EXPLANATORY STATEMENT

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

Fuel Quality Standards Act 2000

Fuel Quality Standards (Conventional Diesel) Amendment Determination (No. 2) 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 (Conventional Diesel) Amendment Determination (No. 2) 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 (Conventional Diesel) Determination 2025* (the 2025 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 2025 Determination to extend the existing temporary decrease to the minimum flash point temperature for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia (made by the *Fuel Quality Standards (Conventional Diesel) Amendment Determination (No. 1) 2026* (Amendment Determination No. 1)) in response to an ongoing global fuel supply situation. The Determination:

- extends the period where the flash point requirement for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia is reduced from 61.5°C to 60.5°C for a limited period to 30 June 2027, rather than 30 September 2026; and

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01342

- reverts the flash point back up to 61.5°C for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia on an ongoing basis beginning on 1 July 2027, rather than 1 October 2026.

Extending the temporary period in which supplies of conventional diesel and conventional diesel/paraffinic diesel blends would otherwise not comply with the specification in the 2025 Determination, preserves flexibility for suppliers to manage uncertain market conditions to support continuity of supply in Australia.

The amended flash point specification is temporary, proportionate and directed at maintaining the continuity of diesel supplies during the current situation. The extended timeframe also enables an adequate period of time for product to be flushed through the supply chain before compliance is required with original specifications. The change does not affect the broader operation of the fuel quality standards framework.

Background

Flash point refers to the temperature required before a spark will ignite a fuel. It is included in the 2025 Determination as a safety parameter and does not impact on vehicle operability or emissions. The continued temporary lowering of the flash point parameter will facilitate the potential additional supply of diesel in Australia if necessary, through:

- Australian refiners being able to incorporate more of their jet fuel fractions into the diesel supply stream; and
- importers having more flexibility to purchase diesel on the open market for the purposes of import into Australia.

In addition, extending the temporary period in which flash point is reduced from 61.5°C to 60.5°C does not change how diesel is classified or regulated under the Australian Dangerous Goods Code (available at https://www.ntc.gov.au/codes-and-guidelines/australian-dangerous-goods-code). Diesel would continue to be treated the same way for transport, with no change to safety requirements.

The Government will continue to monitor the international supply situation and consult with the Fuel Standards Consultative Committee if any further extension of these arrangements is necessary, which would be by a further legislative instrument to amend the 2025 Determination.

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

- The quality of the fuel that would be supplied in Australia under the Determination.

- The level of pollutants and emissions arising from the use of fuels that may cause environmental and health problems. The temporary decrease in the flash point of diesel continues to not have an impact on the level of pollutants or emissions arising from the use of the fuel.

- Facilitating the adoption of better engine technology and emission control technology and allowing the more effective operation of engines. The Determination will have no impact on the ability to adopt better engine technology or emission

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01342

control technology arising from the use of the fuel, nor the effective operation of engines.

- Facilitating information about the fuel being shared when the fuel is supplied. The Determination will not change the existing information requirements. No additional consumer information obligations will arise because of the temporary diesel flash point amendment.

Consultation

The Department consulted with fuel suppliers after Amendment Determination No. 1 was made. Through consultation both major domestic refiners confirmed that while the lower flash point setting has not always been fully utilised, retaining it would support operating flexibility needed to respond to changing market conditions.

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. The Committee unanimously supported the Determination.

Given the ongoing global pressure in refined product markets is expected to continue for some time, action to extend the temporary changes was deemed appropriate, and proportionate to the risk in order to maintain greater fuel supply flexibility and reduce the risk of fuel shortages. As such, further consultation on the text of the Determination itself was not undertaken prior to making the Determination.

Without the amendments, diesel that could otherwise be directed into domestic supply would not meet the requirements of the 2025 Determination and therefore could not be lawfully supplied. The temporary amendments will support continuity of domestic diesel supply during ongoing refined product market pressure by maintaining domestic refinery operating flexibility and access to a broader range of international diesel supply sources.

Details

Details of the Determination are set out in Attachment A.

Other

The Determination 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.

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01342

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*.

ATTACHMENT A

Details of the *Fuel Quality Standards (Conventional Diesel) Amendment Determination (No. 2) 2026*

Section 1 – Name

Section 1 provides that the name of the instrument is the *Fuel Quality Standards (Conventional Diesel) Amendment Determination (No. 2) 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 (Conventional Diesel) Determination 2025

Item 1 – Section 6 (table item 10)

Item 1 of Schedule 1 to the Determination replaces table item 10 under section 6 of the *Fuel Quality Standards (Conventional Diesel) Determination 2025*.

In particular, it extends temporary amendments to the minimum flash point for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia until 30 June 2027. On 1 July 2027, the minimum flash point specification reverts to a minimum of 61.5°C for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia on an ongoing basis.

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01342

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 (Conventional Diesel) Amendment Determination (No. 2) 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 (Conventional Diesel) Amendment Determination (No. 2) 2026* (the Legislative Instrument) is to amend the *Fuel Quality Standards (Conventional Diesel) Determination 2025* (the 2025 Determination) to make a temporary and targeted change to the minimum flash point specification for conventional diesel and conventional diesel/paraffinic diesel blends supplied in Australia. The Legislative Instrument extends the temporary decrease previously introduced by the *Fuel Quality Standards (Conventional Diesel) Amendment Determination (No. 1) 2026* (first Determination) by determining the minimum flash point to be:

- 60.5°C minimum between the day the first Determination commenced and 30 June 2027; and
- 61.5°C minimum beginning on 1 July 2027.

This has the effect of temporarily decreasing the minimum flash point specification of conventional diesel and conventional diesel/paraffinic diesel blends, enabling diesel supplies, which would otherwise not comply with the existing standards, to be supplied in Australia to support additional supply flexibility.

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

Authorised Version Explanatory Statement registered 30/09/2026 to F2026L01342