

FOCUS PUBLISHING INTERACTIVE
THE OLD PERTH BOYS SCHOOL
PERTH, WESTERN AUSTRALIA

5 THURSDAY 26 JULY 2007

BOOK LAUNCH - POWERING THE WORLD: AUSTRALIA'S ENERGY INDUSTRIES

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JAQUI LANE: Ladies and Gentlemen, thank you very much for coming today to our official book launch. My name is JAQUI Lane - I am the CEO and publisher at Focus Publishing. I'd like to welcome the Minister, Honourable Fran Logan, our Advisory Group Chair, Hugh Morgan, and welcome to all our guests.

20 As I said, I'm the CEO at Focus Publishing - we're Australia's leading corporate and business publisher. It's a minor claim but I think it's pretty accurate. We publish major industry books as well as a series of bilateral trade books on Australia's major trading partners.

25 Powering the World: Australia's Energy Industries was first developed about 15 months ago when I managed to find a time to speak with Hugh Morgan about the concept of doing a book on the energy and resources sector and I asked for Hugh's advice about whether we should do a book on energy and resources or resources and energy and he said, "Oh, look, energy. Forget resources". That's not true. He just said, "There's more interesting things going on in the energy sector" and he's a very important resources man. Anyway, at that meeting Hugh agreed to be the Chair of our Advisory Group and he's been a great supporter of ours and it was wonderful that you took on that job.

40 At that time, about 15 months ago, a small film called 'An Inconvenient Truth' had not yet appeared. The Taskforce on Nuclear Energy had not been announced and the greenhouse gas global emissions issue hadn't really hit the mainstream. How much has changed in 12 months and now we're about to export uranium to India. At the APEC Energy Leaders forum in May where Peter Cleary was at, as well as myself, much of the discussion was about how Australia could provide energy for its own needs as well as supplying the rest of the world. The solution that seemed to come out of that was that there needed to be a combination of energy sources, that there wasn't one major area that our energy needs would come from and that included coal, LNG, LPG, gas, some hydro - although that probably won't last much longer - and perhaps nuclear and it was just really interesting to hear the debate about what Australia's energy needs were going to be and how they were going to be filled.

As a major sponsor of the book, the West Australian Government has been a great supporter and we thank them for that. There are also a number of other major West Australian companies that were involved, in fact, I think about half the book supporters were West Australian companies - not surprising but really fantastic. They included Chevron, Encounter Resources, Natural Fuels, Pan Continental, Prime Health, RCR, Tomlinson, Straits Resources and Toll Energy Logistics. So, thank you all because through your support this book was made possible. I'd also like to thank Gordon Hinds, the Managing Director at Focus - without his energy the book would not have come to fruition in time for the APEC Energy Leaders Forum. And there were some interesting moments on airfreight and getting books there on time but that's a publisher's problem. I'd now like to introduce Hugh Morgan, the Chairman of the Advisory Group, to say a few words. Thank you.

HUGH MORGAN: Well, I guess all of you are going to get a copy of this book. I don't know whether it's gratis. Gratis, all right, you rolled up and that's what it is - you're going to get a copy of the book. You'll find, I think, that it's an extraordinarily timely publication. It's sort of catholic in the energy area that it covers, the writers, the scriptwriters have made a great contribution. Despite the changes that JAQUI's just referred to, it's really very current and so for those who need to get sort of an overview of what's happening in the energy field in Australia and particularly in Western Australia, then this is a really good publication that you can have faith that they can have a look at. Likewise, of course, JAQUI's thanked those people who have been great supporters of the book itself and its preparation.

