



Australian Government

Department of the Environment and Energy

Consultation Paper: Mandatory Reporting of Petroleum Statistics

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Executive Summary

The Australian Government has decided to introduce a legislated mandatory reporting program for petroleum sector data from 1 January 2018. This would replace the existing voluntary reporting scheme used by the Department of the Environment and Energy (the Department) to produce the Australian Petroleum Statistics (APS) Report, a monthly statistical report on activity in parts of the Australian petroleum industry. The APS Report is available at <http://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/Pages/Australian-petroleum-statistics.aspx>

Mandatory reporting will improve the data coverage and quality of the statistics, which are used for a range of purposes by the Australian, state and territory governments, the petroleum industry, investors, researchers, media, and international organisations.

The Department is seeking stakeholders' views on the appropriate design and operation of the mandatory reporting programme. In particular, the four main questions asked in this paper are:

- Who should report? (section 3.3)
- What activities should be reported? (section 3.4)
- What product categories should be reported? (section 3.5)
- How and when should businesses report? (section 3.6)

Section 1 of this paper sets out how the APS Report is currently produced from a voluntary survey of petroleum companies, and discusses how businesses and governments use the statistics. This includes determining Australia's compliance with its stockholding obligation as a member of the International Energy Agency (IEA).

Section 2 explains the Government's decision to introduce a mandatory reporting obligation. A key factor in this decision has been the increasing number of petroleum companies active in the supply chain. Many of these companies decline to participate, or intermittently participate, in the voluntary survey, and this impacts on the quality of the APS Report. Mandatory reporting will ensure the APS Report provides accurate, timely and relevant statistics to the petroleum industry, government, international organisations and other users.

Section 3 discusses potential options for the design of mandatory reporting based on the principles that the petroleum statistics system should:

- a) Capture relevant petroleum data accurately, in a timely manner and with a high degree of reliability.
- b) Enable Australia to meet its IEA reporting requirements.
- c) Minimise the reporting burden on industry.
- d) Minimise the disruption to existing reporters and users.

For businesses interested in how mandatory reporting could apply to them, the key sections to review are sections 3.3 to 3.6. These sections discuss who could be required to report, and what activities and products they would need to report on.

Stakeholders, including potential reporters and existing users of the APS Report, are encouraged to submit comments on this discussion paper by 28 October 2016. **Please send your response by email to mrps@environment.gov.au.**

Public consultation sessions will be held in the coming months to give stakeholders an opportunity to discuss the issues raised in this paper with representatives from the Department. Further details are provided in Section 4.

The Government will carefully consider all responses received before 28 October 2016 as it develops the design of mandatory reporting and anticipates advising stakeholders of the final design of the mandatory reporting regime before the end of 2016.

1. Australian Petroleum Statistics

1.1 The Australian Petroleum Industry

1. Australia has a well-functioning domestic petroleum market that is closely integrated into international markets. This integration provides Australia with a flexible, responsive and efficient petroleum supply chain with crude oil sourced from more than a dozen countries, and refined products imported from over 13 countries in 2015-16. Australia is also an exporter of oil, with a significant amount of crude oil and a small amount of petroleum product exported each year.
2. Recent years have seen a transition in the Australian petroleum industry. Since 2003, four domestic refineries have closed or been converted to import terminals, while the growth in mining activity drove a significant increase in fuel imports, especially diesel. As a result, new companies importing, trading and supplying fuel have entered the market and the Australian petroleum industry has become increasingly diversified and competitive.
3. This well integrated, flexible and diversified petroleum market benefits Australian consumers and businesses by ensuring a reliable supply of liquid fuels at competitive prices. The ongoing changes in our petroleum market and supply chain, and the growing number of businesses actively involved in the market, means that accurate and timely petroleum statistics are increasingly important to both governments and businesses.

1.2 The Australian Petroleum Statistics Report

4. To ensure the availability of accurate and timely statistics on the supply and use of petroleum in Australia, the Department of the Environment and Energy (the Department) publishes a monthly statistical report. The Australian Petroleum Statistics (APS) Report is available free of charge at <http://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/Pages/Australian-petroleum-statistics.aspx>

Administrative Responsibility for the APS Report

On 23 September 2016, responsibility for the APS report will transfer to the Department of the Environment and Energy (the Department) from the Department of Industry, Innovation and Science (Industry Department). This transfer ensures energy policy and energy statistics remain co-located within the one agency.

This machinery of government change will not affect the delivery of the APS Report. The existing team behind the APS Report will continue to produce the report, working closely with the Office of the Chief Economist in the Industry Department. The APS Report will continue to be available on the Office of the Chief Economist website, along with other energy and resources publications.

5. The APS Report contains monthly statistics on:
 - oil (and associated hydrocarbon) production by basin;
 - oil imports and exports, by product and source or destination country;
 - refinery inputs and outputs by product type;
 - sales of petroleum products by state and product type (excluding retail sales);
 - end of month stock levels by fuel type; and
 - Australian fuel prices compared to OECD countries.
6. The Department compiles these statistics, with the exception of trade and price data, from a voluntary industry survey completed each month by petroleum companies. The importance of data confidentiality is discussed in Box 1.

Box 1: Data Confidentiality

The confidentiality of data provided by petroleum companies for the APS Report is paramount. All information provided to the Department is stored on secure servers and only published on an aggregate basis to ensure commercially sensitive information remains confidential. Only staff involved in compilation of the statistics have access to this information and all undergo regular security training to maintain their security clearances. If there is a risk in any period that data from individual companies can be identified or deduced from the published statistics, then those statistics will not be published.

7. The Department aims to publish the APS Report by the fifteenth day of the second month following the reference period. This means that statistics for the month of June 2016 should be published by 15 August 2016.

1.2.1 Applications of the APS Report

8. The Department uses the APS Report to compile Australia's official energy statistics and balances, to monitor the performance of the petroleum industry in line with its responsibility for energy markets, and meet reporting requirements under the United Nations Framework Convention on Climate Change. The APS Report is also the basis of Australia's long-term liquid fuels security and resilience policy development.
9. Other Australian Government agencies, including the Australian Bureau of Statistics (ABS), Australian Taxation Office (ATO), and Bureau of Infrastructure, Transport and Regional Economics (BITRE), use the APS Report for a number of purposes, including compiling state economic accounts and excise data analysis. These agencies have made clear to the Department that the APS Report is important for their functions.
10. State Governments use the APS Report to predict petroleum royalty revenue.
11. The petroleum industry uses the APS Report to monitor trends, evaluate corporate performance and inform decision making on future investment. The more accurate the APS Report, the more effective it is for businesses. As a result, the majority of petroleum companies active in Australia support the APS Report and report their data voluntarily.
12. The Australian Government uses the survey results to develop Australia's monthly oil statistics report to the International Energy Agency (IEA). As an IEA member, Australia has an obligation under the *Agreement on an International Energy Program* (IEP Treaty) to provide monthly statistics on its petroleum industry. See Box 2. The IEA Secretariat uses these data to monitor the global oil market, prepare for potential global supply disruptions, and critically, to determine whether Australia is compliant with its obligation as an IEA member to maintain stocks equivalent to 90 days' worth of the previous year's average daily net oil imports. Further information on the IEA stockholding obligation is available at Attachment A. Australia's data also feeds into the Joint Organisations Data Initiative (JODI) administered by the International Energy Forum.

Box 2: The IEA Reporting Requirements

Under articles 32 and 33 of the IEP Treaty, IEA members must collect accurate petroleum data from petroleum companies on behalf of the IEA Secretariat. The Secretariat requires all member countries to provide monthly statistics on total domestic:

- petroleum production; including crude oil, natural gas liquids (NGLs), other hydrocarbons and biofuels;
- refinery consumption of feedstocks including crude, NGLs, other refinery feedstocks and additives;
- refinery production of finished petroleum products including refinery gas, ethane, liquefied petroleum gas (LPG), naphtha, gasoline, diesel, fuel oil, kerosene, petroleum coke and other products such as waxes and greases;

- imports and exports of crude oil, refined petroleum products and biofuels; separated by source/destination country;
- petroleum product consumption, including biofuels; and
- end of month closing stock levels.

The IEA requires these data to be submitted in a specified format (the Monthly Oil Statistics Report) within 25 days. This means that the report for July is due on the 25 August.

The IEA has historically provided Australia with an extension to the reporting deadline because late submission of company surveys prevents Australia from reporting on time. The IEA currently permits Australia to report on the 10th day of the second following month, meaning the report for July is due on the 10th of September. Mandatory reporting could enable Australia to submit its reports in line with the deadline for other IEA members.

