STATE RECORDS OFFICE OF W.A.
CONS
7630
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CER Geonuclear

120 East Flamingo Road P. O. Box 15090 Las Vegas, Nevada 89114 [702] 735-7136

September 19, 1969

Mr. L. G. Hancock
150 Victoria Avenue
Dalkeith, Western Australia
Australia

Dear Mr. Hancock:

As you may have seen in the newspapers, Rulison was detonated on September 10, and it went very smoothly indeed. Damages have been minor and the total of claims is negligible. So far we have received word of 18 claims totaling about $2,500. Other claims will surely follow, however, the amount of money involved will not be important.

The damages were mainly limited to loose bricks falling off old chimneys. The cement bond of the two top layers of brick on a chimney seems often to be weathered away and even a minor jolt will dislodge them. Only Grand Valley and the area on the mesa directly under the shot saw some damage. None was reported from other places.

The site was exactly the same after the shot as before, so it seems unnecessary to send you another picture of it. The local newspaper had a rather thorough coverage of the public's reaction and the effects of the shot. I am including a copy for your information. On steep talus slopes covered with sand or loose rock-dust, the shock wave kicked up dust, as is illustrated on the front page of the paper. No rock slides or falling blocks were reported except on a spot about a mile from the shot where some rocks toppled out of a freshly bulldozed roadside.

I hope the newspaper and my short resume' will be of help to you. Should you desire other or more detailed information, please don't hesitate to write us.

Sincerely yours,

L. van der Harst

LvdH:pb
Enclosure

8/18/69

HANCOCK AND WRIGHT

WITTENOOM DEVELOPMENT

The proposed analysis will result in a report describing the general approach to the development of the deposit using nuclear explosives. Included will be details of the mechanical effects of the explosion, the identification and distribution of radioactivities, a safety assessment, the economics of the nuclear phase, and the time frame in which the operation could be conducted.

The report would include conceptual layouts of the detonation; the expected dimensions of the broken zone and the tonnages loosened up; the possible concentrations of radioactive materials in the product and their significance; alternative approaches to the exploitation of the deposit; nuclear operational plans; and overall costs and timing of the nuclear phase.

The following sample table of contents for such a report will indicate in more detail what would be provided.

IRON ORE MINING

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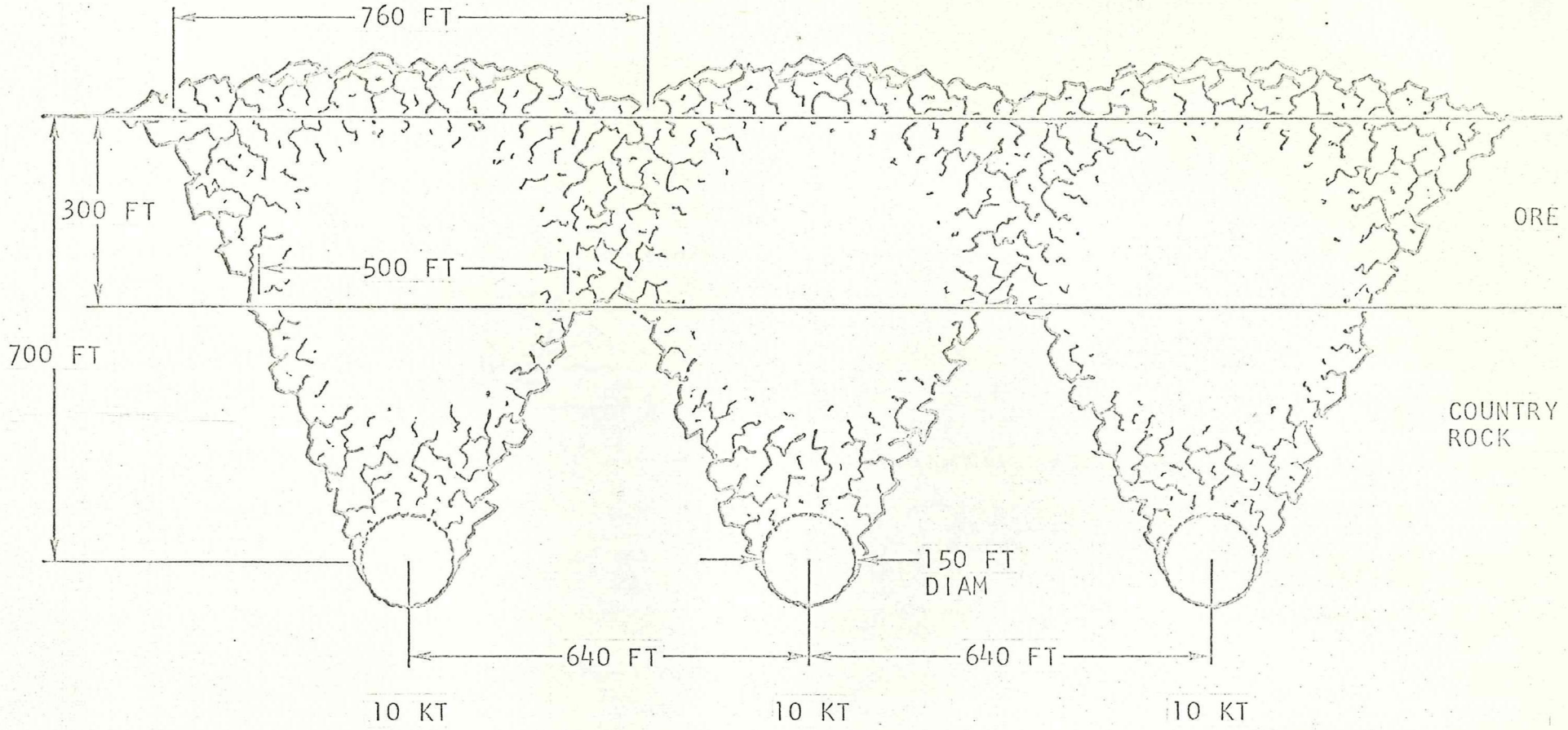
5.3 Assessment of Extent and Nature of Fracturing

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7. CONCLUSIONS AND RECOMMENDATIONS FOR NEXT STEPS

APPENDICES (as required)

SCHEMATIC POSSIBLE ARRANGEMENT



1. $30,000 + Travel & Expense $10,000 - $40,000

This report will provide the necessary technical detail, safety assessment, and economic viability to support the justification (or not) for the nuclear approach.

Approx. $30 - 40,000

After Australian approval of design and safety, it should be necessary only to request from the U.S. the required nuclear explosives and the services of firing. It should not be necessary for the U.S. Government to review the Fe feasibility or the site safety of the operation.

2. <u>High Explosive</u>

$200,000

3. _____

(Published)

Explosives and Firing

3 shots @ 350,000	$1,050,000
5 shots	$1,650,000

Emplacement

3 - 5 30" holes to 700'

Operations - not greater $1,000,000

Total cost - $2,000,000 - $3,000,000

40,000,000 tons.

estimates, evaluate fallout problems and assess slope stability questions. While it seemed possible to conduct the required operations so as to assure that radioactivity exposures to the local populations would not exceed the then suggested guidelines, it was obvious that reduction in radioactivity in fallout would greatly simplify the operational problem. In the light of these considerations the technical program focused on the development of techniques to reduce radioactive fallout and to conduct large-scale cratering tests to obtain the geometric and engineering properties of the craters.

CRATERING THEORY

To provide the necessary understanding for assessment of the nuclear method for construction of a major canal like those proposed across the American Isthmus, resort was made to a massive chemical explosives program, to the development of a theory of cratering to permit calculation of expected dimensions and to a few — too few — nuclear tests. This effort has resulted in an effective working knowledge and understanding which can be applied up to the 100-kiloton (kt) yield range in basalt and desert alluvium.

During 1968 three significant nuclear cratering experiments were conducted in Nevada. Two single-charge cratering shots were fired in hard rock — one at 2.3 kt (Cabriolet) and one at 35 kt (Schooner) — and for the first time a row of nuclear charges (Buggy) were set off to make a ditch (Fig. 2). The test conditions and results for the two single-charge events and an earlier 420-ton event in the same medium are listed in the table.

