

# Intergovernmental Agreement on Fuel Excise Relief 2026

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An agreement between:

- the **Commonwealth of Australia** and
- the **States and Territories**, being:
  - New South Wales (NSW)
  - Victoria (VIC)
  - Queensland (QLD)
  - Western Australia (WA)
  - South Australia (SA)
  - Tasmania (TAS)
  - the Australian Capital Territory (ACT) and
  - the Northern Territory (NT)

## **Part 1 – Objective of this Agreement**

1. Through this Agreement, the Commonwealth of Australia (the Commonwealth) and the States and Territories (the States) commit to contributing to a nationally coordinated Fuel Excise Relief Program (the Program) to reduce cost-of-living pressures and support economic activity.
2. The Program will reduce fuel excise and excise-equivalent customs (fuel duty) rates by an additional 10.9%, over and above the announced 50% reduction to the fuel duty rates for three months from 1 April 2026 to 30 June 2026, for the same fuel products as the temporary halving of fuel duty rates.
3. The States will compensate the Commonwealth for the lost fuel duty revenue relating to the additional 10.9% reduction, estimated to total \$400 million.
4. This Agreement outlines the roles and responsibilities of the Commonwealth and the States in relation to governance and funding arrangements.

## **Part 2 – Parties and Operation of the Agreement**

5. The Parties to this Agreement (the Parties) are the Commonwealth of Australia and the States.
6. This Agreement will commence when the Commonwealth and at least one other Party sign it.
7. This Agreement will expire on 31 December 2026.
8. This Agreement may be varied or extended as set out in Part 4 – Governance Arrangements.

## **Part 3 – Roles and Responsibilities**

### **Role of the Commonwealth**

9. The Commonwealth agrees to:
  - a. deliver a temporary 10.9% reduction to fuel duty rates over and above the announced 50% reduction to the fuel duty rates, from 1 April 2026 to 30 June 2026. This will bring the fuel duty rates for petrol and diesel down by an additional 5.7 cents per litre (c/L), with the total fuel duty rate being reduced from 52.6 c/L to 20.6 c/L, for the relevant three-month period. The reduction would apply to the same fuel products as the temporary halving of fuel duty rates.
  - b. invoice the States for their share of Fuel Excise Relief in accordance with the terms and conditions of this Agreement.

## **Role of the States**

10. The States agree to provide a financial contribution to the Commonwealth to partially compensate the Commonwealth for the lost fuel duty revenue, equal to the State funding contributions in Part 5 – Funding Arrangements.

## **Part 4 – Governance**

### **Enforceability of the Agreement**

11. The Parties do not intend any of the provisions of this Agreement to be legally enforceable. However, this does not lessen the Parties' commitment to this Agreement.

### **Variation, extension and/or termination of the Agreement**

12. This Agreement may be varied, extended or terminated at any time by agreement in writing by all Parties.
13. The Commonwealth will consult with States if the Commonwealth intends to extend the Program. The Commonwealth will consult at a reasonable period prior to the expiration of this Agreement, and prior to any public announcement.
14. A State may vary or terminate its participation in this Agreement at any time by agreement in writing between that State and the Commonwealth.
15. A State varying or terminating its participation in this Agreement does not impact any other State's commitment to this Agreement.

## **Part 5 – Funding Arrangements**

16. The States agree to provide up to a maximum total of **\$400,000,000.00** to the Commonwealth in accordance with this Agreement.
17. Individual State funding contributions are outlined in Table 1 and are fixed for the duration of this Agreement.

**Table 1: Financial Contributions**

<b>State</b>	<b>2026-27</b>
<i>NSW</i>	<i>\$106,910,909.89</i>
<i>VIC</i>	<i>\$109,256,426.45</i>
<i>QLD</i>	<i>\$69,423,440.17</i>
<i>WA</i>	<i>\$33,101,472.71</i>
<i>SA</i>	<i>\$38,138,602.20</i>
<i>TAS</i>	<i>\$15,254,126.98</i>
<i>ACT</i>	<i>\$8,223,952.80</i>
<i>NT</i>	<i>\$19,691,068.80</i>
<b>Total</b>	<b>\$400,000,000.00</b>

18. For the avoidance of doubt, if one State varies, terminates or does not sign this Agreement, the financial contributions as shown for any other State in Table 1 will not be adjusted.
19. If there is a significant disruption to fuel supply between 1 April and 30 June, that has a significant impact on sales volumes of liquid fuels covered by this agreement, the Commonwealth and States agree to examine the \$400 million original estimate of the 5.7 cent fuel excise reduction to consider if a change is required and agree any revisions based on realised volumes.