2. Mandatory Reporting

13. The Government has decided to implement mandatory reporting for petroleum statistics from 1 January 2018. This will improve Australia's compliance position with the IEA stockholding requirement due to improved data coverage and bring Australia's petroleum statistics into line with the recommendations of independent consultants, the Senate Reference Committee on Rural and Regional Affairs and Transport, and the IEA. See Box 3.

Box 3: Recommendations for Mandatory Reporting

In 2016, **ACIL Allen** reviewed the APS for the Department. The report recommended mandatory reporting and concluded: *"the APS is not fit for purpose for reporting to the IEA or for reporting to government with respect to policies for and in response to liquid fuel emergencies."*

In 2015, the **Senate References Committee on Rural and Regional Affairs and Transport** recommended that *"the Australian Government require all fuel supply companies to report their fuel stocks to the Department of Industry and Science on a monthly basis"*.

The **International Energy Agency** has repeatedly advocated mandatory reporting of petroleum statistics. In 2012, the IEA In-Depth Review of Australia recommended *"Australia take necessary steps to improve oil (and gas) data reporting. This may include placing a data reporting obligation on all industry participants."* This recommendation was repeated by the 2014 IEA Statistics Mission to Australia, with a particular focus on mandatory reporting of stocks data.

14. Mandatory reporting forms part of the Government's plan to return to compliance with Australia's IEA stockholding obligation. See Box 4. The plan was noted by the IEA Governing Board in June 2016. For further information, see: <http://www.industry.gov.au/Energy/EnergySecurityOffice/InternationalEngagement/Pages/IEAInternationalEnergyProgramTreaty.aspx>

Box 4: Australian Compliance Plan

Funding for Australia's plan to return to compliance was provided as part of the 2016 Budget. The compliance plan has four key elements:

1. The implementation of mandatory reporting for petroleum statistics from 1 January 2018.
 2. An initial ticketing commitment that will see the Australian Government purchase and maintain 400 kilotonnes (kt) of international oil tickets from July 2018. This will enable Australia to contribute its share to a future IEA collective action.
 3. Re-establishment of an Australia Energy Counsellor in Paris, where the IEA is based, to enable Australia to contribute effectively to the IEA's reform and modernisation process.
 4. Further investigation into long-term compliance options, with the Australian Government committed to returning to compliance with its oil stockholding obligation by 2026.
15. The voluntary APS Report will continue to operate until 1 January 2018.
16. Most IEA member countries have a mandatory reporting obligation for petroleum statistics. The design of these reporting schemes varies across IEA members, from the comprehensive monthly petroleum activity report required in the United Kingdom (UK) to the 22 weekly and monthly petroleum industry reports required in the United States of America (USA). A key factor in the design of these arrangements is the specifications of any industry stockholding obligation or government stockholding policy. A small number of IEA members, including New Zealand, do not have a mandatory reporting obligation because of high levels of voluntary participation in reporting arrangements.

2.1 Rationale for Mandatory Reporting

2.1.1 Growth in Non-Reporting

17. Until the early 2000s, participation in the voluntary APS Report represented almost complete coverage of the industry. As the market has evolved to include a greater number of businesses, the rate of participation has declined. Around 30 companies currently participate in the APS, including many petroleum refiners, producers and wholesalers, some of which have participated since the APS commenced. The Department has identified at least 15 petroleum companies that do not report.
18. In some cases, non-reporting is due to a lack of awareness, since new entrants to the market can be unaware of the APS Report until approached by the Department. However, in many cases, non-participation is a deliberate decision.
19. Non-participation in the APS Report reduces the data coverage. Comparisons of APS data with other data sources indicates that for some variables, survey coverage may be as low as 50 per cent at the national level.
20. In March 2016, ACIL Allen advised the Department that the current approach was no longer fit for purpose. Work is underway to address these issues, which alongside the introduction of mandatory reporting, will result in statistics of a high standard.
21. Non-reporting also leads to under-reporting of the commercial stockholdings that Australia reports to the IEA. The IEA stockholding obligation requires IEA members to each hold sufficient stocks of petroleum to cover 90 days' worth of 'net imports'. Australia's stockholding in May 2016 was equivalent to around 56 days' worth of net imports, a shortfall of 34 days (roughly equivalent to 3 million tonnes).
22. Analysis by ACIL Allen on behalf of the Department estimated that between 10-20 per cent of end of month stocks for some products are not reported each month, the equivalent of at least 3 days

of net oil imports each month. The cost of obtaining an equivalent level of oil through purchasing international oil tickets (the cheapest available method of increasing IEA accepted oil stocks) would be approximately \$6 million a year.

2.1.2 Previous Consultation

23. The former Department of Resources, Energy and Tourism undertook consultation on mandatory reporting for petroleum statistics in 2013. In general, stakeholders supported the introduction of mandatory reporting, subject to the final design of the scheme minimising the regulatory burden on industry.
24. In 2014, the Government decided not to proceed with mandatory reporting without first completing a thorough investigation into the potential for non-regulatory approaches to capture the necessary petroleum data, in line with the Government's deregulation agenda. To this end, the Department has conducted an investigation into the potential for whole of government data-sharing and estimation of unreported data to remove the need for mandatory reporting.

2.2 Alternatives to Mandatory Reporting

2.2.1 Data-Sharing

25. Where possible, the APS Report uses data collected elsewhere to reduce the reporting burden on industry and minimise the impact of non-reporting. Data-sharing arrangements have been established with the ABS on aggregated import and export data, the National Offshore Petroleum Titles Administrator (NOPTA) on aggregate offshore production data, and the ATO on aggregate excise and customs clearance volumes, which incorporates data collected by the Department of Immigration and Border Protection (DIBP).
26. The Department investigated the potential for data-sharing to eliminate the need for monthly reporting by petroleum companies. Unfortunately, no combination of data sources has been identified that can completely remove the need for monthly reporting.
27. One key challenge is the IEA's requirements on categories and timing. The IEA Secretariat requires monthly reports within 25 days in the categories set out in Attachment B1 (noting Australia's extension discussed above). As a result, where a data set collected under another government programme cannot be finalised by the due date to the level of detail required by the IEA, it cannot replace the existing survey.
28. The Department has identified a number of data sets that could meet IEA reporting requirements and reduce the reporting burden on industry. These *potential* data-sharing opportunities are discussed in section 3, and in particular in Boxes 6, 7 and 9. However, **stakeholders should note there are issues associated with increasing data-sharing**. Firstly, increased data-sharing could reduce the level of detail provided in the APS Report, since other agencies may not capture the same level of detail as the APS Report currently provides. Secondly, the identified opportunities for increased data-sharing in this paper are provisional. Increased data-sharing will raise legal, policy and procedural issues, as personal and commercially sensitive information is strongly protected within the Australian Government, and it is generally impermissible to use data for a purpose different to that which it was originally collected for. Therefore, where stakeholders support potential data-sharing opportunities, the Department will consult with relevant agencies to determine if data-sharing is possible and under what conditions.
29. The Department proposes that, as a general principle, data-sharing arrangements will be pursued where stakeholders support it, and the arrangements could reduce the reporting burden on business, meet IEA reporting requirements, maintain the integrity and usefulness of the APS Report, and align with the Australian Government's data-sharing policy. Data-sharing will also be undertaken to crosscheck reported data against other sources. This consultation paper offers

both reporters and data users the opportunity to indicate what data-sharing trade-offs they would support.

2.2.2 Estimation

30. The Department has developed a number of methodologies to estimate production, sales and stock figures for non-reporters. These estimation processes use public information (such as companies' quarterly reports), historic data and modelling. This is only a partial solution to under-reporting and is becoming less effective as data coverage deteriorates.
31. As a result, it has been determined that estimation is not a long-term solution to non-reporting of critical data.
32. The Department will provide further information in the coming months on existing levels of estimation, including potential revisions to some data series (particularly sales and stocks) to reflect improved estimation methodologies until mandatory reporting is in place.

3. Design of Mandatory Reporting

33. Section 1.2.1 identifies the many ways in which the APS Report is used. Considering the importance of the APS Report to governments, businesses and others, it is important that the data captured by the APS Report is relevant and accurate. However, it is also important that the reporting burden on industry is minimised. The introduction of mandatory reporting offers an opportunity to reconsider Australia's approach to the collection and publication of petroleum statistics, including whether the Department is collecting the right information in the most efficient manner. The following section sets out principles to guide the consideration of potential changes and provides a number of proposals for discussion.

3.1 Design Principles

34. The Department has developed a number of over-arching principles to guide the design of mandatory reporting. These principles are that the mandatory reporting regime should:
 - a) **Capture relevant petroleum data accurately, in a timely way and with a high degree of reliability.** Relevant data is any data that are essential to industry, government or other users of the petroleum statistics.
 - b) **Enable Australia to meet all its IEA reporting requirements and other international obligations.** This will ensure Australia meets its international obligations and has internationally comparable petroleum statistics.
 - c) **Minimise the reporting burden on industry.** This includes utilising data-sharing arrangements where appropriate to reduce the data covered by mandatory reporting and applying common definitions and methodologies. This is discussed further in Box 5.
 - d) **Minimise the disruption to existing reporters and users.** The APS Report is a statistical publication that has run for decades so the continuity of critical datasets is an important consideration.
35. Achieving all four objectives will not be possible in all cases, and trade-offs will be necessary.

