



SUBMISSION

Australia's Fuel Security and Resilience Package

Submission to the Department of Climate Change, Energy, the Environment and Water

Australian Logistics Council

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Table of recommendations

No.	ALC recommendation
1	Treat supply chain logistics and freight transport as fuel resilience infrastructure.
2	Support government control and industry operation of the AFSR. Contracts must cover end-to-end release and restocking.
3	Use 10 days of diesel and jet fuel as the starting point. Test volumes against real disruption scenarios. Count crude only when it can help quickly.
4	Use zones as a planning tool, not the only site-selection rule. Test the 15 per cent minimum before fixing it. Protect scarce port land from low-value static storage.
5	Use offshore stocks only as a supplementary layer. Require government control and reliable delivery to Australia.
6	Use existing terminals, storage, pipelines, road links and rail facilities first.
7	Support general and targeted releases. Do not require MSO relief before every AFSR release. Keep off-taker rules workable for regional and independent distributors.
8	Test the 72-hour release rule under realistic disruption scenarios. Protect the systems that move fuel and essential goods.
9	Use Option 2, the gradual MSO uplift, as the national starting point. Allow flexibility where fuel or location constraints justify it.
10	Use grants and concessional loans as the main co-investment tools. Reserve revenue underwriting for genuine strategic gaps. Fund enabling infrastructure, not just tanks.
11	Plan separately for regional and remote Australia. Replenishment takes longer and alternatives are fewer. One route, depot or distributor may be critical.
12	Base refinery support on strategic capability, future fuel needs and public value. Let strategically useful facilities qualify without producing all current FSSP fuels.
13	Create a standing government-industry fuel resilience group. Use it to plan, test and coordinate before disruptions.

1. About the Australian Logistics Council

The Australian Logistics Council (ALC) represents Australia's supply chain logistics and freight transport industry.

Our members work across road transport, freight rail, ports, airports and intermodal terminals. They also operate warehouses, fuel networks, logistics property, retail, manufacturing, energy and technology.

ALC works with governments, policy makers and regulators to improve supply chain performance. We focus on safer, more productive, resilient and sustainable national supply chains.

2. Executive summary

ALC supports the Australian Government's plan to strengthen fuel security and resilience. The proposed package can improve Australia's resilience. It includes the Fuel Security Reserve, higher stockholding obligations and refinery support. But these measures must work during real disruptions.¹

More stored fuel does not automatically make Australia more resilient. Fuel must still move from storage to users. Terminals can lose power. Roads and rail corridors can close. Tanker capacity can tighten. Regional depots can run short. National stocks then provide little help where users need fuel.

This submission looks at the full fuel supply chain. It covers vessel access, ports, pilotage, towage, terminals and storage. It also covers pipelines, tankers, freight rail, inland depots and final delivery. Power, workers, maintenance, communications and incident response support every stage.

Diesel needs particular attention. A serious shortage quickly affects transport, food, medicine and agriculture. It also affects emergency response, regional access and the wider economy.²

ALC position

More stored fuel will not make Australia resilient on its own. Australia must also move fuel during disruptions. Supply chain logistics and freight transport make that possible.

3. Principles for a resilient fuel system

Supply chain logistics and freight transport as resilience infrastructure

The consultation recognises transport's role in moving fuel. ALC says the final package should go further. It should treat the transport and logistics system as resilience infrastructure.

Road transport, freight rail, ports, airports and fuel terminals all use fuel. They also move fuel and essential goods during disruptions. One working terminal or corridor can support several critical sectors.

Reserve contracts, emergency plans, funding and national exercises should reflect this role.

¹ Department of Climate Change, Energy, the Environment and Water (DCCEEW), Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 1-3, <https://consult.dcceew.gov.au/australias-fuel-security-and-resilience-package>.

² DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, p. 2; Australian Logistics Council, Fuel Security and Resilience Consultation: ALC areas of interest and discussion points, August 2026, pp. 1-2.

Priority fuel access means little if the system cannot deliver it. Terminals need power. Tankers need road access. Rail services need operating corridors. Workers need safe access to critical sites.

Resilience means distribution, not just storage

National stock figures can hide local shortages. Fuel may exist nationally but remain unavailable where people need it. Government should plan storage and distribution together.

Government should track how quickly fuel can leave storage. It should measure loading capacity, transport capacity and alternative routes. It should also track regional replenishment times. Tests should cover disruptions affecting several parts of the network.

Government should apply the same tests to reserve providers. Contracts should require working delivery systems, not just storage volume.

