

Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2026

Explanatory Notes

Short title

The short title of the Bill is the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Bill 2026*.

Policy objectives and the reasons for them

The primary objectives of the Bill are to amend the *Liquid Fuel Supply Act 1984* (the Act) to:

- Establish clear, enforceable minimum biofuel content requirements for all fuel types, including:
 - A requirement that E10 fuel must contain a minimum ethanol content of 9% by volume, ensuring that fuel marketed as E10 delivers a genuine ethanol blend, rather than the lower effective levels currently observed under the existing 4% mandate framework;
 - A requirement that all other petrol-biobased petrol blends (excluding diesel) must contain at least 1% ethanol by volume, consistent with the Commonwealth fuel standards framework; and
 - A requirement that diesel-biobased diesel blends must contain a minimum of 2% biodiesel by volume, with scope for blends up to 5%, consistent with the Commonwealth fuel standards framework.
- Strengthen compliance and enforcement of Queensland's ethanol and biofuels mandate;
- Remove ambiguity and close loopholes that have allowed fuel wholesalers and retailers to avoid compliance;
- Increase penalties for non-compliance to ensure the mandate is effective and enforceable;
- Introduce clearer operational requirements for the sale of petrol-biobased petrol and diesel-biobased diesel blends;
- Improve transparency and consumer information, including requirements relating to E10 fuel;
- Support the growth of Queensland's domestic biofuels industry and enhance fuel security.

The Bill responds to longstanding concerns that the existing ethanol mandate has been weakly enforced and undermined by broad exemptions and subjective compliance defences, resulting in the mandate failing to achieve its intended uptake targets.

Further, recent fuel supply disruptions and Australia's heavy reliance on imported fuels have highlighted the need to strengthen domestic fuel security through increased use of locally produced biofuels.

Achievement of policy objectives

The Bill achieves its objectives by:

- Introducing enforceable minimum biofuel content thresholds for fuel sold in Queensland, including:
 - Mandating that E10 fuel must contain at least 9% ethanol by volume, significantly strengthening the integrity of ethanol-labelled fuel and addressing current under-delivery against the nominal 10% blend;
 - Requiring that all other petrol blends include at least 1% ethanol, ensuring a baseline level of biofuel integration across the petrol supply;
 - Requiring diesel blends to include a minimum 2% biodiesel content, supporting increased uptake of bio-based diesel fuels in line with national fuel standards.
- Increasing penalties for non-compliance with the sustainable biobased petrol and diesel requirements;
- Tightening the application of the mandate to fuel wholesalers and retailers;
- Introducing new operational requirements governing the sale and composition of blended fuels;
- Replacing existing subjective compliance defences with a stricter, evidence-based due diligence framework;
- Enhancing regulatory clarity through new definitions and provisions relating to fuel composition and sale.

Alternative ways of achieving policy objectives

An alternative approach would be to maintain the current legislative framework and rely on voluntary compliance or administrative enforcement.

However, experience has demonstrated that voluntary or weakly enforced mandates are ineffective, with compliance rates consistently falling short of mandated targets and a high proportion of exemptions granted.

Accordingly, legislative amendment is considered necessary to deliver policy certainty, improve compliance, and support industry investment.

Estimated cost for government implementation

The implementation of the Bill is expected to be managed within existing departmental resources.

Consistency with fundamental legislative principles

The Bill has been drafted with regard to the fundamental legislative principles (FLPs) under the *Legislative Standards Act 1992*.

Potential FLP considerations include:

- **Increased penalties:** The Bill introduces significantly higher penalties for non-compliance, particularly for repeat offences. These are justified on the basis that existing penalties have proven insufficient to ensure compliance.

- **Reversal of evidentiary burden (defence provisions):** The Bill replaces subjective defences with a requirement for fuel sellers to demonstrate active compliance systems and due diligence. This may impose a higher evidentiary burden but is justified to prevent misuse of broad and subjective defences.

On balance, any potential breaches of FLPs are considered justified in achieving the policy objectives of effective enforcement and regulatory integrity.

Consultation

Targeted consultation has informed the development of the Bill, including consideration of stakeholder feedback regarding:

- Compliance challenges;
- Infrastructure and supply constraints;
- Regulatory clarity and enforcement mechanisms.

Industry concerns regarding uncertainty and inconsistent enforcement have been key drivers of the amendments.

