

BUSINESS NEWSLETTER

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Australia Energy Resource Sector- Encapsulated

Australia's energy resources sector has undergone a massive expansion since 2004. Earnings from energy resource exports reached a record of around \$70 billion in 2010-11, accounting for about one-third of total exports in that year. While the continued expansion of the energy resources sector has added to pressures in some parts of the economy, it has also created valuable business and job opportunities in many supporting activities and in many of Australia's regional areas.

Energy resource development companies have announced a stream of Australian projects worth more than \$290 billion. Of this, advanced energy projects account for \$197 billion. This investment is dominated by gas developments. Seven LNG projects under construction, valued at over \$164 billion, will more than triple Australia's LNG export capacity from around 24 million tonnes to over 80 million tonnes per year (BREE 2012e), putting Australia on track to be the world's second-largest exporter of LNG in 2015 and potentially the largest exporter by 2021.

There has also been a suite of new investments in coal to expand existing operations and launch new developments. Increasing demand has meant that an entirely new coal precinct has opened up in Queensland's Galilee Basin.

Australia possesses abundant world-class energy resources. High-quality non-renewable energy resources are widely distributed across the country. With the exception of oil, they are

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projected to last well into this century at current rates of extraction.

Australia's renewable energy resources, many of which have yet to realise their full potential, and emerging unconventional energy resources and technologies also create almost limitless opportunity to diversify the energy mix and support the transition to a clean energy economy.

Coal

Coal is an integral part of Australia's economy through its contribution to regional economic and social development, the revenue it provides and its important role in underpinning our ongoing energy security.

A well-advanced pipeline of coal mining projects is under development, including \$17 billion of investment already committed and around \$40 billion under consideration. Another \$10 billion has been committed for coal infrastructure such as rail and ports, with a further \$38 billion under consideration. Exports of thermal and metallurgical coal are expected to grow strongly to between 527 million tonnes and 689 million tonnes a year by the middle of the next decade (BREE 2012f). The domestic outlook for coal is also positive. Black thermal coal production is likely to remain strong through to 2035. Australia's brown coal industry, which has historically been tied

to brown-coal-fired generation in the Latrobe Valley, rather than to export sales, faces potential decline over the longer term unless cost-effective emissions reduction technologies can be commercialised or alternative uses for the resource can be found.

Uranium

Australia has around a third of the world's uranium resources, and identified resources have more than doubled over the past two decades (BREE 2012a). Uranium makes an important contribution to the world's supplies of low-carbon energy.

Australia's uranium exports were worth \$610 million in 2010-11 and are expected to continue to grow to 2012-13.(BREE 2012b). The size of Australia's uranium deposits and the number of new projects in the planning stages suggest that there is potential for further expansion in coming decades despite the recent decision on Olympic Dam.

Uranium is currently mined in the Northern Territory and South Australia, and new projects are under development in Western Australia. In March 2012, the New South Wales Government lifted a ban on uranium exploration in that state, which brings it into line with Queensland in allowing exploration but not mining. To support further exploration and development, the Australian Government encourages New South Wales and Queensland to consider lifting their bans on uranium extraction in future.

Gas

Natural gas is Australia's third-largest energy resource after coal and uranium. Australia's reserves of conventional and unconventional gas are located across the country. conventional gas deposits are offshore in north-western Australia and Bass Strait, while coal-seam gas (CSG) and shale/tight gas can be found in most Australian

states and territories.

Australia has identified gas resources of 431 706 petajoules (PJ), or 392 trillion cubic feet (tcf) (Table 5.1), of which economic demonstrated reserves account for 149 305 PJ (136 tcf). This is around 184 years of gas at current production rates. There are additional potential in-the-ground CSG and shale gas resources of around 694 488 PJ (631 tcf), although those resources remain relatively poorly understood and quantified.

Australian gas production is expected to almost triple to 2020 and to grow at an average of 5.5% a year to 2034-35 as reserves in north-western Australia are developed and CSG production in eastern Australia comes on line (BREE 2011c). This growth will be driven largely by LNG exports.

