



## PRIME MINISTER

FOR PRESS

5 NOVEMBER 1978

### ELECTORATE TALK

The meeting of the Loan Council tomorrow is clearly of great importance for Australia. It forms an integral part of a long history of Australian growth and development.

The history of Australia is one of innovation and enterprise by individual Australians. It is a history of growth and development of our vast natural resources.

We have had our ups and downs, but overall as a nation we have enjoyed continuing growth and prosperity.

The main catalyst for the development of our country has been private enterprise - individual Australian men and women of initiative, with a capacity for sheer hard work and a willingness when necessary to take risks.

Our farmers have built up a most efficient and productive primary industry. Business people, particularly since the Second World War, have brought about a very significant expansion to our manufacturing base. In more recent times our tertiary and service industries have grown strongly.

In the past 20 years, private industry has opened up vast new natural resources projects and mineral export industries.

While the prime motivating force for the development of this country must always lie in the hands of individual Australians and private enterprise, Government has a vital role to play.

The Commonwealth Government must provide sound economic management and a climate of stability that will encourage the private sector to invest.

Reduction of inflation, control over Government expenditure and restraint in wage increases are fundamental to the long term economic stability of Australia. It is the Government's task to strive for the right pre-conditions which will enable sustained activity and growth by private industry. This was the message of the last Budget. It remains a paramount objective.

Government - both Commonwealth and State - has a further role too, for it must be prepared to assist with transport, ports, power, water and other basic resources.

In the Australian Federal system, there is a long history of co-operation between the Commonwealth and the States in providing such resources as these.

The Commonwealth has been assisting the states in the funding of new roads since 1923. For the past 20 years, the Commonwealth has assisted the States in railway construction and updating rolling stock, in particular the standardisation of railway track gauges.

The Snowy Mountain Hydro-Electric Scheme was a co-operative effort with Victoria and New South Wales, which made an important contribution to the economic development of Australia.

During the past three years, Commonwealth support for development projects has continued to be strong. This year, the Commonwealth will be paying to the States over \$500 million for roads; on railways, the Government will be providing \$70 million over the next five years to upgrade the National Mainline Railway Network; and we have announced a five-year \$200 million National Water Resources Programme to improve Australia's water supplies.

In other areas too there has been increasingly close co-operation between the Commonwealth and the States. Agreement in principle has been reached on offshore matters - a subject which had caused much heat and little agreement in previous years.

Close co-operation has also been achieved in the development of a national Companies and Securities Scheme, the training of apprentices, joint arrangements to protect the environment and counter-terrorist measures.

The Loan Council meeting tomorrow is another example of such co-operation.

Together with the States, we have been exploring the possibility of an entirely new approach to encourage the development of new major resource projects in Australia.

One of the factors which investors must take into account in making decisions on new projects is the availability of basic facilities such as transport, water resources, energy supplies, pipelines, and port and harbour works. We have been keen to see that new projects are not held up because of the lack of availability of these basic facilities.

Arising from discussions which I initially had with Sir Charles Court in 1976, and after more than two years' study and discussion with the States, the Loan Council broke new ground on this issue at its meeting last June.

It adopted new guidelines for its future consideration of proposals for special additions to the normal annual "semi-government" borrowing programmes and for overseas borrowings by authorities to finance these additions. These additional borrowings were to finance projects of special significance for development.

It was decided that a special Loan Council would be held at a later date this year to consider the first batch of projects submitted by the States for approval. This decision was of course taken before the Budget, and it was in the context of this decision that the parameters of this year's Budget were set.

In accordance with the guidelines set down by the Loan Council, a working party of Commonwealth and State officers have been examining a total of 12 such projects proposed by each of the State Governments. The 12 projects cover significant development in all States.

Two projects have been submitted by New South Wales - coal loading facilities at Port Kembla and Balmain and the Eraring Electricity Project.

Victoria is seeking additional borrowings for the vast Loy Yang Power Project and the proposed World Trade Centre in Melbourne.

Queensland has put forward the development of coal export facilities at Hay point and power station projects at Gladstone, Wivenhoe and Tarong.

South Australia wants to finance infrastructure for the Redcliff Petrochemical Project.

Western Australia has submitted for approval the 1500 kilometre pipeline to bring natural gas from the North-West Shelf to Perth, water supply and rail facilities for an alumina project at Worsley and the upgrading of power supplies in the Pilbara.

Tasmania wants to make additional borrowings to develop further its hydro-electric power system and water supply projects in Hobart and North-Western Tasmania.

The borrowings for these projects would be phased over a period of up to eight years and the total applied for is an additional borrowing of about \$150 million this year, and amounts ranging from \$236 - \$393 million in the succeeding five years at June 1978 prices.

The report of the working party on these 12 projects will be examined at the Loan Council meeting tomorrow.

A responsible borrowing programme could greatly assist development of a number of important new projects - projects which would obviously have a significant impact on activity, export earnings and employment.

At the same time, the Commonwealth has a responsibility to make sure that any programme of special borrowings approved by the Loan Council is consistent with the over-riding need to maintain our fiscal and monetary policy and thus to nurture economic recovery.

It is for this reason that the voting procedure at the Loan Council requires approval for any individual project by a simple majority of which the Commonwealth forms a part.

It is these considerations which will be foremost in our minds during our discussions with the States tomorrow.

---000---