

# **New perspective on parlous energy plan**

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## **Planning for Australia's future energy security needs is being mismanaged by Canberra boffins.**

HERE'S a trick question: what's an inconvenient 30-month old Australian government energy report, that isn't posted on an Australian government website, doing on a French website?

Since that mystery so puzzled me over Christmas/New Year, I contacted this column's energy affairs expert who explained it as follows.

The first crucial point to note, he says, is that two recently compiled Canberra energy reports exist.

These are: The 'Draft Energy White Paper – Strengthening the Foundation for Australia's Energy Future,' December 2011; by the Department of Resources, Energy and Tourism. (DEWP); and the 'Transport Energy Futures: Long-term oil supply trends and projections,' March 2009; by the Department of Infrastructure, Transport, Regional Development and Local Government, (Report 117).

Now, some initial observations.

The just-completed Draft Energy White Paper (DEWP) is available on an Australian government website, with the public asked to send in submissions by March 16 2012.

The 325-page DEWP is at:

[http://www.ret.gov.au/energy/facts/white\\_paper/draft-ewp-2011/Pages/Draf...](http://www.ret.gov.au/energy/facts/white_paper/draft-ewp-2011/Pages/Draf...)

Report 117, completed in March 2009, isn't on an Australian government website, but, strangely, on a French website.

The 474-page Report 117 is at:

[http://www.manicore.com/fichiers/Australian Govt Oil supply trends.pdf](http://www.manicore.com/fichiers/Australian_Govt_Oil_supply_trends.pdf)

My energy affairs adviser next directed me to DEWP's three most crucial paragraphs.

The first, at page 67, says: "For a major global energy exporter like Australia, pursuing a goal of national energy self-sufficiency is counterintuitive."

Put otherwise this means that Australia has an abundance of coal, gas, and uranium. All true.

What that paragraph doesn't say is that Australia is increasingly dependent on imported liquid fuels – oil for our refineries, petrol and diesel.

In other words, we're not self-sufficient in the crucial energy source that drives our automobiles, heavy haulage transport, farming machinery, even air travel.

To compound the DEWP's cloud cuckoo-land thinking, at page 69, it says:

"Energy security does not equate to energy independence or self-sufficiency in any particular energy source."

It's important to note here that Australia, following the Bass Strait discoveries, was self-sufficient from 1980 to 2005. Since then we've slumped to just 50 per cent self-sufficiency, and by 2015 we'll be 25 per cent self-sufficient, meaning 75 per cent dependent.

In other words, three quarters of our liquid fuel needs (refined plus unrefined) will be imported.

Australia currently imports about 500,000 barrels/day, rising to 750,000bbl/day by 2015, presently at \$120/bbl, so, annually, \$21.9 billion and \$32.9 billion respectively and skyrocketing thereafter.

Using the word 'counterintuitive' is tricky because what DEWP's authors allege is that one's normal response to this deteriorating situation, that is, aspiring to self-sufficiency, is questionable, even erroneous.

They're actually claiming it's wrong to seek self-sufficiency, which could be easily attained by building coal-to-liquid plants.

The utterly muddled Canberra Greens-inspired thinking is mindboggling.

Clearly Canberra's boffins have forgotten the mayhem of the 1970s when the Middle Eastern-initiated oil shock threw the world's economies into a nosedive. Haven't the DEWP's authors ever looked at a map of the Persian Gulf where the Straits of Hormuz can be closed-off so easily by ever-threatening Islamist Iran? Obviously not.

Clearly in that wise primary school tale of the grasshopper and ant, they'd back the one who went about jumping and having fun, during seasons of plenty, and want Australia to do likewise.

They obviously believe it's being counterintuitive to prepare for tougher times, when oil supplies may be cut off.

That, not to put too fine a point on it, isn't just plain madness in increasingly dangerous times, but downright irresponsible.

The DEWP is therefore a scandalous piece of authorship, demonstrating nothing less than crass stupidity of the highest order.

It's so bad that the boffins who compiled it should be immediately removed from providing any further advice on Australian energy policy.

To further confirm their myopia, my adviser directed me to page 123 of the DEWP, which says: "As a result of increased daily net imports in recent years, the level of oil stocks in Australia has regularly fallen below the 90-day requirement since mid-2010.

"The National Energy Security Assessment found that this does not indicate an emerging domestic energy security problem."

The last nine words are simply outrageous.

"However, Australia's stockholding obligation is an important compliance issue under an international treaty that is intended to be a credible response mechanism to a major global oil supply disruption," the DEWP continued.

"The Australian government is currently considering possible options to respond to this issue."

This is even more scandalous since it means Australia has dishonoured treaty obligations, therefore breached a contract.

And the DEWP's authors cannot see anything perilous in Australia not maintaining agreed oil stocks in case of emergency. Or, as my adviser, said: "It's interesting that the Federal government wants Australia to be an example to the world with the Gillard-Greens CO2 tax, but is also aware that it's breaking a treaty obligation with respect to oil stock levels."

Turning to Report 117, he remarked: "It is a very detailed, thorough and methodologically correct report forecasting oil supply to the end of this century.

"What it says is that the world's oil supply is going to fall off a cliff.

"The words Report 117 actually uses are: 'A predicted shallow decline in the short-run should give way to a steeper decline after 2016'."

The diagram on this page is on page 350 of Report 117.

"The red line is the annual discovery rate of oil, which peaked two generations ago in the early 1960s," my adviser said.

"The green line is the predicted production rate to 2100.

"Looking at the green line, the conclusion you come to is that we are going to have to find something else besides oil to fuel our cars and industry, and we have to do that very soon if we want to avoid a lot of pain.

"Back in the 1960s, Australia imported almost all of the oil it consumed.

"The federal government subsidised oil exploration because it was then commonly realised how important liquid fuel self-sufficiency was to national security.

"When the Bass Strait oilfields were discovered, the low price of oil imported from the Middle East made them uneconomic to develop.

"So the federal government imposed a tax on imported oil in order to make their development economic.

"Liquid fuel self-sufficiency is the foundation of national security.

"If and when Australia is involved in a regional conflict, or even if the conflict does not involve us, the first ships to be sunk will be the crude carriers.

"Not a drop of oil or refined product will reach these shores.

"It is idiotic to think that we will get supply from Singapore when Singapore will be in the conflict zone."

Even more scandalous is the fact that the DEWP carries 114 references and, you guessed it, Report 117, even though compiled in Canberra, isn't one of them.

So Report 117 is deliberately ignored.

Why is Australia's national security being sidelined? The DEWP is thus a grave national security risk.

I plan to send a copy of this column, as a submission, to the DEWP Inquiry so its reviewers can never claim they didn't know Report 117 existed, even if hidden away in France.