

AAA Submission to Productivity Commission – Boosting Australia’s Productivity – Interim Reports

The Australian Automobile Association (AAA) thanks the Productivity Commission for the opportunity to contribute to its inquiry on *Boosting Australia's Productivity* and provide a submission on its interim reports, structured in five pillars.

The AAA is the peak organisation for Australia's motoring clubs and their 9.5 million members. The AAA's constituent clubs are the NRMA, RACV, RACQ, RAA, RAC, RACT and the AANT. The AAA regularly commissions research and develops in-depth analyses of the issues affecting transport systems, including affordability, road safety, vehicle emissions and consumer impacts. The AAA's core purpose is to advance the interests of all Australian motorists, advocating for policy solutions that will improve the safety, equity and sustainability of Australia's transport system.

Australia faces slowing productivity growth, which is impacting the nation's long-term economic potential. The AAA welcomes the PC's identification of reducing the costs of meeting Australia's emissions targets, as well as new pathways for data access, as two priority areas for productivity growth. This submission will focus on two of the PC recommendations –

- ***Investing in cheaper, cleaner energy and the net zero transformation :***
Apply frameworks to achieve emissions targets at least cost and improve transparency (Draft recommendation 1.4)
- ***Harnessing data and digital technology :***
Establish lower-cost and more flexible regulatory pathways to expand basic data access for individuals and businesses (Draft recommendation 2.1).



Investing in cheaper, cleaner energy and the net zero transformation

Apply frameworks to achieve emissions targets at least cost and improve transparency

The AAA acknowledges the science of climate change and supports decarbonisation of the Australian economy. Mindful of costs, the AAA endorses measures that deliver emissions abatement at least cost to consumers and the Australian economy. The AAA also endorses policies that are underpinned by equity and flexibility and do not prescribe sector- or technology-specific outcomes.

The AAA welcomes the Productivity Commission's interim report *Investing in cheaper, cleaner energy and the net zero transformation*. The AAA agrees with the Productivity Commission's conclusion that economy-wide pricing mechanisms deliver least-cost abatement¹. Recognising that this has not been the approach taken by successive governments, the AAA supports the market-based New Vehicle Efficiency Standard as the least-cost mechanism to reduce emissions from Australia's new light vehicle fleet.

One of the considerations for emissions abatement policy is the risk that the emissions are not avoided, but the cost of abatement is still borne by consumers. The New Vehicle Efficiency Standard (NVES) aims to make low-emissions vehicles cheaper relative to emissions-intensive vehicles, likely leading to an increase in the share of low-emissions vehicles on the road². However, the NVES is based on emissions testing undertaken in a laboratory and therefore incentivises vehicle brands to achieve low emissions in the laboratory test. This may differ from the emissions performance of vehicles under real-world conditions when driven on public roads using Australian market fuels, resulting in costs to consumers that may not yield the emissions abatement that the NVES is intended to deliver.

Under mandatory federal new vehicle standards (Australian Design Rules), new light vehicles are required to display laboratory-derived emissions and energy consumption information on a label fitted to the windscreen of the vehicle at point of sale. This same information is also made available by vehicle brands on a voluntary basis on the Government's Green Vehicle Guide³.

As demonstrated through the testing conducted by the federal-government-funded AAA Real-World Testing Program, real-world emissions of light vehicles can differ from laboratory testing by over 30%⁴. By providing consumers with information on the real-world testing of vehicles, the Program can support the NVES by

¹ Productivity Commission, *5-year Productivity Inquiry: Managing the climate transition* (Inquiry report No 100, 7 February 2023) vol 6, p 16.

² Productivity Commission, *Investing in cheaper, cleaner energy and the net zero transformation* Interim report, p 21

³ www.greenvehicleguide.gov.au

⁴ 'Popular cars using up to 33% more fuel than advertised', *Real-World Testing Program* (Article, 31 July 2025) <<https://realworld.org.au/resources/popular-cars-using-up-to-33-more-fuel-than-advertised/>>.



informing the market of vehicles that do not deliver the stated laboratory emissions or energy consumption performance when tested under real-world conditions.

The consumption of liquid fuel is proportional to the CO₂ emissions produced when driving the vehicle and therefore buyers of internal combustion engine vehicles who may be motivated by fuel consumption cost savings will also reduce emissions. The fuel consumption from laboratory and real-world testing is reported so that these consumers can choose a vehicle based on fuel consumption, which will deliver a corresponding emissions result.

