

# Summary IAS

## Details

<b>Lead department</b>	Department of Natural Resources and Mines, Manufacturing, Regional and Rural Development
<b>Name of the proposal</b>	Amendments to the <i>Mineral and Energy Resources and Other Legislation Amendment Act 2024</i> (MEROLA Act) and <i>Land Access Ombudsman Act 2017</i>
<b>Submission type</b>	Summary IAS
<b>Title of related legislative or regulatory instrument</b>	Resources Safety and Health Queensland and Other Legislation Amendment Bill 2026
<b>Date of issue</b>	27 / 02 / 2026

### What is the nature, size and scope of the problem? What are the objectives of government action?

#### Background:

The Queensland Government is committed to creating an environment for growth in the resources sector that will continue to underpin Queensland's long-term prosperity and see new and expanded mining opportunities across the State. Building this strong economy requires a government that supports the resources sector and creates economic settings that signal Queensland is open for business, including lowering the costs of doing business.

Queensland's resources sector operates within a coexistence framework which seeks to balance the interests of resource companies and landholders, while supporting economic growth.

Coexistence between landholders and resource companies is complex. While private landholders may own the freehold rights to their land, the Crown owns the mineral and petroleum rights that exist below the surface and authorises exploration and extraction of these resources through the issuing of a resource authority.

In addition to legislation administered by government agencies to facilitate coexistence outcomes, there are several institutions that have been established to support the legislative framework to help deliver coexistence, including the Land Access Ombudsman (LAO) and Coexistence Queensland (CQ).

The LAO was established as an independent body in September 2018 under the *Land Access Ombudsman Act 2017* (LAO Act) to investigate disputes involving alleged breaches of conduct and compensation agreements (land access agreements between resource companies and landholders) and make good agreements (agreements relating to water bores between resource companies and bore owners), and recommend and advise government about possible offences and systemic issues arising from land access disputes.

The *Mineral and Energy Resources and Other Legislation Amendment Act 2024* (MEROLA Act) will implement changes to the LAO Act due to commence 19 June 2026 and include:

- transition from a statutory authority to a statutory body;
- expansion of the remit to broaden the types of disputes the LAO is authorised to investigate and resolve, including offering alternative dispute resolution (ADR) when negotiating agreements;
- to be funded by a resources industry levy and cost recovery of fees rather than being government funded; and
- establishment of an advisory council.

#### Problem identification:

The LAO provides free and independent investigation of alleged breaches of agreements and compels parties to participate in resolving disputes. With this unique role, the LAO is perceived by some stakeholders as a trusted, independent service whose impartial nature and role in resolving disputes promotes confidence in approaching the service. However, there has been limited demand for its dispute resolution service and instead, it is largely contacted about matters outside its functions, e.g. complaints and legal advice.

Expanding the LAO's remit through MEROLA Act to include ADR for negotiating agreements seeks to enable an established, independent body to support agreement making, in addition to its role in investigating and resolving alleged disputes once agreements were in place. The benefit in expanding the remit, like its existing role in investigating and resolving breaches of agreements, is supporting coexistence outcomes by resolving these disputes by an entity some stakeholders perceive to be independent and impartial. Providing a wider remit for the LAO in resolving disputes also creates an environment to support growth in demand for the service.

With the commencement of the MEROLA Act amendments as drafted, the LAO's operating costs are projected to rise significantly. The LAO has been government funded to date, with a budget of \$617,000 in the 2025-26 financial year. Budgetary need would increase to approximately \$3 million in the first year of operation as proposed under the MEROLA Act. This reflects current LAO costs and anticipated additional expenses due to the expansion of the LAO's remit but more specifically due to its transition to a statutory body that administers an industry funding model. The increased costs would be attributed to:

- administration of industry funds and cost recovery framework including establishing appropriate finance systems;
- establishment of required corporate systems and processes and employing additional corporate staff to undertake corporate services;
- administration and remuneration for advisory council members required to provide oversight of the LAO; and
- additional dispute resolution staff to support the implementation of the expanded remit.

