

Frequently asked questions + Mythbusters

QUEENSLAND COAL ROYALTIES

June 2026

Q1. What are coal royalties?

A. All coal producers in Queensland pay royalties to the Queensland Government for the right to mine coal, for the benefit of the whole state. Coal royalties are essentially a tax on coal production paid by producers who invest hundreds of millions of dollars across many years to extract coal and carry all the project risk. Royalties are paid to the state government on top of all the other taxes coal companies are required to pay, including company tax, payroll tax, land tax and council rates.

Q2. Why are coal royalties important?

A. Coal royalties help keep the entire state running, including essential frontline public services and infrastructure. A stable royalty system helps the State Government with long-term planning and service delivery that would otherwise have to be funded through higher taxes, more debt or from other sectors. Royalties are charged because Queensland resources collectively belong to and benefit all Queenslanders.

Q3. Where do royalties go?

A. Coal royalties help fund essential frontline public services and infrastructure across Queensland including: hospitals and healthcare, schools, transport, law enforcement, emergency services, cost-of-living measures, housing programs and community services and infrastructure.

Q4. Why are royalties so important for regional towns?

A. Royalties fund services for cities and towns. The regions, home to the miners and mines who generate royalties, deserve a much fairer return. A royalty system calibrated to current market conditions would still deliver strong returns for government while supporting long-term industry viability and improving services and infrastructure in regional communities.

Q5. How much money do coal royalties generate?

A. Coal royalties have consistently generated billions of dollars for Queenslanders for decades. In the past decade alone, 2015-16 to 2024-25, the coal sector paid \$57 billion in royalties (Source: Qld Treasury Budget Papers: Taxation and royalty revenue table). In the same 10 years, coal generated more than \$598 billion of value add to the Queensland economy (Source: Lawrence Consulting). In 2024-25, the coal sector paid \$5.5 billion in royalties. This financial year 2025-26, \$5.4 billion is expected to be paid in royalties. Record royalties were paid in 2022-23 (\$15.36 billion) and in 2023-24 (\$10.52 billion) because coal prices were at record highs.

Coal prices have since fallen substantially but rates have not, which has had serious impacts placing significant cost pressures and eroded margins for producers, but remain a major source of government revenue. Royalties are paid irrespective of whether coal producers break even or make a return. Producers bear all the risks of the mult-million dollar costs and capital to extract resources with no risk to the Queensland Government.

Financial year	Coal royalty revenues paid in \$billions
2013-14	\$1.95b
2014-15	\$1.61b
2015-16	\$1.70b
2016-17	\$3.41b
2017-18	\$3.74b
2018-19	\$4.37b
2019-20	\$3.52b
2020-21	\$1.74b
2021-22	\$7.24b
2022-23	\$15.36b
2023-24	\$10.52b
2024-25	\$5.47b
2025-26	\$5.39b (estimated)

(Source: Queensland Treasury, 2025-26 Mid-Year Fiscal and Economic Review)

Q6. How are coal royalties calculated?

A. Royalties are calculated as a percentage of the value of coal sold. Queensland has a tiered system with six different rates between 7% and 40% depending on the coal sale price per tonne. If prices rise, more royalties apply; if prices fall, less royalties are paid.

Q7. What are the current coal royalty rates in Queensland?

A. Unlike other states and countries, Queensland has had a tiered system with six different royalty rates since 1 July 2022. Higher royalty rates apply to coal prices above set thresholds with a maximum rate of 40% and minimum of 7%. Those tiers were set when coal prices were at record highs. Coal prices have since fallen substantially but rates have not, which has had serious impacts placing significant cost pressures and eroded margins for producers.

Many countries have different systems and approaches for resources. Some countries own much of their oil and gas production compared to Australia's private investment models. Those countries run a high-profit tax model, which is a different structure from Queensland's tiered coal royalties on sales value.

Coal price (A\$/tonne)	Royalty rate
Up to \$100	7%
Above \$100 to \$150	12.5%
Above \$150 to \$175	15%
Above \$175 to \$225	20%
Above \$225 to \$300	30%
Above \$300	40%

Q8. What were the coal royalty rates in Queensland before 2022?

A. Queensland had a simpler three-tier system, which had been stable for more than a decade. The maximum royalty rate was 15% and the minimum was 7%.

Coal price (A\$/tonne)	Royalty rate
Up to \$100	7%
Above \$100 to \$150	12.5%
Above \$150	15%

Q9. When are royalties paid?