Question 1: How do you use the APS Report?

Please identify all the ways in which you use the data published in the APS Report.

If there is any data which is essential to your operations, please note this in your response.

If there is any data you would like added to the APS Report, please include this in your response.

Box 5: How to Minimise the Reporting Burden

There are a number of opportunities to reduce the regulatory burden associated with mandatory reporting. These include:

- Focusing mandatory reporting on the data that is necessary to users. Other data could continue to be collected on a voluntary basis.
- Using data collected under other regimes to reduce re-reporting (data-sharing).
- Aligning reporting categories and terminology with the internal approaches of petroleum companies and other schemes such as excise tariff codes.
- Developing reporting processes that are simple, clear and easy for petroleum companies.

This paper discusses a number of opportunities for minimising the reporting burden, as well as some potential downsides associated with these approaches, in sections 3.3-3.6. Stakeholders are encouraged to make additional suggestions for ways to reduce the regulatory burden in their submission.

3.2 Potential Options

36. Applying the principles in section 3.1, and the conclusion that data-sharing cannot remove the need for some form of mandatory data reporting, a number of options have been identified, including:

Option A: Conversion from Voluntary to Mandatory Reporting without Change

The first option is to convert the existing voluntary APS Report to a mandatory report without making any other changes. This would see the existing reporting process for the APS Report become mandatory, ensuring maximum continuity. Examples of how this option would operate in practice are provided in Box 10.

This approach satisfies the data collection requirements of the main users of the APS in Australia and the IEA while minimising the disruption to existing reporters and users of the APS Report.

Option B: Mandatory Reporting, with Maximum use of Data-Sharing Arrangements

This approach would see data-sharing used wherever possible, with a reporting obligation imposed only where no alternative data source which meets requirements is available. Based on the identified data-sharing opportunities, this would see a mandatory reporting obligation apply to onshore production data, refinery inputs and outputs, end of month stocks, and sales of products not covered by excise such as bitumen and international aviation and marine bunker fuels.

This option would reduce the information provided in the APS Report, including removing all breakdowns of sales by state and sub-categories such as the different grades of petrol and types of LPG. One potential solution to the loss of essential data would be to create targeted reporting obligations for specific data, such as sales data for particular types of petroleum such as premium unleaded. This is discussed in Box 9 below.

Option B would also introduce continuity issues for long-term data. However, it would reduce the reporting burden for some petroleum companies.

Option C: Mandatory Reporting for Stocks Only

This option would see mandatory reporting applied to petroleum companies' end-of-month stocks. This would include direct importers. Voluntary reporting would continue for other activities such as production, refining and sales.

This option would capture additional stock for IEA compliance, but would not allow data verification. The wider issues in relation to coverage caused by irregular reporting and non-reporting would remain, and the quality of refining, sales and production data would not necessarily improve.

Option D: Comprehensive Mandatory Reporting

Some IEA member countries, including the UK and New Zealand, require (in New Zealand's case request) petroleum companies to report all production, imports, exports, consumption and stocks in the one monthly report. The advantage of this approach is that it reduces the potential for misclassification of fuels (e.g. refined products, blendstocks, feedstocks) when consolidating information obtained from different sources (e.g. import/export data, company reported data). This approach also enables self-validation by companies because total flows should balance each month.¹ As a result, the potential for transcription errors reduces.

This option would require mandatory reporting to apply to imports and exports in addition to the existing reporting categories. As a result, there would be additional reporting burden on petroleum companies, discussed further at section 3.4.5. This option could produce the most comprehensive and accurate statistics.

Question 2: As a general principle, which option do you prefer?

Please identify why you support this approach.

If you do not support any of the options, please identify your preferred alternative.

37. The following sections (3.3 – 3.6) set out in detail how mandatory reporting would operate if it is based on the existing APS Report (Option A). Box 10 provides a number of case studies for Option A as well. This does not indicate a preference or recommendation for Option A. Rather it is intended to help stakeholders identify how Options B, C or D (or other alternative) would change the reporting obligation and statistics published in the APS Report. It specifically addresses the questions of:
- who would be required to report (3.3)
 - what would be reported, split between activities (3.4) and product categories (3.5); and
 - how and when reports would be prepared and submitted (3.6).
38. Businesses unsure of whether they would be covered by mandatory reporting may find it helpful to ask three questions as they read through the following sections:
- a. Would they be **an owner** under the proposed approach in section 3.3?
 - b. If yes, would they **own a covered product** (petroleum or other product) under the proposed approach in section 3.5?
 - c. If yes, would they **own a covered product in a covered activity** as proposed in section 3.4?

¹ That is, closing stock levels should equate to opening stocks (previous months closing stocks), plus any oil produced, plus imports, less exports, less sales and subject to any changes in refinery balances (inputs and outputs).

39. The proposals in the sections below are indicative at this stage and are intended to prompt stakeholders to consider how potential options would differ. Recommendations for alternative approaches are strongly welcomed.
40. Readers may find it helpful to refer to a copy of the APS Report in the following sections, it is available at: <http://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/Pages/Australian-petroleum-statistics.aspx>

3.3 Who Should Report?

41. It is proposed that the reporting obligation would apply to the **owner** of the petroleum product undertaking a covered activity (section 3.4) in relation to a covered product (section 3.5). In most cases, the owner required to report will be the **party engaged in producing, importing, exporting, refining or wholesaling petroleum**.
42. Although the Department is considering placing the legal responsibility for reporting on owners, the Department also proposes that it would be permissible for someone else to report on an owner's behalf. For example, agents, consultants or field operators could submit monthly reports.
43. This would be a change to the existing practice for petroleum producers. The APS Report currently asks field operators to report production figures instead of titleholders (legal owners). However, placing the reporting obligation on owners aligns with the approach for downstream business in the APS Report and the NOPTA reporting requirements, which requires titleholders to report offshore production.
44. Focusing the reporting obligation on the owner of petroleum means that companies that hold petroleum, but do not own it, such as terminal operators, will not have a reporting obligation. However, where a terminal operator owns their own stock, they will need to report this stock.

Question 3: Do you support applying the reporting obligation to the owner of petroleum?

If you believe the reporting obligation should be placed on another party, please identify this party and why responsibility should be transferred.

Please indicate if you consider it appropriate to place any limits on who might report on an owner's behalf.

3.3.1 Direct Importers

45. Direct importers are businesses that import fuel for their own use without going through an Australian-based intermediary. For example, a mining company may purchase diesel fuel directly from a refinery in Korea for use in its Australian operations.
46. It is considered essential that direct importers **report end-of-month stocks** under mandatory reporting. Where a direct importer sells oil, which it imported, to third parties (except private motorists) it will be required to report this as a sale as well (as it ceases to be a direct importer and has become a wholesaler).

Question 4: Are there any reasons why direct importers (or a subset of direct importers) should be excluded from mandatory reporting?

3.3.2 Reporting Threshold

47. There are a number of entities which import a relatively small amount of petroleum for highly specialised uses, such as the Australian Grand Prix. Requiring these entities to participate in the APS Report would significantly increase the reporting burden without necessarily improving the statistics or end of month stock levels.

48. A threshold will be applied to exclude small operations and private individuals from mandatory reporting. Based on consultation with overseas regulators and industry, an annual threshold of 3,000 tonnes (3kt) is proposed. This means that corporations, private individuals or other businesses would be exempt from mandatory reporting where they produced, imported, exported or wholesaled **less than 3kt of petroleum in total in a calendar year**.
49. An alternative approach, which would avoid the problem of determining annual volumes, would be to require reports from all **holders of an active petroleum excise license** (or equivalent requirement). It would be important that any criteria threshold only covered relevant businesses.

Question 5: Do you agree with the need for a threshold and the proposed level?

If you believe an alternative threshold level such as the holding of an excise license would be more appropriate, please indicate the criteria and/or level you consider appropriate and why.

3.4 What Activities Should be Reported?

50. Option A would see petroleum companies obliged to report monthly data on production, refining (inputs and outputs), wholesale transactions and end of month stock levels. Imports, exports and price data would be exempted under Option A.
51. For the purposes of improving compliance with the IEA stockholding obligation, it is essential that end-of-month stocks are included in mandatory reporting, as occurs under Options A, B, C and D. The cost of stock equivalent to one day of IEA compliance for Australia in international tickets is estimated at approximately \$2 million per annum.

