

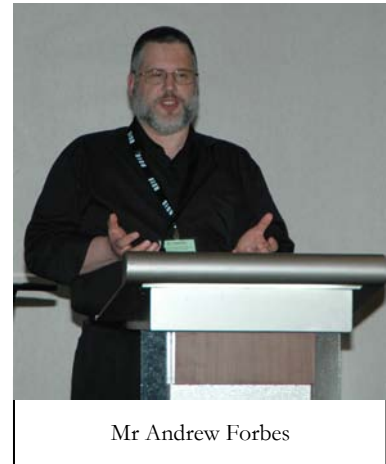
***Session 4: External Players –  
The United States, India and Australia***

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**Australia's Energy Security**

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Australia has abundant reserves of coal, natural gas, uranium, and oil, and is generally regarded as being self-sufficient in the majority of energy resources required. Given this fortuitous circumstance, Australia has come 'late' to the energy security debate. While Australia has been involved in examining energy security issues at an international level for most of this decade, the Australian government did not issue its energy security policy, "Securing Australia's Energy Future", until 2004 and only began examining emissions trading schemes in 2007.

Australia's energy security is based on the assumption that access to energy resources is secured, through its abundant local resources and ability to import necessary items - it is therefore a market driven approach. The government views the use of international diplomacy and membership of international organisations, such as the International Energy Agency (IEA), as the best way to manage its energy security. Hence, Australia's energy security policy focus on measures to improve the efficiency and effectiveness of its power generation industry, while encouraging further exploration in its exclusive economic zone for additional liquid energy resources.

At its most basic level, the domestic objectives of Australia's energy security policy are to deliver prosperity, security and sustainability to the Australian people through:

- Attracting investments in the efficient discovery and development of energy resources.
- Delivering a prosperous economy while protecting the environment and playing an active role in global efforts to reduce greenhouse emissions.
- Encouraging the development of cleaner and more efficient energy technologies.
- Developing effective and efficient energy markets that deliver competitively priced energy when and where it is needed.

- Minimising disruptions to energy supplies and to respond quickly and effectively when disruptions occur.
- To establish an efficient energy tax base, restricting fuel excise to end users and applying resource rent taxes to offshore projects.
- Ensure that Australia uses its energy wisely.

Coal is Australia's major energy source accounting for 42 per cent of its primary energy consumption and 81 per cent of the fuel for electricity generation.

Australia produces enough oil to meet about 85 per cent of its domestic fuel needs. However its oil is light sweet crude which attracts a premium on global oil markets.

Also, these oil fields are located in the north and north-west regions which are readily accessible to the export hubs and are therefore more suitable for export than domestic use.

Given Australia's declining oil reserves and projected increase in consumption, the government anticipated that Australia's propensity for self-sufficiency will decrease to 70 per cent by 2030.

As of 2007, Australia's seven refineries produce automotive gasoline, diesel fuel and aviation turbine fuel. Australia is less self-sufficient in the heavier products such as kerosene, diesel, fuel oil and lubricants although its refining industry has the capacity to supply almost all of its transport fuel requirements. This is because refinery capacity in Australia has been on the decline, which has led to a reliance on the large-scale refining capacity in Asia, particularly Singapore.

Natural gas accounts for 20 per cent of primary energy consumption, and supplies 3.75 million households and 75,000 businesses, using 25,000 km of high pressure gas pipelines to move the gas to distribution centres and 80,000 km of low pressure pipelines for retail distribution.

In addition to oil and gas, Australia also has nearly 40 per cent of the world's low cost reserves of uranium.

With regard to nuclear power, there is no domestic nuclear industry. As yet, there are no indications that Australia will pursue a nuclear power option although such a move would lessen greenhouse gas emissions considerably.

In the final analysis, Australia is in a unique situation where it is generally self-sufficient in energy resources, and where there are shortfalls, it can import what is required. However, Australia's energy security policy does not weigh the potential impact on the Australian economy if there were disruptions in its energy imports. Also, the policy does not consider the repercussions of supply disruptions to its major trading partners. Thus its energy security policy could be considered as optimistic amidst global concerns over the security of supply and production capacity.