Although the MEROLA Act expands the number and type of agreements the LAO can deal with, it is difficult to anticipate whether this would result in a substantial increase in overall demand for the LAO's services. There will also be a cost burden on resource companies arising from the shift to an industry-funded model, which is expected to be thousands of dollars annually per authority for resource authority holders.

Although each resource authority holder would be required to pay the proposed industry levy under the funding model, not all resource authority holders require agreements and would not need such a service, e.g. resource authority holders may own the land they operate on or operate on state land which do not require a compensation agreement. This presents a level of uncertainty when it comes to the ongoing demand for the service, and an understanding of the ongoing total operating costs.

The resources industry has made clear that issues like over regulation and the rising cost of doing business – be that labour costs, regulatory costs, taxation or royalties – are contributing to declining confidence in the sector in Queensland. The implementation of the industry funding model creates a cost to all resource authority holders regardless of whether they utilise the LAO service, which increases industry's cost of doing business in Queensland. This is on top of the payment of royalties, rent and other levy requirements.

Removing the industry levy arrangements would support the competitiveness of Queensland's resource sector, however, the cost of funding the expanded remit the LAO as currently proposed by the MEROLA Act would need to be funded by the Queensland Government. With increased costs associated with the LAO implementing the proposed expanded remit, the model of implementation should focus on an option that will ensure the efficient use of government money in delivering the LAO service, while continuing to support important coexistence outcomes in Queensland.

MEROLA Act provisions are due to automatically commence on 19 June 2026. Passage through the Legislative Assembly is required ahead of automatic commencement.

Objectives of government action:

The objectives of government action are to:

- create an environment for growth in the resources sector that will continue to underpin Queensland's long-term prosperity and reduce costs for business.
- optimise Queensland's coexistence institutions to ensure there is an effective ADR service available for relevant parties at a low to no cost, which provides consistent, independent and timely support and resolution for disputes that may arise.
- utilise existing knowledge and expertise in existing coexistence institutions to reduce the need for multiple boards with similar membership.
- ensure efficient use of government funds in delivering the service.
- ensure the LAO can continue to act independently and impartially when undertaking its functions.

**What options were considered?****Option 1: Commence all MEROLA Act amendments as currently drafted**

Option 1 maintains the status quo, with no changes to the MEROLA Act amendments or the LAO Act. Under this option, the industry funding model would come into effect on 19 June 2026. Additionally, the LAO would transition to a statutory body, an advisory council would be established with the Office of the LAO having a secretariat role in supporting the council and the LAO's functions would be expanded.

Increased resourcing is required to support the LAO to carry out an expanded scope of services related to voluntary dispute resolution for parties negotiating or re-negotiating agreements. This option would see operating costs increase for the LAO for the establishment of systems and processes to allow for the expanded remit. It also includes corporate, financial and operational supplies and services required to support a financially independent statutory body, instead of having these services supplied by government.

An uplift in full time equivalents (FTEs) would be necessary to support the corporate functions and increased role with resolving disputes relating to existing agreements and negotiating agreements. It was estimated that initial FTE uplift for this option would require two additional corporate staff and three additional dispute resolution staff.

Under this option, a new government board will need to be established and remunerated, with the Minister appointing a chair and at least six members to the required new advisory council. The advisory council is established to support the transition of the LAO to a statutory body and guide the operation, budget and policy settings of the LAO, including guide the LAO on the application of the industry funding model. The advisory council would be remunerated for their services which would also be administered through the LAO budget.

These requirements to implement the MEROLA Act amendments as drafted would see the annual operating budget for the Office of the LAO to be approximately \$3 million per annum (approximately \$900,000 in employee costs and \$2.2 million for supplies and services) during initial years of implementation which would be distributed amongst resources authority holders through an annual levy and cost recovery fees. The levy would be payable by all resource authority holders regardless of whether they would utilise the service. Should demand for the service increase over time the operating budget would need to increase, mainly through the need for more FTEs.