3.4.1 Production

52. The Department proposes that the approach to reporting onshore production would be unchanged. This would see an obligation to report all crude oil, condensate, naturally occurring LPG and other naturally occurring gases produced in Australia (as a result of petroleum production) during the relevant month by basin.
53. The National Offshore Petroleum Titles Administrator (NOPTA) collects a range of petroleum data which covers the majority of offshore production data necessary to compile the APS report. However, there are legislative and commercial constraints on how that data may be shared and used. Opportunities to broaden the agencies with whom NOPTA may share data are being investigated, however, this is likely to require legislative change and cooperation from titleholders. See Box 6 for further information.
54. The NOPTA's operational costs are fully cost recovered through applications fees and levies. Should NOPTA's role extend to becoming the primary source of data for the Australian Petroleum Statistics for the offshore area, this may need to be included within NOPTA's legislative function, particularly as the reporting will be mandatory.

Box 6: Data-Sharing Opportunities

National Offshore Petroleum Titles Administrator

The National Offshore Petroleum Titles Administrator (NOPTA) collects offshore production data pursuant to the *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011* (RMA Regulations). Titleholders for oil and gas fields in Commonwealth waters (all Australian territorial waters beyond 3 nautical miles from state shores)

must report monthly crude oil, gas, LPG and condensate production, monthly sales and shipping, and end of month stocks of oil and condensate.

Developing a data-sharing arrangement to allow disaggregated (identifying) data collected by NOPTA to be used as a source of offshore production data for the Australia Petroleum Statistics could potentially remove the need for petroleum producers to report offshore production figures, sales and stocks. In order to facilitate the sharing of data submitted under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and the RMA Regulations, the confidentiality provisions need to be reviewed and amended.

If data sharing is pursued, petroleum companies would still need to report all production, sales and end of month stocks not covered by the NOPTA, including both onshore production and offshore production in state territorial waters. This also includes stocks of LPG held as a result of offshore production.

NOPTA has clearly defined functions and its operational costs are recovered from industry. Any expansion of those functions would require industry support.

Royalties

The Department has investigated the potential to use petroleum royalty data collected by the states as an alternative to mandatory reporting for onshore production. However, not all jurisdictions collect the information required by the IEA and others cannot provide the information by IEA deadlines.

Question 6: Do you support using NOPTA offshore production figures to replace the need to report offshore data?

3.4.2 Refining

55. Refiners operating in Australia will be required to report refinery inputs and outputs each month, maintaining the existing approach.
56. Oil recycling processes, such as re-refining, where petroleum waste products are re-processed to create new petroleum products, are not currently included in the survey for the APS Report. This results in problems for the reporting of lubricant statistics.
57. The Department is interested in stakeholders' views on the best way to resolve the data gap on petroleum recycling. One option would be to include recycling in mandatory reporting as a covered activity. Alternatively, data-sharing could identify some of the required information, but not all. See Box 7 for further information.

Box 7: Data-Sharing Opportunities

Product Stewardship for Oil Program (PSO)

The PSO aims to encourage the environmentally sustainable management and re-refining of used oils. The *Product Stewardship (Oil) Act 2000* establishes a levy-benefit system, where an 8.5 cents per litre levy on new and recycled oil helps fund benefit payments to used oil recyclers.

The ATO administers the PSO on behalf of the Department. The ATO collects weekly data on the clearance of petroleum-based oils and greases through its administration of the levy, as well as monthly data on the amount of oil recycled through its distribution of the benefit payment. The PSO does not collect data on closing stock levels or re-refinery inputs.

Question 7: Should mandatory reporting cover oil-recycling process?

Please indicate if you support the use of data collected under the PSO in place of mandatory reporting. If you support data-sharing, please discuss whether data not collected under the PSO, such as end of month stock data, should be subject to mandatory reporting.

If you are an oil-recycler, please provide an estimate of the potential regulatory burden that would be associated with reporting monthly inputs and outputs.

If you would benefit from the publication of statistics on petroleum recycling, please note this in your response.

58. The Department is investigating whether a data-sharing arrangement with the Australian Competition and Consumer Commission (ACCC) could reduce the reporting burden for refineries associated with the ACCC's petroleum industry monitoring role. This would see refineries' monthly reports to the Department shared with the ACCC to remove the need for refineries to re-submit these data to the ACCC.

Question 8: Do you support the sharing of data collected under mandatory reporting to reduce the regulatory burden associated with other reporting regimes?

Please list any conditions you believe should be placed on the sharing of data collected by mandatory reporting within government.

3.4.3 Stocks:

59. Under all proposed options for mandatory reporting, petroleum companies will be required to report their monthly stock levels. All IEA members except Australia, Canada and New Zealand have a mandatory reporting obligation for end-of-month stock levels.
60. The relevant day for determining stock levels would be the last day of the month.
61. The Department proposes that **retailers** (i.e. petrol stations) will not need to report their stock levels. The IEA rules exclude such stocks from counting towards compliance with the IEA stockholding obligation (see Attachment C).
62. The Department also proposes that **consumers** will not need to report their stock levels, **unless they are a 'direct importer'**. Direct importers will be required to report their end of month stocks, but only for the fuel they imported directly. The IEA rules allow stocks held by major consumers to count towards compliance with the stockholding obligation, if the Government can control the stocks in an oil supply emergency. Some IEA members do count stocks held by consumers.

Question 9: Do you support excluding major petroleum consumers who do not import petroleum directly from end-of-month stock level reporting?

If you believe some consumers should be covered by the reporting obligation, please indicate the circumstances where a reporting obligation would be appropriate.

63. The IEA applies strict rules as to what stock may be counted as end-of-month stock. The rules are set out at Attachment C.
64. For the purposes of emergency planning, the Department asks petroleum companies to report certain petroleum stocks that the IEA does not count towards compliance with the stockholding obligation. That is, some stocks excluded under the IEA rules at Attachment C are included in the survey. This includes 'stocks on water', which are stocks in transit to Australia from foreign ports

that are outside Commonwealth waters.² These stocks form an important part of Australia's fuel security, and enable a flexible response to local supply disruptions. The Department is interested in stakeholders' views on whether they support the inclusion of stocks that will not improve Australia's IEA compliance position, but otherwise provide useful data, in mandatory reporting.

Question 10: Do you support mandatory reporting for non-IEA counted stock such as stock on water or should this reporting remain voluntary?

65. The IEA rules allow member countries to count petroleum stocks held overseas if the stock is definitely designated for import into their country (known as Category K or **stocks held overseas definitely designated for import**). Australia has never reported under this category. The Government is investigating the potential for the inclusion of stocks held overseas definitely designated for import into Australia to reduce Australia's stockholding compliance gap. The Department will undertake a separate consultation process if this category is added to the survey.

3.4.4 Sales (Consumption)

66. Applying Option A, petroleum companies would be required to report all **wholesale transactions** in the relevant month by product (see section 3.5) and state of sale (or relevant state marketing area if the state or territory where the sale occurred is unknown).

67. Wholesale transactions means **all sales except retail sales to private motorists and marketing companies that already report**. This excludes sales to companies that already report under the voluntary survey and sales by petrol stations. Excluding sales to companies that already report avoids double counting, discussed in Box 8. The ACCC collects data on retail sales from the larger retailers and has published this information in its monitoring reports in the past.

Box 8: Double Counting of Sales

The APS Report uses reported sales as a proxy measure of domestic fuel consumption. This information also helps with stock verification.

There is the potential for the inflation of consumption statistics where there is significant trading of oil within Australia before sale to consumers. For example, if Importer A sells diesel it has imported to Trader B, who sells it to Retailer C, who sells the diesel to motorists, two sales of the same diesel could be reported. If this double counting is not accounted for, Australia's fuel consumption can be over-reported.

The Department currently asks reporters to exclude from survey responses any sales to existing reporters to minimise the potential for double counting. Other techniques are also applied to verify reported data.

As the number of entities active in the petroleum supply chain increases, there is a risk that the existing approach will no longer be adequate to prevent double counting.

The Department is interested in the views of industry as to whether they consider double counting to be a risk and if so, the most appropriate way to reduce this risk. For example, one potential solution could be to limit the reporting obligation to only the first sale occurring in Australia or to require sales reports to be split between sales to wholesalers and retailers/consumers.

² Stocks held in intercoastal shipping, such as stock in transit in Commonwealth waters, are relevant for IEA compliance purposes and should be reported as part of petroleum companies' stocks.

Question 11: Do you support the existing approach to measuring consumption/sales?

Please indicate if you have a preferred alternative approach.

If the meaning of wholesale transactions is not clear to you, please note this in your response.