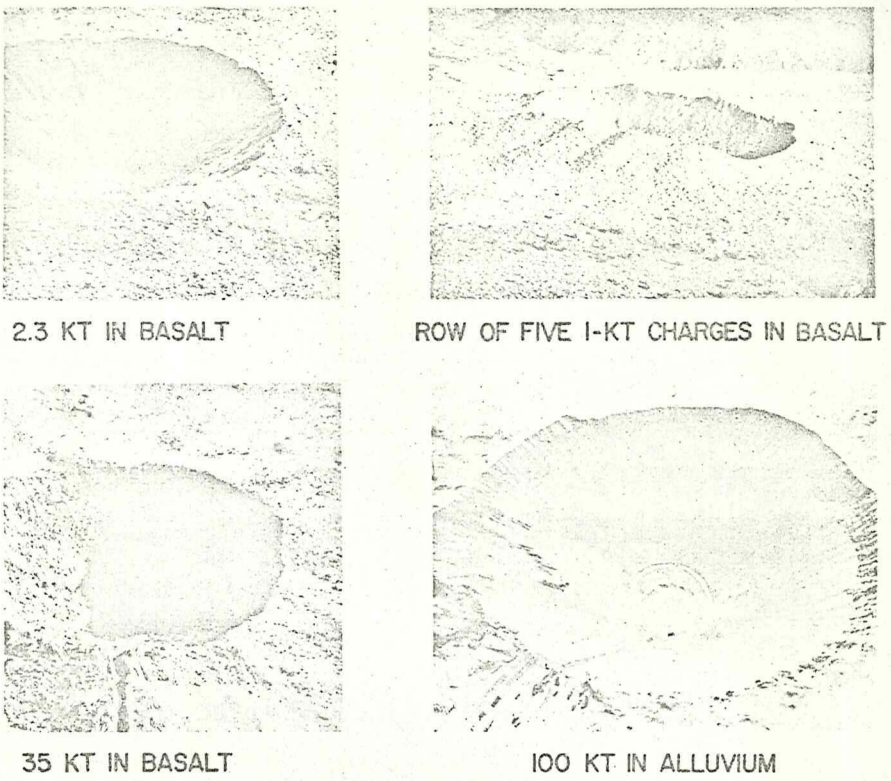


Fig. 2. Cratering experiments

The row charge consisted of five 1.1-kt explosives spaced 46 meters apart and at a depth of 41 meters. The charges, exploded simultaneously, produced a ditch 77.5 meters wide by 260 meters long, with an average depth of 20 meters. The sides were thrown up to a height of 12.5 meters and the ends were 4.3 meters high.

The largest cratering event carried out to date by the United States under the Plowshare Program was a 100-kt event in alluvium at the Nevada test site on July 6, 1962. The charge, placed at a depth of 194 meters, produced a crater 183 meters in radius and 98 meters deep (Fig. 2).

The greatest problems with cratering are associated with the stability of the resulting slopes and with radioactive fallout. Slope stability requires assessment in each specific case. The fallout has been substantially reduced and is probably approaching a practicable limit. A comparison of the fallout patterns of Danny Boy (420 tons), fired in 1961, with those of Cabriolet and Buggy is presented in Fig. 3. A rough comparison of the events can be obtained by calculating from the pattern the total fission yield that would have produced the same field had the resulting fission products been distributed over the same area. Using this approach, it is found that for the 420-ton experiment in 1961 there were the equivalent of 16 tons in the pattern; for the 1968 events there were 7 tons for Cabriolet (2.3-kt charge) and 35 tons for Buggy (five 1.1-kt charg-

Nuclear Cratering Experiment Results — Hard Rock

Event	Date	Yield (kt)	Depth of Burst (meters)	Crater Dimensions[a]	
				Radius (meters)	Depth (meters)
Danny Boy	3/5/62	0.42	33.6 (43.3)	32.6 (42.1)	18.9 (24.4)
Cabriolet	1/26/68	2.30	51.8 (40.5)	55.2 (43.2)	35.6 (27.8)
Schooner	12/8/68	35.00	108.0 (38.0)	130.0 (45.6)	63.5 (22.3)

[a] The numbers in parentheses are dimensions scaled to 1 kt using the empirical law developed with chemical explosions (i.e., the dimensions vary as $Y^{1/3.4}$ where Y is the yield.

MANAGEMENT OF AUSTRALIAN PROJECTS

The established and entrenched system of using overseas affiliated technical managers (e.g. Bechtel, Fluor) for feasibility and turn-key development of Australian mining projects has, in my opinion, greatly reduced the profitability of many of the new mining ventures in that they end up being needlessly and heavily over-capitalised by a series of capital escalation exercises which, in the event, is greatly to the benefit of :-

(1) overseas based capital money sources

(2) the same overseas technical managers

(3) overseas based contractors held in favour by the managers.

Basically this is quite detrimental in the long run to the Australian community and specifically to Australian ownership if it survives the escalated capital situation.

Possibly, cynically, but realistically, one could observe that the technical management group has a vested interest in the highest possible capital cost it can attach to a particular project, in that :-

(1) their return is basically a percentage of capital expenditure

(2) their reputation as financial managers is not at risk by overrun of capital expenditure

(3) the largesse allows them plenty of financial scope regarding tight construction schedules and favoured contractors.

/2

Much of this is done on the pretext that we need overseas "know-how" and technical expertise, which today, is essentially rot, - as one sees the overseas management group doing the job in the main, employing Australian managers, engineers, scientists, tradesmen etc. who are recognised generally, as more able than their overseas counterparts.

Bougainville Copper in my opinion, was developed within such a management atmosphere.

Initial capital estimate for Bougainville Copper was $185 million as prepared by a large group of Australian engineers (Central Engineering Services). I believe, had the decision been taken at that stage, and managed "internally", that Bougainville could have been in operation at that figure or thereabouts.

However, the English R.T.Z. money managers decided, and were virtually forced, to employ Bechtel Corporation as turn-key technical managers in the light of an escalated capital requirement of some $400 million - (Bechtel's estimate). This new capital situation guaranteed Bechtel's inclusion in the scheme of things in that great quantities of overseas loan funds became necessary, and these were not forthcoming except on the basis of utilising internationally recognised managers such as Bechtel Corporation.

My observation is that, nearer home, we see much the same situation developing with the Fluor capital estimate for the development of McCamey's Monster.

Here, basic capital requirement is about $300 million but we see capital escalated to a frightening $400 million by management fees, over generous escalation contingencies, and other contingency items. We could be sure, that if the managers got the "go ahead" at this inflated figure it would all be spent!

In this case the "over-capitalisation" appears to destroy the viability of the project.

Hence my observations would be :-

1. Don't let projects into the hands of external technical managers, except for special items.

2. Manage construction internally thus keeping a tight rein on capital estimates and subsequent construction and development to production stage.

3. Utilise Australian savings, insurance investments, superannuation reserves, more efficiently and confidently into productive Australian projects and less into bricks and mortar.

4. On a government level require AIDC to fund these Australian projects to a greater degree i.e. perform the function for which it was formed.

5. Over-capitalisation, if allowed to occur, snowballs to the point where overseas sources and "payola" for loan funds becomes unavoidable.

<u>The Wittenoom Situation</u>

In my view, the Wittenoom operation, once projected profitability is established, can be got into operation in the manner outlined from 1 to 5 above.

1. Australian funds and equity of the order of $30 - $40 million at commencement of full production.

2. From the outset control development and construction by internal management, to rigorously established capital requirements.

3. Take full advantage of the considerable infrastructure and housed labour pool already in existence at Wittenoom -

   i.e. Basic township, store, hotel-motel, post-office, amenities, etc.

roads,
construction plant, beneficiation plant,
workshops,
airport,
power station,
housing, messing offices, etc. at the
settlement.

4. Wherever possible transfer construction managers and engineers, with their built-in local expertise and experience, to the production operation.

Subject to further consideration and solution of some quality problems I support the proposition that we decide in principle and prepare to act at Wittenoom as soon as possible, thus avoiding further escalation worries - using the scree and bedded orebodies as absolute and generous security.

This would put us in the situation of being advantageously situated to sell on an expected rising market, if necessary, by discounting competitively or by allowing fractional foreign equity to establish a captive market.

Here, it is important to bear in mind that our initial sales requirement is a modest 3 million tons per annum which, under all the circumstances, we should be able to negotiate in some form during the next two years prior to start-up.

