

Work on Carmichael project to begin in October: Gautam Adani

Adani Group chairman Gautam Adani says construction in the Carmichael project in Australia will start by October and the first coal will come out in March 2020

Amrit Raj



Adani Group chairman Gautam Adani said the firm will invest \$7 billion in Australia in the first phase by 2020 and \$9 billion over the next 10 years. Photo: Reuters

New Delhi: Adani Group plans to start work on its \$16.5 billion Carmichael coal project in Australia in October, chairman Gautam Adani said, buoyed by the dismissal of appeals filed against the project by Australian activists.

“We will start construction of the project by October and first coal will come out in March 2020,” Adani, 55, said in an interview on Friday night.

The remarks followed a boost received by the group on two different fronts last week.

First, a full bench of the federal court in Brisbane dismissed challenges from the Australian Conservation Foundation (ACF) and native title objections from a central Queensland resident, Adrian Burragubba, according to a *PTI* report. Burragubba was also involved in an action dismissed earlier by the Queensland Court of Appeal relating to the granting of a mining lease covering the Carmichael resource. Adani, in a statement last week, said the court rulings had reinforced its legal right to develop its Carmichael thermal coal resource.

Second, the group has received a clean chit from the adjudicating authority of the Directorate of Revenue Intelligence (DRI) on allegations that it inflated the declared value of goods imported under the power and infrastructure heads, which attract zero or less than 5% duty, *The Indian Express* reported on 25 August.

Adani, who ranked 250 in the Forbes World’s Billionaire List 2017 with a net worth of \$5.8 billion, linked the controversies to the Carmichael project.

“Everything that we have done is in the ambit of law—either in India or in Australia, which is an OECD country with stronger rules and laws,” Adani said. “What needs to be looked at is that the timing of the controversies coincides with commencement of the project in Australia.”

After battling environmental protests and legal and regulatory hurdles for seven years, Adani Enterprises Ltd said in June that it was finally ready to proceed with the Carmichael coal and rail project in central Queensland. The company’s board gave its final go-ahead to the project, Adani said.

"We are committed to the larger purpose, to make India energy-secure," Adani said in the interview. "All these controversies have vested interests and go against India's interest of providing electricity to 100 million people. The DRI clean chit vindicates our stand."

Adani Group has faced opposition from environmental groups concerned that the coal project will result in higher pollution levels and damage the Great Barrier Reef marine park in northern Queensland.

Adani plans to spend \$16.5 billion in Australia, of which an investment of \$3.5 billion has already been made. Adani said \$7 billion will be invested in the first phase by 2020 and \$9 billion over the next 10 years.

Once it is built, the Carmichael mine will be one of the biggest in the world. It will include six open-cut pits and five underground mines across an area five times the size of Sydney Harbour. The coal will be transported to India, after travelling from the mine via a new 189km rail link to a waterfront coal terminal at Abbot Point in North Queensland. The giant mine will generate so much coal that the terminal will need to be expanded to accommodate it.

Adani said the project will create 10,000 direct and indirect jobs in regional areas of Queensland, and inject 22 billion Australian dollars in royalties and charges into the Queensland government's coffers.

The project envisages phase-one production of 25 million tonnes per annum (mtpa). Peak mine production in later phases will rise to 60 mtpa. Adani Group will expand the capacity of its owned and operated bulk coal port facility at Abbot Point from 50 mtpa to 120 mtpa.

The project may also rely on the Queensland government giving the company a \$1 billion concessional loan to help it build the rail link. The government is currently assessing whether to give Adani the loan through its \$5 billion Northern Australia Infrastructure Facility (NAIF).

Adani is confident that he will tie up the funds to complete the project.

"The project will be funded by internal accruals, NAIF and foreign banks. Talks have already started with the banks," he added.

As part of the group's target of commissioning 10,000 megawatts (MW) of solar power capacity by 2020, 1,500MW of solar installations are being planned in Australia.

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