

**AUSTRALIAN
AUTOMOBILE
ASSOCIATION
(AAA)**

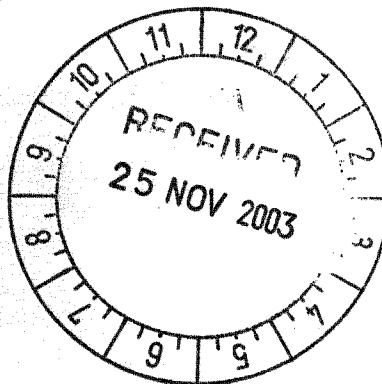
24 November 2003

Mr Bruce Billson MP
Chair
Environment & Heritage Committee
Parliament House
CANBERRA ACT 2600

Secretary: *[Signature]*

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SECT 2600 REPRESENTATIVES
STANDING COMMITTEE ON
ENVIRONMENT AND HERITAGE



Dear Mr Billson

INQUIRY INTO SUSTAINABLE CITIES 2025

The Australian Automobile Association represents (AAA) the interests of around 6 million motorists through its State and Territory motoring Clubs and Associations. These interests extend to reducing the costs of motoring and improving the safety and environmental performance of vehicles, all of which can have an effect on the sustainability of cities.

While the car is often portrayed by some interest groups as having a negative effect on sustainability through problems of air pollution and climate change, road traffic injuries and congestion, these problems are constantly being addressed by a range of stakeholders, including AAA. In fact, technological improvements have ensured that cars are becoming 'cleaner' and safer. A new car meeting the latest toxic emission standards is around 30 times cleaner than a new car in the early 80's. With a reduction in emissions, air quality is improving. This trend toward cleaner cars will continue with the introduction of new emissions standards and cleaner fuels. Euro 3 standards which come into effect in 2005 will reduce existing emissions by half, and Euro 4 standards to be introduced around 2008, will reduce emissions by a further 50 per cent.

Cars are also becoming safer. Improved vehicle design and improved crashworthiness has been encouraged by the Australian New Car Assessment Program (AAA is a member) in which cars are crash tested and awarded star ratings. Most cars now receive three or four stars, which are approximately 30 per cent safer compared to two star cars, which was the norm less than ten years ago. A few cars are receiving five stars. These improvements will continue to ensure a reduction in fatalities and injuries which are indicators of sustainability.

Sustainability is also a consideration when new road projects are on the drawing board. Urban road projects inevitably require an environmental impact assessment to ensure that the benefits exceed the costs. In fact, there is a significant backlog of road projects in Australia with benefit-cost ratios up to 5:1. Completion of these projects will bring societal benefits and there is an important role for the public sector in funding them.

New roads do not mean more cars - the average motorists is travelling the same distance as it did some 30 years ago - about 15,000km per annum - and the construction of new roads, particularly in major cities, will help address increasing congestion levels, reduce travel times and improve safety.

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WORLD-WIDE AFFILIATION THROUGH THE AIT AND FIA



The implementation of new technology for pricing road and public transport use will also help to improve mobility in cities and better use of resources. Other Intelligent Transport Systems (ITS), such as route guidance, offer considerable scope for improving road safety and environmental outcomes.

Public transport has an important role to play in ensuring the sustainability of cities. However, the fact remains, Australian motorists are attached to their cars as they provide a high degree of mobility and freedom – surely a requirement for sustainability. The independence which the car provides is clearly related to a high standard of living. Continuing research by AAA shows that members see their cars as absolutely essential for moving between home and work, school and leisure; this is particularly important for those living in rural and regional cities where public transport options are often limited.

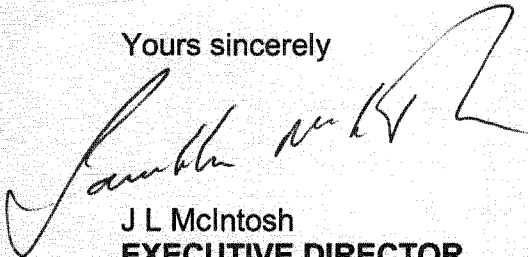
Land use planning will also have an impact on sustainability of cities. But every Australian city is different in terms of patterns of urban development, urban density and modal choice. In this respect, decisions taken at the State level may have a more profound effect on an individual city's liveability and sustainability. However, it is important that there is a national framework which ensures that policies at the State level affecting sustainability are nationally consistent. One such example is the need to ensure a national and common architecture and standards for electronic tolling of roads.

In this brief submission, we do not propose to address all of the complex issues of land use planning and their relationship with the car, and the range of technology solutions available which will help to achieve sustainability of cities. Rather, as part of this submission, we have attached a summary of the key points from two recent documents produced by AAA, namely *'Benefits of Public Investment in the Nation's Road Infrastructure'* prepared for AAA by the Allen Consulting Group, and *'Australia in Motion'*. We have enclosed a number of copies of the two reports for distribution to individual Committee members. We believe that these two reports, and the attached summary, are relevant to the issue of sustainability from a motoring perspective.

