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QUEENSLAND POLICY LEADERS' FORUM

**QUEENSLAND RESOURCES**  
**Policy Volatility to Competitive Advantage**

22 APRIL 2026



**QLD POLICY LEADERS' FORUM**  
**QUEENSLAND RESOURCES**  
POLICY VOLATILITY TO COMPETITIVE ADVANTAGE

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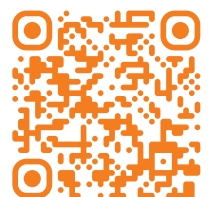
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Events

# Snapshot

The panel discussion focused on the future of Queensland's resources sector, with particular attention to investment conditions, policy uncertainty, taxation, approvals, infrastructure, energy costs and the state's global competitiveness. The discussion emphasised that Queensland retains major structural advantages including world-class resources, established export infrastructure, deep industry capability and a highly skilled supply chain.

A strong theme throughout the discussion was that Queensland is competing for globally mobile capital in an environment where investors are increasingly sensitive to cost, policy risk and regulatory burden. The discussion also made clear that the significance of the resources sector extends well beyond mine sites – underpinning employment, contractor activity, professional services, regional communities, export earnings and state revenue.

At the same time, the panel highlighted substantial opportunities if policy settings improve, including growth in metallurgical coal, gas supply, phosphate production, critical minerals and regional industrial development. The overall direction of the discussion was toward practical reform to restore investor confidence, improve competitiveness and enable long-term growth in a sector seen as essential to Queensland's prosperity.

## Summary of Key Themes

- Queensland has strong natural and institutional advantages in resources, including world-class deposits, export infrastructure, industry expertise and established regional communities.
- Policy and regulatory barriers create challenging investment conditions – including through high royalties, long and complex approvals processes, compliance costs and policy volatility. These are reducing Queensland's attractiveness for globally mobile capital.
- Coal remains a major economic driver for Queensland, but the industry has seen decline in export volume despite ongoing global demand due to challenging policy settings.
- Taxation settings are a key focus, especially the coal royalty regime and the proposed 25% windfall tax on gas. These are examples of policy measures that may increase government revenue in the short term but can weaken long-term investment and supply.
- Approvals processes and regulatory burden are significant barriers to investment, with approval processes taking up to 16 years and the New Acland Stage 3 process taking around 14 years.
- Regional Queensland is particularly exposed to the resources sector, given its role in sustaining local employment, local government revenue, community organisations and business activity across regional and remote areas.
- Critical minerals and phosphate are major opportunities, which require new approaches to infrastructure, financing and government partnership, particularly in north-west Queensland.
- Sovereign capability and supply-chain resilience were also important themes, particularly in relation to phosphate, fertiliser and gas. For example, Australia imports over 90% of its fertiliser.
- Energy costs pose a major competitiveness issue. Increased energy supply, clearer market signals and better infrastructure planning is needed to reduce costs and support industrial growth.
- Technology, innovation and operational efficiency are becoming increasingly important as companies respond to higher costs and tighter capital constraints. This includes automation, digital tools, AI and equipment optimisation to improve productivity and extend asset life.
- Practical, system-level reform is needed – including clearer signals to investors, faster regulatory decisions, infrastructure coordination and more courageous long-term policymaking.

# Key Themes and Discussion Points

## Investment conditions, policy risk and global competitiveness

A central theme of the discussion was that Queensland's resources sector is operating in an increasingly difficult investment environment. While the state has some of the best coal, gas and mineral resources in the world, capital is highly mobile and will increasingly flow to jurisdictions offering stronger returns, lower risk and greater policy certainty.

Queensland is competing against countries and regions where governments are more active in supporting industrial development, where infrastructure settings are more coordinated, and where taxation and compliance burdens are lower. In this context, Queensland's cost base is high and rising, with particular pressure from labour costs, energy prices, regulatory requirements and project delays.

Notably, Queensland's coal exports have fallen from around 220 million tonnes in 2015 to 195 million tonnes last year, despite global demand increasing by around 15%, with production and market share shifting to other jurisdictions. The broader implication is that Queensland's competitive position cannot be taken for granted. Investment is not secured by resource quality alone; it depends on whether the policy and operating environment is stable, efficient and commercially viable.

## Royalties, taxation and the investment signal

Tax settings are a central investment signal for the sector. The Queensland coal royalty regime can be excessively onerous, discouraging investment and making long-term growth more difficult. In particular, the top royalty bracket reaches 40% of revenue (rather than profit), creating major pressure when prices are elevated but margins remain constrained.

The scale of the royalty burden is material to the investment signal. The coal industry contributed around \$50 billion in royalties over the past five years, while BHP's coal business faced a 67% effective tax rate. BMA paid around \$1.6 billion in coal royalties in the last financial year while making only a 1% return on assets. By comparison, royalty rates applying to other commodities are materially lower, including 7.5% for iron ore and 5% for copper, precious metals and base metals.

This affects not only current profitability, but also future replacement capacity, given the sector's long-term nature, which requires years of exploration, feasibility work, approvals and capital expenditure before new supply comes online. In that context, reduced incentives to invest now may result in lower production, fewer new projects and less revenue in the future.

The proposed federal windfall tax is a current example which could impact supply, investment confidence and future development, particularly in Queensland's onshore gas and LNG-linked industries. Short-term tax measures such as this may weaken the very industries that underpin jobs, regional activity and future public revenue.

# Key Themes and Discussion Points

## Approvals, red tape and regulatory burden

Approvals processes and regulatory complexity create a material investment barrier. Project development in Queensland is increasingly difficult due to lengthy approvals processes, which impose significant uncertainty, cost and delay. This is a major impediment not only for large established producers, but especially for smaller and emerging proponents. Approval timeframes can extend up to 16 years, with New Acland Stage 3 taking around 14 years.

