



## **RUNNING ON EMPTY?**

### **Managing the threats to Australia's fuel and economic sustainability**

**A Submission from Fusion Australia to the Senate Standing Committee on Rural and Regional Affairs and Transport into Australia's transport energy resilience and sustainability.**

**November 2014**

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Note: Appearance at Senate hearing
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*Together There's Life*

## 1. INTRODUCTION

Concern about food security in Australia has been increasing over the past 20 years or more, arising from population growth, peak oil, climate change etc. But since February 2013 attention in the informed community has become more focussed on the weakness of Australia's liquid fuel supply chain, exposed by Air Vice-Marshal John Blackburn's reports to the National Roads and Motorists Association (NRMA). The two reports are entitled *Australia's Liquid Fuel Security, Part 1* and *Part 2*, dated February 2013 and February 2014 respectively.

The Blackburn reports raise important and alarming issues, but surprisingly, few eyebrows! The production, distribution and price of food are all directly linked to liquid fuel: no fuel = no food; increasing the price of fuel = increasing the price of food. The Standing Committee's Inquiry into fuel sustainability therefore presents an opportunity for Australia to address those issues in the public arena for the first time and hopefully avoid disaster - but only if we move quickly.

## 2. THE ROLE OF LIQUID FUEL IN THE AUSTRALIAN ECONOMY AND SOCIETY

### (a) Fuel and the food supply chain

The downside of being a "wide brown land" is that most of our food is grown hundreds or even thousands of kilometres from the point of consumption and transported to abattoirs, mills, breweries, factories, distribution centres and finally to retailers and customers. There may be wheat, meat and milk on farms and in metropolitan warehouses, but without fuel to transport it around our large cities and to rural/regional areas, we face disaster. If our overseas sources of petrol and diesel were cut off, for example, by war or terrorist disruption, we would start running out of food in a few days. After a few weeks, thousands of people could be dying.

### (b) The distribution of medicines

The Blackburn reports also indicate that hospitals and pharmacies have only three to seven days supply of medicines. If trouble in the Middle East were to cut supply lines of oil to Australia, hundreds of thousands of Australians with blood pressure, heart trouble, asthma, diabetes, mental illness etc - and those requiring operations - would soon be in life-threatening situations. Virtually every Australian has a family member, a child, friend or colleague who would be at risk. People would start dying from lack of medicines sooner than people dying from lack of food.

### (c) Other sectors of the economy

Without liquid fuel, our economy would be shut down in a few days. Most people would not be able to travel to work, including police officers, prison warders, doctors, nurses, bus, train and truck drivers, bank officers, computer operators, fire fighters, and shopkeepers. As Blackburn stated (page 5 of his first report, above) "Essentially, society as we know it would cease to function".

Those are not the words of an apocalyptic ‘doomsdayer’ but of a former Deputy Chief of the RAAF - and the NRMA which published the report is a highly reputable organisation.

### 3. AN EIGHT DAY DISASTER SCENARIO

Here is another way of describing what a national catastrophe might look like.

- **Day 1.** The leaders of a revolution in a major Middle Eastern country announce the cutting off of oil exports to Western countries, including Australia.
- **Day 2.** Oil tankers are blown up in the Straits of Hormuz.
- **Day 3.** Other oil exporting countries state they cannot make up the shortfall created by the Middle East events. All oil tankers en route to Australia are ordered back to their home countries.
- **Day 4.** The Australian Prime Minister announces an immediate ban on fuel sales by refineries and petrol stations but refuses to reveal how much fuel we have in onshore storage. Informed sources suggest 20 days of average use.
- **Day 5.** All bus, train and air services are cancelled. Virtually all shops, offices, factories, schools etc close and suspend employees without pay until further notice. Food shops, pharmacies and petrol stations sell out of food, medicines, petrol and diesel
- **Day 6.** Hospitals, police, fire services and prisons struggle to maintain skeleton staff. Early reports of deaths of people unable to obtain medicines.
- **Day 7.** Hijackings by bikie and other criminal gangs of trucks carrying food, medicines, fuel for emergency services. Looting of storage facilities; home and farm invasions.
- **Day 8.** The Prime Minister admits that the crisis is likely to last for months or years rather than weeks and constitutes the beginning of the greatest catastrophe in Australia’s history.

**The events listed above are** alarming but they are reasonable predictions of the consequences of serious disruptions to our imported fuel supply chain. While a 100% cut in supply without warning is a most likely scenario, even a 20 or 40% cut would have a dramatic impact. Blackburn’s analysis has been “confirmed” by a prominent *Canberra Times* report on 1 November 2014, page 9 in relation to al-Qaeda’s published threat to cut the supply chains to Australia and other Western countries. On 4 November 2014, the ABC-TV’s 7.30 program reported the same threat.

