

**NUW SUBMISSION TO THE  
HOUSE STANDING  
COMMITTEE ON  
ECONOMICS INQUIRY INTO  
AUSTRALIA'S OIL REFINING  
INDUSTRY**

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## INTRODUCTION AND SUMMARY

1. The National Union of Workers (“NUW”) is a diverse trade union representing the industrial interests of tens of thousands of our members across a number of industries, including oil refining and manufacturing and bulk liquid storage.
2. The NUW has had an industrial presence at the Altona refinery operated by Mobil Refining Australia Pty Ltd (“Mobil”) for more than sixty years. We continue to represent and advocate on behalf of our members at Altona and work constructively with Mobil management, where we can, to help secure the future of the Altona refinery.
3. The NUW also acknowledges the work of the Australasian Refineries Operatives Committee (“AROC”) in advocating on behalf of workers in the oil, gas and petro-chemical industries across Australia and New Zealand. We note that AROC is an independent, democratic body created by workers for the betterment of working conditions of oil industry workers in the Australasian region, including at the Mobil Altona refinery.
4. The NUW makes this submission to the House Standing Committee on Economics with a view to ensuring that:
  - The Commonwealth government and other interested parties will recognise the challenges currently facing the Australian oil refining industry;
  - All industry players – government, employers and union representatives – will commit to working collectively within a new body that will assist in sharing and spreading industry best practice across the industry; and
  - Commonwealth and State governments will commit to being active partners in future infrastructure projects of long-term benefit to the industry.

## CURRENT PRESSURES ON AUSTRALIA’S DOMESTIC OIL REFINERIES

5. It is undoubtable that Australia’s domestic oil refineries compete in a globalised economy that does not ensure a level playing field. This alone presents many challenges.

6. Other pressures on domestic refineries are also apparent – disadvantages associated with economies of scale, old infrastructure and energy costs. The current strength of the Australian dollar (as compared to other currencies) provides an additional pressure and challenge to the industry that may continue to exist at least in the medium-term.
7. While the challenges and pressures facing the industry should be acknowledged, it must also be said that they do not do away with our ability to be internationally competitive.

## THE IMPACT OF DECLINING REFINERY CAPACITY ON EMPLOYMENT, SKILLS AND THE AUSTRALIAN CONSUMER

8. Without doubt, previous and impending refinery closures have a devastating impact on those workers relying directly on the refinery for employment. But each refinery closure means thousands, not just hundreds of workers without a job – this includes not only those directly employed at the refinery but also those employed by the operator or a related company elsewhere, or downstream, or in the local community.
9. For these reasons, the closure of a refinery should never be made for minimal, short-term gain that is only apparent on a balance-sheet. A profitable business should continue to operate even if this creates demands and challenges not easily overcome.
10. Most jobs in the Australian oil refining industry are high-tech, high-skill jobs. Further refinery closures, and the subsequent loss of the high-tech and high-skill jobs, will drain our economy and society of highly skilled workers who will look elsewhere for continuing and stable employment, creating an irreversible loss of capabilities.
11. To continue to have the capability to be an advanced, high-technology economy, Australia needs to invest in its refining industry, which is a creator and multiplier of employment and skill formation.
12. Any further refinery closures may also impact negatively on the Australian consumer, by further exposing the domestic fuel market to international imports. Too heavy a reliance on imported fuel could cause price spikes in times of market volatility from which we are currently immune.

13. The agricultural industry has a particular reliance on oil products and petroleum, and any further diminishing of Australia's refining capacity would likely have a disproportionate impact on this sector.

## WHERE TO FROM HERE?

14. To be competitive and profitable, Australia's oil refineries must be capable of facing challenges and capitalising on opportunities.
15. We believe that there are two immediate ways in which the industry can do this better.
16. First, best practice in the industry should be celebrated and, as far as possible, shared and continually adapted.
17. Best practice often requires innovation, but always requires collaboration. To this end, management and workers should work in an environment in which both parties feel free to collaborate and innovate. Workers and unions can and should play a critical role in driving positive change on both the workplace-level and the industry-level.
18. But more critically, site operations should collaborate, where they can, on practices and changes that can assist the industry in being more profitable and competitive.
19. To assist in the betterment of industry collaboration, the NUW proposes that the Commonwealth government assist the industry to establish a body tasked with the identification and proliferation of industry best practice.
20. The body should consist of management representatives from all four industry players, worker representatives from all operative Australian refineries and independent experts, either government or non-government. It goes without saying that the body would not share commercially sensitive information or engage in conduct that could be seen to be anti-competitive.
21. Second, the Commonwealth and State governments must be active partners in projects designed to lift the productivity and efficiency of refining operations for the long-term benefit of the industry. For example, such a project could include one designed to diversify the industry's product output by increasing a refinery's capacity in a particular product market.
22. Being an active partner should mean co-investing in projects of this kind as well as assisting relevant parties in any government processes associated with the efficient implementation of the project.

23. A productive and competitive industry is the responsibility of all parties, and we make this submission in the belief that the oil refinery industry has a positive future in Australia and that future refinery closures can be avoided.