



Speech By  
**Hon. Cameron Dick**


**MEMBER FOR WOODRIDGE**

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## **MINISTERIAL STATEMENT**

### **Coal Industry, Royalties**

 **Hon. CR DICK** (Woodridge—ALP) (Treasurer and Minister for Trade and Investment) (9.46 am): Every time there is a change to coal royalties, the message from the coal industry is the same. They said it in 2001. They said it in 2008. They said it in 2012 when the Newman LNP government put up coal royalties without any consultation. The reality is that the industry is going so well at the moment that they are facing a mining labour shortage. Only last week, on 16 June, the *Courier-Mail* reported 'Six-figure salaries, 10k sign-on bonuses as mining jobs boom hits'. The report by Glen Norris stated—

It is a good time for workers in the resources sector, with 85 per cent of advertised jobs paying six-figure salaries as mining companies struggle to find people with the right skills.

This shows that the industry is at capacity. It is no wonder, with the price of coal trading at record highs. Coal producers are trying to extract as much coal as they can, to take advantage of these windfall prices. Why would they not? Our new progressive royalty tiers will ensure that the people of Queensland also receive a fair share of those windfall proceeds.

Independent industry analysts confirm the new royalty tiers announced in this week's state budget do not represent fundamental change to industry dynamics. For example, Barrenjoey analyst Glyn Lawcock acknowledged that while the royalty change would impact coal company profits, he expected the impact on near-term investment decisions to be 'minimal'. Royal Bank of Canada capital markets analyst Kaan Peker concurred with that assessment. In the *Australian Financial Review* this week he is quoted as saying he doubted the royalty change would see mines curtailed in the state. In the *Courier-Mail* yesterday, Shaw and Partners analyst Peter O'Connor said that 'the medium to long-term impact is minimal'.

We have also seen the financial markets take these changes in their stride, when it comes to investing in coal producing companies. We only need look at the share price of coal companies, many of whom were quoted in the *Courier-Mail* today. The share price of all but one of them went up yesterday. The share price of each of them is significantly above their long-term averages.

New Hope Corporation was up four per cent yesterday and has nearly doubled over the past year. Stanmore Resources went up 12 per cent yesterday and its share price has doubled in three months. Bowen Coking Coal's share price went up 21 per cent yesterday and its share price has doubled over the last six months. Yancoal's share price was flat yesterday but it has still doubled over the past six months.

I note that, of all of these companies I have mentioned and are quoted in the *Courier-Mail*, there are only two of them—Stanmore and Bowen Coking Coal—who actually have coal operations in Queensland. If this royalty change was as bad as they say it is, why did their share price go up yesterday? Why is their share price 100 per cent higher than it was six months ago?

No company likes paying taxes or royalties. That is why coal companies spent the 2020 election campaign unsuccessfully demanding a further commitment from our government to extend the freeze on coal royalties. The share prices of these coal companies tell you that these royalties will not damage the industry. This change has been specifically designed, based on Queensland Treasury advice, to ensure a share of windfall profits while still protecting companies should coal prices go down.

Let me tell the House that there is no greater supporter of the coal industry than the Queensland Treasury. Treasury officials support this industry and the contribution it makes to the budget, as we all do. The investment community recognises this reality. That is why share prices related to Queensland coal production are performing very well—and long may that continue.