

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation and Science Portfolio
2016-17 Supplementary Budget Estimates
20 October 2016

DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE

TOPIC: Adani

REFERENCE: Question on Notice (Hansard, 20 October 2016, page 125-126)

QUESTION No.: SI-36

Senator WATERS: All right, thank you. We will push on as best we can. I am interested—perhaps this will have to be on notice as well—in whether or not the Adani coal railway or the port or any associated water infrastructure to do with the mine had been discussed by NAIF and the Queensland government, and, if so, when?

Senator Canavan: We will probably have to take that on notice, although, in the interests of full disclosure, I am aware of the Queensland government proposing to us to look at the project. I would have to take on notice the component of the Carmichael mine project that that related to. That was in correspondence to the government last year.

Senator WATERS: Are you able to table that correspondence, Minister?

Senator Canavan: I will take it on notice.

Ms Beauchamp: There are several inquiries and discussions, so the point where they translate from discussions about an idea to a potential project is not all that clear. Sometimes, we might have to seek of the board and the CEO whether the discussions also with the potential project owner—whether they want those sorts of things disclosed, particularly at that early stage when they are thinking about it. There are obviously a number of competitors in this space as well.

Senator WATERS: I understand that. For this particular project, the project is so well known and it is reasonably well advanced, so probably that particular consideration does not apply. But I accept that the concept applies in general.

Senator Canavan: I accept that too. I have spoken to officials and representatives of Adani, and they are quite comfortable having in the public domain that they are interested in discussions with NAIF—that is a matter of public record. I do not have much more information than that. It is a matter for the board now to progress those discussions.

Senator WATERS: Could you please take on notice any amount of information that you can share as to how far along the track those discussions have progressed—

Senator Canavan: Sure.

Senator WATERS: and whether that is one of the 13. Please tell me that if you are able, or provide as much information as you can. I am sorry to belabour the point, and perhaps this will also have to be on notice, but I am interested if the Queensland government has ever expressed any specific support for the project. You mentioned there had been that correspondence. Since then, have there been any particular statements of support? I am interested if NAIF, or yourself, as the minister, have discussed with any proponents or state governments any power stations of water infrastructure that would service either Adani or any of the other proposed Galilee Basin coalmines?

Senator Canavan: I will take it on notice, with the proviso that our ability to get information from the Queensland government may be limited, since they are not appearing here. I will take on notice whatever information I can provide.

ANSWER

The Northern Australia Infrastructure Facility (NAIF) and the Queensland Government have regular discussions about potential projects. These discussions are commercial-in-confidence.

Adani is one of the 13 projects. Adani has expressed interest in accessing the NAIF for purposes of supporting the North Galilee Basin Rail Project. These discussions are commercial-in-confidence and we are unable to provide any further information.

The Queensland Government's views on the project area are a matter for the Queensland Government. On 18 February 2016 the Queensland Treasurer, the Hon Curtis Pitt MP, wrote to the then Minister for Resources, Energy and Northern Australia, the Hon Josh Frydenberg MP regarding the implementation of the NAIF. I have attached the letter for your reference.

On 9 October 2016 the Queensland Minister for State Development and Minister for Natural Resources and Mines, the Hon Dr Anthony Lynham MP, announced that the Queensland Government had declared the combined Carmichael mine, rail and associated water infrastructure as critical infrastructure. I have attached the statement from Minister Lynham for your reference.



Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Minister for Sport

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Dear Minister *JOSH*

Northern Australia Infrastructure Facility

I refer to the ongoing liaison between our Governments regarding the implementation of the Australian Government's proposed Northern Australia Infrastructure Facility (NAIF).

The Queensland Government continues to support the Australian Government's intention to create a funding scheme that will support the development of important economic infrastructure as a catalyst for increased social and economic development in northern Queensland. To this end, there has been substantial engagement between Queensland Government agencies and the Department of Industry, Innovation and Science regarding the development of the necessary arrangements to implement the NAIF.

I am informed that the NAIF design, as guided by constitutional legal advice by the Australian Government solicitor to the Australian Government, requires the Queensland Government to be the legal conduit for the Australian Government to provide loans (or other financial assistance) to NAIF applicants. I am further informed that the Australian Government has indicated that there is no other alternative means by which to implement this program, due to restrictions on the Australian Government's constitutional authority to have any direct legal relationship with NAIF recipients.

In this regard, the Queensland Government is willing to continue to provide support, and to seek to ensure the NAIF objectives can be achieved with implementation of effective administrative arrangements, which applicants can understand and contract with. The key principles underpinning this support are detailed in Attachment A enclosed with this letter.

I have been briefed that in the engagement between government officials, there is ongoing detailed consideration on the NAIF arrangements and I have been assured that the Australian Government understands Queensland's position and has taken steps to structure the scheme such that, although the legal responsibility will be with the Queensland Government, all financial risk will be held by the Australian Government and the State's involvement will not have any impact on the Queensland Government's balance sheet or credit rating.

The Queensland Government requires that the Australian Government establish a NAIF office in Brisbane to facilitate ease of communication with the Queensland Government and with NAIF applicants to develop projects within this state.

