LIQUID FUEL EMERGENCY BILL 1983

Date Introduced: 24 August 1983
House: House of Representatives
Presented by: Hon. Barry Jones, M.P., Minister representing the Minister for Resources and Energy

Short Digest of Bill

Purpose

Following discussions with the State and Northern Territory Governments, to provide powers and mechanisms to cope with a national liquid fuel supply emergency, should such an emergency arise during the three-year life of the legislation.

Background

A crisis in liquid fuel supplies which developed in mid-1979, following the substantial reduction in oil output because of the revolution in Iran, prompted the establishment of a National Petroleum Advisory Committee to represent and in turn advise the various Governments, Commonwealth and State, in providing for any future national supply shortage.

The International Energy Authority (IEA) was established by the OECD Council on 15 November 1974 as an autonomous body within the OECD. Australia acceded to the IEA Agreement in March 1979. Under IEA auspices, an Emergency Oil Sharing System (EOSS) has been developed to help cope with an oil supplies disruption of mild to medium severity.[1] Australia's involvement in the development of contingency plans for the international sharing of oil supplies through the IEA, provides a further motivation for the present Bill.

The Report of the National Petroleum Advisory Committee (NPAC) was tabled in the Senate on 21 September 1982. Total demand for petroleum products in Australia was 587,000 barrels per day of which 66 per cent was supplied from Australian crude and 34 per cent from imports of crude oil and refined products. The type of oil and oil products was indicated to be quite important - Australian crudes tend to be lighter than Middle Eastern crudes and better suited
to transport uses. Australia has in recent years shown a trend away from fuel oil for industrial purposes and fuel oil demand is expected to decline by a further 40 per cent in the next ten years.[2]

The principal uses of petroleum products in Australia are transport/storage (67 per cent), manufacturing (15 per cent), mining industries (3 per cent) and the agricultural and fishing industries (7.3 per cent).

Types of petroleum products used include motor spirit, which accounts for 42 per cent of total sales of petroleum products, and automotive diesel oil which is extensively used in road and rail transport.

Plans for handling a liquid fuel emergency include the classification of users of petroleum products into essential, high priority and other users; the administration of coupon rationing for motor spirit; variation in refinery operation methods; means for encouraging reduced consumption; and plans for management of stockpiles.

With respect to legislative measures, the Council indicated the need for Commonwealth cooperation with existing state legislation.[3]

Commonwealth powers were recommended to include standing powers to require the holding of stockpiles and the collection and notification of statistics, and emergency powers, including powers to determine allocation of available supplies to various States, possible defence uses, etc.

The NPAC Report considers three scenarios. Two relate to reductions in imported supplies of 100 per cent and 50 per cent respectively, and the third to a 50 per cent reduction in indigenous production, such as may occur following a natural disaster in the Bass Strait fields or a breakdown in the distribution system.

Outline

The Bill has 55 clauses divided into 5 parts. Contingency powers are provided for in Part II (clauses 12-15). Emergency powers are provided for in Part III (clauses 16-27) and Part IV (clauses 28-40) provides for enforcement.

Main Provisions

Clause 5 defines "trading corporation" by reference to paragraph 51(xx) of the Constitution. The operation of
the Act in relation to "fuel industry corporations" is not to be restricted by the general objects of Ministerial discretions set out in clause 6.

Clauses 10 and 11 provide for guidelines to be issued by the Minister as to how bulk customers may be supplied, and for the identification of essential and high priority users.

Contingency powers in clauses 12 to 14 permit the Minister to direct respectively stockpiling by fuel industry corporations, development of procedures for allocation of fuel to bulk customers, and collection of appropriate statistical information. Clause 15 authorizes joint arrangements with the States or Northern Territory.

Declaration of a national liquid fuel emergency is by Proclamation of the Governor-General under clause 16. Other clauses in Part III give the Minister additional powers exercisable during such emergency, e.g. to compel maintenance of reserves, transfer of fuel to other places (in circumstances where that is possible under the Constitution), and allocation of fuel to particular consumers. Such directions are to be published under clause 26 and may not regulate the price at which the fuel is sold (clause 25).

Provisions for enforcement of the Bill set out in Part IV include facility for seizure of evidence by persons authorized under clause 29, powers of inspection and power to demand information or production of documents (clause 30). Pecuniary penalties in clause 34 may be as high as $250,000 for certain breaches by bodies corporate.

Miscellaneous provisions in Part V repeat provisions of the Constitution for acquisition of property on just terms, and further provide immunity from suit for persons or corporations where such liability would otherwise arise because of compliance with a direction or other requirement under the Bill.

The "sunset clause" (clause 53) provides for termination of the legislation three years after commencement, or at the end of any national fuel emergency in effect at that time.

For further information, if required, contact:

7 September 1983
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References


2. op.cit., p.25.

3. op.cit., p.65.