

ACT PEAK OIL¹ - POLICY STATEMENT 2012

Peak Oil is the time when oil production stops increasing and begins to decline, resulting in scarcity of oil.

In recognition of the following:

- Diminishing oil production (so called peak oil scenarios) threaten our standard of living.
- Our current level of consumption of goods (including food) requires cheap oil. In particular, the machinery on farms and the cars, trucks, ships and planes to transport manufactured goods from factories and farms to homes all need cheap oil to continue supplying our current lifestyle².
- No other energy source can match oil's combination of such high power, high stability and transportability. As a liquid, it is particularly suitable as a transport fuel.
- The world's reserves of oil are fixed (around 1.5 trillion barrels remain)³ but our consumption is ongoing (around 89 million barrels of oil every day)⁴. While the quoted reserves change frequently, the basic pattern does not.
- The oil extracted to date was easy to extract, yielding a lot of net oil. However, the remaining oil requires much more energy to extract⁵ so the amount of oil actually available to produce food and other goods (net oil) is much less than the 1.5 trillion barrels of oil in reserves.
- The theory that rising oil prices can solve the problem by making new oil wells economical is false, because rising oil prices are the problem. When expensive oil makes new oil wells viable, it will have already made everything else (food, clothing and housing etc) expensive.
- Alternative energy sources are inferior to oil (if they were superior, we would use them now).
- New technology can only solve the problem if it is implemented faster than rising oil prices damage the economy.
- As oil production inevitably declines, prices will rise with the possibility of another global financial crisis, social disruption and even war over diminishing supplies.
- The threat from peak oil and rising petrol and diesel prices has been the subject of dire forecasts from the US Department of Energy⁶, the US Department of Defense⁷, the German army⁸ and Lloyds of London⁹, the largest insurance market in the world.

1 ACT Peak Oil Inc. exists to raise awareness and educate about the peak of world oil production, its implications, and the options for mitigation, within an environmental, economic and social context. It is a non-profit organisation based in Canberra - <http://act-peakoil.org/>

2 Strahan, D. (2007). *The last oil shock*. London. John Murray (Publishers). 110-129.

3 Central Intelligence Agency. *CIA World Fact Book. Country Comparison. Oil - proved reserves* <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2178rank.html>

4 International Energy Agency. *Oil Market Report*. 2012. <http://omrpublic.iea.org/>

5 Deffeyes, K.S. (2005). *Beyond Oil*. New York. Hill and Wang. 27-28.

6 http://www.netl.doe.gov/energy-analyses/pubs/Oil_Peaking_NETL.pdf

7 <http://www.guardian.co.uk/business/2010/apr/11/peak-oil-production-supply>

8 <http://www.spiegel.de/international/germany/0,1518,715138-2,00.html>

9 <http://www.guardian.co.uk/business/2010/jul/11/peak-oil-energy-disruption>

We therefore recommend that the ACT Government:

- Acknowledge the imminent and profoundly disruptive impacts of peak oil.
- Through urban planning, create greater housing density along transport corridors and at town centres.
- Implement, and complete sooner, the proposed full removal of stamp duty on property transactions, thereby making it cheaper and easier for home owners to move house closer to employment should they change jobs, funded through an annual tax on land ownership.¹⁰
- Encourage greater use of cycling and public transport by charging for all parking in town centres.
- Reduce Canberra's food imports by converting to land that is being 'reserved for future development' to community gardens.
- Mandate and enforce higher energy efficiency standards for all new buildings.
- Introduce a mass transit (e.g. light rail, bus rapid transit or subway) system connecting town centres supplemented by small buses, running more frequently, connecting town centres to adjacent suburbs. An electrified transport system is more resilient to rising petrol and diesel prices, and reduces noise and pollution in densely populated areas.
- Make Canberra's vehicle fleet more fuel efficient.
- Given the availability of fuel-efficiency information on cars made since 2004, introduce immediately, especially for new cars, and also for cars made since 2004, the ACT government's commitment in principle to link car registration fees to fuel-efficiency, so as to provide a significant incentive to the purchase of more efficient vehicles. Stamp duty on car sales should be amended in the same way, the changes to be revenue neutral overall for the ACT government.
- Consider other measures to reduce use of petrol and diesel such as expanded pay-parking, a congestion tax, mass-distance-location pricing (higher prices for heavier vehicles)¹¹ or toll-roads.
- Implement the Australian National Cycling Strategy 2011-2016.
- Provide more security and lighting and increase penalties for anti-social behaviour to make it safer for women, elderly and disabled people on public transport.

