

Department of State Growth

OFFICE OF ENERGY PLANNING AND CONSERVATION



The Chair

Senate Standing Committees on Rural and Regional Affairs and Transport

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Parliament House

Canberra ACT 2600

Submission to the Rural and Regional Affairs and Transport References Committee on Australia's transport energy resilience and sustainability

Dear Senator Sterle

The Department of State Growth welcomes the opportunity to make a submission to the Senate Committee Inquiry on Australia's transport energy resilience and sustainability.

Tasmania has always relied on importing all of its petroleum products needs from the mainland or overseas via tankers. Despite being at the very end of the supply chain it has not experienced significant issues with maintaining adequate supplies, and emergency powers for petroleum use have not been implemented for many decades. The recent closure of refineries on mainland Australia has not affected supply to Tasmania. The issues for Tasmania apply to Australia as a whole when it comes to being at the end of a supply chain.

Reports such as the *National Energy Security Assessment 2011*, and the Australian Institute of Petroleum's *Maintaining supply security and reliability for liquid fuels in Australia*, describe the Nation's current level of supply security as "high". In an environment of high liquid fuel security, there would be significant costs of developing and maintaining storages to significantly further increase that high level of security. On this basis, the Senate Committee should be convinced that there would be a significant benefit to end consumers and the economy, before recommending particular policy responses, such as maintaining a mandatory stockholding.

Although the current level of transport fuel security is high, this may change over time, and regular monitoring is important. The Senate Committee may wish to consider future potential policy responses for implementation should the case for mandatory storage become compelling. For example, the location of liquid fuel storage facilities should be strategically considered to ensure equitable outcomes for consumers in regional areas and regional economies, such as Tasmania, in comparison to the major urban areas of the country.

Thank you for the opportunity to make a submission to this inquiry.

Yours sincerely

Kim Evans

Secretary

5 November 2014