

**Committee Secretary  
Senate Rural and Regional Affairs and Transport  
Committee  
Parliament House  
Canberra**

**Inquiry into Australia's future oil supply and alternative transport fuels**

**Introduction**

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Residents of regional Australia are particularly conscious of fuel prices because they often travel further each year than their metro counterparts and fuel is more expensive. The availability and price of transport fuel directly affects their work and educational opportunities and the economic sustainability of the region in which they live.

Members of the Bendigo Bicycle Users Group are all aware of these issues. We certainly see cycling as integral to any plans to reduce demand for transport fuel. But we consider that a solution to the costs of fuel and possible reduced availability in the future must be wide ranging and encompass a number of approaches. This submission is premised on our belief that reduction in demand is fundamental to regional Australia's economic and social sustainability.

**Responses to specific terms of reference (TOR) of the inquiry**

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**a. Projections of oil production and demand in Australia and globally and the implications of availability and pricing of transport fuels in Australia.**

There has been much public discussion about the limited state of global oil reserves and the ever-increasing reliance on and demand for fuel. Shell recently admitted over-stating its oil reserves, while there are more motor vehicles on the roads each year – an apparently unsustainable combination. While the extent of oil reserves is debatable, that they are limited seems beyond dispute.

A regional city like Bendigo provides work, education and recreational opportunities for surrounding towns, as well as its own citizens. People travel daily from towns like Maldon, Castlemaine, Heathcote, even Echuca; round trips that range from 80 to nearly 200 km.

This mobility underpins the sustainability of many smaller towns, as well as economic activity in the region as a whole. Restricted supply or unaffordable prices would have a direct bearing on the economic sustainability of regional areas, and educational and work opportunities for people living in smaller towns.

**b. Potential of new sources of oil and alternative transport fuels to meet a significant share of Australia's fuel demands taking into account technological developments and environmental costs.**

We have no data on new sources or alternative fuels and cannot comment directly on this TOR. However, we can make two relevant observations.

Introduction of new fuels must be carefully managed. The attempt to add ethanol to fuel was a fiasco. Leaving aside the government's motivation for wishing to introduce it in the first place, car and engine manufacturers argued it would damage engines, and distributors did not sell it because motorists refused to buy it. The incident demonstrated that manufacturers, distributors and regulators must all agree on alternatives before consumers will adopt them.

New fuels will probably require price incentives to encourage adoption. A good portion of the current fuel price is made up of various taxes. LPG illustrates in reverse what happens to a fuel that comes under the same tax and excise regime as petrol and diesel. Anecdotal evidence suggests that motorists will see no reason to buy LPG over petrol if it is the same price. Again, anecdotal evidences suggests the LPG conversion industry will die as there will be no incentive to invest in a conversion. More favourable tax treatment resulting in lower prices would be a major incentive for motorists to adopt a new fuel.

We argue, however, at TOR (d) that new sources of oil or alternative fuels cannot alone provide the solution to limited availability and high prices.

**c. Flow-on economic impacts in Australia from continuing rises in the price of transport fuel and potential reductions in oil supply.**

As we note at TOR (a) work and educational opportunities, and economic sustainability in regional areas depend on mobility. While most of Bendigo is served by a network of public buses, surrounding towns are not linked to Bendigo (or each other) with viable public transport. Within Bendigo, the new satellite suburb of Strathfieldsaye has no public transport service. This often means there is no alternative to the private car for trips over 10 km.

Increasing fuel prices mean a bigger portion of regional household budgets is spent on fuel and fuel is already significantly more expensive in regional than metropolitan areas. This reduces funds available for spending on other items with flow-on economic effects. Fuel prices also add to the cost of transporting other goods such as food into regional and country areas. Train and bus services all operate on diesel fuel (unlike Melbourne which has an electric train and tram network). Increasing fuel prices also have an effect on operating costs which must eventually flow through to fare prices.

A potential reduction in oil supply would threaten the ability of regional populations to seek work outside small towns with consequent rise in unemployment. At the same time it may threaten the ability of employers within the region to find workers. If travelling to work might be threatened, so too would travelling to school. Secondary and tertiary education is usually not available outside the major regional centres. Yet education is fundamental to the continued sustainability of regional areas.

#### **d. Options for reducing Australia's transport fuel demands.**

Reducing Australia's demand for transport fuels requires an integrated approach from many angles. No one approach will be effective. We see four means by which demand might be reduced in regional areas.