10 Report on Australia's Future Taxation System (Henry review) recommendation # 51

11 Report on Australia's Future Taxation System (Henry review) recommendation # 61,62

We also recommend that the Commonwealth Government:

- Acknowledge the imminent and profoundly disruptive impacts of peak oil.
- Work with the states and territories to encourage the upgrading of Australia's vehicle fleet from fuel inefficient to fuel efficient through various means.
- Increase the excise (tax) on petroleum products and use the proceeds to compensate individuals through income tax cuts and/or direct cash payments.
- The carbon tax and emissions trading scheme should be imposed on petroleum and diesel as their current exclusion discourages the use of electrified transport.
- Reduce tax incentives for biofuel production, so that its price reflects environmental damage and its net energy yield.
- Eliminate the subsidies to Australia's automobile industry and tariffs on foreign cars as this system increases the relative price of small fuel efficient foreign manufactured cars and depresses the price for fuel inefficient vehicles made by the Australian automobile industry. (The money allocated could be spent on public transport, or on retraining programs for Australian automotive workers.)
- Discourage the provision of vehicles and car parks to employees and encourage instead the disbursement of cash payments to encourage the use of public transport. Alternatively, all business tax concessions should be based on a modest 4-cylinder 1500cc vehicle. Those needing a bigger car should be free to buy one, but taxation/mileage/reimbursement should be based on a 4-cylinder 1500cc engine vehicle.
- Determine a population policy for Australia based on its capacity to produce food without oil.
- Advocate oil depletion protocols, which essentially require that all countries reduce consumption at the same rate as oil production declines, thereby making the rise in oil prices steadier and more manageable as well as reducing the possibility of conflict over declining supplies.

FURTHER INFORMATION ON PEAK OIL

Internet

ACT Peak Oil: <http://act-peakoil.org/>

The Association for the Study of Peak Oil and Gas (International): <http://www.peakoil.net/>

The Associations for the Study of Peak Oil and Gas (USA): <http://aspo-usa.com/>

The Association for the study of Peak Oil and Gas (Australia): <http://www.aspo-australia.org.au/>

City of Stirling (WA) Peak Oil Strategy: <http://www.stirling.wa.gov.au/Resident/Sustainability-and-environment/Sustainability/Council%20sustainability%20initiatives/Pages/Peak-Oil-Strategy.aspx>

Crude Oil Peak: <http://crudeoilpeak.info/>

Energy Bulletin: <http://www.energybulletin.net/>

Energy Planet: http://www.energyplanet.info/Peak_Oil/

Maribyrnong City Council Peak Oil Contingency Plan:

http://www.maribyrnong.vic.gov.au/Files/Final_PeakOil_25_August_Website.pdf

Michael C Ruppert's Collapse Network: <http://www.collapsenet.com/>

The Oil Depletion Analysis Centre: <http://www.odac-info.org/>

The Oil Depletion Protocol: <http://www.oildepletionprotocol.org/>

(Blog) The Oil Drum: <http://www.theoil Drum.com/>

(Blog) Peak Energy: <http://peakenergy.blogspot.com/>

Post-Carbon Institute: <http://www.postcarbon.org/>

Queensland Oil Vulnerability Taskforce report: http://www.tmr.qld.gov.au/~media/7bed42c5-876d-4025-8fee-79dc4dfda428/qld_vulnerability_rising_oil_prices_part1.pdf

Books

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Rubin, Jeff (2009) *Why your world is going to get a whole lot smaller*. Virgin Books, UK

Hirsch, Robert L; Bezdek, Roger H; Wendling; Robert M (2010) *The Impending World Energy Mess*. Apogee Prime, Canada.

Heinberg; Richard (2011) *The End of Growth*. New Society Publishers, Canada