Additionally, compliance requirements in areas such as safety, environmental management and financial assurance were described as increasingly prescriptive and administratively heavy, often drawing staff into procedural work rather than practical operational outcomes.

Reform is needed to ensure the system is not seen as overly procedural, slow, prescriptive and insufficiently risk-based. This would enable faster, clearer and more commercially realistic decision-making, and ensure Queensland remains an attractive investment destination.

## Resources as a whole-of-economy contributor

The resources sector should not be viewed narrowly as an isolated industry; its contribution extends through employment, contracting, manufacturing, logistics, engineering, professional services, hospitality and regional service economies. For example, Brisbane is deeply connected to the sector through its advisory services, corporate functions and supply-chain activity.

The sector accounts for around one in every four dollars of Queensland economic activity and contributes more than \$115 billion annually. It supports 32,000 direct employees, 17,000 contractors and around \$33 billion in annual spend flowing through Queensland.

The sector is also deeply important to regional communities, given that resource operations are central to local jobs, rates bases, community sponsorship and service provision in many regional and remote areas. This means that declining investment or production would not only affect project proponents, but also the broader economic and social resilience of these communities.

## Regional development, critical minerals and common-user infrastructure

North-west Queensland and other regional resource areas represent a major opportunity for phosphate, critical minerals and related downstream activity. Realising that potential, however, will require more than private project ambition alone.

Phosphate is not simply another mining opportunity; it is also a sovereign capability issue. Australia imports more than 90% of its fertiliser requirements, despite agriculture being a major national industry. This gives the phosphate opportunity a broader strategic dimension, linking regional development in north-west Queensland to food security, supply-chain resilience and reduced exposure to offshore disruption.

Infrastructure remains a major constraint, especially for projects that depend on access to power, transport, water and processing capability. Common-user infrastructure offers an important historical lesson from the development of the Bowen Basin, and a potential model for unlocking new regional industries today. Government may need to play a more active enabling role in regions where the commercial barriers to first-mover investment are otherwise too high.

Smaller developers also face significant financing and regulatory constraints. The removal of a \$7 million collaborative drilling incentive program and the requirement for full cash-backed environmental provisioning create material obstacles for junior and mid-tier proponents attempting to build viable projects. The cost of equity for smaller or less conventional projects was put at well north of 18%, with debt finance requiring a high degree of offtake certainty.

# Key Themes and Discussion Points

## Energy supply, energy costs and industrial resilience

Energy affordability is a material competitiveness issue for Queensland's resources sector. High energy costs weaken industrial competitiveness and compound the pressures already created by taxes, labour costs and regulation. Greater supply was identified as the most direct way to place downward pressure on prices.

Gas supply is central to this issue because of its role in industrial operations, energy reliability and future investment. Broader energy market settings also matter, particularly the adequacy of firming capacity and the risk of insufficient dispatchable power during periods when renewable output is low.

Energy policy is also directly linked to downstream processing and industrial resilience. Activities such as smelting require power 24 hours a day, meaning policy settings must address firming, dispatchable supply and industrial load requirements, not just headline generation capacity. Queensland therefore needs clearer and more practical energy planning, with better alignment between supply, infrastructure and industrial demand.

## Productivity, technology and operational adaptation

In the face of capital discipline and constrained margins, resource firms are placing greater emphasis on productivity, cost control and incremental gains through technology, automation, digital tools, AI and better fleet performance.

Equipment use and asset management illustrate this shift. Rather than expanding fleets aggressively, companies are extending asset life, sweating existing equipment harder and pursuing marginal productivity improvements that can strengthen competitiveness without requiring major new capital outlays. This reflects a focus on operational 'one percenters' - incremental improvements in efficiency, payload, fuel use, automation, AI and digital tools.

However, firm-level efficiency gains will not be enough on their own if the broader policy environment continues to erode competitiveness.

# Insights and Implications

- Queensland's resources challenge is not primarily a question of geological opportunity, but of policy settings, investment confidence and system performance. The state has world-class resources, skills and infrastructure, yet its competitiveness is being weakened by taxation, approvals delays, energy costs and regulatory burden.
- Long-term investment depends on credible signals being sent now. Resource projects require long lead times, with mines needed in 2035 requiring investment decisions today. Current policy settings may maximise short-term revenue while reducing future production, employment, regional activity and ultimately future government revenue.
- Regional development is another central implication. Many of Queensland's future opportunities, particularly in phosphate and critical minerals, are regionally based and infrastructure-dependent. Unlocking the next wave of development will require more active coordination between government, infrastructure providers and private proponents, especially in regions where first-mover costs are high.
- Sovereign capability and supply-chain resilience are also central to the sector's future. Domestic phosphate, gas and energy supply are linked to broader questions of food security, fuel security, industrial resilience and exposure to global supply-chain disruption. This is particularly relevant to fertiliser inputs, LNG-linked industries and future downstream processing.
- The sector also faces a public narrative and business advocacy challenge. Its economic importance is not always fully recognised in metropolitan and professional circles, despite the extent to which jobs, business activity and state prosperity depend on it.
- Practical reform matters more than rhetorical support. The priority is not broad industry praise, but targeted changes to royalties, approvals, infrastructure settings, energy policy, financial assurance arrangements and exploration support that would improve commercial viability and restore confidence.

## Conclusion

Queensland's resources sector remains one of the state's most important economic foundations, but its future growth is not assured. World-class resources and strong demand are no longer sufficient on their own if policy settings make investment difficult, costly or uncertain.

Queensland faces a choice between relying on past strengths or renewing the conditions that made the sector competitive in the first place. Across coal, gas, phosphate and critical minerals, long-term prosperity will depend on practical, coordinated and investment-focused reform that supports production, regional development and economic resilience.

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