

Summary of Macquarie Forum Address by Professor John Mathews

Macquarie Forum: Australia already on the 'downside' of Peak Oil

Australia has already peaked as an oil producer, MGSM Professor John Mathews said yesterday. But the continued emphasis on fossil fuels – attempts at discovery and further infrastructure investment – mean that Australian companies are missing out on important business opportunities in renewable energies and biofuels.

Professor Mathews was speaking at the inaugural session of the Macquarie Forum, a series of public lectures to be given by Macquarie University academics from the Management and Law schools over the next 20 weeks, in Sydney's CBD. The series is sponsored by BRW magazine.

Professor Mathews drew attention to the disastrous state of Australia's balance of payments, with oil imports now costing \$10 billion per year and accounting for no less than 60 percent of Australia's BoP deficit.

CHART 1

The plunging deficit is driven not just by oil imports, but by dwindling domestic production, which has been falling now for seven years.

CHART 2

Seen in a longer time frame, Professor Mathews stated that the rise in imports and the falling exports of oil is a direct result of the 'peaking' of Australia's oil supplies – an event that happened definitively in the year 2000.

CHART 3

Professor Mathews drew the implication from this that Australia's oil producers, led by BHP-Billiton, Woodside, and Santos, together with foreign-owned Exxon and Chevron, are not going to solve Australia's fossil fuel dependency crisis, and that the deficit will continue to grow until alternative fuels and sources of energy are allowed to come on stream.

Professor Mathews pointed to the view widely held in other countries that renewable sources of energy promise to be the biggest industry of the 21st century, eclipsing oil and fossil fuel-based systems that had their day in the 20th century. He pointed to numerous opportunities for Australian business, in bioethanol, in biodiesel and in second generation cellulosic ethanol and biomass, which are not being developed fast enough through lack of federal government leadership.

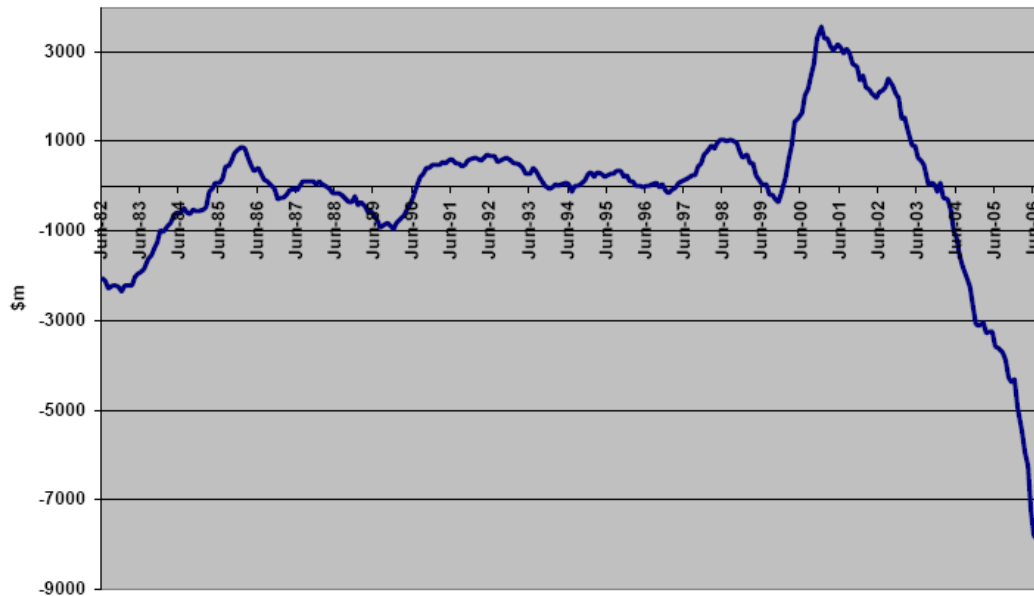
Professor Mathews said that Australians are being turned into 'fossil fools' by the lack of any consistent national policy in the area of renewables.

The co-presenter of this Forum was Professor Michael I. Jeffery QC, Director of the Centre for Environmental Law in the Division of Law, Macquarie University.

For further information, contact Professor John Mathews on 02 9850 6082 or Robin Edwards on 02 8274 8328 or 0412 089 314.

