

Following are the Department of Resources, Energy and Tourism's responses to questions taken on notice during the hearing of the Senate inquiry into the Indian Ocean region and Australia's foreign, trade and defence policy on 17 August 2012.

QoN 1:

Senator MARK BISHOP: You do not need to get them now, but do you have disaggregated figures about where FDI from India is going into across the board?

Ms Constable: I do have those figures as they relate to minerals and energy. Certainly I can get those for you.

Senator MARK BISHOP: I just want to see the break-up of where it is going. In due course, if you could provide those figures, it would be appreciated.

Response:

The Foreign Investment Review Board's Annual Reports provide data on proposed investment into Australia for each financial year. The following table provides a breakdown of foreign investment approvals by the country of investor and the industry sector. See <http://www.firb.gov.au/content/publications.asp?NavID=5>.

Please note that the foreign investor approval data contained in the Annual Reports is based on investor intentions and not actual purchases. The data should be used with caution and the Annual Reports list a number of caveats that need to be considered when trying to compare statistics across years.

In 2010-11, the Government approved \$11.2 billion of proposed Indian investment, the majority of which was in mineral exploration and development.

Proposed Investment by India into Australia	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Number of proposals approved</i>	157	287	185	86	319
Agriculture forestry & fishing (\$m)	-	-	-	-	-
Finance & Insurance (\$m)	-	-	-	-	-
Manufacturing (\$m)	-	-	281	-	2,000
Mineral exploration & development (\$m)	-	486	3,828	1,443	8,929
Real Estate (\$m)	108	144	189	53	163
Resource processing (\$m)	-	-	-	-	-
Services (excluding tourism) (\$m)	-	164	82	-	168
Tourism (\$m)	-	-	-	63	-
India Total (\$m)	108	793	4,380	1,559	11,260
World Total (\$m)	156,387	191,879	181,349	139,516	176,516
% of World total	0.07%	0.41%	2.42%	1.12%	6.38%

Note: '-' indicates a figure of \$10 million or less

QoN 2:

Senator MARK BISHOP: A number of the big projects that are either well underway or part underway up in Queensland and the like, and increasingly in the west, involve direct FDI out of India, but it takes not just the mine site itself but the rail, the road and often port and wharf development as well. Do you have the latter parts of those figures?

...

Senator MARK BISHOP: That would be appreciated as well. And, if you have any trend lines there over time, that would be appreciated.

Response:

The Bureau of Resources and Energy Economics produces a bi-annual publication that lists all the major projects in the mineral and resources sector. It includes details of completed infrastructure projects and their capital cost. The publication is complemented by a list of all the major projects at relatively advanced stages of planning, some of which include infrastructure. However, the list does not disaggregate expenditure.

An Indian company, Adani Group purchased the 99-year lease of the Abbot Point Coal Terminal from the Queensland Government for \$A1.829 billion in 2011. This lease only accounted for Terminal 1 (T1) port facilities, which has a current capacity of 50 Mtpa which is already contracted to third party coal producers. Adani is planning an additional 35 Mtpa expansion (T0) to its existing terminal at Abbott Point.

In addition to the Abbot Point, Adani is also one of the proponents in developing the \$12 billion Dudgeon Point Coal Terminals Project, which includes the rights to build one of the new terminals at Dudgeon Point.

Adani acquired a 100 per cent interest from Linc Energy in Galilee Coal Tenement in August 2010. According to a project fact sheet on the company's website the company intends to invest \$2 billion in rail connectivity as part of the project.

Indian company GVK through its Singapore based subsidiary GVK Coal Developments has a 79 per cent interest in a joint venture with Hancock Coal for the Alpha Coal Project in Queensland, this includes the rights to build rail and terminal facilities. The project has an expected total capital expenditure of \$7.5 billion, which includes the mine (development, plant and equipment), the 495km rail link from the mine to Abbott Point, as well as constructing the port and materials handling facility at Terminal 3 at Abbott Point. In June 2012, the Queensland government announced that a rail corridor between the Galilee Basin (where the GVK's coal assets are located) and Abbot Point will be defined along the proposed GVK-Hancock Coal alignment. An alternate rail alignment had been proposed by Waratah Coal (substantially owned by Clive Palmer).

