

FOR PRESS :

P.M. No. 14/1965

PETROLEUM PRODUCTS PRICING PROPOSALS

Statement by the Acting Prime Minister, the Rt. Hon. J. McEwen

Satisfactory discussions were held today between Commonwealth and State Ministers on the Commonwealth's pricing proposals for petroleum products.

This was announced today by the Acting Prime Minister, Mr. J. McEwen, following a meeting in Canberra with State Ministers.

The proposals were put forward by the Commonwealth in pursuance of the Prime Minister's election promise to do something about the burden placed upon rural costs by the higher prices of petroleum products in remote areas.

As indicated in the Prime Minister's election speech, action by the Commonwealth in this field calls for the co-operation of the States and of the oil companies.

The development of a practical scheme for giving effect to this undertaking has required a great deal of study by the Commonwealth Departments concerned and long negotiations with the oil industry and discussions with State officials.

Commonwealth proposals elaborated as a result of this work were today considered by the State and Commonwealth Ministers, and State Ministers agreed to recommend to their respective Governments the adoption of a scheme, the essential features of which are as follows :-

- (1) The scheme will apply to motor spirit, power kerosene, automotive distillate, aviation gasoline and aviation turbine kerosene.
- (2) The scheme will be given effect to by Commonwealth and State legislation.
- (3) In broad terms, the scheme will work as follows. Subsidy will be paid in respect of sales of the petroleum products in country locations which, on 30th June, 1964, were recognised distribution points and at which the wholesale price exceeded by more than 4d. the capital city wholesale price. The rates of subsidy in respect of these locations will be based on the wholesale prices ruling there on 31st December, 1964. There will be provision for the determination of subsidy rates in respect of distribution centres which have or shall come into existence after 30th June, 1964. It is intended that the provisions shall cover consumers in remote areas.
- (4) Rates of subsidy in the Northern Territory and the Australian Capital Territory will be related to Sydney prices.
- (5) The oil industry will undertake to pass on to the purchasers in reduction of its wholesale prices the full benefit of all subsidy received.

- (6) The Minister for Customs and Excise, Senator Anderson, will be responsible for the administration of the scheme. Distributors of petroleum products will be registered. The actual payments of subsidy will be made to registered distributors by the States. Claims for subsidy will be examined by officers of the Commonwealth Department of Customs and Excise, acting under the authority of the State legislation.

The rates of subsidy, as initially determined, will not be varied to take account of day-to-day changes in circumstances. Consequently, should costs of distribution change, the wholesale price at some locations may come to differ by more or less than 4d. from the city price.

After discussion, the Commonwealth undertook to make a general review of the rates of subsidy after the scheme has been in operation for three years.

The necessary Commonwealth legislation will be introduced in the coming Session of Parliament and the States will be asked to introduce legislation as soon as practicable. The scheme will come into operation shortly after the necessary State legislation has been passed. It is hoped that it will be in operation by 1st October.

Mr. McEwen added that the Commonwealth Government was pleased at the helpful and co-operative approach adopted today by the States and by the oil companies in recent discussions.

The following Ministers attended the conference :-

The Rt. Hon. J. McEwen, Acting Prime Minister
The Rt. Hon. H.E. Holt, Treasurer
The Hon. D.E. Fairbairn, Minister for National
Development
The Hon. B.M. Snedden, Attorney-General
Senator the Hon. Ken Anderson, Minister for Customs and
Excise.

New South Wales: The Hon. J.J. Maloney, Minister for Labour
and Industry

Victoria : The Hon. V.F. Wilcox, Minister for Immigration and
Assistant Attorney-General

Queensland : The Hon. T.A. Hiley, Treasurer
The Hon. G.W.W. Chalk, Minister for Transport

South Australia : The Hon. Sir Thomas Playford, Premier

Western Australia : The Hon. J.F. Craig, Minister for
Transport

Tasmania : The Hon. E.E. Reece, Premier
The Hon. R.F. Fagan, Attorney-General.