

## Media Release

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# OIL & GAS PROJECTS DRIVE RECORD LISTING BUT RISING INPUT COSTS CREATE CHALLENGES

A new ABARE report<sup>1</sup> highlights the importance of oil and natural gas projects in driving Australia's economy, APPEA Chief Executive Belinda Robinson said today.

Ms Robinson was commenting on ABARE's Minerals and Energy Major Development Projects – April 2008 Listing showing:

- Woodside's \$12 billion Pluto liquefied natural gas (LNG) project is the single largest mining and energy project out of a record \$70.5 billion in advanced energy and minerals projects compiled by the government's resource economics agency; and
- Energy projects make up 55 percent (\$38.8 billion) of the projects with oil and gas projects accounting for about two thirds (\$26 billion) of committed capital on energy projects (petroleum, coal and uranium).

"The oil and gas industry is clearly very important in maintaining and growing Australia's prosperity," Ms Robinson said.

"In addition to the projects with capital committed, a number of very large LNG projects including the Browse, Gorgon, Ichthys and Sunrise projects off the coast of Western Australia and coal seam gas based LNG projects in Queensland feature on ABARE's list of less developed projects.

"It is in Australia's best interests to see these projects transferred from drawing boards to construction. The ABARE report highlights the fact that conditions are becoming more difficult for energy projects as input costs continue to rise, building on a warning from international analyst Wood Mackenzie at the recent APPEA Conference that Australia is underweight in LNG relative to its potential.

"According to highly regarded analysts Cambridge Energy Research Associates<sup>2</sup>, upstream oil and gas project costs have doubled since 2005, with Australia one of the worst affected regions.

"We can't take the resources boom for granted and we must keep a weather eye on rising costs from higher fuel prices, the skills shortage, escalating equipment costs and rising iron ore prices driving steel price hikes. Industry needs to work in strong partnership with governments through our Industry Strategy to keep projects moving."

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<sup>1</sup> [http://www.abare.gov.au/publications\\_html/news/news/news.html](http://www.abare.gov.au/publications_html/news/news/news.html)

<sup>2</sup> <http://www.cera.com/aspx/cda/public1/news/pressReleases/pressReleaseDetails.aspx?CID=9487>