



Australian Government
**Department of Resources,
Energy and Tourism**

Regulation Impact Statement

Improving Australia's Liquid Fuels Data

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1. Introduction

1.1. Current voluntary reporting regime

Australia currently collects liquid fuels data from market participants on a voluntary, monthly basis and sources liquid fuels trade data from the Australian Bureau of Statistics (**ABS**).

This information is collated by the Bureau of Resources and Energy Economics (**BREE**) to form the *Australian Petroleum Statistics (APS)* with an aggregated subset being published on a monthly basis as the *Australian Petroleum Statistics* publication.

The APS currently captures data from around 70 voluntary reporting businesses and DRET estimates that the total number of businesses that should currently be reporting is approximately 85. It is estimated that up to an additional 100 businesses could become data providers in the future due to capturing new reporting entities and growth in the sector. However, the number of potential new reporters cannot accurately be determined as previous attempts to engage with some known non-reporters has failed (see Section 5) and a broader consultation process would be required to identify all new entrants.

Reporting businesses can be described by the following categories:

- upstream petroleum production
- downstream production (refining)
- petroleum product wholesalers
- major petroleum product distributors
- petroleum product terminal operators
- major liquid fuel stock holders not already covered above.

Businesses are requested to provide the relevant sales, production, stocks and refining data as at the end of a reporting month, on a ‘two months in arrears’ basis. Data for the reporting month is requested by the 19th day of the data processing month to enable BREE to enter data into its *Petroleum Statistics Information Management System (PSIMS)*. If businesses do not provide actual data by the 4th day of the month following the data processing month, the previous month’s data is used as an estimate to enable calculation and provision of Australia’s Monthly Oil Statistics (**MOS**) to the International Energy Agency (when actual data is provided after the cut-off date, PSIMS records are updated accordingly). Following the provision of MOS, the APS publication is prepared for publication.

Table 1 below summarises the scope of information collected under the existing voluntary data regime as it is published in the APS.

Table 1: Australian Petroleum Statistics, Table names and categories of information

Table	Table Name	Categories of information
1A	Petroleum production, Australia	Crude oil, Condensate, LPG (naturally occurring), Ethane, Natural gas.
2	Refinery input and production, Australia	LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel Kerosene (lighting & power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubricating oils, greases & basestocks, Bitumen and Other products.
3A	Sales of petroleum products, Australia	LPG, Automotive Gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene (lighting & power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubricating oils & greases Bitumen, Other products, Automotive use – propane, Automotive use – mix, Residential, Leisure, Forklift Commercial & industrial, Total LPG sales, Unleaded, Premium unleaded, Proprietary brand, Lead replacement Ethanol-blended fuel.
3B	Sales of petroleum products by state marketing area, by month, Australia	LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel Kerosene (lighting and power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubes, Petroleum bitumen, Other products.
3BB	Sales of lubricants by state marketing area, by month, Australia	Automotive oils, Other transport oils, Industrial oils, Greases, Total blended oils, Other lubricants.
3C	Sales of petroleum products by state marketing area, by financial year, Australia	LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene (lighting and power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubes, Petroleum bitumen, Other products.
3CC	Sales of lubricants by state marketing area, by financial year, Australia	Automotive oils, Other transport oils, Industrial oils, Greases, Total blended oils, Other lubricants.
3D	Quarterly deliveries of fuels to ships' bunkers	Automotive diesel oil, Industrial and marine diesel fuel, Fuel oil.
3E	Quarterly sales of lubricating oils and greases	Automotive oils, Other transport oils, Industrial oils, Greases, Total blended oils, Other lubricants.
3F	Quarterly sales of miscellaneous petroleum products by state	Aviation turbine fuel, Sales to petroleum wholesalers, Other products.
4	Imports of petroleum, by product, Australia	Crude oil & other refinery feedstocks, LPG, Natural gas, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene and heating oil, Diesel fuel, Fuel oil, Lubricating oils, greases and basestocks, Bitumen, Other products.
4A, 4B, 4BB	Origin of petroleum imports Australia: Product/ Month Volume/Financial Year Value/ Financial Year	Crude oil & other refinery feedstocks, LPG, Natural gas, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene and heating oil, Diesel fuel, Fuel oil, Lubricating oils, greases and basestocks, Bitumen, Other products.
5	Exports of petroleum, by product, Australia	Crude oil & other refinery feedstocks, LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene (lighting & power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubricating oils, greases and basestocks, Bitumen, Other products, Ships' & aircraft stores, Aviation turbine fuel, Fuel oil, Other Product.
5A, 5B, 5BB	Destination of petroleum exports, Australia: Product/ Month Volume/Financial Year Value/ Financial Year	Crude oil & other refinery feedstocks, LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubricating oils, greases and basestocks, Bitumen, Other products.
6, 7	End of month stocks of petroleum, and consumption cover, Australia	Crude oil and refinery feedstocks, LPG, Automotive gasoline, Aviation gasoline, Aviation turbine fuel, Kerosene (lighting & power), Heating oil, Automotive diesel oil, Industrial & marine diesel fuel, Fuel oil, Lubricating oils, greases and basestocks, Bitumen, Other products.
8A, 8B	Comparison of automotive gasoline, Diesel and LPG prices in OECD countries	Local Currency/Litre, Exchange, Australian Cents/Litre.

