

Standing Committee on Treaties
Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Inquiry: Indo-Pacific Economic Framework for Prosperity Agreement relating to Supply Chain Resilience

Question No: IQ24-000130

Hearing Date: 15 July 2024

Division/Agency: International Climate and Energy Division

Topic: IEA obligations

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Question Date: 22 July 2024

Question Type: Spoken

Mr Josh Wilson asked:

CHAIR: I will finish with a question. I think in the list of critical goods that was given earlier there were some fuel additives, and we have heard about the AdBlue situation. Liquid fuel is the good that I think goes right to the very top of any list in terms of Australia's resilience. I assume that perhaps it wasn't listed because there is already an international agreement that governs the supply of liquid fuel through the International Energy Agency. That's a very essential good, and we've experienced shocks and supply chain problems in the past, hence the IEA stockholding obligations and all the rest of that. From Australia's point of view, we are unfortunately a member of that agreement that doesn't have a great record. We have been a long way short of our stockholder obligation for a period of time, and both this government and the former government have attended to that problem, the liquid fuel security issue. I'm interested, and you might want to take this on notice, in where that work is up to. I know at one point there was an expectation—we were buying fuel tickets as one thing, and we were starting to do some other things around fuel storage capacity improvements and some industry storage obligations. I believe there was a commitment that we had made to the IEA to bring ourselves back into full 90-day compliance by 2026, which is getting pretty close now. Unless something has dramatically improved, I would suspect we are probably not going to be in full compliance in 2026. Can you take on notice where those efforts are up to. What you could perhaps answer now to finish off is whether or not the way that agreement has worked, or in some cases not worked perfectly, is a reference point for what is being sought through this new set of supply change arrangements.

Ms Blundell: Chris, would you mind responding to the question?

Mr Yost: Sure. This topic did come up during the negotiations around the crisis response mechanism. I think there was general agreement from the parties that the IEA mechanisms were the appropriate forum for dealing with those issues. It's not really envisioned that this would be covering a skill shortage—for example, the crisis response mechanism. There is already in place a very advanced mechanism through the IEA. It is not something we would be seeking to cover through this agreement.

CHAIR: ... I would like something back on the separate progress that is being made in relation to our IEA obligations. I know that's ongoing work, but it's something that this committee has an interest in. In the last parliament we entered into some of those international agreements, particularly on the fuel ticket side of the equation. I think it's worth us hearing something about where that is all up to. Could you provide that to us by close of business on 22 July, so in a week's time.

Answer:

As of May 2024, Australia held oil stocks equivalent to 50 International Energy Agency (IEA) days, up from 49 days in April 2024.

Australia remains committed to global energy security. Australia has met and exceeded the intent of the oil stockholding obligation as demonstrated through the IEA collective action in 2022 following Russia's invasion of Ukraine.

Australia has implemented a range of policy measures to improve fuel security through regulation and programs, decarbonisation policies that reduce oil reliance and improved data and intelligence. This includes the *Fuel Security Act*, which establishes two critical fuel security measures – the Fuel Security Services Payment and the Minimum Stockholding Obligation (MSO). Australia's fuel refiners and importers have more than met their MSO requirements.