4. Australian Fuel Security Reserve

ALC supports the Fuel Security Reserve when it improves resilience during major disruptions. Government would own and control the reserve. Industry providers would manage daily operations. ALC supports this model in principle. But contracts must also cover transport, transfer and emergency distribution.³

Provider contracts should cover procurement, storage, rotation, quality, loading, transport and release. They should also cover restocking after an event. Government should set clear service standards and availability requirements. It should audit providers against those standards.

ALC also supports state and territory contributions to the reserve. Governments should agree on ownership, release rights and priorities before disruption. They should keep these arrangements simple and ready to use.

Reserve size and fuel mix

Diesel should remain central because it supports critical industries and services. These include road transport, freight rail, agriculture, mining and construction. Diesel also supports emergency response, Defence and backup power. Jet fuel supports aviation, regional links and time-sensitive air cargo. Ten days of each fuel provides a reasonable starting point. Government should test this volume against realistic disruption scenarios and regional demand.⁴

The fuel mix should change as Australia's needs change. Future arrangements should allow renewable diesel and sustainable aviation fuel. They should also allow other compatible low-carbon liquid fuels. ALC does not support petrol in the initial reserve. The government should add petrol only if evidence shows a clear resilience gap.

The Department should clarify the proposed reserve volume before procurement. The paper describes a reserve of about one billion litres. It also lists 920 ML diesel and 240 ML jet fuel. Together, those volumes total 1.16 billion litres. Government should state which figure sets the policy target.

ALC would count crude oil only when it can support an emergency. Government must show Australia can refine and distribute it quickly.

Strategic location and protection of port land

The proposed zones provide a useful starting point. But they should not decide site selection alone. The government should consider major corridors, ports, airports, and fuel terminals. It

³ DCCEE, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 4-6.

⁴ DCCEE, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, p. 6.

should also consider regional demand, disaster risk and alternative routes. Travel time to critical users should also guide site selection.⁵

Government should protect scarce port land. Ports already support vessels, trade, terminals and intermodal activity. Static reserve storage should not displace more valuable supply chain uses.

Some port precincts may suit reserve storage. Elsewhere, port-adjacent or inland sites may work better. Good pipeline, road or rail links can provide equal resilience. Government should judge each site by its whole-network value.

ALC supports zones as a planning tool. Government should test the proposed 15 per cent minimum before fixing it. Tests should consider demand, import points, transfer times and disruption risk. Government should review boundaries and minimum holdings over time. It should add sub-zones where evidence supports them.

Offshore stocks can add flexibility. But they should supplement fuel that Australia can access quickly. Government should count offshore stocks only when it controls them. It must also confirm reliable shipping, port access and delivery times. Stocks outside Australia's Exclusive Economic Zone need extra scrutiny. They face export controls, shipping disruption and stronger competition during crises.⁶

Optimising existing infrastructure

Government should use existing infrastructure before building new assets. Import terminals, storage, pipelines and transport links may provide more fuel. Targeted upgrades may also help these assets recover faster.

An extra pump or gantry may sometimes deliver the most value. Other priorities may include road access, rail loading or backup power. Refurbished tanks and stronger connections can also help. Government should build new capacity only where clear gaps remain.

Emergency release and critical users

ALC supports both general and targeted releases. Targeted releases can address regional or corridor shortages. They can help even when national stocks remain adequate.⁷

Emergency plans must protect the systems that deliver fuel to priority users. ALC proposes this approach:

Priority	Focus	Functions
Tier 1	System continuity and network function	Keep fuel imports, discharge, terminals and bulk storage operating. Maintain road tanker and freight rail distribution. Protect port access, critical workers, towage, pilotage and maritime response. Maintain corridor response, heavy vehicle recovery and access to key freight hubs. Protect rail paths and terminal access.

5 DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 6-9.

6 DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, p. 9.

7 DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 9-11.

Priority	Focus	Functions
Tier 2	Essential continuity	Protect Defence, emergency services, food and grocery supply. Protect medical supplies, agriculture, energy and utilities. Maintain fuel access for regional and remote communities. Support essential equipment and spare parts.

The registered off-taker model can work if government keeps it practical. Registration should not exclude independent or regional distributors. These businesses may be critical during local shortages. Off-takers should accept only volumes they can safely distribute. Government should agree swap-plus terms before disruptions. These terms should not discourage smaller suppliers.

ALC does not support a fixed MSO-first rule. Commercial stocks may suit broad national disruptions. Targeted AFSR releases may better address local shortages. Government should choose the response based on disruption conditions. It should consider location, severity, duration and critical-user demand. It should also consider commercial stocks, replenishment and network conditions.

Government should test the proposed 72-hour release requirement in practice. Exercises should include major terminal failures and corridor closures. They should also include power loss, floods and bushfires. Tests should cover tanker shortages, driver shortages and port disruption. Government should also test simultaneous disruptions across several regions.