**Option 2: Commence MEROLA Act amendments with repealed industry funding model and operate standalone office**

Option 2 involves the commencement of the MEROLA Act amendments on 19 June 2026, without the industry funding model. Under this option, the Queensland Government would need to fund the LAO's increased operating budget and the Office of the LAO would operate as a standalone statutory body delivering an expanded remit with an advisory council.

Like option 1, increased resourcing is required under this option to support the LAO to carry out an expanded scope as a statutory body, which will require corporate, financial and operational services, systems and processes to support itself. Although the budgetary need for this option will be reduced compared to what would be needed if the LAO administered the industry funding model, a substantial uplift in budgetary requirements would still be required. For example, the Office of the LAO will still need to establish its own customer relationship management system (case management stakeholder engagement, legal advice), corporate and business systems (e.g. IT support; corporate services support), larger accommodation. Initial estimates in relation to these costs indicate this could be approximately \$2 million.

An uplift in FTEs would be required under this option also, including additional corporate staff to support new corporate and financial systems and processes related to being a statutory body and dispute resolution staff to address the expanded remit. As this would be delivered within the Office of the LAO the uplift in FTEs described under option 1 would still be necessary.

Under this option, the new advisory council would be established as outlined in option 1, although it would have a reduced role when considering budgetary needs as there would be an industry funding model applicable. The LAO budget would still need to cover remuneration of the advisory council, although would likely be less than option 1 due to the slightly narrower function of the council.

The cost of delivering this option would be similar to the cost delivered under option 1.

### **Option 3: Commence MEROLA Act amendments with repealed industry funding model and cost share operating costs and governance arrangements with Coexistence Queensland**

Option 3 proposes implementing the amendments to the MEROLA Act, without introducing the industry funding model. This option retains Queensland Government funding the LAO annual budget for its expanded functions and supporting its transition to a statutory body with an advisory council. However, this option establishes a cost sharing arrangement with CQ to bring down costs to government and relies upon existing governance arrangements under the CQ Act.

In acknowledgement of the increased cost in options 1 and 2 for Queensland Government to implement an expanded remit and the LAO become a statutory body, this option also includes amendments to MEROLA Act and the LAO Act to establish CQ members as the advisory council and to appoint the CQ CEO as the LAO. CQ is also a statutory body funded by Queensland Government. The functions of the LAO and its advisory council would remain separate to CQ, with prescription of their functions in the LAO Act.

Establishing the advisory council as the CQ members draws on an established and respected coexistence institution with a member structure that is established to provide strategic oversight and input into coexistence outcomes, including matters relating to negotiations between landholders and resource companies. Similarly, establishing a dual role of the CEO CQ with the LAO also draws on synergies that exist between roles. Any conflict of interest with holding dual roles will be managed through delegation provisions that will delegate the functions of the LAO to an appropriately qualified person, as needed.

Under the CQ Act, the membership of CQ consists of a full-time or part-time chairperson and up to six part-time members. The membership must include individuals with expertise or experience in each of the following areas:

- Landholder interests;
- Community interests in areas where the resources or renewable energy industries operate;
- The resources industry; and
- The renewable energy industry.

In addition to establishing dual roles for CQ CEO and members with the LAO and advisory council, budgetary savings will be realised by utilising existing corporate and financial processes and systems of CQ. This means that the Office of the LAO will co-locate and share these costs with CQ and not bear alone the significant cost of establishing standalone processes and systems. This option would not require additional FTEs for the Office of LAO to support corporate needs as it would rely on existing CQ corporate staff to support the operation of the Office of the LAO, including corporate functions like human resources

and finance; governance requirements relating to the CQ members / advisory council; IT systems; accommodation and communications.

The existing dispute resolution FTEs will be retained within the Office of the LAO, and should there be increases in workload relating to dispute resolution from its expanded remit, the interim step will be taken to engage contractors to manage case loads as necessary. This approach reduces costs at a time where uncertainty exists around the demand for the LAO's expanded remit.

