

BRIEFING NOTE

The Australian Automobile Association and the threat to fuel efficiency standards





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COVER IMAGE: Rush hour with heavy traffic at multi-lane road, with exhaust coming out of car exhaust pipes.

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THE AUSTRALIAN AUTOMOBILE ASSOCIATION

And the threat to fuel efficiency standards

Summary

As the peak body for state-based motoring clubs, the Australian Automobile Association (AAA) represents their 8.9 million members, and engages in advocacy and research on behalf of road users.¹

However, recently released Freedom of Information (FOI) documents analysed by Greenpeace reveal that the AAA has a long history of working with fossil fuel and petrol car interests to undermine a crucial policy measure to reduce petrol costs for motorists, and cut emissions from Australia's vehicle fleet: a fuel efficiency standard.

This lobbying appears to be in direct conflict with the interests of Australian motorists who would have saved nearly six billion dollars had fuel efficiency standards been introduced in 2016.² It also conflicts with the positions of its motoring club members who have made commitments on climate change and to support the uptake of electric vehicles.

This briefing paper draws on FOI documents and the public record to detail the role the AAA has played in undermining this crucial policy for nearly a decade.

With the Albanese government currently working on details of a new vehicle emissions standard, and another legislative debate imminent, Greenpeace Australia Pacific believes that the AAA's track record

¹ Australian Automobile Association, '[Who we are](#)', accessed 18 August 2023.

² The Australia Institute, '[Fuelling efficiency Report](#)', August 2022.

positions the organisation as a potential threat to the introduction of a strong fuel efficiency standard (FES).

While the organisation claims they are a key voice for motorists, their alignment with fossil fuel interests should be of significant concern to state based motoring clubs with their own climate commitments, and the public who mistakenly believe the AAA to be a 'technology neutral' advocate.

Key points

- The peak body for state-based motoring organisations, the Australian Automobile Association, has a history of working with fossil fuel and petrol car interests to undermine climate action like a fuel efficiency standard
- Australian motorists would have saved over six billion dollars since 2016 had a strong fuel efficiency standard been in place
- Greenpeace Australia Pacific says the AAA's track record positions the organisation as a potential threat to the imminent introduction of a strong fuel efficiency standard

The Beginning of the Fuel Efficiency Standard

Fuel efficiency standards are globally proven and widely adopted policy to reduce emissions from light vehicles and cut costs for motorists.

The first government proposal to introduce fuel efficiency standards in Australia, was made back in 2009, when the Council of Australian Governments (COAG) released the 'National Strategy on Energy Efficiency', part of which resolved to undertake a regulatory impact analysis for introducing CO2 emission standards for light vehicles.³

From 2009 to 2014 various bodies of Government released reports into the policy, but it never progressed to legislation.

Following the election of the Turnbull government in 2015, a new Ministerial Forum was established with a view to legislate a FES in Australia. It circulated analysis of three targets through a draft regulatory impact statement (RIS),⁴ and invited feedback from stakeholders.

³ Council of Australian Governments, [National Strategy on Energy Efficiency](#), July 2009.

⁴ Department of Infrastructure and Regional Development, [Improving the efficiency of new light vehicles Draft Regulation Impact Statement](#), December 2016.

The Ministerial Forum Regulatory Impact statement showed that of the three targets analysed the strongest scenario would lead to the highest costs savings for consumers, and greatest emissions reduction.

However, powerful forces stood to lose from the adoption of a strong fuel efficiency standard, including car importers with interests in maintaining the status quo in terms of petrol vehicles sales, and petrol companies profiting from the fuel those cars consumed. An additional opponent of the policy also emerged: the Australian Automobile Association (AAA).

The AAA was one of many organisations, alongside petrol car lobby the Federal Chamber of Automotive Industries (FCAI), which provided an individual submission in response to the RIS. The AAA's approach was to propose standards that appeared on the surface to achieve a modest reduction in pollution, but which included so many bonus credits for car makers that the emissions targets from the AAA were effectively useless.

The Department of Transport provided its assessment of the AAA's individual proposed emissions standards when briefing the Ministerial Forum. It concluded that, after accounting for credits, the AAA's proposed emissions reductions would be effectively the same as business as usual.⁵

The Department concluded: 'as the credits available under the FCAI and AAA models (~18.5gCO₂/km) are greater than the improvement required beyond business as usual, manufacturers could comply with their proposals through credits alone.'⁶

The AAA proposal would water down the climate outcomes of the proposed pollution cap by 78%. While the government's proposal would have reduced emissions by over 46 megatonnes by 2030, the AAA's would achieve less than 10 megatonnes.⁷

Ministerial Forum Releases a Proposal, Media Battle Starts

While the Ministerial Forum was due to report on the progress of the consultation process in mid 2017, no such report was forthcoming. Instead, it appears that the Transport Minister circulated a proposal that, if adopted, was expected to save over 20 megatonnes of carbon pollution by 2030 and to reduce petrol bills for Australians by at least \$200 a year.⁸ This became known as the 'Original Proposal' or the 'model released for consultation' by the Department. It contained an effective target of 105-117gCO₂/km in 2025 after credits. While modest, it was still

⁵ Department of Infrastructure, Freedom of Information Request 23-042, [Documents relating to meeting briefs covering vehicle emissions](#), page 13.

