

21 September

Queensland Coal Royalty Hikes Positions State as Resources Pariah

Yesterday the Queensland Resources Council (QRC) released [independent analysis](#) they commissioned, which clearly shows that the Queensland Government's modelling has severely underestimated the impact on the Queensland coal sector.

The report by independent analysts, Commodity Insights, states, "the royalty revenue forecasts from Treasury are based on extremely conservative and unrealistic, in our opinion, coal price forecasts. As a result, they massively understate the revenue collection by the government and the cost impost placed on the sector. The royalties also clearly reduce the competitiveness of the Queensland coal export sector relative to its competitors by sharply increasing the cost structure."

In response to the report's release, Warren Pearce, AMEC CEO said, "Thanks to the QRC for commissioning this analysis and clearly demonstrating what industry has known since Queensland Government announced their decision to increase coal royalties - this is a blatant cash grab."

"The positive role the Queensland coal industry played throughout the COVID-19 pandemic and the record-breaking royalties delivered by the industry that ultimately secured the government's budget surplus, have not been fairly recognised."

"The analysis shows that the new royalty regime has significantly increased production costs, at the same time companies fixed costs such as fuel, labour, energy and other costs are also rising."

"BHP's decision to pause expansion at Blackwater South means regional communities, workers, families and suppliers, are feeling the immediate impact of these royalty hikes."

"A perverse impact of the coal hike is the signal this sends to future resource investment in Queensland, not just in coal projects, but across the whole industry."

"The decision to put 30% and 40% royalties on coal, will have a generational impact on Queensland, deterring future investment in major resource projects, and ultimately denying Queenslanders such opportunities."

"For the Queensland Government to think that this decision does not have broader repercussions on the investment attractiveness of Queensland as a destination of choice for other commodities, such as base metals, critical minerals or hydrogen, beggars belief."

"Further it sends a strong signal that this is not a stable policy environment. The government must take action immediately to respond, engage with industry, and bring Queensland back into the global resources fold," said Mr Pearce.

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