

Oil companies allowed to co-operate to secure fuel supply during COVID-19 pandemic

3 April 2020

Major oil refiners and the Australian Institute of Petroleum (AIP), the industry's representative body, have been granted interim authorisation by the ACCC to discuss and put in place measures so fuel supplies remain available during the COVID-19 pandemic, and after the economic shutdown ends.

The proposed authorisation will also apply to arrangements between AIP members and suppliers of crude oil and refined fuels, importers, suppliers of storage facilities and trucking or delivery services and wholesalers.

"We have authorised the measures by the petroleum industry to enable the companies to ensure the security of the fuel supply for Australian businesses and consumers, especially for when economic activity can increase again," ACCC Chair Rod Sims said.

"Importantly, the approval does not allow fuel companies to coordinate prices, including retail and wholesale fuel prices, and storage prices, and we will continue to closely monitor retail petrol prices across Australia and call out any excessive pricing or illegal behaviour."

Since the introduction of restrictive Government measures, demand for jet fuel has fallen significantly and demand for petrol has also declined.

The authorisation also allows fuel companies to discuss the co-ordination of refining and storage capacity to keep oil refineries operating. Refineries need a minimum throughput to operate and take some time to be closed or re-opened, and are set to produce different crude oil products in fairly fixed proportions which may not reflect current demand.

"In these exceptional times, fuel companies will be allowed to co-ordinate the scheduling of fuel import, storage and delivery to maintain and increase supplies and minimise the risk of shortages," Mr Sims said.

The authorisation applies to the AIP and the oil refiners BP Australia, Caltex Australia, Mobil Oil Australia and Viva Energy Australia. Participation in the discussions is not compulsory. Any other companies seeking to co-ordinate alongside the AIP and its members can only do so with ACCC approval.

The AIP will be required to report any material arrangements made under the authorisation to the ACCC.

The ACCC will now seek feedback on interim authorisation, as well as the application for final authorisation. More information, including the ACCC's statement of reasons, is available at [Australian Institute of Petroleum](#).

Background

ACCC authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the Competition and Consumer Act 2010.

Section 91 of the Act allows the ACCC to grant interim authorisation when it considers it is appropriate. This allows the parties to engage in the proposed conduct while the ACCC is considering the merits of the substantive application.

Broadly, the ACCC may grant a final authorisation when it is satisfied that the likely public benefit from the conduct outweighs any likely public detriment.

The ACCC may review a decision on interim authorisation at any time, including in response to feedback raised following interim authorisation.

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