



ANNUAL REPORT

1998

AUSTRALIAN
AUTOMOBILE
ASSOCIATION
(AAA)





Australian Automobile Association (AAA) Annual Report

1998

Australian Automobile Association (AAA)
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THE ROLE OF THE AAA

Established in 1924, the Australian Automobile Association serves as the federal secretariat of the state and territory motoring organisations. The AAA represents the interests of these constituent organisations, their members and, indirectly, all Australian motorists at the national and international levels.

THE AAA VISION

To help co-ordinate Constituents in maintaining world best standards of motoring services.

THE AAA MISSION

To promote the interests of Australian motorists by influencing public policy and the efficient use of member organisation services among Constituents.

CONSTITUENTS

NRMA Limited

Royal Automobile Club of Victoria (RACV) Ltd

The Royal Automobile Club of Queensland Limited

Royal Automobile Association of South Australia, Inc.

The Royal Automobile Club of W.A., (Incorporated)

The Royal Automobile Club of Tasmania Limited

Royal Automobile Club of Australia

Automobile Association of Northern Territory Inc.



PATRON

His Excellency the Honourable Sir William Deane, AC, KBE,
Governor-General of the Commonwealth of Australia

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General Manager, AANT

Lauchlan McIntosh
Executive Director, AAA

PRESIDENT'S REPORT

Incentives Needed To Upgrade To Newer, Safer, Greener Cars



Judge Alton Jackson

'Australian motorists, it seems, are keeping their cars longer and the number of vehicles being scrapped has fallen from five per cent in the 1980s to 3.5 per cent in the 1990s. Motoring organisations have been concerned for some time about the implications of this trend, particularly for road safety... There appears to be little doubt that the risk of being injured in an older car is higher than in a modern one.'

A ccording to the latest available data, the average age of the cars on our roads increased from 6.5 to 10.5 years between 1971 and 1995. That is considerably older than most other developed countries. In the UK, New Zealand and the USA, for example, the average is around seven years old.

Australian motorists, it seems, are keeping their cars longer and the number of vehicles being scrapped has fallen from five per cent in the 1980s to 3.5 per cent in the 1990s.

Motoring organisations have been concerned for some time about the implications of this trend, particularly for road safety and, at the AAA's suggestion, an independent Taskforce was formed to examine the issue in detail. As its Chairman, I have been closely involved in the work undertaken by the group.

Compelling evidence

The Taskforce consists of representatives of all interested parties and includes several recognised experts in road safety research, who have provided compelling evidence that older vehicles are significantly over-represented in crashes involving deaths and serious injuries. There appears to be little doubt that the risk of being injured in an older car is higher than in a modern one.

This is undoubtedly due primarily to the considerable advances in vehicle safety standards over the past few years. Improvements in design and the adoption of new technologies have led to greater protection in frontal and offset crashes as well as helping to avoid crashes in the first place.

At the same time, reductions in vehicle emission levels and fuel consumption have meant that newer cars have less impact on the environment. It is estimated, for instance, that 1995 model cars are up to 40 per cent more environmentally efficient than those made in 1979.

Not only are modern cars safer and greener, they are less prone to theft and generally cheaper to maintain and operate. So what is preventing more Australian motorists from upgrading to a new or newer model?

The principal barrier identified by the AAA's research is the high cost, which is confirmed by the increase in new car sales during the past two years following greater price competition at the lower end of the market. The other major factor revealed by our research is the lack of awareness among motorists of the significant improvements in vehicle safety, particularly in relation to crashworthiness.

If there is no change in the current rate of purchasing new vehicles or phasing out older ones, the Australian car fleet will continue to age. By the year 2005, around 55 per cent of the fleet will be 10 years old or more.

Clearly, it is in everyone's interest to reverse the trend. The responsibility for achieving that objective is one that should therefore be shared by governments, car manufacturers and dealers, insurance companies and motoring organisations.

Range of options

The Taskforce has developed a range of options for consideration. These include reductions and other changes in taxes affecting vehicle purchase and ownership, information programs to educate motorists on the benefits of modern cars, and the payment of bonuses to encourage the scrapping and recycling of old cars.

The emphasis of any such measures must be on the provision of incentives which assist motorists to purchase a new or newer car as it would be discriminatory to penalise those who can only afford to drive an older model. A clear distinction must also be made between the tired, worn-out cars which we would be better off without on our roads and the normally well maintained, carefully driven collector



vehicles belonging to members of the historic car movement.

Petrol marketing

Another of the major activities in which I was personally involved this year was the conference held jointly by the AAA and the Australian Institute of Petroleum to explore the challenges and opportunities confronting the petroleum products industry. In addition to chairing some of the conference sessions, it was my role, together with the Chairman of the AIP, to sum up the day's proceedings.