1.2. Purpose of data collection

Information drawn from the APS on Australia's production, refining, sale, stock-holding, import and export of liquid fuels is used to provide an evidence base for development and review of domestic liquid fuels related policy settings. The APS is also a critical input for the Australian Government to meet its international liquid fuels reporting obligations. Key domestic liquid fuels policy considerations and international reporting obligations are described below.

1.2.1. National Energy Security Assessment

The Australian Government analyses the main factors challenging the delivery of energy in the liquid fuels, natural gas and electricity sectors and since 2009 has published the National Energy Security Assessment (*NESA*). The 2011 NESA was a key input to the *Energy White Paper 2012 (EWP)* which committed to undertake NESA's on a two-yearly basis.

In the 2011 NESA, an assessment of liquid fuels in Australia, including the range of refined liquid fuels products and feedstocks in the domestic economy, considered the key influences on the supply of liquid fuels in the short, medium and long terms covering the period from 2011 to 2035. It found that liquid fuels security was assessed as high, trending to moderate in the long term.

Critical to future NESA assessments is the ongoing ability to identify changes and associated risks and impacts in the liquid fuels market.

1.2.2. Liquid Fuels Emergency Management

In the event of a fuel shortage with national implications or the need for Australia to meet its commitments to the IEA under treaty obligations, the Australian Government can activate the *Liquid Fuel Emergency Act 1984 (LFE Act)*. Activating the LFE Act provides the Minister for Resources and Energy with wide-ranging powers to control the drawdown, transfer and sale of industry stocks of crude oil and liquid fuels. It also provides the Minister with the power to control the range of products produced by Australian refineries and to direct bulk and retail sales of fuel across Australia.

The National Oil Supplies Emergency Committee (*NOSEC*) is part of the Standing Council on Energy and Resources arrangements and provides advice to Energy Ministers during a national liquid fuels emergency. Its membership includes representatives from Australian Governments, the downstream petroleum industry and the Australian Institute of Petroleum. NOSEC manages the National Liquid Fuel Emergency Response Plan and holds regular emergency simulation exercises.

1.2.3. International reporting obligations

IEA

The IEA is an autonomous body which was established in 1974 with the mandate to implement the International Energy Program (*IEP*) – a joint strategy to address oil security issues on an international scale.

On joining the IEA, member countries commit to undertake joint measures to mitigate the impact of oil supply emergencies. IEA membership is contingent on countries meeting two key obligations: to hold oil stocks equivalent to at least 90 days of net oil imports (emergency reserves); and to maintain emergency response measures that can contribute to an IEA collective action during a severe supply disruption. An essential part of the IEA obligations is that member countries take appropriate measures to ensure that the necessary information is available to fulfil member country reporting obligations.

