



IN BRIEF: INVESTING IN REGIONS TO UNLOCK THE TRANSITION

Regional investor insights from Gladstone

A snapshot of the current landscape, key barriers, where support is most needed and the actions worth backing

March 2026

Key takeaways

- In May 2024, The Next Economy convened a group of institutional investors, philanthropic funders and government agencies for a strategic visit to Gladstone. Insights from that visit are reflected throughout this brief and sparked this series.
- Industrial regions like Gladstone are the “economic engine rooms” of Australia, processing and exporting carbon intensive materials to key trade partners.
- The global energy transition has made industrial regions both vulnerable to climate-related transition risks and central to new investment opportunities.
- Regional leaders impacted by the energy transition have identified three building blocks for a competitive, equitable, and climate resilient industrial economy:
 - Building green industrial ecosystems
 - Enabling communities to shape and participate in local development
 - Supporting ecosystem resilience and regeneration
- Gladstone Regional Council’s landmark transition roadmap in 2022 incorporates these building blocks and has begun coordinating in Gladstone that is repositioning the region as a hub for green and industries.
- However, recent policy changes in Queensland have shown that progress is vulnerable, especially to the removal of early-stage industry support and changes that negatively impact investor confidence.

Industrial regions are central to Australia's net zero ambitions. They host the resources, infrastructure and workforce that will determine whether the energy transition succeeds. Gladstone, an industrial heartland with to emissions-intensive and trade-reliant industries, is on the frontline of the global energy transition.

This brief explores Gladstone's recent experiences of economic transition planning, which demonstrate both the opportunities and risks at hand for Australia's industrial regions. With the right policy settings and investment, regions can decarbonise emissions-intensive industries and attract new green supply chains, securing the next generation of industrial jobs and global demand for Australian exports. Without policy stability and secure access to diverse capital flows, early progress can be derailed by political volatility, trade disruptions and the removal of a social licence to operate.

What's happening

Over the past five years, Gladstone Regional Council, local industry and civil society organisations have worked together to attract significant investment and reposition the region as a hub for green and industries.

Gladstone's industrial heritage, abundant renewable resources and strong local leadership and collaboration have laid the foundations for a thriving green industrial ecosystem. However, recent policy reversals and global economic turmoil is threatening hard-won progress.

Key milestones and characteristics of Gladstone's economic transition include:

- **Energy system shift:** Ageing coal fired power stations and the plummeting cost of renewable energy technologies signalled the energy system was about to change. Central Queensland's coal and gas resources fuelled Gladstone's heavy industries for decades; local leaders identified that the region's abundant renewable energy resources could do the same for new green manufacturing industries.
- **Roadmap development:** In 2022, Gladstone Regional Council published the [Gladstone Region 10-Year Economic Transition Roadmap](#), developed in collaboration with The Next Economy. Council convened diverse local stakeholders through a two-year participatory planning process to develop the Roadmap, which shares a clear vision for Gladstone's future. The Roadmap identified interconnected development priorities to achieve this vision, including decarbonising and diversifying the local economy, capturing community benefits, supporting workforce development, and protecting natural resources.
- **Coordinated investment momentum:** The Roadmap drove further industry collaboration and cross-sector coordination. Public investment in new renewable energy capacity and grid upgrades began to crowd in private investment, including demonstration projects for [new decarbonisation technologies](#) and value-added critical mineral manufacturing.