This was a particularly difficult assignment given the wide variety of views canvassed from government, regulators, motorists, the automotive industry, oil majors, independent marketers and resellers. However, it is fair to say, I think, that there was unanimous agreement among all speakers that the industry is undergoing a period of major and rapid change which will impact on both industry participants and all consumers of petroleum products.

Technological developments and changing consumer requirements are driving new marketing formats, while established market patterns are also being challenged by the emerging import sector and major new entrants. At the same time, current industry relationships are under threat from changes in the regulatory framework, and new environmental requirements will affect the entire chain of production and consumption of petroleum products.

In addition to these developments, of course, is the impact on motorists of changes in fuel tax arrangements proposed in the Federal Government's tax reform package, which are outlined in our Executive Director's report.

Constituent services

I referred last year to the important role the AAA plays in facilitating the development of co-operative service programs among its constituent organisations. One of the most exciting outcomes to date has been the launch of a satellite tracking and communications initiative, which it was my pleasure to announce at our 1997 annual conference.

This intelligent transport systems (ITS) project promises significant advances in the services provided to members by offering them the opportunity to acquire

state-of-the-art technology to access roadside assistance and other services, subject to some limits on the equipment's operation.

Once installed, roadside service can be summoned simply by pushing a button inside the vehicle, which immediately sends a signal that assistance is required. The vehicle's location is shown on a computerised map at the communication call centre and the nearest available patrol can then be dispatched.

The technology also allows cars with compatible central locking systems to be remotely opened in the event of a lock-out without the need for the attendance of a road service patrol, and can even warn drivers of imminent battery failure.

The adoption of ITS technology improves the ability of motoring organisations to deliver high-quality services with unprecedented levels of convenience. Not only are they now in a position to provide a more personalised service, there is scope for them to develop a range of intelligent transport products and services to meet the needs of members into the 21st century.

Operated under a joint venture arrangement between the NRMA and RACV, supported by our other Constituents, the system is being progressively made available throughout Australia.

The reality is that the introduction of services such as this would not be feasible without the involvement of all of our Constituents, partly because of the high cost, but also because of the need to implement them on a national basis.

AAA Board

As you will read elsewhere in the annual report, the past year has seen a number of changes to our Board, including the departure of three of our most experienced Constituent Chief Executives. Their wise counsel will certainly be missed and, on behalf of the AAA, I take this opportunity to record our thanks to them for the considerable contributions they have made.

I have no doubt, however, that the organisation will benefit from the fresh ideas and enthusiasm which our new Directors bring to the Board, and I extend a warm welcome to each of them.

EXECUTIVE DIRECTOR'S REPORT

Federal Government Fails To Tackle Fuel Tax Reform



Lauchlan McIntosh

'While reductions in new car prices can be expected to flow on to the used car market, the savings will be offset to some extent by the application of the GST to dealer profit margins on second-hand vehicles. And despite the proposed abolition of stamp duty on some transactions, it will continue to apply to car insurance premiums and the transfer of vehicle ownership.'

From a purely motoring perspective, the long-awaited announcement of the Federal Government's tax reform package was disappointing in overall terms, although the prospect of cheaper new cars through the replacement of wholesale sales tax with a goods and services tax (GST) is obviously something we welcome.

This is one of the objectives sought by the AAA and will benefit not only motorists, but the entire community by encouraging the purchase of new cars, which are inherently safer, environmentally friendlier and more difficult to steal than the older models which currently dominate the Australian vehicle fleet.

GST and motorists

While reductions in new car prices can be expected to flow on to the used car market, the savings will be offset to some extent by the application of the GST to dealer profit margins on second-hand vehicles. And despite the proposed abolition of stamp duty on some transactions, it will continue to apply to car insurance premiums (but not compulsory third party policies) and the transfer of vehicle ownership.

Insurance (including compulsory third party policies), maintenance and repair costs will rise due to the imposition of the GST on these previously untaxed services.

Research conducted by the AAA earlier this year found that the majority of motorists would have much preferred cheaper petrol than cheaper new cars. The reality is that most of them will still not be able to afford a new car, even after the planned tax cut.

Unfortunately, the Government has failed to grasp the opportunity to tackle the key issue of fuel tax reform. In fact, by offering fuel tax rebates for business but maintaining the exorbitantly high level of petrol tax paid by private motorists, it has made the system even more complex and inequitable.

Under the proposed package, petrol and diesel will be subject to both the GST and the existing fuel excise, although the excise rate will be reduced so that the overall level of tax on fuel stays the same. Yet, according to the Government:

"... the GST is not an extra tax to be placed on top of existing taxes. The GST is an open and simple tax which replaces a mixed bag of taxes so that you only pay tax once."

To quote one of the motorists who participated in the AAA's research:

"Why would they keep the old tax (on petrol) and put on another tax? They're not keeping the sales tax on a new car, but they are keeping it on petrol. You buy petrol all the time."