Consequently, this option can be delivered within existing funding allocated to both LAO and CQ.

These arrangements would require passage through the Legislative Assembly prior to 19 June 2026 ahead of automatic commencement of the MEROLA Act provisions and would take effect on 1 July 2026.

### What are the impacts?

#### **Option 1: Commence all MEROLA Act amendments as currently drafted**

Maintaining the status quo would ensure retention of a free and independent dispute resolution service for landholders and resource companies, and strengthens confidence in the coexistence framework. However, it will increase the financial burden placed on the resources industry to fund the services of the LAO. The levy would be an annual levy, payable by all resource authority holders, with a levy amount applied per granted resource authority. Cost recovery fees would only be charged to individual resource companies for the provision or use of discrete investigative or dispute resolution services.

The resources industry has advised government that increasing operating costs, along with long delays in approval frameworks, are compromising its competitiveness. Implementing this approach would effectively be increasing operating costs for mining companies operating in Queensland. The Queensland Government is committed to creating an environment for growth in the resources sector, including ensuring the industry's competitiveness through improved regulation. Implementing this option would compromise this commitment.

This option is the most cost intensive to implement, with the estimated annual operating budget for the Office of the LAO being \$3 million per annum during initial years of implementation which would be distributed amongst resource authority holders through an annual levy and cost recovery fees. Based upon the low utilisation of the LAO service to date, it is difficult to predict the demand for the expanded remit. However, to protect against reputational risk, additional officers should be employed from commencement of the expanded remit to ensure capability in delivering the expanded remit.

If demand remains low, and employee expenses are reduced, operating costs would still be approximately \$2.2 million per annum due to associated costs with becoming a statutory body needing to independently manage an industry funding model with oversight of an advisory council. The substantial cost of implementing the appropriate corporate and finance systems and process is required regardless of the demand for the service. And should demand for the service increase over time the operating budget would likely increase, although mainly in relation to employee costs.

#### **Option 2: Commence MEROLA Act amendments with repealed industry funding model and operate standalone office**

Option 2 proposes to repeal the LAO industry funding model, resulting in the LAO continuing to be government funded. The option addresses concerns of the resources industry in relation to increasing costs to do business as no cost will be imposed on the sector, supporting government's commitment to support the competitiveness of Queensland's resources industry. This option also strengthens coexistence outcomes by retaining and expanding the LAO and ensuring that landholders and resource companies have access to a trusted, independent institution to assist with a broader range of land access disputes.

With the removal of the industry funding model, the financial burden is expected to be less, but still similar to the cost of option 1. The LAO would become a statutory body requiring the establishment within the Office of LAO costly corporate and financial systems and processes to be able to deliver its expanded remit as a statutory body.

An uplift in FTEs as outlined in option 1 would also be appropriate to ensure the Office of the LAO is able to deliver its full remit from commencement, to protect against reputational risk. However, based upon the low utilisation of the LAO service to date, it is difficult to predict the demand for the expanded remit but there is a risk that utilisation of the service remains low.

This uncertainty may see government funding an institution that is underutilised. This would not be considered an efficient use of government funds and does not align with the government's emphasis on 'restoring respect for Queenslanders' money'.

**Option 3: Commence MEROLA Act amendments with repealed industry funding model and cost share operating costs and governance arrangements with Coexistence Queensland**

This option also repeals the LAO industry funding model from the MEROLA Act amendments, which would result in the government continuing to fund the LAO. Government would provide the LAO with a budget of \$622,000 in the 2026/27 financial year. The ongoing annual budget requirement is as yet unclear as the demand for LAO services, which has historically been low, with the expanded remit is unknown.

This option acknowledges the financial burden the proposed changes through MEROLA Act will have on government and proposes a cost sharing arrangement with Coexistence Queensland. This proposal delivers the lowest cost option to government.

This approach supports the retention of a free and independent dispute resolution service for landholders and resource companies and strengthens confidence in the coexistence framework, while efficiently using government funds by optimising synergies between existing coexistence institutions to identify budgetary savings. It will also contribute to regulatory confidence in Queensland's resources industry, leading to an environment for growth in the sector.

