



9 March 2018

egc@parliament.qld.gov.au

To whom it may concern

Thank you for the opportunity to provide feedback to the Economics and Governance Committee (the Committee) on the *Mineral and Energy (Financial Provisioning) Bill 2018* (the Bill) introduced into the Queensland Parliament on 15 February 2018.

Adani Mining Pty Ltd (Adani) received approval from the Commonwealth and Queensland Governments to construct and operate the Carmichael Coal Mine in 2015 and 2016. As a condition of the Environmental Authority, Adani is required to provide financial assurance for its proposed rehabilitation activities. Adani made formal submissions to the Queensland Government about the proposed legislative framework, and the Bill, in June 2017.

Adani continues to support an initiative to introduce a risk based financial assurance framework. However, there are several issues that remain unresolved, and are critical to understanding the impacts of the Bill. These are:

1. the Financial Soundness Assessment, which is how companies without a Standard and Poor (or equivalent) rating, such as Adani are categorised within the scheme; and
2. the Resource Project Characterisation Assessment; being the percentage of financial assurance (risk allocation decision) required for an Environmental Authority.

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On the first point, the Bill assesses resource companies individually based on their financial risk, and uses a range of financial assurance arrangements designed to appropriately match the risk.

Despite raising this issue in June 2017 and meeting directly with Queensland Treasury, it remains unclear how the Financial Soundness Assessment will apply in the case where a company does not have an existing rating. Adani, as a relatively new company in Australia, does not have an allocated rating at this time. It also remains unclear when the credit rating of parent companies will be taken into consideration. Adani is therefore unable to forecast how the Financial Soundness Assessment will impact its business.

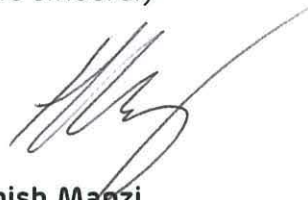
Adani recommends the Bill provide that companies can nominate a risk rating determination from a credible agency, and that parent company rating agency may be nominated also.

On the second point, how the Resource Project Characterisation Assessment will be implemented remains unclear, and therefore Adani is unable to provide meaningful feedback. It is understood these fundamental elements of the framework will be released in April 2018, which is *after* the Committee's review. The time between May and July 2018 (commencement date) is insufficient for consultation, or for government to implement improvements.

Without this information, Adani cannot fully appreciate the impact of the proposed Bill on the significant contribution of the Carmichael Coal Mine to the Queensland economy. It is Adani's position that the full detail of the Queensland Government's financial assurance policy and implementation guidelines must be made available for consultation, prior to the Bill being passed.

If you have any questions, please do not hesitate to contact me on telephone number [REDACTED].

Yours sincerely



Hamish Manzi
Head - Environment and Sustainability