



ENERGY ANALYSIS

Hope is not a plan. Australia faces a fuel crisis of its own making

Had a series of governments in Australia met their fuel reserve obligations and implemented steps to better isolate us from global disruptions, our situation would not be so dire.



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A crude oil tanker docked at the Geelong Oil Refinery (Image: AAP/Joel Carrett)

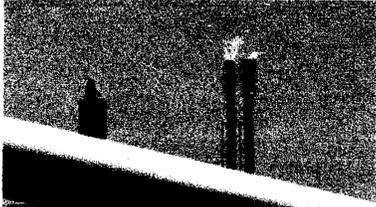
Within hours of its entry into World War I, the British government had taken control of the nation's railways. Within days, it had introduced a national maritime insurance scheme to underwrite losses arising from the loss of ships and cargo. The reason for quick action, in both cases, was to secure the national food supply — Britain was dependent on shipping to import the food the nation needed, and on its railways to distribute it to the cities.



Today's fuel crisis due to the US-Israel war in Iran bears a striking similarity to the one the British government faced in 1914. Australia may be self-sufficient in agriculture, but the

production, processing and distribution of food is dependent on diesel, which Australia largely imports from refineries in Asia, which in turn source crude via the now-closed **Strait of Hormuz**.

Fundamentally, both crises are about food and its transport. The British government acted decisively because food was essential not only to life itself but also to maintain social cohesion and, hence, the war effort.



Fuel crisis shows why Australia must quit a dangerous addiction

The most important difference between 1914 and now is attitude. Britain's leaders in 1914 knew they had to act with resolve to forestall a predictable crisis on the near horizon, and saved the country from famine and social dissolution as a result. In contrast, the Australian government's response has been more subdued and focused on blame-shifting, i.e. fuel shortages are due to panic buying. Australia's fuel supply is **fine**, at least until mid-April, the government claims, so there is no need for concern. But April is not far off, and there is no way to predict how long the war and the supply disruption will last.

What is clear is that the Iran war has been escalating. The combatants have targeted fuel infrastructure around the Persian Gulf. Drones and missiles routinely strike oil and gas installations, including critical features such as the **Pars Field**, struck by Israel. Refineries, storage areas and ship-loading points have also been hit. A US marine force is nearing the Persian Gulf, and its likely target is **Kharg Island**, Iran's primary oil exporting facility. Even if the war ended tomorrow, it will take time to restore the flow of crude.

Other states have moved quickly compared to Australia. **China** has ordered its refineries to halt exports, while **Malaysia, Singapore and South Korea** have cancelled cargoes destined for Australia. Other governments have taken steps to cut consumption: the **Philippines** has ordered a four-day work week; **Sri Lanka** has imposed rationing on its drivers.

Avoiding a crisis rests on Australia receiving a steady supply of diesel, which most of our trucks and agricultural vehicles burn. These vehicles grow Australia's food and deliver it to warehouses and supermarkets. Without them, the shelves would be bare within a matter of weeks. Food security is the most important factor in societal preservation, particularly in the nation's urban centres, where residents are dependent on the regular arrival of food in shops.

Australia need not have experienced this crisis. Had a series of governments met their fuel[↑] reserve obligations, our situation would not be so dire. The **International Energy Agency** treaty, to which Australia is a signatory, mandates that member states hold a 90-day

supply. Other countries wisely view 90 days as the **minimum**: the Netherlands holds more than 400 days, and South Korea has about 200.

Australia has been non-compliant with the treaty since 2012. At the start of the year, our supply was about 30 days.

National crises are solved by the actions of central authorities. It is inadequate and unfair to blame the people for panic buying. Instead, our leaders should act with decisiveness, as Britain's leaders did in 1914, rather than hoping the war will simply end and normal supply resume.



Mad King Donald is leaving not just destruction and economic chaos in his wake, but a budget disaster too

There are a few short-term options for Australia. We should immediately take control of retail supply, prioritise the need for essential services, supply diesel directly to the agricultural and food transport sectors, and promote localised food distribution to reduce the distance food travels.

Longer term, Australia can provide for future food security by making the next fuel crisis irrelevant. The electrification of transport — private and commercial — will dramatically reduce the nation's exposure to another fuel disruption. With electric cars proliferating, imagine the take-up if the government intended to make Australia 100% oil free for transport within a few years.

Perhaps the Iran war will end tomorrow, and the supply of oil will return to normal. As a military historian, I tend to expect the worst. Yet Australia is facing a potentially dire situation, and the government's plan is one based seemingly on hope. Unfortunately, hope is not a plan.

About the author.



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