

# QRC State of the Sector Report

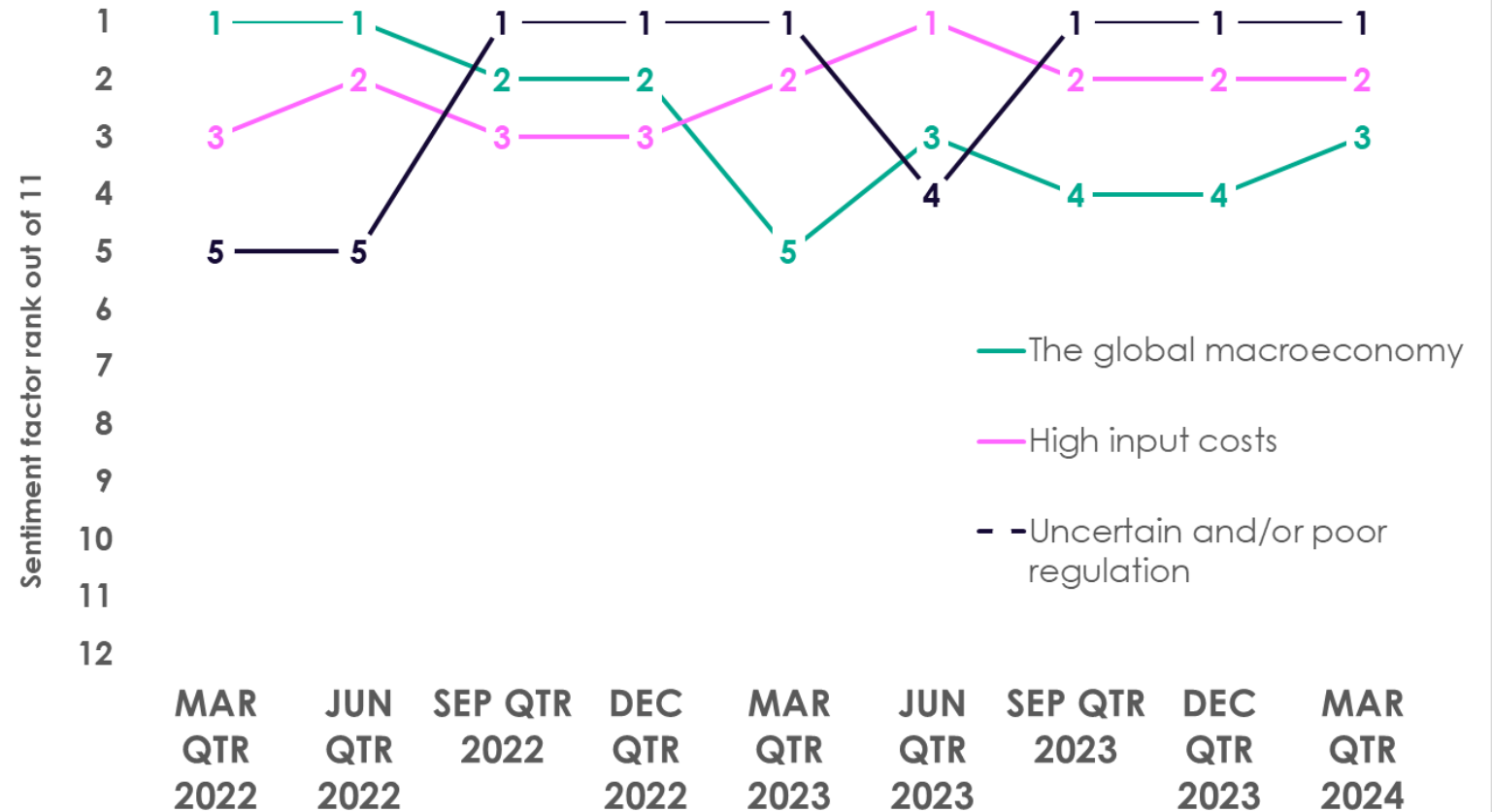
Review of March Quarter 2024



# QRC CEO SENTIMENT SURVEY

- Sample size is typically 20 to 35 responses across mining and gas, minerals processing, contracting, exploration, electricity generation
- Uncertain and/or poor regulation number one concern for three consecutive quarters
- Interest rates remaining higher for longer and regional conflicts drive global macro concern

## Regulatory uncertainty a chief concern



# CEO Sentiment quotes from member CEOs:

*“The regulatory framework is changing - some via operational policy or assessment guidelines, which is adding costs and time.”*

*“Unpredictability of government policy (like coal royalties) remains a concern.”*

*“Any further regulation or legislation changes that impact costs, operational models, labour, approvals etc would result in significant changes within the business.”*