68. Option A would maintain the state and product sale breakdowns in the existing APS Report, which some industry stakeholders have indicated is an important input into their sales benchmarking. Under Options B and C, sales reporting would respectively be replaced by summaries of excise data or remain voluntary. However, there are potential problems with using excise data. See Box 9.

Box 9: Data-Sharing Opportunities

Excise and Customs Data

During the consultation on mandatory reporting in 2013, a number of stakeholders indicated interest in replacing sales reports by companies with data held by the ATO on behalf of DIBP through its administration of the excise and customs duties regime (hereafter 'excise'). Excise is paid on almost all fuel consumed in Australia. As a result, the Department could use these data as a proxy for consumption in place of sales reporting for most petroleum products.

The Department has consulted extensively with the ATO on this proposal and while a data-sharing agreement for aggregate (non-identifying) data is now in place, there are a number of issues raised by the use of excise data in place of sales reporting, including:

- The loss of state breakdowns in the APS Report as the ATO collects excise data nationally.
- Loss of product differentiation (e.g. different grades of petrol) in the APS Report as the excise system does not distinguish within a petroleum category (i.e. kerosene, gasoline or diesel). See Attachment B4 for a comparison of IEA, APS and ATO categories
- Some petroleum products required by the IEA to be reported are not subject to excise, including petroleum coke, bitumen, ethane and petroleum wax. International aviation and marine fuels (e.g. fuel loaded on departing planes) are exempt from excise but must be reported to the IEA. As a result, a residual sales reporting obligation is required for these products.
- The ATO currently finalises excise data on the seventh day of the second subsequent month due to the need to compile the data from multiple sources. It is unknown whether this data could be compiled in time to meet the IEA's preferred reporting deadline.
- APS data represents petroleum companies' activities over a calendar month whereas excise data is reported weekly to the ATO, one week in arrears. Discrepancies exist between the two datasets on a monthly basis, however, annual estimates are similar. Work is underway to reconcile the differences.

Many of these issues are unable to be resolved due to the policy and legal restrictions on the use of excise and customs data, especially disaggregate data.

One potential solution would be to use excise data for some product categories, but not others. For example, oil companies could be required to report gasoline and diesel sales by state and category (e.g. premium, standard and E10), with excise data used for other categories such as domestic jet fuel, lubricant and fuel oil consumption.

A related option is to increase the alignment between the reporting categories for excise and the APS Report. This is discussed further in section 3.5 below. While improved alignment would not remove the need to report, it would minimise the complexity associated with reporting linked data to multiple agencies.

Question 12: Do you support replacing sales reporting with the use of excise and customs data held by the ATO?

Please indicate your reasons in the response.

If the loss of state sales or product sub-category data will affect your use of the APS Report, please note this in your response.

3.4.5 Imports and Exports

69. Under Options A, B, and C, petroleum companies **would not** report imports or exports.
70. The Department of Immigration and Border Protection (DIBP) already collects these data from custom declarations forms. The ABS processes the data and provides aggregate import and export statistics by both source or destination country and product category to the Department for incorporation in the APS Report.
71. Option D would require petroleum companies to report imports and exports. Several IEA member countries, including the UK and New Zealand, require (or request in New Zealand's case) imports and exports to be included in monthly reports.
72. The primary benefit associated with including import and export figures in monthly reports is that it enables petroleum companies to ensure an accounting balance in their reports. This allows reporters to identify transcription errors, as total monthly flows will not balance.³ However, import and export figures will require petroleum companies to re-report data already provided to DIBP, increasing the regulatory burden associated with mandatory reporting.
73. There are a number of ways in which import and export reporting could be implemented. For example, an extensive approach could include shipment details such as source or destination country, date of arrival or departure and volume loaded or unloaded; while a minimalist approach could simply require a total net figure of imports less exports. Greater detail would increase the likelihood of detecting errors and potentially enable publication of additional detail in the APS Report, but it would increase the regulatory burden associated with Option D.

Question 13: Do you support including imports and exports in mandatory reporting?

If yes, please indicate the level of reporting detail you consider appropriate. For example, would a minimalist approach be appropriate or would additional detail be helpful for both reporters and data users?

If possible, please provide an estimate of the additional work required to report imports and exports for your company.

3.4.6 Fuel Prices

74. Petroleum companies would not need to report prices under any of the proposed options. The Department collects this information from alternative sources.

3.4.7 Other Activities

75. The Department is interested in whether stakeholders consider it useful to add any other activity to the APS Report. For example, the USA requires regular reporting of tanker and barge movements, pipeline activity and biofuels production capacity.

³ The balance results from the logic that: closing stocks = opening stocks + production + imports – exports – international marine bunkers – sales + refining activity (refinery outputs – inputs and any system losses).

Question 14: Should any additional information be collected and published under mandatory reporting?

Please identify the reasons why you require this information.

Question 15: Do you consider the current reporting boundaries for production, refining, stocks, sales, imports, exports and prices appropriate?

Please use this question to make comments not addressed in answers to the specific questions above.

3.5 What Categories of Products Should be Reported?

76. The Department is interested in how petroleum products should be reported. For example, whilst it generally makes sense to distinguish between sales of gasoline and diesel, should the APS Report distinguish between sales of premium and regular gasoline?
77. As a starting point for discussion, it is proposed that mandatory reporting cover the exact same categories of petroleum as covered by the existing APS Report. This will ensure that current reporters and users can maintain their existing processes for data *collection* (noting the proposed changes to reporting processes in section 3.6 below). This section explores how the categories could be changed and seeks stakeholders' views on what (if any) changes they support.
78. This section applies equally to all proposed options. However, it is important to note that the use of data-sharing, especially under Option B, could limit categories to those applied in the original data set. For example, the excise regime does not distinguish between categories such as premium 98, unleaded 95 and regular 91, so data-sharing could remove these categories from the APS Report.
79. The IEA sets the general reporting categories in the APS Report to ensure standardisation across members and improve the comparability of international statistics. These categories are set out at Attachment B1. However, the APS Report divides the IEA categories into subcategories. In some cases, the subcategories are not publicly reported (the data is retained for use in a liquid fuel emergency) except in aggregate. In most cases, however, the additional data is published in the APS Report to provide greater detail to users. For example, the IEA requires liquefied petroleum gas (LPG) consumption to be reported as a single category in its Monthly Oil Statistics Report (although a more detailed breakdown is requested by the IEA on an annual basis), but the APS Report breaks monthly LPG sales into:
- automotive use – propane;
 - automotive use – mix;
 - residential;
 - leisure;
 - forklift; and
 - commercial and industrial.
80. The introduction of mandatory reporting offers an opportunity to reconsider the appropriateness and usefulness of the reporting categories. It is possible for the APS Report to provide more or less information, so long as any sub-categories continue to align with the IEA categories set out in Attachment B1.
81. Some users of the APS Report have indicated that they require the retention of certain subcategories. For example, The Department requires biofuels sales/consumption data to meet obligations under the United Nations Framework on Climate Change (UNFCCC) and identifying sales of fuel to international marine bunkers helps to reduce Australia's IEA stockholding

compliance gap as this fuel is equivalent to an export under IEA rules. Users of specific subcategories are encouraged to indicate where a particular category is essential in their response to question 16.

82. Maintaining voluntary reporting for particular sub-categories is also an option for consideration. For example, while reporting sales of lubricants and greases could be mandatory, identifying the sub-categories of these products to the level of 'Railway Diesel Engine Oil' could remain voluntary.
83. A number of stakeholders have indicated support for aligning the product reporting categories for sales with the categories (tariff codes) used by the ATO for excise (see Attachment B3). It is not possible to completely align the categories, due to the IEA's requirements. However, the level of alignment could increase. This would enable petroleum companies to submit data in similar categories to both the Department and ATO (although timing of reports would still differ). However, this would remove state data and particular product type data unless these continued to be reported as sub-categories of excise data. The reporting categories for the ATO are set out at Attachment B3.

Question 16: Do you consider the current reporting categories appropriate for the APS Report?

Please note that the highest level of reporting category must align with the IEA requirements.

If you would prefer greater or reduced detail product categories, please indicate the specific categories you would change.

If you require a particular subcategory to be maintained (e.g. Ethanol Blended Automotive Gasoline (E10)) please indicate this in your response.

The Department recommends referring to Attachments B1: IEA categories, B2: current APS categories and B3: ATO excise categories when developing your response.

3.5.1 Timing of Reports

84. Linked to product categories is the timing of reports. The IEA requires most of the information set out in section 3.4 to be reported monthly (see Box 2 for a summary of monthly requirements). However, the IEA, other international organisations and government agencies also require other petroleum statistics on a quarterly, biannual and annual basis. For example, the IEA requires monthly total biofuel consumption figures and annual statistics on biofuel consumption by sector.
85. The APS Report has traditionally collected all information on a monthly basis to prevent the reporting requirements from changing month to month. However, the Department is interested in whether stakeholders would prefer a single monthly reporting obligation or multiple reporting obligations, such as a monthly reporting obligation supplemented by quarterly and annual reporting for specific information.

