



AIR MIN FOR

15th May, 1942.

My dear Minister,

I refer to your letter of 10th May and in confirmation of the telephonic advice conveyed to you desire to state that the question of the acquisition by the Commonwealth of ten Dutch aircraft was discussed with General MacArthur.

General MacArthur stated that it was essential that these aircraft should be acquired for military needs on which they would be fully utilised. He pointed out that in these circumstances if the Commonwealth acquired the aircraft it would have to pay for them but would not have the benefit of using them.

I decided that the Commonwealth should agree to allow the United States Air Force Command to acquire the machines in accordance with General MacArthur's intimation of the military necessity of this course being followed, and informed General MacArthur.

Yours sincerely,

J. C.

PRIME MINISTER.

The Hon. A. S. Drakeford, M.P.,
Minister for Air,
Victoria Barracks,
MELBOURNE. & C. 1

THE SECRETARY, Dept. of Defence
REFERRED BY DIRECTION.

J. H. Haughlin
PRIVATE SECRETARY,
(DEPARTMENTAL)
257 5742

PRIME MINISTER'S WAR CONFERENCE MINUTE
MELBOURNE, 11th MAY, 1942.

(21) DUTCH CIVIL AIRCRAFT.

The Prime Minister referred to a letter from the Minister for Civil Aviation regarding the desire of the Civil Aviation Department to take over for civil use certain Dutch aircraft in Australia on the condition that priority of service would be granted to the Allied Forces.

The Commander-in-Chief said that he would leave the decision to the Prime Minister, but he desired to point out that the aircraft could not be placed in an airworthy condition and maintained, except by assistance from Air Force stocks of spares. In an emergency, it would be necessary to take over the aircraft for Service purposes and the demand for their use by the Services was already so great that the aircraft would be monopolised by them under the promise of priority made by the Minister for Civil Aviation.

The Prime Minister decided that a request for the aircraft to be allotted to the Civil Aviation Department would not be pressed, and added that the Dutch would no doubt feel happier if they knew that their machines were being used for military purposes.

SECRET



COMMONWEALTH OF AUSTRALIA.

CANBERRA.

10th May, 1942.

My dear Prime Minister,

General MacArthur may discuss with you the question of the Commonwealth Government purchasing ten (10) Dutch aircraft which the N.E.I. Authorities are willing to sell.

2. There are certain complications within the United States organisation, I am informed, and the position is as follows:-
3. General Brett wants the United States Army to purchase these aircraft and use them solely in a United States Air Force Transport Command. Failing that, General Barnes wants the Commonwealth to purchase the aircraft.
4. General Barnes and the United States Army Transport Section which is specially set up for providing air transport has said it wants its air transport carried for it by the existing Australian Air Line Companies, believing that their organisations can obtain the maximum efficiency from any given number of aircraft.
5. The Department of Civil Aviation has been providing all the military transport it can with the existing machines. It has carried over a thousand military personnel and over 32 tons of freight per month in special trips diverted from regular air lines.
6. The United States Army Transport propose and the Director General recommended to me that the Commonwealth Government should purchase these Dutch aircraft and use them to strengthen the existing air lines, giving as hitherto, absolute priority to military transport which is essential for movements of troops and munitions to the front.
7. Apparently the opposing schools of thought within the United States organisation then influenced the N.E.I. Authorities to withhold the sale until they obtained General MacArthur's decision as to whether the Air Force should buy these machines and use them solely as military transport or whether the Quartermaster should procure their use through the normal Civil Aviation channels. The N.E.I. Authorities do not wish to incur the displeasure of any of the groups concerned in this question.
8. These Dutch aircraft are idle at present. The Civil Aviation Companies cannot obtain replacements for five machines already lost in carrying military transport. If more are lost then the air communications services essential for mails, government and military use, must be reduced or shut down.
9. If the Allied Air Force under General Brett purchases these machines they will not be used for any other than Air Force transport. If the Commonwealth purchases them they will be used to give priority to air transport for Allied Forces under priorities determined by the Allied Staff, and will also be used to strengthen the existing regular services which themselves afford very essential air transport for all military and government needs.
10. At 9 a.m. on Sunday, 10.5.42, General Brett sent for Mr. Corbett and told him confidentially that he now withdrew his opposition and advised that the Commonwealth should push on with the purchase of these aircraft. General Brett pointed out that the U.S. Quartermaster Group included Colonel Wilson, who in civil life is Chairman of Transcontinental & Western Airlines in U.S.A. and other executives of Airlines in U.S.A. General Brett pointed out that if the U.S.A. Quartermaster Group itself purchased and set up a military transport service with these Dutch aircraft, then after the war it might be found that Transcontinental & Western Airlines had secured the nucleus of an American air line in Australia by purchasing these aircraft from the U.S. Government, and they would then be in full operation.

✓ T. A. T. 26 x 3 (for P.M. 12.11.42)

11. Mr. Corbett said he does not believe the Quartermaster Group has this intention, but if in fact it is they and not General Brett who are now pressing General MacArthur to agree to the purchase of these aircraft, then there may be some future danger as forecast by General Brett, and this danger cannot be disregarded.

12. In all the circumstances I recommend that you tell General MacArthur that the Commonwealth Government desires to purchase these machines and will agree that all Civil transport will give first priority to Military transport as determined by the Military Staff, and will do so to the full extent of its resources with all available aircraft in Australia.

13. Financially, this will prove more economical than the previous proposal approved by War Cabinet that the Commonwealth would bear the cost of all Australian aircraft made available for military transport. This alternative proposal to purchase the Dutch aircraft should represent a saving of the order of £600,000 a year compared with the previous approval which might easily have cost £900,000 per annum. The price of the ten Dutch machines, without spares, is \$500,000, say £A.153,000. To this must be added the cost of spare engines, etc. which may be of the order of £20,000.

14. It is proposed that the Services, using these aircraft, will pay rates, as agreed, and the Commonwealth will make good any resulting loss as its contribution to the joint effort.

Yours sincerely,



(ARTHUR DRAKEFORD)

The Rt.Hon. John Curtin, M.P.,
Prime Minister,
Victoria Barracks,
MELBOURNE.