JODI

Australia is also a party to the Joint Organisations Data Initiative (***JODI***) which seeks to tackle price volatility. The JODI is a collaboration of seven international organisations (including the IEA) coordinated by the International Energy Forum (IEF), and is one of the main pillars of oil market transparency.

Parties to this initiative report and have access to information on the level of production, consumption, exports, imports, and stock changes in the global oil market. By helping to mitigate some of the uncertainties that may be detrimental to market functionality, JODI aims to moderate undue price volatility, thereby increasing investor confidence and contributing to greater stability in energy markets worldwide.

2. The Problem: Limitations of existing liquid fuels data

As the basis for Australia's domestic liquid fuels policy and international reporting, it is essential that liquid fuels data collected provide a credible information source. The Australian Government acknowledges the need for quality liquid fuels data in its recently released *Energy White Paper 2012 (EWP)*.

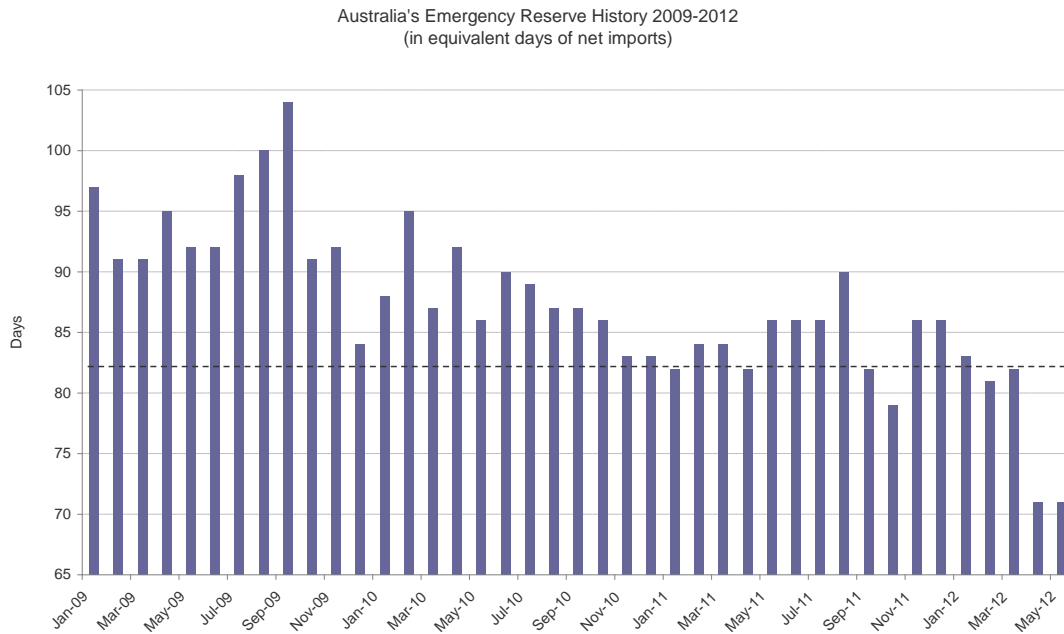
In order to maintain and improve existing liquid fuels data, the APS has been the subject of a number of reviews over several years. These reviews have consistently identified that there are issues related to the APS coverage of liquid fuels data due to non-reporting by businesses which may be exacerbated by structural changes in the nature of the liquid fuels market. Section 2.2 discusses current issues with data coverage and quality.

2.1. Concerns expressed about Australia's liquid fuels data

Australia does not hold government-controlled or regulated industry stocks for drawdown in an emergency, and our capacity for short-term surge production and fuel-switching is limited. Therefore, we rely on commercial stockholding practices of industry and market flexibility to maintain supply during short-term global and domestic supply disruptions. To manage deeper disruptions without activating the LFE Act, we can only participate in an IEA-coordinated emergency response, or collective action, through a combination of market and industry mechanisms and voluntary demand restraint.

Australia currently holds some 70 - 75 days of net-imports and this position has declined over a number of years (see Chart 1).

Chart 1 – Australia’s Emergency Reserve History 2009-2012



Source: DRET. Data Source: IEA Website.

