Submission No 26

Inquiry into Australia’s Relationship with Timor-Leste

Organisation: Osaka Gas Australia Pty Ltd
28 March 2013

Dear John,

INQUIRY INTO AUSTRALIA’S RELATIONSHIP WITH TIMOR-LESTE

This letter is in response to the Foreign Affairs Sub-Committee of the Federal Parliament’s Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia’s Relationship with Timor-Leste. Osaka Gas Australia makes this submission, as a participant in the Sunrise Joint Venture and as a potential buyer of liquefied natural gas (LNG) from the project. A submission on behalf of the Sunrise Joint Venture is to be made separately by Woodside Energy.

Osaka Gas Australia is a 100% subsidiary of Osaka Gas Co., Ltd, a Japanese gas utility that is one of the largest buyers of LNG in the world, purchasing approximately 8 million tonnes of LNG annually. Osaka Gas Australia entered into a joint venture partnership for Greater Sunrise with Woodside, ConocoPhillips and Shell in 2000.

The Greater Sunrise reservoir lies mostly in Australian water with a section overlapping into the Joint Petroleum Development Area (JPDA), administered by Timor-Leste on behalf of the governments of Timor-Leste and Australia. We believe that this project has the opportunity to be developed in the near term, leading to the provision of significant benefits to the peoples of both Timor-Leste and Australia.

As a joint venture participant in the Sunrise Joint Venture, Osaka Gas, with a wish to contribute to the development of Timor-Leste, has been involved for many years in sponsoring numerous social development assistance programs in Timor-Leste, such as supporting early childhood development initiatives, health initiatives and sponsorship of tertiary students; with several millions of dollars committed by the joint venture to these initiatives in recent years. Additionally, to commemorate the 10th Anniversary of the Independence of Timor-Leste in November 2012, Osaka Gas decided to sponsor tertiary students of the National University of Timor-Leste (UNTL) and a short term study program for Timorese academics to visit Japan, in order to promote goodwill and long term human resources development of Timor-Leste.

It is widely acknowledged that the Australian government is a contributor to the development of Timor-Leste and has provided significant ongoing support to the country. The Japanese government
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has also been closely involved with the development of Timor-Leste and Osaka Gas and the Japanese government agency JICA (Japan International Cooperation Agency) are jointly arranging the sponsorship of UNTL students and academics. Additionally, when the Japanese government recently invited a key government official of Timor-Leste to Japan, Osaka Gas also had a chance to foster a closer relationship by inviting him to visit various Osaka Gas facilities including our LNG receiving terminal.

In 2012, Australia overtook Qatar as the major supply source of LNG to Japan. The stability of Australia and proximity to Japan makes Australian LNG highly attractive to Japanese buyers. Greater Sunrise consists of a huge reserve of 5.1Tcf of liquids rich gas and Osaka Gas regards it as one of the important future LNG supply sources. Although additional supply sources are expected from the United States and elsewhere, Greater Sunrise is attractive to the Japanese market due to its regional location and potentially high calorific content.

Energy security is a high priority for Japan and LNG from stable and reliable supply sources is seen increasingly as the key to the long term supply security for Japan. As LNG projects typically produce for 20 years or more, it is essential for both investors and buyers that a project can expect a stable and certain future. Therefore, a relationship with Timor-Leste that contributes to support certainty and transparency in investment conditions to allow LNG investment by international companies is highly expected to bring considerable benefits to all stakeholders.

Osaka Gas Australia wishes to thank the sub-committee for this opportunity to provide comment. We trust that this information proves of use of the inquiry.

For and behalf of

Osaka Gas Australia Pty Ltd

Shigeki Hirano
Chairman