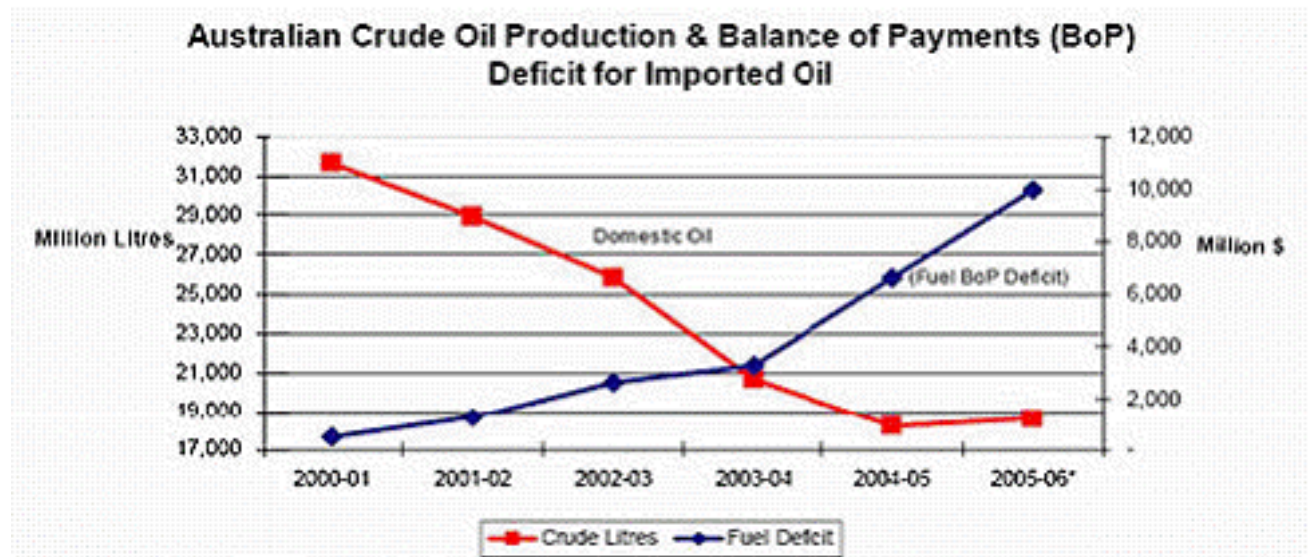
4 April 2007

Chart 1. Australia: Petroleum trade deficit, 1982 to Sep 2006
(12 month running totals)



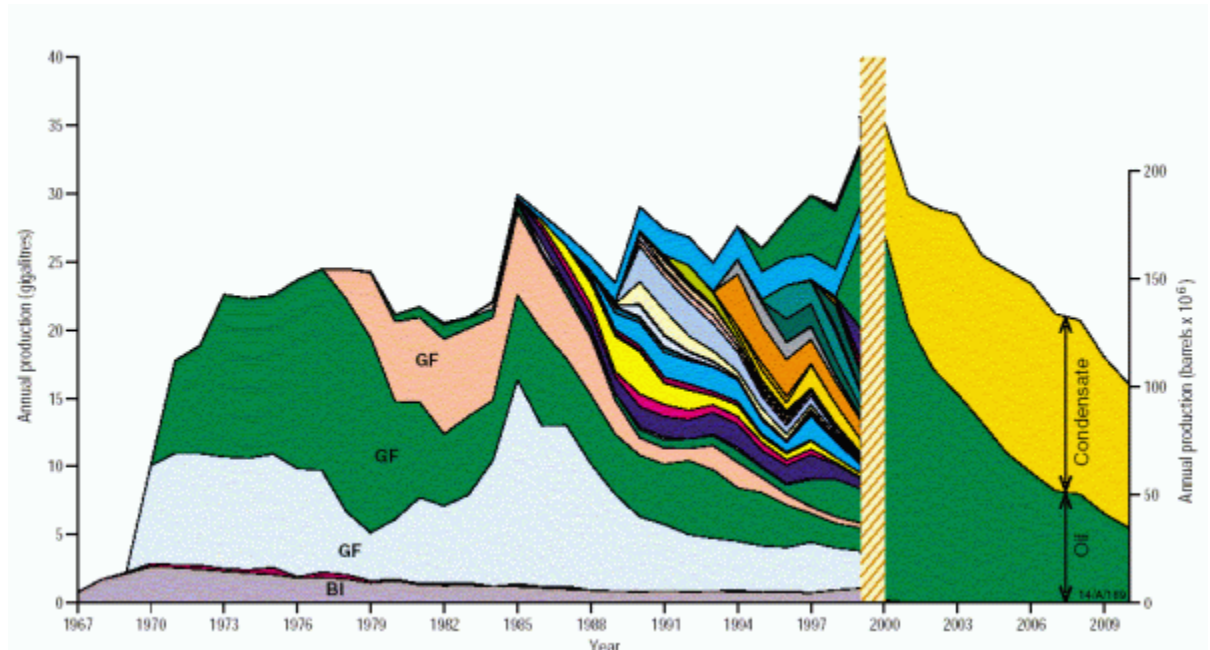
Source: EnergyQuest

Chart 2.



Source: Renewable Fuels Australia

Chart 3. Australian oil supplies peaked in the year 2000



Source: Association for the Study of Peak Oil: Australia
<http://www.aspo-australia.org.au/content/view/17/38/>