Oil

Australian oil production is expected to decline over the period beyond 2020 in the absence of major new discoveries. As is the case with offshore gas, new finds in the established producing basins are more likely to be in deep water, smaller and higher cost. In the medium term, sustained high oil prices and new production technologies may enable the development of smaller fields that were previously not commercially viable.

Australia remains relatively unexplored for oil, and there is potential for significant new oil resources to be found in deepwater frontier basins (such as in the Great Australian Bight). We also have large undeveloped oil shale resources that require significant processing to release liquid hydrocarbons (GA-ABARE 2010). The development of onshore shale gas may also unlock unconventional liquid hydrocarbons.

Renewables

Australia has wind, solar, geothermal, hydro-electricity, ocean energy and bioenergy resources with enormous commercial potential. With the exception of hydro-electricity, for which the available resource is largely developed, and wind

exception of hydro-electricity, for which the available resource is largely developed, and wind energy, which is growing rapidly, renewable energy resources are mostly underdeveloped.

However, various commercial, technological and development challenges must be overcome before the potential is realised—most of which will be addressed by the private sector.

To view the list of all Australian

Government Tenders, visit

<https://www.tenders.gov.au/>

Useful Links

These are links to procurement policy documents, guidelines and general information that will assist in understanding the Australian Government procurement environment.

Selling to the Australian Government – A guide for business

<http://www.finance.gov.au/publications/selling-to-the-australian-government/index.html>

Australian Government Procurement Policies

<http://www.finance.gov.au/procurement/>

Commonwealth Procurement Rules

<http://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/index.html>

Commonwealth Procurement Circulars

<http://www.finance.gov.au/publications/finance-circulars/procurement.html>

Business Opportunities

Indian PE firm invests in Transaction Solutions

M/s Transaction Solutions International (TSI), Perth signed a binding expression of interest deal with M/s CX Partner, a New Delhi based private equity firm, for \$22 million investment. According to TSI, CX partner will fund development of ATM business in India by supplying 500 ATMs at an agreed deal. TSI is also involved in the business of developing ATMs on behalf of major banks like HDFC Bank, Punjab National Bank, SBI, Indusind Bank etc.

WA Government invites bids for new stadium

WA Premier Colin Barnett said that State Government was seeking expression of interest from local and international investors for a state government owned new 60,000 seat Perth stadium at Burswood, using design, build finance and maintain procurement model. The new stadium project to be completed by 2018 is estimated to cost \$1.2 billion. WA Government has also released a \$340m transport plan as part of the stadium project.

Fortescue to sell stake in Pilbara rail and port assets

WA's leading iron ore mining company Fortescue Metals Group (FMG) is planning to sell a stake in its Pilbara rail and port assets. Chief executive Nev Power said that the company was in negotiations with a small group of selected investors about the sale. The company has provided third party access to its infrastructure to juniors such as Atlas Iron and BC Iron while retaining control over it.

Business related events in Australia

High Commissioner of India makes an official tour of Tasmania

High Commissioner of India, Canberra went on an official tour of Tasmania from 3–7 December, 2012 and met various Government dignitaries and academicians of the local government which included Lara Giddings, Premier, Governor of Tasmania Hon. Peter Underwood, Lord Mayor of Hobart Damon Thomas, Will Hodgeman Leader of the Opposition, Hon. Michael Polley MP, Speaker of the House of Assembly, Alan Campbell General Manager Marketing and Export of the Department of Economic Development, Deputy Vice Chancellor of University of Tasmania Prof. David Sadler, officials of Government Education & Training Department and a visit to their Campus, visit to a zinc processing plant and meeting with Fruit Growers Association of Tasmania.

AIBC felicitates 10 key businessmen in Victoria

The Australia–India Business Council (AIBC) held the ‘End of the Year’ function on December 06, 2012 at Investment Centre, State Government of Victoria, Melbourne to felicitate ten key businessmen in Victoria. The Chief Guest on this occasion was Louise Asher, MLA, Deputy Leader of the Liberal Party & Minister for Innovation, Services and Small Business, Tourism and Major Events.

