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PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

One way or another we are all affected by the worldwide energy shortage. Fuel shortages and rising oil prices hit business, farmers, motorists, home owners, factories. Nobody escapes.

At the moment governments around the world are wrestling with the problem of how to stretch a dwindling and precious resource. Demand is outstripping supply.

In Australia we have a firmly established energy programme and during the week Kevin Newman and myself announced major new initiatives, building on that policy. Australia's energy policy is an example to the world because it gets to the heart of the problem; and that is paying a realistic price for crude oil.

The choice is simple. Either we pay a realistic price or we won't get access to adequate supplies. This week we reaffirmed our commitment to what is called import parity pricing for domestic crude oil. Countries without such a policy can hardly claim to have an energy policy at all. Without such a pricing policy there is no way rational use can be made of energy resources. What would be the incentive to conserve fuel? What would be the incentive to search for oil? A major energy consumer like the United States has a lower than realistic price-- then they use more than their fair share of a finite world resource. Therefore, until the United States goes to world parity pricing an important part of the world problem cannot be overcome. That is not only our view, but one I believe that would be shared in Europe and in Japan.

We have been prepared to grasp the nettle and look at the results. Pricing policies we have introduced have already increased our economically recoverable oil reserves by some 600 to 700 million barrels and revitalised oil search and exploration activity.

Demand for oil throughout the world is outstripping supply. This is the critical point. There is a worldwide shortage of about 2 million barrels a day. That gives us a fair idea of the magnitude of the problem. Clearly then, countries need policies that encourage use of alternative forms of energy and policies that make their own supplies of fuels last as long as possible. That is the crux of the initiatives announced last week.

Australia's energy policy offers tangible incentive for all of us to use different forms of energy. We have abundant reserves of natural gas. We have vast coal reserves. We are 70 percent self-sufficient in oil. It is up to us to use these reserves in a sensible and economic way. That is what we are encouraging.

The steps the Government announced this week are both imaginative and practical. They give the highest priority to conserving liquid fuels used in motor transport. I noticed one newspaper headline this week which read: "Government Goes for Gas". Perhaps that is not too much of an exaggeration.

We are actively promoting wider use of LPG fuelled engines. With the removal of the 15 percent sales tax from the conversion unit there is now a real incentive for motorists to switch from petrol to LPG. The Government has given the lead by its decision to switch our fleet to LPG wherever feasible. More than 500 Commonwealth vehicles will be running on LPG by 1980. Ultimately, up to 15 percent of Australia's motor vehicles could be powered by gas. It is just plain commonsense.

The decision this week to remove the tax of about 2 cents per litre presently charged on LPG will mean that LPG is now less than half the cost of petrol. Take a simple example. A Melbourne taxi driver can now convert his cab to LPG for something under \$700 and cover the cost of that conversion within a matter of months. From then on, his fuel bill is halved.

Every encouragement is being given to LPG suppliers to increase the number of outlet points. With the co-operation of the States and car manufacturers I believe we can conserve up to nearly 10 percent of our petrol usage. That is a most significant saving in the current situation.

Home heating is another area where, as a nation, we can save oil. All non-fuel space heating appliances used for household purposes and all solar appliances are now exempt from sales tax. We hope this will encourage householders to move away from the now expensive and rare oil heating.

The Government has also taken steps to encourage greater use of natural gas. The Pipeline Authority will build a 12-inch pipeline to link the Bass Strait and Cooper Basin gas deposits, providing an eastern gas pipeline grid.

The Government energy programme has faced reality. We have taken the hard decisions on pricing. Yet at the same time we have put forward solutions to the problems of conserving fuel and to encouraging alternative energy use. This is a national problem. The consequences are too great for this nation's future for political point-scoring or carping criticism. When there is so much at stake a wholehearted national community effort is required, a sense of national purpose. I've no doubt Australians everywhere understand what we are trying to achieve.

We all need to start taking conscious decisions about saving energy. I am sure we have the will, and the commonsense, to each play a part in meeting our national obligations in an energy hungry world.