

27 November 2012

Ministry of Business and Innovation and Employment
PO Box 1473
Wellington
6011
New Zealand

Dear Sir/Madame

MBIE Oil Security Review 2012

Thank you for the opportunity to provide a submission on the discussion document that has been released as part of the Oil Security Review being undertaken by the Ministry of Business, Innovation and Employment. This submission has been jointly prepared by the Waikato CDEM Group (WCDEMG) and the Waikato Engineering Lifelines Group (WELG).

The supply of fuel and the local delivery to end users has been identified by the WELG as a critical vulnerability during a major disaster. A major disruption to the supply and delivery of fuel has the potential to significantly impact on immediate and ongoing disaster response, as well as the numerous community services and activities that are reliant on the supply of fuel to achieve an effective recovery. The WELG and WCDEMG therefore support the effort being made to understand and improve the security of fuel supply in New Zealand, and in particular the desire to ensure that the resilience of oil supply infrastructure is socially optimal.

Along with providing this general support, the WELG and WCDEMG would like to raise the following issues that appear to not be considered by the discussion document:

- Service stations generally do not have back-up power supplies, meaning that the local delivery of fuel to end users is vulnerable to widespread and prolonged power outages (as is expected during a major disaster), despite any efforts to re-establish domestic supply logistics, an area of focus for the discussion document. It is suggested that any review of the security of oil supply should consider the entire supply chain, including the local delivery of product to the end user.
- It is expected that transportation links will be disrupted during a major disaster, meaning that the supply of fuel will remain vulnerable, again, despite any efforts to improve domestic supply logistics. It is suggested that any review of the security of domestic oil supply should identify critical transport links, assess their vulnerability in the event of a major disaster and put in place contingency planning in the event of disruption.

In addition to the above comments, the WELG and WCDEMG have prepared answers to the following specific questions that the discussion document asks:

- Q10: Do you agree that the rationale for government investigation into domestic oil supply security is to ensure that domestic oil supply infrastructure resilience is socially optimal, and to ensure that industry can re-establish supply as quickly as possible following a disruption?

Yes. The domestic supply and local delivery of fuel is a critical element of any disaster response. It is necessary for the initiation and sustainment of response activities, as well as the day to day activities that will need to be re-established in support of community recovery.

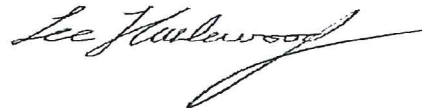
- Q11: Are there any other measures available to industry or government to increase supply following an emergency disruption?

Yes. The WELG and WCDEMG have identified the local delivery of fuel to end users as a critical vulnerability. Of particular note is the general absence of back-up power supplies at service stations and therefore the potential for significant local supply disruption in the event of widespread and ongoing power outages (as is expected during a major disaster). The WELG and WCDEMG have also identified the vulnerability of domestic supply to transportation disruption, and therefore the importance of identifying critical links and contingency plans in the event of disruption.

Thank you again for the opportunity to submit on this review. The Waikato Engineering Lifelines Group and Waikato CDEM Group look forward to receiving feedback on the points raised.



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Chair
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Waikato CDEM Group

Yours faithfully



Irving Young
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