

15 September 2026

Department of Climate Change, Energy, the Environment and Water
GPO Box 3090 Canberra ACT 2601
Via email: fuelsecurity@dcceew.gov.au

To Whom It May Concern,

RE: Australia's Fuel Security and Resilience Package

GrainGrowers welcomes the opportunity to contribute to the consultation on Australia's Fuel Security and Resilience Package.

The Australian Government's commitment of \$3.2 billion in the 2026-27 Budget to establish the Australian Fuel Security Reserve, together with the proposed increase to the Minimum Stockholding Obligation (MSO), represents an important step towards strengthening Australia's fuel security. These measures have the potential to improve Australia's preparedness for supply disruptions and reduce the risks posed by an increasingly uncertain global energy environment.

As these reforms are developed and implemented, it is essential that the needs of agriculture and regional Australia are explicitly recognised and prioritised. Recent fuel shortages have highlighted the disproportionate vulnerability of regional communities and industries to supply disruptions. For Australia's grain industry, diesel is vital at every stage of the supply chain, sowing and harvest through to on-farm storage, transport, processing, and export. Any disruption to fuel availability can have immediate consequences for Australia's food security.

Recognising the critical role of fuel in sustaining agricultural production and regional economies, GrainGrowers urges the Government to ensure that the design of the Australian Fuel Security Reserve and associated policy measures reflects the unique operational requirements of the agriculture sector.

To support this objective, GrainGrowers makes the following recommendations:

1. Prioritise Diesel Within the Australian Fuel Security Reserve

GrainGrowers supports the proposal for diesel to comprise 80 per cent of the Australian Fuel Security Reserve. Given its fundamental role in agricultural production and freight movements, prioritising diesel within the reserve is essential to maintaining food and fibre supply chains during periods of disruption.

While maintaining a proportion of the reserve as crude oil could support the continued operation of domestic refineries during supply disruptions, it must not comprise the

majority of the reserve, as over-reliance on refinery capacity may reduce the flexibility and effectiveness of the reserve under certain disruption scenarios.

Fuel supply disruptions can arise from a wide range of causes, including geopolitical conflict, shipping interruptions, natural disasters, or damage to domestic refining and fuel distribution assets. Similarly, there are currently only 2 refineries able to refine crude oil, which are geographically concentrated.

It is therefore important that the composition of the reserve is guided by resilience objectives rather than cost-effectiveness alone. The reserve should be designed to provide flexibility across a range of potential disruption scenarios, ensuring Australia has the capability to respond effectively regardless of where a supply interruption occurs within the fuel supply chain.

2. Enable Future Inclusion of Low Carbon Liquid Fuels in the Australian Fuel Security Reserve

The Australian Fuel Security Reserve should be designed with sufficient flexibility to accommodate low carbon liquid fuels as these markets mature and become commercially viable.

Australia's liquid fuel mix is expected to evolve over coming decades, with low carbon liquid fuels such as renewable diesel and Sustainable Aviation Fuel likely to play an increasingly important role in coming years.

A more diverse range of fuel types within Australia's strategic reserves would strengthen resilience by reducing dependence on any single energy source or supply pathway. The design of the Australian Fuel Security Reserve should be adaptable, allowing government to incorporate emerging fuels where they can contribute to both fuel security and broader national objectives..

3. Establish Both General and Targeted Emergency Release Mechanisms

The Australian Government should maintain the ability to undertake both broad emergency releases and targeted regional releases from the fuel reserve.

Regional Australia is particularly vulnerable to localised fuel supply disruptions due to long supply chains, limited storage capacity, geographic isolation, and seasonal peaks in demand. The recent fuel shortages highlighted that fuel shortages can emerge in individual regions even when national fuel supplies remain adequate.

The Government must therefore have the flexibility to respond to both national emergencies and location-specific supply constraints.

