



## PRIME MINISTER

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### PETROLEUM SUBSIDY SCHEME

The Prime Minister announced today that Commonwealth legislation to provide for payment of a fuel price equalisation subsidy would be introduced shortly after the commencement of the forthcoming Parliamentary session. Because of the need for complementary State legislation he has written to the State Premiers seeking their cooperation in this matter and in making subsidy payments on behalf of the Commonwealth to the oil companies.

The Government indicated in the election campaign that it would take action immediately after the election to implement a proposal to subsidise the freight differential on motor spirit, power kerosene, aviation fuels and automotive distillate sold in country areas. The scheme proposed will be along similar lines to the one which operated from 1965 to 1974.

Initially, the scheme will bring down the price of these products to less than one cent per litre (4 cents per gallon) above relevant city prices. It is further intended to lower this margin to less than half a cent per litre (2 cents per gallon) in the life of the present Parliament.

Preliminary discussions have taken place between Commonwealth officials and the oil industry marketing companies who have indicated general agreement with the scheme proposed by the Government.

The actual date of commencement of the scheme is dependent on necessary amendments to the complementary legislation being passed by the State Parliaments.

The Government is anxious that the scheme should commence as soon as possible so that the people in country areas will receive the benefits of reduced petroleum products prices. The Prime Minister looks forward to the cooperation of the State Governments in achieving this aim.

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