



## **Senate Inquiry into Australia's Oil Supply**

***Submission by David Holmgren***

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This brief outline submission provides a systemic and strategic approach to issues that arise from terms of reference. We are willing to provide more detailed information and opinions on the aspects of these issues on which we have more knowledge and history of advocacy.

These points

The inquiry should not rely on global oil reserves and projected production data from OPEC, IEA, USGS, BP statistical review and other mainstream authorities that have now been exposed by public debate to be unreliable at the very least. Until there is complete reform of the global data bases on oil reserves and production. The inquiry should rely on the data various independent researchers who have brought the peak oil concept and predictions into the public domain over the last decade as more reliable sources.

Consideration of any alternative sources of fuels should consider the evidence on net energy return on energy invested both for alternatives and for existing fuel sources.. Along with more widely used methodologies, Emergy evaluation developed by Howard Odum should be recognized as one of the most powerful tool for evaluating public policy options. Realistic evaluation of the likely structure of an economy running on fuels with lower EROEI is essential.

Any major constriction on transport fuel supplies and escalating costs should be recognised as a primary driver towards instability and/or contraction in the global and national economies. While high prices are stimulating rapid growth in economic activity of the energy harvesting sector (conventional and alternatives) this economic growth will tend to mask contraction in the supply of genuine "goods and services" able to be supported by an energy sector with contracting EROEI

The fact that conventional economic theory makes no distinction between the value economic activity in different sectors, the adverse effects of these changes will tend to be invisible from a macro economic perspective which drives public policy. This problem will be further compounded in Australia where spin off economic and social benefits from a boom in the extractive resources sector will mask this massive change.

In considering economic and social impacts in Australia, the potential for collapse and replacement of current geopolitical alliances and power structures should be at least identified as issues because the economic and social consequences could be much greater than lower order direct impacts within Australia. For example fear of global terrorism is already generating substantial social and political change in Australia. This issue should be more correctly interpreted as a fight over control of strategic resources which becomes more potent at the peak and contraction of global supply.

Evaluation of economic impacts should include those on the food supply chain, tourism as well as other export industries not just the transport sector.

In considering the economic and social impact, ad-hoc and informal adaptive behaviours including growth in the informal and self reliant household and local economies should be recognised as bottom up solutions to impacts rather than being identified as further threats because of their potential to reduce the tax base or corporate profits. The opportunities for growth in these “economies” in huge in a long affluent society like Australia. The fat in the consumption systems provides huge margins for adaption and reduction.

On the other hand evaluation of the social impacts should include the degree to which addictive behaviours at the individual, community and societal level may amplify the impacts and the likely political responses over and above that that might be expected based on the huge potential for adaptive behaviours . Beyond refusal to adapt there is potential for widespread societal anger at the failure of economic and political elites to have maintained and reinforced infrastructure and organizational capacity to adapt to a low energy future should be identified. For example the “just in time” manufacturing (and food supply) strategy will be disastrous in an energy constrained world.

In considering options for reducing Australia’s transport fuel demands, broad ranging strategic re-localisation of economic systems should be considered, especially in relation to perishable food supply. The bipartisan commitment to globalisation will be a great impediment to official recognition, let alone policy support for re-localisation but at the very least structural impediments to re-localisation should be identified.

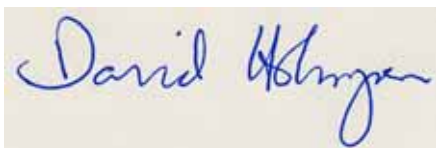
The potential to foster rapid behaviour change in relation to walking, cycling, ride sharing and working from home should be considered along with slower changes such as improving public transport and improving rail infrastructure.

Networks and movements such as permaculture, community gardens, public transport groups etc should be recognised as providing self organized frameworks for community education and adaptive change.

The inquiry should consider the likely threats, opportunities and policy options using a scenario planning model which identifies the key indicators for each scenario rather than picking the so called most likely scenario.

For further information about our work and downloadable presentations see;

<http://www.holmgren.com.au/>

A handwritten signature in blue ink that reads "David Holmgren". The signature is written in a cursive, flowing style.

**David Holmgren**