COST OF LIVING AND ECONOMICS COMMITTEE

Members present:
Mr LP Power MP—Chair
Mr RA Stevens MP (via teleconference)
Ms AJ Camm MP (via teleconference)
Mr MJ Crandon MP (via teleconference)
Mrs MF McMahon MP (via teleconference)
Ms JC Pugh MP

Staff present:
Mr T Horne—Committee Secretary
Ms M Salisbury—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE PROGRESSIVE COAL ROYALTIES PROTECTION (KEEP THEM IN THE BANK) BILL 2024

TRANSCRIPT OF PROCEEDINGS

Monday, 8 July 2024

Brisbane

MONDAY, 8 JULY 2024

The committee met at 10.02 am.

CHAIR: Good morning, everyone. I declare this public hearing open. I would like to respectfully acknowledge the traditional custodians of the land on which we are meeting here today and pay our respect to elders. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples, whose lands, winds and waters we all share. My name is Linus Power. I am the member for Logan and chair of the committee. The members of the committee joining us by teleconference are: Mr Ray Stevens MP, the member for Mermaid Beach and deputy chair; Ms Amanda Camm MP, the member for Whitsunday; Mr Michael Crandon MP, the member for Coomera; and Mrs Melissa McMahon MP, the member for Macalister. In person with me is Ms Jess Pugh MP, the member for Mount Ommaney.

The purpose of today's hearing is to assist the committee with its examination of the Progressive Coal Royalties Protection (Keep Them in the Bank) Bill 2024. We also have an opportunity to hear further from the department in reaction to the matters discussed at the conclusion of today's proceedings. This hearing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. While the hearing is open to the public to watch, only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence.

The proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's direction at all times. I also remind those present that you might be filmed or photographed during the proceedings. Images may also appear on the parliament's website or social media pages. Before we proceed, please ensure mobile phones are switched off or to silent mode.

REESON, Mr Andrew, Private capacity (via videoconference)

SILCOCK, Ms Clare, Energy Strategist, Queensland Conservation Council

CHAIR: Good morning to you both. First we might hear from Ms Clare Silcock from the Queensland Conservation Council. Do you want to make a brief opening statement before we turn to Mr Reeson and ask some questions?

Ms Silcock: Thank you for having me and for running this hearing. At the Queensland Conservation Council we strongly believe that Queensland needs to transition away from fossil fuels rapidly. We are seeing the devastating impacts of climate change on our communities through the extreme weather we saw last summer and on our unique ecosystems, particularly the Great Barrier Reef. I am sure we have all watched in devastation as it has experienced another mass bleaching event this year. Economically, the Great Barrier Reef contributes $6.4 billion to the economy annually and supports 64,000 jobs. Those are at risk from climate change. Economically, increasingly countries around the world are recognising the devastating impacts of climate change and looking for ways to reduce their own fossil fuel use. Many economies in Europe are seeing the benefits of reducing their reliance on imported fossil fuels, such as coal from Australia, for building their domestic economic resilience.

Research from the Institute for Energy Economics and Financial Analysis suggests that the world may have reached peak metallurgical coal use for steel manufacturing, as China, America and the EU move to different methods of steel production. Continuing Queensland's reliance on coal is setting us up for increasingly expensive and devastating impacts of climate change, puts other industries at risk and is heading us down a dead-end road, away from the rest of the world.

For too long the fossil fuel industry, and coal industry particularly, has been allowed to export Queensland's resources without paying adequate tax. The progressive coal royalties were a step in the right direction to take the increased profits due to global uncertainty and war back into Queenslanders' hands. We strongly support this bill to keep coal royalties at their current rates or higher. We strongly support using this revenue to invest in future energy sources and industries that will provide a long-term future for Queensland.

We have seen time and again the benefits spruiked by fossil fuel industries that will supposedly flow to Queenslanders in terms of jobs, community investment and cheap energy not materialise. There needs to be stronger regulation, such as these coal royalties, to ensure companies pay their fair share. However, we are concerned that these coal royalties could become integral to Queensland's budget planning. We want to make sure these royalties are designed and intended for obsolescence so that the funds are invested in building different industries, green manufacturing and renewable energy and not used as a justification for expanding coal in Queensland.

Expanding the coal industry in Queensland will not just export emissions to the rest of the word; it will also undermine efforts in Queensland to decarbonise. Fugitive emissions from fossil fuels, mostly from coalmining, made up 15 per cent of Queensland's carbon emissions in 2022. We are seeing at the Grosvenor mine right now how dangerous methane is for workers and the climate. We have plans to reduce emissions from transport, agriculture and energy. We need to be focusing on those, not allowing increased fossil fuel production to undermine those efforts.

In conclusion, the Queensland Conservation Council strongly supports the progressive coal royalties bill and urges it to be the first step in broader transition planning for the Queensland economy. We want to see these funds used in a way to ensure the coal industry's final gift to Queensland is helping to plan its own demise in a way that protects nature, workers and communities.

Mr STEVENS: I have been in this parliament now for 18 years. Ms Silcock has been talking about the use of coal. This legislation is not about the use of coal; it is about the royalties amount on the coal and about there being a public debate if there is any change to diminish those royalties. This would be the most politically motivated, useless legislation I have seen in my 18 years and I have no questions.

CHAIR: You have no questions for Ms Silcock?

Mr STEVENS: Absolutely none.

CHAIR: Interesting. Ms Silcock, reflecting on the intent of the deputy chair's statement, is there a change in the nature of the social licence for fossil fuel energy miners, especially coal? Is the public's attitude changing towards the social licence for coalminers?

Ms Silcock: Definitely. We represent a huge number of Queenslanders who want to see the state transition away from fossil fuel because of the impacts of climate change.

CHAIR: Do you see any alternative policies that others have suggested that would change the nature of royalties for coal production and give, effectively, a gift to the coal industry?

Ms CAMM: Point of order, Chair. I do not know if I heard correctly, but are you asking around comments of policy by the submitters that are outside of the remit of the bill?

CHAIR: You could argue it is that, yes. I would not say it is outside the remit of the bill. In fact, I would say it is directly in this bill—whether there are others who wish to decrease coal royalties as an issue. Is that the question, Amanda Camm? Do you have a point of order?

Ms CAMM: Sorry, Chair. I thought your question was in regard to policy and not in regard to royalties, which is what this bill is about. This bill is about a revenue stream and a threshold of tax. The last time I checked the bill, it was not about policy or environmental policy.

CHAIR: That is right. I was asking Ms Silcock a question about the policy or alternative policies on royalties.

Ms CAMM: To clarify, Chair, you are asking the Conservation Council, who are there to give their insights, about what alternative revenue royalties the current government could introduce as an alternative policy? I am just not clear as to the line of questioning.

CHAIR: I will restate the question. The Conservation Council has made clear statements about its views on the policy direction of Queensland regarding coal royalties. I am asking a question of it.