Infosys founder starts new venture ‘Startup Village’

Article in The Age dated 04.12.2012 regarding a project started by Kris Gopalakrishnan, co-founder of IT Giant Infosys in Kochi called ‘Startup Village’ for aspiring entrepreneurs. The article goes to say that India has failed to create an ‘enabling environment’ for first-generation entrepreneurs. The Village hopes to break the logjam by helping engineers develop 1000 internet and mobile companies in the next 10 years. It provides its

members with office space, guidance and chance to hobnob with the stars of the tech industry. According to the article, India ranks 74th out of 79 nations in the Global Entrepreneurship and Development Index making it one of the worst places in the world to start a business. It also goes on to say that though Indian-born entrepreneurs have been extremely successful in the United States, India has not been able to build itself a community like Silicon Valley.

Melbourne to host the inaugural Business Events Week

Melbourne has been chosen as the host city for Australia’s inaugural Business Events Week from 23 February to 1 March 2013. The event will feature a program of activities designed to showcase how business events generate extensive economic wealth for the local, state and national economy. At the centre of the programme will be the Asia–Pacific Incentives and Meetings Expo (AIME) which will welcome more than 500 international buyers and an open day at the Melbourne Convention and Exhibition Centre for the Public.

New investments in Melbourne’s Docklands

Melbourne’s Docklands continues to strengthen its position as Australia’s pre-eminent urban renewal precinct following an announcement of a combined A\$ 330 million investment in two new commercial buildings – one located at 839 Collins Street called Building Y3 (21 floors) (\$170 million) located at Victoria Harbour in the heart of the financial district and the other a mixed-use development and future headquarters for Medibank Private at 706–738 Bourke Street which will inject a further \$180 million into Docklands and will add to the commercial and retail activity around Etihad Stadium.

Toyota launches production of new car name 'Altona' in Melbourne

Toyota Company has officially launched state-of-the-art A\$ 330 million Global Engine Line in Altona a suburb near Melbourne which represents a significant boost for Victoria's automotive industry. It is the first Australian car manufacturer to produce both petrol and hybrid engines. Toyota's new plant will make Australia one of only four countries in the world to manufacture the AR four cylinder engine. The new engine line will enable Toyota to produce more than 100,000 four-cylinder petrol and hybrid engines per year.

High Commissioner of India makes an official tour of Western Australia

High Commissioner visited Western Australia (WA) from 7-13 December 2012 and met with the Leadership of the State, including Premier Colin Barnett, President of Legislative Council Hon Barry House, Speaker of Legislative Council Hon Grant Woodhams and Resources Minister Norman Moore. Issues such as trade, investment, tourism opportunities between India and Australia and collaboration in research and innovation were reviewed. During a visit to Rio Tinto establishment, the company's operations in India were discussed. HC addressed a business gathering organised by the Australia-India Business Council (AIBC) of WA. The Royal Agricultural Society of Western Australia requested for India's participation in Perth Royal Show. HC also addressed the Indian community in Perth at a reception organised in his honour. Tourism WA conveyed that they were looking for investors in new hotels at Elizabeth Quay water front project. They also mentioned of huge demand for overseas workforce in tourism industry.

Upcoming Events in Australia:

JAA Melbourne Jewellery Fair (02-04 February, 2013)

The jewellery fair is a boutique trade event covering all categories from fine, fashion and contemporary jewellery, watches and support products and services such as security, point of sale and merchandising

Venue: Melbourne Convention and Exhibition Centre, Melbourne, Victoria, Australia

Website:

<http://www.autumnjewelleryfair.com.au/Melbourne2012>

Organizer: Expertise Events

The Committee for Economic Development of Australia (CEDA) will organise a business event titled "India: The Emerging Giant" on 27th February 2012 in Perth. Business experts on India and Consul General of India in Perth will speak at the event on business potential of India and opportunities for cooperation. Further details on the event could be accessed at www.ceda.com.au.

Cisco Live Melbourne (05-08 March 2013)

This event highlights the latest developments in the IT sector that are creating waves in the market. Cisco Live will be attended by delegates from the entire length of the Australian IT industry as there will be important sessions based on the business opportunities in Australia.

Venue - Melbourne Convention and Exhibition Centre

Website: <http://www.cisco.com/web/ANZ/cisco-live/index.html>

Organizer: Cisco Systems Inc.