For electric vehicles, the reported laboratory results are for energy consumption and range. A gap exists between laboratory and real-world performance for electric vehicles. Availability of real-world data on the driving range of electric vehicles can help allay fears of range anxiety by providing a more realistic range for the vehicle and hence build confidence in the suitability of an electric vehicle. This can help promote the uptake of electric vehicles and assist in delivering the NVES targets.

Gaps Between Regulation and Real-World Emissions

As vehicle emission standards have evolved around the world, vehicle brands have been increasingly incentivised to optimise their lab-tested values. As a technology-taker in the new light vehicle sector, the Australian new vehicle market has been subjected to these effects.

The 2015 Volkswagen 'diesel-gate' scandal demonstrated the lengths to which car brands can go to skirt emissions regulations.⁵ This led to the development of the AAA's Real-World Testing Program, which measures the on-road fuel consumption and emissions performance of new Australian vehicles and compares these with the figures produced by carmakers in their respective mandated laboratory tests. As noted above, the New Vehicle Efficiency Standard will further incentivise vehicle manufacturers to optimise the result of the mandated lab test without necessarily delivering a proportional environmental benefit.

Testing undertaken by the AAA Real-World Testing Program of the 2023 Subaru Forester (table below) showed that the hybrid model does not always produce lower emissions than the non-hybrid model. In this case, the hybrid model consumed less fuel and produced less CO₂ emissions than the non-hybrid model when tested in the laboratory, but the reverse was true in the real-world test.

⁵ 'Court orders Volkswagen to pay record \$125 million in penalties', *Australian Competition and Consumer Commission* (Media Release, 20 December 2019) <<https://www.accc.gov.au/media-release/court-orders-volkswagen-to-pay-record-125-million-in-penalties>>.



	2023 Subaru Forester		2023 Subaru Forester Hybrid	
	Lab result	Real-World result	Lab result	Read-World result
Fuel consumption (L/100km)	7.4	7.2	6.7	7.4
CO ₂ Emissions (g/km)	168	165	152	172

The RWT Program tested a 2023 Subaru Forester and a 2023 Subaru Forester Hybrid. Both these models have now been superseded. The new models have not yet been tested by the Program.

A consumer choosing a lower emissions or lower fuel consumption model based on the laboratory tests would have selected the hybrid vehicle. However, in the real-world, the hybrid would have emitted 7 g-CO₂/km more than the non-hybrid (172 g/km – 165 g/km), resulting in an additional 1.68 tonnes of CO₂ released into the atmosphere over a vehicle life of 240,000km.

Under the NVES, the hybrid model would have received greater credit for its emissions than the non-hybrid. The Real-World Testing Program provides information to dissuade consumers from purchasing vehicles that do not deliver the advertised fuel consumption or emissions savings.

Provide Consumers with Confidence in Real-World Performance

The AAA Real-World Testing Program, in its latest batch of results released on 7 August 2025, tested five electric vehicles for range and energy consumption. The results showed that the maximum range of a battery electric vehicle could be 111km, or 23% less than stated range on the mandated energy consumption label based on laboratory testing.⁶

It should be noted that price is not the only factor in vehicle purchasing decisions. Polling undertaken by the AAA in July 2025 revealed that 60% of likely buyers of electric vehicles stated range anxiety as their primary concern (n=1,215).

The government-funded AAA Real-World Testing Program offers an opportunity to educate consumers on electric vehicles and address their concerns regarding range anxiety by providing real-world range results and building consumer confidence in the range of the vehicle.

Heavy vehicle decarbonisation options and possible policy overlap for light vehicles

The AAA notes that the Productivity Commission has identified a number of options for the decarbonisation of heavy vehicles including a targeted policy for low-carbon liquid fuels.

⁶ 'New real-world tests will help consumers overcome EV range anxiety', *Real-World Testing Program* (Article, 7 August 2025) <<https://realworld.org.au/resources/new-real-world-tests-will-help-consumers-overcome-ev-range-anxiety/>>.



The Productivity Commission has noted that the Australian Government promotes the supply of low-emissions light vehicles through the New Vehicle Efficiency Standard (NVES) and that governments should phase out policy overlaps for light vehicles.⁷

In response to a previous consultation paper, the AAA has sought clarification on how a low-carbon liquid fuel policy for heavy vehicles would be implemented, without creating policy overlap for light vehicles.⁸

The use of low-carbon liquid fuels (including blends of renewable diesel or synthetic fuel) is expected to result in an increase in the cost of fuel compared with fuel derived from crude oil. Given that the fuel quality standards for diesel and petrol are the same for light or heavy vehicles, there is a single market for automotive liquid fuels. Any price impacts resulting from policies to increase use of low-carbon fuels in heavy vehicles may also affect the price of fuels for light vehicles. The AAA would like to understand how this situation is to be avoided in any proposed policy for low-carbon fuels for heavy vehicles.