Ms CAMM: In the context of a revenue measure. That is what the bill is proposing. It is a revenue measure; it is not in relation to environmental policy. Could you clarify that, Chair? On my reading of the bill and my interpretation as a committee member, this is around a revenue measure, of a tax on a commodity; it is not about the interpretation of conservation or environmental policy.

CHAIR: My first question about social licence was that the two are intertwined. Notwithstanding that, my second question was more strictly about alternative rates of revenue and whether the Conservation Council has any fears or concerns about alternative rates of revenue under perhaps an alternative government?

Ms CAMM: Point of order, Chair. As a member of the opposition, I take personal offence that a question has been asked of someone who has come along to provide evidence in, I am sure, what they see as a very much valued representation of a lot of Queenslanders. You are now asking a submitter to make comment on policy or proposed policy of the opposition, which has had no issue and has voted consecutively on budgets around the royalty rise. I do not understand where the line of questioning is coming from, Chair.

CHAIR: Member for Whitsunday, twice now you have raised a point of order which is not a point of order. You know the rules regarding personal offence. I made no mention of you. I put the question to Ms Silcock from the Queensland Conservation Council.

Ms Silcock: The Queensland Conservation Council believes that coal royalties and fossil fuel royalties in general have been too low in Queensland for many years, so we support this bill as an effort to increase those. Like I said, we would like to use those as a way to fund the energy transition to a clean future and would not support future moves to reduce the royalty rates.

CHAIR: Mr Reeson, would you like to make a brief opening statement?

Mr Reeson: My name is Andrew Reeson. I am a business owner and community advocate based in Toowoomba. Thank you for the opportunity to speak in favour of continuing the progressive coal royalties.

I grew up near the New Acland Coal Mine, just north of Toowoomba. The operator, New Hope, takes advantage of an old loophole to ensure they pay royalties back to the landholder instead of to the state. This means that around 80 per cent of royalties are paid back to themselves and 13 per cent to other landholders, and only seven per cent goes to the state. Over the years they have been able to withhold hundreds of millions of dollars from the state, with another half a billion predicted over the life of the stage 3 expansion.

I know that that mine is not within the scope of this committee, but I bring it up to point out the nature of these companies. New Hope spends tens of thousands of dollars every year sponsoring various community groups and events around Acland and claims to care about the communities while withholding hundreds of millions of dollars from the state that could help fund the future of the communities that will have to deal with the aftermath of their extractive practices.

Coal companies like New Hope will do whatever it takes to ensure their profits, whether it is exploiting tax loopholes, illegally mining outside their licence area or ignoring concerns from farmers around groundwater. Over the last few years their profits have skyrocketed, yet they cry poor. The progressive coal royalties program has forced these companies to pay at least a fraction of their profits into the public coffers to fund some of the services that Queenslanders desperately need during this cost-of-living crisis. To end the progressive royalties program would be to hand billions back to the coal industry while ordinary people struggle.

I argue that the royalties are not progressive enough, the base rate needs to be raised significantly and it needs to include more than just coal. The mining industry has spent decades extracting trillions of dollars worth of materials with no regard for my kids' generation that will have to clean up the mess after they leave, all so that some executives can buy a few yachts. Keep the rates higher, expand it to include the gas industry and make them pay their fair share.

CHAIR: Deputy Chair, do you have any questions?

Mr STEVENS: No questions of Mr Reeson, Chair. This bill that we have is not about—

CHAIR: There is no opportunity for a statement. If you do not have any questions, that is fine. Member for Mount Ommaney—

Mr STEVENS: I am giving the reasons, Chair, for why I have no questions.

CHAIR: Order!

Mr STEVENS: Point of order, Chair. This bill is about royalties. It is the 'keep them in the bank' bill, which is a very specific piece of legislation. In terms of that legislation, it is about a debate through the parliament on whether we want to change the royalty arrangements for Queensland. It is not whether we use coal or do not use coal. We would like to stick to the bill before the House rather than go off on other tangents, Chair.

Ms PUGH: Point of order, Chair.

CHAIR: I have not ruled on that point of order. Is this relevant to that point?

Ms PUGH: With all due respect, many of the submissions actually go to the social licence and the potential impact of raising the rates or otherwise and the impact that could have on the activity of coalmining companies in Queensland. I would respectfully submit that, in fact, it is relevant to the bill because the submissions have covered it intensively.

CHAIR: Obviously submissions can go off completely on their own tangent. As Mr Reeson raised, there is the nature of social licence with this particular mining activity. Ms Silcock raised a similar point. As Ms Silcock submitted, there is also the reason we raise revenues and what we can do with those revenues. I think all are relevant to the scope of the bill in that how we use those revenues and the nature of the industry affected by royalties is relevant to Queenslanders. I want to make it clear, Deputy Chair, that that is my ruling and I hope you understand that.

Ms PUGH: Thank you for appearing remotely, Mr Reeson. My question goes to the royalty rates that have been set. Having made a submission, you would be aware that prior to the changes two years ago, which are currently not set in legislation, the maximum rate was only 15 per cent. Of course, we have now added an additional three tiers so that they can go as high as 40 per cent. That is obviously predicated on the prices that are received. Can you outline for the committee what you think is an appropriate rate? Do you think 40 per cent is high enough and are there any reasons for that?

Mr Reeson: I will be honest: that is a bit outside my area of expertise. My concern would be that if the overall prices change and we go back to what it was a few years ago then the rates they pay will go back to being inadequate. My background is not accounting or anything like that, but I would say that the base rate needs to be raised. I am not sure what the right tiers are, but I would hate to see that, if things change in a few years, we end up with the same economic problems that our society is facing but significantly less money available for the state to actually help people through that because the coal companies are back to their old rates, or at least back to whatever those lower rates are.

Mrs McMAHON: In submissions and in what has been said to the committee today, both submitters have indicated that the bill potentially does not go far enough or is just the start or the first step. Could either submitter identify what, in their opinion, are the deficiencies or where this bill could be strengthened?

Ms Silcock: As Andrew raised, the rates are predicated on the profits of coal companies which means that if prices reduce then they will go back to paying less than ordinary people pay in tax, which does not sit right with us. As well, the bits that we would like to see further fleshed out are what is done with the increased royalties and, like I mentioned, making sure that is put into a transition fund to plan a future for Queensland away from fossil fuels.

Mr Reeson: I do not have anything to add.

Mrs McMAHON: Ms Silcock, you commented that the companies were not paying sufficient tax or something in relation to that. Could you elaborate on that? I was not quite sure what you said.

Ms Silcock: I was using tax as a broad indicator. I think there are many levels that need to be addressed around corporation tax as well as royalties. I should have been more precise in this hearing to talk about royalties, which historically have been too low in Queensland.

CHAIR: Mr Crandon, do you have a question?

Mr CRANDON: Chair, I do not have any questions, thank you.

CHAIR: Ms Silcock, I note that the energy transition is an important part of your submission. One of the things we are using these funds for is to help Queenslanders with the cost of their electricity bills. Is an important part of the energy transition to build broad support for energy transition through the use of royalties like this?

