



The Australia 2020 Summit

Posted by [Big Gav](#) on April 19, 2008 - 3:09am in [The Oil Drum: Australia/New Zealand](#)

Topic: [Policy/Politics](#)

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The [Australia 2020 Summit](#) seems to be dominating the media today, and energy scarcity has managed to get at least [one mention](#), with international relations expert Alan Dupont identifying climate change, pandemic disease, food, water and energy scarcity and proliferation of weapons of mass destruction as the key issues.

One summit submission that mentions peak oil is this piece from [Rod Campbell-Ross](#).

The future of the Australian economy

There is no separate section for submissions on oil supply vulnerability. There is thus an implicit assumption by government that there will be sufficient crude oil for our needs through 2020. This assumption is not supported by the available evidence; in fact there is a growing body of evidence that indicates a rapid appraisal of the situation is urgently required. Oil is critical to our economy - especially productivity.

Despite 10 years of increasing oil prices, (during which time oil prices have increased 10 fold) and 3 years of stagnant global oil production(1), there is very little public discussion about the security of supply of oil. Both the IEA(2) and Shell(3) have warned of a supply crunch occurring within 5-8 years. I also refer the committee to the Queensland government Oil Vulnerability Task Force led by the Queensland Government Minister for Sustainability, Mr McNamara.

Of particular concern is the fact that 3 of the 4 most important exporting countries from which Australia procures its oil are experiencing declining production (Vietnam, Papua New Guinea and Malaysia). The amount of oil available for export from these countries is suffering rapid reduction through increasing domestic consumption coupled with declining oil production(4) In addition, oil available for export generally is declining. The 3 biggest oil exporters, Russia, Saudi Arabia and Norway all reduced oil exports in 2006 compared to 2005(5). The trend is set to increase in 2007.

As a wealthy country, Australia can no doubt out bid other countries for oil for a number of years. Even so, the impact of sharply higher oil prices; and possibly outright shortages, are likely to severely impact the Australian economy.

It is my view that there is a high probability that Australia, along with the rest of the world, will be suffering a major, multi-faceted energy crisis well before 2020. Therefore this issue needs sophisticated analysis and an equally sophisticated risk management

response. Some sectors of the economy are particularly vulnerable:

- Food. World grain supplies are at the lowest per capita levels for over two decades(6). Oil and food are inextricably linked through production and distribution.
- Transport, especially aviation, road transport and the motor manufacturing industry are directly dependent on oil.

Policies and programmes are urgently needed to address this. These should be determined democratically:

- 1.) Commence a major programme of public dialogue and education led by government.
- 2.) Set up a federal oil vulnerability task force similar to that in Queensland referred to above.

Bibliography

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