

OFFICIAL

Mr Simon Bell
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601
exemptions@accc.gov.au

10 November 2022

Dear Mr Bell,

**Brenntag Australia's application for revocation of authorisation AA1000598
and substitution of authorisation AA1000622**

The Department of Climate Change, Energy, the Environment and Water and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts notes Brenntag Australia's application to the Australian Competition and Consumer Commission, to revoke authorisation AA1000598 and substitute it with authorisation AA1000622.

Ensuring DEF supply is critical to the operation of Australia's diesel dependant road transport and logistics system including delivery of food and other essential goods and services the community relies upon.

On 15 September 2022, the Minister for Climate Change and Energy, the Hon. Chris Bowen MP, announced a comprehensive \$49.5 million package of measures to enhance resilience of the domestic market. This includes: a government controlled emergency stockpile of technical grade urea providing an additional five weeks of supply beyond industry stock levels in case of a supply shortage; a competitive grants program to support domestic manufacturing; and a stocks reporting framework to improve market transparency.

The Government has worked closely with Australia's DEF sector through the Supplier Working Group (SWG) established in late 2021 when a supply chain crisis emerged. Industry collaboration through the SWG was only possible due to the Determination (AA1000598). It allowed industry coordination which was critical in managing and reducing shortages at locations across Australia.

While the Australian DEF market is currently well supplied and there are no immediate shortages, the sector faces ongoing uncertainty and a four year time period for the determination to 2026 is appropriate for the following reasons: 1) It is a maturing market vulnerable to ongoing volatility in international supply chains. 2) the market is facing closure of domestic manufacturing capability in December 2022, with new, large scale commercial manufacturing capability currently not expected to come online until 2026, and 3) Australian DEF demand is set to grow year on year to 2030 due to higher emissions standards in Australia and in overseas markets where vehicles and equipment are manufactured.

In the event of a future supply shock the determination will allow a more effective response through industry and government coordination. Along with the other measures announced by the Australian Government, the determination will support confidence in the market, lowering the risk of panic buying by consumers as seen during the last crisis.

OFFICIAL

OFFICIAL

Should you require any further information, please contact urea@industry.gov.au

Yours sincerely



Michelle Croker
Head of Division
Gas and Liquid Fuels Division
Department of Climate Change, Energy, the
Environment and Water



Andrew Madsen
A/g First Assistant Secretary
Surface Transport Policy Division
Department of Infrastructure, Transport, Regional
Development, Communications and the Arts

OFFICIAL