



## Committee to review Impact of Peak Oil in South Australia

Posted by [Phil Hart](#) on May 4, 2008 - 4:46am in [The Oil Drum: Australia/New Zealand](#)

Topic: [Policy/Politics](#)

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Congratulations to Democrat Sandra Kanck on establishing this committee which will have great significance for the debate on peak oil in South Australia in the future. Very well done!

Interesting debate around the motion by Parnell (Greens) and Ridgway (Liberals). It is very encouraging that Sandra's initiative has led to the wider discussion of this topic in parliament and will continue to do so.

See comments by Ridgway on population and on the impending report by the Port Stanvac committee on fuel supply, distribution, storage.

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SPEECH IN THE LEGISLATIVE COUNCIL

Wednesday 9th April 2008

PEAK OIL

Adjourned debate on motion of Hon. Sandra Kanck:

I. That a Select Committee of the Legislative Council be established to inquire into and report on the impact of peak oil in South Australia with particular reference to—

(a) The movement of people around the State, including—

- i. the rising cost of petrol and increasing transport fuel poverty in the outer metropolitan area, the regions and remote communities;
- ii. ways to encourage the use of more fuel efficient cars;
- iii. alternative modes of transport;
- iv. the need to increase public transport capacity; and
- v. implications for urban planning;

(b) Movement of freight;

(c) Tourism;

(d) Expansion of the mining industry;

(e) Primary industries and resultant food affordability and availability;

(f) South Australia's fuel storage capability including—

- i. susceptibility of fuel supply to disruption; and
- ii. resilience of infrastructure and essential services under disruptive conditions;

(g) Alternative fuels and fuel substitutes;

(h) Optimum and sustainable levels of population under these constraints;

(i) The need for public education, awareness and preparedness; and

(j) Any other related matter.

II. That Standing Order No. 389 be so far suspended as to enable the Chairperson of the Committee to have a deliberative vote only.

III. That this Council permits the Select Committee to authorise the disclosure or publication, as it sees fit, of any evidence or documents presented to the Committee prior to such evidence being presented to the Council.

IV. That Standing Order No. 396 be suspended to enable strangers to be admitted when the Select Committee is examining witnesses unless the Committee otherwise resolves, but they shall be excluded when the Committee is deliberating.

To which the Minister for Police has moved to amend in Paragraph I by leaving out the words 'That a Select Committee of the Legislative Council be established to' and inserting 'That the Natural Resources Committee', and by leaving out Paragraphs II, III and IV.

(Continued from 2 April 2008. Page 2222.)

The Hon. D.W. RIDGWAY (Leader of the Opposition) (17:41): I rise to speak on the motion of the Hon. Sandra Kanck to establish a select committee—

The Hon. I.K. Hunter: Another one!

The Hon. D.W. RIDGWAY: Yes; another one—on the impact of peak oil in South Australia. A couple of weeks ago, the Hon. Sandra Kanck sent an email around in relation to the possibility of the select committee comprising three members. Bearing that in mind, I look forward to her contribution, and I know that the Hon. Mark Parnell has an amendment.

I indicate that the Liberal Party will be supporting the establishment of the select committee and, in particular, it has someone who is prepared to be one of its three members. I know that we have a number of select committees and that it is always difficult to get people to fill those positions. I will be interested to hear the comments of either the Hon. Sandra Kanck or the Hon. Mark Parnell in relation to what will constitute a quorum of a committee of three.

In relation to the thrust of the establishment of the select committee, I have been contacted by a number of people. I know that there are a number of doomsdayers in our community who say that the world will end, that the sky will fall in and that we will run out of oil. My view is that that is probably accurate. Oil is a finite resource; however, as its price goes up, I guess that those areas where it has been difficult and expensive to extract oil will become more viable and accessible.

I am sure that we will run out of oil at some point in the future. The Liberal Party and I see that our role as legislators and leaders in the community is not to sit around wringing our hands and worrying about the sky falling in: it is to prevent the sky from falling in and to take some steps for the future.

