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E.J. BUNTING

(Cabinet Notes. (15/7/53) Personal (No. 5)

[Spine of notebook]

E.J. Bunting

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Cabinet 15.7.53 2.30pm

Item 1. 'Confidential' business - no Secretary

Item 2. Submission 434
Continuation of Land Valuations Section
Secretary not present.

Decision conveyed to me by Mr. McMahon on behalf of Cabinet as follows:-

- (1) "Approved, subject to
(1) only for essential functions and to clear up outstanding work
(2) for 6 months."

[Checked with A/g PM - (2) means "review after 6 months']

Item 3 Submission 482

Snowy Agreement

Harrison reads & elaborates points to be decided

McBride - we undertook to straighten out the constit. position, but haven't done it.

Page - we can't answer the questions asked until we know where we are constitutionally - they may be able to stick us up & pay tiny price or no price for what they use.

Spicer - our Act gives us authority to supply pwr for ACT & defence purposes - but the present Agreement, which we are negotiating goes well beyond that in what we seek to reserve for C/w - the problem is that the pwr is there &

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that somebody must use it - who?

McBride - what will the States pay us - Answer Cost. Yes, but who determines cost - they won't pay us real cost. They won't go beyond cost of power in their own generating plants, which is likely to be less than Snowy. Two States - NSW & Vic will be getting cut rate power - taxpayers includg those in other States will be subsidising this.

Fadden. We are trying to hard to discuss the Snowy as a project - we should limit ourselves to the contentious matters in the negotiation and with the States. Personally, I strongly support the hardest terms - ie as suggested by Treasury.

Casey. If we can get away with it, yes. But there needs to be room to negotiate.

Page. It is more fundamental to get ourselves straight on the essential principle of getting the States to join financially in Snowy - they must pay ~~you~~¹ share, otherwise the C/w will be saddled permanently with the whole investment.

Spicer. Issues are as put by Fadden. I doubt if the Treasury proposition is a practical one - wouldn't it be better to put in a reservation for review in say 15 yrs time - the eventualities Treasy

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talk about seem rather remote & I'm fearful that we'll end up ~~no~~ with no agreement

Casey. That's the nub of it

Fadden. That may be a practical approach as long as the reservn is thoroughly made. Treasy has views on possible eventual uses of pwr by C/w. Treasy also thinks that C/w is in quite strong position with the States

Treasy recommendns are:-

para 16 (a) Agree

(b) C/w should insist

17 (a) (b) (c) Agree

18 (a) Not if Vic still insist on particular figure - Treasy agree to the

¹ their

para 14 proposal.

The main thing is to give the C/w full & adequate protection.

Spicer. Let me explain. We are makg an agreement with the States to get rid of all our surplus power, over & above ACT & defence needs, at cost. Do we do that, or do we put in reservations in the agreement ~~th~~ for keepg some for our own use.

Anthony. Will the States take all the surplus at cost.

Spicer. Yes, provided cost is not greater then their costs.

McBride. If we hand this pwr over to the States at cost

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at what price do we buy it back.

Spicer. We are to get it back at cost – if they not prepared to do this, we have right to put up our own transmission lines.

Fadden. First question is 16 (a) – what is decision
Agree to 16 (a) – two dissensions audible.

Fadden. Second question – 16 (b).

Harrison. We shld take ~~Harrison's~~² suggestion of review after period of yrs.

McB. – Wouldn't be worth the paper its written on.

Beale. – It would open up ~~all~~ whole agreement.

Spicer. – I know the difficulties, but I think that there may be a clause capable of construction wh. will give us what we want w/o opening up the whole agreement.

Fadden. We should start off with asserting 16 (b), but be prepared to toss it in during the course.

Anthony. I understand the States position perfectly – C/w might compete with them & undersell them.

Fadden. Well, what's the decision.

² Spicer's

Agreed hold to 16 (b), but be prepared to retreat – not sacrifice the agreement for it.

Fadden. Next is 17 (a) (b) (c). Agreed.

Next 18 (b) No – rejected.

18(a) Agreed – formula as per §14.

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Item 4 Submission 483 Pharmaceutical Benefits

Page reads.

Says he doesn't quite agree with the proposal in para 12 – needs different form of handling. Point I want to settle is how to approach the question – there are 5 on the executive – they have some differences between themselves.

Townley – we must not give way on the wastage question on sulphonamides.

Page – one possibility would be to have an arbitrator.

Harrison – if our proposals are right – no arbitrator.