GVK Coal Development also owns 100 per cent of the nearby Kevin's Corner Project which will utilise the same rail and port facilities developed under the Alpha Coal Project. The Alpha Coal Project received environmental approval by the Australian Government in late August 2012, and construction is now expected to begin in 2013.

QoN 3:

***Ms Constable:** South America and Africa are the two regions that are growing quite remarkably as it relates to Australian exports of those mining technology services.*

...

***Senator MARK BISHOP:**.... I want to talk about a different part of the Indian Ocean now. I am a little bit intrigued by what you said about South America. That is not on the same scale of investment out of this country that Africa is as yet, is it?*

***Ms Constable:** It depends—*

***Senator MARK BISHOP:** In terms of mining and mining services.*

***Ms Constable:** On mining services in South America, definitely.*

***Senator MARK BISHOP:** Really?*

***Ms Constable:** Yes. I do not have the exact figure on those things. I am very happy to get it.*

Response:

In 2008-09, an ABARES' survey found the Mining Technology Services and Equipment sector had exports of \$2.5 billion. Of this, 16.1 per cent went to Africa, while a further 4 per cent went to Latin America/Caribbean.*

More recent information is not available.

*Source: *An economic survey of companies in the Australian mining technology services and equipment sector, 2006-07 to 2008-09.*

The full report can be found here:

http://adl.brs.gov.au/data/warehouse/pe_abarebrs99014504/EcoSurveyAustMiningTechCo.pdf

QoN 4:

***Mr Dowie:** We have a broad focus in terms of what our marketing partners, Tourism Australia, are able to do. Tourism Australia promote Australia as an investment destination throughout the region. In terms of the immediate focus, much of that is on China, where a lot of the growth is predicted to come from. China at this stage is our largest market by value and our third-largest market by visitors. By 2020 it is expected to be the largest for visitors by both volume and value. Earlier this year Tourism Australia released their India 2020 tourism plan, which we are happy to table if that is of assistance to you.*

***CHAIR:** Yes, it would be good if you could do that.*

Response:

A hard copy of the Plan is **attached**. It can also be downloaded from the following website: <http://www.tourism.australia.com/en-au/downloads/India2020-June2012.pdf>.

QoN 5:

CHAIR: *Do you have any figures on Australian investment in Africa? There are a lot of mining investments there.*

Ms Constable: *There have been a couple of studies completed within the department and within the Bureau of Resources and Energy Economics. I can provide those figures to you, if you like.*

Response:

Based on publicly available information and consultations with industry, the Department of Foreign Affairs and Trade estimates that current and prospective Australian investment in Africa is valued at \$50 billion, of which more than \$20 billion is current investment. Australia has more than 200 stock exchange listed companies operating in Africa, with more than 650 projects across 37 countries.

QoN 6:

Senator STEPHENS: *Following on from the discussion that you had with the chair, you made some comments, and in your submission as well, about the agreement to sell uranium to India. I could not see any figures in your submission what the potential value of that trade might be. Are some projections on that available?*

Ms Constable: *We have certainly done a little bit of work around the future potential for uranium to India. It is a little bit early at this stage to give you exact figures, because I think we are quite some way from completing that negotiation. We do not anticipate that we will be selling uranium to India any time soon. It is a long process. If I go by the example of China and how we negotiated, it took a couple of years to negotiate that bilateral agreement. We are in the very initial throes of the negotiation of the agreement at this point in time. But it is a substantial market going forward. India has very clearly demonstrated to us that they intend to have nuclear energy as part of their major energy mix going forward, and we would not expect that to abate in the near future. I can get those figures for you from an estimate.*

Response:

The Department monitors India's nuclear power development and corresponding uranium demand projections from a variety of publicly available sources.

India's uranium demand is approximately 1,100 tonnes uranium oxide (t U₃O₈) in 2012 [Source: World Nuclear Association]. International Atomic Energy Agency (IAEA) forecasts suggest that demand will remain low out to 2015.

Looking out to 2030, India is planning to rapidly increase its nuclear power generating capacity. In addition to the 20 nuclear reactors currently in operation (4.4 GWe), India has 7 reactors (5.3 GWe) under construction and another 18 reactors (15.1 GWe) planned [World Nuclear Association, September 2012].