The timeliness, I think, of this is because we're having such a dramatic time in the resource sector generally and the energy sector in particular and this has got both its excitements and its challenges and the queries from sort management issues that keeps on coming up is the question, "Is it going to continue?" This is more than the \$64-million question and the query is, "Is it different?" Now, I've had the chance of living through a couple of really significant booms and I must say the tough times in between and it's sensible always to make sure that you are prepared for the downside. However, for those, I've just come back, I had three trips to China this year. The impact on you when you get into the China scene is really quite dramatic. When you look back at the 1960s boom which had such a big impact on this country there are two things that strike you. The first thing is that when we had that boom, the fact is that we had no manpower, we had no skills, we had no money and we had no market and all of those inputs were, quite frankly, imported and that was on the basis of demand from some 50, 60 million people in Japan.

Now, take yourself forward today. We're at the forefront

of the provision of IT in the mining sector - a billion dollars a year of exports of IT in the mining sector. So, something like 50% of the worldwide IT comes from this country. The people you'll run into, Australian
5 management and operators all around the world, so when you go through the same things, technology, manpower, money, it's an entirely different picture - so there's a sense of confidence in the industry that's better and more well
10 founded than it's been there in the past.

The second thing is the question of, we've got the demand not of 60 million but at least 1.3 billion in China and more to come - and the query is whether they are going to be able to handle it, rather than we, for undoubtedly in a
15 sense we're a surrogate investor for being in China right now. If they really cock up, well I'm afraid we'll have a bit of a problem as well. Undoubtedly, they will not have a linear progression, they will have upsets. It seems remarkable they've got so far without having some upsets.
20 The question is whether they have really serious upsets. If you felt that China and then maybe following on from India that there will be a continuation of the prosperity that they've enjoyed over the last 15 - 10, 15 years - this remarkable achievement will undoubtedly require the
25 supply of resources and energy in a manner that we've never seen before and if you look at the easy way, I think to always observe this is that when you look at the various stages by which demand for these sorts of products come about, it's as they move through the different income
30 per head of population - they have a different demand requirement - so the early demand is just for shelter and food. Once you get about \$1,000 per income per head per annum you move into a resource, heavy resource demand, so it's roads, infrastructure, cars, white goods, these are
35 the things that are heavily dependant on provision of raw materials and after that the service sector comes in.

So, if you look at the United States, the service sector being so large, quite frankly changes in the GDP of the
40 United States doesn't make a lot of different to raw material demands - it's a service sector economy. But China is very much in the raw materials sector and I'm on the board of a cement company on one of these visits and it was interesting to see, just in one city, this was in
45 Xiangcheng, this company has 20 million tonnes of cement production a year in that one city. The annual average consumption of cement in China is 958 kilos per person - in India it's 112. But the mayor of Xiangcheng has said, "Well you understand today we have 13,000 kilometres of
50 freeways in China, America has 80. By 2015 we will have 70,000". So, if you've got the difference between 13 and 70,000 kilometres that's going to be put in, in a period of just on, let's say eight years, this is a demand for energy, raw materials that is just staggering. So, this
55 is the sort of world that we are living in and having to manage.

Now, managing this is also a difficult proposition and in

terms of management between government and the community as a whole, management within corporations is a really important matter in terms of getting things done and I know the Minister that I'm about to introduce is going to say he's the Minister for getting things done but it's a very different time that we live in. When Kambalda was opened in 1965, Western Mining dealt with two government departments - the time from discovery to get the first cheque took 18 months. This enabled us to tell a large foreign company that had bought into the company to go to hell, we were all right on our own, thank you very much. When Olympic Dam was discovered in 1975 it took 13 years to get the first dollar of gross revenue and we dealt with 54 government departments. Now, getting things done is a very important point for us in terms of community, what you want to get done and be competitive, and I have to say one of the worst examples is not in this state but is being illustrated nationally with our coal dispatch purposes on the east coast. We have 14% of the total world bulk carrier fleet tied up, waiting to take away coal, doing nothing, just demurrage of the east coast of Australia - 14% of the total bulk carrier fleet of the world. Now, they're not there because they like the fishing, they're there because they have to buy the product, they have to buy the product - if they could buy it somewhere else they would be off. The query is, is this a continuing situation when other countries in the rest of the world see the opportunity and are working very hard. So, the imperative for us is to understand the industry, understand it in the way that this book explains, to make sure that the community understands that, you know, we aren't out just for a holiday because it's an upturn in the market - this is a really serious thing, national opportunity for us to build the country and how important it is for the community at large to recognise we have to get things done in a timely manner. Maybe mistakes will be made. The mistakes we are making by not having things done is massive, the massive loss of GDP is staggering. Coal companies are putting people off on the east coast because they can't put it on the train, they can't get it into the ships that are waiting - that is a crime, that is awful.