I know that peak oil is a bit like climate change: the uncertainty is when we might run out of oil or reach the point where we are at the peak and start to decline. I suspect that it may well be still some time off; nevertheless, changes in our behaviour as a society and, in particular, changes in the way we operate as a society will protect our quality of life and standard of living and give our children and future generations the opportunity to experience the lifestyle to which we have all become accustomed.

I am interested in some of the points made by the Hon. Sandra Kanck, particularly those in relation to the rising cost of petrol and the increasing transport poverty in the outer metropolitan area, the regions and remote communities. Most of us grew up in a time when we went to the service station and filled up the car or the ute until the tank was full. We did not put in just enough to get us by until the next payday because we had groceries or things to buy for our family.

I have read in the paper and heard in the media more and more reports about people nowadays putting in only \$5 dollars or \$10 worth of fuel to get them by because they simply cannot afford to fill up their vehicle.

So, I see that as an issue we need to look at in order to consider how we might gather information from other parts of the world that are experiencing similar problems. The honourable member's reference also suggests that we look into alternative modes of transport. I hope the committee is prepared to look at transport planning and the way you can facilitate the movement of vehicles in a much smoother way.

The Hon. Sandra Kanck: Nothing like coordination.

The Hon. D.W. RIDGWAY: Yes, more coordinated. In the western suburbs some years ago we had some land set aside for a freeway, which was part of the original MATS plan, which was a very grand plan. A lot of it had merit, perhaps some of it did not. That land was sold off by the government of the day (I think it was a Labor government) and that opportunity was lost to the community. That would have provided a more free-flowing

corridor through the city which would have meant that travel north and south through the city would be a much more fuel efficient route rather than the stop-start route we have today. I hope the committee has a look at that.

The member refers to the need to increase public transport capacity. The new tram that has come through the city of Adelaide has been well-patronised, I suspect mostly because the bee line bus service has been cancelled or has disappeared so that it has almost been an example of predatory behaviour—people have no choice but to get on the tram. Notwithstanding that, the advocates of trams say that this is great that we have clean, green transport that is electrically powered, and so it could be coming from a wind turbine or some other form of cheap green power. However, it has caused significant disruption to the flow of existing traffic through the city. Although we have the benefit of the tram, we have considerably more congestion in the city and vehicles that are creating a greenhouse effect by sitting in traffic, burning fossil fuels and oil unnecessarily.

I would like the committee to look at how transport planning can capture the benefits of public transport whilst not impeding people's lives. Unless it was an agenda of the government to force people out of their cars and onto public transport, unfortunately, we do not have a public transport system that is reliable, quick and efficient enough to cope—

The Hon. Sandra Kanck: Or that works.

The Hon. D.W. RIDGWAY: Or that works, as the Hon. Sandra Kanck interjects, and that actually makes it a viable alternative. I hope that the committee takes a close look at that and also the implications for urban planning. I have just returned from a conference in Coober Pedy, run by the Property Council, which was—

The Hon. Sandra Kanck: On urban planning?

The Hon. D.W. RIDGWAY: The Hon. Sandra Kanck interjects and laughs, but one of the speakers spoke about TODs, PODs and GODs. TODs are transport-orientated developments, PODs are pedestrian-orientated developments and GODs are green-orientated developments. The conference itself was very useful and informative, but one of the guest speakers spoke about sustainability and made particular reference to getting more people on to public transport or back on to their feet and being more sustainable. So, I hope the committee has a particular look at that.

I also note that reference I(b) is about the movement of freight. As members know, I have come from a country background where the road transport industry largely carries most of South Australia's products. I know that from a diesel point of view you can have biofuels run on canola oil and other fuels that are made from products grown on farms, and I wonder whether the committee might want to look at the application of genetically modified crops that produce a greater volume of biofuels per hectare. A whole range of exciting things are happening all over the world. People talk about genetically modified crops as being food crops that are Frankenstein foods that are going to give us two heads and be dangerous to eat, but I think it would be of benefit to look at genetically modified crops for other uses and, in particular, in the production of biofuels. I suggest the committee looks at that.

