



The National Aviation Policy: Flight Path to the Future?

Posted by [Phil Hart](#) on March 15, 2009 - 8:18am in [The Oil Drum: Australia/New Zealand](#)

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This is a guest post by Cameron Leckie of ASPO Australia

Submissions to the Commonwealth Government's National Aviation Policy (NAP) Green paper have just closed. Unfortunately, but not surprisingly, there is no mention of peak oil nor its impacts in the Green Paper. Indeed the Green Paper predicts that domestic aviation demand will increase by 4% per annum until 2025-2026.



The NAP team has received a large number of submissions - they can be viewed [here](#). At least one from [Marrickville Council](#) details concerns about the failure to mention peak oil, from a local government no less. Below the fold is the Executive Summary of ASPO Australia's submission to the NAP. The full submission can be viewed [here](#).

Executive Summary

World oil production has stagnated since 2005, despite record high oil prices, oil industry profits and investment in exploration and production. There is overwhelming evidence to suggest that world oil production is at or near its historic peak and will most likely begin to decline within several years. Net exports of oil available on the world market have already commenced a terminal decline. It is likely that the decline rate for oil exports will be greater than production declines. Australia is already highly import dependent and will be increasingly so as domestic oil production continues to decline after peaking in 2000. This leaves Australia vulnerable to the impact of geopolitical circumstances, extreme weather events and other economic trends on world oil markets. The decline in oil availability will see dramatically increasing and highly volatile oil and fuel prices, oil supply shocks and impacts on economic growth, employment, demographics and transport patterns.

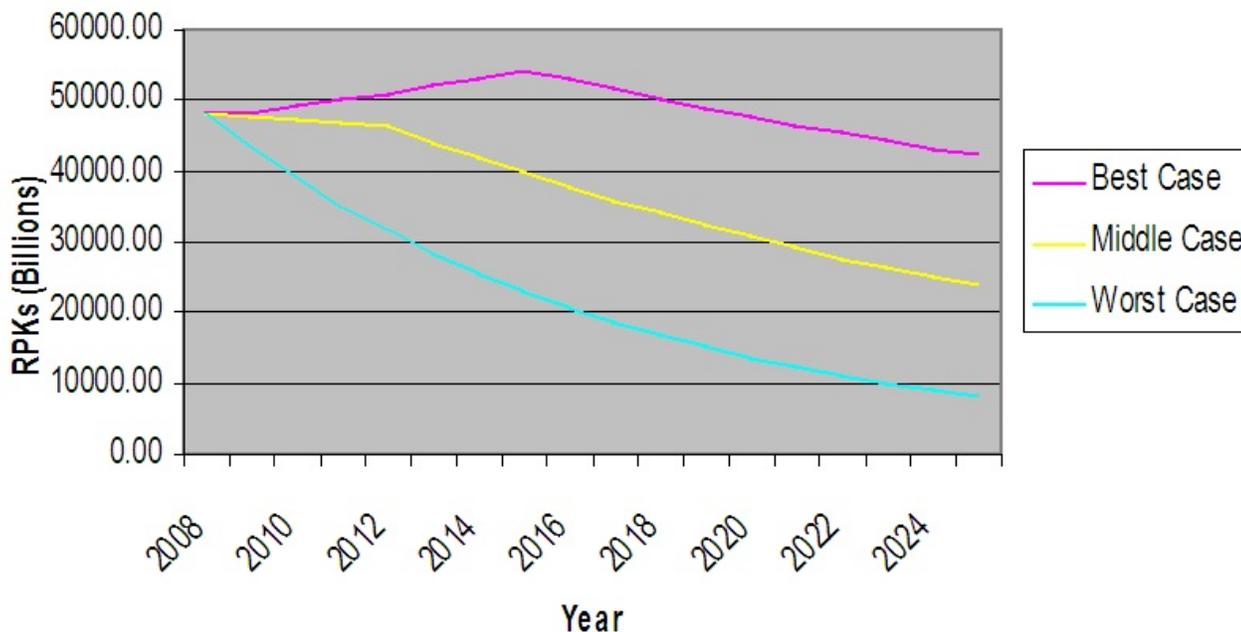
Steep increases in oil prices since 2005 have had an economic impact similar to the 1970s oil shocks, including reduced demand for road and air transport and negative economic growth. Given that world oil production is peaking, the global recession is perpetuating a 'bumpy plateau'

Aviation is totally dependent upon petroleum fuels, with no viable replacement likely to be developed for the foreseeable future. As world oil production peaks, so to will the availability of aviation fuel. Increases in fuel efficiency will be insufficient to allow the continued growth in demand for air travel. With no viable alternative fuels that can be produced in anywhere near the volume required this will lead to a decline in air travel. This coupled with falling demand as a result of the socioeconomic impacts of peak oil lead to the conclusion that peak oil will also mean 'peak aviation.'

The Aviation Green Paper forecasts perpetual growth in aviation demand for the foreseeable future. This is based on a number of assumptions, both stated and unstated, that are being invalidated by current events. With no mention of peak oil, or how its impacts will be mitigated, this leads to the unfortunate circumstance where the National Aviation Policy is likely to exacerbate the impact of peak oil on the aviation industry while avoiding the need to develop alternative transport modes such as high speed rail. This will likely leave Australians in the unfortunate situation of having a failing aviation industry with insufficient alternative transportation infrastructure. This situation is however avoidable if peak oil mitigation measures are implemented on a sufficient scale in an urgent manner.

Based on a detailed analysis of the likely impact of peak oil on Australia's domestic aviation demand, it is likely that over coming decades there will be significant declines in air travel. Three plausible scenarios are depicted in the following chart:

Peak Oil Scenario's for Domestic Aviation Demand



The key challenge for the Commonwealth Government and the aviation industry is how to deal with contraction of the aviation industry. Policies based on the flawed assumption of perpetual growth, such as those proposed in the Aviation Green Paper, will be counterproductive if Australia is to maintain a viable aviation industry able to serve the public interest. This submission proposes an alternative aviation policy statement developed to manage the decline in aviation demand as a result of the socioeconomic affects of peak oil.

An Australian Aviation Policy Statement for the Second Half of the Age of Oil

Australia is a large country. Aviation provides the ability to link Australians in a timely manner over long distances. However aviation is, and will always be dependent upon liquid fuels derived from oil. Due to the global peaking in the production of oil, over the next two decades Australia will have progressively less oil available to fuel its economy. This will result in a lowering of economic activity and as a result a falling demand for aviation services. Left to the vagaries of the market, peak oil is likely to result in the collapse of the aviation industry. The Australian Government is committed to the survival of a sustainably sized aviation industry. This will be achieved by:

- A structured downsizing of the aviation industry, ensuring the survival of the industry, whilst providing retraining for those employees affected by the downsizing and providing time for an increase in transportation capacity by other modes, particularly interstate rail.
- The prioritization of infrastructure funding to rail and bus networks to replace the capacity lost by the downsizing of the aviation industry.
- Implementing plans for the nationalisation of a major carrier.
- Fostering co-operation rather than competition between airlines.
- Prioritizing support to the aviation industry based on the principles of need, energy efficiency and demand.

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