⁶ *ibid* page 12.

⁷ *ibid* page 16.

⁸ *ibid* page 2.

substantially stronger than the weak targets submitted by the FCAI and AAA in their individual submissions.

It appears that the Original Proposal was almost immediately leaked to the media. In July 2017 the Daily Telegraph obtained a confidential draft of the original proposal from ‘car distributors’.⁹ The front page article led with quotes from AAA Managing Director Michael Bradley, who described the proposed target as ‘one of the most extreme efficiency standards in the world [which] will lead to car prices going up and motorists having fewer cars to choose from.’¹⁰ It is unclear where the claim from the AAA about car price increases came from, but possibly modelling it had commissioned in 2016 (discussed below).

In April 2018, the Michael Bradley provided quotes to the ABC which elaborated further on the risk of car price increases, and included the bizarre claim that a FES ‘will likely increase the price of petrol,’¹¹ which has no obvious grounds in fact and is not referenced anywhere else in the AAA’s submissions to Government.

The Department noted that following feedback from stakeholders (and perhaps having regard to media coverage), the Minister weakened the proposal and ‘offered several concessions to vehicle manufacturers.’¹² The new, weaker proposal became known as the ‘Current Proposal’ by the Department. It introduced a range of credits which reduced the proposal to an effective target of 123gCO₂/km in 2027 after credits.

The AAA joins forces with petrol lobby to oppose strong standards

Following the circulation of the Current Proposal there was a period of public silence from the Ministerial Forum. The Current Proposal, despite being watered down and offering concessions to car companies, was still stronger than the individual submissions made by the AAA and the FCAI.

On 25 May 2018, the AAA joined the FCAI and AIP to submit a joint letter to Transport Minister Fletcher and Energy Minister Frydenberg, proposing a fuel efficiency standard of ‘112gCO₂/km by 2030, plus credits and flexibilities, phased in from 2020.’¹³ This became known as the ‘alternative industry proposal.’ When the numerous credits and loopholes are accounted for, it represented a target of 130gCO₂/km by 2030.

⁹The Daily Telegraph. [‘Proposed new ‘carbon tax’ on cars would raise prices by more than \\$5000’](#), 12 July 2017.

¹⁰ibid.

¹¹ ABC News, [‘Australian Automobile Association warns ‘too strict’ vehicle emission standards could increase car prices’](#), 4 April 2018.

¹² Department of Infrastructure, Freedom of Information Request 23-042, [Documents relating to meeting briefs covering vehicle emissions](#), page 2.

¹³ ibid 6.

In assessing the alternative industry proposal against the current proposal, the Department considered ‘the alternative fuel efficiency standard [proposed by the group] would ‘offer fuel savings of less than \$100 a year (compared with over \$220) and reduce greenhouse gas emissions by less than 10 million tonnes (compared with over 22 million tonnes).’¹⁴

The Department found the new model being proposed by the lobbyists ‘would result in lower fuel savings, reduced health benefits and higher greenhouse gas emissions compared with the Ministerial Forum’s package [the current proposal]’ and considered ‘the alternative fuel efficiency standard is estimated to deliver little more than business as usual improvements in fuel efficiency.’¹⁵ The three lobbyists requested a meeting with the Ministerial Forum Ministers, prompting the analysis contained in the FOI Documents.

It is not clear from the FOI documents what further communication occurred with the lobbyists, or what further action the Department and/or the Ministerial Forum took to progress fuel efficiency standards, but no further public communication was forthcoming. Scott Morrison replaced Malcolm Turnbull as Prime Minister in August 2018.

