



**Australian Government**  
**Department of Industry, Science,  
Energy and Resources**

**Deputy Secretary**

Mr Jason Lange  
Executive Director  
Office of Best Practice Regulation  
1 National Circuit  
BARTON ACT 2600

By email: [helpdesk-OBPR@pmc.gov.au](mailto:helpdesk-OBPR@pmc.gov.au)

Dear Mr Lange

**Regulation Impact Statement – Fuel Security Reforms– Second Pass Final Assessment**

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for *Fuel Security Bill 2021* (reference 20489 and 42904). I thank you and your office for the swift response to the RIS during the first-pass assessment process.

I am satisfied that the RIS addresses the points raised in your letter of 15 March 2021. Specifically, the Department has considered your recommendations in the following ways:

- The document has been reformatted for final release, and an executive summary has been included.
- The Department has not presented a direct relationship between consumer price and stockholdings. Localised disruption events do not have a large impact on fuel prices, which are based on import parity pricing and are dominated by global oil prices. The links between the proposal and price impacts on consumers are detailed elsewhere in the RIS.
- The policy considerations that informed the minimum stockholding obligation levels have now been included in the RIS. The chosen levels reflect the importance of diesel to our economy and our fuel security. Additional analysis of the various policy parameters considered for the obligation has also been incorporated, which includes the setting of stock levels, the scope of fuels to be regulated, and the geographic granularity of the obligation.

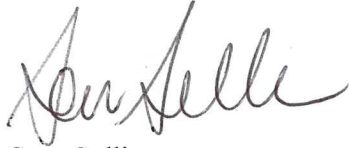
The total costs and benefits of the proposal are set out in the RIS, quantitatively where possible. Where monetisation is not possible, the RIS sets out where costs and benefits are expected to accrue. In terms of regulatory burden, the Department anticipates some administrative costs will be incurred by recipients of payments and support for infrastructure upgrades, but these costs will be minor and greatly outweighed by the payments received. Specific Regulatory Burden Measure costs for participating in the proposed payment programs have not been calculated as they will be highly dependent on final program design. The Department will work to minimise regulatory burden and compliance costs when designing the implementation arrangements for these programs.

The price impacts will be further assessed during consultation on the Ministerial Rules, taking into account the effects of the diesel storage grants program.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely



Sean Sullivan  
Deputy Secretary  
Department of Industry, Science, Energy and Resources  
21 May 2021