- **Community engagement:** Community organising campaigns, coordinated by the Queensland Community Alliance and the Australian Conservation Foundation, worked with thousands of local residents [in conversations about renewable energy and green industry development](#). These campaigns helped prepare the community to engage critically with misinformation shared online, and brought together diverse community members in conversations about community benefit-sharing, managing the social and environmental impacts of new developments, and future workforce planning.
- **Policy reversal setback:** The election of a new Queensland Government with different energy priorities has [threatened to derail hard-won progress](#) towards Gladstone's vision to become a green industrial powerhouse. Previous Labor government funding commitments and policy settings, designed to accelerate the transition to renewable energy across Queensland, have been repealed and redirected towards expanded fossil fuel energy generation. One of the most significant policy reversals was a prior commitment to the [Central Queensland Green Hydrogen \(CQH2\) project](#), considered a cornerstone for Gladstone's emerging green hydrogen and manufacturing industries.
- **Investor confidence impacts:** Local leaders have reported that the reversal of state energy policy and public funding commitments has seriously [affected investor confidence](#) and the risk profiles of projects in emerging industries, including green hydrogen. While the positive investment fundamentals for renewable energy in Queensland remain unchanged, industry leaders have expressed concern that with the loss of CQH2, Gladstone will lose its first-mover opportunity to attract emerging green industrial supply chains.

Snapshot: Gladstone Investor Experience



In May 2024, The Next Economy convened a group of 25 institutional investors, philanthropic funders and government agencies for [a strategic visit to Gladstone](#). The visit demonstrated to financial decision-makers the importance of coordinated action to address diverse, yet interconnected, development priorities. From decarbonising the grid, to supporting participatory transition planning and restoring seagrass meadows, these efforts can create a thriving, green industrial heartland.

The visit showcased flagship decarbonisation and green manufacturing projects, place-based community service delivery, and collaborative environmental research programs. Local leaders demonstrated the region's shared vision for Gladstone's economic future, appetite for cross-sector collaboration, and track record of delivering innovative programs across multiple sectors. These conversations highlighted the tangible benefits of, and greater need for, aligning funding and investment in the energy transition with regional development priorities.

Local leaders shared their experience of what was working to drive Gladstone's economic transition, and where critical support, including finance, was lacking. Conversations with visiting participants surfaced complementary insights about what financial decision-makers needed to better align investment and funding decisions with regional development priorities.

Integrated regional transition planning and investment can help overcome commercial bias

Participants and local leaders first identified that industrial aspects of regional energy transitions were attracting appropriate investment, while social and environmental priorities faced small or shrinking funding allocations.

- A compelling investment case and influential political capital were recognised as clear drivers of commercial, philanthropic, and public investment: including for renewable energy and green industry development projects, industrial decarbonisation initiatives, some early-stage companies, and frontline workers affected by power station closures.
- Underfunded priority areas tended not to be commercial in nature, nor widely recognised as an essential aspect of a region's transition to net zero. Some priorities – including community benefit sharing, investing in First Nations' aspirations, or increasing biodiversity – may be captured as strategies to manage social licence risk for large-scale energy transition investments.
- Other underfunded areas often out of scope for net zero investment mandates, and relied on public or philanthropic funding that was not equipped to meet surging need: for example, additional social services and infrastructure in regions undergoing economic change, or adaptation programs in vulnerable ecosystems.

Integrated regional transition plans, underpinned by cross-sector collaboration and opportunities for external funders and investors to build relationships and insights "on the ground", was identified as a key opportunity to overcome the asymmetry in net zero finance.

Participants noted that the experience in Gladstone gave them a clearer understanding of how interconnected transition priorities are in practice. Site visits and community briefings demonstrated that regional priorities cannot be addressed in isolation, and clarified the dependencies and long-term commitments required to progress high-impact net zero projects.

Policy and regulatory settings that work

Participants identified several features of Australia's investment environment that promote investor confidence and participation in regional energy transitions. Investors and funders called on state and federal governments to strengthen these critical investment enablers:

- Long-term climate and energy policy certainty provides investors with the confidence and clarity they need to commit higher risk and patient capital to emerging green industries in complex global supply chains. Policy reversals increase investment risks.
- Clear and coordinated information and investor support services can make it easier for industry and institutional investors to allocate capital to priority net zero projects.
- Greater finance can be mobilised if [Specialist Investment Vehicles](#) are given higher risk appetites and a mandate to crowd in private capital, including through blended and catalytic finance for early-stage industries, and sustainability-linked bonds or "payment for outcomes" mechanisms to boost finance for environmental and social projects.

