



PRIME MINISTER

9 May 1974

OIL PRICES

Mr. Anthony has finally come clean on the Liberal oil price increase. He admitted in Perth yesterday that Australian crude oil prices should be raised by at least 40 per cent - this would mean a rise with mark ups of at least 3 cents in every gallon bought by the motorist. Queenslanders use over 350 million gallons every year - the proposal Mr. Anthony has revealed would cost Australians over \$160 million. This is no way to beat inflation; it would make it worse. There would be a direct effect on all motorists and an indirect effect on all commodities because of increased production and transport costs.

As the Prices Justification Tribunal report shows - the impact of the world energy crisis caused a rise of only 1 cent per gallon - about a quarter less than the Shell Company asked for and which they would have got under a Liberal Government.

Opposition spokesmen are still talking about increasing Australian prices to world prices. This would increase petrol prices to the motorist not by 3 cents per gallon, which is all that Mr. Anthony can admit so close to an election, but by over 20 cents per gallon. The Prices Tribunal Report indicates they would already have gone up 13 cents.

The Opposition is clearly committed to revise the Australian Government's policy which prevents an increase in Australian oil prices. The Government has been successful in this policy. Petrol will go up by only 1 cent per gallon as a result of the world energy crisis. Since November, it has gone up, in England, by 35 cents a gallon, in France by 32 cents, in Italy by 39 cents, in Holland by 27 cents and in the U.S.A. by 9 cents.

Australians should be warned by the hints of Liberal policy which could increase oil prices by over 20 cents. Mr. Anthony will admit to only 3 cents - but neither he nor Mr. Sneeden will deny that it might be more. Even the 3 cents is three times what the Prices Tribunal allowed.

Even the 3 cents per gallon increase would provide a gift of \$160 million to the profits of Esso and B.H.P.

The 3 cents which Mr. Anthony himself has now revealed, would be the greatest stimulus to inflation which any government decision could make. It will increase the price of petrol directly and it will increase the price of all manufactured goods. All goods need oil to be produced and transported.

A rise in the price of this basic commodity would spark off a new inflationary spiral of wage demands and price increases. We have turned the corner - inflation is now coming down. All the decisions we have made - decisions which are now working - would be thrown away by this scandalous proposal. An increase in the price of oil of this size would cause the worst inflation in our history.

This proposal is typical of the special pleading of the Liberal and Country Parties for narrow vested interests. In order to boost the profits of Esso and B.H.P. they would hit every consumer, every farmer, every manufacturer with huge cost increases.

Combine it with their other inflationary proposals, an indiscriminate tax cut, irresponsible expenditure promises to every narrow interest group affected by our decisions, the flood of foreign money which will come in if they lift our restrictions. They would probably increase indirect charges. Taxes on petrol, cigarettes, cars, all consumer goods would go up. We should remember that the Liberals promised to cut income tax by \$200 million at the 1969 election - and they did. But they increased indirect taxes in the 1970 Budget by \$240 million. This is the way with Liberal promises. They would do it again.

Now we have their admission that they would increase the price of petrol. If we combine all these things I predict that inflation would rise to at least 20 per cent this year. Our policies have brought the rate down - it fell by a third in the first three months of this year. We can beat inflation and we will. The Liberal and Country Party promises to the powerful vested interests that support them and finance them would send inflation through the roof.