The AAA speaks up again on Fuel Efficiency Standards

Some two years later, on the eve of the 2019 federal budget, then-Opposition leader Bill Shorten announced an electric vehicle policy, promising 50 per cent of new car sales would be electric by 2030. This was to be achieved by a FES target of 105g CO₂/km by 2025 for light vehicles, in line with the 2014 report from the Climate Change Authority.¹⁶

The response from the AAA was swift, with Michael Bradley commenting to the media: ‘If we get it wrong, we face significant potential costs by way of car price rises and petrol price rises.’¹⁷

A central feature of the political opposition to the Labor announcement was the claim that car prices would rise by \$5000.¹⁸ That number came from modelling the AAA had commissioned from the Centre for International Economics in 2016.¹⁹ The modelling commissioned by the AAA, which at this point had been quoted by the media a number of

¹⁴ Department of Infrastructure, Freedom of Information Request 23-042, [Documents relating to meeting briefs covering vehicle emissions](#), page 5.

¹⁵ *ibid* 4.

¹⁶ Bill Shorten MP, [‘A STRATEGY FOR A CLEANER TRANSPORT FUTURE’](#), 1 April 2019.

¹⁷ Sydney Morning Herald, [‘Is Bill Shorten in the driver’s seat or just an electric dreamer?’](#) 7 April 2019.

¹⁸ The Daily Telegraph, [‘Prime Minister Scott Morrison labels Labor’s emission standards a ‘carbon tax on cars’](#), 12 July 2017.

¹⁹ The Centre for International Economics, [‘Reducing greenhouse emissions from light vehicles’](#), August 2016.

times and was at odds with Government modelling,²⁰ did not account for the ongoing costs of fuel and therefore the lifetime cost of ownership of a petrol vehicle - it only looked at the sticker price. The \$5000 figure was also the very top of the estimates for price impacts.²¹ Taken in the context of the AAA's individual and joint submissions calling for weak targets, it is the view of Greenpeace that the AAA used this modelling to stress the negative aspects of an FES in an attempt to sway public opinion on the matter.

Additional AAA ties to fossil fuel lobby

Given the history of the AAA's strident opposition to strong fuel efficiency standards, and its collaboration with petroleum industry and petrol car lobby actors, personal links of AAA staff to other fossil fuel interests are also worth noting.

Following his departure from his role as a Ministerial advisor to former Resources Minister Martin Ferguson, Michael Bradley became Director of External Affairs for the Australian Petroleum Production and Exploration Association (APPEA), a position he held for 4 years, up until his appointment as Managing Director of the AAA in 2015. Minister Ferguson later resigned from Parliament and was appointed chair of the APPEA. AAA Senior Communications Advisor, Steve Rotherman, is also a former APPEA staff member.

The AAA's Divided House

The AAA policy document on climate change states the organisation is 'committed to ensuring Australia's light vehicle fleet meaningfully contributes to Australia's decarbonisation.'²² Given the AAA's submissions to Government outlined in this document called for an FES which would result in less than 10MT of greenhouse gas emissions reductions from new cars, and targets that are so weak it would mean petrol cars will continue to be sold well past 2035, it is the view of Greenpeace that the AAA is failing to ensure 'meaningful' decarbonisation of the light vehicle fleet.

The AAA's membership is made up of state based motoring organisations, which hold their own climate commitments. The NSW/ACT based National Roads and Motorists' Association (NRMA) aims to 'accelerate the path to net zero by helping Australians to make the transition to electric vehicles as quickly, sustainably and equitably as possible'.²³ The AAA's joint advocacy with the petrol car lobby for FES targets which are barely

²⁰ The Guardian, ['Auto industry fights back at plan to cut cars' greenhouse gas emissions'](#), 12 July 2017.

²¹ The Australia Institute, ['Fuelling efficiency Report'](#), August 2022.

²² The Australian Automobile Association, ['Our Journey to Greener Mobility'](#), October 2022.

²³ NRMA, ['Our ambitions'](#), accessed 17 August 2023.

different to business as usual could hardly be described as ‘leading the charge on electric vehicles.’

The WA based Royal Automotive Club (RAC) has called for Australian transport policy to be ‘consistent with Australia’s international commitments to reduce greenhouse gas emissions (GHGs) to net zero emissions by 2050.’²⁴ The targets from the AAA which call for new petrol vehicles to be sold past 2035 are inconsistent with that commitment, as the International Energy Agency has stated that no new petrol vehicles can be sold past 2035 to reach net zero by 2050.²⁵

The SA based Royal Automobile Association (RAA) has a ‘goal to decarbonise’,²⁶ and marked its commitment to sustainability on World EV Day by announcing ‘electric and zero emissions vehicles are the future here, and around the world.’²⁷ The AAA’s advocacy for petrol vehicles is a roadblock to decarbonisation.

Motoring clubs must take a stand

If Australia is to meet its commitments under the Paris Agreement and net-zero by 2050, a fuel efficiency standard that puts Australia on track to ensure all new passenger vehicles are electric by 2030-2035 is essential.

