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## Fuel cost guarantee

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## \$200m scheme for supply, price

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MOTORISTS will be spared a shock at the bowser under a \$200m scheme to keep fuel affordable and support struggling Australian refineries.

In a pre-budget announcement, the federal government will commit to building more fuel storage across the country and introduce support for refineries to keep their domestic operations running.

Scott Morrison said Australia had been lucky to avoid a serious supply issue over the past 40 years and coronavirus had been a reminder of the need to build up domestic stores.

“Our positive changes to the fuel market will ensure Australian families and businesses can access the fuel they need, when they need it, for the lowest possible price,” the Prime Minister said.

“Like all sectors of the economy, the COVID-19 pandemic is having an impact on Australia’s fuel industry.

“The events of 2020 have reminded us that we cannot be complacent.

“We need a sovereign fuel supply to shield us from potential shocks in the future.”

The federal government will build 780 megalitres more diesel storage in Australia, expected to create 950 jobs while it is being constructed.

About 75 long-term jobs were expected to be created, with locations for storage facilities to be decided through a competitive tender process.

The package will also intro-

duce minimum storage for key fuels. There are about 20 days of diesel supply in stock holding in the country, 25 days for petrol and 27 days for jet fuel.

Under the scheme, there

will be minimum supplies of diesel for 28 days and 24 days for petrol and jet fuel. Refineries that sign up to secure the supply will get a minimum of 1.15 cents a litre in return.

Energy Minister Angus Taylor said the measures were designed to ensure the long-term viability of local refineries, under extreme financial pressure due to reduced movement during the pandemic.

“Almost all Australians are reliant on fuel and it is the lifeblood of so many sectors in our economy,” Mr Taylor said.

“Our farmers and miners rely heavily on diesel to do their jobs and provide services, while the transport sector sources 98 per cent of its energy from liquid fuels.

“That’s why it is critical that Australia has control over its fuel security arrangements.”

Government modelling has the cost of Australian refineries closing at about 1c a litre.

The federal government has previously announced it would buy up to \$94m worth of crude oil at record low global prices for storage in the US Strategic Petroleum Reserve, which Australia could access during a global emergency.

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