So, we've got to make sure that doesn't happen and I'm sure the Minister will soon tell us that that's his job to make sure - it's the Minister for Minerals & Energy and Innovation. So, my task is really, having given you those gratuitous commentaries, is to introduce the Minister. Now, the Minister, I'm sure, is very well known to you, having come from, I guess, I was going to say surrey with the sun on top from the UK. No longer, I was just wondering whether Croydon's underwater or not, with all of this rain but he's had, I think a remarkable career. He had the good sense to be the Member for Cockburn which includes the Kwinana strip with which I'm so familiar and which in itself has become almost a model of cooperative industrial development and operation, in terms of environmental exchange between the companies themselves to

5 actually perform in a near city environment and to be a
very vibrant centre. Fran, look, I won't go through all
his bits and pieces here but the important thing is Fran
is the Member for Cockburn - I'm sure he wins it by a big
margin each year. He's got this really exciting Ministry
which deals with innovation in the mineral sector which
enables him to I suppose on the one hand see how the
Treasury milks the mineral industry into the public
10 coffers and have the fun and games and spending some of it
on innovation to change the nature of the Western
Australian industrial and city environment. So, with
those words could I ask the great support that has come
from the Western Australian industry for this publication,
it's very fitting that we should ask him, Fran, if you'd
15 come forward and speak to us. Thank you.

FRAN LOGAN: Well, thank you for that introduction, Hugh,
and JAQUI can I acknowledge yourself as CEO and Focus
Publishing and congratulate you on the fine work in the
20 book.

Yes, look, there are about 14 people who don't vote for me
in Cockburn - I know who they are, I know where they live
and I'll go 'round and be knocking on their door and
25 reminding them which way to vote next time. No, it is a
big margin and it's a great seat and it does, as you said,
take in its borders the Kwinana industrial strip which is,
as you pointed out, I think is a fantastic example of
great industrial development because as you indicated the
30 companies down there do work together - they work together
in a way which I've never, ever seen elsewhere in the
world. I mean, it doesn't occur like that in the eastern
states. For example, in Melbourne the companies along the
strip there don't work together in the way they do here,
35 not just only in sharing resources but also talking to
each other about their waste products and their outputs
and how each one of them can use each other's waste
product, which is phenomenal to be able to see. And if BP
Rio Tinto get their clean coal power station off the
40 ground and they offer a product of disposing of other
companies' CO2 from around the Kwinana strip you would
probably have the greenest industrial complex in the world
which would be remarkable if that comes off and I really
do hope it does.

45 Certainly I'm very, very pleased to be here to help launch
Powering the World, the book in Western Australia. Energy
industries are underpinning, of course, Australia's
economic growth and development and delivering
50 considerable benefits for the country and clients around
the world and our government encourages the development of
a reliable, sustainable and competitive energy sector and
we're encouraging constantly major private sector
investment in resource projects and supporting
55 infrastructure. So, it's something like this,
particularly as there are so many West Australian
companies in it and there's such a great diverse view of
Western Australia. It's so great to have a publication

like this to use as we, I was talking to JAQUI before about it as a marketing tool, not only for Australia but particularly for West Australia and my perspective because as we indicated, it's one thing actually talking to people
5 about the resource but if you're talking to companies that are not directly in the industry in which you're operating in - and remember you're talking to financiers, investment bankers and, you know, they're not miners, you know, they're not in the industry that you're actually trying to
10 encourage them to invest in and to try and describe to them the lifestyle, the capacity in Western Australia, the capability in Western Australia and particularly if it's somewhere like Europe.

