



ASPO-Australia

Australian Association for the Study of Peak Oil & Gas

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The Secretary
Legislative Assembly Economics and Industry Standing Committee
Legislative Assembly
Parliament House,
Perth, Western Australia

Inquiry into the Management of Western Australia's Freight Rail Network

On 12 March 2014, the Economics and Industry Standing Committee resolved to inquire into and report on whether the current lease arrangements and management of the Western Australian freight rail network comprising Tier 1, Tier 2 and Tier 3 lines facilitate or hamper state development. In particular the Committee will investigate:

- the recent strategic directions and policy decisions relating to the current network lease, particularly in relation to the low-traffic lines;
- the regulatory arrangements in place for the network; and
- the management of the network by the Public Transport Authority.

ASPO-Australia would like to raise the issue of possible future fuel shortages in relation to the need for freight rail. The Committee will no doubt have information about the advantages of rail freight over road freight, especially in reduced risk of road crash injuries and especially in fuel efficiency, said to be around 4:1 in favour of rail.

It is this latter point that ASPO-Australia would like to bring to the attention of the Committee. We hope that the crucial issue of the far higher oil vulnerability of road transport for grain will be considered seriously.

The NSW automobile club, NRMA, in two reports by Air Vice Marshal John Blackburn has raised serious concerns about Australia's fuel security. Already 91% of our fuel for cars, trucks, planes and diesel trains is imported (either directly as refined fuel, or indirectly as crude oil to be refined in Australia). The NRMA has estimated that Australia has some three weeks of fuel available if imports dried up for any reason.

“There are no coherent contingency plans to deal with the devastating impact of any cut to overseas supply because of war, economic turmoil or natural disasters, instead adopting a "she'll be right" approach. Waiting for a catastrophic failure before acting could result in damage to our security, our economy and our way of life. And the longer we wait to act, the fewer options we will have”.

*“The report also highlights that Australia does not need to wait for the Government’s assessment to start taking action. **NRMA Director Graham Blight said we could get thousands of trucks off the road and ease the wear and tear on our regional road network by getting more freight on rail, also improving road safety”***

The WA Government does not have any detailed coherent plans to cope with a liquid fuel emergency of the type mentioned in the NRMA reports, also adopting a “No-worries” approach unsupported by any objective evaluation of the risks and of the consequences of substantial fuel shortages.

As well as the sudden fuel shortage scenario envisaged by the NRMA, there is the other longer-term probability that global oil supplies will soon start declining as we reach “Peak Oil”. Various estimates put “Peak Oil” within five to ten years, with both more pessimistic and more optimistic estimates also being made.

Transport planning in WA should be considering seriously the various fuel availability scenarios, especially in the long term (10-year timeframe)

The forecasts of future liquid fuel shortages are of course central to any decisions about transferring grain freight from rail to road, and ASPO-Australia is well equipped to introduce the Committee to this often overlooked aspect of freight planning.

ASPO-Australia requests the opportunity to brief the Committee on the current evidence about the various future global oil supply scenarios, so the various myths and misconceptions currently in vogue within State and Federal transport planning circles can be discussed and challenged.

I enclose some of the voluminous background information about Peak Oil, and the NRMA reports including stories in the Australian and Courier Mail. The report by the Bureau of Infrastructure, Transport and Regional Economics (BITRE 117, 2009) is now a little dated and uses one of several different methods for estimating future oil supplies. It is noteworthy that it was withdrawn by BITRE rather than released, supposedly on instructions from on high. The Daily Telegraph ran a colourful story (attached) about the suppression of BITRE 117 by the previous Federal Government. I was initially sceptical about the Telegraph version, but since then, I have received confirmation from a reliable source that this is probably what occurred. This relatively minor example illustrates the common confusion between political considerations and the objective evaluation of the risks of future oil supply shortages.

I look forward to meeting the Committee and to learn more about the road-vs-rail freight options available to WA.

Yours sincerely

Bruce Robinson