel costs of the Governor-General. The Government has decided to adopt this procedure. These costs therefore will be charged to the Prime Minister's Department. Payments from the Prime Minister's Department will thereafter be credited to the relevant appropriations of the Department of Air. This will have the effect of reducing defence expenditure by the amount of the payments by the Prime Minister's Department. It is proposed to institute this procedure in 1967/68 with funds initially provided to Prime Minister's Department from Treasurer's advance pending additional estimates.

Except for service purposes any use of V.I.P. aircraft must be approved by the Governor-General in respect of his own use of them and that of his staff and myself or the Minister for Air in respect of all other use. Similarly passengers must be approved within the same group, that is by the Governor-General for those in aircraft occupied by him and by myself or the Minister for Air in relation to all other passengers.

A number of questions which have been asked in the Senate are also being answered today. This information will be available to Members of the House of Representatives in Hansard. Some of the detail sought was so extensive, that it did not seem appropriate to handle it in that way. Consequently, the details will be tabled in the Senate, and I propose to table them here together with the questions and answers which relate to them.

Parliament is entitled to facts, if they can be procured, which will enable Members to form a judgment as to the purposes served by the flight and the manner in which it is being conducted. My concern all along has been to ensure that the Parliament was not given a misleading picture because of the type and range of questions. This prompted me to make my first statement to the House which I have now supplemented. I wish to add some further comments.

I have stressed more than once that responsibility for the conduct of the V.I.P. flight rests with the Minister for Air and myself. I hope this has not been overlooked by its critics. I am no more sensitive to press and public criticism than most public men. After all, I experience it on most of the seven days each week for fifty-two weeks of the year. I do not claim to be a modern Gulliver, but usually I manage to shrug these criticisms off as Gulliver did the darts of the Lilliputians. But there are some forms of criticism to which I do react quite strongly. These are criticisms of an unfair kind which undermine the status and authority of Parliament, and which belittle - whether thoughtlessly or cruelly - decent, conscientious men who serve in the Parliament and in the Ministry.

I have flown the best part of 250,000 miles since I became Prime Minister. I do not fly for the fun of it. Some of it is uncomfortable: most of it is tiring, and altogether it can be quite exhausting. The best part of any flight for me is the walk out of the plane down the aircraft steps. But the V.I.P. flight has enabled me to keep many more official commitments with organisations and people all around Australia. I have been able to see a great deal more of the three million square miles of this continent and of the many projects contributing so much to our development. In the recent week of Parliamentary recess - so-called - I was able to keep official commitments in four capitals. No less importantly, it has enabled me, as it has many of my colleagues, to devote time more efficiently to the business of Cabinet and Department.

All this has somehow been conjured up by some as something improper, inappropriate or unreasonable. There are always to be found those who seize on any opportunity to demean Members of this Parliament.

There have been attempts to paint a picture of Australian Ministers enjoying V.I.P. flight privileges not matched anywhere else in the world. This, of course, is absurd. I recall being flown in a British Government aircraft from Northern Ireland to London fifteen years ago. When I attended the Finance Ministers meeting at Accra in Ghana in 1963, my opposite number from Canada arrived in a four-engined aircraft provided by his Government. During my years as Treasurer, I was flown by the then Secretary of the United States Treasury, Mr. Douglas Dillon, in the four-engined aircraft provided for his official use. In my travels as Prime Minister I have been provided with this courtesy several times. This has become a matter of course in many other countries. My colleague, the Minister for External Affairs, has told me that Mr. Paul Martin, his opposite number in Canada, wishing to speak to him in Ottawa, sent a jet star aircraft to collect him, and arranged for him to be returned by the same aircraft after talks had concluded.

As I have said previously, the V.I.P. flight is an adjunct of modern, efficient Government. Nobody questions the use by the Department of Civil Aviation of its fleet of seventeen aircraft. The V.I.P. flight consisted of nine aircraft in 1952. It is still a flight of nine aircraft.

When replacements were decided upon in 1965, we acted on the best technical service advice available to us to get aircraft as nearly comparable as could be obtained to those which had become obsolescent and to serve the same purposes - that is as an adjunct of modern Government. This fact seems to have been overlooked by those Senators who question my use of these aircraft in an election campaign. The business of the Australian Government does not cease because an election is proceeding. The aircraft is a flying office in which my staff and I carry on our work as best we can. It assists me to return to my Department the more speedily even while an election campaign is in progress. I am sure that most Australians will see the uses of the flight sensibly in their proper setting, if the facts are not distorted for them.
