



**HD** While superpowers act on climate, Australia and India poised to double down on **coal**

**BY** by Paddy Manning

**WC** 1,317 words

**PD** 13 November 2014

**SN** Crikey

**SC** CRIKAU

**LA** English

**CY** (c) Copyright 2014 Private Media Partners Pty. Ltd. All Right Reserved.

**LP**

Indian **company** Adani is the last man standing in the Galilee Basin—and it looks like approval for a giant mine there is all but assured.

Paddy Manning interviews Indian activist Debi Goenka about the case against Adani's Carmichael **coal** mine.

**TD**

It will be strange optics if, only days after **China** and the United States unveiled a historic climate deal, India and Australia proclaim their commitment to building the biggest **coal** mine in the southern hemisphere.

Indian Prime Minister Narendra Modi will arrive in Australia tomorrow ahead of the weekend's G20 leaders summit in Brisbane, and he will address Australian Parliament on Monday. Last week Queensland Premier Campbell Newman [hinted](#) that Modi was likely to make a major announcement about Indian power giant Adani's Carmichael project, which will open up the Galilee Basin, a whole new thermal **coal** province.

Adani is tight-lipped, but environment sources fear the announcement could confirm Adani as "first mover" in the Galilee—giving the **company** an open-ended [holiday from state coal royalties](#) —or go further and abolish any appeal rights against the project.

Adani is the last man standing in the Galilee, and Newman is on a veritable crusade to ensure the \$16 **billion** project, including a 400-kilometre rail line and new export terminal at Abbot Point, is developed as soon as possible.

There were three possible players in the Galilee Basin, but Clive Palmer's Waratah **Coal** project effectively collapsed two years ago after Newman rejected his preferred rail corridor to get the **coal** to the coast—a dispute that fueled formation of the Palmer United Party.

The second most likely, Gina Rinehart's partnership with another Indian **company**, GVK, has been looking shakier all year. [Last week Hancock wrote off \\$641 million](#) after GVK missed the final tranche \$560 **million** payment it was to make to complete the **purchase** of its 79% **stake** in the Alpha projects in the Galilee, sold for \$1.2 **billion** in 2011. Hancock may still hope to collect the money from GVK; Rinehart is pals with founder Krishna Reddy and dragged Coalition frontbenchers Barnaby Joyce and Julie Bishop over to [his daughter's wedding](#). The diminishing **iron ore** heiress, battling her children in court and a plunging **iron ore** price, is in no position to walk away from half a **billion** dollars. But even Rinehart's famous appetite for litigation will not help if her Indian partner goes broke. What looked like a savvy, top-of-the-market **coal** deal has turned out to be nothing of the sort. GVK's partner in the rail component of the Galilee, Aurizon, the former QR National, acknowledged in October that any [go-ahead was years away](#). Among the many climate questions hurled at chairman John Prescott, the former BHP chief presiding over his last Aurizon AGM in Perth yesterday, was a pointed reference to the [corruption charges against GVK and Reddy](#). Prescott admitted neither he nor Aurizon chief Lance Hockridge knew anything about it.

That leaves Adani, which has secured almost all the necessary planning approvals—state and federal—to build the Carmichael mine but now has to raise the money. To do that, Adani is hoping to offload a **stake** in the existing **coal** terminal it bought for \$2 **billion** at Abbot Point in 2011—outbidding an extremely over-gearred Nathan Tinkler—in another top-of-the-market deal.

Funding the Carmichael project is not going to be easy with **coal** prices depressed and eight global investment banks already indicating they will [not fund the project](#). Adani said [in a statement](#) those banks weren't asked to fund the project—or weren't in greenfield project finance anyway—and points to the new **China**-backed Asian Infrastructure Investment Bank as a possible source of funding for [coal-based energy projects](#).

