



Wednesday, March 01, 2006

Roxanne le Guen  
Senate Rural and Regional Affairs and Transport C  
Department of the Senate  
Parliament House  
Canberra ACT 2600

14/70 Elder Place  
FREMANTLE  
Western Australia 6160  
Telephone (08) 9433 6518  
Mobile 0438210251  
Email: nrmc@bigpond.net.au

Dear Roxanne

**Inquiry into Australia's future oil supply and alternative transport fuels – Submission**

**The management of Australia's own oil reserves**

Currently oil and gas reserves are treated in the same way as any other mineral reserve, that is the States grant exploration licenses and the licensees have the right to exploit any resources found subject to agreement on royalties.

Yet oil is fundamental to our ability to defend ourselves. The strategies employed by the Nazi Government in the Second World War were aligned to securing oil reserves in order to fight. Rumanian oil fields were the first to be occupied. The advance on the Caspian was stopped at Stalingrad and the advance to the Persian Gulf was stopped at El Alamein. The Japanese occupied the Indonesian fields and a major part of the Allied counter-attack was centred on destroying oil tankers carrying oil back to Japan; a similar tactic was used by the Germans in the North Atlantic.

Current military equipment runs on oil derivatives, so for strategic reasons **we should save our own diminishing oil reserves for strategic purposes.**

Oil is also essential to modern agriculture, transportation and many other components of Australian life. So saving oil for future generations is worthwhile from many points of view.

As a non-renewable resource oil will increase in value as depletion continues. So the value of oil is more likely to rise than to fall in the long term. It therefore makes financial sense for the **Australian Government to conserve Australia's oil resources than to allow continued exploitation of them.**

It is quite clear that those countries best prepared for price increases in oil (mainly in Europe) are those that have applied high levels of excise to oil consumption. Periods when oil prices have declined have caused profligate consumption of oil with lowered fuel efficiencies and expanded travel horizons. **The Australian Government should increase the excise on oil products, especially in periods when oil prices may decline on a short-term basis.**

Yours sincerely

Dr David Bennett