*“ A changing regulatory space at both the federal and state level ... insufficient resourcing for approvals.”*

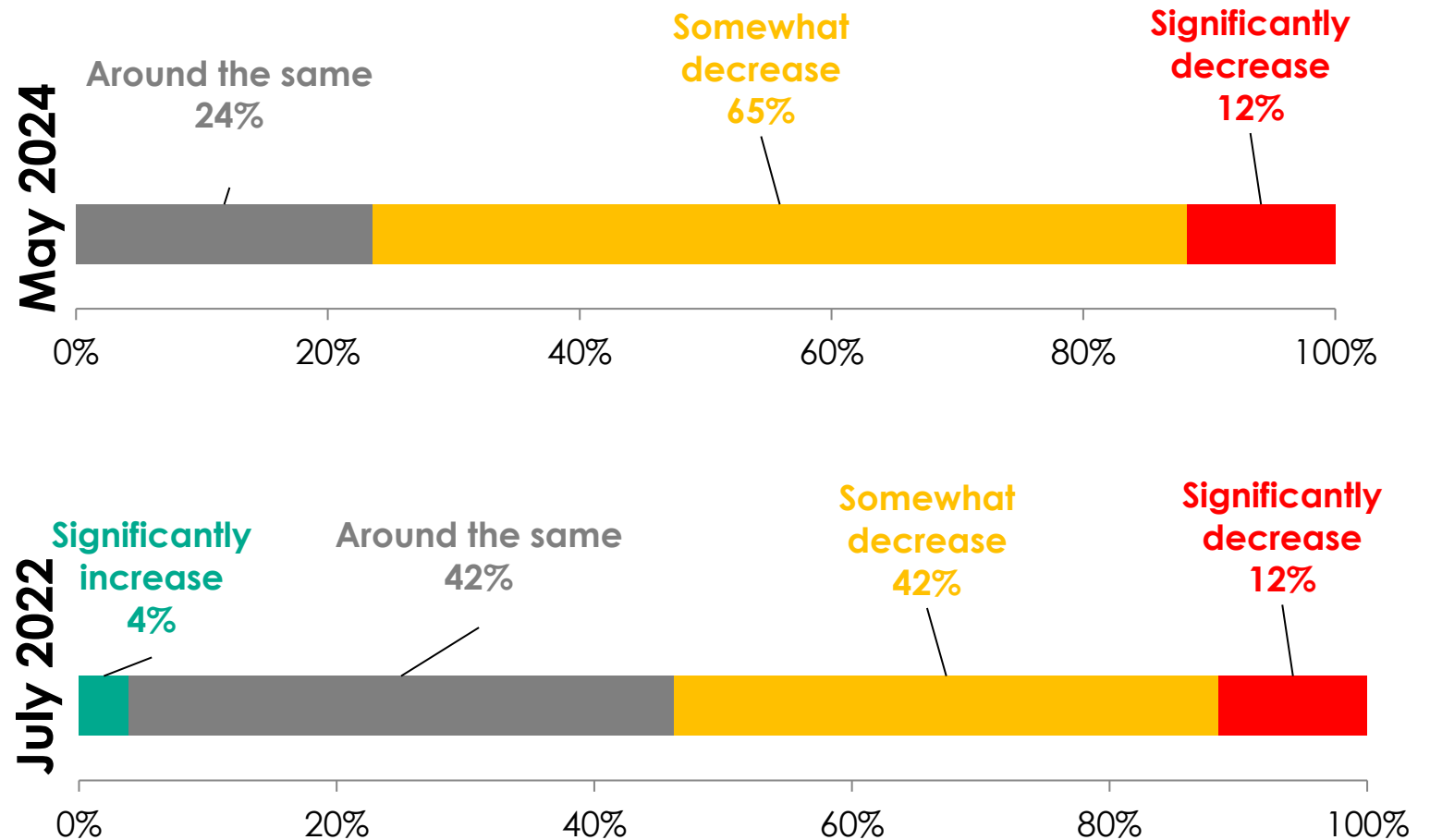
*“Industrial relations legislation and the splitting of the Nature Positive legislation continues to present uncertainties for the industry in an Australian Federal Election year; and finally, the outcome of the QLD State Election could present some fresh issues.”*

**QRC member CEOs, May 2024**

# Coal royalties impacting expansion plans

- Around three quarters (77%) of CEOs said it has decreased the likelihood of expansions at existing operations
- A strong increase on the 54% in July 2022