(Poseidon in similar manner has advanced to production stage without a pre-negotiated contract - under strict "internal" management through an associated company.)

My expectation is that having got Wittenoom successfully into production, the same construction, development and marketing philosophy can be extended to MMn, Rhodes Ridge - Giles and McCameys (in that order) using of course the accumulated pool of technical personnel and expertise.

E.A. Clothier

22/5/72

Iron Ore

Energy

Markets

HANCOCK AND WRIGHT

LOMBARD HOUSE, 251 ADELAIDE TERRACE, PERTH. POSTAL ADDRESS: P.O. BOX 6124, PERTH. HAY STREET EAST 6000.
TELEPHONE: 25 5533, CABLES: "HANWRIGHT" PERTH.

March 14, 1972

Dear Mr. May,

For some time now it has been my intention to set out in writing the reasons why we have claimed that Han - cock and Wright are in a unique position to enable Australians to get a bigger proportion of equity in their own minerals than they would have otherwise.

1) By not seeking a potential partner until after they had found a suitable deposit, spent their own money on it and proved sufficient quantity and quality of ore H&W removed all the real risk and changed what would have been a prospect into a potential project; and changed the atmosphere for negotiations from that of prospectors dealing with the establishment to that of entrepreneurs dealing with a would be investor.

2) Because the pre-requisites to negotiation always included -

   a) a clear understanding that H&W would not receive one dollar until after the project was accepted financed and ready to go no matter how much money H&W had spent

   b) the right of the potential partner to pull out at a moment's notice during the above period

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c) pre-determined conditions on which the parties would associate if the potential partner went the whole distance

and because of the size of the proposed project in each case an attractive proposition could be made to really big companies who took a realistic view of the whole position.

3) The pre-determined conditions were always agreed before negotiation started and always included -

a) a royalty of 2½%

b) a small (comparatively) carried interest (approx. 5%)

c) the right to preserve Australian equity up to one half by contributing dollar for dollar

4) The proposed public company (Hanwright Minerals Limited) was being floated for the express purpose of permitting the Australian man in the street to take up shares in a company that would have a contractual right to enter in to all H&W's mineral projects on grass root conditions i.e., on exactly the same terms as H&W's partners entered such projects if in fact they did - with the exception in favour of the Australian that because other potential partners being major world operators would by their very nature for their own protection have to spend their money to prove to the satisfaction of their bankers that the proposition was in fact viable HML (which could not be expected to have the expertise required in any case) could rely on that proof and avoid spending its money until all other potential partners had spent theirs made up their minds and disclosed the whole of their findings. Even then HML was not committed until it desired to be so. It had the right of election at the death knock without any prior commitment.

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5) The small carried interest (3)b) above) was always in fact converted to a cash payment to a company over which H&W had control and which therefore enabled H&W to use this company to put up triggering equity money which enabled the group to borrow further funds. As you know all such mineral projects are financed on an equity debt ratio of somewhere between 1:1½ and (usually) 1:5. In the case of Rhodes Ridge the carried interest was converted to $15 million (5% of total expected construction costs) and could be expected to finance some $75 million. H&W have the right to subscribe half of the equity which would require $150 million. The second $75 million could be expected to come from one or more of :

a) the proposed public company

b) pledging by H&W of their royalties from Hamersley Iron to raise further equity money (which would trigger further loan money)

c) an equity:loan trade with some Australian Insurance company(ies) (in one case for each $1. equity granted an insurance company lent $9.)

d) association with a buyer, e.g., the Japanese steel mills are now seeking equity and in the case of Rhodes Ridge the partners have agreed that a percentage of equity will be offered to the Japanese in exchange for a suitable contract.

From the above it can be seen that H&W alone among Australians are in a realistic position to offer Aus - tralians participation in their own minerals. Moreover their offer would be on ground floor conditions - virtually

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parallel with the conditions CRA offered Kaiser - as compared with the conditions Hamersley Iron offered the Australian public for a minor (10%) interest. It was always intended that our public company could if it desired take the whole of our equity rights in each of our projects.

Yours faithfully,

E A Wright

The Hon. D. May, M.L.A.
Minister for Mines,
Mines Department,
Adelaide Terrace
PERTH. W.A.

cc: The Hon. the Premier, J. T. Tonkin, MLA
The Hon. H. Graham, MLA

HANCOCK AND WRIGHT

LOMBARD HOUSE, 251 ADELAIDE TERRACE, PERTH. POSTAL ADDRESS: P.O. BOX 6124, PERTH. HAY STREET EAST 6000.
TELEPHONE: 25 5533, CABLES: "HANWRIGHT" PERTH.

February 25, 1972



The Hon. J.T. Tonkin,
Premier of Western Australia,
32 St. George's Terrace,
PERTH.

Dear Sir,

We would ask two things of you before you go to Japan -

(1) that you hold the promised meeting between Messrs. Tonkin, Graham, May and Hanwright

(2) that you sign the Wittenoom Agreement.

When we were forced to remove our equipment from the East Angelas in favour of Armco we started to concentrate on the West Angelas, only to find that they have also been put up for grabs despite the fact that on some of these we only had four months of legal occupancy rights. We are now faced with the position of nowhere to go with our men and plant except Wittenoom.

I think you can understand that in view of our past experience it would be only prudent to have a water-tight title to the Wittenoom deposits before we indulge in an expansion of our present programme at Wittenoom.

Hon Minister for Mines, /2

For your urgent consideration & advice, please. J.T.T. Premier 29/2/72

We have shown our willingness to co-operate by agreeing to conditions in the present Wittenoom draft which our better judgment tells us will make it very difficult to finance.

Yours faithfully,
HANCOCK AND WRIGHT

L.G. HANCOCK

HANCOCK AND WRIGHT
LOMBARD HOUSE, 251 ADELAIDE TERRACE, PERTH.
POSTAL ADDRESS: P.O. BOX 6124, PERTH. HAY STREET EAST 6000.
TELEPHONE: 25 5533 CABLES: "HANWRIGHT" PERTH.

P.O. Box 42, Wittenoom.

September 28, 1972.

MEMO TO :

The Hon. D.G. May, M.L.A.
Minister for Mines.

This is the material given to Mitsui at Wittenoom today which is self explanatory.

1. We expect a change of government or at least a change of Prime Minister. Either should be of beneficial interest to us.

2. If the government changes we can expect treatment in accordance with the A.L.P. Platform and constitution (extracts attached).

3. If the Prime Minister only, changes we believe some of the Labour Party's more progressive platform will be adopted.

4. There has been a complete change in the attitude of the W.A. Government from one of impediment (by the previous regime) to one of wholehearted support for Wittenoom.

5. Wittenoom is No. 1 priority in the eyes of both Hanwright and the State Government -

   (a) Because it requires less capital
   (b) It would show a higher monetary return per dollar of investment per ton of ore mined than any other project.
   (c) It has the arrangement for the railway linking with Hamersley Iron's system.
   (d) It is the easiest and quickest to be got into production. (This appeals to the W.A. Government because of their embarrassment over the unemployment situation).
   (e) It is the only project capable of being financed by A.I.D.C.

6. We aim to get Wittenoom going on "scree" alone producing a 62% Fe. product with phosphorous .04 with a better decrepitation rating than Tom Price.

7. We can support this three million ton per year scree at a later date by the addition and blending of ores from the many deposits around Wittenoom, Mt. Vigors, Mt. Stevenson, Mt. Bruce and M.M.N. not to mention Rhodes Ridge.

8. We are prepared to give our business to A.I.D.C. Bank which should give us certain privileges ahead of other producers in regard to export licences, tariffs, sales tax and income tax.

9. We expect to conclude arrangements with Hamersley Iron for the use of their ten million ton per year excess capacity on their rail and port for ten years.

10. During the latter end of that ten years we will build our own rail and port system which under our reciprocal arrangement with Hamersley Iron allows them the use of ten million tons on our rail port system thus recouping a portion of our capital cost for the new port site.

11. By having the capacity to expand to ten million tons per year it means that we can either develop Wittenoom to that capacity on its own or in conjunction with Rhodes Ridge or draw on some of Wittenoom's back-up areas as outlined previously.