Australia’s liquid fuels data reporting credibility has been identified as an issue by the International Energy Agency (*IEA*) of which Australia is a member. The 2012 IEA Review of Australia recommended that “Australia take necessary steps to improve oil (and gas) data reporting. This may include placing a data reporting obligation on all industry participants.”

NOSEC members have also expressed support for improving the ability of liquid fuels data to better support emergency response. Following Exercise Catalyst in 2011, NOSEC agreed to “continue actions to improve the collection, reporting and analysis of petroleum statistics to support decision making during an emergency”.

The Department of Resources, Energy and Tourism (*DRET*) has undertaken a number of reviews of the current voluntary reporting regime over the last several years. These reviews have concluded that it has not been possible to adequately determine Australia’s emergency reserves due to data coverage and quality issues with the existing liquid fuels data (see following sections).

Whilst the potential magnitude of any change in Australia’s stockholding position cannot be estimated at this time, any improvement in Australia’s reported stockholding position arising from an increase in reporting of liquid fuel data would reduce the cost to Australia of complying with the IEA stockholding obligation.

2.2. Data coverage and quality

As noted above, a number of domestic and international reviews have identified issues with Australia’s current liquid fuels data. In addition to the 2012 IEA Review of Australia, internal reviews were conducted by DRET in 2010, 2011 and 2012.

The data issues tend to relate to either the coverage of the dataset (i.e. non-reporting) or quality (i.e. precise reporting and recording). It is difficult to identify precisely how many companies are not reporting, however DRET’s analysis of the coverage of data indicates there are gaps in

particular data sets. It should also be noted that due to the interrelationship between coverage and quality, the extent to which each issue impacts the APS is difficult to determine.

Coverage

Currently around 70 businesses provide data under the voluntary reporting regime. As current reporting is on a voluntarily basis and previous attempts to engage with non-reporters has failed (see Section 5), DRET estimates that the total number of businesses that should currently be reporting is approximately 85. However, due to recent changes in the sector, there are likely to be businesses (which DRET has not identified to date) that are unaware of the voluntary reporting regime and thus the total number of businesses that should currently be reporting is likely to be greater than 85. Therefore it is currently not possible for Australia to precisely determine its emergency reserves of liquid fuels and, in the absence of a broader stakeholder consultation being undertaken, it is difficult to precisely quantify how many businesses are not reporting.

However, DRET has identified limitations with existing liquid fuel data that are, for example, apparent from comparisons of reported sales of petroleum products with product sales data calculated¹ from other publicly reported data. For example, in August 2012 the discrepancy between reported and calculated sales was around 4% for petrol, 13% for jet fuel and 15% for automotive diesel. In the case of fuel oil, the discrepancy between reported and calculated sales was 96% (i.e. 8 thousand tonnes compared to 196 thousand tonnes). This indicates that there is missing data; however it does not provide a clear indication of how many businesses do not report – additional activity is required to identify such non-reporters.

However, DRET is aware that the tendency to not report has been more acute outside of the downstream operations of the four existing refiner-marketers (BP Australia, Caltex, ExxonMobil and Shell Australia). As a result, upstream, import and new entrant information is not fully represented in the data set and has led to discrepancies between the APS and similar data estimations/sets. Some businesses have advised DRET that due to data operations being located offshore, Australian legislation is required to facilitate the provision of data. Despite repeated attempts to encourage initially identified non-reporters to commence reporting (including a request from the Minister for Resources and Energy in 2010), data gaps remain.

Confounding the ability to quantify the impact of petroleum industry non-reporting are structural changes in the liquid fuels market. The structure of the market has changed in two main ways.

First, there is an increasing share of the liquid fuels market which is held by more recent market entrants (*independents*) which have a lower incidence of reporting to the APS than longer term market participants. The Australian Competition and Consumer Commission (ACCC) 2011 petrol price monitoring report notes that in 2011, independent wholesalers of petrol increased their share of wholesale sales from 6 % to 7 % and that these wholesalers were also responsible for 40% of petrol imports in 2011. The relative influence of independents was also the subject of the 2009 ACIL Tasman report *Petroleum Import Infrastructure in Australia* which found that 64 per cent of new tank storage capacity was being installed by independents.