Adani certainly won't be able to fund it alone; this week it reported [widening losses](#) in the September quarter from subsidiary Adani Power (which will buy the **coal** from Queensland)—although parent Adani Enterprises, which reported overnight, [is profitable](#). Adani Power has lost money for the last three years, and its balance sheet is looking “ridiculously” stretched according to analysis by Tim Buckley of the Institute for **Energy** Economics & Financial Analysis, with seven times more debt than **equity**. Adani says those debt levels are irrelevant, as the Indian entities won't be called on to fund Carmichael, and anyway all the money's not needed up-front. Australian subsidiary Adani **Mining**'s latest accounts showed \$1 **billion** in debt and a net [deficiency of assets](#), which Buckley says underlines the question: where on earth will the money to develop this mega-project come from? Korea's deep-pocketed steelmaker POSCO has taken a small minority **stake** in the \$3 **billion** rail component, but that still leaves **billions** to raise.

Which brings us to one fat, buzzing fly in the soup: a five-week case set down in the Land Court for March, that threatens to blow out the project timetable. Possibly the last of the merits review appeals to be heard in Queensland after the Newman government abolished appeal rights, the case will be the culmination of years of work by the environmental movement to frustrate and oppose new **coal** projects. Remember the hysteria whipped up around the Greenpeace anti-**coal** strategy [leaked to The Australian Financial Review](#) in 2012? It has come to this: no case will prove more important than the Carmichael case. The judge, Land Court president Carmel MacDonald, [previously rejected](#) climate change arguments against Xstrata's now-shelved Wandoan mine in 2012.

There are two objectors to Carmichael. Leading the case is local green group Land Services Coast and Country, represented by Queensland's Environment Defenders Office. The EDO's lawyer Sean Ryan told Crikey this would be “biggest case we've ever run”. The other objector is an Indian NGO, the Conservation Action Trust—the first foreigner to take legal action in Australia against a development proposal. [I interviewed CAT director Debi Goenka](#) when he visited Australia to speak at a conference. The Land Court does not have rules of standing, which would ordinarily preclude a foreigner taking court action here. Anyone who objects to a proposal, as CAT did, can appeal the approval. [CAT's submission](#) is based on objections to Adani's environmental track record in India, a relevant consideration to the court's consideration. There has been no strike out motion from Adani.

The odds are certainly against the objectors, and not only financially. Adani has the Queensland government on side. Recently Newman ordered the North Queensland Bulk Ports clearing work to start at the site where spoil will be dumped from dredging to make room for Abbot Point's new **coal** terminal—even before the dredging has received final approval.

The key will be whether Modi's government wants to rely on Australian **coal** for its development, or would prefer to encourage development of India's own **coal** resources. Last week, at a World Economic Forum in India, **Energy** Minister Piyush Goyal spoke on an [hour-long panel](#) and, while he mentioned doubling India's **coal** production by 2019, did not once mention **coal** imports, let alone Australia. In fact overnight Goyal canvassed ending India's [coal imports altogether](#). Instead, much of the session on “Lighting India” was devoted to renewables. Also on the WEF panel was a representative of the Rockefeller Foundation, which recently announced it would divest from fossil fuels entirely and is funding development of a thousand mini-grids in rural India. That's tackling **energy** poverty, in a way the **coal** industry talks about (but never actually does).

How that squares with Modi's forthcoming announcement will be interesting to see.

**RF** <http://www.crikey.com.au/?p=467512>

**CO** qudpc : Queensland Department of the Premier and Cabinet | adexns : Adani Enterprises Ltd | dorval : Aurizon Mines Ltd | hclamn : Hecla Mining Co

**IN** i211 : Metal Ore Mining | i8396 : Diversified Holding Companies | ibasicm : Basic Materials/Resources | ibcs : Business/Consumer Services | igoldm : Gold Ore Mining | imet : Mining/Quarrying

**RE** austr : Australia | india : India | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | indsubz : Indian Subcontinent | sasiaz : Southern Asia

**PUB** Private Media Partners Pty Ltd.

**AN** Document CRIKAU0020141113eabd0000e