12. We propose to utilise the most modern machinery to gather the scree then link it to a conveyor system, the first of which we expect to despatch into Range Creek from which point we would expect to build a railway approximately 50 miles in length to the connecting point of the Hamersley Iron railway at the 116 mile peg.

13. We expect to instal a heavy media plant at the outset so as to make maximum useage of the available scree. The Government recognises that this process adds to costs and therefore accepts a lesser royalty.

14. The out-turn from this heavy media plant will be graded washed material which should represent a plus to the seller.

15. At buyer's request it may be possible to grade this material to match low alumina pellets in size thus making a beneficial blend.

6. It's time Australians were enabled by their governments to have a fair share in ownership and control of their own nation's resources. The Commonwealth decides in what quantities and on what conditions money and materials leave our shores. So ultimately, the Commonwealth can determine to what extent and in what fashion overseas interests will extract, process and market this nation's wealth.

It's time the Commonwealth exercised its powers to safeguard that wealth. It's time the Commonwealth as a shareholder on behalf of the Australian community, itself participated in the the discovery, development and processing of Australia's resources.

31. Encouraging the establishment of industry research associations.
32. The creation of a portfolio concerned with resources development, environment and conservation to be closely associated with the Science and Technology portfolio.

INTERNATIONAL SCIENCE

Scientific and technological research is an international activity in which Australia must participate fully if she is not to be cut off from the mainstream of developments. Furthermore, Australia has a responsibility to assist the developing nations to raise the standards and scope of their scientific and technological research programmes.

Labor therefore proposes —

APPLICATION

33. Promoting the growth of science-based industries.
34. Regulation of take-overs of Australian science-based industries by foreign interests.
35. Strengthening Australia's participation in international scientific activities.
36. A scheme of post-doctorate and senior fellowships to enable Australian scientists and technologists to obtain overseas experience, and to enable qualified persons from overseas to carry out research in Australia.
37. Special provision for the exchange, on a temporary basis, of personnel between governmental research organisations within the Commonwealth of Nations.

CONCLUSION

The achievement of the foregoing proposals depends on —

Adequate science education at every level.
More and better-trained science teachers.
More graduates, especially with higher degrees.
Maintenance of the traditional freedoms of scientists.

VIII: INDUSTRIAL DEVELOPMENT

The future of Australia and the well being of her people depends on the scientific development of her natural resources. She has the raw materials and human skills to become a world leader in metallurgy, metal fabrication and engineering.

Furthermore, she has world ranking supplies of fissionable materials and substantial fuel and energy resources.

To encourage Government and private co-operation in the development of national industries for the greatest advantage of Australia, Labor will:—

1. Secure and promote Australian control of resources and industries—
   (a) by encouraging the A.I.D.C. to invest in approved development projects and basic industries, and
   (b) by granting life assurance companies the same taxation incentives to invest in approved development projects and basic industries as are granted for investment in Commonwealth and public securities.
2. Ensure at least a majority Australian control over both equity and policy. In particular, investigate immediately the feasibility of establishing an integrated Iron and Steel Industry under public ownership and control, if necessary, in conjunction with a minority private participation.

MINERAL RESOURCES

To encourage the treatment and fabrication of mineral resources in Australia, Labor will only allow the export of minerals

(a) where they are sold at full world market price;
(b) where they are reasonably beyond Australia's prevailing treatment and fabrication capacity;
(c) where their export will not unreasonably reduce Australia's treatment and fabrication potential;

(d) the comprehensive development under Government control of Australia's mineral resources with emphasis on the need for discovery of new deposits and the direct Commonwealth and State participation in oil and mineral search and exploitation throughout Australian land and offshore territories.

FUEL AND ENERGY

1. Labor will establish a joint Federal/State Fuel and Energy Commission to devise and implement an integrated and co-ordinated national fuel and energy policy.

The Commission will

(a) regulate the exploration, development, transportation, marketing and use of oil, natural gas, coal, fissionable materials and generative water,
(b) prevent depletion of fuel and energy resources needed to match Australian requirements in mineral processing, general industry and national development, and
(c) guard the ecology and environment from pollution by fuel extraction and energy generation.

2. Labor will stimulate the growth of nuclear technology, particularly by the earliest possible Commonwealth initiative to establish nuclear power stations using enriched uranium in reactors of basically similar design.

Labor will work for the enrichment of Australian uranium resources in plants which are located in Australia and which have at least a majority Australian control of equity and policy.

Labor will not use the development of a nuclear industrial capacity for the purposes of creating a nuclear weapon component in Australia's defence force.

WATER RESOURCES

The establishment of a Conservation and Construction Commission —

(a) to ensure full and pure supplies of water including treated and recycled waste water for agricultural, pastoral, industrial and urban development;
(b) to incorporate the Snowy Mountains Engineering Corporation and the River Murray Commission;
(c) to co-operate with State and Regional water conservation authorities; and
(d) to achieve desalination of sea, surface and sub-surface water by solar and nuclear energy.

IX: CULTURAL AFFAIRS

Cultural affairs form a vital part of Australian life and can be only adequately developed with enlightened encouragement and financial support from the Commonwealth Government. Government support for cultural matters need not, if properly administered, threaten the individuality or integrity of Australian art and can provide guidance and assistance.

Labor would create a Minister of Cultural Affairs, with responsibility for the general cultural development of Australia, particularly —

(a) administration of the Commonwealth Literary Fund and similar schemes;
(b) subsidies for approved cultural undertakings and support for major festivals such as the Adelaide Festival of Arts and the Festival of Perth;
(c) sponsorship of international goodwill visits to and from Australia by leading artists, musicians, literary figures, theatrical companies, etc.
(d) censorship;
(e) support for the Institute of Aboriginal Affairs in its study of the important aspects of Aboriginal life, art, music, and lore, aiming especially at the training of suitable, interested Aborigines to carry out the work of editing and transmitting Aboriginal culture.

X: CITIES

PREAMBLE

The aim of a Labor Government is to ensure that every family can secure accommodation of its own choosing appropriate to its own needs; that accommoda-

(b) Immediate action to ensure that funds pay a greater amount in benefits.
(c) The removal of anomalies from existing benefits.
(d) Benefits to be paid for the cost of para-medical services. Pensioner Medical Service to be available to all pensioners under the Commonwealth Social Services Act.

J: NORTHERN AUSTRALIAN DEVELOPMENT

(Adopted 1967 Federal Conference — re-affirmed 1969)

Creation of a Ministry for Northern Australian Development

Labor believes that the development of the whole of North Australia is both necessary and urgent. Therefore the whole attention of a Minister should be devoted to it.

Co-operation and co-ordination with Queensland and Western Australia with respect to development will be achieved through the establishment of a *North Australian Development Organisation* consisting of Commonwealth and State Ministers concerned with the resources of Northern Australia, along the lines of the N.A.D.C. successfully established by the Chifley Government but abandoned by the Menzies Government.

Water Resource Development

Labor will immediately initiate a full scale investigation of the areas which have been devastated by droughts to ascertain the most feasible methods of assisting these areas from the viewpoint of large and small scale water storages.

Proven Areas

Priority will be given to the proven and established areas in coastal Queensland where huge economic losses are incurred in every major drought period and where the major share of Australia's surface water is located but which is at present almost completely undeveloped.

The investigation and development of the Burnett, Fitzroy, Pioneer, Burdekin and Herbert River Systems will be undertaken on a national basis utilising the Snowy Mountains Authority in conjunction with State organisations.

Pastoral Areas

Labor will determine priorities for the steady development of water resources both for stock and agricultural purposes in the less developed and lower rainfall areas. Labor will honour the Commonwealth's obligation to the West Australian and Northern Territory people and will ensure that the Ord River Project will be completed without delay.

Power

In the assessment and determination of water development action, top priority will be given to power projects urgently needed to promote industrialisation particularly in Central and Northern Queensland where the basic resources for power generation are available.

Priorities

Priorities and programmes for water conservation projects for irrigation, power and flood mitigation will be a function of the N.A.D.O.

Roads

The implementation of a long-term fully co-ordinated road development programme taking into account the present and future requirements of the pastoral, agricultural processing and servicing industries. These development roads would broadly follow the priorities established by the Commonwealth Beef Roads Report.