A contract cannot prove that fuel will move within 72 hours. Government must test whether the physical system can meet that deadline.

Government should take the same approach to reserve restocking. Providers should restore stocks within an agreed period. Government may extend that period during a tight market. This flexibility can reduce pressure during disruptions.

5. Minimum Stockholding Obligations

ALC supports higher stockholdings when they improve resilience. The main issue is implementation speed. The Reserve and higher MSOs may compete for limited infrastructure. They may also compete for terminal and distribution capacity.⁸

ALC prefers Option 2, the gradual uplift. It adds stocks earlier than the later-uplift option. It also gives industry more time than Option 3. Businesses need time to secure fuel, storage, finance and approvals. The government should allow different timings where local conditions justify it.

Each option carries different risks. Option 1 delays pressure but shifts more work into the final year. Option 3 builds resilience sooner but creates stronger short-term pressure. Option 2 provides the best balance. Government should still review the timetable as projects progress.

Government should protect key supply-chain land during implementation. It should also avoid sudden pressure on working capital. Fuel suppliers, transport operators and regional businesses all face these costs. Government should give clear notice before each uplift. It should align MSO timing with reserve procurement and co-investment. Transitional relief may help when external delays affect required storage projects. Government should monitor prices, transport costs, regional supply and competition.

⁸ DCCEE, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 12-14.

6. Storage and enabling infrastructure

ALC supports co-investment where projects deliver clear public resilience benefits. Competitive grants suit projects with weak private returns. Concessional loans can support viable brownfield expansion. Government should use revenue underwriting only for genuine strategic gaps. It should use underwriting when utilisation risk blocks investment.⁹

Stored fuel only helps when the system can move it. Co-investment should support tanks and the surrounding infrastructure. This includes pumps, gantries, pipelines, transfer systems and backup power. It should also cover terminal links, road access and rail interfaces. Support should cover diesel, jet fuel and compatible renewable alternatives.

Government should assess projects by the resilience they add. It should ask how much fuel the project can release. It should ask where that fuel can go. It should also ask how quickly users can receive it. Government should match public support to the public benefit. It should require meaningful private funding and clear delivery milestones.

7. Regional and remote Australia

Regional and remote Australia needs separate planning. Replenishment takes longer, and alternative routes are fewer. One road, depot or distributor may serve an entire community.

Government should include independent distributors and inland depots in reserve planning. It should also include them in stockholding and co-investment decisions. Metropolitan release benchmarks will not always suit remote locations. Government should use real travel times and transport capacity.

Government should also identify where road and freight rail can provide backup routes. This does not mean prescribing how industry moves fuel. It means avoiding reliance on one vulnerable route.

8. Domestic refining, future fuels and bunkering

Domestic refining and future fuel capability

ALC supports domestic refining where it provides clear strategic value. Government should assess more than whether a refinery stays open. It should review fuel output, reliability, feedstock flexibility and location. It should also assess network links, workforce and maintenance capability. Government should weigh emergency supply value against taxpayer cost.¹⁰

Government should plan for future fuels, not just conventional transport fuels. These may include renewable diesel and sustainable aviation fuel. Other low-carbon liquid fuels may also support future resilience. Refinery support should not require all three current FSSP fuels. Facilities should qualify when they deliver a clear fuel-security benefit. These fuels can also help decarbonise hard-to-electrify transport.¹¹

Government must also test infrastructure compatibility. New fuels may not suit existing tanks, pipelines or loading systems. Road tanker equipment may also need changes. Government should plan segregation, modification and dual-use requirements before investing.

ALC has no fixed preference between extending or redesigning the FSSP. The government should use a transparent, performance-based framework. It should review support regularly. Funding

⁹ DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 14-16.

¹⁰ DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 17-18.

¹¹ DCCEEW, Strengthening Australia's Fuel Security and Resilience: Consultation Paper, 2026, pp. 2, 6 and 15-18.

should require clear strategic outcomes and operating commitments. Government should prevent windfall gains. It should recover support when recipients fail agreed outcomes.

Future bunkering infrastructure

The package should preserve options for future maritime bunkering. Fuel needs will vary between ports. Some ports may not need new capability soon.

Government should avoid decisions that block future bunkering options. Land, pipelines, utilities and storage choices can shape future capability. Planning should preserve options for conventional and lower-carbon fuels.

9. Cost, competition and implementation

Fuel-security policy creates costs across the economy. Fuel companies do not carry those costs alone. Storage, finance, compliance and infrastructure costs can raise transport rates. They can also raise food, construction and export costs.

ALC supports investment that adds real resilience. It opposes design that adds cost without clear benefit. Government should avoid duplicate reporting. It should keep compliance simple and preserve fair competition.