Ms Silcock: Yes, I think that is a good use of the royalties. We would like to see that more targeted in future to make sure it is helping people who need it most and also, in the longer term, helping people access renewable energy on their rooftops or other technologies that are coming through that have barriers to uptake. It is very important to make sure we are supporting people through the transition.

CHAIR: Will this royalties regime help governments to be better able to do that in the future?

Ms Silcock: I think so, as long as, as I said, it is not baked into budgeting as a necessary thing that we have to keep that revenue coming in but it has a lifespan so that we can transition away from coal.

CHAIR: Understood. Thank you, Ms Silcock and Mr Reeson. We appreciate your appearance here today.

BERTRAM, Ms Judith, Deputy Chief Executive Officer, Queensland Resources Council

CUNNINGHAM, Mr Tom, Assistant Policy Director Economics, Queensland Resources Council

HEWSON, Ms Janette, Chief Executive Officer, Queensland Resources Council

CHAIR: Welcome. Ms Hewson, would you like to make a brief opening statement before I turn to members of the committee for questions?

Ms Hewson: Thank you, Chair and members of the committee. We appreciate the opportunity to appear before the committee today on the progressive coal royalties protection bill. We appreciate the committee's time in considering this issue because it is really of great significance to the long-term future of our sector, a sector that has benefits for the Queensland community. The resources sector is proud to be the No. 1 driver of the Queensland economy, supporting more than 532,000 jobs directly and indirectly, or one in every six jobs. The Queensland resources sector supports $1 in every $4 in the Queensland economy, contributing almost $117 billion to the state's economy.

The QRC supports the transparency in decision-making and government policy processes. Indeed, it was a lack of transparency and consultancy in the government's 2022 decision to introduce the world's highest coal royalty rates that created significant damage to Queensland's reputation as a reliable place to invest. The QRC and the resources industry understand that governments review policies to ensure they are best serving the needs of Queenslanders; however, the foundation principle of good policy development should be consultation with those impacted.

The resources sector is cyclical and is accustomed to dealing with significant changes in commodity prices. In fact, the Australian coalmining industry made an operating loss in three of the past 10 years. To provide stability, resources companies use the returns from periods of high prices to counter the impacts of periods when prices fall, for example, during the COVID-19 pandemic in 2020. Companies also use those returns to invest in new projects, expansions or capital assets to ensure a long-term pipeline of projects.

Although global coal prices have been strong in recent years, Queensland has not seen the required investment in new and expanded projects that will underpin a future jobs and royalties yield for Queensland and Queenslanders several years from now. In 2013 there were over 440 million tonnes of coal projects in the pipeline for Queensland, and that is in a period of high coal prices. Ten years later, in 2023, the Office of the Chief Economist puts the pipeline at 172 million tonnes, much less than half. This will directly lead to a loss in the royalties Queensland has always relied upon to invest in hospitals, roads, police and schools, well before the 2022 royalty increases.

A lack of investment directly impacts small businesses that supply our sector with goods and services, and it harms other small businesses and community groups which are supported through the regional economic activity the resources sector creates. Everyday Queenslanders, through their superannuation investments or direct shareholdings, also invest in mining companies and rely on those returns to support their financial security now and in retirement.

Our concerns about competitiveness extend beyond the coal sector alone. Sudden changes to policies or the rules for investment create questions about the viability of a range of resources in energy projects. This could include renewables, hydrogen and critical minerals which are essential to meeting net zero emissions goals. The Queensland government has announced a series of policies to attract new investment in critical minerals and new energy supply chains, but those policies are undermined when the goalposts for resources investment are moved without consultation.

QRC believe this bill is flawed in that it relates only to parliamentary scrutiny for coal royalty decreases. There is no provision for scrutiny on increases to coal royalty rates. As QRC stated in our submission, we believe this bill should not be passed in any form. However, if it does proceed, we believe there should be equal provisions for scrutiny and public consultation for both coal royalty increases and decreases. We have proposed wording to that effect in our submission.

The resources sector has been a long-term, constructive partner of Queensland communities. We have a lengthy track record of meaningful and detailed engagement on the development of a range of policies. This includes regional infrastructure investment such as road, rail and water, strengthening energy networks, the rollout of renewables, community development projects, international trade and broad industry development. Our industry wants all Queenslanders to benefit from our state's abundant resources and we have always been ready to pay our fair share. We are proud to support Queenslanders through royalties.

Sudden changes, such as the coal royalty increase in 2022 and the changes in this bill, which appear without consultation or detailed engagement, only serve to harm Queensland. We stand ready to work with the Queensland government on policies that support investment and have a positive impact on the state which are developed through a robust, transparent and constructive consultation process. Thank you.

CHAIR: I turn to the deputy chair. Do you have any questions for the Queensland Resources Council?

Mr STEVENS: No questions, thank you, Chair. I think Ms Hewson said it all, thank you.

CHAIR: Ms Hewson, I note the comments about consultation. Being in the parliament and looking at public discussions—and I know that you are new to the role—I note that, under a previous treasurer, we went through a process of consultation about increasing coal royalties, and there was continued discussion and then there was an alternative plan put forward, an agreement that there be no changes for 10 years. In that way, there has been a discussion about increasing coal royalties for most of that 10 years; has there not?

Ms Hewson: I will ask my deputy chair, who has been at QRC, to answer that one.

Ms Bertram: When we talk about consultation, I would not say that over the last 10 years there has been meaningful consultation about the coal royalties, especially in 2022. There was no consultation about the royalty rate that subsequently delivered the highest world coal royalty rate.

CHAIR: Ms Bertram, you would remember that we went through a process of looking to increase coal royalties in a discussion and ended up with a fund that was for coal regions. That was a different approach that was put forward temporarily as part of that long-term discussion on these issues.

Ms Bertram: There certainly was a different approach with the Resources Community Infrastructure Fund. It was a much different order of magnitude compared to the royalty rate that was subsequently introduced.

CHAIR: I absolutely understand that, and the parliament understands that as well, but that was part of that 10-year discussion that we had about coal royalties. There has been a full 10 years of discussion and consultation broadly within the Queensland community and with the Queensland Resources Council on this issue; has there not?

Ms Bertram: Not in terms of the introduction of progressive coal royalties. I would not say that there was in any way a meaningful discussion about the regime that was subsequently introduced.

CHAIR: You are agreeing, then, that, in general, the discussion about increasing coal royalties over that 10 years, including fixing them for that 10-year program, putting forward the Royalties for the Regions program—

Ms Bertram: No, not in terms of meaningful discussion. The order of magnitude—

CHAIR: Perhaps our definitions are different. Thank you, Ms Bertram.

Ms Bertram: I think it was $70 million over three years, for the contribution to the infrastructure fund. It was for a three-year freeze. It was a different order of magnitude.

CHAIR: I understand that it is a very different order of magnitude, but I want to illustrate that that was part of an ongoing discussion that happened over many years.

Mr CRANDON: Point of order, Chair.

CHAIR: There is a point of order from Mr Crandon.

Mr CRANDON: You have asked the question now a third time. You have been given a fulsome answer by the witness. Can we move on?