¹ Sales (calculated) = Refinery production + Imports – Exports – Stock Change

Secondly, there is evidence to suggest that some larger consumers are bypassing Australia's traditional and independent liquid fuels supply chain providers to deal directly with overseas suppliers. While the influence of this on the liquid fuels market and associated data provision has not been quantified for the overall market, it is evident from discrepancies between the APS and trade data that coverage is impacted by this activity. For example, it is estimated that less than 50% of total fuel oil sales in Australia are presently captured by organisations reporting to the APS.

Quality

Notwithstanding that the APS coverage is incomplete; there is also evidence to suggest there may be some quality issues with the data. Reviews have identified that there are discrepancies in some elements of the APS that currently have adequate coverage.

While it is possible that discrepancies relate to inherent differences between data sets being compared (e.g. mismatch of reporting timeframes), it is not possible to rule out the need for quality improvements to the APS. For example, to enable liquid fuel data to be reported to the IEA on a mass² basis, it is necessary to determine both the volume and the density of the fuel. While the volumes of specific fuels are precisely reported, precise density values are not usually provided. In the absence of specific density values, average density values for these fuels are used to calculate the APS data. The use of average density values can result in significant data quality issues as the density of some liquid fuels (e.g. crude oil) can vary by over 20%.

It is also unclear whether some of the stocks reported for the APS are appropriately categorised. For example, there may be some categorisation of "unfinished product" stocks which require further refining as "finished product" (e.g. petrol) stocks which are suitable for sale. This issue requires closer examination in consultation with businesses.

3. Objective

The objective, as foreshadowed in the EWP, is to maintain and improve understanding of Australia's liquid fuels market to inform:

- evidence-based policy around Australia's liquid fuels supply chain
- response(s) to national liquid fuels emergency
- enhance Australia's ability to comply with international reporting obligations.

4. Options for addressing objective

There are two options which could achieve the stated objective that are considered within this Regulation Impact Statement (*RIS*). The first option is to continue the voluntary reporting regime and the second option is to implement a legislated mandatory reporting regime.

A third option of conducting a statistical survey of stakeholders to collect liquid fuels data exists. While statistical data would provide a national overview of Australia's liquid fuel energy security situation based on a representative sample of the population, it would not provide information at the level of detail (i.e. market segments, regional locations) necessary to make decisions in respect to powers under the *Liquid Fuel Emergency Act 1984*. This statistical data would also not enable Australia to comply with its international reporting obligations to the IEA

² Mass = Volume x Density

as, without full reporting on a monthly basis, it is not possible for Australia to precisely determine its emergency reserves of liquid fuels.

A fourth option of ceasing liquid fuels data reporting exists, however this option does not enable the objective to be met. If this option was pursued, Australia's ability to develop and implement appropriately informed liquid fuels policies and/or adequately meet its international reporting obligations would reduce to unacceptable levels.

Accordingly, the third and fourth options were not considered feasible and are not discussed further in this RIS.

4.1. Voluntary reporting

Under this option, liquid fuels data would continue to be voluntarily reported each month by relevant stakeholders. However, a number of activities directed at improving coverage and quality would be pursued in consultation with relevant stakeholders.

4.1.1. Impacts

Total liable parties is estimated as the existing 70 voluntary reporting businesses captured by the voluntary reporting regime and an increase of up to 15 businesses (those which had ceased reporting and are further encouraged to resume voluntary reporting).

The reporting regime would continue to apply to petroleum sector and be extended to other businesses that are major holders of liquid fuel stocks (e.g. mining). The affected businesses could be described by the following categories:

- upstream petroleum production
- downstream production (refining)
- petroleum product wholesalers
- major petroleum product distributors
- petroleum product terminal operators
- future operators in the above industries
- major liquid fuel stock holders not already covered by the above industries.

Each stakeholder would voluntarily provide liquid fuels data which is relevant to their operation on a monthly basis.

There is no additional impact for those businesses that currently report.