Notes on provisions

Clause 1 – Short title

Clause 1 provides that the short title of the Act is the *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Act 2026*.

Clause 2 – Commencement

Clause 2 provides that the Act will commence one year after the date of assent.

This delayed commencement allows industry sufficient time to adjust systems, infrastructure, and compliance processes.

Clause 3 – Act amended

Clause 3 provides that the Act amends the *Liquid Fuel Supply Act 1984*.

Clause 4 – Amendment of section 35A (Application of division 1)

This clause clarifies the application of the biofuels mandate, including its application to fuel wholesalers supplying fuel to other wholesalers.

The amendment removes ambiguity in the supply chain and ensures that obligations cannot be avoided through transactional arrangements.

Clause 5 – Amendment of section 35B (Sustainable biobased petrol requirement)

This clause amends the penalty provisions for non-compliance with the sustainable biobased petrol requirement by introducing:

- A maximum penalty of **400 penalty units for a first offence**; and
- A maximum penalty of **4,000 penalty units for a subsequent offence**.

The clause also refines the definition of “minimum amount” to improve clarity and enforceability.

Clause 6 – Amendment of section 35C (Sustainable biobased diesel requirement)

This clause mirrors the amendments made to section 35B by increasing penalties for non-compliance with the sustainable biobased diesel requirement.

The increased penalties are intended to ensure consistency across fuel types and strengthen enforcement.

Clause 7 – Insertion of new Part 5A, Division 1, Subdivision 2A

This clause inserts a new subdivision providing additional requirements for the sale of petrol-biobased petrol blends and diesel-biobased diesel blends.

New section 35DA – Definitions

Introduces definitions relevant to the subdivision, including technical measurement standards such as percentage by volume (% v/v).

New section 35DB – Biobased petrol content requirements

Provides enforceable requirements regarding the minimum biobased petrol content in blended fuels, including:

- A requirement that fuel sold as E10 must contain at least **9% ethanol by volume (% v/v)**, ensuring that E10 fuel meets expected composition standards and is not diluted below consumer expectations;
- A requirement that all other petrol-biobased petrol blends must contain at least **1% ethanol by volume**, establishing a baseline ethanol presence across the petrol market consistent with Commonwealth fuel standards;

These provisions are intended to address deficiencies in the current mandate, where the nominal 4% requirement has not translated into meaningful ethanol content at the pump.

New section 35DC – Biobased diesel content requirements

Provides enforceable requirements for diesel-biobased diesel blends, including:

- A requirement that diesel fuel must contain at least **2% biodiesel by volume**, with scope for higher blends (up to 5%), consistent with Commonwealth fuel standards;

These provisions are designed to promote the uptake of biodiesel, support domestic biofuel production, and improve fuel security outcomes.

New section 35DD – Defence for offence

This section replaces the existing subjective defence with a stricter, evidence-based defence.

Under the new provision, a person charged with an offence must demonstrate that they:

- Reviewed all relevant legislative and regulatory requirements;
- Implemented and maintained a compliance system;
- Took all reasonable and practicable steps to ensure compliance; and
- Exercised due diligence, including maintaining adequate systems, records, testing, and supervision.

This replaces the previous defence based on lack of knowledge, which allowed non-compliance to be justified on subjective grounds.

The amendment ensures that compliance is proactive and demonstrable, rather than reactive or based on claimed ignorance.

New section 35DE – Display of octane rating for E10

Introduces requirements for clearer display and labelling of E10 fuel, improving consumer awareness and transparency.

Clause 8 – Amendment of Schedule 1 (Dictionary)

This clause updates the dictionary to reflect new definitions and terminology introduced by the Bill.

Conclusion

The Bill represents a significant strengthening of Queensland's biofuels mandate framework by:

- Closing compliance loopholes;
- Increasing penalties;
- Requiring active compliance systems; and
- Improving regulatory clarity.

These reforms are intended to ensure the ethanol mandate delivers on its original objectives of supporting regional industry, enhancing fuel security, and increasing uptake of locally produced biofuels.

These reforms also ensure that fuel sold in Queensland meets clear and enforceable minimum biofuel content standards, restoring integrity to ethanol labelling (particularly E10), aligning with national fuel standards, and ensuring that the mandate delivers real outcomes rather than nominal compliance.