EXPLANATORY STATEMENT

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

Fuel Quality Standards Act 2000

Fuel Quality Standards (Petrol) Amendment Determination (No. 3) 2026

Legislative Authority

The *Fuel Quality Standards Act 2000* (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 21 of the Act provides that the Minister may, by legislative instrument, determine a fuel standard in respect of a specified kind of fuel.

The *Fuel Quality Standards (Petrol) Amendment Determination (No. 3) 2026* (the Determination) is made for the purposes of the relevant provisions in section 21 of the Act.

In making the Determination, the Minister had regard to the objects of the Act and consulted the Fuel Standards Consultative Committee in accordance with section 24A of the Act.

The Determination amends the *Fuel Quality Standards (Petrol) Determination 2024* (the 2024 Determination). Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Purpose and operation

The purpose of the Determination is to amend the 2024 Determination to further extend the aspects of the existing temporary increase in the maximum sulfur level for all grades of petrol as initially amended by the *Fuel Quality Standards (Petrol) Determination (No. 1) 2026* (Amendment Determination No. 1) and the *Fuel Quality Standards (Petrol) Determination (No. 2) 2026* (Amendment Determination No. 2). The extension responds to ongoing global oil market disruption as the conflict in the Middle East persists by allowing Australian-produced petrol with higher sulfur content to continue to be supplied domestically for a limited period, rather than being exported. The Determination:

- extends the transition period where the sulfur specification is at a maximum of 40 mg/kg (beginning on 1 October 2026) to finish on 30 June 2027, rather than 31 December 2026; and

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01341

- beginning on 1 July 2027, rather than 1 January 2027, reducing the sulfur specification to a maximum of 10 mg/kg for all grades of petrol supplied in Australia on an ongoing basis.

These changes are intended to increase and support petrol availability into February 2027. They will then provide industry with sufficient time for higher-sulfur petrol to flush through domestic supply chains before requiring compliance with the 10 mg/kg maximum limit on 1 July 2027 onwards.

The amended sulfur specification remains temporary, proportionate and does not affect the broader operation of the fuel quality standards framework.

Background

On 12 March 2026, the Minister for Climate Change and Energy (the Minister) publicly announced that Australia will temporarily amend its fuel quality standards to temporarily allow higher sulfur levels in order to assist with supply, relieve pressure on disrupted distribution chains and secure downwards pressure on prices. The Minister stated that this arrangement will allow around 100 million litres a month of new petrol supply that would otherwise have been exported to be blended instead into Australian domestic supply. The announcement is freely available online at https://minister.dcceew.gov.au/bowen/media-releases/securing-more-fuel-australias-regions.

The further amendments in the Determination support the Minister's originally announced intention.

The Government considered advice from industry. The Government was advised that, without a further extension of the existing 40 mg/kg temporary arrangements, opportunities to retain additional petrol volumes within Australia would be affected. The Government has been advised that the extension will enable up to an additional 80 ML per month of petrol between November 2026 and February 2027 to be retained for domestic supply rather than be exported.

The amendments recognise the ongoing nature of current global oil market supply disruptions and the need for continued, time-limited flexibility to support fuel availability. This measure remains temporary and proportionate while broader fuel quality standards settings continue to operate.

The Government will continue to consider the international supply situation and seek further advice from the Fuel Standards Consultative Committee if any further extension of these arrangements is necessary, which may be made by a further legislative instrument to amend the 2024 Determination.

In making the Determination, the Minister had regard to the objects of the Act, including:

- The quality of fuel that would be supplied in Australia under the Determination, and the fact that the amendments result in a temporary increase of the sulfur limit in petrol.

- The level of pollutants and emissions arising from the use of fuel that may cause environmental and health problems. While the temporary increase in the sulfur limit in

petrol may lead to a short-term rise in certain pollutants and emissions, the duration is strictly limited and is proportionate to the pressures arising as a result of ongoing global oil market disruptions. The increased sulfur limit operates within a controlled, time-bound framework that preserves the overarching objective of environmental and public health protection.

- Facilitating the adoption of better engine technology and emission control technology and allowing the more effective operation of engines. The Determination will not limit the effective operation of engines. Testing undertaken during the period in which the temporary amendments have applied indicates that average national sulfur levels have remained below 10 mg/kg, with only one region operating slightly above the 10 mg/kg limit and still well below the maximum temporary limit of 40 mg/kg Under this Determination petrol supplied will continue to be equal to or more stringent than the maximum sulfur limits that applied prior to 15 December 2025. The period of variation to the sulfur limit of petrol is brief and does not materially impede the introduction of newer, cleaner vehicles into the Australian market. Vehicle manufacturers and importers can continue to transition to advanced technologies, supported by certainty that the long-term sulfur limit of 10 mg/kg in petrol will resume after the temporary periods.

