



ENERGY SECURITY

1. Australia has a fuel security crisis. Occurring under the watch of the Liberal Government, our domestic fuel industry is being decimated. Electricity prices are on the rise for consumers, our fuel reserves are critically low, national security is under increased threat, and the environment is being endangered. It is imperative that policy securing energy supplies at affordable rates, with a long-term view to protecting our national interests for generations to come, be developed.
2. Australia is the world's ninth-largest energy producer and yet we are dependent on imports for our liquid fuel demands¹. In its 2018 review of Australia's energy policies, the International Energy Agency (IEA) found that, 'despite [Australia's] wealth of resources, energy security concerns are on the rise. As domestic oil production is dwindling, dependency on oil product imports and the [global] oil supply chain are growing steadily'². Recent United States military strikes in Syria present an increased likelihood of a significant fuel supply shock from the Middle East³. Australia is a signatory to the IEAs International Energy Program Treaty, a key requirement of which is for member countries to hold reserve oil stocks equivalent to at least 90 days' supply. Australia has been non-compliant since March 2012 and is the only member country of the IEA not meeting minimum reserve requirements.
3. Domestic shipping is a critical element of the transport infrastructure system upon which fuel security is reliant. There are now no Australian flagged or crewed tankers moving fuel around our coast. An Australian fuel industry maintained by a domestic shipping fleet should be a priority for any government serious about growing the national economy through local jobs. Instead, legislation weakening the coastal ship licensing system and, along with inappropriate use of the maritime crew visa system has allowed for multinational corporations to use international-flagged and crewed oil tankers to carry out domestic coastal trading voyages.
4. Despite operating in Australian territorial waters the seafarers on these foreign vessels are not subject to labour market testing, nor are their employers required to adhere to Australian standard wages. Between 2004 and 2013, international flagged and crewed tankers were detained by the Australian Maritime Safety Authority (AMSA) 122 times⁴. In contrast, no detentions of Australian tankers operating on long-term contracts were made by AMSA in the 38 years up to 2016, when the last Australian tanker was replaced with a foreign registered vessel. Furthermore, international seafarers working on Australian coastal voyages, are not required to undergo background identity and security checks.
5. Australia's fuel and energy crisis will have wider-reaching impacts than are being anticipated and planned for. A lack of readily available fuel, and potential disruption to import supply by events such as global supply chain disruption, business failures and natural disaster, will result in a critical threat to Australian food and pharmaceutical stocks, household utilities (water, gas and electricity), and business and personal transport (petrol) needs. Low reserves and import reliance are also placing significant cost-of-living pressures on ordinary Australians, as well as Australian manufacturers. Retail electricity prices increased at a rate four

1 John Blackburn AO, *Australia's Liquid Fuel Security*, Report for NRMA Motoring and Services, 28 February 2013, p. 3

2 International Energy Agency, *Energy Policies of IEA Countries: Australia 2018 Review*, 2018, p. 14w

3 Joe Kelly, *Syria strike could leave Australia running out of oil within weeks*, *The Australian*, 14 April 2018.

4 Australian Maritime Safety Authority, *Port State Control Report 2004-2013*, Table 9 in each annual report.

times higher than CPI between 1995 and 2012, with no indication they will stop rising⁵. Every community in Australia is being impacted on a daily basis by our nation's fuel security crisis.

6. An essential part of the package for delivering energy security for Australia is to ensure a proportion of the seaborne transportation needs for the movement of (i) oil for Australia's remaining refineries; (ii) refined petroleum products (RPPs) from refineries and RPP import storage facilities to population centres around the Australian coast; (iii) gas from gas producing areas for distribution to mobile floating storage and regassification units (FSRUs) located in regional ports and to supply imported gas (from Australian and international gas producing regions) to enter the domestic gas distribution network; and for offshore wind farm construction, supply and maintenance ships involved in expansion of Australian renewable energy production, is to commit to operate a number of dedicated Australian oil, RPP tankers, gas ships and offshore wind farm construction, supply and maintenance ships, to Australian ship registration.
7. Such ships would form part of a strategic fleet of commercial Australian ships transporting oil, RPP and gas, which will contribute to Australia's energy security in several ways, including:
 - a) Contributing to Australia's fuel security by ensuring Australian sovereignty over the ship transportation aspects of international fuels importation, and domestic distribution, of RPP;
 - b) Contributing to an increase in gas supply for households and manufacturing industry through provision of control over mobile floating storage and regassification units (FSRUs) located in regional ports and to supply imported gas (from Australian and international gas producing regions) to enter the domestic gas distribution network;
 - c) Providing a reliable supply of gas fuel for the next generation of ships powered by gas fired propulsion systems that will enter service arising from implementation of the IMO sulphur emissions regulations, which saw the global sulphur limit drop from 3.5% to 0.5% by end 2020; and
 - d) Providing security of supply of high demand offshore wind farm ships that will be building the offshore wind farms to help Australia meet its renewable energy target, and Paris Climate Conference Agreement commitments on reducing carbon emissions.
8. Australia's fuel security crisis is complex. It requires comprehensive policy and legislative reform, developed through cooperation between multiple relevant Government departments, including the portfolios of Transport and Infrastructure, Immigration, Industrial Relations, Energy and Resources. For the sake of our national interests and security, it cannot afford to go unaddressed any longer.

5 David Richardson, *Electricity and privatisation: What happened to those promises?*, The Australia Institute Technical Brief No. 22, April 2013.