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MEDIA ALERT

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Emissions from transport set to rise

Greenhouse gas emissions from transport fuels will continue to rise despite high world oil prices, according to an analysis of Government figures conducted by the Australia Institute, a Canberra based think tank.

“Higher petrol prices are making people think twice about how much petrol they are using, but the latest numbers from the Government show that there is no doubt that demand for petrol and greenhouse emissions from transport will continue to rise regardless,” said Dr Richard Denniss, Executive Director of the Australia Institute.

In a paper released yesterday the Bureau of Infrastructure, Transport and Regional Economics provided estimates of the sensitivity of the demand for petrol in response to changes in price. The report found that while higher prices reduced demand, other effects such as population growth and economic growth were more important determinants.

“The Rudd Government used the increase in the world price of oil to justify insulating the petrol price from the impact of emissions trading, but the Government’s own figures show that this will not be enough to reduce the demand for petrol year after year.”

The Bureau of Infrastructure, Transport and Regional Economics concluded that for every 10 per cent increase in the price of petrol demand for petrol would fall by only 2 per cent. However, their report also states:

The long-run growth trends for transport in Australia are driven by population increase (the primary driver for car travel) and by increases in income (the primary driver for trucking, rail and aviation). In the past, steady growth in income and population, coupled with low fuel prices, has meant fairly steady growth in Australian transport fuel use of about 2 per cent per year.

“What the Government’s analysis shows is that unless petrol prices increase by at least 10 per cent, or around 16 cents per litre per year, greenhouse emissions from passenger cars will continue to rise.”

“If the Government’s strategy is to simply rely on rising world oil prices to curb Australia’s demand for petrol then it is likely to fail. To tackle climate change petrol needs to be included in the ETS, we need to end the subsidies to large cars and 4WDs and we need some serious investment in public transport. It’s not rocket science,” concluded Dr Denniss.