##### **1. Increased use of rail for goods transport**

While it would have implications for the road transport industry, increased use of rail to move goods between major centres would immediately reduce demand for transport fuels. Rail centres would operate much the way ports do: transport within local areas by road with major centres linked by rail. This would require further development of rail infrastructure to cater for increased freight movement, but it would reduce wear on road infrastructure. The costs of rail development may well be balanced by reduced need for maintenance of existing and development of new road infrastructure. Increased use of rail freight is likely to reduce costs charged to users. High freight costs on the Adelaide-Darwin link, for example, now act as a deterrent to rail use; alternatives such as trucking containers south from Darwin or shipping them to Fremantle or Adelaide ports are still being used.

*Recommendation: federal and state governments align transport policies to encourage increased use of rail for long distance freight transport, and develop necessary freight transfer infrastructure in metropolitan and major regional centres.*

##### **2. Development and better integration of public transport infrastructure**

Many regional centres are growing rapidly, but, as discussed above, public transport facilities between centres are often poor. There also seems to be a focus on regional to metro links at the expense of intra-regional links. Trains services all the way from Bendigo to Melbourne have just been reintroduced after extended work upgrading the tracks. However, the new timetable does not include a pre-9 am service to Bendigo which would allow people living in towns south of Bendigo to commute there by train. The timetable has also disappointed some as it no longer stops at stations it used to in order to provide express services to and from Bendigo and Melbourne.

Where there is no nearby rail link, there may be a need to develop commuter bus services (similar to school bus services) from satellite towns into regional centres like Bendigo. Timetabling is critical to development of a useful service.

*Recommendation: local, state and federal governments examine potential for intra-regional public transport services and support development and use of same.*

##### **3. Development and maintenance of bicycle infrastructure**

More people regularly cycling short distances (up to 10 km) instead of driving private cars *will* reduce use of fuel.

As is true in metropolitan centres, bicycle transport in regional centres is a viable alternative to public transport or private vehicles. Cycling needs to be considered as part of public transport policy. Public infrastructure such as bicycle lanes, tracks, secure routes between housing estates and primary schools, and secure storage at public transport hubs and shopping centres all make cycling a safe and attractive transport option. But it needs to be considered part of public transport policy in order to integrate it properly.

Ongoing maintenance of bicycle infrastructure must become part of the planning and budgeting process as well. Bicycle lanes in Bendigo, for example, collect debris from motorised road users making the lanes unattractive and dangerous to use.

In addition to public infrastructure development, end-of-journey facilities must be developed to make bicycle use more attractive. Often these will be private facilities such as showers, change rooms and secure bicycle storage at places of employment. Encouraging the development of such private facilities should be considered as part of an alternative transport and reduction of fuel demand policy. In Bendigo, there are many heritage listed (read old) buildings that have no such facilities. A wide-ranging public transport policy that includes encouraging greater use of bicycles must also take this into account. Incentives for employers to develop appropriate facilities may be effective in encouraging people to use bicycles instead of private cars.

*Recommendation: Incorporate use of bicycles into public transport policy, which must then encompass facilities to encourage use of same. Examine similar policies and their outcomes, of cities and countries that have actively invested in bicycle infrastructure.*

#### **4. Behavioural change**

Behavioural change is one of the biggest hurdles to reducing use of private vehicles and thus private demand for fuel. It is one thing to develop public transport infrastructure; it is another to get people to use it.

Events like Bicycle Victoria's "Ride to Work Day" encourage people to try cycling to work. In metro areas, free breakfasts are often organised and prizes offered for formal participation. Unfortunately such incentives are not offered in regional areas. Incorporating such events into formal local transport policies may encourage more people to take part and continue cycling to work regularly.

Promoting and extending support for activities like walking school 'buses' will help reduce the number of short trips to take children to school.

Promoting positive images of people doing things like riding or walking to work or taking a shopping jeep to the supermarket will help overcome resistance because "no one else does it" or "I'll look silly". Witness the change in behaviour regarding shopping bags. There had been calls for many years to reduce the use of plastic bags. It was not until supermarkets became involved and actively promoted them that it became "acceptable" to carry shopping bags into the supermarket. Such behavioural changes require active and deliberate promotion.

Introducing subsidies for the purchase of bicycles similar to those offered for solar hot water systems, for example, may encourage awareness of the health, financial and environmental benefits of bicycle transport, and increased use for short trip transport.

*Recommendation: incorporate the need for behavioural change into transport policy planning and examine a range of means to achieve this.*