15 Now, most Europeans know very well about Australia but they don't know the details, particularly if they haven't made too many visits to WA and as you know, Hugh, when people come from overseas they don't tend often to come to WA unless there's a business reason or, you know, they're
20 adventurous in their tourism and of course we're always trying to change that but they don't always naturally come to WA. They go to Melbourne, they go to Sydney, they go to the Gold Coast and to try and then explain the vast resources that we've got here but also the quality and the
25 technical prowess that we do have in Western Australia is always difficult. If you're trying to explain it to somebody they'll listen to you and then you can see their eyes glaze over and you're think, "I'm losing this person, what's happening?" you know, with pictures and with an
30 explanatory document such as Powering the World it makes it so much easier and the pictures that we have in there - from an engineering background and Hugh didn't go into that - but with an engineering background such as I have
35 and, you know, I do, being a boy liking big toys I love the pictures, I think they're great. You might not get off on them, I do, okay, and I try and encourage other people to get off on them as well because they're great, fantastic. There's nothing like seeing a huge truck and
40 LNG carriers and stuff like that. I mean, I find them quite exciting and I try and encourage others to find them exciting but I try to explain to people and I know my colleagues in the Department and the rest of the
45 government, try to explain to people, "This is the level of quality and capacity that we've got in Western Australia".

Here it is right here and Powering the World certainly will help us do that because at the end of the day, I think Hugh pointed out, to be quite clearly - in the 60s,
50 if you've got no money you can still make things happen but it's very, very hard. At the end of the day it comes down to investment and to encourage that investment you've got to try and encourage people that you've got security of investment and you're going to get a return on the
55 capital that you're putting into the place and to do that you need to show people how that's going to occur and you also need to show them in the type of investment we've got in the energy sector over here which runs to the many

billions of dollars for each individual project. It's going to involve a lot of people in a lot of industries, many of whom will have to move here as expats or as new migrants or 457 visas or whatever, how they're coming here.

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What I like about the book is that it doesn't just cover the companies that dig it up out of the ground or make LNG or generate energy, it also covers those supporting companies as well, the engineering companies, the ITT companies, the things, all the other companies that make the resource sector work. I mean, they cannot work without all these other supporting companies and the book covers that, which I think is great. Without it, I think there would be a big hole there and that in itself and the imagery of Western Australia and the imagery of Australia and the imagery of the companies that we've talking about does add to the confidence for investment purposes and it does add for the confidence for attracting people to Western Australia to live and work here.

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So, for all those reasons I think you've done a great job, mate. Congratulations. And with that, I'd like to now launch Powering the World by Focus Publishing - Australia's Energy Industries. Thanks very much indeed.

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JAQUI LANE: It's always very hard to know how to launch a book. We've had tied ribbons to books and had them cut, we've tied balloons to them, we've done all sorts of things but holding up is pretty good. I'd like to introduce Peter Cleary from Northwest Shelf Australia LNG to say a few words. Peter's been long involved in this project and has supported Focus on a couple of other of our projects, so it would be great to have someone from another part of the industry say a few words. Thanks, Peter.

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PETER CLEARY: Gordon, JAQUI and Sarah, thanks for the invitation today. I know you've put a lot of work into this book and it's a fine result. To the Minister and Mr Morgan, following you I'll try my best to add a different perspective but this is the year in which APEC comes to Australia and our government has said the energy theme is about security of supply and about climate change, two of the biggest issues we're facing today. Australia can make extremely valuable contributions to the APEC nations on both accounts and I don't think we should underestimate these and I think we should be shameless in our self promotion of what we can do as the nations of APEC gather in Sydney this year and they've gathered around Australia at the Energy Conference in Darwin, Minerals Conference here in Perth. We've got a lot to offer and perhaps we're a bit sort of shy about saying it sometimes - we shouldn't be.

