Australian Automobile Association

aaa@aaa.asn.au
+61 2 6247 7311
aaa.asn.au

OFFICE
Level 1, 103 Northbourne Ave
Canberra ACT 2601

PO BOX
GPO Box 1555
Canberra ACT 2601

AAA submission to National Competition Policy analysis 2025 – interim report

Introduction

The Australian Automobile Association (AAA) is the nation's peak motoring body, representing Australia's state-based motoring clubs and their 9.5 million members.

The AAA is an apolitical and technology-neutral advocate for federal transport policy that improves safety, affordability, sustainability and equity.

It regularly commissions research and develops in-depth analysis of issues affecting transport systems, including affordability, road safety, and vehicle emissions.

Transport is a key enabler of a productive economy and has a material impact on the lives, livelihoods and amenity of Australian families and communities.

The AAA welcomes the opportunity to provide comments on the Productivity Commission's recently released *National Competition Policy analysis 2025 Interim Report*. The AAA's comments relate to two potential reforms highlighted by the Commission for inclusion in the forward National Competition Policy (NCP) reforms, namely:

1. Road user charging reform, with particular focus on Zero and Low Emission Vehicles (ZLEVs).
2. Data sharing reforms, particularly as they relate to vehicle generated data.

1. Road User Charging

The AAA has advocated for reform to road-user charging since 2015, seeking to ensure fairness and equity in how road users contribute to the cost of land transport infrastructure delivery and maintenance.

Excise has been applied to petrol since 1929 and to diesel since 1957, and the current rate of excise stands at 51.6 cents per litre[1]. The Federal Budget 2025-26 forecasts net fuel excise revenue of more than $16 billion per year over the forward estimates[2] and expenditure on land transport infrastructure of more than $13 billion[3] per year over the same period.

The shift to low and zero emission vehicles reduces consumption of liquid fuels, leading to a decline in fuel excise revenue and some vehicle operators paying very little or no fuel excise. While the AAA has been pleased to see uptake of zero and low emission vehicles (ZLEVs) continuing to accelerate over recent years, as uptake increases, the fairness of how road users contribute to road infrastructure investment is declining, and so too is government revenue.

[1] https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/excise-on-fuel-and-petroleum-products/excise-duty-rates-for-fuel-and-petroleum-products accessed 2 September 2025.
[2] Federal Budget 2025-26, Budget Paper 1, Tables 4.7 and 5.12.1
[3] Federal Budget 2025-26, Budget Paper 1, Table 15.

As penetration of electric and other low emission vehicles continues to increase, the AAA is concerned that it will become increasingly difficult to bring these vehicles into the land transport tax system. Ultimately this will have an impact on fuel excise revenue and the funding available for land transport infrastructure and services. The 2024 Federal Budget forecasted a reduction in fuel excise receipts by $470 million over four years from 2024-25 as a result of the introduction of the New Vehicle Efficiency Standard (NVES)[4].

The AAA believes that the Australian Government needs to lead a national approach to land transport tax reform and facilitate the introduction of a road user charge for zero and low emission vehicles as the immediate priority. In the absence of a national approach, Australian state governments have acted in this policy space with limited success. Four states have proposed or legislated similar RUC schemes. The Victorian Government introduced a scheme in 2021 which was struck down by the High Court of Australia in 2023. South Australia passed legislation in 2021 to introduce a scheme that was subsequently repealed in 2023, and Western Australia has previously proposed a scheme. NSW has legislation in place for a scheme to commence on 1 July 2027, however it is unclear whether this model will withstand any future challenges that may arise following its commencement.

Given this uncertainty the AAA calls on the Australian Government to work with the states and territories to implement a sustainable and equitable road user charge for zero and low emission vehicles. The AAA acknowledges the recent comments made by the Treasurer and other senior Government Ministers on this subject and the work that is currently underway with State and Territory Treasurers to progress how a model could be implemented nationally.

The AAA believes that a well-designed Road User Charge on zero and low emission vehicles (including electric and plug-in hybrid vehicles) can play an important role in supporting government efforts to increase penetration of this technology into the Australian vehicle fleet. The AAA has consistently advocated for at least a proportion of the funding raised through a road user charge to be allocated and invested into land transport infrastructure, including EV recharging stations in regional locations where it may not be commercially viable for the private market to make this investment. This would have the dual benefit of increasing the attractiveness of EVs to people living and working in regional locations, whilst also giving confidence to urban and peri-urban dwellers that EVs can meet their transportation needs, including long distance travel.

