

**The Secretary  
Senate Rural and Regional Affairs and Transport  
Parliament House  
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## **Submission to Senate Inquiry into Australia's future oil supply**

### **The 'Early Peak' Camp**

I am sure your inquiry will receive many specialist group submissions putting the case that the world is peaking in its oil production and the human race is in for a very tough time no matter what mitigating actions are taken. From here I will refer to these ideas as being part of the 'early peak' camp. That is those who feel that the world's oil production has either reached peak production or that peak production will occur in the next five years and that the price of oil will uncontrollably spiral up as demand exceeds supply. I tend to agree with this view.

The 'early peak' camp will argue for transitional measures to get from our current oil dependence to being dependant on alternative renewable resources. You will also hear that market forces alone will not be able to react quickly enough to provide a pain free transition and that risk mitigation measures must be put in place. There will be many good arguments and suggestions and I would agree with most of those suggestions. Some of the suggestions will be;

- Prepare the Public Transport Network to cater for migration of peoples' transport habits away from private cars.
- Prepare the Commercial Transport Sector for a move away from trucks to rail.
- Legislate to improve vehicle fuel efficiency.
- Encourage the construction of wind farms.
- Encourage the use of Bio Fuels.
- Implement taxation regimes that will encourage transition from oil dependence to adoption of renewable energy fuels and sources.

I don't intend to duplicate the arguments for those initiatives here except to say, even if all those measures were to be efficiently put in place, they would only represent a small fraction of the energy we now consume.

Simply put; we will not be able to source enough renewable energy to support our current population's lifestyle. Market forces or technology cannot fill the gap. The government will have to be prepared to assist in the difficult transition period to where the population is living on less and within an energy sustainable lifestyle. The earlier we start, the less traumatic it will be.

### **Ignoring the Message**

In the past the 'early peak' camp has been largely ignored and marked as alarmists who have lost a grip on reality. In the Australian Government's commissioned report

(White paper - Securing Australia's Energy Future June 2004) the technical specialists' message is ignored and the economists' solution has been adopted. The report concludes (in part) that there is no real problem and markets can respond in adequate time to correct any short fall in energy needs (Page 124). I don't think so.

Again, in February 2005, the Australian government commissioned more research (BTRE working paper 'Is The World Running Out Of Oil') which supported the notion that there is no problem and ignores the 'early peak' camp. Quotes from the document about oil price predictions;

- Page 23 "anticipates prices to decline to \$22 by 2006, climbing again to \$29 by 2030"
- Page 24 "oil price projections among different forecasting agencies—from \$15.10 to \$33.40 for 2020"

The price is now hovering around \$60 per barrel and the report is barely 12 months old. How wrong can you get?

The current price of oil and the speed at which the price has risen is in line with the 'early peak' camp's predictions. I hope your inquiry will at least listen this time and conclude that we, as a nation, will have to do more than wait for market forces to correct any imbalance of pricing and energy sourcing.

This peak oil problem is unfolding in a similar way to the global warming problem. At first the scientist / specialist were marginalised as alarmists but now global warming is well recognised as a problem needing government intervention. I hope the Australian Government will be more pro-active this time.

### **National Awareness**

My fear is that this inquiry will produce some good recommendations that will only be embraced by an interested minority and that the nationally unpalatable key recommendations will not be implemented.

Any Government initiated change of any significance will have to have the will and support of the people. Without that support the Government will not act. My hope is that you will recommend our parliamentarians engage the public with no-nonsense rhetoric to let them know how dire the situation is. Once the message is out there you will get public debate and participation that will provide the impetus for the government to take appropriate action.

This January President Bush, in his State of the Union address, said "we have a serious problem: American is addicted to oil". Further, he asserted that America can "move beyond a petroleum-based economy". Later at his follow up speech in Tennessee he stated 'American must end its dependence on oil'; not reduce but end its dependence. These are inflammatory words to a nation's people that guzzles gas like no other. Australia's oil consumption is not much better when measured on a per capita basis.

Given the number of advisors and speech writers the US President has crafting the words and analysing the ramifications of those words, it is reasonable to conclude these statements were designed to garner supporting public debate and opinion to

assist the US Government in taking the difficult steps that must be taken in the future. We must at least do the same.

In essence I agree with Senator Milne in his October 2005 parliamentary address where he concluded “we have to have a national plan for dealing with a future in which economic growth cannot be predicated on ongoing, cheap and plentiful oil supplies. That would show the strategic leadership that Australians expect from their elected parliamentarians.”

## **Conclusion**

I cannot state the case more eloquently than Robert L. Hirsch (who headed up a leading oil depletion report for the USA Dept of Energy);

**“The character of the oil peaking problem is like none other; without timely mitigation, the impacts will be *dire, worldwide, and long-lasting*. Prudent risk management dictates serious attention and massive action soon, which is difficult for most people and many decision-makers, who tend to wait until a problem is obvious before taking action.”**

In essence, all I submit to your inquiry is;

1. Listen to the ‘early peak’ camp.
2. Take whatever steps are required to engage the nation in this issue.

From that point we can really get to do ‘the hard yards’ to address the loss of non-renewable energy resources.

## Reference:

1. Government White Paper - Securing Australia's Energy Future -  
<http://www.pmc.gov.au/initiatives/energy.cfm>
2. Government BTRE Working Paper - Is The World Running Out Of Oil –  
<http://www.btre.gov.au/docs/workingpapers/wp61/wp61.pdf>
3. CBS News – Bush: U.S. Must Break Oil ‘Addiction’ – Feb 1, 2006  
<http://www.cbsnews.com/stories/2006/01/31/politics/main1260701.shtml>

## Australian Peak Oil Groups:

### Australian Association for the Study of Peak Oil and Gas

ASPO-Australia is an association of researchers, professionals and others with an interest in the study of peak oil and gas. ASPO-Australia is part of a network of organisations around the world affiliated with the original Association for the Study of Peak Oil and Gas (ASPO) founded by Colin Campbell and Kjell Aleklett.  
[www.aspo-australia.org.au](http://www.aspo-australia.org.au)

### ACT Peak Oil

ACT Peak Oil are people from Canberra and the surrounding region who are concerned about the implications of the coming peak and decline of world oil production.  
<http://act-peakoil.org/>

### Beyond Oil Energy South Australia (BOESA)

Coordinated by Michael Lardelli ([michael.lardelli@adelaide.edu.au](mailto:michael.lardelli@adelaide.edu.au)) who also publishes a regular BOESA email newsletter.  
<http://www.adelaidepeakoil.com/>

### The Sustainable Transport Coalition WA (STC-WA)

The sustainable transport coalition have run two "Beyond Oil" conferences and have hosted prominent overseas peak oil speakers.  
<http://stcwa.org.au/beyondoil/>

### Sydney Peak Oil

This group meets regularly in Sydney. Their bulletin board is at the link.  
<http://www.sydneypeakoil.com/>

### Melbourne Peak Oil

Google group for people in Melbourne with an interest in peak oil.  
<http://groups.google.com.au/group/MELBOURNE-PEAK-OIL>

### Queensland After Oil

Queensland group coordinated by Kim Bax (an outpost of the Post-Carbon Institute).  
<http://www.postcarbon.org/groups/queensland>

### Running On Empty Oz

Australia-wide Yahoo discussion group on peak oil (Yahoo registration required).  
<http://groups.yahoo.com/group/roeo/>