A. Royalties are paid monthly or quarterly, depending on the size of producers, and based on the average price of coal sold per tonne. Royalties are paid regardless of whether a project or company is profitable or not.

Q10. How do Queensland's coal royalty rates compare with other states?

A. Queensland has had the highest coal royalty rates in Australia and in the world since 2022. Queensland's top tier rate of 40% is nearly four times the global average of 12.9% and much higher than every other state, with NSW's top tier rate of 10.8%. Even Queensland's second tier rate of 30% exceeds every other country's maximum rate.

Jurisdiction	Coal royalty rate (max)
Queensland	40%
Global average	12.9%
NSW	10.8%
WA	7.5%
TAS	5.35%
SA	5%

Q11. How do Queensland's coal royalty rates compare internationally?

A. Queensland has had the highest coal royalty rates in the world since 2022. Most other states and countries have simpler and lower royalty rates. Queensland's top tier rate of 40% is nearly four times the global average of 12.9%, compared to NSW's top rate of 10.8% and Canada's 15%. Queensland's second highest rate of 30% still exceeds any other global maximum rate.

Q12. Why are Queensland's coal royalty rates so high?

A. The current high royalty tiers were introduced in July 2022 during a time of record high coal prices. Coal prices have since fallen substantially but rates have not, which has had serious impacts placing significant cost pressures and eroded margins for producers. The policy has not been reviewed and has not kept pace with reality.

Q13. Why should coal royalties be changed now?

A. The rate structure introduced in July 2022 was introduced for a specific moment: record coal prices that were never expected to last. Conditions have changed. The policy has not.

At four times the global average and nearly four times the maximum rate in NSW, Queensland has the world's highest coal royalty rates. Capital is allocated in a global market. When Queensland prices itself out, investment decisions go to NSW and overseas. The jobs and royalties that would have come here do not.

Current rates are too high and out of step with global competitors, harming coal investment, reducing jobs and weakening regional economies over time. Queenslanders should see the benefit of their natural resources, but without policy change, funding for hospitals, schools, roads and major projects like the 2032 Olympics will be at risk as the sector continues to contract.

The coal mining investment decisions that keep regional Queensland strong were not made with the next budget cycle in mind. Coal mines are planned in decades. Long-term decisions on royalty settings, made beyond the pressure of the budget cycle, will grow the investment and royalty base for all Queenslanders. **A growing sector pays more in royalties over time. A shrinking one pays less.**

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Responses to common questions, objections and counter-arguments about coal royalty reform.

Q14. Don't companies pay more when coal prices are high and less when they drop? What's not fair about that?

A. Royalty revenues do rise and fall with coal prices, and they have come down substantially from the record highs of 2022 and 2023. But the rate structure itself, the six tiers and their thresholds, was set in 2022 for exceptional market conditions that have since passed. Three things have changed that the structure does not reflect.

First, coal is priced in US dollars but royalties are calculated in Australian dollars. When the Australian dollar strengthens against the US dollar, producers are pushed into higher royalty tiers even when the underlying coal price has not moved. Producers have been regularly triggering the 30% and 40% tiers since late 2025 because of this exchange rate effect.

Second, operating costs have risen 29% since 2022. The royalty thresholds take no account of that. A producer at the same price point today faces far thinner margins than in 2022 but pays the same tier rate.

Third, at every price point, Queensland producers pay more than their competitors in other states. Even at Queensland's second tier (12.5% on coal priced between \$100 and \$150 per tonne), producers pay more than NSW's maximum rate of 10.8%.

The review being sought is of the rate structure: the thresholds and percentages set in 2022, which have never been updated to reflect conditions that have fundamentally changed.

Q15. How often have coal companies been paying those top tier 30% and 40% rates?

A. Coal has continued to trigger top tier rates since December 2025 due to the diesel price/supply crisis, US exchange rates, Indian demand for coal and Queensland rain and flooding impacts. Earlier in 2025, companies were regularly triggering the 30% royalty rates. Even prolonged exposure at an average rate of 20% has substantial impacts on the industry.

Sustained exposure at these rates makes Queensland coal fundamentally uncompetitive with producers in other states and internationally. When companies allocate capital globally, Queensland projects face a structural cost disadvantage that cannot be absorbed through operational efficiency alone. Investment decisions go to lower-cost jurisdictions, and Queensland loses not just on the current project but on every future decision that could have come here.

