



Election Time in the Land of Oz

Posted by [Phil Hart](#) on November 11, 2007 - 5:30pm in [The Oil Drum: Australia/New Zealand](#)

Topic: [Policy/Politics](#)

Tags: [australia](#), [politics](#) [[list all tags](#)]

This is a guest post by Matt Mushalik in Sydney. Matt is a member of ASPO Australia.

When voting for a party and a candidate it is important to know what they know about peak oil and how they are going to deal with it.

I start by defining what should be done in the context of peak oil and global warming and then continue by comparing that task list with what one can find in the party policy platforms. I conclude with a light rail example as a solution to urban transport problems.

(A) Summary:

I believe crude oil production peaked in 2005. The major parties have not discovered (or do not want to acknowledge) this event which will impact the transport sector in particular and the economy in general. Neither the Coalition nor Labor have appropriate plans to deal with this looming crisis, which is arriving at the same time we realise that global warming is turning into a planetary emergency. The double challenge of peak oil and climate change is so severe that - if not properly managed - our very civilization is in danger. The Greens and Democrats seem to be the only parties which have understood AND have the courage to publicly address these issues.

(B) Defining the task

Let us define the task against which we compare the parties. We simply cannot afford to maintain, let alone expand, our present day carbon based economy. We are close to a climate tipping point as explained in an interview Kerry O'Brien from ABC TV had with NASA climatologist James Hansen:

[Scientist predicts disastrous sea level rise](#)

The growth we should aim for is in the renewable energy industry.

Overall objective: Immediate, consistent and continuous war time like effort to de-carbonize our economy and to re-industrialize Australia on the basis of renewable energies.

Here is a to-do list:

(1) Stop doing business as usual; immediate moratorium on new freeways, tollways, car dependent shopping centres and sub divisions, airport extensions, coal fired power plants and other projects which increase CO₂ emissions; reduction of immigration as water supplies and other resources for cities dwindle.

(2) Set aside oil and gas fields for the sole purpose of serving as an energy input for all projects required to mitigate the impact of peak oil and to reduce CO2 emissions; scale down coal exports until geo-sequestration is physically in place; LNG export contracts must contain clauses that coal fired power plants in the importing country are de-commissioned at capacities equivalent to the energy content in the natural gas; reduction in oil and LPG exports and adjustments to our refineries to cope with our light oils and condensate.

(3) Establish a Strategic Oil Reserve

(4) Establish light rail on all tollways and main roads in capital cities; encourage car pooling; change the tax regime with the objective to minimize fuel consumption

(5) Encourage the use of compressed natural gas (CNG) for the mining, agricultural and transport sectors

(6) Initiate a replacement program for all coal fired power plants

(7) Encourage energy efficiency

(8) Encourage interstate rail development and electrification (both passenger and freight); coastal shipping

(9) Encourage biofuels for running farming machinery and transport of agricultural produce

(10) Initiate an educational campaign to the public to promote why (1) to (9) should be done

(C) Peak oil facts and projections

There is now sufficient statistical evidence from the EIA (Energy Information Administration, DoE) that global crude oil production has peaked in 2005. Read my article in The Oil Drum which I prepared together with Gail the Actuary in Atlanta, Georgia:

"Did Katrina Hide the Real Peak in World Oil Production? And Other Oil Supply Insights"

<http://www.theoil Drum.com/node/3052>

(<http://sydneypeakoil.com/downloads/KatrinaAndPeakOil2005.pdf>)

□

While the current decline rate is very modest at around 1% this will accelerate to 4% pa once a group of countries which is still at least partially offsetting decline elsewhere can no longer increase production. The International Energy Agency (IEA, Paris, the OECD adviser in energy matters), after many years of optimistic outlooks, now warns in its July 2007 Medium Term Oil Market Report:

"Despite four years of high oil prices, this report sees increasing market tightness beyond 2010, with OPEC's spare capacity declining to minimal levels by 2012"

This is diplomatic language for oil shortages. The time is now very short. The latest projection for oil supplies in the next 2 decades comes from the [German based Energy Watch Group](#). Global production maybe down 30% by 2020 and 50% by 2030:

□

Proven reserves are 850 Gb and not 1200 Gb as stated in the BP Statistical Review. This is mainly due to OPEC's reserves being overstated. Australian oil production will also decline in the next decade, requiring increasing imports while global oil export volumes decrease dramatically.

(D) Coalition

The energy white paper which was published in June 2004 - before the last election - is totally flawed in relation to peak oil as it contains following unsubstantiated statement:

Despite increasing demand for oil, there are sufficient reserves to supply world demand for around 40 years.

http://www.pmc.gov.au/publications/energy_future/chapter7/4_transport.htm

A graph is attached showing the simple R/P calculation which is behind it. The whole coalition policy is based on this false assessment.

The government has introduced an alternative fuels [conversion programme](#) but these are just trials and the [energy white paper](#) says "there is currently no case for the government to accelerate the uptake of these fuels on energy security grounds." Alternative fuels are not likely to be pursued vigorously.