The key points reinforce the positive features of the motor car, the need for better roads, the importance of new technology, and the role Governments should play if improved safety and environmental outcomes are to be achieved. If the right decisions are taken and Governments set the right parameters, the car will be seen as contributing to the sustainability of cities, not the reverse.

I trust this submission will assist the Committee with its Inquiry.

Yours sincerely



J L McIntosh
EXECUTIVE DIRECTOR

Enclosures

Benefits of Public Investment in the Nation's Infrastructure

- Given its interconnected character, and the wide spreading of its benefits and costs, there is an inherent *public* role in the planning and provision of road infrastructure.
- An agreed nationally-strategic transport network needs to be established for which the Commonwealth has a clear role in pursuit of national objectives.
- The primary criterion for investment in infrastructure should be a positive social net benefit/cost ratio. That is, the overall equation between net benefits and costs for the community as a whole – subject to there being budgetary scope to fund the servicing costs of the public component of the investment.
- There is a substantial menu or backlog of land transport infrastructure, primarily road, projects currently available that meet this criterion – i.e. significant unmet needs for road investments that would benefit the community.
- There are good grounds for concluding that a substantial *public* investment program funded in substantial part by borrowing is feasible at present. The Commonwealth's balance sheet and debt position are particularly strong and there is at present no tight borrowing constraint per se.
- It is estimated that current required roadworks (including upgrades and new construction) in NSW total around \$4.4 billion, in Victoria total around \$3.8 billion, and in Western Australia total around \$2.2 billion.
- A number of recent and forthcoming projects illustrate how tackling the backlog of investments bring substantial reductions in travel times and congestion costs, vehicle operating costs and crashes. Reductions in these are benefits of land transport investment, not costs.
- Melbourne's CityLink tollway provided a significant lift in connectedness for the Melbourne urban arterial system. A recent stocktake of benefits of CityLink estimated direct benefits in excess of \$380 million.¹ This figure implies an ex post (gross) benefit cost ratio of around 2:1, or \$4 billion of benefits for a cost of around \$2 billion.
- Better pricing can potentially improve the efficiency of road provision and use, and help address problems of congestion in urban areas. Indeed, an appropriate pricing framework is fundamental to the success of any transport plan – without it an optimal balance of usage among transport modes will not come about.
- Users of light vehicles such as passenger cars pay excessive usage related charges which are compounded by tolls on parts of the urban and inter-urban networks, while users of heavy vehicles are substantially undercharged in relation to the costs directly associated with their road usage.

¹ The Allen Consulting Group 2002, *Estimating the Economic Benefits of CityLink*, Report to Transurban CityLink

Australia in Motion

- Roads provide over 95 per cent of the transport task for private motoring, carry most of the freight tonnage, and accommodate the great majority of public transport (taxis, buses, trams) – a dominance that is likely to continue even with a significant shift of freight to rail.
- It is estimated that the Commonwealth will collect \$13.25 billion from fuel excise in 2002-03, yet will only contribute around \$1.94 billion to the road network. Research for AAA concludes that even when other externalities are included (eg air and noise pollution, crashes not covered by insurance), motorists 'pay their way'.²
- The backlog of link roads in both urban and regional areas (including outer metropolitan roads) needs to be addressed to underpin a competitive framework – important links within the major capital cities need to be completed.
- The current system of fuel taxation needs to be reformed and replaced with a road pricing system that reflects the costs of road use, with revenue being directed towards building and maintaining the road asset. Charges for trucks need to reflect the real cost of their use.
- The National Road Safety Strategy identifies a number of key measures that should contribute to achieving the target of a 40 per cent reduction in road fatalities per 100,000 population by 2010 -improved safety of roads, improved safety of vehicles, improved road user behaviour and use of new technology to reduce human error.
- Governments should invest in these measures and regard the outlay as a *benefit* to the community – which it is, since road trauma is estimated to cost the Australian community \$15 billion per annum.
- The Australian vehicle manufacturers have committed to a voluntary fuel consumption target for new passenger cars of 6.8 litre/100km by 2010. This target represents an 18 per cent improvement over the 2001 rate and will require improvements at twice the rate achieved over the past 20 years.
- In respect of Intelligent Transport Systems (ITS):
 - Driver information and guidance systems to improve efficiency on the road network should be implemented where appropriate and should be an integral part of all modern freeways
 - ITS technology should be compatible throughout Australia
 - Consumers should have single, compatible Australia-wide access to advanced tolling and ticketing, such as electronic tags on toll roads and smart cards for public transport ticketing
- Where subsidies are provided to public transport, Government agencies should ensure that they are transparent.
- Where congestion charges are introduced, the charge should be offset by a reduction in other motoring costs – it should not be in addition to existing taxes and charges paid by motorists.

² Australian Automobile Association 'Towards a fairer fuel tax policy', Submission to the Fuel taxation Inquiry Committee, October 2001

ADDITIONAL INFORMATION HELD BY THE COMMITTEE

ATTACHMENTS TO SUBMISSION NO. 121

**ATTACHMENTS, APPENDICES AND PHOTOGRAPHS PROVIDED WITH
SUBMISSIONS ARE HELD IN THE COMMITTEE OFFICE**