The impact on businesses that currently do not report is also likely to be low. It is anticipated that these stakeholders would currently (or will) collect, collate and hold most (if not all) of the necessary data for accountancy purposes to manage production, inventory (i.e. stocks) and logistics of their operations, and to meet taxation, excise and market disclosure purposes. Further consultation with non-reporting industry stakeholders is required to identify all non-reporters and assess the potential impacts of implementing the voluntary option.

4.1.2. Costs/benefits

The costs of continuing to provide data on a voluntary monthly basis would be nil for existing data providers.

Non-reporting stakeholders may incur additional costs compared to existing data providers. As these businesses are likely to already hold the required data, it is estimated that additional costs would only relate to the provision of that data on a monthly basis. Therefore, the cost of additional effort is associated with formatting and providing existing data in the requested form. Further consultation with non-reporting industry stakeholders is required to assess the potential costs of implementing the voluntary option.

None of the businesses subject to the voluntary reporting regime are likely to be small or medium sized enterprises, therefore they are unlikely to incur disproportionately higher administrative costs (compared to existing data providers).

Improved procedures for voluntary reporting, and a modest increase in the number of reporting businesses, will address some of the data coverage and quality limitations of the APS. However, without full reporting, it will not be possible to resolve all the limitations with the existing liquid fuels data set and assess the extent of Australia's compliance with oil stockholding treaty obligations to the IEA with complete accuracy.

4.1.3. Risks

A potential risk of continuing the voluntary reporting regime is that the level of non-reporting continues – or increases – if businesses choose to avoid or reduce additional/current impacts of reporting.

Each previous review of the existing voluntary reporting system was specifically undertaken to achieve the stated objective to maintain and improve understanding of Australia's liquid fuels market. On each occasion the review findings, short of implementing mandatory reporting, have been implemented. This included direct written requests by officials and the Minister for Resources and Energy to identified non-reporters for the provision of required data, which did not result in the necessary improvements. Given the voluntary nature of the regime, there would continue to be limitations on the Australian Government's ability to encourage non-reporters to commence reporting.

4.1.4. Implementation timeline

It is envisaged that necessary consultation with stakeholders and reporting development work for this option could be completed in the 2013-14 financial year.

4.2. Mandatory reporting

Under this option, liquid fuels data reporting by relevant stakeholders would be mandated to compel reporting each month. Legislation would be required to identify the required data elements and to establish the framework for the reporting process and compliance regime.

Whilst consultation with relevant stakeholders would focus on improving coverage and quality, the consultation process would also seek to reduce any associated burden from the implementation of mandatory reporting. For example it may be possible to leverage data from existing legislative reporting processes, subject to data suitability and confidentiality provisions that prohibit the provision of data between government agencies.

4.2.1. Impacts

Total liable parties is estimated as the existing 70 voluntary reporting businesses captured by the voluntary reporting regime and up to an additional 100 businesses that could become data providers in the future due to capturing new reporting entities and growth in the sector. Further consultation with relevant industry stakeholders would be required to identify all non-reporters.

The reporting regime would apply to petroleum sector and be extended to other businesses that are major holders of liquid fuel stocks (e.g. mining). The affected businesses could be described by the following categories:

- upstream petroleum production
- downstream production (refining)
- petroleum product wholesalers
- major petroleum product distributors
- petroleum product terminal operators
- future operators in the above industries
- major liquid fuel stock holders not already covered above.

Each stakeholder would be mandated to provide liquid fuels data which is relevant to their operation on a monthly basis.

The additional impact of a decision to move to mandatory reporting is likely to be nil or minimal for those businesses which already provide data under the voluntary reporting regime.

For those businesses that currently do not report, it is also likely that the impact is likely to be low. Current known non-reporters are predominantly in the “upstream petroleum production”, “petroleum product wholesalers” and “major liquid fuel stock holders not already covered above” categories. Future reporters are likely to be spread across all categories. It is anticipated that these stakeholders would (or will) currently collect, collate and hold most (if not all) of the necessary data for accountancy purposes to manage production, inventory (i.e. stocks) and logistics of their operations, and meet taxation, excise and market disclosure purposes. Further consultation is required to assess the potential impacts of implementing the mandatory option.

