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## Queensland Government offers Adani mining group a 'royalties holiday' that could cost state \$320 million

Exclusive by the National Reporting Team's Mark Willacy

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PHOTO: The Queensland Government is offering Indian mining company Adani a "royalties holiday". (AAP)

**The Queensland Government is offering Indian mining company Adani a "royalties holiday" worth hundreds of millions of dollars for its massive Carmichael coal mine in the state's north.**

The ABC understands the proposed agreement would see Adani pay just \$2 million a year in royalties once the \$21 billion project starts operating.

The royalty rate will then increase after several years.

Sources have told the ABC that under the proposed agreement, the state would lose out on a total of \$320 million in royalties.

Premier Annastacia Palaszczuk and Treasurer Curtis Pitt have been leading negotiations with Adani over the proposed royalties holiday.

Ms Palaszczuk would not confirm or deny the royalty agreement, but emphasised the importance of the Carmichael mine for the state's economy.

"What we know about this project is that it is vital for regional jobs," she said.

It is understood Adani was seeking a total royalty holiday from the start of production that would have seen the company pay nothing, but this was rejected.

Senior Labor figures are concerned about the proposed deal, which could be signed as early as this week.

However, Adani said in a statement released on Thursday that "it will pay every cent of its full state royalties bill for the Carmichael mine".

"Queensland governments of all political persuasions have used royalty agreements to enable such projects in Queensland, and Adani welcomes this approach," it said.

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"The Carmichael project will pay billions of dollars in royalties and corporate taxes but, importantly, will also generate 10,000 direct and indirect jobs in regional Queensland."

## Policy would effectively give Adani 'free coal for five years'

In the last election campaign, Queensland Labor promised no taxpayer funds would go towards the rail line linking the Carmichael mine to the port of Abbot Point.

Ms Palaszczuk, then the Opposition leader, slammed the Campbell Newman government for offering Adani a subsidy, accusing the LNP of "throwing a bucket of taxpayers' cash" at the company.

The Carmichael project is expected to produce 25 million tonnes of coal a year in its first phase.

Analysis by the progressive think-tank The Australia Institute this month estimated that a royalty holiday for Adani could cost Queensland nearly \$1.2 billion in revenue.

"This policy would effectively give Adani free coal for five years and discounted coal for another four," it said.

The Climate Council said the proposed deal was more evidence the project did not stack up financially.

"It appears the only possible way this may go forward is with very big subsidies from the Commonwealth and the Qld Government," the council's Professor Will Steffen said.

"The big four banks have said, 'No thanks, this is a bad investment'."

**Topics:** mining-industry, government-and-politics, qld

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