This is supported by consumer research undertaken for the AAA in July 2025, which identified that in relation to a potential road user charge (RUC) on electric vehicles:

- 'awareness' of road user charging is very low, with only 29% of respondents saying they have heard of the concept (59% of EV owners say they have)
- levels of 'understanding' of RUC are even lower. While 32% of people broadly describe it as a "road tax", only 1% of people identify it as a "distance-based charge", while 11% think of it as a "toll for particular roads"; a further 11% describe it as an "additional" registration fee; and 6% confuse it with the roadside re-charging of electric vehicles
- people offer initial hesitation regarding the introduction of a RUC due to concerns of Government tax grabs, and they also see it as having a potential negative impact on EV uptake
- messaging about "fairness" (all road users should contribute to fund the roads we all need) significantly shifts initial opposition to considered net support
- highlighting that revenue raised from a RUC can also be used to fund EV charging infrastructure will likely build support, as it will position RUC revenue as part of the solution to consumers' major hesitation towards EV uptake (i.e., range anxiety).

[4] Federal Budget 2024-25, Budget Paper 2, page 150

From a productivity and competitiveness perspective, reinvesting income from a road user charge into regional EV charging can also assist with stimulating regional economic activity. Local governments and regional business chambers could develop initiatives to take advantage of business and tourism traffic visiting towns to charge their vehicles.

Additional productivity gains could also be made in the local freight and passenger movement sectors where small operators would be able to transition away from internal combustion to lower emission light vehicles operating at lower cost.

2. Vehicle Generated Data

The AAA welcomes the Productivity Commission's suggestion in this and previous reports about the inclusion of data-sharing in the forward NCP reforms.

In many sectors of the economy, the march of technology has outpaced the ability of regulators to ensure technological change is of benefit to consumers and the economy more broadly. One such sector is the automotive sector, where the ever-increasing amount of data generated by vehicles is under the tight control of vehicle brands, with limited opportunity for consumers to choose where data is sent or to share in its benefits.

The AAA believes unlocking vehicle-generated data so that consumers can share in its benefits, can be an important element in the Government's objective to revitalise competition and boost productivity.

Connected vehicle technology presents challenges and opportunities for regulators.

"Connected vehicles" are those with embedded internet connectivity, equipped with various sensors and cameras that collect data. These vehicles can send and receive data to/from systems outside the vehicle, enabling features such as over-the-air software updates and diagnostics, GPS, and emergency calling if the vehicle is in a crash. Wireless telematics technology allows connected vehicles to communicate bidirectionally with other systems outside of the car, information relating to:

- vehicle components (e.g. battery status, motor temperature, diagnostic data, error codes)
- the driver (e.g. audio/video dialogues, driving style, speed) and
- the surrounding environment (e.g. coordinates, traffic, dashcam).

Connected vehicles accounted for approximately 25% of new sales in Australia in 2024 and this is expected to increase to 93% by 2031.[5] As more vehicles become connected, telematics will replace the traditional onboard diagnostic port (into which service technicians plug their computerised diagnostic equipment) as the primary way to access repair data, making access to vehicle generated data important now and into the future as a means to ensure competition in the motor vehicle repair market.

The AAA believes that consumers should have the right to benefit from the data generated by their vehicle.

New vehicles are collecting ever-increasing amounts of data about the vehicle, the driver and other occupants of the vehicle, how the vehicle is being driven and the vehicle's surroundings. As data collectors, vehicle brands are required to inform the owner of the vehicle about the types of data being collected, the purpose for which it is collected, how it is stored and to which third parties it may be provided. However, the privacy policies of vehicle brands are vague and ambiguous, leaving consumers in the dark about what data is being collected, what is done with

[5] Austroads, *Future Vehicles Forecasts Update 2031*, Research Report AP-R654-21, September 2021.

it, and how they may opt-out of certain data collection. Vehicle brands have the exclusive ability to access and control the flow of all connected vehicle data (collectively referred to in this submission as "telematics data"). This creates a power imbalance, resulting in negative impacts for the consumer and the economy more broadly.

The AAA is concerned that the current regulatory environment with respect to vehicle generated data:

- gives vehicle brands unfettered ability to monetise vehicle generated data
- threatens consumer choice and fair competition in the aftermarket repair and services market potentially limiting supply of services and increasing costs
- constrains economic innovation, the development of new technology and product offerings for consumers
- reduces access to data that could enhance the delivery of government services.

The tight control of data by vehicle brands and the resulting dampening effect on competition is denying consumers the chance to shop around and holding back small and/or independent businesses from the marketplace in which data can be used. Regulators face a challenge to ensure they keep up with the pace of technological change. This is an economy-wide phenomenon that applies to motoring, but also to many other sectors where new technologies have supplanted consumers rights and/or reduced competition and productivity. The challenge for regulators is to catch up to (and stay ahead of) technological change to ensure it advances the public interest.

The AAA believes that economy-wide access to data can play an important role in Australia's economic reform agenda.

The Federal Treasurer has indicated that boosting productivity is one of the Australian Government's top economic priorities for the current term of Parliament, with "harnessing data and digital technology" being one of the five pillars of productivity opportunity identified. [6]

The growth of technology and the internet of things has in recent years seen the rapid emergence of a wide variety of "smart devices". These devices are embedded with sensors, software and other technologies that connect and exchange data with other devices over the internet and include not only motor vehicles but also range from everyday household items to complex industrial equipment.

