

# Carmichael coal mine project Australia

**Sectors:** mining - coal, transport and infrastructure

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[Project website](#)

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## Status



## About Carmichael coal mine project

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Carmichael - located in Queensland's unexploited Galilee Basin and proposed by Indian conglomerate Adani - would take the crown of Australia's biggest and baddest coal mine and be one of the largest single mines in the world. It would double the size of Australia's biggest existing coal mine - 60 million tonnes of coal per year at full capacity. It is planned to operate for 90 years, several decades longer than an average coal mine. The plan also involves hundreds of kilometres of new railway tracks and new coal port terminals that threaten the Great Barrier Reef. It is estimated to cost AUD 16.5 billion.

The extent and intensity of the impacts associated with this project would be profound. And yet, the Environmental Impact Statement (EIS) is riddled with holes and errors. This raises serious questions about whether the current approvals system is adequately equipped to protect people and the environment from developments that are just too damaging.

### Brief history

2010 - Adani Enterprises purchased the Galilee coal tenement Exploration Permit for Coal (EPC) 1690 from Linc Energy Ltd, an Australian Stock Exchange (ASX)-listed fossil fuel development company. It purchased an EPC 1080 from Mineralogy Pty Ltd for AUD 25 million a year later. Adani Enterprises paid Linc Energy AUD 500 million in cash, plus agreed to provide a AUD 2 per tonne coal royalty, indexed to inflation, on all production for the first twenty years.

2012 - The coal deposit lease is primarily under the Moray Downs cattle station, 160 km north-west of the town of Clermont in central Queensland. Adani Enterprises acquired this rural property for a reported AUD 110 million in February 2012.

### What must happen

Banks and other financial institutions should declare their intention to avoid investing in the Carmichael Coal Project.

## Issues

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### Social issues

A [report published by IEEFA](#) in May 2014 has shown that coal exported to India from the Galilee Basin in Australia would need a wholesale electricity price, double India's current level, to be viable, categorically discrediting the argument that it might alleviate India's energy poverty.

### Environmental issues

In the original plans the coal mine would be responsible for releasing up to 128 million tonnes of CO<sub>2</sub> per year from burning the coal, more than the combined fossil fuel emissions of Sweden, Norway and Denmark. The changed plans of Adani in November 2018, in which the capacity is set at 27 million tonnes of coal, would make the mine responsible for emitting an estimated 54 million tonnes of CO<sub>2</sub>. The mine will cover a whopping 44,700 hectare. Over 10,000 hectare of bushland will be wiped out, much of it home to threatened species. Ten billion litres of water will be sucked up from the surrounding environment and Adani already owns one huge coal terminal at Abbot Point in the Great Barrier Reef World Heritage Area and is proposing two more.

When surveying the site for the EIS, consultants for Adani sighted the endangered [Black-throated finch](#) (southern) 89 times. The company plans to clear around 10,000 hectares of important habitat for the species.

The mine will also cause drawdown of groundwater at a Great Artesian Basin discharge spring wetland called Doongmabulla Springs. The springs host endemic and threatened plant species, but these have not been assessed as part of the mine's EIS. For one threatened plant at least, Doongmabulla Springs provides habitat critical to its survival.

The assessment also fails to analyse the impact of dramatic levels of groundwater drawdown on groundwater-dependent species and communities in the surrounding area, including gorgeous River Red Gums along the banks of the Carmichael, which are Koala habitat. The EIS states that the company expects the mine to cause 30 metre drawdown of groundwater at its greatest impact, resulting in a seven percent reduction in flow of the Carmichael River, and death of downstream vegetation.

A [2017 report](#) by the Climate Council of Australia on the Carmichael coal mine project concluded that: for Australia to play its role in tackling climate change, over 90% of Australia's existing thermal coal reserves must be left in the ground unburned and no new thermal mines can be developed.

## Other issues

Adani has a history of breaking the rules and causing environmental destruction. Adani's flagship project Mundra, the largest private port in India, is a textbook case of how to flaunt environmental regulations. Adani deliberately concealed and falsified material facts when applying for part of the development. Construction began illegally and officials found multiple violations of the development approval including mass clearing of mangroves which have been the subject of several court cases. Aside from the Mundra port, Adani was investigated by an anti-corruption ombudsman who found evidence of bribery and theft in the export of iron ore and has been the proponent of other environmentally destructive projects.

The Carmichael project is **uneconomic**: it is a high cost coal product in a low priced coal market with an uncertain future. Carmichael coal has a low quality, but the cost structure is likely to remain above the global thermal coal price for the foreseeable future.

## Governance

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### Applicable norms and standards

1972 Convention on the Prevention of Marine Pollution by Dumping Wastes and other Matters

Alliance for responsible mining

Extractive Industries Transparency Initiative

International Council on Mining and Minerals (ICMM)- 10 Principles

OECD Guidelines for Multinational Enterprises

Safety and Health in Mines Convention

United Nations Declaration on the Rights of Indigenous Peoples

Universal Declaration of Human Rights

## Updates

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### Adani Mining's Carmichael coal mine project receives final approval

Jun 13 2019

Adani Mining's plan to build a 10 million tonnes open-pit thermal coal mine and associated infrastructure in the Galilee Basin of Queensland, Australia, looks like moving forward after the company **sealed the final approvals** it requires to start construction. Lucas Dow, CEO Adani Mining, confirmed that the company had received advice from the Queensland Government's Department of Environment and Science (DES) that the Groundwater Dependent Ecosystems Management Plan (GDMP) had been finalised and approved.