Long Term Development Finance

(i) *Interest Rates*

The provision of realistic low rates of interest (2-3% p.a.) for long term development loans in line with successful policies followed by overseas Governments. (The present high rate of interest for development loans in Australia is the

result of the reluctance of the Government to compete with Private Banks, Private Lending Institutions and Hire Purchase Companies.)

(ii) *Development Loan Funds*

Labor will reconstitute the present ineffective Farm Loan Fund in order to provide a satisfactory policy to those applicants who possess sound financial propositions but who do not meet the rigid criteria of present banking policy. In addition the Fund will be expanded to cater for small secondary industries which are an essential part of regional development. This policy will involve the expansion of the Development Bank.

COMMONWEALTH-PRIVATE ENTERPRISES PARTNERSHIPS

In order to promote basic industrial development — e.g., steel, power, paper — Labor will not hesitate to take the initiative and, if necessary, will enter into partnership with private organisations which do not possess the necessary resources to initially finance the establishment of industry.

If it appears that the development of our natural resources — particularly mining — would be ruthlessly exploited by overseas interests, Labor will not hesitate to establish Commonwealth owned processing works.

TAX FREE PROVISIONS FOR PIONEERING INDUSTRIES

Labor will initiate income tax free provisions along the lines adopted in New Guinea and other developing countries to assist pioneering industries in Northern Australia during their initial development period. These tax free provisions will be administered within specific zonal areas.

REVISION OF ZONAL BOUNDARIES AND TAXATION ALLOWANCES

Labor will authorise a revision of the existing zonal boundaries in Northern Australia which are now completely outmoded. In addition a review of existing taxation allowances, social services and general living conditions within these particular zones will be made with the overall objective of alleviating the severe economic disabilities being encountered in these areas.

SUGAR INDUSTRY

Labor recognises that the sugar industry is the backbone of the economy of Northern Queensland. It will appoint a Committee of Enquiry to investigate whether this industry would be better served by expanding the functions of the Australian Sugar Board so as to give cane producers greater responsibility in the production and marketing of raw and refined sugar. The Committee of Enquiry would be given full powers to investigate the costs of refining sugar and the establishment of new refineries in North Queensland.

The Committee will also report on the practicability and desirability of giving the responsibility for the sale of export sugar to the expanded Australian Sugar Board as compared with the present practice of allowing the C.S.R. Company to have a complete monopoly of the sale of export sugar.

PERCENTAGE OF ANNUAL BUDGET TO BE DEVOTED TO NORTHERN DEVELOPMENT

Labor will demonstrate its genuineness to assist in the systematic development of Queensland, Western Australia and the Northern Territory by making provision for a permanent allocation in each Budget for development work. This allocation will be tied to a specific percentage of an economic measure in the Budget which will thus remove northern development from the atmosphere of emotionalism and general political pressures. The provision of an annual floor allocation will allow both Commonwealth and State Governments to plan for the steady growth of the northern areas.

TROPICAL UNIVERSITY

The Townsville University could lead the world as a training ground for tropical disciplines particularly post-graduate work in tropical livestock, pastures, marine science and engineering. If we are to successfully undertake northern develop-

ment, University facilities must be available to train students — particularly those who live in these areas.

FINANCE

Portion of the funds required for a steady rate of northern development will come from current and future repayments being made by the States for development projects. Funds from these repayments would form a *Development Revolving Fund*.

TOURISM

That depreciation be an allowable income tax reduction on approved tourist resort projects.

Approved tourist resort developments be eligible for long term finance within the provisions of the development bank.

K: FOREIGN CAPITAL

(*Adopted 1967 Federal Conference*)

(a) Conference declares that the Government should restrict the flow of overseas capital into Australia to the creation of new industries and not for the absorption of existing industries.

(b) That the Federal Parliamentary Labor Party be requested to investigate charges made recently at the opening of Edgell's new production centre at Dubbo, N.S.W., to the effect that the inroads of overseas interests into the Australian food industry have reached alarming proportions, that many manufactured food products displayed in Australian stores are produced in enterprises owned and controlled by foreign companies, and that the profits derived from the sale of such goods are diverted from Australia and Australians to the coffers of investors residing in other lands. We declare that these charges, if true, are indicative of a gross abuse of foreign capital investment in Australia, and constitute an indictment of the Holt Government's policy of encouraging uncontrolled financial exploitation of Australia by overseas companies.

HANCOCK AND WRIGHT

LOMBARD HOUSE, 251 ADELAIDE TERRACE, PERTH. POSTAL ADDRESS: P.O. BOX 6124, PERTH. HAY STREET EAST 6000.
TELEPHONE: 25 5533, CABLES: "HANWRIGHT" PERTH.

February 1, 1972

The Hon. D. G. May, M.L.A.,
Minister for Mines,
Mines Department,
Mineral House,
Adelaide Terrace,
PERTH. W.A

Dear Sir,

Since my return from overseas in December I have had no opportunity of arranging the meeting contemplated in your telex of November 10 1971 to me in London. I shall be in the Eastern States for this week but would be grateful for an appointment with you as soon as possible after Tuesday February 8. Perhaps your secretary would notify this office of some time which is convenient to you.

In the meantime I have had a meeting with Mr. Graham and on Friday delivered him a letter with certain accompanying information; a copy is attached and I sincerely request that you give it your examination.

Yours faithfully,

E A Wright

Premier
Dep Premier
Mines Minister
Mr Hancock
Mr Wright

B.U. 1/3

Meeting held in Premiers Office 3/3/72

Informed Mr. Wright's secretary that Mr. May is going to Melbourne and would not be available until after end of February. We will contact Mr. Wright early in March 7-2-71 BJ

Wittenoom to Legendre	1,31 [illegible]s
Wittenoom to Depuch	123 "
Saving	73 "

Same saving for Koodaiderie
Maralanna (B.H.P.)
Rhodes Ridge
McCameys
Area "C" (Goldsworthy)

Wittenoom total capital cost using Hamersley Iron facilities or combination C.C. and H. I. for 3 M.T.P.Y. $38,175,000

Wittenoom total capital cost building all own facilities with port at Dixon Island. (Land backed to cater for 70,000 tonners). $76,545,000

Extract taken from the A.B.C.'s Radio programme

'A.M.' Wednesday, 12th April, 1972

(6WF 8.10 AM)

Peter Holland: West Australia's new Mining Bill was presented to the House last night, it was well received by both Government and the Opposition. The Deputy Leader of the Opposition Mr. Charles Court said that the Bill may become Law before the end of the year. Last night he spoke to Judy Bateman.

Mr. Court: It does appear that the Government has tried to walk the tight rope between Environmental Protection and Development. This is the most delicate thing today throughout the world and is not peculiar to Western Australia and it does appear that they have endeavoured to keep to the Government certain powers in this matter.

Judy Bateman: What sort of reaction will this draw from overseas do you think?

Mr. Court: I don't think it will be adverse, if the Bill is what I think it is and I must make this reservation constantly because we haven't yet studied it properly. I found with overseas people and big Mining people generally whether they be Australian or Overseas, their main concern is to have clearly defined rules under which they can play the game and once they are laid down clearly, in my experience, they will usually accept fairly tough conditions provided they are clearly stated and they know just how they are going to undertake their exploration and subsequently their development.

Judy Bateman: Do you see the Liberal Party as playing a co-operative role with the Government for the passing of this Bill?

Mr. Court: I don't expect it to be a highly contentious matter. There might be one or two provisions within the Bill that become contentious in themselves, but overall I think it is the objective of everybody to try and write a Law which is modern, which is practical, which encourages exploration, which encourages improving great deposits, you have to have revenue for the state and you have to get a happy balance between what is a fair thing for the State and yet on the other-hand is not punitive, or prevents people, or discourages people from development.

./2

Peter Holland: The Bill may not have caused much concern in Parliament, but it certainly does worry Mr. Lang Hancock.

Mr. Hancock: At the right effect ??? of inexperience, it won't do what the object - the worthy objects of Mr. May to give security of tenure and the preconceived conditions so that everybody knows where they stand relating to Mining.

Laurie Sutton: Why is this?

Mr. Hancock: Because it takes the power away from Parliament in much the same way as Hitler's Enabling Act and gives it to the Minister to lay down whatever conditions he likes at the time of issuing these three licences.

Laurie Sutton: How do you feel about the fact that iron ore exploration has been made a special case of?

