



**AUSTRALIAN  
AUTOMOBILE  
ASSOCIATION**



11 November 2014

Competition Policy Review Secretariat  
The Treasury  
Langton Crescent  
PARKES ACT 2600

### **Competition Policy Review Draft Report**

The Australian Automobile Association (AAA) is the peak organisation representing Australia's motoring clubs. The AAA's constituent clubs are the NRMA Motoring and Services, RACV, RACQ, RAC (WA), RAA (SA), RACT, AANT and the RACA. Combined, these clubs represent more than seven million Australian members, and advocate on behalf of all road users.

The AAA has reviewed the draft report of the Competition Policy Review. While some issues raised in our submission are addressed, we are disappointed that, as the representative of a significant group of consumers, the draft report did not address some key areas of competition such as consumer access and ownership of vehicle data.

The AAA considers that key areas of concern arising from the draft report are:

#### **Access and ownership of vehicle data**

The AAA is concerned that there is a significant potential consumer detriment arising from a lack of clearly defined ownership and control of vehicle data and technical information.

Vehicle communications and telematics technologies have progressed rapidly in recent years and with the emergence of the 'connected car' there is a concern that vehicle manufacturers are looking to restrict access to data produced by vehicles to advance their own commercial interests.

Our submission to the Review highlighted the important need for consumers to choose who carries out services such as repairs, roadside assistance and usage-based car insurance. Car owners should not be locked into bundling and purchasing arrangements that limit the consumer from choosing who provides a service related to their vehicle.



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The AAA believes that **scope** exists for the Australian Competition and Consumer Commission (ACCC) to investigate the restriction of vehicle data by manufacturers through section 46(1) of the Competition and Consumer Act 2010 (CCA).

### **Parallel Importation**

The Draft Report raised issues relating to parallel importation of motor vehicles. AAA research has found that passenger vehicles are more expensive in Australia than key comparable markets of the UK and Japan.

The AAA supports regulatory reforms to improve the affordability of vehicles for Australian motorists, provided the level of vehicle safety is not compromised. The personal importation of new vehicles from Japan or the United Kingdom could offer affordability advantages to Australian consumers. Our research has found that Australia's vehicle standards show a high degree of similarity to the Japanese and UK markets that may provide a basis for reducing restrictions to allow personal importation of new vehicles from these markets.

The AAA considers that any scheme to allow increased numbers of used imported vehicles to be sold in Australia must require these vehicles to meet the mandatory national vehicle standards in place at the time of importation.

These issues have been canvassed in the context of the Review of the *Motor Vehicle Standards Act 1989*.

### **Road Transport Pricing**

Draft Recommendation 3 in the report suggests that cost-reflective road pricing be introduced. The AAA has made many submissions that have been critical of the funding and taxation arrangements of the existing public infrastructure system. Under this system, there is no direct link between revenue and expenditure on land transport infrastructure. Road users pay for access to roads by delivering revenue to governments through a number of state and federal taxes or charges. Further, through the federal fuel excise, motorists pay a significant proportion of their household income as revenue to the Federal Government, which has historically not been reinvested into roads.

The AAA considers that changes to the current public infrastructure governance model are now well overdue and should be at the forefront of the Government's response to either this review or more appropriately, through the response to the Productivity Commission's review into public infrastructure. The AAA supports any governance model that bolsters the link between consumer demand and investment in an economically efficient way while still taking into consideration equitable access to infrastructure. A move to user pays system for roads will lead to greater efficiency and fairness for motorists, so long as existing indirect taxation is reduced.

### **Fuel market issues and the Anti-competitive disclosure of information**

The AAA has longstanding concerns over limited fuel price transparency and the possible detrimental effects brought on by the sharing of price information between petrol retailers.

We note the draft report's conclusions that private disclosure of pricing information has the potential to harm consumer interests as it can facilitate collusion or co-ordination between competitors.

The AAA reiterates our concerns over the level of competition in Australia's fuel market. The evidence suggests that there have been steep increases in petrol price margins over the past six years, with the largest increases being recorded in regional markets.

Fuel is a significant and essential expense for many Australian households, which serves to highlight the need for effective competition in the retail and wholesale fuel markets. The AAA believes there are a number of existing issues within the retail and wholesale fuel markets which require consideration in this review of competition law. The AAA urges the Review to consider the following:

- Support the development of a national information standard for fuel price boards as the best way to bring about national, industry-wide compliance.
- Investigate the Australian wholesale fuel supply and distribution markets with particular reference to the lack of competition in regional towns.
- Amend the CCA's acquisition and mergers framework to monitor post-acquisition growth to protect consumers from creeping acquisitions by existing major fuel retailers.

I trust these issues will be of use to the Review team. We look forward to your final report and the Government's response.

Yours sincerely



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