Question 17: Should the timing requirements for certain information change?

Please indicate if you would support collecting specific information at less (or more) frequent intervals and why.

3.5.2 Gas Products

86. It is not proposed at this time that gas products be subject to mandatory reporting, **except** where gas statistics are required as part of the IEA Monthly Oil Statistics Report. Accordingly, **mandatory reporting would apply to liquefied petroleum gas (LPG), natural gas liquids and**

ethane. See Attachments B1 and B2 for a full list of the products collected by the IEA and current APS Report.

87. Up until now, the Department has collected natural gas and petroleum data simultaneously under a single reporting system. The creation of a mandatory reporting requirement for petroleum data, but retention of a voluntary system for gas data could cause challenges. The Department proposes that gas data reporting would remain voluntary with an equivalent reporting system to petroleum data once mandatory reporting for petroleum statistics commences.

Question 18: Do you agree with maintaining a parallel voluntary collection methodology for gas statistics not covered by mandatory reporting?

Please indicate if you have a preferred alternative approach and if you foresee any problems with the proposed approach or your alternative.

3.5.3 Biofuels

88. The APS Report currently captures biofuel sales if they are reported by participating petroleum companies. As many biofuel producers do not report and sell biofuel for non-transport purposes, the APS Report only has partial coverage of Australia's biofuels industry.
89. Several stakeholders have indicated their support for the inclusion of all biofuel production, sales and stocks as part of the transition to mandatory reporting. The inclusion of biofuels would have a number of benefits, including improved statistics on the industry and capturing additional stock for IEA compliance. However, including biofuels would impose a reporting burden on the industry.
90. Any inclusion of biofuels also raises the question of whether all biofuels should be subject to mandatory reporting or only those biofuels intended for use in transport. The IEA allows member countries to count biofuel stocks towards compliance with the stockholding obligation, but only if the stocks are intended for use as a transport fuel.

Question 19: Do you support including biofuels (ethanol, biodiesel, biojet kerosene, etc.) as a product category covered by mandatory reporting?

If you support the inclusion of biofuels, please indicate if you support all biofuels being included or only those associated with the transport sector.

If you believe the inclusion of biofuels would impose a reporting burden on your company, please provide an estimate of the time and cost associated with reporting.

Box 10: Some Case Studies on Reporting

This section outlines how mandatory reporting would apply in different circumstances under the proposed approach (Option A):

1. Terminal Operator

'ABC Terminals' operates a small fuel import terminal which serves local miners and retailers. Major petroleum companies own the majority of the gasoline and diesel unloaded and stored at the terminal. However, when a good price for automotive diesel is available, ABC Terminals purchases it directly from an overseas supplier to sell to consumers.

Under mandatory reporting, ABC Terminals would be required to report sales and end of month stock levels for the fuel it owns. ABC Terminals would not report on fuel owned by other companies that is stored at its terminal.

2. Petroleum Retailers

'IND Petrol Stations' is a family owned company which operates three 'Fast Fuel' branded petrol station franchises in Western Melbourne. 'Fast Fuel International', a multinational petroleum company, supplies all petrol sold at the retail outlets.

Under mandatory reporting, IND Petrol Stations would have no obligation to report to the Department as it is only engaged in retail sales, which are exempt from mandatory reporting. Fast Fuel International would be obligated to report.

3. Direct Importer

'MTL Ltd' is a large mining company that operates four mines in Australia. In general, MTL Ltd purchases oil from Fast Fuel International, but increasingly its trading division has directly purchased diesel from a refinery in Japan when MTL Ltd expects a spike in its fuel needs or the Japanese refinery's prices are lower than those offered by Fast Fuel. MTL Ltd uses all the diesel it purchases from the Japanese refinery in its own operations.

Under mandatory reporting, MTL Ltd would be required to report its end of month stocks for the diesel it has directly imported. However, it would not be required to include in its end of month stock reports the fuel supplied by Fast Fuel. Where fuel stocks become intermixed, MTL Ltd must report the proportion of its stocks that were directly imported.

3.6 How and When to Report?

91. For all the proposed options, the Department proposes that the reporting process follow the existing process for the APS Report, subject to the following modifications.

3.6.1 Reporting Template

92. To streamline the reporting process for businesses, reduce the instances of accidental error and improve consistency between reports, it is proposed that using a specified reporting template would be mandatory. New Zealand, the UK and the USA all use a mandatory reporting template.

93. The Department will develop the template in consultation with industry in 2017. It is envisioned that the template will be a simple, excel-type format with locked cells that allow companies to develop their own backfill processes.

Question 20: Do you support the mandatory use of a template as outlined above?

If not, please indicate your preferred approach.

If transitioning to a mandatory template will pose challenges for your business, please indicate the issues in your response.

94. To assist businesses to prepare for mandatory reporting, an extensive education and training programme is being prepared for the second half of 2017. The Department will also review and update the APS Report guidance notes.

Question 21: Are there aspects of the APS Report reporting requirements or guidance notes that should be revised in the transition to a mandatory reporting regime?

Please identify any particular sources of confusion or concern.

3.6.2 Submission Process

95. Petroleum companies will need to submit completed monthly reports as an email attachment to a central email inbox.

Question 22: Will an email submission process create any difficulties for your company?

96. It is proposed that petroleum companies will be provided with 14 calendar days following the end of the relevant month to submit completed reports. This means that the first report for the month of January 2018 will be due by 11.59pm on 14 February 2018.
97. The 14 day reporting deadline is required to ensure that the Department has sufficient time to process and validate data to meet the IEA's 25 day reporting deadline (twenty five days after the end of the month). The timeframe aligns to the existing reporting deadline applied by the National Offshore Petroleum Titles Administrator, and matches the timeframe provided to industry under the equivalent petroleum reporting programmes in New Zealand and the UK.

Question 23: Do you foresee any problems for your company with meeting the proposed reporting timeframe?

4. Next Steps

4.1 Consultation Process

4.1.1 Responding to this paper

98. Submissions are invited from all interested stakeholders. This includes petroleum producers, refiners, importers, exporters, distributors, retailers, storage operators, fuel consumers and users of the APS Report such as government agencies, academics and others.
99. Please submit responses in writing to the Energy Security Office by 28 October 2016. Comments can be submitted via email to mrps@environment.gov.au or mailed to:

Mandatory Reporting Consultation Process
C/ Manager – Energy Security Office
Department of the Environment and Energy
John Gorton Building, King Edward Terrace, Parkes ACT
GPO Box 787
Canberra ACT 2601

100. To help guide responses to the questions posed in this consultation paper, a response template will be made available at www.industry.gov.au/Energy/EnergySecurityOffice/InternationalEngagement/Pages/MandatoryReportingofPetroleumData.aspx. Use of the template is optional and stakeholders may format their response as they consider appropriate.
101. If you have any questions about the submission process please contact the Energy Security Office at mrps@environment.gov.au.

4.1.2 Consultation Sessions

102. The Department will hold public consultation sessions in October 2016 to allow stakeholders to discuss mandatory reporting and the issues presented in the paper. Forums are planned for:
- Perth 17 October 2016
 - Melbourne 18 October 2016
 - Sydney 20 October 2016
 - Brisbane 21 October 2016

103. These sessions are open to all stakeholders. To book your place, please contact the Energy Security Office at mrps@environment.gov.au. The Department will provide stakeholders with further detail on venue locations and session times once they have registered to attend.
104. The Government will carefully consider the responses received from stakeholders as it finalises the design of mandatory reporting. To provide certainty to business over the operation of mandatory reporting, the Government intends to release a preferred design paper before the end of 2016 to set out in detail how mandatory reporting will operate.

4.2 Legislation

105. The Government intends to introduce legislation to establish mandatory reporting in early 2017, during the Autumn sitting.
106. The legislation would authorise data-sharing between Australian Government agencies (where appropriate) and establish the over-arching framework for mandatory reporting. The Department anticipates that the specific reporting requirements will be set out in subordinate legislation, such as Ministerial Determinations. The subordinate legislation is expected to be finalised around October 2017.

4.3 Training

107. A training programme to assist business prepare for mandatory reporting is being organised for the second half of 2017. To register your interest in attending the training sessions, please note this in your submission response.

4.4 Commencement

108. Mandatory reporting will commence on 1 January 2018. The first report, covering the month of January will be due on 14 February 2018.
109. The voluntary reporting regime will continue to operate until the commencement of mandatory reporting in January 2018. The Department encourages non-reporting petroleum companies to consider participating in the survey before 2018 to ensure their systems and processes are ready for mandatory reporting.