The Coalition also proposes to build 25 nuclear power plants, but they are stacked on top of the existing coal fired power plants instead of REPLACING them, therefore NOT reducing emissions.

The Prime Minister, the Treasurer and the Nationals leader just announced massive spending programs on roads without having checked on the oil supply situation:

<http://abc.net.au/news/stories/2007/11/04/2081195.htm?section=australia>

(E) Labor

Labor's policy on peak oil comes from the campaign office and this is an extract:

Peak Oil: Federal Labor believes that better information is required regarding future oil supplies to inform prudent planning.

For that reason Labor endorsed the first recommendation of the report of the Senate Rural and Regional Affairs and Transport Committee: Australia's future oil supply and alternative transport fuels.

That Report recognised that there are concerns that we will soon reach 'peak oil' and recommended that Geoscience Australia, ABARE and Treasury to assess the official estimates of future oil supply and the 'peak oil' arguments and report to the Government on the probabilities and risks involved, comparing early mitigation scenarios with business as usual

A copy of the Senate report, released on 7 February 2007, is available online at:

www.aph.gov.au/Senate/committee/rrat_ctte/oil_supply/report/index.htm

If we take their promise at face value, a Rudd Labor Government would carry out this assessment, allowing it to properly plan to secure our future fuel supplies. In addition, a Rudd Labor Government will include projections of future liquid fuel supply and demand in a regular National Energy Security Assessment to better inform industry and the community of the nation's future energy outlook.

At a national level Australia is facing a profound shift in the source of our liquid fuels. Unless significant new oil fields are found, Australian domestic oil production could represent as little as 20 per cent of our consumption by 2015. Importing such large amounts of oil could leave Australia's economy heavily exposed to international oil supply disruptions.

A Rudd Labor Government will encourage increased domestic oil exploration, the development of gas-to-liquids projects that can convert some of our gas resources into liquid fuels and coal to liquids technologies that can produce synthetic diesel. Coal to liquids technologies can include the capture and storage of carbon to minimise the emission of greenhouse gases in the production of fuels.

Labor will also support the research and development of new biofuel technologies, including the production of ethanol from cellulose.

Labor considers energy security crucial to continued prosperity. Having a diverse range of liquid fuels will help secure our economic future."

Labor also proposes half a billion dollar for a Green Car Innovation Fund: <http://www.alp.org.au/media/0307/riloo160.php>

Federal Labor seems to be in conflict with some of the State Labor Governments. In NSW, for example, Roads Minister Roozendaal is unconcerned about oil prices as demonstrated during the budget estimate hearings:

Dr JOHN KAYE: Minister, can I ask you whether the Roads and Traffic Authority monitors factors that affect long-term oil prices?

The Hon. ERIC ROOZENDAAL: No.

Mr WIELINGA [RTA]: What we do is monitor the expected prices of bitumen, which affects the roads, and that is affected by oil prices. It is not our role to monitor oil prices per se.

<http://www.parliament.nsw.gov.au/prod/PARLMENT/Committee.nsf/0/5BD5E5BCD...>

(F) Greens

The Greens initiated the Senate Inquiry on oil supplies in October 2005. The [final report](#) came out in February 2007, but the Coalition Government has not responded yet.

The Green's policy is best summed up in this quote:

If you really want sound economic management, look to the Greens who want to invest the surplus not in tax cuts but in public transport, alternative fuels and fuel efficient vehicle manufacturing, making it mandatory for governments to use procurement of hybrids to upgrade the whole transport fleet over time. These investments, as well as abolishing the fringe benefits tax concession for motor vehicles and the GST on public transport, shifting tax to the carbon content of fuels, is really what needs to be done to protect the community from higher petrol prices.

In the same blog, Senator Milne says:

The only way to effectively deal with increased prices is to reduce demand by shifting people out of petrol guzzlers into public transport and more efficient cars. Attempting to cushion the blow by artificially reducing the price makes matter worse by locking low income earners into inefficient cars in suburbs without public transport. It means higher costs of living and higher emissions.

Greens announce Better Cars policy:

http://www.christinemilne.org.au/600_media_sub.php?deptItemID=428

Oil proofing and electrification of transport:

http://www.christinemilne.org.au/600_media_sub.php?deptItemID=426

[Update: The Democrats were not considered in the original analysis but made the following submission - **what is being said of the Greens in this post equally applies to the Democrats**]

(G) The Democrats

The Democrats have commented by referring to following links:

Is Australia's auto industry imperilled by ignoring climate change and peak oil?

The future of the Australian Car Industry

Centre for Public Policy Symposium

27 Sept 2007

Senator Lyn Allison

http://www.democrats.org.au/speeches/index.htm?speech_id=2315

Democrats Action Agenda

Commonwealth and State funds pooled for all transport infrastructure and allocated on the basis of clear criteria that deliver on long term transport reform objectives and include:

- Substantial funding for integrated public transport - rail, light rail and bus networks and transit lanes on urban freeways with a priority for those metro areas where transport services are poor.
- Improved public transport frequency, amenity, safety, reliability and accessibility, particularly in outer metropolitan areas. Better scheduling and ticketing coordination.
- Rail services extended to residential developments on the city fringe and modernised and high quality sub-regional feeder and circumferential bus services provided.
- The east coast route modernised, multi-modal exchanges, rail links into ports and nationally consistent regulations, codes and communication systems provided. Fast train services extended to all major airports and regional centres and linking Brisbane, Sydney, Canberra, Melbourne and Adelaide for rapid, low emissions passenger and freight travel.
- Safe off-road walking and cycling networks for commuters. Improved local access to public transport for pedestrians and cyclists.

