

Intergovernmental Agreement on Fuel Excise Relief 2026 – July 2026 extension

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. This agreement (the Extension) supersedes the Intergovernmental Agreement on Fuel Excise Relief 2026 (the original Agreement) as announced on 2 April 2026 and signed by the Commonwealth of Australia (the Commonwealth) and the States and Territories (the States).
2. Through the original Agreement and the Extension, the Commonwealth and 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.
3. The first period of the Program (Period 1) reduced 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.
 - a. The States agreed to contribute to the Commonwealth for the lost fuel duty revenue relating to the additional 10.9% reduction in Period 1, totalling \$400 million.
4. The second period of the Program (Period 2) includes a phased return to normal fuel duty settings, by halving the 60.9% reduction to the fuel duty rates to 30.4% from 1 July 2026 to the day before the August 2026 CPI indexation date, expected to be 2 August 2026. Fuel duty rates will return to normal settings from the August 2026 CPI indexation date, expected to be 3 August 2026.
 - a. The States will contribute up to \$55 million to the Commonwealth in relation to Period 2. This represents an equivalent proportion of the States' aggregate contribution to the excise cut in Period 1.
5. The original Agreement and this Extension outline 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

6. The Parties to this Extension (the Parties) are the Commonwealth of Australia and the States.
7. This Extension will commence when the Commonwealth and at least one other Party sign it. The original Agreement remains in effect for each State until they and the Commonwealth sign this Extension, or until the expiry of the Agreement.
8. This Extension will expire on 31 December 2026.
9. This Extension may be varied or extended as set out in Part 4 – Governance Arrangements.

Part 3 – Roles and Responsibilities

Role of the Commonwealth

10. 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. deliver a temporary 30.4% reduction to fuel duty rates from 1 July 2026 to the day before the August 2026 CPI indexation date, expected to be 2 August 2026. The total fuel duty rate for petrol and diesel will be 36.6 c/L for Period 2. The reduction applies to the same fuel products as the original Program.
- c. invoice the States for their share of Fuel Excise Relief in accordance with the terms and conditions of this Agreement.

Role of the States

11. The States agree to provide financial contributions to the Commonwealth to contribute towards the lost fuel duty revenue to the Commonwealth, equal to the State funding contributions in Part 5 – Funding Arrangements.

Part 4 – Governance

Enforceability of the Agreement

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

Variation, extension and/or termination of the Agreement

13. The original Agreement and this Extension may be varied, extended or terminated at any time by agreement in writing by all Parties.

14. 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.

15. A State may vary or terminate its participation in the original Agreement and/or Extension at any time by agreement in writing between that State and the Commonwealth.

16. A State varying or terminating its participation in the original Agreement or this Extension does not impact any other State's commitment to the original Agreement or this Extension.

Part 5 – Funding Arrangements

17. The States agree to provide up to a maximum total of **\$455,000,000.00** to the Commonwealth in accordance with this Agreement, comprising the original \$400,000,000.00 for April–June (Period 1) and the \$55,000,000.00 extension for July (Period 2).
18. Individual State funding contributions are outlined in Table 1 and are fixed for the duration of this Extension.

Table 1: Financial Contributions

State	Period 1	Period 2	Total
NSW	\$106,910,909.89	\$14,006,127.40	\$120,917,037.29
VIC	\$109,256,426.45	\$14,964,202.11	\$124,220,628.56
QLD	\$69,423,440.17	\$9,886,866.72	\$79,310,306.89
WA	\$33,101,472.71	\$5,016,440.97	\$38,117,913.68
SA	\$38,138,602.20	\$5,124,471.58	\$43,263,073.78
TAS	\$15,254,126.98	\$2,132,702.80	\$17,386,829.78
ACT	\$8,223,952.80	\$1,120,916.97	\$9,344,869.77
NT	\$19,691,068.80	\$2,748,271.45	\$22,439,340.25
Total	\$400,000,000.00	\$55,000,000.00	\$455,000,000.00

19. For the avoidance of doubt, if one State varies, terminates or does not sign this Extension, the financial contributions as shown for any other State in Table 1 will not be adjusted.

Calculation of the distribution of State financial contributions

April-June 2026 – Period 1

20. The distribution of the 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 (CGC).
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 – Period 1

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

July 2026 – Period 2

22. The distribution of the \$55,000,000.00 extension has been determined based on the GST revenue sharing relativities for 2026-27, as recommended by the CGC.

23. The calculations are published in Table 3.5 on page 137 of the *2026-27 Budget Paper No. 3: Federal Financial Relations*. Table 3 replicates the information below, and applies the adjusted population shares to the \$55,000,000.00:

Table 3: Calculation of funding share – Period 2

State	Estimated 31 December 2026 population (1)	GST relativities for 2026-27 (2)	Adjusted Population (1) x (2)	Share of Adjusted Population	State Financial Contribution
NSW	8,742,643	0.81964	7,165,820	25.5%	\$14,006,127.40
VIC	7,240,255	1.05742	7,655,990	27.2%	\$14,964,202.11
QLD	5,798,368	0.87237	5,058,322	18.0%	\$9,886,866.72
WA	3,131,269	0.81964	2,566,513	9.1%	\$5,016,440.97
SA	1,928,917	1.35920	2,621,784	9.3%	\$5,124,471.58
TAS	579,512	1.88285	1,091,134	3.9%	\$2,132,702.80
ACT	493,621	1.16179	573,484	2.0%	\$1,120,916.97
NT	268,258	5.24149	1,406,072	5.0%	\$2,748,271.45
Total	28,182,843	na	28,139,120	100.0%	\$55,000,000.00

Payment mechanism

24. The Commonwealth Treasury will send invoices to State Treasuries within 10 working days from the end of the relevant period.

- a. For the avoidance of doubt, the Commonwealth will send invoices for the original Agreement, and separate invoices for this and any further Extensions.

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

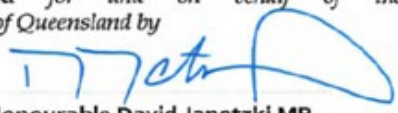
The Parties have confirmed their commitment to this agreement as follows:

Signed for and on behalf of the Commonwealth
of Australia by


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

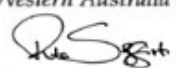
20 JUN 2026

Signed for and on behalf of the
State of Queensland by


The Honourable David Janetzki MP
Treasurer of the State of Queensland

02 / 08 / 2026

Signed for and on behalf of the
State of Western Australia by


The Honourable Rita Saffioti MLA
Treasurer of the State of Western Australia

24 JUL 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

10/7 2026

Signed for and on behalf of the
State of Victoria by


~~The Honourable Jaclyn Symes MLC~~ The Honourable
Treasurer of the State of Victoria Colin Brooks MP

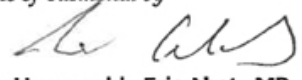
2026

Signed for and on behalf of the
State of South Australia by


The Honourable Tom Koutsantonis MP
Treasurer of the State of South Australia

2/7/2026

Signed for and on behalf of the
State of Tasmania by


The Honourable Eric Abetz MP
Treasurer of the State of Tasmania

5th Aug 2026

Signed for and on behalf of the
Australian Capital Territory by


Mr Chris Steel MLA
Treasurer of the Australian Capital Territory

22 July 2026

Signed for and on behalf of the
Northern Territory by


The Honourable Bill Yan MLA
Treasurer of the Northern Territory

30/6/2026