

Legislative Council

2 April 2008

PEAK OIL

The Hon. A. BRESSINGTON (16:46): There may be a dispute as to when the world will face a peak in oil supply, but common sense indicates that this must occur one day, as oil is a finite resource and, as legislators, it behoves us to address this matter sooner rather than later. My greatest fear is that politics, rather than true public interest, will drive the coming debates.

There are those whose vested interest is to continue the present situation for as long as possible, and there are others who are politically committed to scientifically inadequate technologies. Neither of these positions can provide a sustainable future, even at the present standard of living, and I for one do not wish to leave to our descendants a legacy of shrinking opportunities.

If the peak in oil is indeed as close as 2012, as some have suggested, the time for action on our part is now. I would rather that we had an inquiry that examines the whole question of energy use, rather than one being limited just to oil, but I suspect that debate will be here sooner rather than later, so I will save my thoughts on that matter for another time.

I have sought expert opinion on the history of an oil-based world and on the strengths and weaknesses of various alternatives. One fact that is striking is the very large percentage of Australia's oil consumption that is used for transportation purposes in comparison with many other nations. Hence, in the shorter term, this is where we can expect the impact of future shortages to hit us the hardest. Any increase in transport costs will not only directly affect our citizens at the petrol pump but will flow on to the cost of all of our other purchases—and citizens who live outside of Adelaide will be the hardest hit of all and, on average, incomes are lower in these areas.

With our vast distances and scattered population, Australians are amongst the highest per capita users of motor vehicles in the world. In addition to obvious advantages this has conferred in getting access to employment, it has enabled us to maintain social contacts in an ever more mobile time. Also, we have a tourist and leisure industry that, in large part, is reliant on clientele who use their motor vehicles for recreational purposes.

Our cities have developed in such a way that the removal of personal transportation is not a credible option. One only needs to look at the current state of our public transport to recognise that the capital investment needed to replace cars would be astronomical. So, our focus on peak oil must be made with these facts in mind.

There are on the horizon a glittering array of alternatives to the internal combustion and diesel engines, but none would be available in meaningful numbers by 2012—indeed, I doubt by 2020. There are the hydrogen cell engines, more efficient electric cars, and, indeed, cars powered essentially by compressed air. Then there are

the attempts to adapt the existing vehicle technology, either by having machines with hybrid engines or by substitution of the so-called biofuels, or for oil and petrol.

I am all for research and experimentation to be carried out on any and all of these fronts. My own research suggests that the biofuel option contains two serious problems. First, with the shrinking agricultural land supply, food crops will be reduced to make available the vast amounts of land needed to supply the fuel. With the price of food already rising, the richer nations may well be buying their new fuel at the price of the health and even the lives of some of the world's poorest people. Secondly, there will be vast clearances of existing native vegetation to make way for plantations devoted to feedstock for fuel, and it seems that this is already occurring in some parts of the world.

Let us suppose that the alternative vehicles could be provided within a decade and that the replacement of existing cars began right now. What does that mean in monetary terms for our people? If we were to use 500,000 cars as a conservative figure and, say, \$25,000 as the minimum replacement cost, we are talking about \$12.5 billion—and this will come direct from the pockets of South Australian workers.

Of course, as just one example of the other costs to be incurred, huge sums would be involved in retaining those in the vehicle maintenance sector. I wonder how many of those on the government benches or in rural areas would be willing to admit to the battlers in their electorate that, effectively, they would have to find the \$25,000 I have referred to, because that is what it would mean—there would be a terribly disproportionate impact upon our poorest and our non-urban citizens.

There is the additional fact that, as the percentage of cars manufactured in this country steadily falls, so the new vehicles would be largely imported. As a nation, we already have what seems to be a chronic balance of trade problem. Adding billions of dollars more to this situation can hardly be termed in the national interest.

Accepting that there is indeed a peak oil question to be considered, I submit that we must find a solution that allows us to spread the cost of change over a longer period of time. There is a solution that we here in South Australia can adopt, and we could begin almost immediately. There are massive supplies of natural gas in Australia, and we are familiar with the technology needed to convert our existing vehicles to use it. The conversion work could be done right here, so it would not mean sending our money offshore. It would also strengthen an existing industry and provide more jobs for our people.

We could also take some pride in the fact that we, in South Australia, will help to reduce the national balance of payments problem. We, as legislators, must be prepared to be temperate in our fuel-taxing policies, to encourage vehicle conversion and examine how the poorest of our people can be assisted to make the needed conversions. I support the motion moved by the Hon. Sandra Kanck for an inquiry into peak oil.

Debate adjourned on motion of Hon. J. Gazzola.