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I'd like to sort of take an international perspective as how our customers in the northwest shelf. We sell LNG into Japan. We also supply 70% of Western Australia's

domestic gas - it's not to be forgotten.

QUESTION FROM THE FLOOR

5 And I thought you might ask for that but from an
international perspective, how are we perceived as a
supplier and energy security, you know, means many
different things to different people and I know China,
10 Linda, China everyone talks about but let's focus on
Japan. It's the second largest economy in the world
still. It's been a buyer of Australia's product for many
years and it's a country where energy security means
something. They don't have their own sources of supply,
15 they rely on the rest of the world - they have to promote
that - and Australia plays an important part in that
dynamic.

So, how do we do it? I think first of all I've worked in
countries around the world, have seen how the energy
20 policies are framed in different parts of the world. We,
through the Australian and the West Australian Government
have an extremely supportive government setup in terms of
promoting free trade in our resources, inviting companies
to invest in Australia and in promoting the export of
25 these goods and I think it's second to none in my
experience around the world in terms of the support. I'm
sure there's bureaucracy that makes it tough but there's
some good reasons for that but underneath all of that
there's great support and that's something that is
30 recognised by the Japanese, the Chinese, the Koreans, the
Indians when they come to Australia and we shouldn't
forget that.

I think the other one is and I'll pick on and self
35 promote, the LNG industry. We've been supplying Japan for
18 years - Darwin's just started supplying - we supply to
China and Korea. We have as our mission something very
simple - we want to be a safe and reliable supplier of our
product to our customers. They rely heavily on us. Ten
40 years ago I worked in Tokyo Electric and a king managing
director took me aside and he looked at all the commercial
stuff that we were talking about and he said, "Young man,
I'm responsible for powering 35% of Japan's GDP. If it
costs a penny more I'll deal with it but if the lights go
45 out I have to walk out the door and apologise, it's so
important that we get your product and we get it on time".
And that's what we focus on in the Northwest Shelf. It's
got to be done safely and it's got to be reliable and
that's our mission and that's what we'll continue to do
50 and I think that's what Australia must focus on. It gives
us the track record, it gives us the thing to boast about
that is recognised by those energy hungry nations. The
competition, though, will intensify - we're not on our
own. New people are coming into, well, one of our APEC
55 member nations, Russia, is about to be a supplier of LNG
into the Asian market and it's a few yards away from
Japan, very conveniently, so we can't just rely on our
past, we must look at continuing what we do, we must

5 promote and I think this is where a book like Powering the World helps. As a marketer, you know, you just can't sit there and expect them to come to you - you've got to continually remind them of what you have to offer and prove it by delivering.

10 So, this book helps showcase the companies that are involved in that supply chain. It probably opens the eyes of people that don't probably hear about the Northwest Shelf because we're big but as I think the Minister said it also shows the great capability that sits behind that, the diverse capability in the energy sector that Australia has to offer to the APEC nations.

15 So, I think Focus should be congratulated on putting such a fine publication out and something that we should use and, as I said, shamelessly self promote our capabilities as to anyone, APEC nation come to Australia and see what we have to offer. So, congratulations and thank you very
20 much.

25 JAQUI LANE: Thank you for standing it for so long. Thank you for our speakers. That's the end of the formalities. Please stay around, please take a copy of the book with you - you might even be able to take two. You might like to get the Minister or someone to sign a copy for you - makes it pretty special. I don't know, I haven't asked him if he wants to but he's the "I can do it man", so I'm sure he wouldn't mind. Thank you very much for attending.
30 Enjoy the rest of your day and please enjoy our book and promote away. Thank you.

CONCLUDED

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