### Calculation of the distribution of State financial contributions

20. The distribution of funding to be paid by the States has been determined based on the GST revenue sharing relativities for 2025-26, as recommended by the Commonwealth Grants Commission.
21. The calculations are published in Table C.10 on page 307 of the 2025-26 Mid-Year Economic and Fiscal Outlook. Table 2 replicates the information below, and applies the adjusted population shares to the \$400,000,000.00:

**Table 2: Calculation of funding share**

<b>State</b>	<b>Estimated 31 December 2025 population (1)</b>	<b>GST relativities for 2025-26 (2)</b>	<b>Adjusted Population (1) x (2)</b>	<b>Share of Adjusted Population</b>	<b>State Financial Contribution</b>
<i>NSW</i>	8,643,661	0.86034	7,436,487	26.7%	<i>\$106,910,909.89</i>
<i>VIC</i>	7,120,965	1.06722	7,599,636	27.3%	<i>\$109,256,426.45</i>
<i>QLD</i>	5,709,926	0.84571	4,828,942	17.4%	<i>\$69,423,440.17</i>
<i>WA</i>	3,069,954	0.75000	2,302,466	8.3%	<i>\$33,101,472.71</i>
<i>SA</i>	1,910,220	1.38876	2,652,837	9.5%	<i>\$38,138,602.20</i>
<i>TAS</i>	576,488	1.84053	1,061,043	3.8%	<i>\$15,254,126.98</i>
<i>ACT</i>	487,993	1.17223	572,040	2.1%	<i>\$8,223,952.80</i>
<i>NT</i>	265,897	5.15112	1,369,667	4.9%	<i>\$19,691,068.80</i>
<b>Total</b>	27,785,104	na	27,823,119	100.0%	<b>\$400,000,000.00</b>

## **Payment mechanism**

22. The Commonwealth Treasury will send invoices to State Treasuries within 10 working days from 1 July 2026 or, if Clause 19 is triggered, a date determined by agreement between the Commonwealth and the relevant State.

23. Payments from the States will be made within 20 working days of the date of the invoice.

The Parties have confirmed their commitment to this agreement as follows:


*Signed for and on behalf of the Commonwealth  
of Australia by*



**The Honourable Dr Jim Chalmers MP**  
Treasurer of the Commonwealth of Australia

2026

*Signed for and on behalf of the  
State of New South Wales by*



**The Honourable Daniel Mookhey MLC**  
Treasurer of the State of New South Wales

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**Mr Chris Steel MLA**  
Treasurer of the Australian Capital Territory

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*Signed for and on behalf of the  
Northern Territory by*

**The Honourable Bill Yan MLA**  
Treasurer of the Northern Territory

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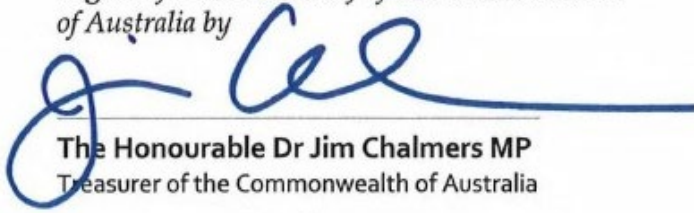
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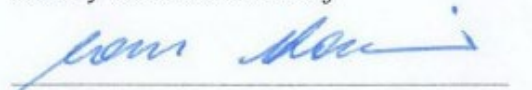
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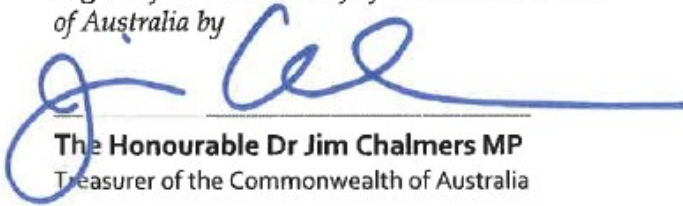
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**Mr Chris Steel MLA**

Treasurer of the Australian Capital Territory

29 April 2026

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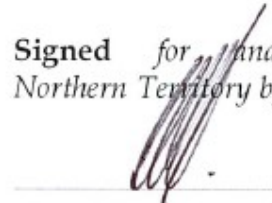
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27/4/2026