



AUSTRALIA WELCOMES FOREIGN INVESTORS TO HELP MEET FUTURE ENERGY DEMAND

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As a major energy user and supplier in the Asia-Pacific region, Australia is acutely aware that our economic prosperity, and the prosperity of all energy consumers and producers, will be greatly affected by the ability to bring on necessary investment in a timely manner. This will consequently affect our ability to overcome future global energy security challenges. In the decades ahead, the continued development of open and transparent energy trade and investment frameworks will be critical in delivering investment to achieve cleaner, reliable, adequate and competitively priced energy.

A key requirement to ensure global energy security is the delivery of appropriately sized and timed investments in energy infrastructure to meet rising future global energy demand. The 13th IEF Ministerial Meeting in Kuwait brings together the world's largest energy producers and consumers, and provides the opportunity to discuss the continued importance of energy security.

The last decade has seen strong economic growth in non-OECD economies and a rapid increase in demand for energy – particularly oil and coal. This demand is set to continue. Growth in natural gas consumption is also expected to remain strong in both advanced and emerging economies, underpinned by improving economic conditions, a desire to diversify supply and an aspiration to reduce greenhouse gas emissions.

Investment in energy infrastructure is critical to meet rising demand, replace ageing assets and support the development and deployment of new technologies to reduce emissions and increase energy efficiency and productivity.

In its 2011 *World Energy Outlook*, the International Energy Agency estimates that global investment in energy supply infrastructure of US\$38 trillion (2010 dollars) is required over the period 2011 to 2035. To meet our domestic energy demand, Australia will need investment of around AU\$240 billion over the next two decades in our generation, distribution and transmission infrastructure. Such energy investment will be strongly influenced by the global investment environment and by the appetite of foreign investors to commit to energy projects.

Australia is currently experiencing record investment in our energy sector, including AU\$175 billion in capital expenditure committed to LNG projects alone since 2007. In this context, Australia is a major beneficiary of foreign investment – especially in the energy and resources sectors – and we very much welcome foreign companies who want to invest in Australia. We are committed to open and transparent trade and investment frameworks to underpin global resources and

energy markets, and Australia will continue to work with our trade and investment partners to facilitate cross-border trade and investment on a transparent basis.

All governments have an important role to play in supporting energy investment by providing an appropriate policy environment to attract the capital required to deliver necessary energy infrastructure investment. This requires confidence from the private sector with regard to policy settings that will attract necessary investment in long lived capital intensive energy projects. This also includes the need for global certainty over carbon policy.

Australia is taking action to reduce greenhouse gas emissions. From 1 July 2012 we will have a carbon price in operation that will provide an important investment signal and encourage investment in lower-emissions energy technologies.

Investment in technology is critical to reduce emissions. While the use of fossil fuels will remain central to the global energy mix for the foreseeable future, cleaner energy alternatives will increasingly assist in meeting energy demand as they become more competitive and cost effective. The Australian government is establishing the AU\$10 billion Clean Energy Finance Corporation and the AU\$3.2 billion Australian Renewable Energy Agency to support the commercialisation and deployment of renewable energy, energy efficiency and low-emission technologies.

Our global future energy security must also look to energy diversification and investment to increase energy efficiency and productivity. There is a wide range of policies we can explore that support and encourage investment across a spectrum of energy technologies in order to promote energy efficiency, integrate more sources of renewable energy, reduce emissions and diversify supply according to individual national circumstances.

The Australian government also recognises the importance of investment to assist industry overcome capacity constraints in the energy supply chain, and Australia is proceeding with large investments in transport infrastructure to ensure supply capacity can increase to meet demand in coming years, which will help maintain Australia's position as a reliable supplier to our trading partners.

The coming years will offer many opportunities and pose some challenges for the energy sector. Forums such as the 13th IEF Ministerial Meeting provide an opportunity to share lessons to help overcome the challenges and allow us to grab the opportunities that exist to help maintain and increase prosperity. ■