

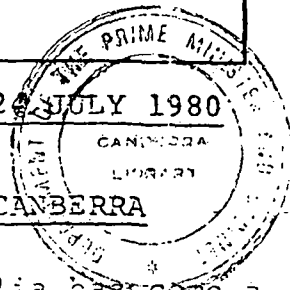


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PRIME MINISTER

FOR MEDIA.

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CONSTRUCTION OF NATURAL GAS PIPELINE FOR CANBERRA

The history and the use of natural gas in Australia has come a very long way since it was first discovered in Roma in 1910. It has been used in Australia as a major fuel over the last decade or a little more than that, from about 1969. But now we have the circumstances in which natural gas is extending out into many different parts of the country.

Firstly, fuel oil prices of the 1970s have led to the circumstance in which conversion to natural gas is promoted by economic factors in a way that I think would not have been envisaged ten or fifteen years ago. It has become more important as the price of fuel oils have risen to have an extension of natural gas into as many areas as can economically carry the capital costs involved. An example of the challenge over recent years, in my own State - there are something like two million homes that are serviced by natural gas. Oil heated conversions there are still running at about 1,000 a week.

In Canberra, when natural gas is first linked I understand it would be feeding a thousand homes and 100 buildings, but the potential is for about 30,000 homes or more. Therefore it was obvious to extend the pipeline to this city and to undertake a reticulation system for the people of Canberra.

I am glad that this has been done very much in collaboration with private enterprise and, that as a Government we did not just decide to do it as a Government. It is something in which private enterprise ought to be significantly involved and I am glad to see that it is.

At the Venice Summit Meeting of the seven major economic countries a few days ago, the decisions made there indicated that over the course of this decade the major industrial countries must break the link that energy crises have put on growth and development in the major industrial countries of Europe and North America, and also of Japan. Indeed the decisions that they made have confirmed the wisdom and the strength of Australia's own energy policies. It is worth noting that all international organisations have endorsed the pricing mechanism as the major factor in achieving a sensible use of energy and in promoting greater exploration and conversion to other forms of fuel.

under our oil parity pricing policy, which is one of the things that has led to the great promotion of natural gas in Australia, oil exploration is now five times that which it was in 1975. In 1980, 50 to 60 on shore wells will be drilled. Five or six years ago about five on shore wells were drilled. Esso and BHP have committed themselves to \$1.2 billion worth of additional exploration and development as a result of the policies. The North West Shelf is getting underway at a cost of many billions of dollars and the Rundle partners are moving forward in partnership with Esso, in the pilot stage, which itself will cost several hundred million dollars to test the production of fuel oils from shale. It is expected that that will be successful and oil from shale will start to fill in the very serious gap that will occur in Australia as production of Bass Strait runs down severely towards the latter part of this decade.

Indeed, the shale oil deposits in Queensland are vast and future developments there, costing many billions of dollars, will lead to Australia having a continuing degree of independence and self sufficiency of a kind that we would not be able to have if we had to purchase all our supplies from OPEC countries, or alternatively if we had pricing policies which did not encourage and make that kind of development viable. There are already over 3,500 kilometres of gas pipeline in Australia, including this pipeline to Canberra there are over 2,000 new kilometres planned or approved. And after five years we believe that something approaching a million barrels of oil will be saved each year by the access of the citizens of Canberra and the industries of Canberra to natural gas. And this is the kind of saving that can come with proper pricing policies and with a vigorous promotion of this particular form of energy.

This site is going to the heart of the underground reticulation system. The Commonwealth is likely in this city to be a major consumer and this spot is also the centre of the Parliamentary triangle. I think it is, in a sense, a symbol of the importance of co-operation between government and the private sector, which is of course exemplified by the way this reticulation system is going to be put into being and gas piped to the homes of people right throughout this capital.

I think it is a mark of the Government's confidence in the future growth and development of Canberra, but it is also a mark of the confidence in the kind of policies that we have pursued.

I would like to say one further thing about world parity pricing policy for oil. I do not think it is a particularly popular policy. I don't like it when I get the bills from my own farm because they are much higher than they used to be. But the Government pursues that policy not only because it believes it to be right, but also because it knows the policy to be necessary for the well-being of Australia. We do not want the future to arrive and to have our children when they come to stand in our places in a few years time being beggars for fuel on the international markets, forced to pay the highest spot prices, whatever they might be. Under those circumstances they would have to go through a conversion period of getting used to different energy circumstances as Bass Strait oil got used up, which would be much more difficult than anything that we have had to experience at the present time.

It would not only be difficult for individuals, for farms and for industries, it would be difficult for the whole country.

Our policies have been designed to maintain a real sense of security and independence in Australia in relation to fuel and energy reserves, to bring on alternative forms of energy as is happening with the increasing use of natural gas, as will happen with the development of the shale oil reserves.

This will mean that Australia will have a continuing sense of self sufficiency, a continuing degree of self sufficiency which is important and a sense of independence of the kind that we now have. It would have been a very easy policy to say: "let's continue to use up our liquid fuel supplies cheaply - it's available to us - this generation today". But it would have been an enormously selfish policy and it would have been a policy that ignored the needs of our kids in 2 or 10 or 15 years time. I believe that it is the objective of all Australians to try and leave this country a better place than when they entered it and this is one of the policies which is very important in seeking to achieve that particular objective.

We will be leaving the future more secure, more certain and much safer than it would otherwise be. That is why the world parity pricing policy is important and that is why the policy will be maintained. It is necessary for the future security of Australia in the broadest sense and it is necessary for the well-being of our own children. I think that that is an objective that all Australians would want to share in.

I would like to congratulate all those that are involved in this project. I would like to congratulate the company that is involved in the reticulation system. I am sure the work will be done efficiently and well and as far as the Government is concerned the sooner it is completed the better. It is all very well laying foundation stones or turning sods, but I think when something is completed it is the better side, or the better end of the ceremony. So the day when gas can be turned on to the citizens of Canberra is really the end point that we are looking for as a result of what has begun today.