I note that reference I(f) states:

South Australia's fuel storage capability including:

i. susceptibility of fuel supply to disruption; and

ii. resilience of infrastructure and essential services under disruptive conditions;

I would have thought that that reference has been covered reasonably well by the Port Stanvac committee which was set up with the Hon. Nick Xenophon and my former colleague the Hon. Angus Redford prior to the 2006 election and which has been reinstated under the chairmanship of the Hon. Bernard Finnigan. It is about to report. A good deal of effort and energy was put into fuel supply, distribution, the number of days of storage we have and what would happen if we had a particularly bad weather event which we are told could occur with climate change where we may get more intense storms and, on occasion, ships might not be able to get into the gulf. A lot of that was covered, so I urge this proposed select committee to have a look at the evidence that was given to that committee. The Hon. Sandra Kanck wants it to do its work quickly, so it would seem a little foolish to cover ground that has already been considered by members in this place.

It is interesting to note the reference about 'optimum and sustainable levels of population under these constraints'. I would have thought it may be better to look at how we could support the population we have and our potential population, which inevitably will grow. I would have thought that it would be more appropriate for the committee to look at how you can support a maximum number of the population. We have a state target of 2 million people by 2050, and the government believes we are likely to reach that by 2030 or sooner. So, it is likely we will have to deal with 2 million people and it may well be more appropriate not to look at 'optimum and sustainable levels' but rather how can we actually deliver transport opportunities to remove the pressure of the peak oil problem from a population of, say, 2 million people.

A number of people have contacted my office in relation to this matter, urging me to support it, and I will mention one letter in particular as an illustration of some of the ideas that people present. They are not necessarily my ideas but there is a lot of interest and some interesting ideas. This person talks about the possibility of having new train lines in the future. They mention a whole range of areas in the city such as Semaphore to Seaciff, West Beach to Kensington, Brighton to Bedford Park, St Agnes to Semaphore, and the suggestion of connecting hundreds of new villages such as Hendon, Seaton, Glenelg, West Beach and Marion.

So, as we can see, there are people being quite creative in their thoughts. I am not sure that some of these suggestions are all that practicable: tram lines along the beachfronts on routes that are not serviced by trains; cycle or cycle power for routes not serviced by trains; trains that are partly underground, roofed by dome-shaped solar panel film cover so that they can be solar-powered; infrastructure to be paid for by nearby development; savings of \$10,000 per household if you live next to where you need to shop, work, go to school, etc—this particular person claims it can be achieved by living close to all of those things. There is a range of ideas being suggested that are quite innovative. I am not sure that I share these people's views, but there will be quite a range of interesting options that will be put to the committee.

I note, in closing, that the Queensland government set up a Queensland Oil Vulnerability Task Force and it tabled a report last October. It is quite interesting. The Queensland Minister for Sustainability responded by saying:

Queensland would have to adopt a wartime mentality in regard to its oil use and the committee has now been set up to prepare a recommended strategy for that state.

I am sure there have been little bits of research and work done all over the world (like Queensland) and certainly in larger countries like, perhaps, the United States of

America where there is the same sort of tyranny of distance. I hope the committee has the opportunity to draw on some of that work, as well. Work may well have been done that this committee does not need to do it and it can use some of the research that has already been done. The Liberal Party sees a benefit in supporting this committee and looks forward to seeing how it will operate with three members on it. If that can be a workable solution then—

The Hon. C.V. Schaefer interjecting:

The Hon. D.W. RIDGWAY: Then we can have twice as many committees—as the Hon. Caroline Schaefer interjects. I do not think that is a likelihood, but this does seem to be a worthwhile committee to support, and I look forward to the contributions to come from members.