Q16. Has the impact of royalties been overstated because coal miners are still making profits and there is interest in new investment?

A. Queensland's royalty rates are unsustainable and harming the coal sector. The sector shrank by \$9.6 billion last financial year, with coal jobs down 24% between 2022 and May 2025 and more than 1,000 coal worker jobs lost since. There was a \$3.44 billion fall in direct spending by all resource companies across regional Queensland in 2024-25, and regional Queensland has no economic buffer: when resources contract, communities contract with them.

Local business and community spending fell \$3.2 billion in the Mackay and Fitzroy regions alone last year, both major coal producing regions. Coal companies will continue having to make tough decisions while the current rates are in place. Investment decisions for mines operating today were made decades ago. Fewer investment decisions today means fewer jobs and opportunities for Queensland's future. At four times the global average, Queensland's royalty rates make it the most expensive jurisdiction in the world to mine coal. That is a structural competitive disadvantage. Capital goes where returns are achievable. Increasingly, that means NSW and other countries are winning investment decisions that would otherwise come to Queensland.

Q17. If royalties really are hurting investment and harming the sector, why are there still active coal mines?

A. The number of mines has fallen, with 60 active mines at the previous high in 2024 compared to 59 in 2025. Coal is a cyclical industry and producers play a long game, banking profits when coal prices are high to get through the lean times when prices fall. Companies make commercial decisions around the operations and longevity of mines, weighing coal prices against operational and maintenance costs. Recent transactions in Queensland's coal sector largely reflect the transfer of existing assets rather than substantial new capital, new production, new mines or new jobs.

Q18. Coal royalties alone aren't solely to blame for all the coal sector's challenges because there are many factors at play, right?

A. Many factors do impact the investability, longevity and profitability of operations: coal prices, exchange rates, capital availability, business costs, regulations, weather, global commodity demand and geopolitical risks. At a time when the industry is facing severe inflationary pressures on production costs, the world's highest royalty rates compound every other challenge. Current rates significantly reduce Queensland's competitiveness and the appeal of its coal and resources sector.

Q19. Queenslanders expect a fair return from coal and all resources so isn't it fair that coal companies step up and pay their way?

A. Queensland's coal sector has paid billions in royalties for decades and continues to do so. In the past decade, it paid \$57 billion in royalties alone. The question is whether the current rate structure, introduced in 2022 during record coal prices and never reviewed, is calibrated correctly for conditions that have fundamentally changed. At four times the global average and higher than any other jurisdiction in the world, current rates are compressing margins, stalling investment and costing jobs. A rate structure that drives investment to NSW or overseas, and shrinks the producing sector, ultimately delivers less to Queensland. **A growing sector pays more in royalties over time. A shrinking one pays less.**

Q20. Why would royalties change when the Government, the Premier, Treasurer, Deputy-Premier and Resources Minister have all said there will be no change?

A. The current royalty rates were introduced as a super profits scheme by the former government. The current government has been firm about not changing the scheme it inherited and has worked returns into forward budget estimates. Conditions have changed substantially since 2022. The rate structure was designed for record coal prices that have since fallen. Operating costs are up 29%. Producers are triggering the highest royalty tiers not because prices are high but because of AUD/USD exchange rate movements.

After four years with a policy that has put the coal sector under serious pressure, a review of royalty settings is the sensible step. Queensland needs to remain competitive to secure its economic future and deliver for the budget bottom line. **A growing sector pays more in royalties over time. A shrinking one pays less.**

Q21. How do you make the coal royalty rates better for the industry and also preserve long-term royalties for Queensland?

A. A review of the rate structure is the right starting point. The current tiers and thresholds were set in July 2022 for exceptional market conditions that have since passed. A review would assess whether the thresholds reflect current market realities, account for the AUD/USD exchange rate effect on which tier producers fall into, and calibrate rates to what is genuinely competitive with other coal-producing jurisdictions.

The goal is not to eliminate the tiered system but to ensure its structure reflects conditions as they are now, not as they were in 2022. A royalty structure that keeps Queensland competitive will produce more royalty revenue over time than one that drives investment away. **A growing sector pays more in royalties over time. A shrinking one pays less.**

Q22. What does coal contribute to the state and what's at risk from not changing the coal royalty rates?

A. What is at risk is more than royalty revenues. It is jobs, community services, investment, local businesses, regional futures and livelihoods.

