

MEDIA STATEMENT

28 August 2019

FACT CHECK: Adani responds to IEEFA paper on subsidies

Anti-fossil fuel advocacy organisation IEEFA (*Institute for Energy Economics and Financial Analysis*) has released another inaccurate report about Adani as part of its ongoing campaign to stop the use of fossil fuels like coal and gas. This IEEFA anti-fossil fuel paper attempts to resurrect old and patently false and inaccurate claims suggesting that the Carmichael Project will only be viable because of a variety of government subsidies and that Adani is trading while insolvent.

[IEEFA](#) is known for publishing alarmist papers that attempt to discredit the fossil fuel industry using [flawed analysis](#) in order to achieve its stated aim of transitioning to renewable energy. Its campaign to discredit Adani's Carmichael Project began in 2013 and has involved the publication of a number of papers containing false claims and associated publicity stunts. IEEFA has known associations with left-wing activist groups, including acting as a spokesperson in campaign [videos for Get Up!](#), which received [\\$495,000](#) from the anti-fossil fuel activist group Sunrise Project last year to advance its anti-coal agenda.

IEEFA also states on its website that it receives funds from a number of organisations with known association to the anti-fossil fuel movement, such as the US-based Rockerfeller Family Fund, which funded the strategy for the anti-coal movement '[Stopping the Australian Coal Export Boom](#)'. They are also funded by the US-based Flora Family Fund, whose links to The Sunrise Project, Sandler Foundation, IEEFA and the Growald Family Fund were revealed in the [Wikileaks John Podesta emails](#) that detail the concerted international campaign to stop Adani's Carmichael Project.

While everyone is entitled to their own opinion, it is important that commentators declare their personal and financial interests upfront when discussing issues so as not to give any misrepresentations of independence and impartiality.

Over the past eight years IEEFA's incorrect analysis has included failed predictions that Queensland's successful natural gas industry was unviable – the industry now supplies a significant proportion of the gas used in eastern Australia and is one of the world's largest exporters of LNG. IEEFA also incorrectly predicted that Adani would not be able to start construction of our Carmichael Project and would not create jobs – project construction is now underway and employee numbers are growing daily as our contractors recruit their workforces.

Fact check: Adani is not trading while insolvent

Adani has been operating successfully in Australia for nine years and has invested more than \$3.6 billion into the Australian economy during that time.

Over nine years our contractors, employees, consultants and other business partners have been paid.

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Our operations here are Australian businesses, operating under Australian financial regulations and taxation legislation and all other Australian laws and regulations.

Like other Australian businesses, our accounts are annually audited and tested for matters such as insolvency and assessed against other financial responsibilities and accountabilities.

Like other Australian companies Adani Mining is required to report its balance sheet to ASIC under Australian law, and our balance sheet has been publicly available for the past eight years for people to view.

Just like every mining project, our project will not generate income until the mine and rail are built and operating and coal can be sold and exported. Until we start producing and selling coal, we will be continuing to invest in the development of the mine and rail and therefore this will be treated as an accounting loss.

With Adani's approvals for construction now in place, construction on the Carmichael mine and rail Project is progressing well. The construction stage is due for completion approximately two years after approvals were received, and production of coal will shortly follow.

Fact check: we will pay our own way, there are no government subsidies.

The royalties agreement is being progressed in line with timeframes outlined by the Queensland Coordinator General and the details of the agreement are commercial in confidence. Claims that IEEFA are aware of the details are farcical considering they have not been party to any negotiation discussions. Furthermore, we note the Premier's announcement last week that New Century Resources would receive a royalty deferral agreement for their zinc mine, demonstrating the varied nature of royalty agreements in place for different mining companies.

Fact check: Australian mining and agricultural businesses are entitled to fuel tax credits under Australian taxation law.

Fuel tax credits are part of Australian taxation policy, which Australian mining and agricultural businesses are entitled to under Australian law. IEEFA should refer any issues they have on this legislation to the Australian Taxation department.

Fact check: Our operational water sources are regulated by the State Government.

We have publicly and repeatedly stated expected water use for the mine and payments for water. Any operational water sourced off-lease must be paid for at a similar rate to other water users. Adani will not take water from the Great Artesian Basin. Furthermore we will only take the necessary ground water required to enable mining to be safely undertaken. According to modelling done by the State Government, the maximum that could be extracted is 4,550 mega litres and that would be with the mine producing 60 million tonnes of coal each year. As announced in November 2018 the Carmichael mine has been reduced in size to produce 10 million tonnes of coal per year. Accordingly we will only take the water required to safely operate the mine at this reduced production rate. Therefore the amount of water to be extracted will be much less than originally modelled. Importantly, we also have

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landholder agreements in place with local farmers to compensate them either financially or through the provision of water in the event that they are adversely impacted.

Fact check: There is no state, federal or local funding going to Adani's roads.

There is no federal, state or local government funding going to the development of Adani's roads and any claims to the contrary are false. All levels of government have repeatedly stated this.

Adani has stated on numerous occasions that previous agreements, which involved councils to contribute the upgrade of an airstrip are not required for the development of the mine.

Fact check: we must progressively rehabilitate the mine site

Just like all Queensland coal mines, the Carmichael mine has comprehensive rehabilitation conditions and will be subject to the same rules and conditions that apply to existing coal mines. Adani is not receiving any special or preferential treatment.

Progressive rehabilitation will be undertaken, which involves the staged restoration of disturbed areas during the exploration, construction or development and resource extraction phases of a mining project, instead of large-scale works at the end of operations.

We expect anti-coal activists will continue their attempts to discredit and misrepresent our organisation and operations. We will not be intimidated and will deliver our Carmichael Project and the benefits it will bring to regional Queensland communities.

Editor's Notes

- **Links to IEEFA's anti-fossil fuel articles and campaigns:**
 - o *IEEFA features GetUp!* Video campaigning against Adani using false claims - <https://www.facebook.com/watch/?v=10154090396561455>
 - o *GetUp!* receives \$495,000 donation from Sunrise Project - <https://www.news.com.au/finance/business/mining/big-donation-to-getup-spells-trouble/news-story/132b4f5dfec12c86581146bef37126b0>
 - o APPEA debunks IEEFA article - https://www.appea.com.au/media_release/flawed-ieefa-report-wrong-on-gas-and-electricity-pricing/
 - o APPEA debunks IEEFA article - <https://www.appea.com.au/2016/08/the-truth-about-domestic-and-export-gas-prices/>
 - o IEEFA anti-Adani article - <http://ieefa.org/ieefa-australia-queensland-government-about-to-make-poor-economic-decision-on-adani-mine/>
 - o IEEFA anti-fossil fuel article - <http://ieefa.org/the-staggering-cost-of-gas-in-australia/>

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