Consultation

The Department consulted with fuel suppliers and distributors after Amendment Determination No. 1 and 2 were made. Feedback indicated an extension of the higher sulfur specification and transition period would support a response to ongoing disruptions to domestic supply. The Government also considered industry advice that, without extending the 40 mg/kg temporary arrangements, opportunities to retain additional petrol volumes in Australia would be affected. This advice informed the extension, which is expected to enable up to an additional 80 ML per month of petrol between November 2026 and February 2027 to be retained for domestic supply rather than exported.

Subsection 24A(1) of the Act provides that the Minister must consult the Fuel Standards Consultative Committee (Committee) prior to making a determination under section 21. In accordance with subsection 24A(1), the Minister consulted with the Committee on 28 September 2026, prior to making the Determination.

The Committee comprises representation from the Australian Government, all states and territories, fuel producers, consumer groups, and environmental bodies.

The Committee was consulted on the development of the Determination. Some members did not endorse the proposed extension, including with reference to potential implications for vehicle operability, particularly for the increasing Euro 6d vehicle fleet. In developing the Determination, consideration was given to whether the temporary arrangements could be more narrowly framed, having regard to the fuel quality standards framework and the need to preserve sufficient supply flexibility. The Determination remains a temporary and proportionate measure to respond to ongoing supply pressures.

Without the amendments, petrol that could otherwise be directed into domestic supply would not meet the requirements of the 2024 Determination and therefore could not be lawfully

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01341

supplied. The temporary amendments are intended to address this problem and enhance domestically-refined fuel availability in Australian markets.

Details

Details of the Determination are set out in Attachment A.

Other

The Determination is a legislative instrument for the purposes of the *Legislation Act 2003* (the Legislation Act).

The Determination is subject to the disallowance process under section 42 of the Legislation Act and the sunsetting regime set out in Part 4 of Chapter 3 of the Legislation Act.

The Determination commences on the day after it is registered.

A Statement of Compatibility with Human Rights is in Attachment B. The Determination is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011.*

Authority: section 21 of the *Fuel Quality Standards Act 2000*.

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01341

ATTACHMENT A

Details of the *Fuel Quality Standards (Petrol) Amendment Determination (No. 3) 2026*

Section 1 – Name

Section 1 provides that the name of the instrument is the *Fuel Quality Standards (Petrol) Amendment Determination (No. 3) 2026* (the Determination).

Section 2 – Commencement

Section 2 provides for the Determination to commence on the day after it is registered.

Section 3 – Authority

Section 3 provides that the Determination is made under section 21 of the *Fuel Quality Standards Act 2000*.

Section 4 – Schedules

Section 4 provides that each instrument that is specified in a Schedule to the Determination is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the Determination has effect according to its terms.

Schedule 1 – Amendments

Fuel Quality Standards (Petrol) Determination 2024

Item 1 – Section 5 (table item 17)

Item 1 of Schedule 1 to the Determination replaces table item 17 under section 5 of the *Fuel Quality Standards (Petrol) Determination 2024*.

In particular, it provides temporary amendments to the maximum sulfur content for all grades of petrol supplied in Australia made by the *Fuel Quality Standards (Petrol) Amendment Determination (No. 2) 2026* (Amendment Determination (No. 2)), including:

- extending the temporary increase in the sulfur specification to a maximum of 40 mg/kg for all grades of petrol supplied in Australia for a limited period between 1 October 2026 and 30 June 2027; and
- beginning on 1 July 2027, reducing the sulfur specification to a maximum of 10 mg/kg for all grades of petrol supplied in Australia on an ongoing basis.

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01341

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 (Petrol) Amendment Determination (No. 3) 2026

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 purpose of the *Fuel Quality Standards (Petrol) Amendment Determination (No. 3) 2026* (the Legislative Instrument) is to amend the *Fuel Quality Standards (Petrol) Determination 2024* (the 2024 Determination) to make a temporary and targeted change to the maximum sulfur content for all grades of petrol supplied in Australia. The amendment extends the temporary increase previously introduced by *the Fuel Quality Standards (Petrol) Amendment* Determination *(No. 1) 2026* (first Determination) and the *Fuel Quality Standards (Petrol) Amendment Determination (No. 2) 2026* and determines the maximum sulfur specification to be:

- 50 mg/kg maximum between the day the first Determination commenced and 30 September 2026;
- 40 mg/kg maximum between 1 October 2026 and 30 June 2027; and
- 10 mg/kg maximum beginning on 1 July 2027.

This amendment has the effect of temporarily increasing the maximum allowable sulfur content of petrol, enabling petrol supplies, which would otherwise not comply with the existing standards, to be supplied in Australia to support additional supply.

Human rights implications

This Legislative Instrument provides a technical and regulatory measure concerned with fuel specification and market supply arrangements. It 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