4. Increase Minimum Stockholding Obligations as Early as Practicable

GrainGrowers recommends increasing minimum stockholding obligations as early as practicable to strengthen Australia's overall fuel security and resilience.

While recognising the implementation challenges associated with increasing stockholding requirements, the ongoing conflict and instability in the Middle East continue to highlight Australia's exposure to global fuel supply disruptions and reinforce the importance of strengthening fuel stocks as soon as practicable.

This is of particular concern as Australia approaches the harvest period, when grain production and freight activity are highly time-sensitive and heavily reliant on diesel availability. Fuel shortages during this critical period could disrupt harvesting operations, delay grain movements, and have significant consequences for agricultural production and food supply chains.

However, implementation should carefully consider compliance costs and ensure impacts on end users, including agricultural businesses, are transparent and proportionate.

5. Establish a National Strategic Fuel Resilience Framework to Guide Regional Fuel Storage Decisions

To maximise the effectiveness of the Australian Government's fuel reserve, GrainGrowers recommends the adoption of a nationally coordinated, risk-based strategic resilience framework to guide decisions on fuel storage locations, with a particular focus on strengthening fuel security in regional Australia.

Without a clear national framework, there is a risk that fuel storage decisions are made on an ad hoc basis or become overly focused on population size or existing fuel demand, rather than broader resilience considerations.

The framework should incorporate detailed analysis of agricultural supply chains, seasonal demand patterns, and infrastructure vulnerabilities. This should include the use of freight network modelling tools such as the CSIRO TraNSIT model to identify regions where concentrated agricultural production and high volumes of freight activity create a heightened dependence on reliable fuel access. Planning should also account for significant increases in diesel demand during sowing, harvest, and peak grain freight periods, as well as the vulnerability of regional road and rail networks to disruptions caused by floods, bushfires, and other extreme weather events.

GrainGrowers is concerned with the size and scope of some proposed regions, especially where a single zone spans multiple states or very large geographic areas. Further detail is needed to understand how reserves located within these large zones would support supply continuity during a disruption, including any implications for response times, distribution capability and overall resilience outcomes. Understanding these practical considerations is critical to assessing whether the proposed zonal framework will achieve its intended objectives.

6. Maintain Strategic Fuel Reserves Within Australian borders

It is vital that strategic fuel reserves established under the Australian Fuel Security Reserve be stored on Australia soil and integrated with domestic fuel supply and distribution networks.

Maintaining fuel reserves within Australia would provide greater certainty that stocks can be rapidly deployed during emergencies and would allow reserves to be better integrated with domestic distribution networks.

While offshore storage may provide a lower-cost storage option for government in some circumstances, it does not provide the same level of fuel security and operational resilience as domestically held reserves. The primary objective of a government-owned strategic fuel reserve should be to ensure fuel is readily accessible during periods of disruption, particularly when international supply chains, shipping routes, ports, or fuel import infrastructure are impacted.

7. Increase Monitoring Throughout the Fuel Supply Chain

Increased fuel reserves should be accompanied by improved supply chain transparency, including reporting from regional fuel distributors, to provide clearer visibility of fuel availability and the potential impacts of supply disruptions on regional communities and agricultural businesses.

Current public reporting of fuel shortages often focuses exclusively on service stations, which only represent the final stage of the fuel supply chain and can obscure emerging supply constraints occurring upstream. Many farmers and agricultural businesses purchase fuel directly from distributors rather than through retail service stations. As a result, reporting that only captures service station availability may fail to identify fuel shortages and delivery constraints affecting agricultural operations. Distributor-level reporting would provide a more accurate picture of the immediate challenges facing farmers, particularly during critical periods such as sowing and harvest, when timely and reliable fuel supplies are essential.

GrainGrowers welcomes the opportunity to discuss this issue further with DCCEW.
Please contact GrainGrowers Policy Manager, Trade and Supply Chains, Annabel Mactier (Annabel.mactier@graingrowers.com.au) if you have any questions.

Yours sincerely,



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