Greater risk appetites, collaborative funding models and blended finance are needed

Conversations between local leaders and participants often arrived at a common problem: finance gaps were affecting diverse businesses, non-profits and cross-sector initiatives across Gladstone, but it wasn't immediately clear which funder or investor was best placed to fill those gaps. Participants identified two key challenges:

- Capital allocation decisions are bound by mandates and risk appetites, which shapes how much and what type of finance is available for regional energy transitions. Investors like superannuation funds manage large pools of capital to allocate, but have low risk appetites and need large-scale investment opportunities; philanthropic, impact and venture capital investors tend to have higher risk appetites but make smaller allocations guided by set funding priorities.
- Traditional investment vehicles aren't well suited for attracting private capital at the scale needed to address systemic challenges like climate adaptation and resilience. [Innovative investment models](#) exist, but scale, revenue, cost and complexity remain barriers.

Participants and local leaders shared case studies and suggestions for overcoming these barriers:

- Convening regional leaders and financial decision-makers – including commercial banks, superannuation funds, impact investors, government agencies and philanthropic funders – to discuss transition financing gaps, risks and opportunities.
- Facilitating conversations between regional leaders and financial-decision makers also provides a valuable opportunity to build the mutual understanding and trust that's needed to navigate complex, long-term economic transition processes.
- Building a coordinated financing pipeline that effectively leverages the diverse mandates of different climate investors could help address persistent financing gaps.
- Using more collaborative funding models and frameworks, including [portfolio funding approaches](#) for interconnected and [place-based initiatives](#), [community wealth building](#) and [benefit sharing](#), and established vehicles like [“payment by outcome” contracts](#) to fund critical social and environmental aspects of regional economic transitions.
- Setting clear, robust and shared expectations of investee companies through [collaborative investor stewardship initiatives](#), driving strong corporate practices in relation to workforce development and transitions, environmental stewardship, and community engagement.

What's getting in the way

Despite strong investment fundamentals and progress towards Gladstone's regional economic transition priorities, several challenges remain for Gladstone and other key industrial regions:

- The reversal of state energy policy is threatening to derail local leadership and hard-won progress to establish a green industrial ecosystem in Gladstone. Hopes to establish green hydrogen as the region's future cornerstone industry have been significantly challenged by the withdrawal of state government investment in CQH2.
- Exposure to [global trade volatility](#) is challenging Gladstone's existing export-oriented industries, particularly aluminium and alumina, adding further pressure to the local manufacturing industry's capacity to invest in decarbonisation and new supply chains.
- Funding for [place-based pilot programs](#) has been welcomed, but chronic public funding constraints are negatively impacting community wellbeing. Increased funding is required to meet existing and emerging community needs, including expanded social services and infrastructure, and inclusive workforce development.
- While Traditional Owners have been active in discussions with industry and government, further support is needed to realise First Nations' aspirations for self-determination and to shape cross-sector priorities and projects.
- Unique and vulnerable ecosystems – including the Great Barrier Reef and seagrass meadows – remain fragile. Limited monitoring and adaptation programs have not relieved increasing pressures on biodiversity and marine health, including from industrial activity and climate change.

What's needed

Drawn from hundreds of conversations with people navigating the transition, the following potential actions stand out as worth backing and exploring. They're not exhaustive – the mix will vary by context – but offer a starting point for what could move the needle. It will require a collective effort from everyone – all levels of government, investors, industry and philanthropy, communities and civil society organisations.

Actions

All levels of government and philanthropy to invest in inclusive, coordinated regional economic transitions, including by funding participatory planning processes, workforce development programs, and community benefit sharing schemes.

