

Bitumen and Fuel Supply Disruption Update: Confirmed Outcomes and Next Steps

2 April 2026

Dear Members,

We are writing to you today with a clear and accurate account of the outcomes AfPA has secured on your behalf in response to the bitumen and fuel supply disruption that continues to affect our industry.

AfPA has been negotiating at pace with every state and territory road authority across the country. We are pleased to report that the strength of our relationships with government, and the benefit of a national, centralised approach to advocacy, has delivered sector-leading outcomes for our members. Where we have confirmation, we will tell you. Where work remains in progress, we will tell you that too.

Within The National Context - Federal Government's Fuel Security Plan

On 30 March 2026, National Cabinet agreed to the National Fuel Security Plan, a four-level framework to coordinate the Commonwealth, state and territory response to the global fuel supply crisis. Australia currently sits at Level 2: Keeping Australia Moving, which involves precautionary government measures to shore up supply, including underwriting additional fuel cargoes, and working with industry to ensure fuel reaches where it is needed. The plan is designed to be flexible, with escalation to Levels 3 and 4, involving targeted demand reduction and, if necessary, prioritisation of fuel to critical sectors.

This plan underscores why AfPA's advocacy for the recognition of road construction and maintenance as an essential service is so critical. If fuel allocation measures are introduced at higher levels, our industry must have guaranteed access to the diesel it needs. AfPA has been progressing this position directly with government and state road authorities.

What AfPA Has Achieved - Bitumen Rise-and-Fall

The first concern raised by AfPA was that existing bitumen rise-and-fall (R&F) mechanisms across state contracts relied on indices with a built-in time lag, typically one month, between the cost being incurred and the adjustment being applied. In a market where bitumen prices have risen sharply, that lag was creating an unacceptable gap between actual cost and contract recovery. The following table shows current State-by-State outcomes as of April 2nd, 2026. In summary SRA's in **WA, QLD, NSW and SA have cost recovery for bitumen in place**, applicable to the date the work was carried out. We are now focused on bringing VIC and TAS to the same position.

Bitumen Rise-and-Fall Outcomes (2 April 2026)

Queensland	TMR is applying current-cost indicators to bitumen R&F. Capturing the actual cost of bitumen at the time of delivery. The index is captured on the 15 th day of the month. This applies to both asphalt and bitumen spray work.	Clause confirmed.
New South Wales	TfNSW has changed the index applied under the R&F formula confirmed on 2/04/26 to reflect the current cost of bitumen as of the 31 March 2026. The formula itself is unchanged and applies to asphalt panel works. Review and decision on bitumen surfacing is imminent.	Clause confirmed.
South Australia	Current-cost bitumen recovery in place for state GC21 contracts. Bitumen, cutter and PMB cost adjustments are in place for PSA-BW contracts.	Clause confirmed
Western Australia	Current-cost bitumen recovery in place for state works.	Clause confirmed.
Victoria and Tasmania	AfPA is working closely with our VIC and TAS branches to progress the same outcomes. The position remains a little unclear, and AfPA is actively engaging to resolve this.	Discussions ongoing.
Northern Territory	AfPA is pursuing the same position.	Discussions ongoing.

Note: There are nuances in individual contracts that members should be aware of. In some cases, the way the updated index is applied may differ slightly depending on contract terms. If you are uncertain about how the changes apply to a specific contract, please contact your AfPA branch.

Fuel Cost Recovery: Where Things Stand

Fuel is the second critical priority. Due to its broader national demand, it is more complex than bitumen. AfPA has been pursuing fuel relief mechanisms in all jurisdictions.

Fuel Recovery Confirmed Outcomes – As of April 2026

Western Australia	Fuel relief mechanism confirmed for state works.	Confirmed
South Australia	Fuel relief mechanism confirmed for GC21 contracts, with a one-month lag indicator. No R&F provision in PSA-BW contracts.	Confirmed

All other States and Territories are in Progress:

There is appetite across other parts of Australia for recognising the cost of fuel in contract settings. These discussions are more complex and AfPA is continuing to work through the detail with road authorities in all remaining jurisdictions.

Members Must Track Their Fuel Usage Now

While AfPA continues to negotiate fuel adjustment mechanisms across all jurisdictions, **members must continue to track their actual fuel usage for every contract with a state road authority**. When fuel cost recovery mechanisms are finalised, road authorities may need to quantify how much fuel have you been using. Our members will need to have accurate, verifiable numbers ready.

The AfPA Fuel Cost Escalation Calculator is an accurate, purpose-built tool for tracking fuel costs against contracts. We strongly encourage all members to:

1. Record litres used on each contract from 1 March 2026 onwards.
2. Retain all fuel invoices, delivery records, and surcharge notifications.
3. Use the AfPA Fuel Calculator, or preferred alternate, to track volumes and costs accurately and consistently.

Contact your AfPA branch to access the calculator and supporting guidance.

The Value of an Industry that Speaks with One Voice

The outcomes we have achieved to date are sector-leading and they have not happened by accident. Discussions held between AfPA's Board and State Road Authorities began on March 11, immediately following advice of closure of bitumen supply from Asian refineries. From the earliest days of this disruption, AfPA moved quickly. We recognised immediately that extraordinary circumstances required a government-level response, and that individual businesses or fragmented industry voices advocating independently would risk inconsistent and weaker outcomes.

AfPA's approach has been to act as the single, unified national voice of the flexible pavement industry, engaging directly with ministers, directors general, and chief engineers of state and territory road authorities. We have been in the rooms where decisions are being made, because we got there early and because our relationships with decision-makers are strong and well-established.

As this disruption has evolved, the advocacy space has become increasingly competitive. A wide range of industries are now seeking their own fuel assurances and contract relief. AfPA's early action, getting into conversations with the right people at the right time, has given us a significant advantage. The benefit of having a national, coordinated approach has been clear: we have been able to simplify the message, centralise our advocacy, and deliver consistent outcomes across jurisdictions in a way that others have not.

This is the value of an industry that speaks with one voice.

What AfPA Has Done This Month

This has been one of the most consequential periods for Australia's flexible pavement sector in recent memory. In response, AfPA has:

- Negotiated directly with every state and territory road authority at the most senior levels to secure bitumen R&F and fuel cost recovery mechanisms.
- Issued industry statements on bitumen supply and diesel cost escalation, distributed to members, road authorities, government, and media nationally.
- Achieved significant media coverage, including Channel 7, The Age, and The Sydney Morning Herald, raising the profile of our industry and the supply chain pressures it faces.
- Written to all state and territory road authority directors general and chief engineers proposing diesel rise-and-fall mechanisms.
- Advocated directly for the recognition of road construction and maintenance as an essential service in the context of the National Fuel Security Plan.

- Distributed a member survey to capture first-hand accounts of how the disruption is affecting businesses across the sector.

What Comes Next

AfPA is not slowing down. Our priorities now are:

- Resolving the bitumen R&F position in Victoria, Tasmania and the Northern Territory.
- Progressing fuel cost recovery mechanisms in all remaining jurisdictions.
- Continuing to advocate for the classification of road construction and maintenance as an essential service under the National Fuel Security Plan.
- Providing members with further updates as outcomes are confirmed.

AfPA will provide its next update once the remaining state and territory positions are finalised.

Tony Aloisio

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Australian Flexible Pavement Association (AfPA)

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