

March 2006



Committee Secretary  
Senate Rural & Regional Affairs, and  
Transport Committee  
Department of the Senate  
Parliament House  
Canberra ACT 2600

Dear Madam,

**ACF Submission to the Senate Inquiry into Australia's future oil supply  
and alternative transport fuels**

*Preface*

ACF welcomes the opportunity to provide input into this important Inquiry into a matter of fundamental importance to Australia's sustainable development.

ACF takes a strong interest in promoting policies, technologies and institutions that reduce Australia's demand for fossil fuels, and consequently cut our greenhouse pollution levels, and provide opportunities for appropriate economic development. ACF supports the phasing out of the use of non-renewable energy & fuel sources, and their replacement with renewables, such that nett environmental and social impacts are minimised.

We submit the following advice to the Committee, particularly in regard to Inquiry Terms of Reference b, c and d. Unfortunately, due to a heavy demand on our time, we are unable to provide more comprehensive advice at this stage, but we would be pleased to consider further assistance upon request.

***Australia's dependence on fossil fuels is unsustainably high.***

The rationale for reducing the nation's demand for oil, and for developing clean, renewable alternatives, is manifold. Moreover, it seems that the problem of oil dependency is deeply enmeshed in other key national challenges. ACF believes that strategies to reduce Australia's oil dependence can also help to ameliorate a range of pressing social, economic and environmental problems, for instance:

**Cutting greenhouse pollution:** Australia's extraordinarily high per capita greenhouse pollution and hence our national contribution to dangerous climate change can be reduced by cutting the use of non-renewable fossil fuels. According to the Australian Greenhouse Office, transport-related greenhouse gas emissions contribute some 15% of the national total, not including the pollution released in the manufacture and freight of motor vehicles. Without proactive management, growth in transport emissions will contribute to future emissions second only to the stationary energy sector.

**Raising health standards:** The adverse impacts on public and environmental health associated with the heavy use of fossil fuels in our cities can be mitigated by a) improving urban design and public transport facilities to reduce private motor vehicle dependence, and b) developing and encouraging the use of cleaner, renewable alternative fuels. While air quality in Australia has shown marked improvement in recent years, mortality and morbidity from motor vehicle pollutants remains unacceptably high.

**Preparing for peak oil:** While the notion that we are nearing the point when the cost of oil and natural gas production will outstrip the benefit, and that this 'peak oil' period will have disastrous consequences for society, is still debated<sup>1</sup>. There does not seem to be any doubt that 'peak oil' will happen; rather, the discussion seems to hinge on when, and what the consequences – for society and the economy - are likely. In the ACF Tela Paper attached, Monash University's Patrick Moriarty writes that while "many false warnings about impending oil shortages have been given in the past, the Cassandras may have it right this time. Sooner or later—probably sooner - growing oil demand will come up against the limits of annual global oil production. Production in Australia is already near its peak. These issues seem set to command our increasing attention in the coming years." The current trends of use are clearly unsustainable. Fossil fuels are by definition finite. The vulnerability of an oil-dependent society, such as ours, to 'shocks' like, but not limited to, 'peak oil' would seem to make reducing our dependence a matter of great prudence, if not urgency.

**Avoiding damage to natural areas:** Oil exploration, extraction, processing, transportation and storage represent a significant risk to environmental quality. As fossil fuels are depleted, or as tensions rise in major oil exporting regions, the pressure from industry to open up more and more natural areas to these operations is likely to grow. These risks can be minimised by progressively reducing oil dependence.

**Building peace & security:** The potential for resource (oil) conflicts, and the tension increasing demands for this finite resource place on peace and security, particularly in the Middle East, warrant a much more proactive approach to reducing our oil dependence.