Mr. Hancock: Well, who is going to find the iron ore? there is only prospectors who do that and if they are not allowed to prospect for iron ore, who is going to make the discoveries? the government certainly can't make them, and I mean it lay there for one thousand seven hundred million years and nobody found it.

Laurie Sutton: Why do you think a special case has been made of iron ore?

Mr. Hancock: I don't understand it at all, I can't understand it, I think it's a setback, not only for the Mining industry but for the whole of Australia because if the Mining industry is allowed to flourish, well, the standard of living in Australia is going to be doubled in the next ten years. Whereas this will be such a setback that it won't progress at all. Nobody can come into Mining under the conditions laid down in this proposed Act they are completely impractical and they don't set out clearly what obligations the miners have got to face up to, they are left to the Minister to decide at the time of issuing the title.

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PERSONAL AND CONFIDENTIAL

March 2, 1972.

Hon. Don G. May, M.L.A.,
Minister for Mines,
Mineral House,
66 Adelaide Terrace,
PERTH, 6000.

Dear Don,

Further to our recent exploratory discussions, and as requested by you, I have pleasure in enclosing a public relations submission for your consideration.

In view of my present corporate practice with WAPET and WANG, it would be most appreciated if you maintain a tight seal of confidentiality on this submission.

Should you require additional supportive information or clarification on any point of the submission, please do not hesitate to call me.

Yours sincerely,

David Oxer

DAVID OXER.
Public Relations Adviser.

GENERAL STATEMENT ON

PUBLIC RELATIONS

A public relations program can be effective when implemented virtually at any stage of an organization's development. Nevertheless, under ideal circumstances, it is at the time of an organization's formation, when decisions are being taken on the nature of objectives and how they can be accomplished, on operating policy and its execution, that public relations counsel should first be taken. At this time, management should be very sure that its objectives and operating practices will be acceptable to and in harmony with the various publics with whom it must, or is trying to, relate.

Organizations of size or prominence cannot live in obscurity. Even though they might prefer to go about their business quietly and without public attention they cannot, for their operations and actions affect too many people. Because the actions of such organizations have impact upon the public, the public has a proper interest in information about them. If they do not provide that information, a vacuum is created into which speculation, rumour and distortion flow. The vacuum may be purposely filled, in fact, by persons or groups who feel they can gain some selfish end by spreading ill reports about the organization.

People rarely have direct access to facts about many of the things upon which they have opinions. They rely upon word-of-mouth reports, the press, radio, television and all the other instruments of communication. People will act just as readily and vigorously - sometimes more so - on inaccurate information as on the truth. Often people believe something which is untrue or a myth. However, if enough people believe something to be true, that in itself is a reality and has to be dealt with.

Unfavourable public opinion, justified or not, can create many problems for an organization. Among the most serious - it can drain the time of management and operating personnel in answering attacks, cause a spiralling of the organization's operating costs, hamper the organization's performance of functions and make it difficult for the organization to attract the type of personnel it needs.

Often there is little time or opportunity to deal adequately with each situation as it arises. This is one reason why so much stress is placed on earning confidence as a basic objective of public relations.

There are times when an organization must act without time to inform, explain, consult. At that point of time it must stand on its reputation for integrity and draw on its deposits in the account of public confidence.

It is at such a time that the public relations investment in good-will pays its most precious dividend, namely, the preparedness of the public on which management relies for an act of faith. They are ready to proceed on the assumption that management is honest, intelligent, and committed to serve their best interests.

Organizations always like to get what they regard as "good publicity" - and are usually very unhappy about what they consider "bad publicity". However, in order to maintain good press relations, an organization must be prepared to answer the questions of newsmen even if it might wish the questions had not been asked. An enquirer, who has a lead on a story, will obtain information - from some source or other, if not from the organization in question - and the result may be worse than if it had co-operated. Certainly, non co-operation gives a reporter no reason to extend himself on the organization's behalf when it has something it would like him to publish.

Of course, there are times when an organization cannot provide information desired, for competitive reasons, because negotiations are in progress or because the facts are not available. But in these circumstances, the reasons for not giving the desired information, should be explained to best advantage and, <u>if</u> they are temporary, the information should be provided when it becomes available. It should be remembered that public relations is not a one shot anti-toxin to kill off the effects of a bad press.

An open-door policy with respect to news media may involve a psychological turnabout for operating people and may cause some shock to an organization which has tended to an opposite course. Nevertheless, if an organization seeks good public relations, it must adopt sound public relations practices.

It is an acknowledged fact in public relations practice today, that while the mass media can play an important role in projecting an image, other communications tools also have to be fully utilised if all public relations goals are to be accomplished. These tools of communication include company publications, corporate letterhead and symbol and in some cases, institutional advertising.

Obviously, communications in all its forms, plays a major role in projecting and sustaining favourable images. Corporate image means - the mental pictures that people have in their heads about organizations. These mental pictures may be from direct or indirect experiences. They may be rational or irrational, depending on evidence or hearsay which appear in an infinite number of patterns.

Of course, we are aware today that opinion - that compound of emotion, belief and information which people have about things outside themselves - is a powerful force in society and a significant factor in the health and success of an organization. This has always been so in theory but changing conditions are making it so in practice.

Opinions are based on image reception and from now on, in this age of rapid communications, more impressions are going to be formed by more people sooner, change faster and affect more organizations in more ways than we have known before.

This is also an age of specialization and has resulted in the separation of groups within society, each pursuing particular lines of interest and enquiry. In many cases, these groups develop special vocabularies and frames of reference, so that communication among them becomes difficult.

It is important therefore, that the organization develops image controls to the point where the same "organization personality" is emerging in various contacts it has with a given individual. It is a fact that the central theming of idea objectives is rewarded in terms of increased image impact.

Ernest Dichter, a man who has spent many years exploring the human mind, once said "There is much evidence to show that it is the non-verbal, implied communication that is more often more effective than the logical verbal form of communication."

Whether an organization intends to or not, it is constantly making visual statements about itself. This is done through the packaging of the organization product, from letterhead and corporate symbol design, career and institutional advertising, vehicle and equipment identification, magazines, brochures and stationery, to business cards. Making sure all of these separate channels present a positive, uniform view of the organization is the objective of a corporate identification system.

To quote Dr. Frank Stanton, President of C.B.S., in a recent issue of Fortune magazine, "I think there are few needs greater for the modern large-scale corporation than the need for a broad public awareness of its personality - its sense of values. Increasingly, I think modern corporations are recognizing the high cost of impersonality - we believe that we should not only be progressive but look progressive."

On a recent large-scale study in the U.S.A., of the images of 20 large companies, it was found that on average, 14% among those less familiar with a given company had a favourable opinion of the company but among those most familiar 54% had a favourable opinion.

One communications principle that has come out of opinion research in the last few years it that "those who know you most like you best". The something new that current analysis adds is the demonstration that the more favourable the image, the more people tend to behave favourably towards the organization. Conversely, an organization may have an excellent personality but because it does not project itself to the public, they are not aware it exists and therefore may not be favourably inclined towards it.

Although public images are intangible things, their basis lies in the operating performance of an organization - in the Mines Department's case, amongst other things, in its staff, in the way it conducts itself with its various publics', in the nature of its policies and how they are administered, on its results, in its resources - material, financial and human, in its personnel policies, in personnel morale, on its visual appearance and increasingly, in its social performance also.

The care by which organizations images are built does not preclude the possibility that when and if the need arises, they can be changed.

In fact, the image public relations counsel aids an organization to deserve and achieve is an ever changing thing.

It would be a fundamental mistake to assume that public acceptance today will last through tomorrow, so to speak, as public opinion and attitudes are constantly shifting.

The public is very perceptive about pretence and the false note. The principles which govern the public relations function relate equally to the accomplishment of legitimate public interests and organizations objectives and the only image that will last over the long-haul is the one that stands up as being valid and thus credible.

DAVID OXER.

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PUBLIC RELATIONS SUBMISSION FOR

THE HON. DON G. MAY, M.L.A.,

MINISTER FOR MINES OF WESTERN AUSTRALIA.

INTRODUCTION:

The following submission has been designed around the following premise:

"The Mines Department exists to encourage and support the orderly and efficient exploration and development of our mineral wealth and to ensure such exploration and development is in the best interests of the people and State of Western Australia.