4.2.2. Cost/benefits

Costs

Providing liquid fuels data on a mandated monthly basis is anticipated to be low or minimal for existing data providers.

Non-reporting stakeholders may incur additional costs compared to existing data providers. As these businesses are likely to already hold the required data, it is estimated that additional costs would only relate to the provision of that data on a monthly basis. Therefore, the cost of additional effort is associated with formatting and providing existing data in the mandated form. Further consultation with non-reporting industry stakeholders is required to assess the potential impacts of implementing the mandatory option.

Moreover, discussions with existing reporters suggest that there could be opportunities to streamline reporting procedures to minimise the reporting burden and associated costs. It is recognised that some of the relevant data may already be provided by businesses to other Australian, State and Territory Government agencies. During any implementation phase for

mandatory reporting, opportunities to reduce compliance burdens would be explored. Options may include, for example, basing the data reporting on practices which are already employed by reporting businesses for internal accounting purposes and/or to comply with other Government reporting requirements.

None of the businesses captured by mandatory reporting are likely to be small or medium sized enterprises, therefore they are unlikely to incur disproportionately higher administrative costs (compared to existing data providers) to comply with legislated reporting requirements.

Benefits

The availability of improved data will help to ensure that the assessment of Australia's liquid fuels security, national liquid fuel emergency response and compliance with international obligations is as measured as possible. With full reporting, it should be possible to resolve limitations with the existing liquid fuel data and accurately assess the extent of Australia's compliance with oil stockholding treaty obligations to the IEA. Any improvement in Australia's reported stockholding position arising from full reporting of liquid fuel data would reduce costs to Australia associated with complying with the IEA stockholding obligation.

Furthermore, in the event of a fuel shortage with national implications or the need for Australia to meet its commitments to the IEA under treaty obligations, the Australian Government will be better placed to decide whether and how to activate LFE Act. The use of the current incomplete liquid fuels data for evidence-based policy has the potential to suggest the need for costly interventions. While such action cannot be ruled out under certain circumstances, improved data would enable the Minister for Resources and Energy to make more fully informed decisions to use the LFE Act's wide-ranging powers (to control the drawdown, transfer and sale of industry stocks of crude oil and liquid fuels, to control the range of products produced by Australian refineries and to direct bulk and retail sales of fuel across Australia) and/or may obviate the need for intervention in the first instance.

4.2.3. Risks

It is acknowledged that mandatory reporting may not be completely successful in achieving full reporting. However, mandatory reporting is anticipated to result in higher coverage and better quality data than the voluntary regime option and result in the Australian Government (and others) having greater confidence in Australia's liquid fuels data.

As there will be a compliance regime established through legislation, it is highly likely that businesses will comply with reporting requirements to avoid compliance action. In cases where businesses do not comply, it is envisaged that the Australian Government would have a range of enforcement options it could pursue to obtain the required information.

4.2.4. Implementation timeline

It is envisaged that necessary consultation with stakeholders and reporting development work would be completed in the 2013-14 financial year. However, due to the additional requirements to establish a mandatory reporting regime (i.e. legislation development process), implementation of this option would be completed in 2015.

5. Consultations

As indicated above, previous reviews of the voluntary reporting regime have included consultation with relevant stakeholders.

On 9 November 2010, the Minister for Resources and Energy wrote to 17 businesses identified as non- or incomplete reporters to request the provision of information on an on-going basis in order to improve the quality of the Australia's petroleum statistics. These 17 businesses were identified as they had previously provided data under the voluntary reporting regime but had stopped reporting or intermittently provided data in the previous few years. In addition, a more recent consultation process which considered approaches to improving liquid fuels data was undertaken with Australian refiner/marketers who hold over 90% of the wholesale petrol market.

Intra-Government consultation was limited to Australian Government department stakeholders. It is anticipated that State and Territory Governments would be consulted, if required, as part of any consultation/development process.

5.1. Consultation Responses

The outcome of the Minister for Resources and Energy's November 2010 letter was that the Department was contacted by 11 businesses of which 2 have advised they were not currently producing, 7 agreed to provide information (although 3 were not currently producing), and 2 sought clarification of issues and advised they would consider the request.