We do have a problem! The Commonwealth and State Governments must address these issues if we are to avoid catastrophe.

### 4. CONFRONTING THE ISSUES

#### (a) Scope of the terms of reference

The first and third terms of reference are quite specific- mandatory oil stockholdings and Australia’s responsibilities as a member of some international bodies. The second refers

to “ensuring *Australian* energy for Australians” (our emphasis) which strictly adhered to could limit the Inquiry to crude fuel extracted from our own land territory and territorial waters. Is the 90% of our fuel sourced from overseas to be outside the terms of reference?

If so, many of the issues raised in the Blackburn Reports could be said to be outside of the terms of reference and not addressed.

**Recommendation 1: that the terms of reference be expanded if necessary to allow consideration of all the issues raised in Air Vice-Marshal Blackburn’s reports to the NRMA.**

**(b) Awareness of the issues**

Perhaps fewer than 5% of the Australian population are aware of the potential disaster / catastrophe / calamity / cataclysm ... (choose your own word). The issue is not on the public agenda, nor it seems the agendas of Parliaments, Ministers, the Public Service, major corporations or the media. Full marks therefore to Air Vice-Marshal Blackburn and the NRMA for revealing the problem.

Much more time is needed for the Government to inform the community on the facts relating to these vital issues and for all sectors of the community, commercial, industrial, agricultural etc to formulate responses and constructive suggestions.

In the circumstances, two months is far too short a time for national associations, business and union bodies, large corporations, Local, State and Federal authorities etc to draft submissions. We know of at least two national professional/industrial associations that were not intending to make submissions because of the early deadline – which could be interpreted - albeit incorrectly - as indicating that those bodies are uninterested or satisfied with the current arrangements.

**Recommendation 2: that the Standing Committee seek to extend the closing date for submissions to 30 April 2015 and ensure that the community and all stake holders have access to information in relation to the issues with opportunities for public discussion and debate before making their submissions.**

**(c) Openness and transparency**

While there is little information in the public arena and media, informal reports are that decisions are being made “behind closed doors”. One can only speculate as to what might be going on and to what degree, the secrecy is justified.

If Blackburn is right, and “essentially society as we know it will cease to exist”, the Australian community should not be kept in the dark about a potential catastrophe. An exception might be for vital information such as how much fuel we have onshore in Australia, where it is stored and how much is on the high seas.

Also, now that the Blackburn Reports have been published, the Government has a responsibility to confirm or deny the points made therein.

**Recommendation 3: that the Standing Committee's Inquiry allows for open and transparent discussion of all the issues raised in the Blackburn reports.**

**(d) Major crisis planning and management**

*i. The first and most important task for Governments is to develop a comprehensive plan to manage a crisis along the lines described above in the eight day scenario, that is – how to keep the country operating without sufficient fuel.*

Who will be involved in constructing the plan?

Who will control various operations in the plan?

What will be the priorities? Who will be the winners and losers?

What supplies will be stockpiled and where?

Some decisions will be tough. For example, will the needs of metropolitan areas take precedence over less densely populated rural and regional centres, including the ACT, which require more fuel than metropolitan areas to have food and medicines transported to them? Many sectors will be unhappy but, without a plan, corruption, personal, political and criminal power will operate unfettered

**Recommendation 4: that planning to cope with high impact disaster scenarios should begin as soon as possible, especially in view of the growing instability of significant parts of the world.**

*ii. Proactive programs are also needed to alleviate more slowly developing crises.*

Planning for shortfalls of only 20% to 30% in normal liquid fuel usage over say three years, will still require significant Government intervention and changes to existing strategies and procedures. We need to plan and work quickly to increase storage facilities for food, fuel, medicines etc in appropriate regional and decentralised locations. We certainly should be refining and using as much of our Australian crude as possible. We also need a crash program in developing ethanol and algae oil production, and R & D into new technologies.

Localisation and diversification would be essential in a strategic plan to improve the resilience and sustainability particularly in rural and regional Australia and the ACT. Given sufficient time, our vulnerability could be significantly reduced.

