



## ECONOMICS COMMITTEE REPORTS ON AUSTRALIA'S OIL REFINERY INDUSTRY

The House Economics Committee released its report today into Australia's oil refinery industry.

The Committee found that closing the Clyde and Kurnell oil refineries in Sydney and converting them to import terminals does not pose a threat to Australia's economic or energy security. Following these closures, five oil refineries will remain, and produce around 50 per cent of the refined oil used in Australia.

The Committee Chair, Ms Julie Owens MP, said 'Australia's oil refining industry is facing many competitive challenges, which have led to the closure of some domestic refineries. However, the committee is optimistic that there is a future for the industry in Australia, as part of reliable, mature and diverse supply chains that will help ensure that we continue to meet our liquid fuel needs'.

The Committee acknowledged that keeping some domestic oil refining capacity is important, but agreed with the Energy White Paper and the industry view that market forces should be allowed to operate to determine the viability of specific refining operations, and to adapt supply chains to address changes in domestic refining capacity.

Key findings in the *Report on Australia's oil refinery industry* include that:

- Australia's liquid fuel supply chains are robust, diverse and operating soundly.
- While the Asian mega-refineries have placed considerable competitive pressure on the global refining industry—leading to closures of European, United States and Australian refineries—the Asian surplus refining capacity also presents opportunities for Australia.
- For workers affected by refinery closures, efforts to redeploy and reskill displaced workers must remain a priority for both industry and government.
- The closure of the refineries will not lead to negative price outcomes for consumers, as Australian fuel prices reflect an import parity price, which is the price in international markets.
- Australian refineries are already dependent on imports (80 per cent) for the crude oil used in refining, and as such increased reliance on refined oil imports does not pose an increased risk to meeting our fuel needs.
- Self-sufficiency in oil refining capacity does not guarantee energy security; rather Australia's economic and energy security will be maintained through its reliable, mature and highly diversified international fuel supply chains.

**For media comment:** Please contact the Committee Chair Julie Owens MP:

Electorate: (02) 9689 1455

Parliament: (02) 6277 4134

Mobile: 0418 772 457

**For background information:** Please contact the committee secretariat:

Phone: (02) 6277 4564 Email: [economics.reps@aph.gov.au](mailto:economics.reps@aph.gov.au) Website: [www.aph.gov.au/economics](http://www.aph.gov.au/economics)