

10 November 2014

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600
via email: rrat.sen@aph.gov.au

Dear Committee Secretary,

Thank you for the opportunity to make a submission to the Rural and Regional Affairs and Transport References Committee's Inquiry into Australia's transport energy resilience and sustainability.

The Queensland Resources Council (QRC) is the peak representative organisation of the Queensland minerals and energy sector. QRC's membership encompasses minerals and energy exploration, production, and processing companies, and associated service companies. The QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively, in a socially and environmentally sustainable way.

QRC has a unique role through its diverse membership across the energy production and energy-intensive manufacturing sectors. This membership of Queensland-based firms represents the practical nexus between the key components of energy policy.

Energy is a significant and increasing component of resources sector operations. Lower mineral grades and higher overburden strip ratios (i.e. digging deeper) mean energy intensity and costs are increasing faster than for other sectors of the economy. Transport energy is an important cost for the resource sector and managing a consistent supply of transport fuels across remote and isolated operations poses an ongoing logistical challenge.

QRC recommends that the Committee seriously consider avenues to provide Australia with greater transport energy independence for Australia, specifically that:

- All technological, regulatory and policy options to promote the domestic production of alternative fuels (gas, oil shale and coal to liquids in particular) should be pursued to offset the risks associated with Australia's considerable and growing imported liquid transport fuels dependency.

QRC is of the view that Australia's growing oil import dependency (\$30 billion by 2015, rising potentially to \$90 billion by 2030¹) may present a number of substantive risks to future investments and economic growth.

The nation's inability to supply the majority of its own future energy needs and/or diversify its supply mix means that Australian industry and the public at large will be increasingly exposed to global geo-political risks. In recent weeks this vulnerability has allegedly been described by terrorist bodies as our national Achilles' heel.

Increasing community awareness of, and government policy support for alternative fuels such as synthetics would provide an alternative domestic source of supply to reduce Australia's reliance on imports and provide a number of strategic, economic (employment, excise and value-adding technology commercialisation opportunities), and environmental benefits (cleaner, higher quality fuel) for Australia.

Significantly, according to a 2013 NRMA report on Australia's Liquid Fuel Security, Australia has at present 23 days of supply, with 10 of this being contained in vehicles, tankers and refineries. This situation seems like too much faith in a just-in-time inventory management. The costs of running short of transport fuels would be immediate and extensive.

Alternative fuel technologies including gas-to-liquids, coal-to-liquids, and shale-to-liquids; biofuels (ethanol/biodiesel), liquefied natural gas (LNG) and compressed natural gas (CNG) all have the potential to make significant employment and tax contributions as well as diversifying Australia's fuel supply mix. Each of these technologies has different potential to contribute in terms of volume and timing. Some options have practical or economic limitations to their likely uptake. Others have greater volumetric potential but may face greater challenges in relation to technology development and commercialisation.

QRC recommends that all technological, regulatory and policy options to promote the domestic production of alternative fuels (gas, oil shale and coal to liquids in particular) should be pursued to offset the risks associated with Australia's considerable and growing imported liquid fuels dependency.

Yours sincerely

Michael Roche
Chief Executive

¹ ACIL Tasman 'Australia's Future Transport Fuel Supply Options' 2009