Greenpeace Australia Pacific calls on all motoring clubs to a) outline whether they support Australia achieving net zero by 2050 at the latest, in line with commitments made under the Paris Agreement b) how the advocacy of their peak body aligns with their climate commitments and efforts to support the uptake of electric vehicles in Australia.

If AAA advocacy continues as it has in the past, these motoring organisations should reconsider their membership of this group.

²⁴ RAC, [‘Public Policy 2022-23’](#), 2023.

²⁵ International Energy Agency, [‘Net Zero by 2050 - A Roadmap for the Global Energy Sector’](#), October 2021.

²⁶ RAA, [‘Working our way to Net Zero’](#), 18 July 2023.

²⁷ RAA, [‘RAA marks its commitment to sustainability on World EV Day’](#), 9 September 2022.

TIMELINE

FUEL EFFICIENCY STANDARD PROPOSALS COVERED BY FOI

14 September 2015

Malcolm Turnbull elected Prime Minister

31 October 2015

Ministerial Forum on Vehicle Emissions established

The Ministerial Forum on Vehicle Emissions is established by the Turnbull Government to review Australia's regulatory framework for vehicle emissions.

11 February 2016

Discussion paper released

The Ministerial Forum releases a draft discussion paper. The paper seeks feedback on measures that could be adopted to reduce the impacts of emissions from road vehicles. Eighty submissions are received, with submissions reflecting strong community support for taking action on vehicle emissions.

December 2016

Draft RIS on emissions released: three targets modelled

The Ministerial Forum on Vehicle Emissions and the Department of Infrastructure and Regional Development release a draft regulatory impact statement (RIS).. As part of the RIS, the Bureau of Infrastructure, Transport and Regional Economics assessed the costs and benefits of three possible targets phased in from 2020 to 2025. The targets for 2025 are based on the 'strong', 'medium' and 'mild' standards proposed by the Climate Change Authority.

The 2025 standards modelled were: 'strong' (105gCO₂/km), 'medium' (119gCO₂/km) and 'mild' (135gCO₂/km). The RIS

demonstrated that the stronger standards, the greater emissions reductions and costs savings for motorists.

December 2016 to July 2017

Stakeholders respond to the RIS with individual submissions

Written submissions on the RIS were accepted. These are the 'individual submissions' referred to by the Department. In the Department's later analysis they are referred to as "AAA (December 2017) (middle proposal)" and "FCAI (March 2017)."

July 2017

'Original proposal', is circulated privately

The Ministerial Forum proposes a standard of 105gCO₂/km by 2025 for all light vehicles. This is not published, but is referred to in the FOI Documents as the 'original proposal'. It appears the figure is circulated to stakeholders for their feedback. [Note that a final Regulatory Impact Statement from the Ministerial Forum was due in mid-2017, however it was never released]

July 2017

Original proposal is leaked to the Daily Telegraph

The original proposal is circulated to the media, with commentary from the FCAI and the AAA included with the story.

July 2017

Government compromises to create the 'Current Proposal'

The Ministerial Forum/Transport Minister Fletcher reduced its proposed target to 105gCO₂/km by 2027, creating two classes of target and introducing additional credits. This is recorded in the FOI Documents, but this new proposal is not published. This becomes known as the 'Current Proposal' by the Department.

25 May 2018

Joint letter from lobbyists proposing new target - the 'Alternative Industry Proposal'

Joint letter is sent from the AIP, FCAI and AAA to the Ministerial Forum proposing a new standard of 112gCO₂/km by 2030. This is labelled the 'Alternative Industry Proposal'

3 August 2018

Lobbyists Request Meeting, Department Conducts Analysis

AIP, FCAI and AAA requested a meeting with the Ministerial Forum Ministers (Transport Minister Fletcher and Energy Minister Frydneberg). The Department of Transport prepared a brief outlining the history to date and providing analysis of the alternative industry proposal and the previous individual proposals. This material is the basis of the FOI referred to in this paper.

24 August 2018

Scott Morrison becomes PM

No further action is taken from the Ministerial Forum, as recorded in the FOI.

April 2019

Labor proposes a target, then immediately backs down

Bill Shorten announces 'phase-in standards of 105g CO₂/km by 2025 for light vehicles, which is consistent with Climate Change Authority advice.' Scott Morrison calls it a 'carbon tax on cars.' Modelling commissioned by the AAA in 2016 is central to Morrison's attack.

April 2019

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November 2021

Coalition releases an EV strategy without fuel efficiency standards

By November 2021, following the re-election of Prime Minister Morrison, the Coalition released an EV policy of sorts - the 'Future Fuels Strategy' which does not include fuel efficiency standards. This appears to mark the end of the Coalition's involvement with fuel efficiency standards.