**Recommendation 5: that even if we have several years to prepare for a significant scenario developing over say three years, planning still needs to begin as soon as possible in spite of opposition from vested interests and from people unconvinced of the need to prepare for a disaster they say will never happen.**

**(f) Who will pay?**

The suggested measures will cost many billions of dollars. This will trigger opposition in some political quarters, from those with vested interests in the current system and those who will always deny there's a problem. Others may also suggest, because of these costs, that we should wait until there is more money, or until the next financial year or after the next election. The costs however are essential insurance against disaster.

In assessing risk, we must compare the cost of a possible disaster with the costs of alleviating it. If the impact of a cut in Australia's imported fuel oil chain is as great as Air Vice-Marshal Blackburn and the NRMA claim, ie. the end of society as we know it, we must pay an appropriate "insurance premium".

**(g) But there are beneficial side-effects:**

- Australia and other countries will be forced to accelerate action to find alternatives to fossil fuels, and to generate other new industries
- diversification and decentralisation are good for local economies
- positive policies and programs to prepare for possible disasters will do much to reduce fear in the community and generate confidence and hope for the future
- these side-effects will be most effective if the measures suggested are undertaken with widespread community support, underpinned by political bi-partisanship.

**Recommendation 6: that in keeping Australians informed in relation to this issue, the Government must give accurate information about the risks involved and the costs of reducing them.**

**5. THE TIME FACTOR**

Instability in the Middle East, bombings by home grown terrorists and global communication technology underline the need for us to focus quickly on the fragility of our fuel supply chain. Unfortunately a sudden 100% cut-off is possibly more likely than a 10% or 30% reduction over say three years. In any event, even just the threat of disruption could send fuel prices soaring on the world market.

Time and al-Qaeda are not on our side. Building regional storage facilities for a range of commodities, additional refineries, our own tanker fleet, inventing new technologies to make fuel need possibly five to ten years to get to the stage where we can significantly improve our sustainability.

**6. THE HUMAN FACTOR**

Sadly with human nature as it is, catastrophe brings out the worst in some people, reflected in attitudes like "every man for himself" and "survival of the fittest". Along with strategies to build infrastructure we need a campaign to generate concern, love and respect for others, especially the vulnerable, the old, the sick; a willingness to share and sacrifice when vital things are in short supply; and maintenance of hope and confidence in adverse circumstances.

Such a campaign needs the participation of all leaders and members of the community – political, social and religious. Many communities have pulled together harmoniously in times of war and other troubles but we all need some modelling, encouragement, and practice to prepare us for the difficult times.

**Recommendation 7: That the Standing Committee address also the issue of how the Government can foster social cohesion and strengthen community sustainability, from the local street level up to bipartisanship at the highest levels of Government.**

## **7. LIST OF RECOMMENDATIONS**

1. that the terms of reference be expanded if necessary to allow consideration of all the issues raised in Air Vice-Marshal Blackburn's reports to the NRMA.
2. that the Standing Committee's seek to extend the closing date for submissions to 30 April 2015 and ensure that the community and all stakeholders are provided with access to information on the issues, with opportunities for public discussion and debate before making their submissions.
3. that the Standing Committee's inquiry allows for open and transparent discussion of all the issues raised in the Blackburn reports.
4. that Government planning to cope with a sudden, high impact disaster scenarios should begin as as soon as possible, especially in view of growing instability in significant parts of the world.
5. that even if we have several years to prepare for a significant scenario developing over say three years, planning still needs to begin as soon as possible, in spite of opposition from vested interests and from people unconvinced of the need to prepare for a disaster they believe may never eventuate.
6. that the Government must ensure that the community is kept fully informed of the funding required for the infrastructure necessary to provide the necessary "insurance" against disaster.
7. that Inquiry addresses also the issue of how the Government can in times of disaster foster social cohesion and community sustainability from the local street level up to bipartisanship at the highest levels of Government.

### **NOTE:**

Fusion would appreciate the opportunity to elaborate on this submission at a public hearing of the Standing Committee.



## **8. ABOUT FUSION**

*Fusion Australia Ltd is a Christian youth and community organisation founded in Australia in the 1960's but now operating in 18 overseas countries. In Canberra, it has two opportunity shops, provides chaplains, student welfare workers and breakfast clubs in schools, and other youth programs. It has also run a large vegetable growing project for mentoring the disadvantaged and refugees, out of which grew an interest in food security, which is integrally linked to liquid fuel security. With financial assistance from the ACT Government, Fusion Australia Canberra office successfully established and demonstrated aquaponics, a new, highly productive, food production technology.*

*Following the first Blackburn Report to the NRMA in February 2013, Fusion has been working to generate in the ACT community and Government, awareness of the threats to our economy and social order from weaknesses in Australia's liquid fuel supply chain.*

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