CHAIR: Good point, Mr Crandon. Thank you very much. I have had more points of order on this debate than any other. Ms Pugh, did you have a question?

Ms PUGH: Yes, I do, thank you. You have made a submission that the legislation should not pass and, I suppose, therefore, either keep the rates as they have been for the last two years or drop back to the rates that existed before 2022. In your opinion, what is the correct rate? If it is not the tiered, progressive rates that we have introduced over the last two years, what do you think is the fair share for the resources industry to be paying?

Ms Hewson: We have always remained willing to sit down with government to talk about this issue. What we need to do is strike the right balance. It has to be the right balance between a fair return for Queenslanders, who own those resources—we do not dispute that—and making sure it is a royalties framework that is competitive. Money can be invested all around the world. Money can be invested in New South Wales mines, for instance, which have a very different and much lower coal royalty framework. We want to sit down with government to strike that right balance, and that is about true consultation. We are the industry that is impacted by the royalties decision, and we believe that by sitting down together with government we can actually strike that right balance.

CHAIR: I note that you and your constituent members have done a fair bit of consultation with the opposition. Is there an undertaking to reduce the coal royalties?

Ms Hewson: There is no agreement from the opposition to reduce coal royalties. That is why we are continuing to advocate on behalf of our members. We want to talk with everyone in parliament about this issue because it is a really significant issue to our industry.

CHAIR: Is there any indication that they will entertain lowering those rates?

Ms Hewson: No-one has given me that assurance.

CHAIR: When the opposition leader said to your constituent members that you can take his promises to the bank, what did your members take that to mean?

Ms Hewson: I think you are referring, Chair, to a comment made here in Parliament House at our Resources Roundup. I think the member for Mount Ommaney was there as well. We also had the Treasurer appear and address our members. What has been made crystal clear in media is that the forward estimates are going to be acknowledged and kept, so that suggests to me that there are no changes in royalties.

CHAIR: I notice you talked about the rates, and those rates apply at a coal price over $300. That is an extraordinarily high price of coal; is it not?

Ms Hewson: No, I would not agree with you on that. It is high pricing—look, there are periods of time when the coal price drops and the coal price increases. That is the cyclical nature of the coal industry. I have come out of a coal industry business, so I understand that, and I have seen a lot of hard times in coal. What we are talking about with the $300 coal price is actually Australian dollars. With the exchange rate, I would not say that is astronomical coal pricing. Coal pricing is done in US dollars.

What we also have to remember is that the costs involved in producing coal are quite significant. We are talking about hundreds of millions of dollars, if not billions of dollars, invested by a company in a major asset. These are investments that are made for a 20- to 30-year mine life. They take a lot of capital; they take a lot of risk. Also, our members have to take periods of time when the coal price is high to make sure they are saving for the tougher times, when the coal price drops. That is about protecting Queenslanders' jobs and about protecting Queensland businesses that rely on our sector. It is also about making sure there is money to be invested in sustaining capital—by 'sustaining capital' I mean keeping that asset operating—and, on top of that, for new investments, to bring on new tonnes. Just like everyday Queenslanders, our industry is facing significant cost imposts. The cost of inputs is going up. Energy is going up, fuel is going up and the costs of labour are going up. Therefore, all of those pressures are similar to what all of us are experiencing with the cost of living.

Ms Bertram: In Ms Hewson's opening address we indicated that the industry is cyclical. Over the last three of the last 10 years, there have been operating losses, so we do need to save for the lesser times through the good times.

CHAIR: How many quarters in the last 20 years has the price been above $300?

Ms Hewson: I do not have that information on hand.

CHAIR: It is pretty extraordinary pricing, is it not, to have that high a coal price?

Ms Hewson: A$300 is—Tom, I might pass to you.

Mr Cunningham: No doubt it is elevated now, but we go back to the competitiveness of the industry and looking at costs. Major coalminers in Queensland are reporting prices in Australian dollars for the cost of production of about $180, $190 a tonne, and members of the committee would know that is above the first of the new tiers brought in. We are seeing members of QRC paying royalties before they have even made a dollar.

CHAIR: You did not answer the question, though. Jess?

Ms PUGH: To follow up on my other question, we have talked about consultation and we are consulting on a bill that spells out specific royalty tiers. I just want to be really clear as to whether you have figures in mind that are appropriate for this legislation, because the legislation does outline six specific tiers that will be legislated. There are numbers attached to those. This is your opportunity to get on record what you think those appropriate tiers would be, because right now the committee is no further illuminated as to what you feel is fair and appropriate, and it is difficult for us to work without that information.

Ms Hewson: My understanding is that this bill is about introducing a requirement that if coal royalty rates are decreased then that must go through a bill of parliament. It is not my understanding that it is about the actual royalty tiers. I am more than happy to sit down with government and Treasury to have a discussion about what is a sustainable framework, but that is not my understanding of what this bill before us is about.

Ms CAMM: Chair, I have a question.

CHAIR: Sorry, but we just have a follow-up from the member for Mount Ommaney and then we will go to the member for Whitsunday.

Ms PUGH: Sorry, but in the interests of time we will go to the member for Whitsunday.

CHAIR: We will go to the member for Whitsunday.

Ms CAMM: Thank you, Chair; I dropped out previously. The QRC outlined the lack of consultation and engagement by Treasury in the introduction of progressive coal royalties, and that has been confirmed by Treasury in an earlier hearing. With regard to consultation with government, has QRC had any meaningful conversation with Treasury or with government about the future capital investment across the sector, the forward commodity prices and the impacts of global competitiveness? If not with Treasury, has that occurred with any other current government department or minister?

Ms Hewson: Not in the period of time that I have been the head of QRC. I might hand it over to the deputy chief executive. Judy, would you like to comment?

Ms Bertram: Thanks, Janette.

Ms CAMM: Chair—sorry—to clarify that, that is since the introduction and discussion announced by the Treasurer of progressive coal royalties, so not looking backwards but looking in the immediate timeframe that we have been dealing with the bill.

Ms Hewson: No, we have not.

CHAIR: I just wanted to emphasise that Ms Amanda Camm did not want you to look to any discussions before the introduction of the announcement—none of those many years of discussion—

Ms CAMM: No, sorry.

CHAIR: I was just emphasising your point, Ms Camm.

Ms CAMM: Chair, the clarity of my point is: was the discussion around anything outside of coal royalties with regard to the broader commodity market or capital investment once the government had made the announcement? Treasury confirmed there had been no consultation. We do not need to go back in history. That is on the *Hansard* record, Chair.

Ms Hewson: No, we have not had any requests from Treasury and nor have we spoken with Treasury about that issue but always remain willing to do so.

CHAIR: Thank you. Ms Bertram, I think we interrupted you.

Ms Bertram: If I can just add that, in the same way that New South Wales sat down with industry representatives last year, we seek to engage with government to have good policy discussions about royalty rates. In New South Wales they were able to arrive at a different royalty rate. It was an increase, but that means that the New South Wales new rates are still below Queensland's old regime, let alone the progressive royalty rates.

