

Final Report

Terms of reference

1.1 On 25 June 2008, the Senate established the Senate Select Committee on Fuel and Energy (the committee) to inquire into and report on the impact of higher petroleum, diesel and gas prices and several related matters.

1.2 The full terms of reference for this inquiry are extensive and can be found at appendix 1. As the committee's terms of reference are broad, the committee concentrated on evidence received regarding energy and fuel security in the final stage of its inquiry, specifically addressing the following parts of the inquiry's terms of reference:

- (e) the existing set of federal and state government regulatory powers as they relate to fuel and energy products;
- (f) taxation arrangements on fuel and energy products including:
 - (i) Commonwealth excise,
 - (ii) the goods and services tax, and
 - (iii) new state and federal taxes;
- (g) the role of alternative sources of energy to coal and alternative fuels to petroleum and diesel, including but not limited to: LPG, LNG, CNG, gas to liquids, coal to liquids, electricity and bio-fuels such as, but not limited to, ethanol;
- (h) domestic energy supply and the domestic oil/gas exploration and refinement industry, with particular reference to:
 - (i) the impact of Commonwealth, state and local government regulations on these industries,
 - (ii) increasing domestic oil/gas exploration and refinement activities, with a view to reducing Australia's reliance on imported oil,
 - (iii) other tax incentives, and
 - (iv) securing Australia's future domestic energy supply;

1.3 The committee has tabled two interim reports since it was established. The first interim report, *The CPRS: Economic cost without environmental benefit*, mainly addressed term of reference 'd' which referred to the possible impact of an emissions trading scheme on the fuel and energy industry. The committee's second interim report, *The mining tax: Still bad for the economy-Still bad for jobs*, covered the committee's examination of the Australia's Future Tax System Review (Henry Tax Review), the government's subsequent proposed policies and the impact these policies may have on the fuel and energy industry.

Scope

1.4 This final report summarises the work the committee has undertaken since its establishment.

Conduct of the inquiry to date

1.5 The inquiry was advertised in *The Australian* and details of the inquiry were placed on the committee's website. The committee invited submissions from a wide range of interested organisations, government departments and individuals, and sought supplementary submissions specifically addressing the terms of reference outlined above, from those submitters who had provided submissions to the first stage of the inquiry. The committee continued to accept submissions throughout the inquiry, and to date the committee has received 138 submissions, which are listed at appendix 2, and 21 submissions on the Henry Tax Review Report and the government's response, which are listed at appendix 3.

1.6 Since its first interim report, the committee has held 13 public hearings in Canberra, Perth, Hobart, Melbourne, Sydney and Adelaide. In total the committee has held 25 public hearings since it commenced its inquiry on 25 June 2008. Details of the public hearings, including a list of the witnesses who gave evidence are provided at appendix 4. A list of the documents tabled at the committee's public hearings is at appendix 5.

1.7 The committee has also undertaken a further nine site visits since its first interim report. On 14 September 2009, the committee visited Infigen Energy's Capital Wind Farm to learn about wind power and how wind farms operate. In late September 2009, the committee undertook a week of intensive travel to a number of sites, in an attempt to gain a practical understanding of the operations of various sectors of the fuel and energy industry. On 21 September 2009 the committee flew out to the Geodynamics Innamincka Geothermal Tenement to gain an appreciation of the concept of Hot Fractured Rocks geothermal energy and its expected potential as an energy source in the future. The committee then continued to the Santos Moomba facility where they observed the production processes for both oil and gas. On 22 September 2009, the committee attended BHP Billiton's Olympic Dam mining operation to gain a practical understanding of the uranium production process, and the extent of Australia's uranium resources. Following this, on 23 September 2009, the committee visited the Karratha Gas Plant to gain an appreciation of the process of producing and developing gas for domestic use and export. Finally, on 24 September 2009, at the end of a rigorous week of site visits, the committee attended TRUenergy's Yallourn mine and power station to observe the operation of the facilities and gain an understanding of the role they play in providing a source of power.

1.8 Following the intensive site visit program, the committee travelled to Sydney on Monday 7 December 2009 to visit the Australian Nuclear Science and Technology Organisation (ANSTO) to gain an understanding of the work conducted by ANSTO and some of the issues associated with nuclear science. Later that day the committee also travelled to the School of Physics at the University of Sydney to learn about the school's work in the nuclear science field.

1.9 The committee undertook its most recent site visit on 15 March 2010, attending Country Energy's Intelligent Networks Research and Demonstration Centre, where they observed smart grid and smart metering technology. Since the committee commenced its inquiry a total of 12 site visits have been undertaken to inform the committee's understanding of the operation of various sectors of the industry, and a list of these site visits can be found at appendix 6.

1.10 On 19 July 2010, the Governor-General prorogued the 42nd Parliament and dissolved the House of Representatives. Due to the timing of the election, the committee was unable to complete its third and final report. Accordingly, the committee recommends that, in the new Parliament, the Senate re-establish the Select Committee on Fuel and Energy with the same terms of reference as the current committee, empowered to consider all the evidence and records received by it and for the specific purpose of completing and tabling a comprehensive report on the findings of the committee.

Acknowledgement

1.11 The committee thanks those organisations, government departments and individuals who made submissions and gave evidence at the committee's public hearings. The committee would also like to express its appreciation to those who hosted the committee during its site visits.

Recommendation 1

1.12 The committee recommends that, in the new Parliament, the Senate re-establish the Select Committee on Fuel and Energy with the same terms of reference as the current committee, empowered to consider all the evidence and records received by it and for the specific purpose of completing and tabling a comprehensive report on the findings of the committee.



Senator Mathias Cormann
CHAIR