The IEA Stockholding Obligation

Australia, as a member of the International Energy Agency (IEA), has an obligation to hold oil stocks equivalent to at least 90 days of net oil imports into Australia.⁴ This obligation is set out in the *Agreement on an International Energy Program* (IEP Treaty), the treaty which established the IEA.

The stockholding obligation was developed following the 1973-74 Arab Oil Embargo and aims to provide Organisation for Economic Cooperation and Development countries with short-term self-sufficiency in oil in case of a similar event. The 90 day requirement reflects the existing European approaches to fuel security and has since been justified by reference to the time required by traditional 'swing producers' to increase production in the event of a major supply disruption.

The stockholding obligation is combined with an 'emergency sharing system' in the IEP Treaty, which requires IEA member countries to share their oil reserves in the event of a significant oil supply disruption. The IEA has never implemented the emergency sharing system and acknowledges that it is unlikely it will ever be activated given changes in the international oil market since the 1970s.

In the event of a major supply disruption, the IEA now focuses its efforts on coordinating the actions of member countries under its Coordinated Emergency Response Mechanism (CERM). There have been three CERM actions under the auspices of the IEA:

- In 1991, in response to the potential for oil supply disruptions following the launch of the US-led Operation Desert Storm to liberate Kuwait.
- In 2005, in response to Hurricane Katrina and the subsequent loss of American refining and production capacity in the Gulf of Mexico.
- In 2011, in responses to the sustained loss of light-sweet crude oil production from Libya during the civil war.

CERM actions are voluntary⁵ and may be supported by actions including fuel demand restraint, increased domestic oil production, fuel switching and making available government controlled oil stocks to the market. The IEA's preferred response in the event of a crisis is for member countries to make oil stocks available to the market, which is generally the stock held by countries for the purpose of compliance with the IEA stockholding obligation.

Further information on the IEA's approach to energy security is available from the IEA and is summarised in its 2012 publication *IEA Response System for Oil Supply Emergencies*. Available here: <http://www.iea.org/publications/freepublications/publication/iea-response-system-for-oil-supply-emergencies-2012.html>

IEA members meet the stockholding obligation through a number of mechanisms. Some member countries have government-owned petroleum reserves. Other members purchase international oil tickets, which are a right to purchase oil held in another country. A number of members impose a stockholding obligation on industry and leave it to industry to determine the most appropriate compliance method. The IEP Treaty exempts net oil exporters from the stockholding obligation as their net oil imports are zero. The IEA has stated that there is no best practice approach to stockholdings; rather the appropriate approach depends on a country's individual circumstances.

The IEP Treaty contains prescriptive rules on the type of oil stock that can and cannot count towards compliance. These rules are set out in Attachment C.

⁴ Net oil imports are determined by subtracting total exports from total imports by weight (in metric tonnes).

⁵ Australia, along with a majority of other IEA members, chose not to participate in the 2011 CERM action.

IEA Reporting Categories

Category	IEA Reporting Category / Sub-Category	
Primary Products:	Crude Oil	
	Natural Gas Liquids	
	Other Hydrocarbons	
Refinery Input	Additive / Blending Component	
	Refinery Feedstock	
Secondary Products:	Biodiesel	
	Bitumen	
	Diesel	Road Diesel
		Heating and other gasoil
	Ethane	
	Gasoline	Aviation Gasoline
		Biogasoline
		Gasoline Jet Fuel Type
		Motor Gasoline
	Liquefied Petroleum Gases (LPG)	
	Lubricants	
	Kerosene	Kerosene Bio Jet
		Kerosene Jet Fuel
		Other Kerosene
	Naphtha	
	Paraffin waxes	
	Petroleum coke	
Refinery gas		
Fuel Oil	High Sulphur	
	Low Sulphur	
White Spirit and Industrial Spirit (SBP)		
Other products		

Current APS Reporting Categories

Production	Production Sub-Category
Crude Oil	Indigenous Stabilised Crude Oil
Condensate	Indigenous Condensate
LPG	Naturally Occurring LPG
Natural Gas	Naturally Occurring Gases (other than LPG)
Refining	Refining Sub-Category (not all categories published)
Input	Crude Oil - Local Crude Oil - Imported Condensate - Local Condensate - Imported Other Feedstock and Blendstock - Local Other Feedstock and Blendstock - Imported
Production	Automotive Biodiesel Oil (B10) Automotive Biodiesel Oil (B20) Automotive Biodiesel Oil (B5) Automotive Biodiesel Oil (Other Blends) Automotive Diesel Oil Aviation Gasoline Aviation Turbine Fuel (MOS) Bitumen Bitumen Feedstock Produced Butane Ethanol Blended Automotive Gasoline (E10) Ethanol Blended Automotive Gasoline (E85) Ethanol Blended Automotive Gasoline (Other Blends) Fuel Oil - High Sulphur (>1%) Fuel Oil - Low Sulphur (<=1%) Heating Oil Industrial & Marine Diesel Fuel Kerosene (Lighting and Power) Lead Replacement Petrol LPG Mixtures LSR/Virgin Naptha Lube Feedstock Produced Lubricating Oil Basestock Lubricating Oil Extract Other Refinery Feedstock and Blendstock Other Unfinished in Refineries Petrochemical Feed - ADO Petrochemical Feed - Fuel Oil Petrochemical Feed - IMDF Petrochemical Feed - Naptha Petrochemical Feed - Refinery Gas Petrochemical Feedstock - Other Petrochemical Feedstock -LPG Petroleum Coke Premium Unleaded Automotive Gasoline (95-96 RON) Propane Proprietary Brand (98 RON) Refinery Fuel Used - Coke

	Refinery Fuel Used - Natural Gas Refinery Fuel Used - Oil Refinery Fuel Used - Other Gas Refinery Gas Refinery Loss/(Gain) Regular Unleaded Automotive Gasoline (91-93 RON) Solvent Feedstock Produced Solvents Sulphur Waxes Wide Cut Jet Fuel
Sales	Sales Sub-Categories (not all reported categories are published)
LPG	LPG Automotive - Mix LPG Automotive - Propane LPG Commercial & Industrial LPG Forklift LPG Leisure LPG Residential
Automotive Gasoline	Automotive Gasoline - Sold to Retailers Automotive Gasoline - Sold to Wholesalers Ethanol Blended Automotive Gasoline (E10) Ethanol Blended Automotive Gasoline (E85) Ethanol Blended Automotive Gasoline (Other Blends) Unleaded Automotive Gasoline (All Others) Premium Unleaded Automotive Gasoline (95-96 RON) Proprietary Brand Automotive Gasoline (98 RON) Regular Unleaded Automotive Gasoline (91-93 RON) Leaded Petrol Lead Replacement Petrol
Aviation Turbine Fuel	Aviation Turbine Fuel - Domestic Aviation Turbine Fuel - International
Aviation Gasoline	Aviation Gasoline
Diesel Oil	Automotive Diesel (Oil/Fuel) - Bunkers - Coastal Automotive Diesel (Oil/Fuel) - Bunkers - International Automotive Diesel (Oil/Fuel) - Inland - Other Automotive Diesel (Oil/Fuel) - Inland - Retail Automotive Diesel (Oil/Fuel) - Inland - Wholesale Biodiesel (B10) Biodiesel (B20) Biodiesel (B5) Biodiesel (Other Blends) Industrial and Marine Diesel Fuel - Bunkers - Coastal Industrial and Marine Diesel Fuel - Bunkers - International Industrial and Marine Diesel Fuel - Inland
Fuel Oil	Fuel Oil - Bunkers - Coastal Fuel Oil - Bunkers - International Fuel Oil - Inland
Lubricating Oils and Greases	Automotive Oils - Brake Fluids Automotive Oils - Gear Automotive Oils - Speciality Automotive Oils - Transmission

	<ul style="list-style-type: none"> Aviation Oils Diesel Engine Oils Gasoline Engine Oils Greases (Incl Petroleum Jelly) Industrial - Metal Working Industrial - Other Industrial Gear Oils Industrial Hydraulics Lubricating Oil Basestock Marine Oils – Coastal Marine Oils - International Process Oils Railway Diesel Engine Oils
Other Products	<ul style="list-style-type: none"> Bitumen Heating Oil Hydrogen Kerosene (Lighting & Power) LSR/Virgin Naptha Miscellaneous Petrochemical Feedstock - Other Solvents Sulphur Waxes
Stocks	Stocks Sub-Categories (not all categories are published)
Crude oil and refinery feedstocks	<ul style="list-style-type: none"> Crude Oil - Local Crude Oil - Imported Condensate - Local Condensate - Imported Other Refinery Feed - Local Other Refinery Feed - Imported Other Unfinished Products
LPG	<ul style="list-style-type: none"> Propane Butane LPG Mixtures
Aviation Gasoline	Aviation Gasoline
Automotive Gasoline	<ul style="list-style-type: none"> Lead Replacement Petrol Leaded Petrol - 96 RON Petrol - Other RON Leaded Regular Unleaded Automotive Gasoline (91-93 RON) Premium Unleaded Automotive Gasoline (95-96 RON) Proprietary Brand Automotive Gasoline (98 RON) Ethanol Blended Automotive Gasoline (E10) Ethanol Blended Automotive Gasoline (E85) Ethanol Blended Automotive Gasoline (Other Blends)
Aviation Turbine Fuel	Aviation Turbine Fuel
Diesel Oil	<ul style="list-style-type: none"> Automotive Diesel Oil Biodiesel (B5) Biodiesel (B10) Biodiesel (B20) Biodiesel (Other Blends) Industrial & Marine Diesel Fuel
Fuel Oil	Fuel Oil