CHAIR: Member for Macalister, I think you have a question?

Mrs McMAHON: Yes; thank you. During the public hearing I asked a question of the Under Treasurer in relation to the issue of employment rates. You have mentioned in your submission that the bill does not do anything to provide a level of certainty or confidence to the industry. I note that I asked the Under Treasurer about job levels since the introduction of coal royalties in the coal industry and he indicated that job numbers had increased even since the introduction of progressive coal royalties. Do you have any information or anything that would counter the notion that job participation or works in the industry had increased regardless of the introduction of the progressive coal royalty rates?

Ms Hewson: Our concerns as an industry are not about the here and now; they are about what happens in five to 10 years time. What we are seeing at the moment with the royalties that are paid to the Queensland government and the people of Queensland is that they are based on investments that were made probably 10 years ago—at least that five- to 10-year period. Our concerns are not about what is happening now because companies have sunk capital, so they have already invested hundreds of millions, if not billions, of dollars into their assets, which they obviously need to keep going, and that is why you are not seeing an immediate impact. Our concern is about making sure that in five-plus or 10 years time Queenslanders can continue to rely on a steady stream of royalties in order to fund roads, hospitals, police and all of the services they deserve to have, given that they are the owners of the resources in the ground. If the resources in the ground stay in the ground because companies do not have that confidence to invest, then Queenslanders will not derive the benefits of those resources.

CHAIR: I understand that you said you are not interested, but the question was: have companies put on more workers since the introduction of the new royalties framework?

Mr Cunningham: To have some perspective, in terms of a new mine that came online recently—Olive Downs—we first saw news articles and public debate about that project in 2014. They were looking to hire people previously and have opened this year just ramping up production, so that gives you an idea of the lead time. We did not and the industry did not know about progressive royalties back in 2014 and they made those decisions then, but they need to hire people now. I do not quite see the link with those.

Mrs McMAHON: If I may, Chair, in following up and seeking clarity, obviously we have heard that the coal price at the moment is quite high, even though I do not think you have characterised it as exceptionally high or anything like that when you look at Australian dollars. If for some reason since the introduction of the progressive royalty rates there had been a sudden drop in those prices, whether based on Australian indicators or global ones, and that price had absolutely plummeted, would those jobs still have been on offer since they were, as you said, forecasted 10 years ago? When we say it is cyclical, I was just trying to get to whether, even though those jobs might have been advertised and planned 10 years ago, if the coal prices had bottomed out in the last 12 to 24 months those employees would still have been put on. That is kind of what I was getting at.

Ms Hewson: Our concern remains with medium- to long-term changes and to investment confidence. We are not suggesting that there have been job cuts now because of the progressive royalties going through. It is really about what is the medium- to long-term impact on our industry and to make sure that Queenslanders—Queensland people—can rely upon a steady stream of royalties into the future.

CHAIR: Just building on that for the long to medium term, having a royalties regime that is aligned to price, whether it is the international price or the Australian price, means that the royalties they pay are linked more to the profitability of the company and the profits of the company at any given time. Is the Queensland Resources Council broadly in favour of progressive coal royalties that, whatever the price, align with the profits and losses of the company?

Ms Hewson: Chair, our position is that, even prior to the progressive coal royalties, under the former royalties regime that was already linked to price variations. Our issue is about making sure there is a competitiveness here in Queensland to continue to attract investment in the coal sector. Coal pricing is a global price and there are many countries around the world that mine coal. Companies have a choice on where they will invest their capital, and we are talking about significant risk in investing such significant amounts of money, so we just want to make sure Queensland is a destination companies want to invest in.

CHAIR: But in principle, when coal prices are relatively low we want the lowest rate of taxation so that we are more attractive to continue operations in Queensland. So you are in favour of progressive coal royalties?

Ms Hewson: As I said before, Chair, the previous regime actually delivered that as well.

CHAIR: So I do not—

Ms Hewson: The issue is that the tiered system is so significantly high and it is significantly higher than what is imposed in New South Wales and the regime in other countries, so this is about the fact that companies are not going to be willing to invest long term in this state.

CHAIR: My understanding is that New South Wales has a flat rate. They do not have a progressive coal royalty; is that correct?

Mr Cunningham: It ranges from 8.8 per cent depending on if it is underground—

CHAIR: But that is on the type of mine, not the—

Mr Cunningham: Yes, that is right, and up to 10.8 per cent.

CHAIR: I just had a simple question. Because we want to see royalties align to profits, is it supported by the Queensland Resources Council to have a progressive coal royalty?

Ms Hewson: This is not about linking to profits; this is about a tier rate.

CHAIR interjected.

Ms Hewson: No, but honestly the tier rate is based upon a sale price. It is a fairly blunt instrument.

Ms Bertram: It is about a balance. What we are saying is: you strike a balance with fair coal royalty rates such that you continue to encourage investment in this state.

CHAIR: I understand your members want to pay no tax whatsoever, but—

Ms Bertram: That is not the case.

Ms Hewson: That is not correct, Chair.

CHAIR: Everyone wants to pay no tax whatsoever. It is one of the first principles.

Ms Hewson: No, Chair—

CHAIR: I am sure your companies would prefer—

Ms Hewson:—I disagree.

Ms CAMM: Point of order, Chair. I have to say that as a representative from a region who engages with a number of the QRC members who actually are going over and above with social licence—

CHAIR: There is no point of order. Amanda, there is no point of order here, so you are not raising a point of order.

Ms CAMM:—I find it very inappropriate—

CHAIR: You are not raising a point of order here, Ms Camm.

Ms CAMM:—that you are badgering those who have come here to give evidence.

CHAIR: Order! There is no point of order. Let me rephrase: I am sure your members would like to have as low a royalty rate as possible. Is it better to have a tiered progressive coal royalty rate linked to the sales price or profits?

Ms Hewson: Our members support a fair share of royalties to Queensland people, and that fair share means that it is a sustainable return for the people of Queensland and also a sustainable return for the companies that invest hundreds of millions, if not billions, of capital at significant risk, and it is just about striking that right balance.

CHAIR: Thank you very much. As there are no further questions, we thank you very much for your appearance here today.

YOUNG, Mr Graham, Executive Director, Australian Institute for Progress

CHAIR: Welcome. Thank you very much, Mr Young: we have before us your submission, but I invite you to expand on it with a brief opening statement before we turn to questions.

Mr Young: Thank you, Mr Power. We could have strictly stuck to just what the bill was about, which is to ensure, effectively, a ratchet clause so that you cannot reduce the royalties without going to parliament, but it interestingly does not stop you putting them up by regulation which, in our view, makes it defective as legislation. You either regulate or you legislate—you do not have a mixture of the two—and I think it is pretty obvious that it is about wedging the opposition and it is not really about good policy.

We can go past that, though, and in our submission we decided to look at the wisdom of the royalties regime that has been put on the mining industry. While the bill says it is 'keep it in the bank', we suggest it is more 'keep it in the ground'. We would also suggest that the taxpayers of New South Wales would be cheering the legislation on because of the lack of competitiveness it introduces into the Queensland coalmining industry.