All of the refiner/marketers consulted are current reporters under the voluntary reporting regime. These stakeholders indicated that:

- it is important to ensure that data collections are robust; and
- advocated the implementation of mandatory data collection in Australia.

As noted above, the views of non-reporters are unknown as previous attempts to engage with them have not been successful. Further consultation is required to ensure that the views and potential impacts on all relevant businesses and government agencies are considered in implementation of either option.

6. Conclusion and Recommendation

Information on Australia's liquid fuels market is required to provide a sound basis for Australia's domestic liquid fuels policy, response to national liquid fuels emergencies and international reporting obligations.

Unfortunately, reviews of the existing data set - the APS - have identified that it has issues related to coverage and quality which reduce its effectiveness. While further attempts could be made to improve the existing voluntarily reported APS, it must be acknowledged that the voluntary nature of the regime has meant previous efforts to resolve issues have not resulted in enduring improvements.

Australian refiner/marketers and the IEA consider that the most appropriate way to achieve a credible data source that supports policy, emergency response and international reporting obligations is through establishment of a mandated reporting regime.

The cost to industry of mandatory reporting is expected to be low. Ill-informed policy, the inability to understand the scale of an emergency and the opprobrium related to the inability to adequately report against international obligations all have potentially greater costs than the anticipated additional costs to industry from pursuing either option.

Further consultation is required with industry and Government stakeholders to assess and minimise the potential impacts and costs of implementing either option in this RIS.

The Australian Government's EWP clearly indicates that methodologies and information systems for the collection of liquid fuels data should be enhanced. Accordingly, it is recommended that:

- **Australia should establish a mandatory industry liquid fuels data reporting regime.**

7. Implementation and Review

If the Australian Government decides to pursue the recommended option of establishing a mandatory reporting regime, the existing voluntary reporting regime is envisaged to continue until the mandatory reporting regime commences.

DRET would lead – and take a staged approach to – stakeholder consultation, commencing upon announcement and continuing into 2013-14 financial years to address the following issues/activities:

- research and identification of reporters, including the type of information held by those businesses and potential impacts and/or costs
- identifying existing information flows to State, Territory and Australian Government agencies and other sources
- a stock take of Australia's petroleum infrastructure
- development of an options paper to explore:
 - potential legislative mechanisms
 - preferred commencement date
 - required information inputs and reporting process
 - opportunities to minimise reporting burdens
 - reporting outputs
 - compliance and enforcement regimes.

Development and introduction of legislation to implement the preferred approach would occur following the above consultation and include an exposure draft consultation process. DRET would also approach the Office of Best Practice Regulation for advice about whether additional regulation impact analysis is required.

Identification of information management (database) needs and any required development activity would occur in parallel to the above activities prior to the legislated commencement date.

Commonwealth legislation is required to be reviewed regularly and a five-yearly review period following the commencement of legislation is envisaged.

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Appendix A: List of Consulted Stakeholders

Australian Government Departments

Attorney General Department
Bureau of Resources and Energy Economics
Climate Change and Energy Efficiency, Department of
Defence, Department of
Finance and Deregulation, Department of
Foreign Affairs and Trade, Department of
Geoscience Australia
Infrastructure and Transport, Department of
Innovation, Industry, Science, Research and Tertiary Education, Department of
Office of National Assessments
Prime Minister and Cabinet, Department of
Treasury, The

Petroleum Industry Representatives

Adelaide Energy Ltd
AGL Energy Limited
Anglo American Australia Pty Ltd
Arrow Energy
Australian Institute of Petroleum
AWE Ltd
BHP Billiton
BP Australia Pty Ltd
Caltex Australia Ltd
East Puffin Pty Ltd
Exxon Mobil Australia Group of Companies
Liberty Oil Pty Ltd
Marstel Terminals P/L
Nexus Energy Limited
Origin Energy Limited
PTTEP Australasia Pty Ltd
QGC Pty Limited
ROC Oil Company Limited
Santos Ltd
The Shell Company of Australia Ltd
United Petroleum Pty Ltd
VOPAK Terminals Australia