

10 May 2011

Consultation Support Team
Department of Climate Change and Energy Efficiency
GPO Box 854
Canberra ACT 2601



**AUSTRALIAN
AUTOMOBILE
ASSOCIATION**

Dear Sir/Madam

The Australian Automobile Association (AAA) recently contacted the Department of Climate Change and Energy Efficiency regarding an extension for the submission on the proposed architecture and implementation arrangements for a carbon pricing mechanism, due on 10 May 2011. At this point in time, the AAA Board has not approved the latest draft carbon pricing policy, but will do so imminently.

In response AAA was advised by the Department:

Whilst the Department will continue to accept submissions after 10 May, unfortunately we cannot guarantee that these will receive the same level of consideration in the policy development process as submissions which are received by the due date.

If it is not possible to submit something by 10 May, I would encourage you to provide at least preliminary comments as early as possible.

In 2008, AAA released comprehensive climate change policies, and these can be viewed here:

http://www.aaa.asn.au/documents/reports%2F2008%2FAAAGreener_web24pp.pdf

AAA's policy in this document regarding carbon pricing is:

Policy 4.1 AAA prefers a market based emission trading system which imposes permit obligations on upstream petroleum refiners and importers, rather than a system of carbon taxes.

The Federal Government has announced its intention to implement a carbon emissions trading scheme by 2010. AAA has been supportive of this approach, because a price on carbon creates incentives for households and businesses to explore low-cost ways to reduce greenhouse gas emissions.

However, while AAA accepts that motorists should take responsibility for their emissions, they shouldn't be expected to bear more than their fair share of the burden. In principle, it would be preferable to make motorists the acquittal point for emissions trading permits so they can take the necessary action to reduce emissions.

However, the sheer number and diversity of vehicles would make comprehensive coverage difficult and costly to achieve in practice. Apart from the costs involved in a large number of emitters being required to acquit permits, there are difficulties in locating, monitoring and attributing vehicles emissions back to their 'owners'. Hence, a better approach is to ensure that upstream petroleum refiners and importers are the point of acquittal for transport emission permits.

Constituent Member



RAC members are happier



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WORLD WIDE AFFILIATION THROUGH THE AIT AND FIA



AAA also believes:

- *A carbon emission 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 modelling on the effects of emissions trading.*

Furthermore, AAA issued a media release on 26 February 2011, where our former CEO is quoted as saying:

The carbon price should be part of the existing fuel excise. This was the case with the original emissions trading scheme (ETS) and AAA calls on the Government and the Prime Minister to honour their previous commitments to offset any carbon tax on fuel with a corresponding drop in excise.

The full media release can be viewed here:

http://www.aaa.asn.au/publications/media_releases.php?action=view&media_released=445

AAA also issued a media release on 18 March 2011 stating:

The Australian Automobile Association (AAA) has today supported the recommendation by Professor Ross Garnaut for a reduction in fuel excise to compensate motorists for petrol price increases under a carbon tax.

In his updated Climate Change Review, Professor Garnaut has highlighted that a starting price for carbon of between \$20 and \$30 per tonne would result in a 5-7 cents per litre increase in the cost of petrol. He has recommended that the increase be offset for motorists through a one-off reduction in petrol excise.

AAA Technical Services Director Craig Newland said the recommendation was a step in the right direction.

The full media release can be viewed here:

http://www.aaa.asn.au/publications/media_releases.php?action=view&media_released=447

AAA will imminently submit our most up-to-date carbon pricing policies after approval by the AAA Board, and hope that these will be also considered.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Goodman', with several horizontal lines drawn through it for emphasis.

Greg Goodman
Acting Executive Director