- Substantially changed car parking practices by reducing space requirements for new and refurbished commercial development and increase parking at transport nodes, including safe cycle lockers. With the states, introduce car parking and congestion charges in inner urban areas and reduce public transport charges by at least 10%.
- A moratorium on residential expansion on the fringes of capital cities and a shift of growth to regional centres and underutilised urban land. Transport reform objectives applied to urban planning for all land use change.
- A greenhouse trigger in Federal environment laws for major infrastructure projects.
- FBT reformed to encourage public transport, cycling and car pooling.
- Excise on alternative fuels removed until agreed targets have been met
- Tax incentives for fuel efficient and low emission vehicles, funded from higher taxes and registration fees for inefficient vehicles and the reintroduction of fuel excise indexation (abolished in 2001).
- The ban on blends of more than 10% ethanol lifted and mandatory biofuel targets of 20% of all petrol and diesel sold phased in by 2020. Ethanol petrol blend (E10 and E85) availability mandated at all outlets,
- All government vehicles switched to alternative fuels and fuel efficient vehicles on re-leasing.
- Democrats-negotiated alternative fuel vehicle conversion maintained and extended to electric and LNG vehicles of all sizes.
- Grants for compressed natural gas, liquefied natural gas, hydrogen and electricity refuelling infrastructure.
- Auto industry subsidies conditional on producing high efficiency vehicles including hybrids
- An enhanced Bass Strait Passenger Vehicle Equalisation Scheme that keeps passenger and freight costs as close as possible to those of rail and road over the same distance.
- Implement recommendations from the Government's own House of Representatives' Sustainable Cities inquiry.

http://www.democrats.org.au/docs/ActionPlans/Transport_LandTransport_200...

(H) Conclusion

The Coalition is in FULL DENIAL MODE of the double challenge of peak oil and global warming. We can expect business as usual until the first petrol and diesel shortages arrive at the filling stations which will happen in the next term. Environment Minister Malcolm Turnbull might have understood some of the aspects of global warming, but not peak oil. In any event, he is outnumbered by peak oil (and also global warming) skeptics in the cabinet, as evidenced in many responses to peak oil questions in the Senate.

In case the Coalition continues in government, the electoral backlash will be enormous when the truth about oil comes out, since all the warnings on peak oil happened on the Coalition's watch, something which will be very easy to trace on the internet. The first warning was given by Irish oil-geologist Colin Campbell in 1995 (then in Petro-Consultants), but more publicly in 1999, the UK peak oil year:

Presentation to a House of Commons All-Party Committee:

THE IMMINENT PEAK OF WORLD OIL PRODUCTION

by C.J. Campbell

<http://www.hubbertypeak.com/campbell/commons.htm>

If the Coalition wanted nuclear power to be accepted by the electorate it would have to inform the nation about the truth of the coming oil and energy crisis instead of telling voters a prosperous

Federal Labor is only marginally better in at least acknowledging there is a peak oil problem but publicly this has not entered the campaign. The immediacy of the crisis is not made clear to the electorate. The green car initiative is not enough to mitigate the impact of peak oil. The studies proposed on when peak oil might occur are unnecessary, since peak oil has happened already. Geoscience Australia has made an assessment and it is obvious that Australian oil production will decline. It is doubtful whether ABARE or BTRE can assist; 2 organisations which are full of peak oil skeptics. This proposal of further studies will just delay the urgent action which is needed.

The Greens and Democrats seem to offer the best policies although some of the points I recommended in the list above are not included. In any event, a bipartisan approach will be required but this may not happen until a real physical crisis has emerged.

Outlook

With current policies, the imminent oil crisis will come like a bolt from the blue sky. With global decline rates of 4% pa a transition to a more efficient car fleet and to alternative fuels will be too slow (recession likely with limited purchasing power for new car sales) to offset this permanent decline. Therefore, a 2nd defensive line has to be built up while carpooling and fuel/engine efficiency buffers the 1st impact of peak oil and that can only be public transport as the final solution. As an example what has to be done under item (4) in capital cities this is an image of urban rail on a major road in Frankfurt, showing one of the stations including platforms.

□

The 3rd lanes in each direction can be removed (no longer needed as traffic will decrease in the next decade even if population grows) and REPLACED by a surface metro system which is much cheaper and faster to build than a rail tunnel. The trains are 100m long and can carry 400 passengers, running every 2-3 minutes during peak hour and every 5-7 minutes off-peak.

It is now high time to start with these projects, including establishing a local rail manufacturing industry. Once peak oil hits as oil shortages, cities all over the world will order more trains and there will be a bottleneck in supplying rolling stock.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).