Smaller and regional operators have less capacity to absorb new costs. Government should provide clear guidance and realistic transition periods. Compliance arrangements should stay simple.

10. Governance, testing and industry coordination

Recent disruptions showed the value of direct government-industry coordination. ALC supports a standing Fuel Security Supply Chain Working Group. The group should start during detailed design and continue through implementation.

The group should include key Commonwealth and state agencies. It should also include representatives from across the fuel supply chain. Members should cover ports, airports, road transport, freight rail and terminals. Regional distributors and major supply chain users should also participate.

The group should focus on practical work:

- identify nationally significant supply chain dependencies
- set clear information-sharing arrangements between connected critical infrastructure operators
- test incident coordination and escalation
- plan restoration and priority services when other sectors disrupt fuel movement
- run realistic exercises before the next major disruption

The group should also resolve implementation issues as they arise. These include reserve access, release rules, data and corridor priorities. It should also address regional distribution constraints.

11. Direct responses to key consultation questions

ALC responds to all 15 consultation questions below. Earlier sections explain the reasons for each position.

Consultation issue	ALC response
Q1 - AFSR delivery model	ALC supports the proposed model in principle. Government should keep strategic control. Provider contracts should cover storage, transport, release and restocking. Government should set clear service standards before commencement.
Q2 - Diesel and jet fuel focus	Ten days of diesel and jet fuel is a reasonable starting point. Government should test this against real disruption scenarios. It should also clarify the proposed total reserve volume.
Q3 - Another fuel / different split	ALC does not support petrol in the initial reserve. Government should add it only when evidence shows a clear gap. The reserve should also adapt as low-carbon liquid fuels develop.
Q4 - Crude oil	Count crude oil only when it can support an emergency. Government must show Australia can refine and distribute it quickly.
Q5 - Zones and minimum stocks	Use zones as a planning tool. Test the 15 per cent minimum before fixing it. Consider demand, import points, transfer times and disruption risk. Review boundaries and minimums as conditions change.
Q6 - Offshore stocks	Use offshore stocks only as a supplementary layer. The government must prove control, shipping access, and timely delivery. Apply extra scrutiny outside Australia's Exclusive Economic Zone.
Q7 - Emergency release and off-takers	Support general and targeted releases. Keep off-taker registration simple. Limit obligations to volumes an off-taker can safely distribute. Agree swap-plus and reporting rules before disruptions. Test the 72-hour requirement in real conditions.
Q8 - Order of MSO and AFSR release	Do not require MSO relief before every reserve release. Commercial stocks may suit broad national disruptions. Targeted reserve releases may better address local shortages. Government should choose based on consequences and location.
Q9 - MSO phasing	ALC prefers Option 2, the gradual uplift. It balances earlier resilience with practical delivery time. Allow different timing where verified local constraints justify it.
Q10 - Costs and operational impacts	Option 1 delays near-term pressure but pushes work into the final year. Option 3 creates the strongest short-term pressure. Option 2 gives the best balance. Government should review timing as projects progress.
Q11 - Transitional arrangements	Give industry clear notice before each uplift. Align MSO timing with reserve procurement and co-investment. Keep lawful contracting and ticketing options. Allow targeted relief for verified external delays.

Consultation issue	ALC response
Q12 - Storage support mechanisms	Use grants where projects deliver strong public benefits but weak private returns. Use concessional loans for viable expansion. Reserve revenue underwriting for genuine strategic gaps.
Q13 - Supported activities and co-investment	Support refurbishment, brownfield expansion and targeted greenfield development. Also fund pumps, gantries, pipelines, backup power and transport links. Prioritise diesel, jet fuel and compatible renewable alternatives. Require meaningful private funding.
Q14 - Evidence for refinery retention	Assess output, reliability, feedstock flexibility, location and network connections. Also assess workforce, emergency value, future-fuel capability and taxpayer cost. Do not require facilities to produce every current FSSP fuel.
Q15 - Refinery support framework	Use a transparent, performance-based framework. Link support to clear strategic outcomes and operating commitments. Review support regularly. Prevent windfall gains and recover funding when outcomes fail.

12. Conclusion

ALC supports the Government's plan to strengthen Australia's fuel security. The Reserve, higher stockholding and refinery support can all help.

The key question is simple: can fuel reach users during a disruption? Tanks alone cannot deliver that outcome. Ports, terminals, pipelines, roads and freight rail must keep working. So must depots, distributors, workers and critical corridors.

Government should treat supply chain logistics and freight transport as resilience infrastructure. New investment should improve fuel movement. It should not crowd essential port, terminal or logistics capacity.

ALC will continue working with DCCEEW on design, testing and implementation.