This option will also strengthen the State's strategic understanding of coexistence matters and improve coordination across coexistence institutions, while ensuring agricultural and resource sector representatives can contribute to the effective operation of both institutions. It also promotes efficiency and minimises duplication by leveraging existing appointment processes under the CQ Act for the CQ CEO and members and utilising existing corporate and financial systems and processes of an existing statutory body. This approach helps government manage the risk around the uncertainty of demand for the LAO and its expanded remit going forward.

This change may also be perceived as a loss of independence for the LAO. Some stakeholders may express concern that establishing the advisory council through the CQ membership and making the CQ CEO the LAO, could create a perception that the LAO is less independent than if it were supported through a separate governance structure. This perception may impact landholder's confidence in utilising the services of the LAO, which could result in higher costs for landholders to engage other dispute resolution providers.

The following measures will assist in addressing these impacts:

- clearly defining and maintaining separate remits for CQ and LAO to ensure their functions are distinct from each other;
- supporting the use of existing delegation provisions within the LAO Act to allow for the delegation of decision making to appropriately qualified officer;
- developing clear processes to ensure the dual roles can be performed effectively on a day-to-day basis and any perceived conflicts can be managed appropriately;
- amending the LAO Act to provide for the engagement of contactors to undertake dispute resolution investigations to assist the LAO in managing workloads and keep employment costs low.

**Who was consulted?**

As the matters in question relate to government spending and institution structures and governance, consultation has been internal to Queensland Government.

**What is the recommended option and why?**

Option 3 is the recommended option as it best achieves government objectives. These include reducing costs to the resources industry and improve investor confidence, while also reducing the operational costs of the LAO and 'restoring respect for Queenslander's money'.

This option enables the LAO to deliver an effective dispute resolution service, helping to strengthen coexistence outcomes, maintain confidence in the land access framework and ensure that all parties have access to consistent, independent and timely support.

There will be efficiency savings by using an existing appointment process of similarly experienced and knowledgeable persons in coexistence matters to establish the advisory council and undertake the role of LAO. The Office of the LAO will be co-located with CQ, an existing statutory body with a coexistence focus, to cost share the burden of the LAO transitioning to a statutory body with an expanded remit and increased budgetary need. No additional FTEs for the Office of LAO will be required to support corporate need as existing CQ corporate staff will support the operation of the Office of the LAO. Similarly, no new dispute resolution officers will be appointed, and the LAO will have the ability to contract out dispute resolution cases to manage employee costs and demand uncertainty.

The structure of proposed legislative amendments will ensure ongoing independence and impartiality of the LAO with appropriate processes implemented operationally to manage any conflict of interest - actual, potential or perceived – between roles. Operational processes will also be implemented to manage any conflicts of interest with co-locating the Office of the LAO with CQ.

**Impact assessment**

**All proposals:**

	First full year	First 10 years**
<b>Direct costs – Compliance costs*</b>	Not available ^Further consideration is required.	Not available ^Further consideration is required.
<b>Direct costs – Government costs</b>	\$622,000 for the 2026-27 financial year ^based on the current LAO annual budget.	Not available ^Further consideration is required as demand for services is unknown.

\* The *direct costs calculator tool* (available at [gpc.qld.gov.au/best-practice-regulation](http://gpc.qld.gov.au/best-practice-regulation)) should be used to calculate direct costs of regulatory burden. If the proposal has no costs, report as zero. \*\*Agency to note where a longer or different timeframe may be more appropriate.

**Signed**



**Graham Fraine**  
 Director-General  
 Department of Natural Resources, and Mines,  
 Manufacturing, and Regional and Rural  
 Development  
 Date: 25/02/2026



**Dale Last MP**  
 Minister for Natural Resources and Mines  
 Minister for Manufacturing  
 Minister for Rural and Regional Development  
 Date: 27/02/2026