Exxon Mobil plans closure of another Australian oil refinery

Paul Bartizan
13 April 2021

US petroleum giant Exxon Mobil earlier this year announced plans to close its oil refinery in Australia, claiming it is no longer "economically viable." The Exxon Mobil facility in Altona, Melbourne, commenced operations in 1949. Now the jobs of 350 workers—most of them highly skilled specialists in a dangerous industry—are under threat.

In October last year, BP announced its plans to close its Kwinana refinery in Western Australia. If BP's planned April 2021 shutdown also proceeds, there will be only two refineries left in Australia, down from seven a decade ago.

The trade unions have enforced repeated "orderly closures" of the refineries. United Workers Union (UWU) national secretary Tim Kennedy responded to the Exxon Mobil Altona announcement by again making clear there would be no struggle to defend jobs. Describing "the closure" of the plant (though this is not slated to begin until another six months) as a "terrible missed opportunity," the UWU head pleaded with the federal government to "invest in just transition and quality jobs of the future."

Other sections of the trade union bureaucracy have made open appeals to nationalist-militarist calculations within the Australian ruling class on the question of oil refining capacity.

The Maritime Union of Australia (MUA), a division of the Construction, Forestry, Maritime, Mining and Energy Union, responded to the BP Kwinana refinery closure announcement by urging the government to nationalise the facility. MUA Assistant National Secretary Ian Bray said, "The COVID crisis exposed how vulnerable Australia's supply chains have become, highlighting that essential supplies can quickly run short if seaborne trade is disrupted by a pandemic, military conflict, natural disasters or an economic shock."

This reference to petroleum supply chains in the event of "military conflict" was made amid accelerating US plans for a military conflict with China, in which Australia would be immediately involved as Washington's regional ally.

The trade unions, together with the Labor Party, are enthusiastic participants in the anti-China war drive (see " Australian unions back war preparations at Labor Party conference"). The MUA's call for nationalisation of oil refineries has nothing to do with the interests of the workers. Instead, the union bureaucracy is appealing to a section of the Australian ruling class that is seeking to strengthen domestic industrial capacity as part of the preparations for war.

Australia remains dependent on the US for reserve refined petroleum. The federal government of Prime Minister Scott Morrison announced a $2.3 billion slush fund for the oil refining corporations in last year's budget, as part of a plan to boost Australia's limited storage capacity. This included money for the construction of 780 megalitres (4.9 million barrels) of diesel storage tanks.

The additional oil refining subsidies proved insufficient for Exxon Mobil.

Exxon Mobil Australia chairman Nathan Fay nevertheless heaped praise on the government for its "significant support offered to Altona and other refineries," adding that the "decision to convert our facility to a terminal is not a reflection of those efforts."

If Kwinana and Altona were to close there will be only two remaining refineries in Australia—Ampol in Lytton, Queensland and Viva Energy in Geelong, Victoria. Mass layoffs and closures are also threatened at both of these facilities.

Viva Energy has accepted an "Interim Refinery

© World Socialist Web Site

Production Payment” subsidy of 1 cent per litre from the federal government. This translates to some $30 million in the first half of 2021. The subsidy is conditional on the refinery staying open, but only until July 2021.

The Ampol refinery in Queensland has refused the subsidy as the company does not want to make any, even limited, commitment to staying open.

All of Australia’s oil refineries are—by global standards—ageing, run down, small, and inefficient. Responsibility for this lies not with oil refinery workers but with the corporations running them and successive Labor and Liberal governments, which have all failed to allocate the necessary investment resources into the facilities.

The Exxon Mobil plant at Altona requires hundreds of millions of dollars in upgrades to make it viable. It has been starved of investment for decades. Neighbouring residents have been plagued by leaks and spillages from the refinery. More than 520,000 litres of unleaded petrol leaked from a corroded underground pipeline discovered after two years in 2006 when residents began to feel sick. The company was fined $350,000—less than the cost of the petrol that leaked.

Exxon Mobil’s Altona refinery is the smallest in the country, with a capacity of only 90,000 barrels per day (bpd, with 1 barrel equal to 159 litres). Australia’s largest refinery, BP Kwinana, is only slightly larger with 146,000 bpd. By comparison the world’s largest refinery is India’s Jamnagar Refinery, which has a daily capacity of 1.24 million bpd.

Global corporate restructuring is seeing smaller refineries like the one at Altona being converted to import-only storage facilities, while lower cost production at the mega refineries in India, Korea, Japan and the Middle East dominate world output.

An index that tracks the cost of shipping petroleum products fell to an all-time low last year, making it cheaper than ever to ship product around the world. Even before the announced closures of Kwinana and Altona more than half of Australia’s fuel needs were imported. Exxon Mobil recently imported crude oil for its Altona refinery from Azerbaijan and West Africa.

Oil refinery workers at Altona and every other refinery across the country should reject the planned closures and related corporate restructuring. The unions will do nothing to defend these jobs, so it falls to workers to organise themselves in independent rank-and-file committees that will turn to workers throughout the country and link up with oil refinery workers internationally to thwart the plans of Exxon Mobil and BP to destroy their livelihoods.

Oil refineries and the entire energy industry must be nationalised under workers' control—not to prepare a nationalist campaign for imperialist war, but as part of a socialist reorganisation of society in the interests of the working class. This will involve the necessary reorganisation of oil production on a planned and scientific basis—ensuring secure and safe jobs for workers in the industry, meeting the energy needs of the population, and considering the necessary environmental protections. All this requires a fight for a workers' government, based on an internationalist and socialist political perspective.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site