Lubricating Oils, Greases and basestocks	Greases (Incl Petroleum Jelly) Lubricating Oil Basestock Lubricating Oil Extract Blended Oils
Other Products	Ethanol Heating Oil Bitumen Petroleum Coke Waxes Petrochemical Feedstock -LPG Petrochemical Feedstock - Other Other Products N.E.I. Kerosene (Lighting and Power) LSR/Virgin Naptha Solvents

ATO Excise Tariff Categories

ATO Excise Reporting Categories		
Excise Code	Tariff Description	Unit Type
1001	Petroleum Condensate	L
1002	Stabilised crude petroleum oil	L
1003	Topped crude petroleum oil	L
1005	Gasoline (other than for use fuel in aircraft)	L
1006	Gasoline for use as fuel in aircraft	L
1007	Blends of gasoline and ethanol	L
1010	Diesel (other than bio diesel)	L
1012	Blends of diesel and either biodiesel or ethanol, or both	L
1015	Heating oil	L
1016	Kerosene (other than for use as fuel in aircraft)	L
1017	Kerosene for use as fuel in aircraft	L
1018	Fuel oil	L
1020	Denatured ethanol for use as fuel in an internal combustion engine	L
1021	Biodiesel	L
1025	Liquid aromatic hydrocarbons consisting principally of benzene, toluene or xylene or mixtures of them	L
1026	Mineral turpentine	L
1027	White spirit	L
1028	Petroleum products (other than blends) not else where included	L
1030	Blends of 1 or more of the above goods (with or without other substances) not else where included that can be used as fuel in an internal combustion engine	L
1501	Petroleum-based oils (including lubricant/fluid/oil products) and their synthetic equivalents but not greases	L
1502	Petroleum-based oils (including lubricant/ fluid/ oil products and greases) and their synthetic equivalents, recycled for use as oils (including lubricant/ fluid/ oil products) but not greases	L
1503	Petroleum-based greases and their synthetic equivalents	KG
1504	Petroleum-based oils (including lubricant/ fluid/ oil products and greases) and their synthetic equivalents, recycled for use as greases	KG
1019A	Liquefied petroleum gas	L
1019B	Liquefied natural gas	KG
1019C	Compressed natural gas	KG

Summary of IEA, APS and ATO Alignment

Summary of Alignment of IEA, APS and Excise Categories		
IEA Category	APS Reporting Category	ATO Category ⁶
LPG	LPG Automotive - Mix	LPG
	LPG Automotive - Propane	
	LPG Commercial & Industrial	
	LPG Forklift	
	LPG Leisure	
	LPG Residential	
Motor Gasoline	Automotive Gasoline - Sold to Retailers	Gasoline (other than for use in aircraft)
	Automotive Gasoline - Sold to Wholesalers	
	Unleaded Automotive Gasoline (All Others)	
	Premium Unleaded Automotive Gasoline (95-96 RON)	
	Proprietary Brand Automotive Gasoline (98 RON)	
	Regular Unleaded Automotive Gasoline (91-93 RON)	
	Leaded Petrol	
	Lead Replacement Petrol	
Biogasoline	Ethanol Blended Automotive Gasoline (E10)	Blends of gasoline and ethanol
	Ethanol Blended Automotive Gasoline (E85)	Denatured ethanol for use as a fuel in internal combustion engine
	Ethanol Blended Automotive Gasoline (Other Blends)	
Aviation Gasoline	Aviation Gasoline	Gasoline for use in aircraft
Gasoline Type Jet Fuel		
Kerosene Jet Fuel	Aviation Turbine Fuel - Domestic	Kerosene for use as fuel in aircraft
	Aviation Turbine Fuel - International	
Other Kerosene	Kerosene Lighting and Power	kerosene (other than for use in aircraft)
Bio Jet Kerosene		
Road Diesel	[All Reported as Diesel]	diesel, other than biodiesel
	Automotive Diesel (Oil/Fuel) - Bunkers - Coastal	
	Automotive Diesel (Oil/Fuel) - Bunkers - International	

⁶ ATO categories are placed where they best align to IEA and APS equivalents. In some cases, ATO categories will cover more than one IEA or APS categories.

	Automotive Diesel (Oil/Fuel) - Inland - Other	
	Automotive Diesel (Oil/Fuel) - Inland - Retail	
	Automotive Diesel (Oil/Fuel) - Inland - Wholesale	
	Industrial and Marine Diesel Fuel - Bunkers - Coastal	
	Industrial and Marine Diesel Fuel - Bunkers - International	
	Industrial and Marine Diesel Fuel – Inland	
Heating and Other Gasoil		Heating Oil
Biodiesel	Biodiesel (B10)	Blends of biodiesel and ethanol
	Biodiesel (B20)	
	Biodiesel (B5)	
	Biodiesel (Other Blends)	
Fuel Oil (high and low sulphur contents combined in Aus Monthly Oil Statistics Report)	Fuel Oil - Bunkers - Coastal	Fuel Oil
	Fuel Oil - Bunkers - International	
	Fuel Oil - Inland	
	Marine Oils - Coastal	
	Marine Oils - International	
Paraffin Waxes	Waxes	
Petroleum Coke	Petroleum Coke	
White Spirit and SBP		White Spirit
Refinery Gas	Refinery Gas	
Refinery Feedstock	Crude Oil - Local	
	Crude Oil - Imported	
	Condensate - Local	
	Condensate - Imported	
Additive Blending Components	Other Feedstock and Blendstock - Local	
	Other Feedstock and Blendstock - Imported	
Ethane	Ethane	
Bitumen	Bitumen	
Other Hydrocarbon	Other Products	Liquid aromatic hydrocarbons consisting principally of benzene, toluene or xylene or mixtures of them
Naphtha	Naphtha	
Lubricants	Automotive Oils - Brake Fluids	Petroleum-based oils (including lubricant/fluid/oil products) and their
	Automotive Oils - Gear	
	Automotive Oils - Speciality	
	Automotive Oils - Transmission	

	Aviation Oils	synthetic equivalents but not greases
	Diesel Engine Oils	
	Gasoline Engine Oils	
	Greases (Incl Petroleum Jelly)	
	Industrial - Metal Working	
	Industrial - Other	
	Industrial Gear Oils	
	Industrial Hydraulics	
	Railway Diesel Engine Oil	
	Lubricating Oil Basestock	
	Process Oils	
	Greases (Incl Petroleum Jelly)	Petroleum-based greases and their synthetic equivalents
Other Products	Hydrogen	Petroleum products (other than blends) not else where included
	LSR/Virgin Naptha	
	Miscellaneous	Blends of 1 or more of the above goods (with or without other substances) not else where included that can be used as fuel in an internal combustion engine
	Petrochemical Feedstock - Other	
	Solvents	
	Sulphur	
Other Products		

IEA Stock Counting Rules

Under the *Agreement on an International Energy Program* (IEP Treaty) only certain types of oil may be counted when determining total stock levels. These rules apply when companies are determining their end of month stocks for the APS Report to ensure that Australia's reported stock levels are in line with IEA requirements.

The rules are set out in Article 1 of the Annex to the IEP Treaty, which provides:

1. *Total oil stocks are measured according to the OECD and EEC definitions, revised as follows:*

A. Stocks included:

crude oil, major products and unfinished oils held

- in refinery tanks*
- in bulk terminals*
- in pipeline tankage*
- in barges*
- in intercoastal tankers*
- in oil tankers in port*
- in inland ship bunkers*
- in storage tank bottoms*
- in working stocks*
- by large consumers as required by law or otherwise controlled by Governments.*

B. Stocks excluded:

(a) crude oil not yet produced

(b) crude oil, major products and unfinished oils held

- in pipelines*
- in rail tank cars*
- in truck tank cars*
- in seagoing ships' bunkers*
- in service stations and retail stores*
- by other consumers*
- in tankers at sea*
- as military stocks.*