

Australian state Labor government agrees to subsidise giant coal mine

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Doubts surround the financing of Indian billionaire Gautam Adani's plan to construct Australia's largest coal mine in central Queensland, despite both the state Labor government and the federal Liberal-National government anxiously promoting the project.

Premier Anastacia Palaszczuk's Labor government last week claimed that the \$16.5 billion Carmichael mine in the Galilee Basin would go ahead after Labor's cabinet provided Adani's company with a revamped royalty plan.

In recent weeks, state cabinet members from Labor's "left" faction made a show of opposing the subsidising of the mine because that would blatantly breach a 2015 election pledge not to do so.

Moreover, it would mean handing hundreds of millions over to a billionaire, when Labor leaders, federal and state, are demagogically objecting to the federal government's proposed "millionaires' tax cuts" for big business.

Factional leaders were also nervous about too openly assisting a project, involving six open cut pits and five underground mines, that poses potentially serious environmental and economic problems. These include the impact on the tourism industry of coal being shipped through the offshore Great Barrier Reef.

Nevertheless, the cabinet agreed to a lucrative handout, negotiated with Adani behind closed doors. It will reportedly allow Adani to pay just \$5 million a year for five years before supposedly starting to pay back the deferred royalties, with interest. The Labor government has refused to confirm any details of the deal, hoping to keep the public in the dark.

Opening the project's headquarters in Townsville last Tuesday, Palaszczuk said Adani's decision would deliver "jobs right across the state." She claimed it was a "vote of confidence" in Queensland that would make

it "the investment choice state of the nation."

Palaszczuk's statement underscores the thoroughly pro-corporate character of her government, and of the Labor Party itself. Tax concessions are handed to some of the wealthiest people on earth, in order to attract globally-mobile investment, at the expense of social spending and working class conditions. According to *Forbes'* rich list, Adani and his family are worth more than \$8 billion.

The Adani company and its boosters, notably the trade unions, claim that the project will "directly and indirectly" create 10,000 jobs, partly offsetting the wholesale destruction of mining jobs throughout central Queensland over the past few years.

In reality, according to Adani's own expert witness when the Queensland Land Court granted environmental approval for the project, it would create only 1,460 jobs in net terms. Moreover, these jobs are certain to be lower-paid and on worse conditions than those eliminated.

Speaking from India, Adani said his board had approved the "financial investment decision" on the project. "This is the largest single investment by an Indian corporation in Australia, and I believe others will follow with investments and trade deals," he said.

However, on the same day the *Australian Financial Review* reported that the Adani company still had a \$3.3 billion funding shortfall for the \$6.7 billion first stage of the project.

Adani also said it would "look at its options" if it did not receive an almost \$1 billion concessional loan from the federal government's \$5 billion Northern Australia Infrastructure Facility (NAIF) to build the mine's proposed 388-kilometre railway to Adani's coal terminal on the coast at Abbot Point, near Bowen.

No decision on that loan is due until December,

despite the federal Liberal-National government backing the project. Resources and Northern Australia Minister Matthew Canavan admitted it was a “potential risk” that the Adani mine was relying on a government loan to proceed.

There are conflicting interests over the mine. Freight hauler Aurizon has applied for NAIF funding for a rival rail link to the Galilee Basin, where other coal projects are mooted. Aurizon is reportedly seeking about \$350 million for its line, which would join its existing network, allowing coal haulers to export via other coal terminals further south at Hay Point, near Mackay.

Both Palaszczuk and Turnbull have travelled to India in recent months, and spent time with Gautam Adani to encourage his investment.

The *Australian Financial Review*, however, has editorialised against subsidising Adani, and reported “growing doubts” about whether the project “will ever get off the ground.” The newspaper said commercial intelligence firm Wood Mackenzie estimated Adani would need global coal prices to rise substantially to make the 15 percent rate of return that financiers require.

The Indian conglomerate is reputedly carrying a large debt burden and facing pressure to cut debt and divest assets, including the Abbot Point coal terminal. Adani recently told authorities its power station at Mundra, Gujarat—which is meant to take 60 percent of the Carmichael mine’s coal—may not be commercially viable because of rising costs for imported coal.

The trade unions are among the most vocal backers of the Adani project. Construction Forestry Mining Energy Union (CFMEU) Queensland president Stephen Smyth said the union supports the mine because of the jobs it would create, provided the unions have coverage over the employees.

Spouting the nationalist line of the unions, Smyth said: “We don’t want workers coming in who are foreign workers or the mine being set up with labour hire.” Such nationalism only serves to divide the working class in the face of the global assault of the mining companies.

While claiming to oppose cheap labour, the CFMEU and other unions have a decades-long history of enforcing the demands of the mining giants for cuts to conditions, including the imposition of 12-hour shifts, in order to bolster profits in the name of being

“internationally competitive.”

Scientists have expressed serious concerns about the Adani project’s environmental impact, particularly on the Great Barrier Reef, because the seabed would be dredged in nearby waters to make way for coal ships and the expansion of the Abbot Point port. This dredging could be detrimental to the reef, which is already endangered by global warming.

Adani currently faces possible fines for discharging coal sediment water eight times the official limit from its Abbot Point terminal, which is adjacent to the World Heritage-listed reef.

In addition, Adani’s environmental impact statements, approved by the state and federal governments, have revealed that the mine would require large amounts of water each year from local rivers and underground aquifers. The huge mine also raises the broader issue of the contribution of coal to global warming.

What is urgently needed is a rational global plan for energy production and usage, including decisions on the future use of coal and other fossil fuels. This cannot be developed if social needs, including the jobs and livelihoods of mine workers, remain subordinated to the profit demands of giant energy conglomerates and financial institutions.

The authors also recommend:

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