

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Climate Change and Energy

Fuel Quality Standards Act 2000

Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025

Legislative Authority

The *Fuel Quality Standards Act 2000* (Cth) (the Act) provides the legislative framework for regulating the quality of fuel supplied in Australia. The objectives of the Act are to reduce the level of pollutants and emissions arising from the use of fuel that may cause environmental and health problems; facilitate the adoption of better engine and emission control technology; allow the more effective operation of engines and ensure that, where appropriate, information about fuel is provided when the fuel is supplied.

Section 22A of the Act provides that the Minister may, by legislative instrument, determine a fuel quality information standard for a specified supply of a specified kind of fuel.

The *Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025* (the Information Standard) is made for the purposes of the relevant provisions in section 22A of the Act.

Purpose

The purpose of the Information Standard is to specify the labelling and documentation requirements for the supply of paraffinic diesel and conventional diesel/paraffinic diesel blends in Australia.

Background

Paraffinic diesel is a fuel that is predominantly made up of paraffinic hydrocarbons. It is used as an alternative to conventional diesel and can be made from a range of source materials. Renewable diesel is a type of paraffinic diesel that is made from renewable sources and is used as a low-carbon alternative to conventional diesel. The Information Standard refers to paraffinic diesel and applies to all types of paraffinic diesel, regardless of source material. This aligns with the approach taken by the European Union to regulate the quality of paraffinic diesel.

The Information Standard is being introduced concurrently with the *Fuel Quality Standards (Paraffinic Diesel) Determination 2025*, the *Fuel Quality Standards (Conventional Diesel) Determination 2025* and the *Fuel Quality Standards (Biodiesel) Determination 2025*.

Impact and Effect

Paraffinic diesel is not compatible with all diesel engines. Engine manufacturers provide guidance on the recommended fuel for use in their engines. Use of paraffinic diesel in an engine outside of the manufacturer's recommendation may cause vehicle operability issues and could potentially void a manufacturer's warranty. The Information Standard requires the

provision of labelling and additional information for consumers at the point of supply. Providing appropriate information may reduce the risk of users fuelling their vehicles outside of the manufacturer's recommendation.

Consultation

Consultation with the Office of Impact Analysis

The Office of Impact Analysis (OIA) was consulted in October 2023 on the development of a paraffinic diesel standard under the Act. OIA advised that development of a paraffinic diesel standard is unlikely to have a more than minor regulatory impact, and therefore the preparation of an Impact Analysis is not required (OIA23-05845).

As this Information Standard forms part of the package of legislative instruments that brings the paraffinic diesel standard into effect, an Impact Analysis was not required.

Public and industry consultation

Consultation regarding the Information Standard was conducted as part of a package on the development of a paraffinic diesel standard between November 2023 and November 2024. In November 2023, the Department of Climate Change, Energy, the Environment and Water (the department) published a consultation paper: '*Enabling supply of renewable diesel*'. The department received 44 submissions from the public, peak industry groups, individual industry participants and government agencies. After consideration of comments from the public consultation process, the department undertook targeted consultation with key fuel and vehicle industry stakeholders. A further round of consultation was conducted in October–November 2024.

Consultation with the Fuel Standards Consultative Committee

Subsection 24A(1) of the Act provides that, with limited exceptions, the Minister must consult the Fuel Standards Consultative Committee (the Committee) prior to making a determination under section 22A. In accordance with subsection 24A(1), on 4 February 2025, the Minister consulted with the Committee prior to making the Information Standard.

Details/ Operation

Consistent with subsection 22A(5) of the Act, the Minister had regard to the objects of the Act in making this Information Standard.

The Information Standard commences on the day after registration and is a legislative instrument for the purposes of the *Legislation Act 2003*.

Details of the Information Standard are set out in Attachment A.

Other

The Information Standard is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out in Attachment B.

Details of the *Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025*

Section 1 – Name

1. Section 1 provides that the name of the instrument is the *Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025* (the Information Standard).

Section 2 – Commencement

2. Section 2 provides for the Information Standard to commence on the day after registration.

Section 3 – Authority

3. Section 3 provides that the Information Standard is made under section 22A of the *Fuel Quality Standards Act 2000*.

Section 4 – Definitions

4. Section 4 provides for the definitions of terms used in the Information Standard.
5. This section specifies that a ‘service station’ means premises at which paraffinic diesel or conventional diesel/paraffinic diesel blends are sold by retail from a fuel pump.

Section 5 – Supply of paraffinic diesel and conventional diesel/paraffinic diesel blends from service stations

6. Section 5 sets out the labelling requirements for paraffinic diesel and conventional diesel/paraffinic diesel blends provided through service stations. From the definition in section 4, this covers any premises where paraffinic diesel or conventional diesel/paraffinic diesel blends are sold by retail from a fuel pump.
7. Any service station fuel pumps dispensing paraffinic diesel must display the words “Paraffinic diesel. To ensure compatibility with your engine, consult your engine manufacturer.”
8. Any service station fuel pumps dispensing conventional diesel/paraffinic diesel blends must display one of the two wording options to comply with the labelling requirements:
 - a. the words “Contains up to x% paraffinic diesel. To ensure compatibility with your engine, consult your engine manufacturer.”, where *x* is no less than the percentage of paraffinic diesel in the conventional diesel/paraffinic diesel blend; or

- b. the words “Contains y% paraffinic diesel. To ensure compatibility with your engine, consult your engine manufacturer.”, where y is the percentage of paraffinic diesel in the conventional diesel/paraffinic diesel blend.
- 9. The above does not preclude suppliers from using their own corporate livery and including additional information if desired.

Section 6 – Other supplies of paraffinic diesel and conventional diesel/paraffinic diesel blends

- 10. Section 6 specifies that for all paraffinic diesel and conventional diesel/paraffinic diesel blends not supplied through a service station, the supplier must provide a document that prominently displays the following to the recipient at the time the fuel is supplied:
 - a. a statement that the paraffinic diesel or conventional diesel/paraffinic diesel blend has a density lower than conventional diesel; and
 - b. a statement that the fuel is the subject of the Information Standard.

ATTACHMENT B

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The *Fuel Quality Standards (Paraffinic Diesel) Information Standard 2025* sets out the labelling and documentation requirements for the supply of paraffinic diesel and conventional diesel/paraffinic diesel blends in Australia.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

The Hon. Chris Bowen MP
Minister for Climate Change and Energy