The Productivity Commission should consider possible impacts on light vehicle users when considering emission reduction policies for heavy vehicles. As the fuels are common across light and heavy vehicles, demand-side mandates for heavy vehicles may have flow-on effects on pricing across the entire pool of fuel. Of the options presented by the Productivity Commission, options 1, 2, and 4 could present challenges in quarantining light vehicles from the potential additional costs of these policies.

⁷Productivity Commission, *Investing in cheaper, cleaner energy and the net zero transformation* interim report, p 19

⁸ Australian Automobile Association, Submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Consultation on Future Made in Australia: Unlocking Australia's low carbon liquid fuel opportunity* (18 June 2024).



Harnessing data and digital technology

Establish lower-cost and more flexible regulatory pathways to expand basic data access for individuals and businesses

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 amounts 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.

When individuals and businesses can access and share data that relates to them, they can get more value from the products and services they use and more easily try new ones. They can also access useful insights and advice to make better decisions. These benefits can boost innovation and competition, potentially adding up to \$10 billion a year to the economy through productivity growth.⁹

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.

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.¹⁰

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 came into force from 12 September 2025, setting 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.

⁹ Productivity Commission, *Harnessing data and digital technology* interim report, p 29.

¹⁰ Hon Jim Chalmers MP, 'Economic Reform in our second term' (Speech, Address to National Press Club, 18 June 2025).



The Data Act aims to 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.

The European Commission identified the following potential benefits from the Data Act: ¹¹

- 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.

Following the commencement of the European Data Act, vehicle brands have responded by setting up mechanisms allowing consumers to control access to vehicle data as evidenced by the following examples:

Vehicle Brand	Link
Volvo	https://data.volvocars.com/
Hyundai	https://connected-mobility.hyundai.com/data-rights-en https://pleos.ai/playground
Toyota	https://www.toyota.com.cy/legal/data-sharing-notice
Ford	https://www.ford.ie/useful-information/terms-and-privacy-policy-hub/eu-data-act
Volkswagen	https://eu-data-act.drivesomethinggreater.com/nl/en
Renault	https://datasolutions.mobilize.com/api-catalogue

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 economy-wide data accessibility and quantify the economic benefits that could be realised in the automotive industry. We look forward to sharing the outcomes of this work in due course.

¹¹ 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, < <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022SC0034> > .



The AAA has been encouraged by the Productivity Commission's consultation document of May 2025, which states:

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.¹²

The Australian 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 The Treasury identify data portability as an element of competition reform.¹³ The Commonwealth, state and territory governments' 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.

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.

¹² Productivity Commission, *Harnessing data and digital technology*, p 6.

¹³ *Intergovernmental Agreement on National Competition Policy*, agreed 29 November 2024 <<https://federation.gov.au/about/agreements/intergovernmental-agreement-national-competition-policy>>.



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.

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 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 2031.¹⁴

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 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 many vehicle brands are vague and ambiguous, leaving consumers in the dark about what data is being collected, what is done with it, and how they may opt-out of certain data collection. Noting that fleets have only limited access to connected vehicle data – e.g. through hardware devices such as dongles – vehicle brands have significant ability to access and control the flow of all connected vehicle data (collectively referred to in this submission as 'telematics data'). This creates a

¹⁴ Austroads, *Future Vehicles Forecasts Update 2031* (Research Report AP-R654-21, September 2021).



power imbalance, resulting in negative impacts for the consumer and the economy more broadly.

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

- gives vehicle brands the potential of 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; and
- reduces access to data that could enhance the delivery of government services such as emergency services or transport planning.

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. This applies to a range of potential uses of the data including insurance, maintenance and repair, original equipment and aftermarket product and systems improvement, app development, traffic planning and management, road-user charging and emissions reporting. 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 MVIS is a world-leading government-mandated information-sharing scheme but it must adapt to remain relevant to technological advancements.

The Productivity Commission notes the Motor Vehicle Service and Repair Information Sharing Scheme (MVIS) as an initiative to improve data access¹⁵.

The AAA was a strong advocate for the establishment of the scheme in 2021¹⁶ and continues to champion its importance in facilitating fair competition and consumer choice in the automotive aftermarket repair and service industry. However, with vehicle technology rapidly evolving, regulatory settings must adapt so that they remain fit for purpose. The rise of connected vehicles is one such technological advancement, offering enormous benefits in terms of convenience and safety, while at the same time posing a challenge for regulators to protect consumer privacy, while allowing fair and safe access to the large amounts of data generated by the vehicle.