The Hon. M. PARNELL I move:

Leave out paragraph 2 and insert the following new paragraph—

2. That the committee consist of three members and that the quorum of members necessary to be present at all meetings of the committee be fixed at three members and that standing order 389 be so far suspended as to enable the chairperson of the committee to have a deliberative vote only.

I have consulted with the Hon. Sandra Kanck in relation to this amendment, and she is agreeable to it. I will leave it to her, in her summing up, to explain why she believes this amendment is appropriate.

The Greens are happy to support this motion to establish a select committee of the Legislative Council to inquire into and report on the impact of peak oil in South Australia. In fact, it was only a year ago that I was in this place calling on the South Australian government to commit to the Oil Depletion Protocol and to start reducing our dependence on oil.

The Oil Depletion Protocol was originally proposed by UK petroleum geologist Dr Colin Campbell whereby signatory countries and organisations commit to reducing oil consumption by the world oil depletion rate, and this equates to a reduction rate of just below 3 per cent per year. By reducing oil consumption, it is hoped to soften the blow of reaching peak oil and the higher and increasingly volatile world oil prices.

This issue of peak oil, oil depletion and oil price rises has been on the Greens' agenda for some time, and we are pleased that the Hon. Sandra Kanck has moved that a committee be established to look into it further.

Like the Hon. David Ridgway, in his contribution earlier, I have had a number of people write to me, urging me to support this motion. I will read a sentence or two from one constituent's submission, as follows:

Dear Mark

I hope you will be supporting the Hon. Sandra Kanck's motion for a parliamentary select committee on the impact of peak oil in South Australia. It is essential this urgent issue is faced now. Already South Australia is on the back foot compared to the Queensland government, which is preparing its oil vulnerability mitigation strategy and action plan as a result of an inquiry in 2005.

Adequate measures must be taken with a strong forward planning approach. To not do

so will mean economic and social crisis with government to blame.

A number of other constituents wrote to me in similar terms.

The concept of peak oil is not that new, but it would be new, perhaps, to a number of members. The best way of describing it, I believe, is to talk about that point where half the world's oil supply has been extracted and used and half remains. Further oil extraction beyond that half way point will become increasingly more difficult and more expensive. Some people believe that peak oil has already occurred, perhaps as early as 2006; some say even earlier. The most supreme optimists believe that we have until 2035, but what is without doubt is that it is a finite resource, and eventually we will get to a point where the amount of new discoveries is exceeded by our rapacious demand, and what oil does remain will be the most difficult and expensive to extract.

Of course, our economy and way of life— the way we currently do things—developed over the past half century or so, are completely dependent upon cheap oil. As oil becomes more expensive, the whole nature of our economy will be forced to dramatically change. Australia is dependent on other countries for oil. Those countries, as members would know, are often in politically unstable parts of the world. It is estimated that we will need to import nearly 50 per cent of our oil by 2010.

I was interested to read this week that our new federal resources and energy minister, Martin Ferguson, was speaking about peak oil at the Australian Petroleum Production and Exploration Association Conference in Perth. The minister stated:

With only about a decade of known oil resources remaining at today's production rates, Australia is looking down the barrel of a \$25 billion trade deficit in petroleum products by 2015.

He also went on to promise that his department would undertake a national energy security assessment that would include a future liquid fuel outlook.

Even recent reports that predict future oil price rises have tended to underestimate the speed and the extent of those rises. We were talking not so long ago about whether oil would reach \$US80, and it was very soon reaching \$100. Increased oil prices in our economy, as in all developed country economies, and the decreased availability of oil will have a drastic effect on many of our industries such as transport, agriculture, tourism and mining.

Clearly, we will have to rethink the way we move people, especially in our urban environments, and that means a significant increase in public transport. We also have to look at alternative fuels. This is where peak oil is a slightly different debate to the normal debate over energy, where the alternative fuels to, say, electricity are that we do not need to not use electricity: we just need to generate it in a different way.