It also introduces a large degree of sovereign risk. Coalmines—or any sort of mine—take years, if not decades, to put together: to get the permits, then hundreds of millions—sometimes billions—of dollars to put in the infrastructure, and then you are subject to a commodity price which fluctuates quite severely. It is a very risky business. There are a number of places where you can mine coal. Queensland is not the only one. This regime makes us quite uncompetitive even compared with, as I said earlier, New South Wales.

The way it was introduced was completely unfair to the shareholders of these companies. They are often painted as being foreign multinationals. Most of the coalmining companies I can count in Queensland are actually Australian if not Queensland companies. The shares in them are owned by Australians to a significant degree. Basically, the government took money from those shareholders without any consultation with the companies. They have also diminished the long-term prospects of those companies. That is not a smart way to deal with the residents of this state and the coal industry.

We also have problems with it being a progressive tax. We do not think there is any justification for that. We certainly do not think there is any justification for the 40 per cent level. If New South Wales is charging 10 per cent, then 10 per cent could be justifiable—certainly not 40 per cent, and certainly not on what is a very brief window when the asset value goes up into that region.

The final thing is that, really, what this legislation does is preference the choices of government—which bears none of the risk in the enterprise—over the choices of those people who bear all of the risk in the enterprise. In the long run, that is not an effective way to run an economy. It is a way to run the economy into the ground.

CHAIR: Deputy Chair, do you have a question of Mr Young?

Mr STEVENS: Yes, I have a question for Mr Young that he might be able to assist me with in terms of these royalties and the effect this legislation may have. As I understand it, many Queenslanders have super funds. A lot of the working groups run their own super funds. Can Mr Young advise whether super funds have substantial shareholdings in these mining companies and how any changes through this legislation may affect the holding of those super funds in terms of long-term investment and all of those issues Mr Young has referred to?

Mr Young: Are asking me for statistical evidence there has been a change?

Mr STEVENS: Not statistical, just general advice basically in terms of your knowledge of whether the super funds that have investments in Queensland mining companies will be affected by this royalty regime.

Mr Young: I would have thought they would adjust their holdings depending on what they thought the prospects were and what other opportunities were there. I do not have a specific handle on superannuation funds. As you would be well aware, there are a range of funds—from very large funds with billions of dollars under management to self-managed superannuation funds. The large ones tended to steer clear of coal in the first place because of their ESG requirements and ratings, so I would suspect that it would be more the small and medium superannuation funds that took a different view because they were not constrained by ESG. Also, I suspect that a lot of large shareholders in the superannuation funds took the opportunity to buy coalmining shares a few years ago. When the price of the ore was quite low everyone was making a loss, but it was pretty obvious that the price would come up at some stage. So some large shareholders got out and I think some small shareholders got back in.

Mr STEVENS: Superannuation funds would have significant holdings in mining companies; is that correct?

Mr Young: There would be. For most Australians, their superannuation fund is a significant part of their investment strategy apart from the family home so, yes, there would be.

Mrs McMAHON: One of the comments in your submission is that, generally speaking, progressive taxes are not a good idea. Most Australians are familiar with progressive taxation; that is how our income tax is sorted out. If you earn a low end-of-year salary then you are on a lower tax rate; if you earn more, your tax is higher. Most Australians understand that. In your opinion, and based on your submission, why is a progressive tax in the coal industry not a good idea?

Mr Young: I think you need to distinguish between taxation of individuals and taxation of economic entities. Income tax is one of the few progressive taxes that we have. We have some taxes that have a threshold before they apply—for example, land tax—and we make various exemptions. Generally speaking, in business GST is levied no matter what you buy. It is charged on net of your payments and your expenses. It is actually quite similar in concept to royalties. Royalties rise with the amount of money that is being spent. When you have a progressive tax system for individuals, it recognises that some of us are not capable of looking after ourselves to the same degree that other people are, and so we redistribute it in sort of a welfare, charity sense. When you are dealing with businesses, I do not think you should have any mercy on any business. They are free to go broke. That is just part of the system of capitalism and free enterprise economics that we have.

One of the problems you get with progressive taxes is that you create traps where the tax moves up. A good example of that which I am fond of raising at the moment is our land tax, which actually discourages private investors from buying a second investment property because they are most likely not paying it on their first investment property, but, given the valuations in Queensland at the moment, when you buy a second one you are paying it. The way you are likely to look at that is to see it coming out of the extra income you are getting, and if you were rational you would make the decision to go somewhere else. That is just one example. We know that in income tax you get problems with people who are under the threshold finding that they lose welfare. They end up paying more income tax than they are actually getting in income after they take costs et cetera into account. It is just a general principle when you are dealing with business that flat tax creates the fewest distortions and it is easiest to understand.

CHAIR: I just want to expand on that. For example, if a company is moving 100 tonnes of coal and the price is very low, you want to put the same royalties tax on them as if the price is very high and they have much more capacity to pay in that current period?

Mr Young: Sure.

CHAIR: When the price is low but they have that midpoint of taxes, wouldn’t that make them more likely to mothball that mine, whereas a tiered system linked to the price of coal makes that less likely?

Mr Young: What you do with a tiered system is encourage marginal suppliers into the market, but that is not necessarily to the benefit of the industry. When you are in the minerals business you tend to look through what the current price is. When it is high, you are aware that it is likely to come down and vice versa. Otherwise, no-one would invest.

CHAIR: My point is that a lot of them do mothball mines when prices go down. Workers actually get hurt by that. I have family in the coal industry and I see mines being mothballed when prices are low. With a tiered system, it is likely that corporate decisions made in Switzerland, London, Tokyo or Seoul are more likely to keep the mine open.

Mr Young: You could look at the other side of things. You could look at the fact that the high tax has already closed a number of mines. I looked at the submission of Bowen Coking Coal, and they have had to close a couple of mines because the tax hit them. I saw the other day in the paper that Stanmore has closed a couple of its underground mining operations. I would imagine that the high tax was part of that.

CHAIR: You are making reference to the level within the progressive tax, not to the concept of progressive tax linked to price.

Mr Young: Why should it be any different from the GST? You pay GST whether you have a business that is not making a profit or one that is. It does not go up because you are making a super profit.

CHAIR: When the Henry review put this forward as the best way, was that not correct?

Mr Young: The Henry review, as I understand it—and you might correct me—was to base it a bit like the resource rental tax we have with offshore oil and gas. You will hear people complaining that they are not getting enough money out of offshore oil and gas, because once you start bringing in concepts of profit rather than turnover you bring the accountants in—I can see you are smiling; you have some experience with accountants—and they will fiddle things around so you pay as little as you can. I prefer turnover because you cannot fudge your turnover.

CHAIR: That is right. If you are paying per tonne of coal moved, you cannot fudge that.

Mr Young: You know exactly where you are.

CHAIR: You talked about the changing nature of opinion and social licence to both gas and coal. You are someone who is in touch with Queensland's opinions. I read your blog.

Mr Young: Thank you.

