

Strengthening Australia's Fuel Security and Resilience | Consultation

Australian Energy Producers | 15 September 2026

Australian Energy Producers (AEP) welcomes the opportunity to provide a submission in response to the Consultation paper into *Strengthening Australia's Fuel Security and Resilience*. Australian Energy Producers is the peak body representing Australia's oil and natural gas explorers and producers. Our members account for more than 95 per cent of Australia's oil and gas production and play an important role in Australia's energy security, economic prosperity and the transition to a lower emissions economy.

AEP acknowledges the Government's objective of strengthening Australia's ability to withstand disruptions to liquid fuel supplies. The paper covers the Australian Fuel Security Reserve, an uplift to the Minimum Stockholding Obligation and measures to sustain domestic refining. These measures should be complemented by a fourth pillar: policies that support domestic petroleum exploration, appraisal and production. Fuel-security policy should begin upstream. Strategic stocks buy time during a disruption; domestic production strengthens the capacity to replenish supply over a sustained period.

Australia's fuel security challenge is also a supply challenge

Australia is highly exposed to international liquid-fuel supply chains. In 2023–24, imports met 79 per cent of refined petroleum product consumption and imported crude supplied just under two-thirds of domestic refinery feedstock¹. Geoscience Australia reports that Australia's modest crude oil resource base is being depleted faster than new discoveries are replacing it.

Australia's two remaining refineries are an important resilience asset. The Australian Government reports that the Geelong and Brisbane refineries produced around 12 billion litres of petrol, diesel and jet fuel in 2025, equivalent to about 20 per cent of annual Australian requirements. But a refinery can only contribute to resilience if suitable feedstock can reach it. Fuel-security policy should also consider the potential for further domestic feedstock availability, compatibility and transport alongside refinery viability.

Long-term fuel security requires a strategic response

A larger strategic reserve, stronger minimum stockholding obligations and continued domestic refining are important for fuel resilience. But genuine resilience also depends on our domestic capacity to source our own stocks. Australia should encourage investment in exploration and production of new domestic crude oil, condensate and associated liquids, together with the infrastructure required to bring those resources to market.

The current conflict in the Middle East strengthens the case for diversification of supply. Australia is more resilient when it has access to imported fuels, strategic stocks, functioning domestic refineries and a pipeline of domestic resources capable of supplying them.

The strategic value of domestic production has previously been recognised by the Australian Government. The Commonwealth's 2020 *Liquid Fuel Security Review*² recommended that the Government maintain domestic liquid fuel production by ensuring opportunities for exploration and production of conventional and unconventional oils.

Its modelling demonstrated the material contribution domestic production can make in an emergency. In a hypothetical scenario in which Australia received no crude oil or refined-product imports, stocks alone

¹ Australian Government, Energy Statistics www.energy.gov.au/energy-data/australian-energy-statistics/energy-trade

² DCCEE Liquid Fuel Security Review www.dcccew.gov.au/sites/default/files/documents/72895-2.pdf

were estimated to support only 26 per cent of normal petrol demand, 28 per cent of jet-fuel demand and 22 per cent of diesel demand. With access to improved domestic exploration and production, these figures increased to 75 per cent, 60 per cent and 41 per cent respectively.

