



AUSTRALIAN INSTITUTE OF PETROLEUM

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Coastal shipping reform will improve the competitiveness of Australian oil refining

The Executive Director of the Australian Institute of Petroleum (AIP), Dr John Tilley, welcomed comments made by Deputy Prime Minister Warren Truss that the Australian Government is looking to amend restrictive coastal trading laws and to reduce red tape associated with the coastal trading legislation, while encouraging a more competitive and productive shipping industry.

While the Government is still considering its response, AIP member companies are pleased Minister Truss has signalled his intention to ease restrictions on the use of foreign-flagged ships moving goods between Australian ports and reduce costs.

The Australian oil refining industry is facing significant competitive challenges that have seen the closure of about half of the Australian oil refining capacity. Any government actions to improve the competitiveness of Australian oil refineries will help to improve long term economic viability and support high technology jobs in a significant value adding industry.

Greater flexibility in obtaining approval to move petroleum between Australian ports will contribute to fuel supply reliability across Australia.

Dr Tilley said, 'AIP strongly supports the removal of the situation where significant additional costs are imposed on the Australian refining industry threatening Australian refining jobs while providing no benefit to the Australian maritime industry'.

Dr Tilley also said, 'AIP member companies are also pleased to note that the Minister is working closely with his Ministerial colleagues to resolve the current legal 'hiatus' between the Coastal Trading Act and customs importation requirements. This unnecessary barrier to the movement of crude oil and condensate from Australian oil fields to refineries in Australia is reducing the competitiveness of Australian refineries by restricting the utilisation of Australian crude.'

AIP looks forward to the Government releasing its detailed proposals for improving coastal trading legislation and administration, and to the quick implementation of those proposals.

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