Each year the Queensland Resources Council (QRC) produces an annual report on the extent of all economic contributions including employment, local business spending and community support for all resources in Queensland including coal.

[The Queensland Coal Sector Economic Contribution Study 2024-25](#) showed Queensland's coal sector had contracted by \$9.6 billion last financial year compared to the previous. It also showed a respective drop in local business spending of 18.2% in Mackay and 19.5% in Fitzroy, both major coal producing regions.

In 2024-25, coal:

- contributed \$76 billion to the Queensland economy
- supported 360,745 jobs in total, and 48,235 full-time workers directly employed in Queensland (12% of all jobs in Queensland)
- paid Queenslanders \$5.6 billion in wages and salaries
- spent \$23.8 billion locally to support more than 7,660 businesses, 810 community organisations and local governments
- generated \$5.5 billion in royalties to fund essential public services and infrastructure
- contributed 15% of Queensland's gross state product

As investment decisions go against Queensland and move to NSW or overseas, the royalty base shrinks with them.

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Q23. How much of an economic contribution do all of Queensland's resources make, and how does Queensland compare with other states?

A. Queensland leads the country on the scale of economic contributions from its resources sector.

State	Total economic contribution of resource sectors, 2024-25
QLD	\$115.2 billion
WA	\$114 billion
NSW	\$22 billion
NT	\$8.4 billion
SA	\$4.9 billion
TAS	\$3 billion
VIC	\$1.2 billion

Q24. Has there been any review of Queensland's coal royalties policy?

A. Yes. The QRC commissioned a three-year review of the current royalty policy settings to understand the true cost of the policy to the industry and to Queensland.

It found the policy had put the coal sector in structural decline and posed significant risks to the state's long-term economic resilience, due to:

- Queensland having the world's highest coal royalties since 2022.
- Coal jobs falling 24% year-on-year to May 2025, with more than 1,000 losses since July 2025.
- Average coal production costs have risen 29% since 2021-22.
- High royalty settings have disincentivised reinvestment and mine extensions with coal exports forecast to reduce from 2030 and plunge by 49% by 2050, despite strong ongoing global demand for coal.
- Queensland's coal project pipeline has substantially declined, with 27 coal projects stalled.
- Approximately 164 million tonnes of saleable coal is at risk of being stranded.
- 28.5 million metric tonnes of production is now sitting below breakeven.

Q25. How does coal's contribution to the economy compare with other industries?

A. Mining is Queensland's largest industry followed by health and tourism. Resources and energy, including coal, are also by far Queensland's largest merchandise exports, and royalties and land rent alone (not including other taxes such as payroll tax) contributed 8.2% to State Government revenue in 2025-26 (source: Qld Treasury). Coal is a major contributor and driver of the Queensland economy. In 2024-25, coal contributed 15% of Queensland's gross regional product and 12% of all jobs. The \$5.5 billion paid in coal royalties formed a substantial part of the \$9.4 billion collected in state payments (2024-25) to fund public services (Source: QRC 2024-25).

Q26. How are our current royalty rates viewed by global investors?

A. Queensland's excessive royalty rates and high-cost environment are not viewed favourably and are harming coal and broader resource development. Many global investors view Queensland as too risky, too expensive and too hard to achieve capital returns. Coal remains an integral part of securing our national energy security, economic future and vital trade relationships which are under strain from our royalty settings and uncompetitiveness. Investment is being lost to other states and countries with more competitive incentives and policy settings for resource development. Every year of deferred investment means less growth for the sector and royalties for much needed public services.

Q27. What is the Government currently doing on royalties?

A. The Queensland Government has consistently said it will not change coal royalty settings this political term.

The impact of these settings is getting worse over time. As costs rise and global competition intensifies, more operations are being pushed beyond viable margins — meaning fewer projects, less investment and fewer opportunities for Queenslanders.

Without royalty settings that support new project development and growth investment, ownership changes alone will not offset a declining production profile or address the underlying challenges to long-term investment in Queensland. Without reform, Queensland risks locking in a cycle of declining investment, shrinking production and reduced long-term revenues — ultimately leaving less funding for the very services these royalties were intended to support.

Getting this right would protect regional communities, support thousands of Queensland jobs, and ensure coal continues to deliver lasting benefits for all Queenslanders. The government should work with industry to make the right long-term decision for Queensland — and commit to review coal royalty settings.