

The Chair
Review of the F3 to M7 Corridor Selection
PO Box 593
Canberra ACT 2601

Dear Ms Pearlman

The whole idea of this additional roadway makes no sense based on the three main factors. These factors are Peak Oil, Global warming and national security and balance of trade.

1 Peak Oil

In Feb 2007 the Senate's Rural and Regional Affairs and Transport tabled its report in Australia's future oil supply and alternative liquid fuels. I would encourage you to take the time to read it and to then think is this a sensible infrastructure investment in the years ahead given global production peak seems to have occurred around the end of 2005?

http://www.aph.gov.au/senate/committee/rrat_ctte/oil_supply/report/index.htm

In its 10 recommendations it makes this in Recommendation 2 & Recommendation 9

Recommendation 2

3.145 The committee recommends that in considering a less oil dependent policy scenario, the Government take into account the concerns expressed in the World Energy Outlook 2006, namely -

- **current trends in energy consumption are neither secure nor sustainable;**
- **energy policy needs to be consistent with environmental goals, particularly the need to do more to reduce fossil fuel carbon dioxide emissions.**

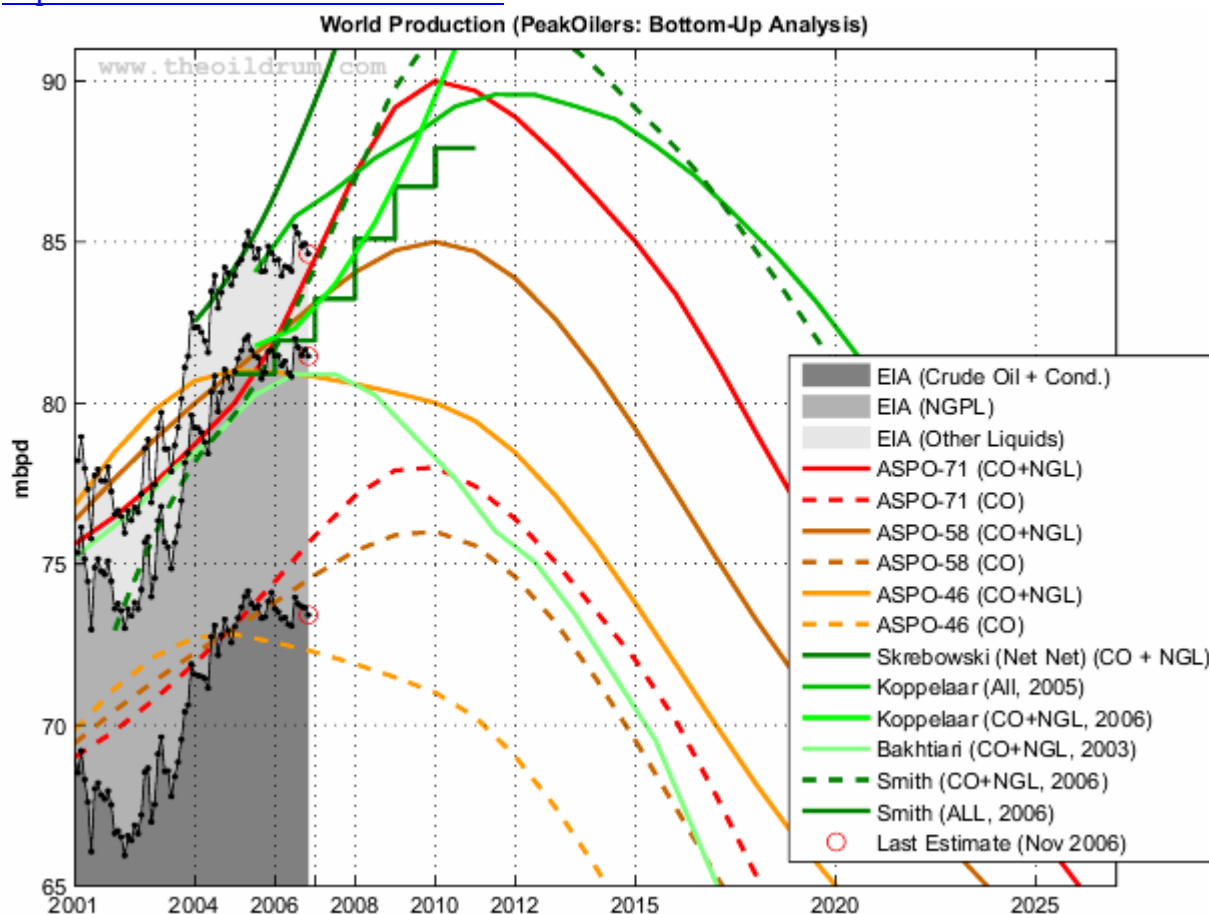
Recommendation 9

8.78 **The committee recommends that corridor strategy planning take into account the goal of reducing oil dependence as noted in recommendation 2. Existing Auslink corridor strategies should be reviewed accordingly.**

