

## PEAK OIL – PART TWO

In last month's Cityscape I outlined why we should plan for "Peak Oil". The crude oil futures price rose beyond \$30 a barrel in autumn 2004, and Figure 1 shows what has happened to its price since June of that year. The price oscillates, depending on what is happening in the world from day to day, but the underlying trend is unmistakably upwards.

Movements in the oil price are entirely consistent with what the peak oil advocates are saying, and inconsistent with what "official" forecasters (like ABARE) are saying. \$75 a barrel and more is not a spike that will return to a more comfortable level soon – it is a permanent fact of life we have to get used to.

What are the implications for urban planning in Australia?

Both the North West and the South West growth areas of Sydney are being promised new railway lines in the distant future – the rails will join them to the existing rail network and the trains will take people to the distant CBD. There is no encouragement to make shorter trips, or to provide alternatives to cars for these shorter trips. It is in the outer areas of all our bigger cities that there is least choice. Low incomes, high mortgages, high car dependency ...

Personally I think that expecting people to use public transport after they have been used to the independent personal mobility that cars provide is like expecting writers to go back to using typewriters after they have discovered word processing. More likely than a significant switch to public transport is the emergence of a new low-energy sector for independent transport – calling for a vehicle more powerful than a pushbike but smaller than a car, probably electric - which does not currently exist commercially.

Aviation, and hence the tourism industry with which it is heavily connected, is very vulnerable to the effects of Peak Oil.

And what about short-distance freight, practically all of which travels today by road in urban areas? Past lack of investment in freight infrastructure has led to today's railed freight being largely limited to the niche markets of inter-capital containerized goods and bulk mineral exports (where Australian performance is world-class).

What can we do?

The first thing is to recognize that peak oil is real. Doing nothing is not a defensible strategy any more.

There is no magic bullet, nothing that we can see waiting to take the stage and save the day.

A combination of little things will have to do the job – none of them making a big difference, but cumulatively they can keep our appetite for oil in check during the transition period which lies immediately ahead of us. Most of them are only possible in urban areas.

- Some “business as usual” policies – particularly investment in public transport, pedestrian and bicycle infrastructure
- Some technological development – electric or hybrid vehicles, smarter road management etc, development of alternative fuels, etc.
- Some economic measures – especially better transport pricing
- Some behavioural change programs.

Some of these items, particularly the behavioural aspects, will require leadership to be displayed. And in our poll-driven age that will take some courage. But, as Alannah MacTiernan, the WA Planning and Infrastructure Minister, observed in 2004, "It is also certain that the cost of preparing too early is nowhere near the cost of not being ready on time."

The lead times for new technologies to become commercially viable are not short. Transport is not the only sector to be facing a fuel problem, and as with the power generation sector the future is likely to see a variety of fuels. And when oil use reduces, so will the excise revenue collected by the Federal Government and future excise on alternative fuels (depending on their energy content) will increase, a factor to be incorporated in estimates of future viability.

The scale of the problem is undeniable. None of these measures will overcome the problem, but they could at least stave off its worst effects while we decide what we're going to do.

## Weekly average closing price for Nymex crude

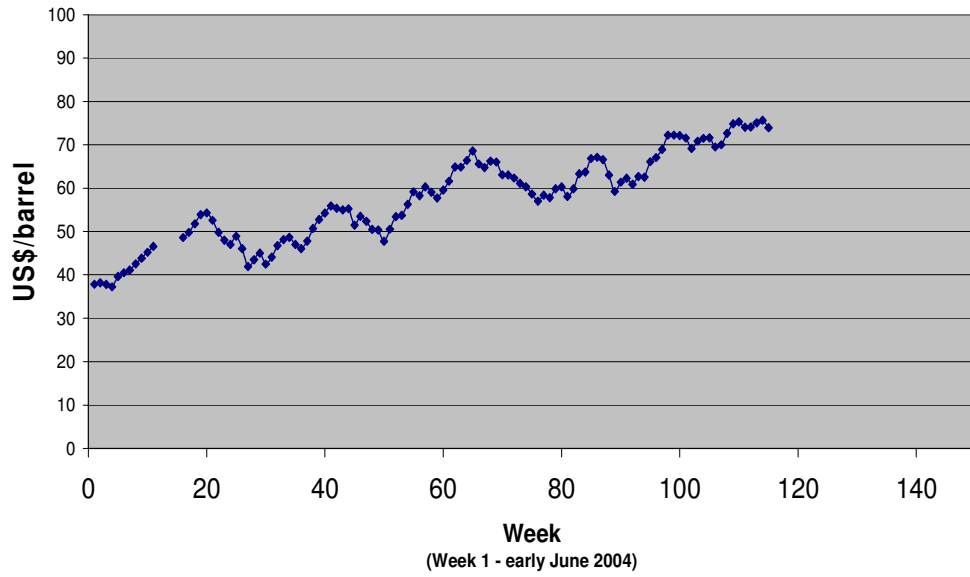


Figure 1: Recent fluctuations in the price of crude oil

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