**Sustainable regional & rural development:** The development of a sustainable biofuels and bioenergy industry in Australia would generate opportunities for new investment, employment and community development, particularly in rural and regional Australia. We draw the Committee's attention to work done by the Allen Consulting Group for ACF and the *Repairing the Country* Business Leaders' Roundtable (2001) and the *Fuelling Landscape Repair* report prepared by URS Australia Pty Ltd for ACF and the Rural Industries R&D Corporation (2004). Together, these reports outline a package of public policy measures that would mobilise large-scale private investment in commercial-environmental industries. These measures include linking strong action on climate change to regional development and natural resource management benefits.

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<sup>1</sup> See, for instance, the discussion *World Watch* magazine, Jan/Feb 2006, published by the Worldwatch Institute and available online at <http://www.worldwatch.org/pubs/mag/2006/191/> (viewed March 7<sup>th</sup>, 2006).

**Relieving Australian family budgets:** Increasing petrol prices (as a proportion of household or business income) means less spending by Australians on other goods and services, and increasing pressure on farmers and small business to meet costs.

***Policy Priorities for Reducing Australia's Oil Dependency***

ACF believes that key policy interventions would simultaneously help to reduce Australia's dependence on fossil fuels and help to address the issues outlined above. Chief amongst these policies are:

1. The removal of public subsidies to the fossil fuel industries;
2. A national target and strategy for reducing Australia's greenhouse pollution levels by at least 60% of 1990 levels by 2050
3. The establishment of an effective national carbon market by no later than 2008;
4. National and state fuel efficiency and demand reduction targets, with supportive policy and investment frameworks;
5. A greenhouse-weighted Mandatory Renewable Fuels Target of 5% by 2015;
6. The Australian Government's ratification of the Kyoto Protocol;
7. An integrated approach to promoting smart urban design to reducing car dependency, including the encouragement of public transport and upgrading Australia's rail freight network;
8. Community awareness-raising programmes to raise consumer confidence in clean, reliable and renewable alternative fuels;
9. The establishment of a policy and institutional framework to leverage large-scale investment in new commercial ventures with verifiable environmental benefits; and
10. Policies and public investment that stimulate research, development and production of alternative fuels and associated technologies.

We submit these points and the attached papers (see below) to inform the Committee's deliberations around this important issue. Please do not hesitate to contact me on 03 9345 1123 or [c.watts@acfonline.org.au](mailto:c.watts@acfonline.org.au) or ACF's Manager, Sustainability Programmes, Monica Richter on 02 8270 9905 or [m.richter@acfonline.org.au](mailto:m.richter@acfonline.org.au) should the Committee wish to explore these issues further.