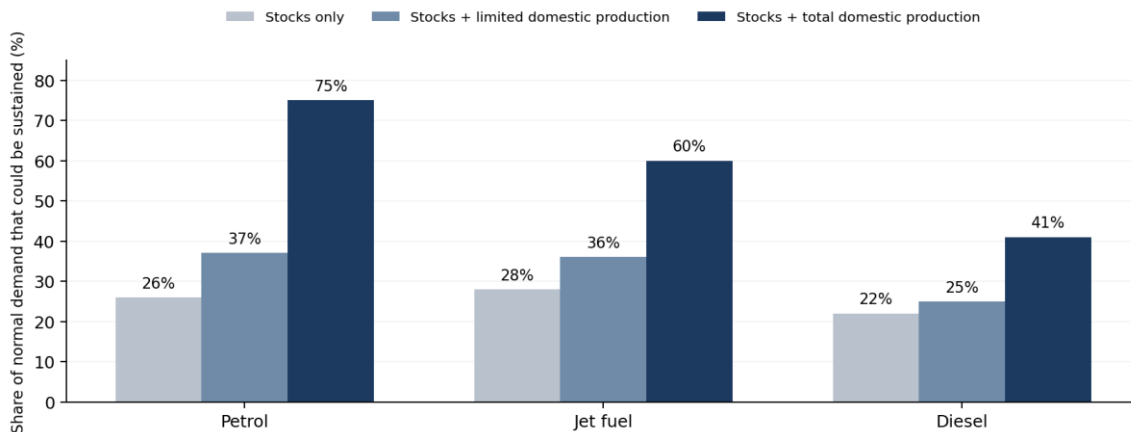


Figure 1. Domestic production can increase supply available in a no-import scenario. Commonwealth of Australia, Liquid Fuel Security Review - Final Report (2020)

The Review further considered the importance of domestic crude and condensate production, as combining it with existing stocks and emergency allocation measures could allow critical services to continue operating for at least 90 days in such an extreme disruption. This underscores why exploration and production must be treated as part of Australia's strategic fuel-security architecture, alongside stockholding, refining and supply-chain infrastructure.

New domestic production can reduce the cost of strategic stockholding

An Envisory study commissioned by the Commonwealth Government in 2025, and released under the Freedom of Information Act, demonstrates the direct relationship between domestic liquids production and Australia's strategic stockholding exposure. The study modelled the development of a hypothetical oil field that produced at around 80,000 barrels per day from mid-2030. Under the modelled scenario, the additional production reduced Australia's calculated Daily Net Imports by about 9.5 thousand tonnes per day once fully established. The report also found that development of a domestic oil field could reduce the cost of the modelled stock compliance by around 40 per cent.³

This is an important principle for fuel security and resilience. Storage and stockholding are essential, but additional Australian production can reduce net import exposure, increase supply optionality and reduce the volume and cost of strategic stocks required to manage exposure.

Current Australian examples show further opportunity

Our members continue to explore for and produce liquid fuels, while also identifying potential new sources of supply across Australia, including in the Taroom Trough, Dorado, Browse, the Amadeus Basin and the Denison Trough. These existing and prospective resources can strengthen Australia's ability to respond to disruptions in international liquid-fuel supply chains and warrant continued support from the Australian Government.

³ DCCEE Stock ticket market update and cost estimate www.dcceew.gov.au/sites/default/files/documents/82787.pdf

There are several current examples of why fuel-security policy should begin upstream:

- The Bass Strait demonstrates the long-term contribution that domestic petroleum development can make to Australia's energy security. The Bass Strait assets comprise numerous conventional oil and gas fields in the Gippsland Basin off south-east Victoria. As Australia's first major offshore oil and gas development, Bass Strait has produced more than 11 Tcf of pipeline gas and more than 5 billion barrels of oil since production commenced in 1969.
- The Cooper Basin provides a recent example of domestic production responding directly to an international supply disruption. In March 2026, as disruption in the Middle East constrained global oil trade, Santos worked with Viva Energy to bring forward part of a 575,000-barrel Cooper Basin crude cargo by around a month. Viva Energy said the earlier delivery was critical to allowing its Geelong refinery to continue operating at high rates, with a particular focus on maximising diesel production. This demonstrates that maintaining Australian oil production can provide an immediate source of refinery feedstock when international supply chains are disrupted.⁴
- The Taroom Trough illustrates the potential contribution of new exploration and development. The Queensland Government has identified the Taroom Trough as one of Australia's most prospective onshore oil and gas exploration regions. Recent exploration has identified gas-rich systems with associated liquids, including light oil. If exploration confirms resource potential, the Queensland Government has indicated that the region could become Australia's first major new oil province since the 1970s. Other basins, including the Denison Trough, may also contain liquid petroleum.⁵
- Ichthys provides a further practical example of Australian production supporting domestic fuel supply when international markets are under pressure. In April 2026, INPEX announced that a cargo of approximately 630,000 barrels of Ichthys condensate had been supplied to an east-coast Australian refinery. INPEX reported that it had supplied 30 Ichthys condensate cargoes to Australian customers since 2019. This demonstrates the value of retaining domestic production, together with the infrastructure and commercial flexibility needed to redirect suitable Australian feedstock to domestic customers when required.⁶

