



MEDIA RELEASE

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ENERGY MINISTERS URGED TO ENCOURAGE NEW INVESTMENT WITH SOUND REGULATION

Australia's energy ministers have been urged not to disguise more onerous regulation of the nation's pipeline industry as 'light handed' when they meet in Hobart tomorrow.

Australian Pipeline Industry Association Chief Executive, Ms Cheryl Cartwright, said ministers attending tomorrow's Ministerial Council on Energy (MCE) had a great opportunity to set the regulatory regime that would encourage billions of dollars of pipeline investment in the years to come.

"By making the right decisions to create the right climate for the massive investment required in gas transmission infrastructure, these energy ministers can make a significant contribution to an efficient and reliable energy supply in Australia for decades to come," Ms Cartwright said today.

"If they fail to do so, it will be future consumers who will face the consequences of inadequate infrastructure investment," she said.

Tomorrow's MCE will be considering the Federal Government's response to the Productivity Commission's report on the gas access regime.

"Governments have promised a response to the Productivity Commission's report for some time and the industry now wants the ministers to focus on the impact their decision will have on the gas industry," Ms Cartwright said.

"Ministers have been addressing electricity issues and now need to turn their attention clearly to gas transmission because there are proposals being put to the Ministerial Council that could hinder investment in this industry," she said.

Ms Cartwright warned attending ministers of the need to be careful not to propose light handed regulation that could still be more onerous than the current approach.

"They have a big meeting in front of them and are covering a lot of very difficult issues. By the time they get to gas transmission, I urge them to re-focus, get their minds on it, and get the right result for industry," she said.

“Infrastructure investment is high on the political radar these days. Even Treasurer Costello has said recently, and I quote: ‘Inappropriate Government intervention and regulation can damage investment’.

“Mr Costello also complained about complex regulations.”

Ms Cartwright was speaking at the conclusion of APIA’s annual convention which attracted a record number of delegates to Adelaide.

SA Energy Minister, Mr Patrick Conlon, told the convention that Australia’s energy sector needed greater regulatory certainty if it was to tap the vast amount of investment funds available for new infrastructure.

“Australia is awash with capital looking for a good investment home,” Mr Conlon told delegates.

“Every energy sector, but especially ones with large infrastructure, need regulatory certainty that guarantees a reasonable return on investment,” he said.

“No-one should make undue profits but people won’t invest unless they have got the security of a reasonable return on investment – it’s a ‘no-brainer’ as far as I’m concerned.

“I think we need to do something more to bring on new investment.”

Mr Conlon said he was reasonably supportive of some of the issues raised in the Parer Report (to the Federal Government) some years ago about regulatory holidays.

“Without knowing if that is the right answer, I do think we should look at taking the opportunity we have in Australia, which is awash with lots of capital looking for a good investment home.”

“We have got to make sure there is no impediment to that occurring. Regulatory impediments, if there are any, should be removed,” he said.

Ms Cartwright welcomed the Minister’s comments and encouraged him to act on his views with a positive policy outcome from Friday’s Ministerial Council meeting in Hobart.

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