Inclusive participation must be a priority, targeting groups often left out of economic development processes, including First Nations and young people

All levels of government to adopt long-term, evidence-based regional transition plans and policy settings, such as sector decarbonisation pathways, to underpin long-term investment in decarbonisation and emerging green industries in industrial regions

Institutional investors and industry to continue to invest in the development of renewable energy and green industrial projects that remain commercially competitive despite local political disruptions

Institutional investors can engage with portfolio companies to advocate for participation and investment in:

- Regional economic transition initiatives that support coordination across multiple, interconnected development priorities. This supports clear communication between diverse stakeholders, and builds and sustains trust within regional communities and industrial ecosystems.
- Workforce development initiatives that enable regional coordination and inclusive participation in new industries. This will help maximise equitable opportunities for people entering the workforce or transitioning to a new industry.

All levels of government can promote regional investment opportunities, including through new trade relationships and investment incentive schemes.

Federal and state governments to facilitate the flow of public investment and expertise at the pace and scale required to build and sustain a resilient green industrial ecosystem



There's no doubt that Gladstone is strategically positioned with a strong industrial foundation, deep-water port, and nationally significant infrastructure – making it a standout destination for investment in future-focused energy.”

[Matt Burnett, Gladstone City Mayor](#)

Want to dig deeper?

- The Next Economy and the Gladstone Regional Council developed the [Gladstone region 10-year economic transition roadmap \(2022 – 2032\)](#) through a participatory process, mapped the region's needs to successfully navigate global and local economic changes and position the community for a positive economic transition.
 - Beyond Zero Emission's 2025 [Powering up Gladstone report](#) provides a practical vision for transforming Gladstone into a thriving energy industrial hub by leveraging its existing infrastructure and skilled workforce.
 - Climateworks' 2025 [Heat, power and flexibility to future-proof Gladstone report](#) details the technical pathways and energy requirements needed to decarbonise heavy industry in the region while maintaining a reliable and flexible power grid.
 - [A real deal for Gladstone](#), put out by the Queensland Community Alliance and Sydney Policy Lab in 2023, focuses on the human side of the transition, capturing local voices and priorities to ensure that economic shifts provide genuine social and community benefits.
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About The Next Economy

Australia's regional communities are navigating profound economic change – energy systems, land use, industry structure, workforce and climate impacts among them – all shifting at once. The Next Economy (TNE) works at the frontline of this complexity, partnering with regions, governments, industry and civil society to reimagine and shape economies that are regenerative, climate-safe and socially just.

Unlike organisations that focus on individual sectors or single projects, TNE connects the dots across systems – embedding in communities for the long haul, translating insights across sectors, and lifting

what's learned locally to shape national policy, investment and public debate.

TNE is a not-for-profit company and registered charity (ACNC), with Deductible Gift Recipient status through the Foundation for Rural and Regional Renewal. Support from donors and partners directly enables this work — in regions that need it most.

To learn more, get involved or support the transition, visit nexteconomy.com.au

About this series

In Brief: Investing in regions, unlocking the transition offers financial decision-makers across government, investment and philanthropy a high-level entry point into regional investment and its role in Australia's transition to a climate-safe, regenerative and socially just economy.

The series grew from an investor experience in Gladstone in 2024 and has since expanded – in geography and subject matter – drawing on work across regional Australia, desktop research and expert contributions.

Each brief provides a bird's-eye view of a focus area, including key barriers and where support is most needed. Current topics include:

- Decarbonising and increasing the capacity of the electricity grid
- Developing green export industries
- Regional investor insights from Gladstone

These briefs are a starting point – designed to spark conversation, build shared understanding and support deeper discovery. Because these topics are interconnected, effective progress requires a whole-of-system approach and close coordination across sectors.

As this space evolves rapidly, we welcome your feedback to keep the series current and useful.

You can find the series here:

<https://nexteconomy.com.au/work/investing-in-regions-to-unlock-the-transition/>.

Acknowledgement of Country

The Next Economy acknowledges the Traditional Custodians of the land and sea in the regions where we work. We pay our respects to their Elders, past and present, and offer our solidarity and support to First Nations groups across the country working towards economic sovereignty and justice.

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Taking in the view at Marina Parklands, Gladstone. Credit: William Debois

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