

Caltex Talkingpoint

SET TO GROW: AUSTRALIA'S THIRST FOR IMPORTED FUELS

WHY WE NEED TO IMPORT REFINED FUELS

To make up the shortfall between what Australian refineries can produce and what the country needs, we must import about a quarter of the transport fuels we use. Last year, Australia imported about 13.5 billion litres of petroleum products. About half of Australia's petroleum product imports come from Singapore.

A large proportion of the nation's imported petrol and diesel is supplied to the northern and north-western areas of Australia where domestic refineries are unable to competitively supply market needs. Virtually all fuel consumed in these areas is imported. Why? Because it's cheaper to transport it there via local terminals than bring it in by road or ship from Australian refineries thousands of kilometres away.

To obtain these fuels, we must pay the same price to suppliers as buyers from China and other countries in our region.

NATIONAL TRANSPORT FUELS IMPORTS AS A PERCENTAGE OF SALES

	PETROL	DIESEL	JET	TOTAL TRANSPORT FUELS
2005	17.5%	30.4%	18.6%	22.2%
2006	18.0%	38.4%	18.0%	24.8%
2007	14.0%	34.4%	22.6%	23.7%

WE'LL REQUIRE MORE IMPORTS IN FUTURE

Since 2000, demand for total petroleum products in Australia has grown by 2% a year on average. In recent years, demand growth for jet fuel and diesel has been around 4% a year. For petrol it's been 1% or less.

With demand continuing to grow and local refineries' output remaining relatively static, Australia will have to rely on even more imported fuel in future. According to Caltex estimates, the amount of petrol, diesel and jet fuel imported could be between 30% and 40% by 2015 and between 50% and 70% by 2030.

AUSTRALIAN PRODUCT DEMAND AND IMPORTS

DEMAND FOR PETROLEUM PRODUCTS IS INCREASING

Petrol	0 - 1% pa
Diesel	4% pa
Jet fuel	3 - 4% pa
PERCENTAGE OF PETROLEUM PRODUCTS* IMPORTED	
2007	23.7%
2015	30 - 40%
2030	50 - 70%

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OIL IMPORTS

WHERE OUR OIL COMES FROM

Australia is a net importer of the 250 million barrels of crude oil it needs every year to produce fuel products like petrol, diesel and jet fuel, as well as lubricants.

About three quarters of the crude oil used in the nation's refineries is imported. Only 20% of this comes from the Middle East. Most of our crude oil comes from the Asia-Pacific region, including Vietnam, Malaysia, Indonesia and PNG.

The balance of the oil consumed in our refineries is sourced from local oilfields, of which around three quarters is from northwest Australia. Australian crudes tend to be lighter (lower density) and sweeter (lower sulfur) than most others. This leads to generally higher prices for our crudes and local refiners like Caltex use a selection of local and regional crudes.

Australia's own reserves are comparatively tiny – about half of one per cent of the world's endowment. And they're running out. Most are in the Carnarvon basin off Western Australia and in the Gippsland basin in Bass Strait. Australian oil production peaked in 2000 at 805,000 barrels per day and has steadily decreased to 439,000 barrels per day as our reserves decline.

THE CRUDE OIL SUPPLY CHAIN

LEAD TIMES

The operations of Australian refineries match demand for petroleum products with their equipment and capabilities – and which crude oils to buy for the best results and at the lowest cost.

Refineries must also consider the lead times for ordering and buying crude cargoes and organising ships to bring them in. The length of crude oil supply lines is on average one to ten days for local, ten to 15 days for Asian and three to five weeks for Middle East and African crudes.

LENGTH OF CRUDE SUPPLY LINES

SHIPPING TIMES*



*to Brisbane refineries



WHERE CRUDE OIL IS STORED

Once the crude oil reaches the refineries it is stored in holding tanks which usually contain enough oil for between ten and 15 days of refinery consumption when it's supplied by ship. Refineries generally consume crude oil until about seven or eight days' supply is left in the tanks and tankers are scheduled to arrive to fill them again.