As the design of the NAIF progresses, I anticipate being able to report to my Cabinet on the satisfaction of each of these key principles, such that the Queensland Government can then formally commit to participating in the program.

In regard to the potential range of candidate projects that may seek support through NAIF, the Queensland Government infrastructure agencies will progress a formal process for proposals to be submitted to the State Government for consideration. This will be in conjunction with existing infrastructure planning and prioritisation processes under the State Infrastructure Plan and the assessment of pipeline projects by Building Queensland.

Subject to these processes being implemented, a preliminary listing of potential projects is being collated, with existing candidates included at Attachment B to this letter. This listing remains subject to change as further projects are identified and the merits of Queensland Government support are considered.

Most importantly I look forward to this scheme becoming operational, engaging with your Government in facilitating the development of economic infrastructure in north Queensland and seeing the positive benefits flow to north Queensland and to the nation more broadly.

Please do not hesitate to contact Mr Jason Humphreys, my Chief of Staff, on (07) 3719 7200, if you require any further information or would like to discuss any of these matters.

Yours sincerely



HON. CURTIS PITT MP

Treasurer

Minister for Aboriginal and Torres Strait Islander Partnerships

Minister for Sport

ATTACHMENT A

Queensland Government: Key Principles for NAIF Implementation

- The Queensland Government must retain the right to choose whether it consents to be a party to NAIF assistance for specific applicants on a case-by-case basis.
- The risk of NAIF loans/guarantees is to be retained fully by the Australian Government. The Queensland Government will be completely transparent with all parties that it is passing on funding for the Australian Government and does not take any risk or responsibility for the financial outcomes.
- Full indemnification and release from the Australian Government will be required for the role that Queensland undertakes under this scheme.
- The Queensland Government will require suitable additional resourcing to manage its obligations under NAIF and will require funding from the Australian Government for costs incurred in establishing and administering the facility.
- There will be no obligation for the Queensland Government to advance funds to the recipient under any circumstances, other than by the direction of funds paid by the Australian Government to the recipient.
- There will be no obligation for the Queensland Government to repay the Australian Government under any circumstances, other than by the direction of funds paid by the recipient to the Australian Government.
- To the greatest extent possible, implementation design should consider the means by which payment and receipt arrangements can be streamlined to involve direct cash flows between the recipients and the Australian Government.
- Appropriate accounting classification of the NAIF transactions as 'off-balance sheet' for the Queensland Government is a prerequisite.

ATTACHMENT B

Queensland Government: Potential NAIF Candidate Projects

Preliminary listing of potential projects for NAIF consideration, subject to review and prioritisation by the Queensland Government.

- Cairns Airport Expansion
- Galilee Basin Rail and Port Developments
- Hells Gate Dam
- North East Gas Interconnector
- Townsville Stadium
- Nullinga Dam
- Raising Burdekin Falls Dam
- Raising of the Eden Bann Weir and Construction of Rookwood Weir on the Fitzroy River
- Rockhampton Airport
- Townsville Port Expansion (including eastern access corridor)
- Upgrade to the Outback Way

Notes:

Further projects will be added to this listing on an emergent basis.

Listing herein as a potential candidate does not entail Queensland Government support, which will be dependent on review of proposals on a case by case basis.



Media release

Minister for State Development and Minister for
Natural Resources and Mines
The Honourable Anthony Lynham

Queensland Government steps up to progress Adani mine project

The Palaszczuk Government has invoked special powers to progress the \$21.7 billion Carmichael coal and rail project.

The combined mine, rail and associated water infrastructure have all been declared critical infrastructure – the first time this has happened in seven years.

As well, the project's special "prescribed project" status has been renewed and expanded to include its water infrastructure.

State Development Minister Dr Anthony Lynham said his decision would mean less red tape for the proposed project and the jobs and business opportunities it offered.

"This step bundles together major elements of the project for the first time – the mine, the 389 kilometre rail line, and the water infrastructure, including a pipeline, pumping stations and a dam upgrade," he said.

"It makes it more efficient to establish easements for infrastructure like the water pipeline and the rail, and expands the Coordinator-General's power to ensure timely approvals." Dr Lynham said the declaration was based on advice from the independent Coordinator-General, who continued to meet regularly with Adani to progress the project.

"When this government came to power in early 2015, it is fair to say that there was a long way to go with the approvals that Adani needed before they could start construction.

"Since then, 22 key Commonwealth, State and local government approvals have been granted for Adani's mine, rail and port facilities and there have been 29 key milestones reached.

"Adani has now obtained all the necessary primary approvals for its mine, rail and port project--- and most importantly, I have granted the mining leases.

"At a state level, the only key approvals remaining are water licenses and Adani is actively working on those with my Department of Natural Resources and Mines.

"I know that regional communities particularly will welcome the advice from Adani that construction of the project is set to begin in 2017," he said.

Dr Lynham said the progress on the project had been achieved while protecting the Great Barrier Reef and meeting Queensland and Commonwealth environmental impact assessment requirements.

ENDS 9 October, 2016

Media inquiries: Jan Martin 0439 341 314