According to the International Energy Agency and IAEA, India has plans to quadruple nuclear capacity to as much as 23 GWe by 2020. The IAEA estimates that fuelling this capacity would require up to 5,900 t U₃O₈ each year. A further increase in installed nuclear capacity to between 21 and 37 GWe is forecast by 2030 [IAEA/NEA Redbook 2011]. India has little indigenous uranium reserves and will be required to import increasing amounts of uranium to fuel its growing nuclear fleet.

Estimations of India's future nuclear generation capacity and ability to meet its ambitious targets vary, and are dependent on a number of factors including technical cooperation with other countries, maintenance of existing facilities and minimising construction delays.

Projected Uranium demand (t U₃O₈)

	2012	2015 forecast	2020 forecast	2030 forecast
India	1105*	1887 – 2123 [^]	1751 – 5896 [^]	4,410 – 7,653 [^]
World Wide	81,181*	82,417 – 89,334 [^]	91,804 – 107,783 [^]	108,700 – 145,236 [^]

* WNA figures September 2012

[^] IAEA low and high forecasts - Uranium 2011: Resources, Production and Demand

QoN 7:

Senator STEPHENS: We have talked about the free trade agreements. It would be helpful for us as a committee, I think, if the department could provide the names and details of some of the key Indian companies investing directly in Australia. It would be quite helpful for us to consider some case studies around companies investing and what markets they are investing in here in Australia. It would be useful if you could provide some detail on notice.

Response:

Based on publicly available information as at August 2012, the Department can provide the following information on Indian resources and energy investment in Australia:

Indian company	Commodity	Investment
Adani Mining Pty Ltd	Coal	Acquired a 100 per cent interest from Linc Energy in Galilee Coal Tenement estimated at \$2.7 billion and the 99-year lease of the Abbot Point Coal Terminal for \$1.829b.
Aditya Birla Minerals	Copper	Mining and exploration activities at Nifty copper operation in Pilbara region, northern Western Australia and Mt Gordon copper operation in northwest Queensland.
Arcelor Mittal	Coal	Has a 16.6 per cent interest in Macarthur Coal in Queensland's Bowen Basin.
Bhushan Steel of India	Coal	Competing for majority ownership of Rocklands Richfield and has a 16.6 per cent interest in Bowen Energy
Gujarat NRE Coking Coal Limited (a subsidiary Gujarat NRE Coke Ltd)	Coal	Is a significant shareholder in Rey Resources which is investigating coal resources for possible development in the Canning Basin to the south east of Derby in Western Australia. 100 per cent ownership in coal mines NRE No. 1 and NRE Wongawilli near Wollongong on the south coast of NSW.
GVK	Coal	Purchased Galilee Basin Coal tenements (Queensland) from Hancock Coal for \$1.22 billion, which includes the right to build the 495 km and T3 at Abbott Point.
Indian Farmers Fertiliser Cooperative	Phosphate	\$100m and almost 9 per cent equity invested with Legend International Holdings to develop phosphate holdings in Georgina Basin in Queensland/Northern Territory.
Jindal Steel and Power	Coal	Has a 13.6 per cent interest in Rocklands Richfield which has exploration tenements in the Bowen Basin.
Lanco Infratech	Coal	Acquired Griffin Coal, located in Western Australia, from the Griffin Group reported purchased at between \$800m and \$850m.

Meridian Minerals	Lead and zinc	Involved in Lennard Shelf Lead-Zinc Project in Western Australia.
Mineral Enterprises Ltd	Iron ore	Small stake in Lincoln Minerals and up to a 40 per cent stake in Lincoln's Gum Flat iron ore prospect in South Australia.
National Mineral Development Corporation	Iron ore	\$19m offer for a 50 per cent stake in Legacy Iron Ore.
Petronet LNG Ltd	LNG	\$20b contract over 20 years for Exxon Mobil's Gorgon LNG project.
Reliance Industries Limited	Uranium	Interests in Uxa Resources for uranium exploration and mining.
Tata Petrodyne Ltd	Oil	Has an exploration permit about 650-700 km west of Darwin, and is situated within the Territory of Ashmore and Cartier Islands.
Vedanta	Copper	Owns Mt Lyell copper mine in Tasmania.
Videocon Industries Ltd, Gujarat State Petroleum Corp, Hindustan Petroleum Corp Ltd, Jubilant Energy Ltd and Bharat Petroleum Corp Ltd	Oil	Have minor stakes in exploration permits located in the Timor Basin (Ashmore Cartier Area), Exmouth and Bonaparte Basins (Western Australia) and Bass Basin (Tasmania).