CHAIR: That is a small plug there. One of the things is that there has been a profound change in the nature of social licence to fossil fuels. People want to see a fair return on royalties. By having it linked to where they have very high prices in that quarter or annualised period, isn't it fair enough that Queenslanders have a share in it?

Mr Young: They do get a share in it. If you have a straight percentage, they are getting more when it is higher. The question is: do you want fewer mines and higher taxes or do you want more mines and lower taxes? Changing the tax regime the way the Treasurer did is discouraging extra investment. As I said, a couple of mines have had to close down. In the long run, we do not know what the extent of that will be. Companies do not all have head offices in New York, Zurich or wherever. Some of them have head offices in Brisbane and some in Sydney and they mine across both here and New South Wales, being the two major mining areas. If they have to allocate capital, all other things being equal it is going to go to New South Wales; it is not going to come here.

CHAIR: For the most part they are different products. Coking coal is quite significantly different from the thermal coal of the Hunter Valley.

Mr Young: Sure. Yes, but still there is coking coal in New South Wales.

CHAIR: It is quite significant.

Mr Young: If you are going to make the capital allocation and you have the choice, I am pretty sure I know where it is going to go. A company like Yancoal is basically New South Wales but they are moving into Queensland. They will probably move into Queensland a lot more slowly because of this.

CHAIR: I am not an expert on the Henry review, but the general principle was that to build strength and social licence in these commodities and also to get the best return for the Australian taxpayer they have a progressive system that linked price profits to returns on royalties to the Australian taxpayer.

Mr Young: I will have to go and read the Henry review again.

CHAIR: We probably have some experts coming up next who will tell us.

Mr Young: Okay. My understanding was it was more to do with profits than a tiered approach to royalties. As your previous witnesses pointed out, the prices have been going up in terms of the costs of actually doing business. A few years ago, coal companies at the more productive end were quoting something like 75 bucks a tonne to process. We are now up over $100, so there has been considerable inflation. They also suffer from high power prices. There is a lot of electricity and so on that goes into mining. When you start trying to fiddle around with tax rates, to make sure that as many people as possible can stay in you have to keep an eye on all of this sort of stuff. I would suggest most governments are not going to be able to do that particularly successfully. Just cut a flat deal, stick with it and the industry will sort itself out.

CHAIR: So you would strike a midpoint in the progressive coal royalties and have it flat?

Mr Young: No. I think you have to be competitive with New South Wales at the very least.

CHAIR: So you would have a much lesser return for Queensland taxpayers?

Mr Young: It depends how many coalmines you have. If you increase the number of coalmines significantly—and there are applications out there; we all know there are—then that will have the result of maintaining to a certain extent the revenue coming into the state. I should make the point in terms of the social licence that it has been really unfortunate the way coal has been demonised, because if you want the energy transition it requires a whole lot of things that you need, particularly coking coal, to make. There is a lot of steel in the energy transition. If we are going to transition, the figures I see suggest we need orders of magnitude of activity over where we are which means we are going to need a lot more coal, not less.

CHAIR: On that point, you also brought up that this bill is about wedging the opposition, so you feel confident that the opposition's policy is to do what you are saying—lower prices and then a big increase in the number of coalmines?

Mr Young: No. I noticed the Treasurer flattered me when he said the other day in parliament that I really speak for the Liberal Party, but it is not true. I wish I did, but it is not true.

CHAIR: There must be many who sympathise with your views within the Liberal Party, coming from the Liberal Party as you do.

Mr Young: I am not sure that most people in the party think too—

Mr STEVENS: Point of order, Chair: what does this have to do with the legislation before this committee?

CHAIR: It was put forward by Mr Young that this was about wedging the opposition. If the opposition's alternative policy is being revealed through this, given Mr Young and his long history—you would no doubt know him through his long history—he might tell us about the opinions of members who are perhaps not talking about it but being wedged by this as he said, so I just wanted to question him about what he meant by wedging the opposition.

Mr Young: What I meant was: it was an attempt to get the opposition to say something that would indicate that somehow the coal royalties are not going to be there so that when it comes to the election campaign and the costings come out people will say, 'Hang on, you've got a $5 billion or a $10 billion'—or whatever it is—'black hole.' That does not appear to me to have been successful, and you are in a better position to judge the trustworthiness of Mr Crisafulli than I am.

CHAIR: Your opinion is that by decreasing the price we would increase the number of coalmines and therefore increase the royalties?

Mr Young: By retaining the previous royalty system, or something pretty close to it, I think you would optimise the amount of money over the long term that the Treasury gets. I think what you really did was just cut the top off an extraordinary spike, but I guess in time inflation might make that spike less extraordinary. These rates are not being adjusted up; they will stick there, so it may well be that it takes more out than it should in the future.

CHAIR: And you think that is broadly the position of the opposition?

Mr Young: No, I have not had any conversations with the opposition on it.

CHAIR: Are there any further questions? Member for Macalister?

Mr CRANDON: Chair, point of order: this gentleman has, on several occasions, made it clear that he has nothing to do with the opposition, but I think what is clear in your mind is that this bill is about the next four months, not the next four or 40 years for Queensland.

CHAIR: All right. There is no point of order, Mr Crandon.

Mr CRANDON: You are worried about the next election instead of worrying about the future of Queensland.

CHAIR: There is no point of order. I appreciate that I have had more points of order—all of them attempting to make political statements—

Mr CRANDON: Keep the politics out of it. I am sorry, Chair, but you have got to be kidding!

Ms CAMM: Chair, I think you have made more political statements than everyone else combined today.

CHAIR: Sorry, Ms Camm, did you have a point of order?

Ms CAMM: No, Chair. I will withdraw that comment.

CHAIR: I think Mrs McMahon, the member for Macalister, has a question.

Mrs McMAHON: Yes. Going back to the submission, I was looking at the tables you provided in your submission on the royalty regimes across various states. Notwithstanding your comment that Queensland had one of the highest royalty rates—I am looking at your table—South Australia and Tasmania also have the lowest royalty rate when prices are low. Is that a fair assessment?

Mr Young: They just have the lowest royalty rates overall, but it is a bit immaterial because they do not mine a lot of coal.

Mrs McMAHON: Yes, so I understand now. Notwithstanding South Australia and Tasmania and why they are quite low, but certainly compared to New South Wales and Western Australia, looking at your table there, when the coal price is at its lowest Queensland actually does have the lowest rate?

Mr Young: I see what you mean. Yes, that is true.

Mrs McMAHON: We have all heard today several times that mining and pricing is a very cyclical thing, but Queensland mines are better able to withstand those lower priced times with a lower rate?

Mr Young: I thought I had another table here, Mrs McMahon, but at the seven per cent rate most coalmines in Queensland are actually making a loss. So it assists them marginally to stay in business, but you would not open up a new coalmine just to pay the seven per cent royalty.

Mrs McMAHON: Correct, but we have heard that these plans are generally made 10 years or so in advance, given the planning timetables and construction timetables.

Mr Young: Sure.

Mrs McMAHON: Nothing further from me, Chair.

