

OPENING OF BHP ESSO LONG ISLAND POINT  
FACILITIES, VICTORIA

21 SEPTEMBER 1970

Speech by the Prime Minister, Mr. John Gorton

Sir Ian, Councillor Mair, and Distinguished Guests :

You, I know, are extending a welcome to me here today to perform this opening ceremony. And I in my turn would like to say what a privilege I feel it to be to stand on this platform with the representatives of two great companies - one Australian, one American - which have brought into being that which we see around us here and which have helped this nation to make another giant stride forward towards its destiny.

We have Sir Ian McLennan, closely associated with this whole enterprise; Sir Colin Syme, head of an Australian Company which, from the far Western frontiers where iron is being mined, up to the North in Groote Eylandt where manganese is being mined, and here where oil is being distributed throughout the whole of Australia, is building those industrial muscles which we need and will in the future need still more.

We have Mr Jamieson, the head of that partner company which I was surprised to see - or rather one of your companies, Sir, that you headed - was surprised to see was only the second largest company in the world and not the largest. I am sure you won't be satisfied with that for very long, but since you provide the material which enables that which the largest company makes to run - that's General Motors - perhaps you can take some credit for building up the largest company.'

However that may be, we have here an example of co-operative development between Australia and the United States which I think can serve as a blueprint for what we want for our benefit and what the United States can get for its benefit. We are opening in a place where only 170 years ago Bass, in a small whaleboat, came through to discovery.....and which for years years after that was an area where the whalers and the sealers and the muttonbird hunters alone were known, we are opening here a fractionation plant. It's a horrible word - fractionation plant - it could have been worse, I suppose. It could have been fractionalisation but what it means, I think, is a plant that breaks things down into fractions.) And we are opening it, and it is the last link in the \$400 million complex which is going to see flowing to Australian industry and motorists, Australian oil and which is going to see new sources of energy in gas flowing to our industries and to our homes.

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Great risks had to be taken in order to bring this to fruition. Great amounts of capital had to be found with no certainty of return, indeed with probably a less than 50 per cent chance of return. At any rate, without any certainty whatever there would be a return. And this was done because, if it was successful, great rewards could be won. The risks were equally shared between an Australian and an American company. The rewards are not so equally shared. Because close to 50 per cent of profits made, rewards gained, flow directly to the Australian people in the form of company taxation or royalties or other payments. That silent partner gets that at once. For the rest there is an equal distribution, which means that of the other half, 50 per cent flows to Australia, and our American partner takes, quite properly, anything which matches that.

And in the result we, as an Australian people, will receive what I have spoken of, the Australian company will receive its share, Australian overseas balances will be greatly increased - it is estimated by some \$230 million next year - and reduced only by profits repatriated, which they have every right to be. And all of this achieved without the Australian people being required to pay an exorbitant price for their petrol or more than a fair price for their petrol

I speak with some feeling on this because some time ago, Sir Ian McLennan, the representative of ESSO and myself sat down to try to work out what would be a fair price for the sale of Australian oil in Australia.....and we worked it out. I was immediately subject to attack by the pundits who said that we had set the price far too high, that the world price was going to drop much below what we had agreed it should be. And naturally, because I am a man who always likes to pay attention to advice, I was disturbed by this. But fortunately, it turned out to be entirely untrue and I think it reasonable to say that the price now arranged for the sale of Australian oil is a price which in many cases would be below the present import parity price for overseas oil.... which I think shows great patriotism on the part of Sir Ian McLennan and Mr. Jamieson!

Well, so, Sir, we are getting all these benefits. We are not paying for them in any exorbitant way. And I only hope that people throughout Australia will realise the risks that have been taken, will recognise the right to the rewards that comes from those risks, will thoroughly understand the benefit to this nation which will flow from this co-operative enterprise. I do hope that there will be no repetition of calls for nationalisation of an enterprise such as this, as there have been for other great enterprises merely because they have been successful. And I hope and believe that the Australian people would turn down such calls when they were made.

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This Bass Strait project, and what will come from it, gives us a degree of self-sufficiency in Australia for petroleum products, provides a new source of energy for our homes and our industries through natural gas, at least in a part of Australia. But it is not enough. Bass Strait is our largest known oil deposit. By the end of 1971, it should be producing 85 per cent of all our locally produced oil. . . . and from this field and our other known fields we should be drawing 65 to 75 per cent of our total crude oil requirements. But that won't go on forever.

The Bass Strait fields we know now should last some twenty years - no more - so I am told. And remembering that our consumption of crude oil is increasing at about 6 per cent a year, our self-sufficiency from our known fields would drop from the 65 or 75 per cent I have mentioned to 20 per cent by the end of the decade should no more oil be discovered. So the need for continuing search and for new discoveries is very real. I would like to see a new major oil discovery every two years. . . . and it is necessary for those who will take the risks in the future looking for such oil to know that if they are successful they will get the rewards and to know that they will, in a free enterprise country, subject only to the national good, be able to develop that which they find and to get the profits from that which they produce.

This has been Australia's great weapon, great argument in seeking to attract capital from overseas. It must so continue to be if we are to continue to attract that capital we need so much and the results of which are so evident today in the opening of this plant here, the final step in this great enterprise.

And so, Sir, it does give me very great pleasure indeed to be able to unveil this plaque and to declare the fractionation plant open. I gather it has been working for some time, but no doubt it will work better after this has been done!

Thank you very much.

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