

Over a Barrel (700 words)

In November 2007, when the world oil price was nudging US \$90 per barrel, I wrote an article entitled “The Future of Oil” for the Dominion Post. The article explained that oil prices were rising because world oil production had been virtually static since 2005, while demand had continued to rise.

Since my article appeared, the price has climbed still higher. And there’s not much relief in sight: the International Energy Agency is now predicting only a slight increase in supply over the next couple of years, and a worsening supply crunch after that.

It appears that historically high oil prices are here to stay, and further increases remain likely. The question now is: how should we respond?

Individual New Zealanders have been taking sensible steps to reduce their dependence on oil. People have been using their cars less and walking, cycling and using public transport more. Those who can afford to buy new cars have bought smaller cars. Those who can afford to relocate have been moving closer to where they work.

But individual action won’t be enough. Since the end of World War Two, our entire economic system has become dependent on the easy mobility that oil, with its low price, ready availability, and high energy content, allows. The “business as usual” position is that we can depend on an unhindered flow of oil to keep our just-in-time economy moving: but business as usual stopped making sense a while ago.

We now face two threats: the long-term depletion of oil supplies, leading to sky-high prices and potential shortages as an unprepared world struggles to adapt; and the increasing risk of short- to medium-term oil emergencies. With production already struggling to meet demand, any disruption caused by war, terrorism or natural disaster will be magnified.

The recent truckies’ protests are a sign of the times. The road transport industry grew to dominate freight transport because of cheap fuel and policies that favoured road freight over sea and rail. Now that fuel is no longer cheap, and other modes are starting to make better sense, the truckies are feeling the pinch, and using their political muscle to try to insulate themselves from the winds of change.

Yet our distribution system for food and freight depends on trucks. Even if we shift long-distance transport to sea and rail, it is trucks that move goods from port or railhead to the shops where we buy them.

Of all goods, the most critical is food: New Zealand may grow far more food than we need for domestic consumption, but we still need to move it from farm to consumer. And our heavily mechanised farming system is just as dependent as trucking on oil and oil-based products. It’s time for the humble vegetable garden to make a comeback in our cities.

New Zealand is still better placed than most countries to cope with restrictions on oil imports. But all of us – politicians, planners, officials and the public – have to get real about what the post-cheap-oil future will be like. Where are we most vulnerable? What must we do as a society to become more resilient and adaptable? How do we manage the transition to a less oil-dependent future?

In the pursuit of economic efficiency, we have become dependent on overseas manufacturers for such critical items as clothing and medicine. But this dependence increases our vulnerability. Is it time to bring such critical industries back to New Zealand?

We also need to stop wasting money on projects that only make things worse. Let's start by placing a moratorium on building new motorways and highways. In an era of declining vehicle use, there is no longer any justification for more of these expensive white elephants, foisted on us by transport planners whose models and methods are stuck in the past, and those politicians who believe that more roads equal more votes.

Let's spend the money on things we actually need: better public transport, walkways and cycleways; an expanded and electrified rail system; better broadband infrastructure; and more robust ways of moving freight and producing food.

Major challenges are ahead. Let's start facing up to them.

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