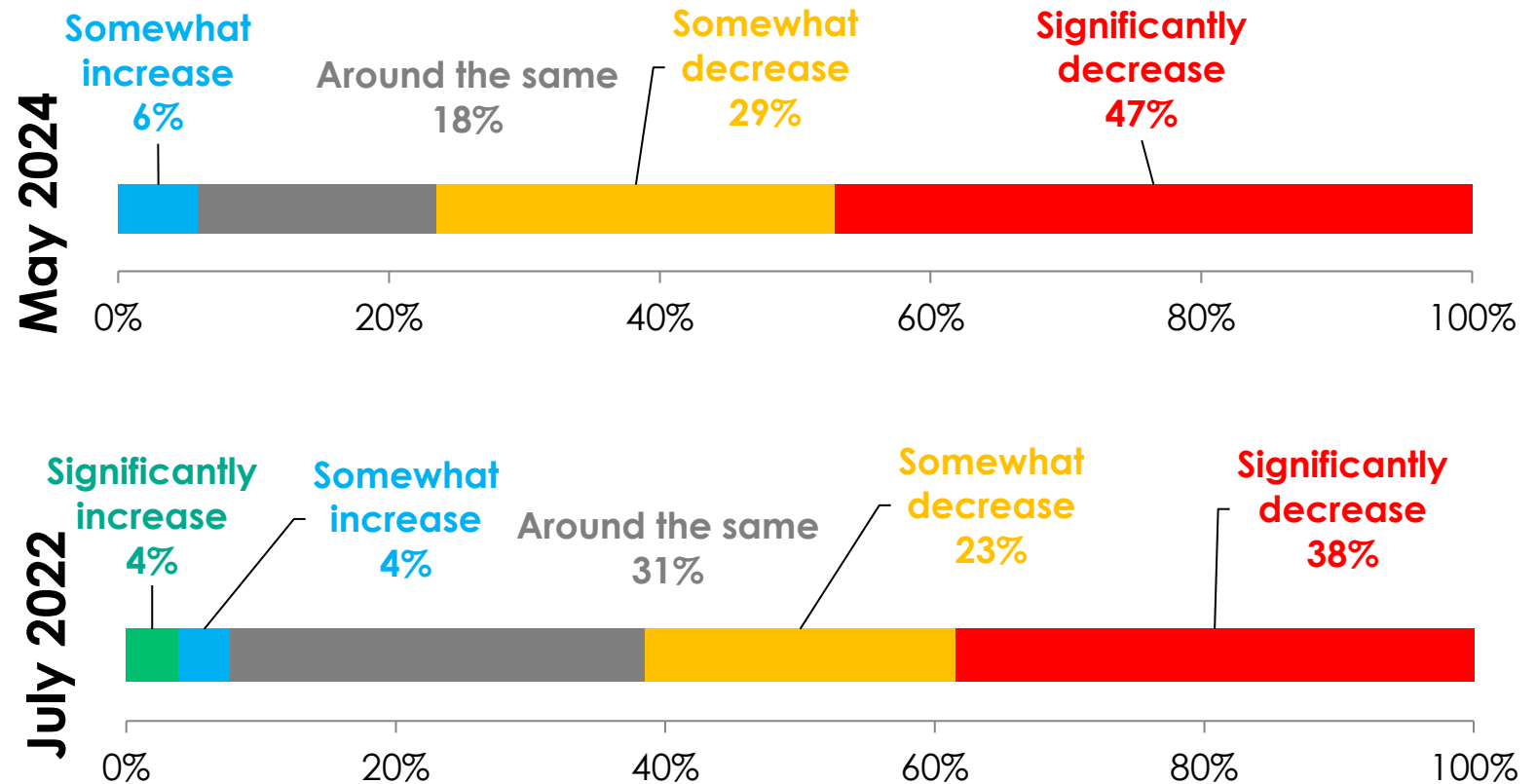
## CEOs' five-year outlook: coal royalty impact on likelihood of expansions at existing operations



# Coal royalties impacting new projects

- 77% of CEOs said it has decreased the likelihood of new projects (an increase from 62% in 2022)
- 71% of non-coal CEOs said it has decreased likelihood of new projects

## CEOs' five-year outlook: coal royalty impact on likelihood of new projects



# QRC CEOs on coal royalties:

*“While the royalty increases do not directly impact us, the Government’s willingness to change fundamental inputs significantly increases the risk associated with what is a high-cost investment destination”*

