



Infrastructure Australia's Report to COAG

Posted by [Phil Hart](#) on December 20, 2008 - 7:13pm in [The Oil Drum: Australia/New Zealand](#)

Topic: [Policy/Politics](#)

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Stuart McCarthy and Matt Mushalik have been poring over the detail of [Infrastructure Australia's Report to the Council of Australian Governments](#) (COAG). Stuart made a submission to Infrastructure Australia which we [wrote about in November](#).



Stuart:

Below is an excerpt from the Infrastructure Australia report to COAG. A few quibbles with some of the detail, but nonetheless this is a big step in the right direction. To my knowledge this is the first Federal Government agency to acknowledge peak oil, and not in some vague 2030 timeframe.

Energy security and peak oil (page 33)

A 2008 report commissioned by a UK Industry group – The Oil Crunch: Securing the UK's Energy Future – reveals disturbing evidence that 'peak oil' may occur sooner than many had imagined. At best, the world will reach an oil production 'plateau' by 2015; at worst, there will be a production peak by 2013, with reserves declining rapidly thereafter. Alternative oil extraction technologies such as deep water, pre-salt layers, tight gas, coal-bed methane and tar sands are currently being explored, as are

substitutes such as bio fuels. However, it is clear that the age of 'easy oil' is drawing to a close even as energy demand continues to rise.

The diminishing supply of oil provides a double imperative to take immediate action. In the words of Lord Ron Oxburgh, former chairman of Royal Dutch Shell: "For once what is right is also expedient – we know that we have to stop burning fossil fuels because of the irreversible environmental damage they cause, and now it may be cheaper to do so as well."

Coincidentally, the same policies that must be pursued in response to climate change – reducing reliance on fossil fuels and reducing energy demand overall – are also the right response to the peak oil problem. Australia is a net energy exporter of oil, coal, natural gas and uranium. The design of Australia's energy and transport infrastructure is predicated on the availability of cheap and plentiful fossil fuels. While transport is the most oil-dependent sector of the Australian economy, oil is also critical for the energy sector, particularly as fuel for electricity generation in remote areas. Our reliance on fossil fuels means that any disruption in global energy supplies could lead to major economic damage and social dislocation.

Governments can do more to encourage private sector investment in less carbon-intensive energy and transport infrastructure.

It should be clarified that Australia is a net importer of oil (on a large scale) but in total is a net energy exporter. The wording of that second last paragraph is a little misleading.

Matt Mushalik picked out the peak oil related sentences from Infrastructure Australia's Report:

Chapter 2.5 climate change, page 32

New 'green collar' jobs are likely to result from additional infrastructure developed in response to climate change and the impact of 'peak oil'. It will be necessary to facilitate the development of 'green skills' for up to 3.25 million workers in sectors that have an environmental impact. The following areas are key to addressing climate change:

- a) Emissions trading
- b) Energy security and peak oil
- c) Renewable Energy infrastructure
- d) Carbon Capture and Storage
- e) Transport infrastructure
- f) Water infrastructure

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b) Energy security and peak oil

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e) Transport infrastructure

To date, there are few signs that Australia's transport and transport infrastructure policies have recognised the constraints posed by reducing Australian and global greenhouse emissions, long term increases in oil prices expected to accompany peak oil pressures and the adaptations required to cope with unavoidable climate changes.

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As the Garnaut Climate Change Review suggests, Australia needs an effective national transport system and consistent transport planning or risk continuing the trend of favouring road infrastructure over rail, cycling and walking infrastructure.

Next steps for the Infrastructure Australia project are also outlined:

4.3 Creating an infrastructure priority list In order to finalise the Infrastructure Priority List, Infrastructure Australia proposes to:

Subject the data underpinning the assessment of strategic fit to further detailed scrutiny;

Request the development of comprehensive economic analysis of specified projects, where only a rapid economic analysis is available at this stage;

Ask submitting organisations to provide comprehensive economic analysis of specified projects immediately, if currently available;

Request and scrutinise the detailed demand modelling underpinning the projects;

and Subject the economic modelling methodology to further scrutiny.

Infrastructure Australia does not propose to seek this information for all projects immediately. Infrastructure Australia intends to publish the Infrastructure Priority List in March 2009.



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