



PRIME MINISTER

FOR MEDIA

19 JULY 1982

STATEMENT ON ALCOA, PORTLAND

Alcoa's announcement that it intends to defer letting new contracts and review existing contracts for work on its aluminium smelter project in Portland, in light of its decision to defer its planned completion date until about mid-1985, is a matter of great regret.

The decision will have an impact on economic conditions throughout Victoria, but it will be a matter of particular concern to people and businesses in the Portland area.

I know the hardship that will be faced by the people of Portland. The full resources of the Commonwealth Departments of Social Security and Employment and Industrial Relations will be available to give what assistance they can. And I shall be visiting Portland on Monday next, July 26.

Alcoa's decision is a clear reflection of the harsh reality of the current world economic situation. Alcoa obviously had not expected that commodity prices and world demand would fall in the way that they have.

For years we have all received repeated predictions that sustained recovery in the major world economies was imminent: but that recovery has always failed to materialise. Today it is hard to find anyone who is prepared to predict when real and sustained recovery will begin.

The task that we all face in the period ahead is to do all we can to minimise the impact of world recession on the Australian economy for as long as it lasts. We must also be prepared to take full advantage of recovery when it does eventually come.

The Commonwealth Government has already introduced a number of initiatives to further these objectives. Our proposal to free electricity authorities from Loan Council borrowing controls, which was accepted at the June meetings, has given to the States and their electricity authorities - including the S.E.C.V. - freedom and responsibility for meeting the power needs of all consumers, including those of resource developers. One of the reasons why we proposed this new arrangement was to ensure that there would be no impediment to electricity authorities in meeting the needs of projects

that had already been attracted to the various States.

Further, the new package of industry assistance measures announced by the Commonwealth today has improved the climate for investment by giving to industry improved depreciation allowances, and a foundation on which to base long-term planning. We now look to business to respond positively to those measures; and we look to labour - by moderating its demands for higher wages and shorter hours - to help those decisions bear fruit in the form of more jobs and increasing real incomes.

Alcoa's decision gives added weight to the need for all Australians to work together to improve our competitiveness, our industrial relations, and our reliability as a supplier.