

11 April 2008

Garnaut Review Secretariat
Level 2, 1 Treasury Place
East Melbourne, Victoria 3002

Submitted by email to contactus@garnautreview.org.au

Dear Professor Garnaut,

I am writing in response to the issues raised in two papers recently published by the Garnaut Climate Change Review: "Issues Paper – Forum 5, Transport, Planning and Built Environment" and "Emissions Trading Scheme Discussion Paper." The Australian Automobile Association (AAA) welcomes the opportunity to provide this submission to the Review.

General Comment

As Australia's leading motoring advocates, collectively representing 6.5 million members, the AAA clubs are acutely aware of the importance of the car to people from all walks of life, from high mileage drivers travelling for business, to those on low incomes or who are disabled for whom the car is a lifeline to work, the shops and a range of services.

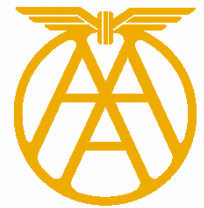
One of the key challenges for Australia in the 21st century is to harness the enormous benefits of cars, while at the same time making significant reductions in the negative impacts caused by motoring, such as air pollution, death and injury and greenhouse gas emissions. I note that cars account for 8% of Australia's total greenhouse gas emissions.

Earlier this year, we published "On The Road To Greener Motoring", which sets out our guiding principles, objectives and policy positions on climate change. The statement was also accompanied by a series of fact sheets which provide further details on issues such as what motorists think about environmental issues, the importance of "eco driving" as a cost effective means of reducing emissions, and our views on emissions trading and its impact on motorists.

Many of the issues posed in the Review's papers are canvassed in our package of materials. For example, we believe there is a need to improve the fuel efficiency of new cars. In 2006, the average emission rate of new cars sold in Australia was 260 grams of CO₂ per km, which is much higher than the rate of 161 grams of CO₂ in Europe. Governments can show leadership by specifying tighter fuel efficiency requirements for their own fleets. Since their fleets are regularly renewed, these more efficient vehicles would soon flow into the broader Australian fleet.

Further, to assure the community that production and use of locally made cars is not adding unnecessarily to Australia's greenhouse gas emissions, payments under the Government's Automotive Competitiveness and Investment Scheme (ACIS) — which will total \$7 billion by 2015 — could be structured so as to create incentives for improvements in fuel consumption and reductions in the emissions generated by production, maintenance and disposal of vehicles.

For our part, we intend to assist motorists to identify more fuel efficient vehicles through consumer programs such as the Low Emissions Vehicles (LEV)



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WORLD WIDE AFFILIATION THROUGH THE AIT AND FIA



Automotive Partnership, which includes the RACV, and has published the www.GreenWheels.com.au website.

With respect to the design of an emissions trading scheme specifically, the key elements of our position are:

- a carbon emissions trading scheme should include all industry sectors and all automotive fuels;
- a carbon emissions trading scheme should be tailored to Australia's needs and be compatible with international goals;
- Federal Treasury should conduct and publish economic modeling on the effects of emissions trading; and
- fuel taxation should be reformed and road pricing introduced ahead of the implementation of an emissions trading scheme.

As many of the issues raised in the Garnaut Review discussion papers are covered in our package of materials, I have attached copies for your consideration. These are also available for download from our website at www.aaa.asn.au.

Specific Comment

There is an argument cited in Issues Paper 5, that "provision of road infrastructure may induce growth in passenger car use, by reducing the competitive advantage of public transport and possibly inducing additional travel." I note however that growth in personal travel is also a function of numerous factors including changes in population, shifting demographics, fuel prices and personal incomes.

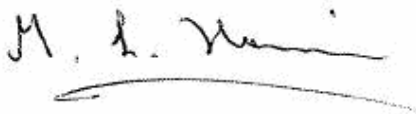
Road investment is able to relieve traffic congestion, which is an avoidable source of greenhouse gas emissions. For example, by enabling traffic to flow more freely in Melbourne's eastern suburbs, it is estimated that the EastLink motorway reduced fuel use by \$23 million a year — which translates into significant reductions in greenhouse gas emissions. This benefit is just one of many that derive from faster, safer and more reliable trips and reduced air pollution.

In our climate change statement, we argue the need for the integration of various modes of transport, including the car, public transport, cycling and walking, both in existing and new urban and in regional areas.

The challenge is to ensure that transport is efficient and that emissions are minimised in a cost effective way.

Please do not hesitate to contact me on 02 6247 7311 if you would like to discuss our submission.

Yours sincerely,



Mike Harris
EXECUTIVE DIRECTOR