QoN 8:

Senator STEPHENS: Australia is an incredibly attractive tourist destination, still, around the world. When we were in Japan and we talked to Tourism Australia there, they provided us with some interesting evidence about the level of revisiting from Japan. A very significant number of visitors from Japan are now returning visitors. Do you have those kinds of statistics for Singapore and India?

Mr Dowie: I would have to take that on notice to see if we have those numbers, as to what proportion of visitors were in fact coming through for the second or third time.

Response:

Statistics from the International Visitor Survey for the period 2011-12 indicate that there were 280,000 visitors from Singapore, of which 17 per cent were first time visitors and 83 per cent were return visitors.

For the same period, there were 143,000 visitors from India, of which 51 per cent were on their first visit and 49 per cent were on a return visit.

See: <http://www.ret.gov.au/tourism/Documents/tra/International%20Visitor%20Survey/IVS-June2012.pdf>

QoN 9:

Senator STEPHENS: The other issue that was raised with us in Japan was that the first flush of visitors from Japan was particularly to experience Queensland but returning visitors were requiring a different experience. You made some remarks about understanding the interests and motivations of visitors from the USE. Do we have a particular strategy in Tourism Australia for Indian tourists?

Mr Dowie: Yes, we do. Tourism Australia has developed a 2020 India strategic plan which sets out the type of tourists who will be targeted and the way in which that demand strategy will work to get the Australian tourism experience front of mind. In terms of your broader point, it is an ongoing challenge now for the industry to recognise that seven out of those top 10 visitor markets are from Asia. It has to ensure that the right skill sets are in place to handle visitors from those particular regions. In terms of the broader strategies that we have in place to facilitate that transformation, the government's broader Tourism 2020 strategy sets out six themes that the government, in collaboration with state and territory governments and industry, are working through to facilitate that transformation to increase the total value of overnight visitors' spend in Australia to between \$115 billion to \$140 billion to 2020. If it is helpful to you I am happy to leave a copy of that strategy.

Response:

A hard copy of the strategic plan is **attached**. It can also be downloaded from the following website: http://www.tourism.australia.com/Tourism_2020_overview.pdf.

QoN 10:

Senator KROGER: *I would like to follow up on Senator Stephens' questions in relation to tourism. How does Tourism Australia work with the Tourism Access Working Group that has been established to progress market access? How do those two worked together and coordinate their efforts?*

Mr Dowie: *Tourism Australia sit on the Tourism Access Working Group. Those initiatives are aligned. More broadly, the Tourism Access Working Group is looking at ways to facilitate increased access to Australia from the transport sector. They have been doing—*

Senator KROGER: *So, more in terms of direct air access and those sorts of issues?*

Mr Dowie: *Yes, those are the sorts of things they have been looking at. For example, the working group has done a mapping paper that sets out where the future priorities should be for the Australian government to consider in terms of the bilateral aviation negotiations and which ones should be privatised. They have been doing a lot of work on that and Tourism Australia has participated in that. Secondly, they have been doing some work on awareness of the regional aviation package, which is the measures that the Australian government has in place to encourage national carriers to use airports outside of the four major gateways—the airports of Brisbane, Sydney, Melbourne and Perth. They have been doing some work on that. The most recent bit of work which that working group is doing at the moment is a regional airports project, which is looking at identifying the commercial barriers that regional airports face in trying to attract direct international services and looking at coming up with recommendations for those regional airports to implement ways of better attracting those services. That particular project is occurring at the moment.*

Senator KROGER: *Regarding the paper—I think you called it a mapping paper—that the working group has been putting together, is that available?*

Mr Dowie: *Yes, it is. It is available on the Tourism Access Working Group's web page, under Tourism 2020, but we can also provide you with a hard copy.*

Response:

A hard copy of the mapping paper is **attached**. It can also be downloaded from the following website: <http://www.ret.gov.au/tourism/Documents/nltts/working-grps/MappingPaper.pdf>.