The untapped data from these devices could be captured to enhance economic productivity, as has been the case in overseas jurisdictions, most notably the European Union.

The European Data Act, due to come into force from 12 September 2025, sets a global benchmark for realising the potential value of data in the economy by giving consumers access to their data. It will be important for Australia to keep pace with this reform if it wants to truly revitalise national competition policy and realise the productivity gains offered by data.

The Data Act will enhance fair access to and use of data across all sectors of the European economy, giving consumers the right to access the data produced through their use of connected devices, including vehicles.

[6] Hon Dr Jim Chalmers MP, Treasurer, Address to National Press Club, *Economic Reform in our second term*, 18 June 2025.

The European Commission identified the following potential benefits from the Data Act: [7]

- cheaper prices for aftermarket services and reparation of their connected objects
- new opportunities to use services relying on access to this data
- better access to data collected or produced by a device
- new safeguards against unlawful transfers of data
- reduced costs when moving data to a different cloud provider.

The Australian Government should look to these international developments in data utilisation as it seeks out initiatives that will boost productivity and competition in the Australian economy. The AAA believes unlocking vehicle-generated data so that consumers can share in its benefits, will help revitalise competition and boost productivity. The AAA is currently undertaking research to scope the benefits of economywide data accessibility and quantify the particular economic benefits that could be realised in the automotive industry. We look forward to sharing the outcomes of this work in due course.

The AAA has been encouraged by and agrees with the Productivity Commission's consultation document of May 2025, which states: [8]

> *Giving Australians access to data that businesses, government and not-for-profits hold about them can empower them to find better products and services, obtain lower prices and access third party services.*
>
> *An effective system of access rights and controls could also enable Australian businesses to compete to build on existing consumer data to deliver new and innovative products, ultimately boosting productivity growth.*
>
> *Taking stock of the lessons from the CDR, we are exploring opportunities to better enable consumers to benefit from data about themselves and facilitate its use to drive innovation and productivity growth. We will look at where consumer data remains underused and the types of access that consumers need to get value from it.*

The Commonwealth Government has identified revitalised competition policy as one of the ways in which productivity can be enhanced, and the AAA has been pleased to see Treasury identify data portability as an element of competition reform[9]. The Commonwealth, state and territory government's 10-year competition reform program, formalised by the Intergovernmental Agreement on National Competition Policy (NCP) in November 2024, is organised around seven new NCP Principles.

Principle 2 speaks to government's role in supporting consumers to benefit from competition:

> *Principle 2: Governments should support consumers to benefit from competition*
>
> *Action: Parties will promote effective consumer participation in markets and manage the effects of limited participation, including by addressing barriers that consumers may face in making informed decisions and switching providers.*

---

[7] European Commission, *Impact Assessment Report Accompanying the document "Proposal for a Regulation of the European Parliament and of the Council on harmonized rules on fair access to and use of data (Data Act)"* COM (2022) 68 final, accessed at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022SC0034

[8] Australian Government Productivity Commission, *Pillar 3: Harnessing data and digital technology, Consultation Questions*, May 2025, p6.

[9] Intergovernmental Agreement on National Competition Policy, agreed by the Council of Financial Federal Relations on 29 November 2024, accessed at https://federation.gov.au/about/agreements/intergovernmental-agreement-national-competition-policy

Schedule 2 to the Intergovernmental Agreement explains:

> *Informed and engaged consumers are a prerequisite for effective competition. However, consumers cannot confidently engage in markets if there are information asymmetries between businesses and consumers, prohibitive costs involved with accessing information or switching providers, or businesses are able (to) engage in conduct that actively restricts switching to competitors.*
>
> *Proactively consider mechanisms to facilitate consumer empowerment*
>
> *Parties should consider mechanisms to ensure that markets are working in the best interests of consumers when operating in markets and/or in imposing regulations on businesses. This could be informed by studies to evaluate the effectiveness of competition and the 'demand side' of concentrated or complex markets. Categories of interventions could include:*
>
> *• improving disclosures of information, such as labelling, standardised service quality assessment tools or accessible disclosure requirements, that assist consumers to make informed purchasing decisions.*
>
> *• lowering barriers to switching in individual markets, such as reforming contractual provisions that make it challenging for consumers to switch or improving data portability.*

Consumer research on vehicle data demonstrates the power imbalance between the consumer and the vehicle brand

The AAA conducted consumer research on vehicle data in February 2025. The research found that while consumers inherently understand that they are constantly being tracked and harvested for data:

- in the midst of a "cost of living crisis" consumers are looking for the opportunity to share in the benefits of this data
- consumers believe that they should have the right to choose where their data goes, including options to opt in or out
- consumers are increasingly concerned about how their data is used believing that transparency needs to improve.