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### Adani changes plans for Carmichael coal mine

Nov 5 2018

Adani is now planning to build the mine in phases, starting at 10-15 million tonnes per year, with capacity to expand to 27 million tonnes per year (which would still be as big as any other coal mine in Australia), transported along a 200 kilometers narrow gauge rail line that links up with Aurizon's existing Newlands rail system, which already carries coal to Abbot Point. The plan for a new Abbot Point terminal has been shelved; the existing terminal to have its capacity expanded to from 50 to 60 million tonnes per year. Significantly, this change has almost halved the rail line cost from around AUD 2.5 billion to around AUD 1.2 billion. The total project cost including the mine could now be down to less than AUD 3 billion, less than one fifth the amount of capital required just a few years ago ([Market Forces](#)).

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## Adani to begin construction of Carmichael coal mine in October

Aug 29 2017

Indian mining giant Adani has announced it will break ground on its Carmichael coal mine in Queensland in October. Company chairman Gautam Adani issued a statement overnight, confirming the start of works for the \$16.5 billion project in Queensland's Galilee basin, with the first coal to be produced by the facility in March 2020 ([News.com.au](#)).

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## Adani gives 'green light' to \$16bn Carmichael coal mine

Jun 6 2017

Indian billionaire Gautam Adani has given the "green light" to the Carmichael mine and rail project, but it will still hinge on its Australian arm, Adani Mining, gaining bank backing for the contentious venture. Adani's top executive in Australia, Jeyakumar Janakaraj, took a dig at "activists who sit in creature comfort and criticise us" while trumpeting the decision to invest in Australia's largest proposed coalmine. The company is yet to secure its bid for a \$900m infrastructure loan from the federal government for a railway that would help other miners open up Queensland's Galilee Basin ([The Guardian](#)).

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## Environmental Justice Australia' s report shows Adani's disastrous track record

Feb 15 2017

A detailed legal research brief by Environmental Justice Australia, reveals Indian based Adani Group's track record overseas, including illegal dealings, bribery, environmental and social devastation and allegations of corruption, fraud and money laundering. The Adani Brief puts Australian governments and potential financiers on notice that backing the Carmichael mine and rail project in Queensland's Galilee Basin may expose them to financial and reputational risks. The full brief can be read [here](#).

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## Indian agencies investigate Adani

Dec 22 2016

Adani Enterprises, the ultimate parent company of the proposed Carmichael mine in Australia, is one of the coal companies under investigation by India's Directorate of Revenue Intelligence (DRI) for inflating the cost of imported coal. For a decade the DRI has been investigating Adani entities which traded in diamonds and gold jewellery. Adani Enterprises was named in a 2011 report by Karnataka's state ombudsman in which documents seized by police allegedly "indicate that money has been regularly paid to port authorities, customs authorities, police department, mines and geology and even to MLAs/MPs." Adani has rejected the allegations. ([ABC News](#), [Scroll](#))

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## Adani freezes investment in Carmichael mine until world coal price recovers

Feb 4 2016

[According The Guardian](#): Adani has frozen its investment in Australia's largest proposed coalmine until world coal prices show a clear recovery, its executives have indicated in stock analyst briefings in India. The briefings even gave rise to speculation that Adani Enterprises, which has previously flagged spending USD4.1 billion on the Carmichael mine in north Queensland, might abandon its plans for the mine altogether amid a huge move by the company into solar energy.

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## Adani's Carmichael coal mine gains final Queensland Government environmental approval

Feb 3 2016

Adani's Carmichael coal mine has received its final environmental approval from the Queensland Government, but will still need a mining lease before it proceeds, [according to abc.net.au](#).

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## Four reasons why the Carmichael coal mine still might not go ahead

Oct 16 2015

[According the Greenpeace's Energydesk](#): Indian mining giant Adani's controversial Carmichael coal mine has received a "re-approval" from the Australian government. Environment minister Greg Hunt attached 36 conditions, described as the "toughest in the country's history", to the approval in an attempt to address environmental concerns around vulnerable species and groundwater usage.

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## Green light from federal government

Jul 24 2014

The Australian environment minister, Greg Hunt, has approved a AUD16.5 billion resources project that will lead to the creation of the largest coal mine in Australia, and one of the largest in the world. Hunt has imposed [36 conditions](#), primarily aimed at protecting groundwater, on the Carmichael coal mine and rail project, which will dig up and transport about 60 million tonnes of coal a year for export.

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## Queensland's Coordinator-General is inviting State agencies and the community to provide further comment

Nov 22 2013

Queensland's Coordinator-General is inviting State agencies and the community to provide further comment on the proposed AUD16.5 billion Carmichael Coal Mine and Rail project north-west of Clermont. Read more [here](#).

## Financiers

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November 2018 - Adani has said it will finance the Carmichael coal mine project itself ([Adani Mining press release](#)).

### Banks

<b>Commonwealth Bank of Australia</b> Australia <a href="#">profile</a>	<a href="#">Details</a> ▼
Advisor	November 2014
In August 2015 it was reported that Commonwealth Bank's role as adviser to Adani had ended, with sources citing the environmental controversy surrounding Carmichael and the project's financial risk in the face of tumbling coal prices. <i>source: <a href="#">link</a></i>	
<b>Standard Chartered</b> United Kingdom <a href="#">profile</a>	<a href="#">Details</a> ▼
Advisor	November 2014
<i>source: <a href="#">link</a></i>	

In [August 2015](#), Commonwealth Bank of Australia (CBA), followed by Standard Chartered, backed off from the Carmichael project. In [September 2015](#) National Australia Bank (NAB) declared to rule out financing for the Carmichael project, adding itself to a list of fourteen international banks ([among them](#) Deutsche Bank, HSBC, State Bank of India) which already decided so.

## Related companies

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