Oil is different. Oil as a liquid fuel, or some of its derivatives in gas form, is necessary for transportation. Electric cars can provide some of the load, but we will still need liquid fuels. That raises the question of whether or not our productive farming land will increasingly be devoted to growing crops for fuel rather than crops for food. The interesting convergence of the two issues of peak oil and climate change is that solutions to address peak oil will also tend to be solutions that address climate change. The classic example is public transport in an urban environment. If we are using less oil to transport ourselves around in private cars, we can use public transport instead. The two issues of climate change and peak oil go hand in hand.

Members might be familiar with some analysis that was done in South Australia not that

long ago under the somewhat confusing acronym of VAMPIRE, which stands for Oil Vulnerability Index Mapping; in fact, it is not a straight acronym, but that is what VAMPIRE is. It looks at how vulnerable people in Adelaide are to shocks such as increased petrol prices and also increased housing prices, in particular, mortgages. This is an issue that has concerned me for some time; so, when the opportunity arose, as it does with many members here, to take on students on an internship, I took advantage of an offer from the University of Adelaide and accepted an intern, Jill Woodlands, who produced a report for me entitled, 'Implications and policy responses of rising petrol prices for vulnerable people in Adelaide'.

We asked Jill to have a look at what increased petrol prices, brought about by peak oil, would mean for socially isolated people in the outer suburbs of Adelaide. Jill's excellent report provides a range of strategies to help deal with those social implications. I note that in the honourable member's terms of reference for this inquiry one of the topics is the rising cost of petrol and increasing transport fuel poverty in the outer metropolitan area, the regions and remote communities. It is exactly the issue that I identified last year and on which I engaged a student to do research.

It is an issue that will not go away. All of the analysis that I have seen shows that, whilst there might be some debate over exactly when peak oil will be reached, it is inevitable that we will reach it. We need to make sure that our society is in as robust a position as possible to be able to handle the consequences. The honourable member's terms of reference also refer to things such as the movement of freight and the expansion of the mining industry—two industries that depend very heavily on fossil fuels.

I do not know whether members might have turned on their television sets at lunchtime and heard the National Press Club address given by Don Henry, the Chief Executive of the Australian Conservation Foundation. This was a large part of his talk, including the billions of dollars of taxpayer subsidies that go to fossil fuels. We have often thought about it as a subsidy to farmers using diesel, but the forestry and agriculture sector is only about 15 per cent of those subsidies, the vast bulk of them going to mining and transport. When you have companies such as BHP Billiton making \$16 billion or \$17 billion profit, I think it is a very poor call to say that they cannot afford to pay the tax on their fuels that the rest of us pay.

I think this is an important issue. I support the motion in its original form, and that is to have a select committee. I understand the Minister for Police has moved that this, instead, be dealt with by the Natural Resources Committee. My understanding is that that committee is well occupied with a number of important issues and that adding this particular topic to their list of works in progress would inevitably mean it being delayed for at least a year; possibly longer.

I am conscious of this council being sensible in its selection of select committees and I think that we have been responsible. We have picked some of the most important issues, the most pressing issues facing this state—issues such as water through the select committee into SA Water and the one that the Hon. Sandra Kanck seeks to raise through this inquiry.

With those brief words, I advise the house that I urge members to support my amendment and I give notice that I will be opposing the government's amendment to send this to the Natural Resources Committee instead.

The Hon. SANDRA KANCK (20:20): I thank all honourable members for their indications of support. That, in itself, is pleasing because it does show that members are beginning to grasp what a crucial issue peak oil is for this state. I note the comments of



the Hon. David Ridgway about needing to look at the work that other committees have done with their reports so that we do not reinvent the wheel. I think that that is a very important message to take on, because my hope is that we could actually have a report done by the end of the year, and finding the work that others have done will be extremely useful.