The world is using oil at rates, which are not sustainable given the fact the world is consuming 6 barrels of oil to 1 we are finding. This means that world oil fields are getting older and are beginning to falter in their ability to continue producing at current rates. Most of the worlds largest oil fields were found without using high technology. One can assume, new technology is about smaller hard to find remaining reserves.

World Crude and Condensate appears to have hit an all time peak in May 2005

<http://www.theoil Drum.com/node/2300>

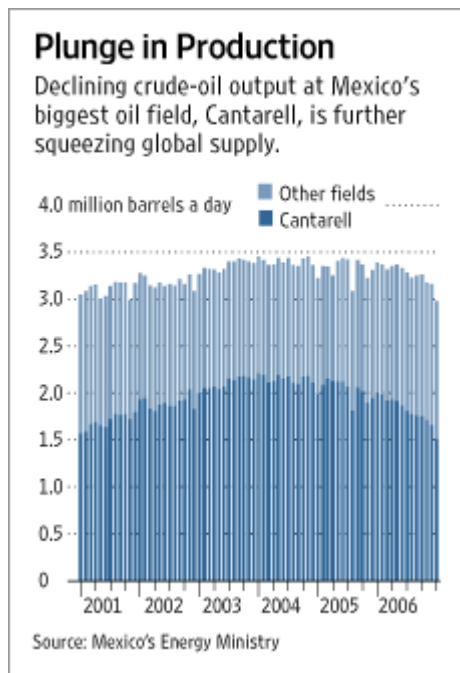


Saudi Arabia seems to be exhibiting an 8% decline. Saudi Arabia is already down from 9.5 million barrels a day to 8.32 in less than 2 years. Matthew Simmons warned of this in his Book *Twilight in the Desert The Coming Saudi Oil Shock* and the world economy. There is now evidence beginning to emerge that Saudi Arabia's main oil field Ghawar has serious water and production problems

See further reading

- [SS: Saudi Arabian Oil Declines 8% in 2006](#)
- [EM: Saudi Arabia and that \\$1000 Bet](#)
- [SS: A Nosedive Toward the Desert](#)
- [EM: Saudi Production Laid Bare](#)
- [SS: Water In the Gas Tank](#)
- [HO: Of Oil Supply trains and a thought on Ain Dar](#)
- [SS: Further Saudi Arabia Discussions](#)
- [SS: The Status of North Ghawar](#)
- [HO: Simple mathematics - The Saudi reserves, GOSPs and water injection](#)
- [Ace: Further Evidence of Saudi Arabia's Oil Production Decline](#)

Mexico's Cantarell field, which produces 60% of Mexican production is now declining at 20% a year. It is already being discussed that in 5 years Mexico will stop exporting crude.



There are very few countries which will be able to increase their production but plenty more will continue to have declining production, including Australia. Infact there are now over 54 of the 65 largest oil producer countries now in decline. The list gets longer each year.

The Price of Tapis is now over US\$76 a barrel as of 13 April. Many commentators are beginning to realise that the market is now constrained and oil is rationed to the highest bidder.

<http://www.bloomberg.com/apps/news?pid=20602099&sid=apum7LTvljdc&refer=energy>

2 Global warming

My understanding is the world now has 430ppmCo₂ (equivalent) in the atmosphere and we are adding approximately 2ppm and we need to stop CO₂ equivalents at safe levels of around 450. This does not give us much wriggle room. Australia must reduce its Co₂ emissions by 90% of current levels by 2050. This is a massive burden on future generations. Will the proposal further contribute to further intergenerational inequity regarding climate change and global warming?

What will be the carbon impact and increased emissions from this proposal?

Should we begin looking at investing in a more energy efficient method of transport that helps reduce CO₂ emissions?

3 Global Security

While we have declining world and domestic production we also have many issues to do with security of supply. The fact that many previously involved in the Intelligence Community are speaking up on the US and addiction and vulnerability to oil shocks should raise concerns as to ensuring that wise investments in transport infrastructure are made.

You may like to read a policy paper from 2005 by James Woolsey and George Shultz titled "[Oil and Security](#)," which they published via their antiterrorism lobbying group, the Committee on the Present Danger.

