



PRIME MINISTER

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NATURAL GAS PIPELINE

Statement by the Prime Minister, the Rt. Hon.

William McMahon, C.H., M.P.

The Prime Minister announced today that he had been informed that substantial orders are being placed in Australia by East-Australian Pipeline Corporation Limited on account of Australian Gas Light Company for steel pipe to be used in the construction of the main trunk and lateral lines for the Gippsalpa/Sydney natural gas pipeline.

Negotiations had been proceeding for some time between East-Australian Pipeline Corporation Limited and local manufacturers on the question of whether these manufacturers could meet the required specifications for the steel pipe required for the main route. At the request of all parties the Department of Customs and Excise was involved in these negotiations.

Following these negotiations and recent detailed investigations, East-Australian Pipeline Corporation is now satisfied that the Australian steel producers and pipe manufacturers are capable of meeting the technical specifications required for the pipe which is to be purchased from them.

The Prime Minister went on to say that approximately 80 miles of the 34" main trunk line will be manufactured in Australia by Steel Mains Limited from X65 steel plate to be produced in Australia. This is the total amount tendered for by the Company. Tubemakers of Australia Limited also has the basic capacity to produce steel pipe of 34" outer diameter and had been offered a contract for approximately 160 miles of the main trunk line - the extent of the Company's capacity.

However, East-Australian Pipeline Corporation has also offered a contract to tubemakers for the supply of approximately 170 miles of steel pipe of 20/22" outer diameter required for the gas distribution system and main lateral connections to other major centres in New South Wales.

The Company has advised that it is not possible for it to produce both lines in the time required and it has elected to manufacture the 20/22" line. The high strength steel plate for that contract will be supplied from Australian production.

The Prime Minister stated that he had also been advised that orders for the balance of the lateral and distribution lines will be placed in Australia.

All contracts - those let in Australia and in Japan - provide the same guarantees as to warranty and performance to specification.

The Prime Minister has been advised that because of the size of this contract and the delivery requirements it is not possible for one pipe manufacturer to supply the bulk of the contract which must be imported. The Australian Gas Light Company therefore proposes to import the bulk of the pipeline from three Japanese manufacturers.

The Department of Customs and Excise has been examining an application for by-law admission of the steel pipe which had to be imported from Japan. By-law admission of imported goods subject to protective duties is only given if suitably equivalent goods are not reasonably available in Australia.

Since the Australian Gas Light Company is obtaining in Australia all the pipe that can be made in this country within the required delivery period the Minister for Customs and Excise has approved duty free admission of the necessary imports.

The Prime Minister commented that the matter had been resolved very successfully.

The decision by the Australian Gas Light Company meant that Australian manufacturers and workers would be engaged in the production of as much of the pipe line as can be produced in Australia.

In addition of course, Australians would be responsible for laying of the lines, at the same time the bulk of the pipe would be imported from Japan without the need to increase costs by attracting the normal duties.

This important Australian project would now go ahead with advantage to all parties concerned, A.G.L., manufacturers, unions and consumers.

CANBERRA,

22 November, 1972