As its chief executive officer, the Minister for Mines is responsible for the overall function of the Mines Department and it is the Minister for Mines with whom responsibility rests for the administration of the 1904 Mining Act, or whatsoever Act may replace it."

PROPOSED PUBLIC RELATIONS CHARTER

FOR THE MINES DEPARTMENT:

Preamble:

Professional public relations counsel aids *management to deserve and achieve public confidence in and support for their policies and operations and, as a result, it helps management achieve their objectives efficiently and effectively.

* Management - in this instance is defined as the governing body of executives in any private enterprise or government organization.

CHARTER:

It would be the function of the Minister for Mines Public Relations Adviser to;

(a) establish and maintain a favourable climate of public attitudes and opinions towards the Department of Mines, its policies and operations to enable its objectives to be efficiently and effectively accomplished;

(b) as indicated and approved by the Minister for Mines, or as requested by him, offer counsel and guidance to the Minister for Mines on Departmental policy decisions which appear likely to have public relations consequences;

(c) attend inter-Departmental Management Meetings on a regular basis, as an observer, to gain a closer understanding of the Mines Department's day to day functions;

(d) as indicated and approved by the Minister for Mines, or as requested by him, offer counsel on day to day problems or likely problem areas and implement where necessary, preventive or curative public relations programs approved by the Minister;

(e) establish and maintain such relations with the mass media as to ensure the Department of Mines policies and activities are reported accurately and fairly;

(f) assume responsibility for developing and constantly improving the Department of Mines entire communications system designed to achieve effective communications with its various publics';

(g) assist in establishing and nuturing those attitudes on the part of the Department of Mines branch staffs (approximately 520 in toto) that will best forward the interests of the Department; and

(h) serve as a major source of information and policy direction in the field of corporate citizenship (community affairs) and contacts with community agencies and as indicated and approved by the Minister for Mines, or as requested by him, develop and implement community affairs programs aimed at supporting the Mines Department's activities in given operational areas and increasing the Department's stature in the eyes of the community at large;

DEVELOPMENT AND IMPLEMENTATION
OF PUBLIC RELATIONS PROGRAM:

The development of the aforementioned public relations charter was based on the writer's recent exploratory discussion with the Minister for Mines.

ANNUAL PROGRAM:

However, the actual development and implementation of an effective annual preventive public relations program would necessarily require preliminary familiarization with the Mines Department's various branches (namely, the Geological Survey, Government Chemical Laboratories, State Mining Engineers, Registrar's Office, Statistics Office, Explosives Branch, Surveys and Mapping, Training Office, Personnel Office, the Minister's Office etc.) and the nature and scope of their respective functions as well as an appraisal of the Mines Department's present overall operating policies and modus operandi.

The outcome of such a preliminary familiarization and appraisal period would enable the writer to present alternative programs of varying intensity, complete with budgetary requirements, for the Minister's consideration and approval.

IMMEDIATE SHORT-TERM
PREVENTIVE AND CURATIVE PROGRAM:

In the case of Departmental developments (e.g. the introduction of the new Mining Act) of immediate significance requiring public relations counsel, a minimal amount of time would be required

in familiarization and public relations appraisal prior to effecting a program. The only budgetary requirements here would be associated with the Public Relations Adviser's time, stationery, printing, mailing and delivery costs involved in release of news bulletins and any necessary out-of-state phone calls.

PUBLIC RELATIONS
ADVISER'S FEES:

To this point of time, no scale of charges has been laid down by the Public Relations Institute of Australia, and, certainly, the writer has yet to be convinced that the current common range of charges of most private P.R. Practitioners in Perth - from $15 to as high as $30 per hour - are justified.

The Minister has intimated that he could justify, from an economics standpoint, the services of a public relations professional for four (4) hours of each working day of the year.

As the Minister is aware, acceptance of this submission would provide the writer with the opportunity to move from corporate into private practice. And, although he has received frequent enquiries concerning his possible interest in servicing corporate accounts in a private practice situation, the challenge, until now, has not been sufficient for him to consider relinquishing his corporate practice.

The Minister's need for an effective four (4) hours a day public relations service, coupled with accounts the writer believes he has an immediate mortgage on, would provide a cash flow sufficient to cover the infrastructure needed to run a successful private public relations practice. He would therefore, be willing to accept a contract with the Minister for Mines to service the Mines Department for four (4) hours of every working day for two years at a fee of $12.50 per hour, paid quarterly in advance.

Operating costs incurred in servicing the Mines Department account would be met by the writer, with the exception of:

(i) travel outside of the Perth metropolitan area;

(ii) bulk stationery and xeroxing costs associated with release of news bulletins; (it would be recommended that the Department's News Brief letterhead be used anyway)

(iii) if so desired by the Minister, the connection of a "hot line" between the Minister's and the writer's South Perth Offices; and

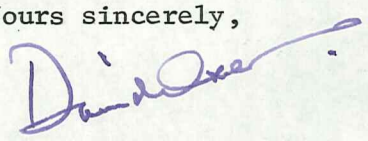
(iv) the cost of any other than local phone calls.

CONCLUSION:

The writer appreciates being given the opportunity to present this submission to the Minister and believes his extensive exposure to and experience in the petroleum exploration and production industry, which has required continual application of his professional training and skills, would provide an ideal base for an effective, value for money, public relations service to the Minister and his Department.

Finally, the writer would like to take this opportunity of reiterating the request in his covering letter to the Minister, that of those in Cabinet having cause to read this submission maintaining a tight seal of confidentiality in view of his present corporate practice with WAPET and WANG.

Yours sincerely,



DAVID OXER.
Public Relations Adviser.

March 2, 1972.

HANCOCK AND WRIGHT

LOMBARD HOUSE, 251 ADELAIDE TERRACE, PERTH. POSTAL ADDRESS: P.O. BOX 6124, PERTH. HAY STREET EAST 6000.
TELEPHONE: 255533, CABLES: "HANWRIGHT" PERTH.

22nd June

May 25, 1972

The Hon. J.T. Tonkin, M.L.A.
Premier of Western Australia,
32 St. George's Terrace,
PERTH.

Dear Sir,

Before I go overseas on July 1 I believe it is important to make sure that any talks that I have with overseas principals do not develop along lines divergent to government policy.

With this in mind I would like to enquire :-

1 Firstly if your government favours the putting together of all the Hanwright interests into one giant consortium.

2 Secondly are you in favour of our efforts to have a small steel mill established in Pilbara, either through Armco by reverting back to the arrangement we had with them, or by introducing a stronger party.

3 Thirdly are you in favour of expanding this initial mill into a giant steel making consortium to consume all the unsaleable "fines" from all the mines and proposed mines in the Pilbara as soon as cheap power becomes available (nuclear or otherwise)

4 Fourthly do you want us to help with Robe River.

Fifthly are you in favour of the use of nuclear explosives.

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Hon. D. May, M.L.A.
26/5/72

If the answer to the above is yes then I believe we can achieve the above aims progressively.

If the answer is no, we would be gratified to know the direction in which the government's thinking lies.

In our view the recent temporary reserve allocations have helped Rhodes Ridge and Hamersley Iron materially but have not done very much towards solving the problem of Robe River which the government inherited.

Due to the high degree of inflation and general cost escalation which the Commonwealth Government has inspired rather than curbed, the prospects of any new large scale iron mining venture in W.A. have no immediate hope of getting off the ground unless the Commonwealth Government is prepared to forego some of its enormous "take".

Figures on Rhodes Ridge, Koodaiderie and McCameys show that on their own they are very little ahead of Robe River as a commercial prospect at the moment. The Pilbara dollar is quoted at 2 to 1 the Australian dollar.

Wittenoom on the other hand, if allied to the stated A.L.P. platform, would be viable. A start could be made on it immediately which would take up the work force slack as soon as Robe construction is completed.

The items of interest in the A.L.P. platform are :-

1. Secure and promote Australian control of resources by encouraging the AIDC to invest in a proved development project.

2. Ensure at least a majority Australian control over both equity and policy.

3. Stimulate the growth of nuclear technology, particularly by the earliest possible Commonwealth initiative to establish nuclear power stations.

