

Mr. Yeend

15



## PRIME MINISTER

FOR PRESS

18 MARCH 1979

### ELECTORATE TALK

Governments around the world are wrestling with energy problems. These problems relate to both the cost and the supply of energy resources.

Events in Iran - with resultant disruption in the world's oil supplies - have focussed international attention on these major issues. Australia is fortunate to have a strong and growing energy resources base.

We are now about 70% self-sufficient in crude oil; we have extensive resources of coal suitable for power generation for industry use and for export; we have substantial reserves of natural gas; hydro-electric power makes a notable contribution to our energy resources and our reserves of uranium rank with the largest suppliers in the world.

These resources create opportunities for economic development and for continuing improvement in our standards of living. However, in an energy short world, we also have an obligation to make sure we make wise and creative use of our energy resources.

Domestically, we have a firmly established energy policy. We have encouraged the search for oil and the efficient development and use of our existing reserves.

There is no choice but for Australia to adopt sensible pricing policies. That difficult decision had to be taken. Our crude oil pricing policies and taxation and investment incentives have resulted in Australia's oil reserves being upgraded by some 600-700 million barrels, approximately a further three years' supply at current consumption levels.

The growth of oil exploration activity will continue in 1979. Industry estimates that between 83 and something over 140 exploration wells could be drilled this year. Even the lower end of the estimate - 83 wells - would be the best result for seven years. Esso and BHP alone are committed to investing over \$1 billion in exploration and development over the next five years as a result of our energy policies.

.../2

Overall, by 1985, it is estimated that about 30 percent of Australia's crude oil production will be derived from oil fields which have become viable as a consequence of our oil and gas policies. This revival of exploration activity is of vital importance if we are to maintain a satisfactory level of self-sufficiency in oil into the 1980's and beyond.

I recently announced that Australia will become a member of the International Energy Agency. This organisation which operates within the frame-work of the OECD, is a major forum for continuing consultation and co-operation on energy matters between most of the industrialised nations.

Australia will obtain a number of benefits from membership of the IEA. These include participation in long-term co-operation activities covering energy conservation programmes, joint energy research, as well as participation in the IEA's emergency oil sharing scheme.

At this stage, oil supplies for the immediate future are assured, and our degree of self-sufficiency in crude oil is a valuable cushion in the current climate.

This self-sufficiency did not just happen. It was the result of hard work and risk taking by industry and by strong support from your government.

At the end of three Labor years there was concern that the existing rates of production from the Bass Strait fields would decline steadily, leaving us excessively exposed to the world oil market. Now, as a direct result of our pricing policies, the outlook in coming years is more favourable.

Extensive drilling and exploration programmes are taking place off Western Australia. For example, the huge North-West Shelf programme which could involve expenditure of more than \$3 000 million will have been directly encouraged by our taxation concessions, incentives, and by our parity pricing policies.

Your government is particularly aware of the special problems rising energy costs have for primary producers. To cushion the effects of price rises on fuel users in country areas, the government has given special help through the petroleum products subsidy scheme which reduces the price of petrol and other fuels to rural users.

We are strongly supporting the concept of a national energy conservation programme concentrating on liquid fuels. We have received favourable indications from the States that they would support such a programme.

Petroleum conservation is important to every Australian. The government is mindful of its role - and our pricing policies are so designed to help conserve this scarce and finite energy source.

All Australians can play a part too. We can stop and think about the day to day habits we can change, and so help our country keep our obligations in an energy hungry world.