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**PRIME MINISTER**

Press Statement No.556  
14 September 1975

INDIGENOUS CRUDE OIL POLICY

The Prime Minister, Mr Whitlam announced today a radical new approach to pricing of Australian crude oil as from 18 September 1975.

Mr Whitlam said the new policy had a two-fold objective. The Government wished to provide the maximum practicable incentive for exploration of new oil fields and at the same time wanted to give existing producers from known discoveries a fair return on their investment which would ensure that all economically recoverable oil is produced from known oil fields.

This policy means that there will be different prices for oil from different fields. Although the Government's proposals are generous to oil producers the overall effect on prices should mean that petrol will not rise by more than 1 cent per gallon.

The new policy differentiates between oil produced from fields discovered in the future and oil produced from fields already discovered.

Oil from newly discovered fields will attract a price at the nearest refinery port equivalent to the landed cost of imported crude oil from time to time. On the basis of the present landed cost this would mean, after allowance for the \$2.00 per barrel excise on oil production, a return of around \$6.90 per barrel to producers of new oil. This should provide a major incentive for exploration.

The prices for oil produced from the following fields will be:

Gippsland/Bass Strait

Increase of 23 cents per barrel to \$2.33 for all production as from 18 September 1975.

Barrow

Increase of 50 cents per barrel to \$2.73 as from 18 September 1975, then further increases to \$2.88 as from 18 September 1976 and \$3.17 as from 18 September 1977.

Moonie

Increase of 85 cents per barrel to \$3.00 as from 18 September 1975, then further increase to \$4.35 as from 18 September 1976 and \$5.25 as from 18 September 1977.

The varying prices have regard to the varying costs of the respective producers.

The pricing levels indicated above for oil from fields already discovered will apply for 3 years. It is not possible at this stage to determine prices beyond 3 years for existing producing fields. Before September 1978 the pricing levels to apply after then and up to September 1980 will be reviewed by the Industries Assistance Commission.

The Industries Assistance Commission will also be asked to make recommendations on all aspects of Australian crude oil policy after 1980, when the present indigenous crude oil absorption arrangements expire.

For this purpose the I.A.C. will have particular regard to the desirable allocation of resources as between oil and other energy sources.

The Department of Minerals and Energy will be discussing the detailed application of the new pricing arrangements with the companies at an early date.

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