Townley – don't underestimate the possibility of striking by chemists – the guild has them tied up I would deal with these thing one at a time. Start with sulpha wastage & don't yield. The other points are chickenfeed & would fall into place. We might need to give a bit here & there, but it won't be significant. We might for instance agree to 6' on dangerous drug.

Agreed – stand firm on sulpha wastage.

Otherwise left to Page & Townley.

Item 5 Joint Coal Board Plant

Harrison – reads

Also reads letter from Spooner, who ³ with one exception to recⁿ – the main point is to get rid of equipt a soon as poss & no formal obligⁿ to confer with

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³ agrees

USA ~~that~~ about sale - doesn't agree with this except ~~perhaps~~ in relation to one shared under I B Loan - all rest was bought in ordinary way & ? doesn't concern US - even tho. we did get priority from them. We would be able to explain this to US - would accept Treasy view on re-export questions.

Fadden - reads Spender's latest letter.

Treasy - recommends (a))
(b)) be approved.
(c))

Beale - doesn't accept (b) - it is an authoritarian approach which the Coal Bd has been trying to sell for a year to get themselves out of mess.

Casey. I agree that the compulsion should be taken out, but we should encourage people to buy it rather than similar imports.

Fadden. Reads Customs alternative recommendⁿ.

McMahon - why not give the surplus to Supply disposals for disposal.

Beale would have it - but not agreed.

Anthony - we approved these purchases - for very good reasons - no use blaming Coal Bd. too far - main ~~worry~~ fault was over-estimate of reqts. Now we've got the plant, ridiculous to impt dollar equipt.

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McBride - no scapegoats - all involved whether estimates, good bad or indifferent. But is the Coal Bd the most satisfy organison to dispose of this equipmt. We shld give this real considern when minister is here.

Agreed. (b) as per Trade & Customs - McBride point re disposal is noted for attention.

Agreed (c), but subject to taking out the compulsion, ~~but using~~⁴ some wording as (b) - Committee of T & C, ND, Treasy & Dept concerned to examine (McMahon's words adopted)⁵

Recⁿ (d) (i). The Treasy has alternative recommendn.

⁴ adapting

⁵ McMahon: "... which in the opinion of a Committee consisting of is efficient for the purposes of the user Dept."

Treasurer reads – see margin.⁶

General view that Treasy compliance with US. requests from Spender goes too far – prepared to accept (a) of Spender, but not (b). On that, we say it is too extreme interference & Spender should bat it off. – Agreed.

Francis – raises objecⁿ to sharing margin as ~~being~~ over assessed price (see para 17) – noted & upheld. All this sort of detail should wait til Spooner returns.

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Item 6 Submission 486

I.M.F. Director

Fadden reads.

Agreed

6.15. Resume 8.30.

8.40

Item 7 Submission 485

Chairman Taxⁿ Board of Review Burke

Fadden reads.

[Absent during discussion]

Burke agreed to.

Ambassador to Ireland

⁶ “The export of surplus plant obtained with DO ratings (or comparable plant not obtained with DO ratings) shld be undertaken only after the concurrence of the US authorities has been obtained in each case. If the J.C.B. is willg to accept any offer received from overseas for the surplus plant, the Board should take the matter up with the appropriate C/w Depts so that the proposal, if it is a desirable one, may be submitted for the Concurrence of the US authorities through the Australian Ambassador (the approach in the first instance being on an informal basis). In the case of exports ~~try to~~ proposed by a private concerns who have purchased surplus plant from the JCB, the Dept of the T&C should defer the issue of export licences until the transactions have been cleared with the US. authorities in the same way as it is proposed to handle export propositions advanced by the Board itself.” [Text in margin]

Again absent

Air Photography

Submission approved. [Absent - informed by Townley & Actng P.M.]

Council of Insurance Advisers

Last week agreed to pay fares.

This week, agreed to pay total bills, where no other arrangements already made.
[Absent - informed by Page & Actg PM]

9.15 Finish.

Abbreviations

Abbreviation or symbol	Interpretation
&	and
?	because
?	therefore
A/g PM	Acting Prime Minister
ACT	Australian Capital Territory
Actg	Acting
Coal Bd	Coal Board
constit	constitutional
C/w	Commonwealth
Dept	Department
IB Loan	International Bank Loan (?)
ie	that is
JCB	Joint Coal Board
keepg	keeping
ND	Department of National Development
objec ⁿ	objection
oblign	obligation
poss	possible
pwr	power
receivg	receiving
rec ⁿ /recn/	recommendation
recommend ⁿ	recommendation
shld	should
T&C	Department of Trade & Customs
Tax ⁿ	Taxation
Treasy	Treasury
US	United States
Vic	Victoria
w/o	without
wh	which
yrs	years