*“New royalty burden is killing investment.”*

*“Full capital strike on any expansion activities, sustaining capital only.”*

**QRC member CEOs, May 2024**

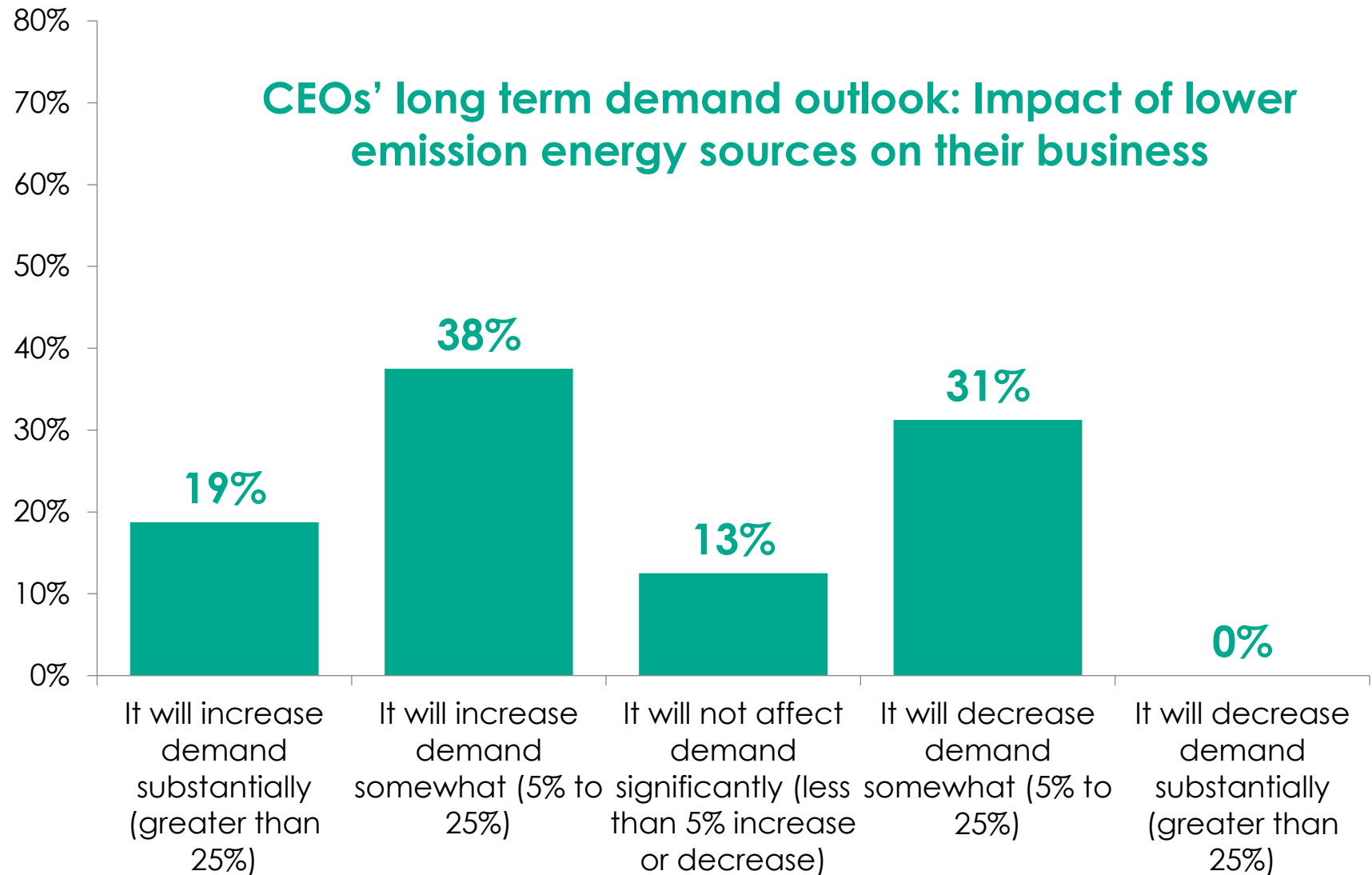


# Lower-emission tech to boost many QLD resources

QRC CEOs  
said:

“Metallurgical coal is an essential input to steel which will be needed in greater quantities to help society achieve its decarbonisation goals and targets”

“We are supplying to South East Asian markets where demand is growing”



# CEOs reducing emissions and waste

Queensland resources operations are looking at a range of emission and waste initiatives:

- Renewable power
- Fuel efficiency
- Gas drainage and abatement
- Fuel switching
- Tyre and oil recycling
- Wastewater recycling



**50%**

already use renewable energy to power parts of their resource operations today

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**67%**

expect to undertake further investments to reduce emissions

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**36%**

to invest in initiatives to reuse or recycle



## **It will take a range of options to reduce emissions: QRC CEOs**

*“We will power our coal operations with wind and solar energy in a power purchase agreement that will help sustain four large-scale renewable energy projects. We will buy wind and solar energy from Clean Co, a government-owned renewable energy retailer, to power up to 50 per cent of our Queensland coal operations by 2030.”*

*“We are running gas drainage and abatement pilots”*

*“Fuel use reduction program, study in progress for solar plant at site”*

*“Reduced fuel use is the major focus area for us”*

*“We are changing from diesel power to grid power”*

**QRC member CEOs, May 2024**