These examples demonstrate that fuel security also depends on maintaining the exploration, production and infrastructure capability needed to discover and develop Australian petroleum resources. Policies that support exploration and investment can make an important contribution to long-term fuel security and resilience.

Natural gas also contributes to liquid fuel resilience

Reliable fuel supply is essential to maintaining gas extraction and production onshore and offshore in Australia, including the movement and safety of personnel. Without reliable access to fuel, some activities could be interrupted, limiting the supply of gas needed for manufacturing and electricity generation.

We are proud of the role Australia's LNG exports play in supporting strong and mutually beneficial relationships with key international trading partners. These relationships are particularly important where Australia supplies LNG to countries that, in turn, are significant sources of Australia's refined liquid fuels. As the Hon Dr Jim Chalmers has observed: *"We are a big supplier of LNG to Singapore. Singapore is a*

⁴ www.santos.com/news/santos-steps-up-to-help-team-australia-keep-critical-fuels-flowing

⁵ www.nrmrrd.qld.gov.au/mining-exploration/initiatives/taroom-trough

⁶ www.inpex.com.au/news-and-updates/media-centre/media-releases/inpex-moves-to-strengthen-australia-s-fuel-security

really important refiner of our liquid fuels. This is a relationship of very substantial mutual economic benefit, and long may that situation continue.”⁷

This underscores the broader contribution of Australia’s LNG industry to energy security. Reliable Australian LNG exports strengthen strategic trading relationships and reinforce the two-way energy trade on which Australia relies for access to refined petroleum products.

Recent international energy-market disruption also demonstrates the value of maintaining strong domestic energy production. In the Quarterly Energy Dynamics Q2 2026 AEMO reports that: *“East coast wholesale gas prices averaged \$9.08 per gigajoule (GJ) for the quarter, lower than Q2 2025, which averaged \$12.36/GJ. This made Q2 2026 the lowest average for any quarter since Q2 2021, which averaged \$8.20/GJ. At the same time, international liquefied natural gas (LNG) spot prices were materially higher than prices observed in the east coast gas market, amid ongoing heightened supply risks linked to the conflict in the Middle East.”⁸*

This demonstrates the value of domestic gas production in strengthening Australia’s resilience to international supply shocks. Supporting liquid fuels exploration and extraction in Australia would similarly strengthen fuel security and resilience.

Recommendations

AEP sees a clear opportunity to strengthen Australia’s liquid fuel resilience through the development of domestic resources. The Government’s plan and legislation should:

- **Support timely acreage release.** Maintain regular and transparent Commonwealth, State and Territory petroleum acreage release programs, including opportunities with potential for crude oil, condensate and liquids-rich gas.
- **Prioritise appraisal of prospective liquids.** Where exploration identifies potential domestic liquid-fuel resources, government processes should allow timely appraisal so resource scale, quality and commerciality can be established.
- **Use streamlined and coordinated approvals.** Projects that can materially contribute to national fuel security should be eligible for efficient, coordinated project assessment and government facilitation, including through emerging EPBC single-project streamlining arrangements, while continuing to meet applicable environmental standards.
- **Support enabling infrastructure.** Fuel-security infrastructure should include not only product storage but also crude and condensate pipelines, road and rail loading facilities, marine terminals, blending infrastructure and refinery modifications that allow domestic resources to reach market.

Australian Energy Producers welcomes the opportunity to provide further input.

⁷ Hon Dr Jim Chalmers, *Press conference*, [Melbourne Airport](#), 9 April 2026, Australian Government Treasury

⁸ Australian Energy Market Operator (AEMO), [Quarterly Energy Dynamics Q2 2026](#), July 2026.