I also noted in the Hon. Mr Holloway's contribution his passing comment that the urban planning review, which was done last year, would be released in a few weeks' time and that that would, at least in part, address this issue of transport fuel poverty. I sent the Conservation Council that information and I have to say that there are many people now waiting for that to be released.

The Hon. Mr Holloway has moved that this be referred to the Natural Resources Committee. I am a member of that committee and I am very much aware of its workload. We have standing referrals under the River Murray Act, the Natural Resources Management Act and the Upper South East Dryland Salinity and Flood Management Act. Under, for instance, the NRM Act, we have a role of overseeing all the levies that are set each year by each of the NRM boards. We have a requirement to do an annual report on the Upper South East Dryland Salinity and Flood Management Act, and we have spent about two days taking evidence on that so far this year, with a trip to the Upper South-East being scheduled for later in the year so that we can talk to the locals.

In addition to those three standing referrals, we are also keeping a watching brief on Deep Creek, following our report last year, and we are hoping to have departmental officials back in about a fortnight's time to talk some more about that. We are also keeping a watching brief on the River Torrens and on stormwater management and there is, of course, the reference to which this chamber agreed last year of the impact of irrigation in the Murray-Darling Basin on South Australia.

As an indication, from the beginning of February to the end of April the committee will have met 12 times, so it is a very hardworking committee. I am not trying to avoid an extra workload for the committee, but I really am concerned that, if this was to be referred to the Natural Resources Committee, it would probably be the end of this year, or maybe sometime next year, before the committee was able to truly look at it.

In regard to the issue of the three member committee, I had indicated to some members in an email that I wanted a three member committee, but in moving the motion as I did initially I made no mention of that. So I thank the Hon. Mark Parnell for moving that amendment and making sure that what we do here actually matches what I have said. I think a three member committee is important to allow this to progress quickly. All members of our committees know how often we struggle to match dates in our diaries, and the fewer members we have, the easier it is likely to be able to find suitable dates for meetings.

I am not attempting to make this a party political committee in any way. For that reason, I think it is important, as the Hon. Mark Parnell's amendment states, that the quorum for this committee of three be three, so that at no time would this committee meet or deliberate without all three of the members being present.

The Hon. Mark Parnell mentioned lobbying. I have to say that I did not organise this. I did send a copy of my speech to Beyond Oil South Australia, and within 24 hours it had gone out worldwide. The reaction that it brought was quite extraordinary from members of not only BOSA but also ASPO (Australian Society for Peak Oil), who that were lamenting that they do not have a similar initiative occurring in their state.

Today on Crikey.com.au—for those members who subscribe to Crikey.com.au—there is an interesting observation in the tips and rumours section, which states:

BHP's internal costings show that the excavation at the Roxby Downs expansion will require one million litres of diesel per day for four years. This quantity is required to simply remove the overburden and reach the targeted ore body.

If one million litres a day are to be used for that purpose, one has to double that, effectively, because that million litres a day has to be brought up to Roxby Downs in order for it to be there in tanks ready to be used. One has to be looking at least two million litres of diesel per day for four years. It is illustrative of why, for instance, I have included mining as a term of reference in the motion. In relation to peak oil, this could have big problems for not only the Olympic Dam mine but also other mines, particularly those in remote areas in South Australia.

I thank members for their support. It was good that I did not have to argue with anyone about the importance of the issue. I urge members to support the setting up of a select committee rather than a referral to the Natural Resources Committee and to support the Hon. Mark Parnell's motion that it be a committee of three.

Hon. P. Holloway's amendment negatived.

Hon. M.C. Parnell's amendment carried.

Motion carried.

The council appointed a select committee consisting of the Hons S.M. Kanck, J.M.A. Lensink and R.P. Wortley; the committee to have power to send for persons, papers and records and to adjourn from place to place; the committee to report on Wednesday 23 July 2008.



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