You should also Read from 2 CIA directors National Security Consequences of U.S. Oil Dependency from the Council of Foreign Relations by;

Chairs: John Deutch, Former Director of Central Intelligence and Former Undersecretary of Energy

James R. Schlesinger, Former Defense and Energy Secretary and CIA Director

<http://www.cfr.org/content/publications/attachments/EnergyTFR.pdf>

One of the things the report talks about is mode shift to electrified rail and this sounds eminently more sensible.

Australia is at the end of a long supply chain. Australia's Oil must pass through Straits of Hormuz (17 million barrels a day) and The Straits of Malacca (11 million barrels a day). It is also my understanding that Australia is non compliant with IEA regulation to hold 90 days supply. We do not have strategic reserves like the US or China. If a retired General is saying US is not ready what is Australia?

Choke Points—As Threats to Oil Supply Grow, A General Says U.S. Isn't Ready,"

http://www.wright.edu/~tdung/Oil_choke_points_WSJ.pdf

Bob Baer ex CIA has also indicated that Saudi Arabia's massive oil port Ras Tanura is also vulnerable to terrorist attacks.

<http://www.energybulletin.net/3352.html>

Al Qaeda has warned it will attack oil infrastructure. On 24 January 2006 Abqiaq oil processing facility was attacked. While unsuccessful it does highlight the dangers of what could have happened.

We also have countries such as Iran, Venezuela and Russia who don't happen to see the US view of the World. Oil revenue gives them the opportunity to fund terrorism.

Iran has funded Hamas, Hezbollah and Shiites in South of Iraq. A well armed Hezbollah showed it could fight Israel and stop it achieving its goal of reaching the Litani River last year. If armed with anti aircraft missiles, they could have well have caused serious problems for Israel.

Iraq now is a terrorist training ground and Iraq's ability to crank out around 2 million barrels a day has to be questioned given recent events. There seems little likelihood of security situation improving.

Nigeria is also another producer with serious internal problems. Kidnapping of oil workers is commonplace. It is nearly lawless as Jeff Vail ex US Airforce Intelligence Officer makes the point in a recent essay. Nigeria: Energy Infrastructure Firestorm <http://www.theoil Drum.com/node/2348>

He makes the point

"When a fire becomes sufficiently intense, its heat creates a rising column of air so strong that surrounding air is drawn into the void, creating a draft that sustains and intensifies the fire. It becomes a self-sustaining, self-intensifying organism: a firestorm. The violence in Nigeria's delta region has become a firestorm, and the consequences of this transformation will fundamentally impact that nation's ability to export oil. Recent events in the delta region have transitioned the violence there from a negative-feedback loop where there was a disincentive to militants to shut in too high a portion of Nigeria's oil exports to a positive-feedback loop where militants will compete to completely destroy Nigeria's capacity to export oil."

Is investing in Road infrastructure a sensible option for a country increasingly vulnerable to the world energy instability at large?

Economic

As Australia's oil deficit grows due to declining production and increased consumption. Today 60% of our trade deficit is made up of imported oil and refined products.

This will only get worse with rising oil prices and, the structural imbalance between local supply and local demand.

We must continue increasing exports to help fund our interest payments on oil. As we are not even able to make our balance of trade ie exports to imports. The oil bill goes onto our burgeoning foreign debt.

This will not be sustainable longer term when Peak oil and energy security come more into play. Road investment of this type will only increase consumption of oil and thus make the trade imbalance harder to solve.

Increasing consumption of oil also helps entrench inflation in the system and thus the need to hike interest rates.

The Better Solution

The better solution is to invest any federal funds into quadrupling the Main Northern Railway line (2 tracks to 4 tracks). Strathfield to Newcastle should be main priority. Currently we have freight trains held on loops due to conflict with City Rail passenger trains. This impedes the competitiveness of rail. They need an uninterrupted run out of Sydney and best if they do not have to stop.

If we electrify we can then begin switching the motive power of locomotives to renewable energy. This would then help reduce the country's reliance on imported oil and its vulnerability to oil shocks. Rail has more opportunity to reduce CO2 emissions than does road investment.

It would also allow for more mode shift to rail and get trucks off the road. It would also help in.

Electrified rail is up to 8 times more energy efficient than road.

Rail would also help revitalize our manufacturing industry.

Summary

In conclusion any federal government money for the F3 to M7 link should not go towards the road but the rail upgrades of the Main North Line from Sydney to Newcastle. This would ensure we could address the problems of Peak oil, Global Warming, National and economic security.

Should you have any queries please feel free to contact me.

Regards

David Bell