Further, supply and access to information under the MVIS is limited to a relatively small scope of service and repair information. The AAA is concerned about the

¹⁵ Productivity Commission, *Harnessing data and digital technology* interim report, p 29

¹⁶ Australian Automobile Association, Submission to The Treasury, *Motor Vehicle Service and Repair Information Sharing Scheme - Scheme Rules* (24 September 2021).



consumer detriment that currently exists as a result of vehicle brands controlling access to vehicle generated data.

The Government's Review of the MVIS is part of the first tranche of National Competition Policy reforms, which is focused on cost-of-living pressures. The AAA acknowledges the operation of motor vehicles as a significant cost of living pressure for Australian households, and tracks transport affordability each quarter, through its AAA Transport Affordability Index.¹⁷ The AAA is encouraged by the Australian Government's "commitment to realising the nation-wide benefits of greater competition in the market for motor vehicle repairs."¹⁸

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 telematics essential for an effective MVIS now and into the future.

The Motor Vehicle Information Scheme's current exclusion of both telematics data and digital logbooks allows vehicle brands unfettered access to this data and an exacerbation of an uneven playing field. The AAA calls on the Commonwealth Government to expand the Motor Vehicle Information Scheme to include telematics data and digital logbooks.

New cars represent a significant investment for consumers, fleets and small businesses. Currently, the inability of independent repairers to access digital logbooks may lead to uncertainty about a vehicle's service history and mean a vehicle owner feels obliged to go back to the vehicle brand for servicing and repair in order to protect their significant investment. This can lead to not only inconvenience (for example in rural and regional locations where dealerships may be a long distance away) but could also add cost due to the lack of competition in the repair market.

Epic Games case against Apple and Google

The issue of market power as it relates to consumer data was recently highlighted by findings against Apple and Google by the Federal Court of Australia. This case establishes a precedent for holding corporations with a substantial degree of power in the market accountable for engaging in anti-competitive conduct.

On 12 August 2025, the Federal Court ruled in favour of Epic Games, finding that Apple and Google engaged in a misuse of market power in breach of s 46 of the *Competition and Consumer Act* (CCA) by restricting the use of alternative app distribution methods and in-app payment methods on an Apple or Android mobile device.¹⁹ The decision is the first contested application of the "misuse of market power" provisions introduced into the CCA in 2017.

¹⁷ "Transport Affordability", *Australian Automobile Association* (Web Page)
<<https://www.aaa.asn.au/research-data/transport-affordability/>>

¹⁸ The Treasury, *Review of the Motor Vehicle Service and Repair Information Sharing Scheme* (Discussion Paper, June 2025) p 3.

¹⁹ Thomas Jones et al, 'A decision of epic proportions: Federal Court finds that app store providers contravened Australia's competition laws', *Bird&Bird* (Web article, 14 August 2025)
<<https://www.twobirds.com/en/insights/2025/australia/a-decision-of-epic-proportions>>



In the case against Apple, the Court found two relevant markets: the iOS app distribution market and the iOS in-app payment solutions. While there were alternative ways in which apps could be distributed or payments could be transacted, the Federal Court considered that these alternatives may be a constraint but were not a sufficient constraint to detract from these market definitions. Apple was found to have a substantial degree of power in both markets at all relevant times, as essentially a monopoly provider. The Court found that Apple had misused its market power by engaging in conduct that had the purpose, effect or likely effect of substantially lessening competition in contravention of s 46 of the CCA, specifically, Apple's practice of prohibitive sideloading and blocking alternative payment methods.

While the Court acknowledged Apple's claims they had put restrictions in place to manage security concerns, the Court found that the security benefits were not relevant to the anticompetitive harm caused. The Court also noted that for the purchase of physical goods in apps, alternative payment methods were permitted and there were no security issues there.

In the case against Google, the Court found three relevant markets: a market for the supply of mobile operating system licencing, a market for the distribution of Android apps and a market for Android in-app payment solutions. Google was found to have a substantial degree of power in all three markets at all relevant times but had misused its market power in only the latter two markets.

The AAA sees parallels between this case and the current environment for connected vehicles. Vehicle brands continue to have a monopoly over vehicle generated data, limiting the ability for a consumer or third-party to derive any benefit.

The Federal Court's written judgment is yet to be published (as at 15 September 2025) and the parties had 28 days to appeal the decision.