



Submission to the Senate Inquiry into Australia's transport energy resilience and sustainability



Successive Australian Government National Energy Security Assessments (NESA) and Liquid Fuel Vulnerability Assessments have found that current levels of commercial stockholdings and their management by industry are fundamentally sound. They also confirm that Australia has sufficient commercial stocks in the supply chain for supply security and this will continue into the future with recent and planned increases in overall storage capacity in key locations and demand centres.

An increase in stock levels beyond commercial levels would place significant additional costs on the supply system that, unless government-funded, would ultimately be passed on to consumers. There is no evidence that the substantial cost of an emergency stockpile is justified on energy security grounds, given industry's efficient and reliable performance to date with no widespread or prolonged fuel shortages being experienced in Australia for decades. Even during international crude oil and petroleum product supply disruptions, such as in the aftermath of Hurricane Katrina in 2005, Australian fuel supplies have not been disrupted.



In depth Government security reviews have confirmed that Australia's current approach and framework on stockholdings remains appropriate, efficient and cost effective in the context of Australia's:

- open market operation and market realities applying to Australia and our region
- high level of liquid fuels security and reliability
- proven commercial stockholdings and management
- market and commercial approaches which have delivered supply reliability at a competitive cost to consumers and end-users, with no widespread customer shortages being experienced
- robust emergency response framework at government and industry levels to handle extreme circumstances.

Given these market facts and realities, any level of emergency stockholdings for Australia over and above normal commercial requirements cannot be justified on energy security grounds, as confirmed by comprehensive government reviews over several years.