Yours sincerely,

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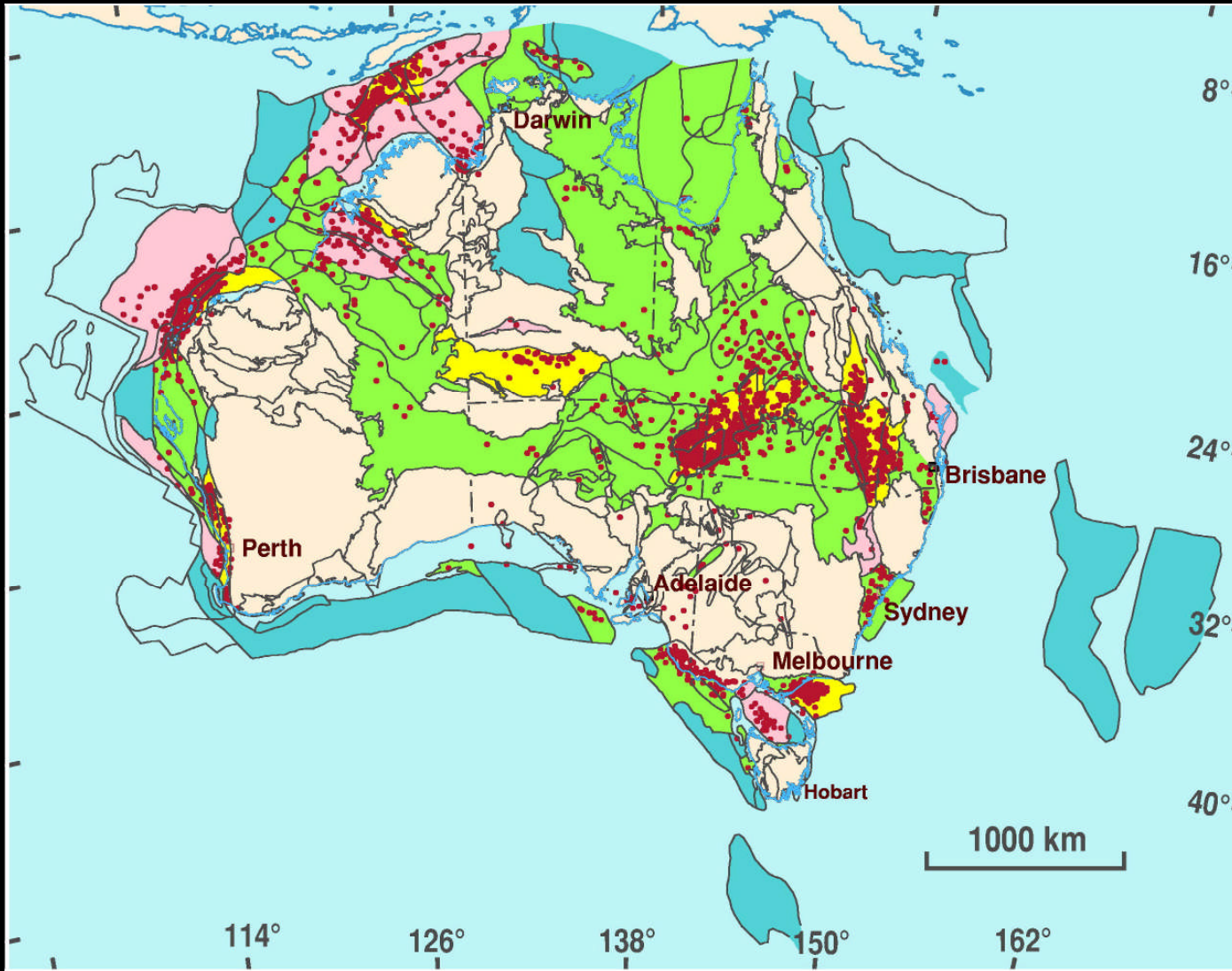
(Attachments overleaf)

## *Attachments*

Please find attached several items that may be of interest to the Committee, particularly in regard to the development of alternative fuel and energy sources

- ACF Policy Brief: *A Sustainable Biofuels Industry in Australia* (ACF, 2005)
- ACF Media release: *Green Energy the Good Oil for Australia* (ACF, November 2004)
- Report: *Fuelling Landscape Repair: A Bioenergy Industry as a Sustainable Land-use and Energy Option for Australia* (URS Australia Pty Ltd, 2004)
- Report: *Repairing the Country: Leveraging Private Investment* (Summary) (Allen Consulting Group, 2001) [full version online at [www.acfonline.org.au/uploads/res\\_private\\_investment.pdf](http://www.acfonline.org.au/uploads/res_private_investment.pdf)]
- Unpublished manuscript: *Developing a Biofuel Economy in Australia by 2025* (Foran, B. date unknown)
- Research Update: *Wood for Alcohol Fuels: Using Farm Forestry for Bioenergy* (Joint Venture Agroforestry Programme, 2003)
- ACF Report: *Recipe for a Liveable Sydney* (ACF together with TEC, NCOSS, NCC NSW & AMA NSW, 2005)
- ACF Tela Paper: *Transport and the Natural Environment* (Moriarty, P., 2000)

# HYDROCARBON BASINS



-  *Producing*
-  *Shows*
-  *Flows*
-  *One or no exploration wells*
-  *Exploration wells*