4. Achieve desalination of sea, surface and sub-surface water by solar and nuclear energy.

The basic difference between the Wittenoom proposal

/3

and the Hamersley, Mt. Newman and Goldsworthy projects is that they were financed against long term "take or pay" Japanese contracts. This system has received somewhat of a shock in recent times. The other basic difference is that Wittenoom can be built using Australian engineers. This is a striking difference because the other projects could only be financed by carrying a tremendous overload.

Even with "take or pay" contracts, before the finance has been forthcoming from a consortium of banks (for instance in the Hamersley case some 13 American and Canadian banks) these bankers have insisted on American engineering and management companies coming in to design and oversee the whole operation. This has added, in instances, up to 25 even 30 per cent onto the capital requirements. Perhaps it could be better explained by reading the attached extracts from a report from one of our engineers who was at one time intimately connected with Bougainville and can therefore speak from first hand experience.

If the AIDC was made to carry out the functions for which it was formed it could finance Wittenoom wholly without risk on a spot sales basis now so as to take advantage of the next upsurge in the market.

For security the McEwen bank would have :-

A mortgage over something in excess of 1,000 million tons of ore in the ground of which some 400 million tons has already been proved.

A mortgage over all the facilities built with the borrowed money.

A mortgage over the facilities at Wittenoom at present owned by Hancock and Wright which cost the partners some one and a half million dollars.

A mortgage over the ore in stockpile which in the long run could be used by BHP internally although in view of the fact that Australia has only got some 5% of the world's market is a contingency which is never likely

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to arise, especially as the world consumption of iron doubles about every 10 or 12 years. At present it is 800 million tons and can be expected to be 1600 million tons by 1985.

If the A.L.P. platform is to be taken seriously then it would seem that we should aim for the use of nuclear explosions to form a giant land-backed harbour near Depuch. I wish to discuss this matter with Dr. Teller in the United States next month and would be pleased to have your views. Some background information to my previous association with Dr. Teller is attached.

Attached is a list of the companies which the Japanese Government has authorised their steel companies to research with a view to their development being financed by Japanese Government money. It would be revealing to contrast the help given to the very great competition that these companies represent to Australia by their governments compared to the exorbitant blood sucking that has taken place from the Pilbara by the Commonwealth Government in return for contributing nothing.

Is it too much to ask that a bank that was formed with taxpayers money under the smokescreen of retaining Australian equity and control of natural assets should be instructed to finance a project which is possibly the soundest of any of the Australian iron propositions?

Yours sincerely,

Lang Hancock

Lang Hancock

AUSTRALIAN COMPETITORS

Japanese steelmakers are eyeing iron and coal mines and prospects as objects of their investment and loans under general government direction for getting rid of dollar plethora, according to industry sources.

The iron mines and prospects to be involved will be Rio Doce's fourth pelletizing plant, Marcona's third pelletizing plant, Ivory Coast prospects, Alaska's Klukwan prospect, Guinea's Nimba prospect, Angola's Cassara pelletizing plant, Mecambo iron prospect, Cerra Dos Carajas prospect, India's Kudremukh prospect, Wologisi prospect, Brazil's Capanema prospect, South Africa's Palabora mines, and a few others.

The coal mines and prospects to be involved are Canada's Balmer, Gregg River and Russia's South Yakut.

16/5/72

Dr. Teller is the father of the Hydrogen Bomb. He is extremely anxious to have his invention used for peaceful purposes.

To this end he came to Australia to see at first hand if it could be used in a commercial sense in the development of outback Australia. It was my great privilege to show him spots where I thought his nuclear device could be used to advantage. His impression could perhaps best be gauged by referring to the memo that he wrote in one of his books that he gave me (see attachment "A")

He believed that some of the U.S. Government funds that had been voted for the 3 year Plowshare Program could be diverted to some of the sites that I showed him i.e. the nuclear program would be the same, only the geography would be changed. In other words, instead of blasting a hole for a harbour in the sea somewhere in Alaska, where it would never be used, why not blast the same hole somewhere on our Northwest coast and put it to good use.

This led to the ill-fated Keraudren fiasco which I tried to get transferred to Lambert. However, due to a flood of government intervention, both State and Federal, on behalf of the bureaucrats wishing to get into the act on a free ride basis, the whole thing collapsed. (See attachment "B")

Dr. Teller is now awaiting word from me before making another trip to Australia. I believe, that with his help and a push from the American Atomic Energy Commission we could build a mammoth size land-backed harbour in the vicinity of Depuch Island, thus saving us 70 odd miles of rail mileage against the Government's choice of Legendre, as well as an annual freight saving of 7.5 million dollars on a 30 m.t.p.y. basis plus 19 million dollars in railway construction costs. The estimated distance from McCamey's to Depuch via the Sherlock is approximately 270 miles against an estimated distance of 345 miles to Cape Legendre (Fluor's route).



The W.A. Government seems to be under pressure from certain quarters to make the various companies concerned ante up $300,000 between them to investigate Legendre Island as a harbour site.

I believe this money or a portion of it should be diverted to obtain a firm quote to dig a 9 fathom channel using nuclear explosives from Depuch seawards (between the island and the mainland there is 75 feet of sand).

The distance from Wittencom to Legendre is 196 miles
The distance from Wittenoom to Depuch is 123 miles
A saving of ..... 73 miles

The U.S. Government will now sell these nuclear devices out to private industry i.e. they can be bought by private firms in the same way as dynamite and other explosives are purchased today in other countries.

I went to Rulison to see the world's first commercial shot and whilst there met up with various private contractors experienced in such work. The most impressive of them was Dr. Gerry Johnson who set off the first fifty nuclear explosives in the Nevada Desert. He has now left the American Atomic Energy Commission and is managing a firm who are contracting to use nuclear explosives in private industry. He returned to Australia with me and after visiting the Northwest in my company agreed to make a study for $40,000 and put up a firm quote with a detailed program covering all safety aspects to mine and crush 40 million tons in one blast of iron ore at Wittenoom at a cost of .02 cents per ton.

With Mr. Gorton as Prime Minister this had every chance of being permitted in Australia because the P.M. would have had at his elbow the quote and program of the man who had actually set off 50 nuclear explosives. He would have had the support of the American Atomic Energy Commission. He would have had the support of the inventor of the device, namely Dr. Teller, who was prepared to come to Australia and answer in front of the P.M. any of the arguments that would undoubtedly flow from the various detractors of the scheme. He would have had the support of Sir Philip Baxter, head of the Australian Atomic Energy Commission, who is confronted by the fact that his department has cost the Australian taxpayer nearly 200 million dollars (more than

enough to build a nuclear power station in Pilbara) and has so far got nothing concrete to show for such an enormous expenditure.

I believe we should take advantage of the present political situation in Australia to get permission to build a harbour in an isolated place like Depuch with nuclear explosives and probably get the U.S. Government to stand half the cost.

May 1972

ATTACHMENT "A"

Long Hancock

I am glad that you may be half way interested in what I have to say as I was interested in what you had to say.

Edward Teller

ATTACHMENT "B"

After being convinced of the eminent suitability of our Northwest as a venue for employing the nuclear device on a beneficial commercial basis Dr. Teller asked me who were the top men concerned with each of the main Pilbara projects. I accordingly gave him a letter to :-

Mr. Gene Trefethen, Head of Kaiser Industries.
Sir Val Duncan, Head of Hamersley Iron.
Mr. D.K. Ludwig, 100 per cent owner of National Bulk Carriers.

Ludwig reacted favourably; the Keraudren scheme was set in motion only to be aborted by the interference of the then W.A. Government.

Written support was obtained from Duncan's lieutenants, Messrs. Mawby and Madigan, but this faded when Mr. Court came into the picture.

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H. CAMM
SURVEYOR GENERAL

CADASTRAL SYMBOLS

Land Division Boundary
Land District Boundary
Goldfield Boundary
State Forest Boundary
State Boundary
Townsite Boundary
Pastoral Station Boundary — Surveyed / Unsurveyed
Pastoral Lease Boundary — Surveyed / Unsurveyed
Unmade Gazetted Road — RD. NO. 1061
Horizontal Control (Major & Minor) — △ B 25 ○ B.19
Astronomical Positions Traverse Points — ⊕ A 1 50 · C 126

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or 1 Inch to 3 9457 Miles

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