Adani pressures Qld by putting mine decision on ice

Adani has postponed a funding decision on its controversial Carmichael coal mine as the Indian coal producer wants the Queensland government to re-enter a royalty agreement.

Days after reports emerged that the Palaszczuk Labor government was considering offering Adani a “royalty holiday”, the company’s board chose to defer any final decision on the $20 billion project.

Adani’s spokesman in Australia, Ross Watson, told Fairfax Media on Monday the company had never sought a holiday on its per-tonne royalty obligations but rather a “deliver scalpel” that would allow Adani to pay “every cent” in an agreed schedule.

“You catch up, you pay every cent,” he said.

Mr Watson said when the company became aware that a cabinet meeting of the Queensland government did not consider the matter, Adani directors chose to defer committing funds to the project.

“The company declined to defer consideration of the final investment decision,” he said.

Amid a growing public backlash at the potential environmental and social ramifications of what would be Australia’s biggest ever coal mine, Adani had aimed to break ground at the Adani mine coal terminal.

The Adani mine coal terminal. In its investment by the end of this month. The project is heavily backed by the federal government, including Resources Minister Matt Canavan, who has championed a $2 billion public loan to build the needed rail infrastructure to open up the Galilee Basin where Carmichael will be dug.

Under opposition leader Bill Shorten, Labor has baulked at the mine but not the use of taxpayer money to get the project over the line.

On Friday, Queensland Treasurer Curtis Pitt did not deny a report on Thursday that a $2 billion “royalties holiday” was on the table to help progress the project, but he insisted “no decision has been made on anything”.

Mr Pitt said the state government was not interested in ad hoc arrangements and would provide an “open and transparent framework” for all proponents while still recognizing “first mover advantage” to open up areas such as the Galilee Basin.

Queensland takes 7 per cent of royalty on every tonne of coal sold below $100 a tonne, rising to 12.5 per cent at $200 a tonne and 15 per cent at $410. Thermal coal currently sells for about $27 a tonne, according to the Illawarra, and Queensland received about $3 billion in revenues from coal producers in the past year.

The Australian Conservation Foundation, which is among 199 groups involved in trying to stop the mine, has expressed horror at the prospect of any royalty relief for Adani.