CHAIR: As there are no further questions, thank you, Mr Young—and I once again give a plug to his interesting blog. I do not always agree with it, but I appreciate both his appearance and his ideas in terms of the Queensland discussion. Thank you, Mr Young.

Mr Young: Thank you very much, Mr Power.

McKEE, Mr Simon, Commissioner of State Revenue, Queensland Revenue Office, Queensland Treasury

MEW, Mr Jason, Director, Chief Revenue Counsel, Queensland Revenue Office, Queensland Treasury

CHAIR: Welcome. Mr McKee, I invite you to make a brief opening statement, after which members will have some questions for you.

Mr McKee: Thank you, Chair. I would like to respectfully acknowledge the traditional owners and custodians of the land on which we meet here today and pay my respects to elders past, present and emerging. The department has provided a brief to the committee and a response to each of the written submissions, so I do not propose to repeat those here. However, I would reiterate that the bill implements the decision of the government that there should be appropriate visibility and parliamentary consideration of any proposed decrease to the coal royalty rates to protect the integrity of the progressive coal royalty rates that were introduced as part of the budget in 2022-23. I am happy to take questions from the committee.

CHAIR: Thank you. Deputy Chair, do you have any questions for the Treasury?

Mr STEVENS: No questions. I just do not understand how we get a policy comment from a Treasury official. No questions; thank you, Chair.

CHAIR: I do not think we did. If you wanted to highlight something, I am happy, but he merely said that it was a policy decision and I thought it was completely fit and proper. I do not know if I missed anything. I am happy for us to check that in *Hansard*, but my understanding is that his statement was that it was the implementation of a policy decision of the Queensland government, which is entirely fit and proper. Mr McKee, I have a question for either you or Mr Mew. Given that we saw this decision taken in 2022, have we seen any changes in employment and tonnage during that period?

Mr McKee: I think those responses were covered in the Treasury's—

CHAIR: They were, but they seem to have been missed.

Mr McKee: Okay. I will refer to that, if you wish.

CHAIR: For our many thousands listening online, I wanted to get a different perspective on the debate, bringing in the facts that Treasury records regarding revenue and the workforce.

Mr McKee: Mr Carey stated that employment in Queensland coalmines reached a record high in September 2023. The latest data from the Queensland Mines Inspectorate showed that 44,630 people are coal workers or employed in Queensland coalmines as at 31 December 2023. That is up 9.4 per cent over the course of the year and is 17.5 per cent higher than the June 2022 level of 37,970 people. That continues to be strong growth in the number of people employed in Queensland coalmines.

CHAIR: Thank you for being so disciplined as to re-read Mr Carey's comments—9.4 per cent. In the future estimates we see a lower expectation of coal price and a correspondingly lower amount of revenues in the Queensland budget; is that fair to say?

Mr McKee: It is fair to say, and I am reading from Budget Strategy and Outlook Budget Paper No. 2 2024-25 on page 119 at table 4.5. In 2023-24 the estimated actual coal royalty is $10,541 million and in the budget in 2024-25 it is $6.233 billion.

CHAIR: That royalty obviously is reflective of the rates that they can sell the coal at, but it would be a reduced burden on them as they have less profits individually as companies?

Mr McKee: My understanding is that is the design of the coal royalty rate structure currently.

CHAIR: Thank you. Are there any questions? Member for Mount Ommaney?

Ms PUGH: I am happy to if the deputy chair does not have any. Just for the benefit of our many listeners online today, we heard in an earlier hearing—I think also from Mr Carey—about the six tiers. Could you just outline for the benefit of those watching for the first time today what those six tiers are and at what point they each kick in, so how much per tonne you would be receiving for your coal?

Mr McKee: I thank the member for the question. We will just get that.

Ms PUGH: According to the new scheme that started in 2022.

Mr McKee: Obviously the coal royalty rates are prescribed under a Mineral Resources Act regulation. Prior to July 2022 the regulation prescribed a three-tier coal royalty rate structure, with the applicable royalty rate determined based on the average price per tonne of coal sold, disposed of or used in that period. The tiers are: seven per cent on the part of the average price per tonne up to and including $100; 12.5 per cent on that part that is more than $100 but is less than $150; and 15 per cent on that part that is more than $150. As part of, as you say, the 2022-23 state budget, amendments were made to the regulation to prescribe an additional three tiers, with effect from 1 July 2022. That added: 20 per cent on the part of the average price per tonne that is more than A$175 and not more than A$225; 30 per cent on that part that is more than A$225 and not more than A$300; and 40 per cent on that part that is more than A$300. The additional tiers were designed to ensure that Queenslanders received their fair share of return on the use of the state's valuable and limited natural resources when coal prices are high.

Ms PUGH: Would you consider $300 per tonne to be a high price?

Mr McKee: I thank the member for the question, but I am here really to answer factual and technical information about the bill.

CHAIR: I might rephrase it: is $300 per tonne a historically high price?

Mr McKee: Yes.

Ms PUGH: Thank you. Obviously this decision was taken two years ago, and I believe in a prior hearing we heard that over the six-year projected estimates we would receive slightly over $12 billion from the royalties. If that money was not coming from coal royalties, what are some other ways that the government would be able to get that income to pay for the programs we are funding?

Mr McKee: I thank the member for the question but, as I indicated before, I can only provide factual and technical information about the amendment before us.

CHAIR: I think it would be factual or technical to say that they might seek other sources of revenue, but anyway. Do any members on the phone have any questions?

Ms CAMM: No, Chair.

Mr CRANDON: No, thanks.

CHAIR: I might turn to the member for Macalister.

Mrs McMAHON: Thank you, Chair, and thank you, gentlemen, for being here this morning. The previous witness made reference to a number of closures of coalmines in the last year or so. Is that something that Treasury can confirm or is aware of and what those closures might be linked to?

Mr McKee: I thank the member for the question but, as I indicated, I can only provide factual and technical information to the committee about the amendment itself. Treasury does monitor the activities in the coalmining industry and openings and closures, but I do not have that information to hand.

Mrs McMAHON: Thank you, Chair.

CHAIR: As a principle of tax construction—and I am not sure whether this is for you or Mr Mew—the Henry tax review did put forward that we align our royalties regimes more closely with the profits and the prices that companies receive and in that way we could get a better return for the Queensland taxpayer. Is that the correct characterisation of the Henry review on these issues?

Mr McKee: Whilst I was a student of federal income tax, I do not practise it so I would prefer not to answer that question on the basis that I do not have any expertise in that area.

CHAIR: No worries. There being no further questions, I thank you very much for your appearance here today. I note that there have been no questions taken on notice from any of our witnesses. With that, I want to thank them all for appearing before the committee today and providing evidence. I thank everyone for the information they have provided here today and thank our Hansard reporters and broadcasters for their assistance. With that, I note that a transcript, due to our wonderful Hansard reporters—and thank you to our broadcast staff as well—of these proceedings will be available on the committee's parliamentary webpage in due course. I declare this public hearing closed.

The committee adjourned at 11.33 am.