

**The Secretary
Senate Rural and Regional Affairs and Transport
Parliament House, Canberra ACT 2600**

RE: Inquiry into Australia's future oil supply

Submission from:

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First, I would like to congratulate the Committee and Senators for having the courage to begin this Inquiry in light of the almost complete radio silence on these issues from our Federal Government and other national governments. It is long overdue, and should be regarded as one of many integrative steps towards addressing one of the most profound challenges and I believe, greatest opportunities which the process known as "Peak Oil" will force upon Australia.

Responses to Terms of Reference:

Australia's future oil supply, with particular reference to:

1. projections of oil production and demand in Australia and globally and the implications for availability and pricing of transport fuels in Australia;

In simple terms the available evidence (well documented in other submissions) suggests that the point of no return has been reached now (2005) or will be reached with oil production worldwide by around 2008 - 2010. The point of no return is when the demand for oil outstrips the actual available physical supply in other words, the process of extraction peaks and then moves into decline. This scenario is described as Peak Oil. Although there is considerable technical debate about when this process will begin to really take effect from my perspective as an ordinary non-technically minded Australian this seems akin to arguing about which chair you would like to sit on as the Titanic sinks! In the past enough oil was extracted to meet increased demand because we could pump more oil out of the earth. This will be no longer the case after Peak Oil. Post Peak Oil, oil extraction will steadily decrease until oil is ostensibly gone in roughly 40 years (depending on which source one reads). Below are some considerations based on my observations and past experience.

A simple scenario for ordinary Australians was painted recently by Kim Beazley (ALP Fuel Policy launch 18/2/06) when he described people filling up their cars at the pump paying \$4.00, \$5.00 or even \$10.00 per litre for petrol. This might be the case even if we are to begin to comprehensively broaden our fuel base to include biofuels, biodiesel, biogas, CNG, LPG, and other possible alternatives. Here is an extrapolation from this scenario. The cost to fill a car with a 40 litre fuel tank will on \$5.00/litre be \$200.00. I have lived in regional Australia and my

commute to work in a part time job to another town was a 142 km round trip. Back then in 2001 it cost \$45.00 to fill a 40 litre tank at rural fuel prices. I was earning a low wage for this job \$12.15 per hour and worked 13 hours per week so I grossed \$157.95 per week fortunately I also had holiday pay, super and other freelance work available. Imagine now overlaying this scenario for a part-time worker in rural/regional Australia where permanent part-time jobs with holiday pay and superannuation are hard to come by having to pay \$200 to try and fill their tank with fuel so that they can get to work? I have also lived in the USA and the transport fuel debate has also extended into the social justice arena. Many low waged workers in the U.S. are being hit hardest by escalating gasoline prices, because many of them have enormous commutes to low paid jobs. This is, apparently especially the case in rural and regional America. A huge percentage of their hard earned wages are soaked up by gasoline purchases.

In summary I have attempted to outline some potential economic impacts at the micro level from the perspective of an ordinary Australian. I would argue the scenarios I have just outlined are unsustainable and represent just a small slice of a whole system problem we face now requiring whole system solutions from every level of Australian society.

2. potential of new sources of oil and alternative transport fuels to meet a significant share of Australia's fuel demands, taking into account technological developments and environmental and economic costs

I would urge this Inquiry to rigorously investigate the value and utility of all alternative transport fuel options including the following: biodiesel, biogas, biofuels, LPG, CNG, Hydrogen etc. But particularly to give some credence to potentially small scale solutions which may fall outside the conventional economies of scale and mass production models which tend to dominate the thinking of government and large corporate interests. This might include small scale micro production models for biodiesel. An example being the reuse of cooking oil from restaurants for local small scale production of biodiesel. Or the Kompogas company in Rumleng Switzerland which has 5 plants in Zurich alone which ferments food scraps from homes and restaurants to produce fuel for 1200 cars and trucks- including the entire local McDonalds fleet. (Source: Yes! Magazine 2004:33 URL: www.kompogas.com)

3. flow-on economic and social impacts in Australia from continuing rises in the price of transport fuel and potential reductions in oil supply; and

Below are a few of the possible impacts we are likely to experience:

Every product and service we consume which has a petroleum base is likely to become more expensive or possibly more scarce. This has far reaching implications for nearly every aspect of contemporary Australian life. Outer suburban or rural living is likely to become more difficult if there is no adequate

public transit infrastructure. Global security issues around the control of dwindling oil supplies is likely to impact on Australia. The cohesion of Australian society may be disrupted by larger levels of unemployment as a result of escalating fuel prices. Australians patterns of consumption are likely to alter profoundly as many products become scarce or are no longer available. Some sectors of the economy may disappear altogether and new ones may emerge based around for example energy efficiency, retrofitting, alternative fuels/energy. Our economies may become much more localised and smaller scale. Food production may return more to our backyards and to localised small scale farming. This has enormous implications for the current industrial agricultural model and agribusiness which is basically built entirely on the back of oil.

4. options for reducing Australia's transport fuel demands.

Society wide demand management and efficiency seems obvious but is not part of the current economic growth ideology and it's cousin over consumption which has hypnotised Australian society at every level. Just pick up any Australian newspaper and read any article about business or the economy and the tone is business as usual, more growth, more expansion, the only indicator of success is whether expansion is occurring and at what rate. As transport fuel costs rise, oil supplies reduce this set of benchmarks will have to be rethought, economic success will need drastic redefinition. To quote Hunter Lovins the "best and cheapest 'source' of energy is not in fact supply but efficiency. We will run out of oil ultimately "but in the meantime , there is huge scope for using less of it. (Lovins, YES! Magazine 2004:37).

Here are some examples of community level solutions that could be part of a energy efficiency policy mix:

1. Encouraging local life and staying at home

- Free up more workers to telecommute.
- Encourage and revitalize local shopping precincts within walking distance of peoples homes.
- Making home delivery of goods and services more accessible to more of the population to minimise unnecessary shopping trips.

2. Walking

- Obesity is one of the byproducts of our addiction to cars.
- Making our local municipalities and cities more walker friendly and more attractive and safe.

3. Bicycles

- Making cities and towns so bike friendly that people will want to leave their cars at home and get out more on bikes for commuting and recreation.

4. Local Ride Share Programs for Commuters in Cars

5. Car Share Programs

-Here in Melbourne the Victorian Government, Cities of Melbourne and Yarra have actively supported the development of car sharing programs which release people from the burdens of car ownership in inner city settings.

6. Alter Insurance and Tax Regimes for Car Ownership

-For example insurance premiums for cars could also be based on annual mileage or greenhouse gas output.

-Tax deductions for those who use cars less rather than more.

7. Public transit that is so good that people would rather leave cars at home.

8. Use of Hybrid vehicles

-Alter the tax regime so that there are significant tax deductions for the purchase of hybrid vehicles and also incentives for manufacturers.

9. Larger scale adoption of organic farming practices which do not rely as heavily on fossil fuels for production and do not use oil based fertilizers and pesticides. Encompassing models of food production such as Permaculture may become a major part of this change.