

Committee Secretary
Senate Select Committee on Fuel and Energy
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Sir / Madam

Thank you for your letter dated 19 June 2009 (via email) calling for submissions on the Committee's expanded Terms of Reference (e-j) :

- e. the existing set of federal and state government regulatory powers as they relate to fuel and energy products;**
- f. taxation arrangements on fuel and energy products including:**
 - i. Commonwealth excise,
 - ii. the goods and services tax, and
 - iii. new state and federal taxes;
- g. the role of alternative sources of energy to coal and alternative fuels to petroleum and diesel, including but not limited to: LPG, LNG, CNG, gas to liquids, coal to liquids, electricity and bio-fuels such as, but not limited to, ethanol;**
- h. domestic energy supply and the domestic oil/gas exploration and refinement industry, with particular reference to:**
 - i. the impact of Commonwealth, state and local government regulations on these industries,
 - ii. increasing domestic oil/gas exploration and refinement activities, with a view to reducing Australia's reliance on imported oil,
 - iii. other tax incentives, and
 - iv. securing Australia's future domestic energy supply;
- i. the impact of higher petroleum, diesel and gas prices on public transport systems, including the adequacy of public transport infrastructure and record of public transport investment by state governments; and**
- j. any related matters.**

Please find attached the latest version of our discussion paper [R2000© Peak Oil Gas & Nuclear Power](#), with comments and

quotations up to and post 21 August 2008 (the first submission date).

Clearly, a lot has changed in the past year, with the transition of governance, industry and community.

I am pleased to suggest that the newly elected Western Australian government has taken a broader viewpoint to ensuring energy security by expanding the potential for both Australia and the rest of the world to engage in nuclear power generation through tangible improvements to the ability to mine uranium ore and expansion of the North-West oil and gas sector.

However, as a concession to politics, capital and labour (and perhaps a true expression of insecurity in energy supply arising from the Varanus gas explosion), the State government has also approved several new coal-fired power stations and recommissioned formerly closed facilities to ensure electricity supply. An argument can be mounted that the State Government of Western Australia is having an each-way bet because it can not guarantee a predictable outcome with any level of confidence.

I would suggest that the State Government of South Australia and the Northern Territory Government are like minded because of the geographical location of the uranium and gas resource potential, which is perhaps sending contradictory / competitive messages to the energy exploration and investment sector (but that is free-trade as governed by the Australian constitution).

Ideologically all States and Territories are still constrained when it comes to the generation of nuclear power, even though that process would address several macroeconomic conditions relating to climate change, electricity supply, water supply and energy security. The 'expressed' ideological indifference (State and Commonwealth) to nuclear power generation is considered short-sighted in both domestic and international politics.

The State Governments of Queensland, New South Wales and Victoria are also engaged to various degrees in market privatisation of electricity generation. They are therefore attempting to distance their governance responsibilities in respect to climate change and

emissions trading from that of traditional custodians of power generation (if not the procurement of contract electricity supply to consumers).

Those States, together with their Commonwealth representation in the House and Senate (which is likely to remain a fluctuating numbers game), have become even more polarized on the need to develop a 'clean coal' solution, for which we applaud their relative success in global political and industry support for geo-sequestration of carbon emissions. However, let's just say 'the runs are still a long way from being put on the board' in respect to geo-sequestration, and the clock is still apparently ticking on climate change.

The most recent entry to our discussion paper on [R2000© Peak Oil Gas & Nuclear Power](#) reads as follows :

Oil prices tumble amid economic concerns : “Oil prices fell sharply on Monday as concerns over the current economic crisis eclipsed supply worries amid political tensions in Iran and attacks on oil installations in Nigeria. Traders said worries about the prospects of early recovery from the current crisis gripped the market. The main driver of oil has gone beyond traditional measures of just supply and demand and has metamorphosed into a macroeconomic force that at times measures the state of the global recovery and at other times becomes a safe haven from the dollar or inflation or systemic risk.”

Phil Flynn, (The Energy Report) Alaron Trading, Chicago IL USA e-News : WA Business News, 23 Jun 2009

There is clearly a level of volatility in the gas / oil exploration and production sector driven by pricing based on supply and demand, where the value of consumer confidence is taking on a life of its own. **Smithson Planning would suggest that government needs to take a more active role in determining energy intelligence and the voracity of data leading to market response to supply and demand in the energy sector.**

The statement itself is as a measured market response to the expansion of the energy production sector arising from the introduction of renewable and alternative energies such as wind, solar, geothermal, hydro-electric and nuclear power. It is plausible for a State or Commonwealth Government to intervene via fiscal incentive or taxation policy to influence market outcome, but I would suggest erroneous to do so beyond that which already exists.

It would be far more productive for the Australian Council of Governments (including local government) to sign-off on a National Energy Strategy inclusive of nuclear power, with the view to negotiating regional investment solutions tailored to local energy production capacity and mitigating greenhouse gas emissions.

Expressed in simpler terms, Smithson Planning still supports the 'Electric City' as the only plausible future energy solution for our major metropolitan areas. It would be irresponsible for those cities not to be serviced by nuclear power generation. Hence the need to identify Nuclear Power Generation Plant sites (eg. Government of the United Kingdom) in relative proximity to key inputs and outputs including transport infrastructure.

This is a political solution because in a democratic decision-making society, our cities are vulnerable to indecision (and confidence in government is paramount to change).

In rural and remote applications such as agriculture, forestry, mining and transport, we have seen some consideration given to 'regionalized' bio-diesel production facilities, but I consider there is a case for market intervention through taxation incentive to encourage this form of future investment.

Bio-diesel is an integral part of the future of heavy freight transport (whether road or rail), and Smithson Planning has already indicated that the Australian Government should be facilitating the private sector to upgrade and expand the rail network to uniform standard gauge through-out the country with electrification to permit the operation of diesel-electric locomotives wherever practicable.

There is no point in constructing domestically an international export-import market relationship if there is limited plausible means to move freight into or out of Australia. International shipping will invariably move toward nuclear power, and accordingly, our Australian seaports have to be prepared for that eventuality. Similarly, there is an enormous market opportunity for the supply, replacement and 'disposal' of nuclear fuel rods for international shipping which would require an international protocol for safe and effective industry management. Smithson Planning would

recommend a dedicated 'new' high security port facility in Western Australia or the Northern Territory purpose built for that task, which in effect over time would become a hub for international shipping (freight, domestic and military).

With reference to Smithson Planning's distributed comments on Weapons of Mass Destruction (dated June 2009), and their global transit through the container shipping industry, while acknowledging that their potential movement is not limited to container shipping only, the more concerning aspect of this subject of discussion is the apparent apathy of the government and the media to respond to the potential risk this issue presents in our society (where ignorance is neither bliss or a credible defence).

I see no justification for a variation in the Goods and Services Tax. The government Local, State & Federal should be exploring living within its means, and encouraging the private sector to deliver more services to community – good government is about determining core business for government and staying out of the private sector.

Yours faithfully
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