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NSW 2121
1/2/2005

To
The Productivity Commission
Energy Efficiency
Level 28
35 Collins St
Melbourne Vic 3000

Dear Madam, Sir

Though this is perhaps a bit outside your terms of reference, I feel that the proximity and the effects of the coming oil crisis on the energy market are generally not recognized or not fully understood.

The global peaking of oil production, predicted by many oil-geologists to occur before 2010, **will trigger a general energy crisis** as the world will seek to look for alternatives to replace oil, which indeed will be a tough job. Especially as our 1970 hopes of cheap and abundant nuclear energy did not materialize because the fast breeder could not be made to work. Other fossil fuels will soon reach climate change related constraints. And bio fuels also suffer from natural limitations (soil, rain fall, fertilizer etc). Our current energy inefficiencies, especially in the transport sector, have been patched up by pulling more oil & gas from our finite resources. After peak oil (followed by peak gas 10 years later) this will no longer be an option.

Most Australian Companies are not aware that this crisis is waiting and therefore are not preparing for this challenge. I have already submitted my critique of the Federal Government's Energy White Paper 'Securing Australia's Energy Future' which falsely supports the belief that an oil crisis is 40 years away (document No 4). Many companies seem to follow this line of thinking as they may assume this to be a reliable document. In the last 2 months it has come to my notice that the Government also relies on advise from the US Energy Information Administration which runs a web page with oil production scenarios. Please find attached my paper "Lessons from EIA scenarios" and "Next intelligence failure: 300 Gb OPEC oil missing". Electronic versions are available upon request (email: mushalik@tpg.com.au)

This is all very important as the world will face **physical oil shortages** resulting from declining production at the rate of around 2% pa, later even accelerating. It will not only be a price problem, as many economists believe. To my knowledge, no one has **calculated** yet what the critical decline rate is at which our economy starts to get damaged.

Therefore, companies have to be made aware of this crisis. Those countries, regions and cities will be ahead of others who face the problem and prepare themselves.

Thanking you for your attention

Matt Mushalik (MIEAust)