Given the propensity of governments to raise fuel tax in the past, perhaps motorists should be grateful to have escaped a further increase. They may well have been facing a GST on petrol without any compensating reduction in fuel excise, had it not been for the vigorous representations made by motoring organisations during the development of the tax package.

Petrol price doubts

There is no guarantee, of course, that petrol will not be more expensive because the Government has no power to control retail prices. To the contrary, it almost certainly will be in regional areas because the GST will be applied to the retail price, which is generally higher in the country.

In addition, the excise rate will continue to be adjusted every six months in line with the Consumer Price Index, which the Government has admitted will rise as a consequence of the introduction of a GST.

In contrast to the lack of fuel tax relief for private motorists, businesses will be able to claim a credit equivalent to about seven cents per litre (cpl) for the GST paid on petrol. This may well encourage the purchase of larger, less fuel efficient fleet vehicles, with consequent adverse effects on the environment.

Operators of heavy vehicles will be entitled to an even bigger credit on diesel, which will effectively reduce their fuel tax rate to 18 cpl compared with the 43 cpl paid by private motorists, even though heavy vehicles cause far more damage to the roads than passenger cars.

Unreasonable fuel tax

The AAA supports the aim of reducing transport costs, but it is patently unreasonable to expect private motorists to subsidise other road users, particularly to the extent which will occur under the suggested fuel tax arrangements.

As a motoring organisation, it is not our role to weigh up all the proposed tax changes and pass judgement on the package as a whole. However, I note that in releasing the details of the package, the Government stated:

"We need a simpler, less complex tax system. One where all Australians pay their fair share of tax but no more."

We endorse that statement wholeheartedly. Clearly, though, the Government has failed to meet its own objectives in relation to fuel tax, and the AAA would be failing in its duty to motorists if we ignored that.

We will continue our efforts with the Government and the Opposition to obtain a simpler, less complex fuel tax system for motorists, and one where all road users pay their fair share of tax but no more. We will continue to argue that petrol should be taxed as any other commodity, and that charges for road use should be provided to a corporatised road authority for maintaining and investing in the national road network.

Transparency welcomed

The decision by the Federal Government to deregulate the sale of petroleum products was welcomed by the AAA and should make the complex process of petrol pricing more transparent.

With the assistance of our Constituents, we will be closely monitoring prices, particularly in regional Australia, to provide consumers with information to make informed buying choices. The process of deregulation is one which must not stall in order to ensure the benefits of real competition flow through in the market place.

Transparency is a key goal for the AAA in representing motorists' interests. Transparency provides information, which allows motorists to make informed choices in their purchasing and driving decisions.

In the past year we have continued to seek transparency in areas such as new vehicle occupant protection, information on privacy in electronic tolling systems, developments in global warming and in infrastructure funding.

Active involvement

Through its constituent organisations, the AAA has continued to be actively involved in the Australian New Car Assessment Program (NCAP) to ensure motorists are aware of the relative occupant protection provided by new cars. We have maintained a close liaison with similar consumer organisations worldwide, such as the American, Japanese and European NCAPs, and I was pleased to host a meeting of key groups at the recent *Enhanced Safety of Vehicles* conference in Windsor, Ontario.

Information services are a major benefit that Intelligent Transport Systems (ITS) will bring to the motorist. As President of ITS Australia, I presented two major reports to the Federal Government this year.

The first provided a recommended direction for a standard for electronic free flow tolling, which was accepted by the Australian Council of Transport. The second, on the benefits of ITS to Australia, demonstrated that a national approach could provide real benefits of \$14.4 billion by 2012.

International links

Our links with the world motoring and touring bodies, AIT and FIA, also provide opportunities for us to represent motorists and keep in touch with international developments. As Chairman of the joint Public Policy Commission of the AIT and FIA, I represented their 100 million motorists at the *Global Warming* conference in Kyoto, where I called on governments to take a comprehensive approach to the problem.

This annual report sets out the AAA's major activity areas during the past year. Along with the President, I extend my thanks to the staff and our many contacts for their assistance during the year.

MAJOR ACTIVITIES

Changes in Motoring Taxation Arrangements Proposed

A comprehensive submission was prepared for consideration by the Tax Consultative Taskforce established by the Federal Government to examine options for taxation reform, including the possible introduction of a broad-based consumption tax. Although the need for taxation reform was supported, insufficient details were available at that stage to enable the AAA to develop a definitive position on the desirability of a goods and services tax (GST) or similar.

It was pointed out that motoring taxes and charges represent about a quarter of federal, state and territory revenue from indirect taxation, and exceed the total cost of road use by some \$4 billion. The submission suggested a number of changes to make existing arrangements for taxing motorists more equitable and efficient.

A key recommendation was that a clear distinction should be made between taxes which are raised for general revenue purposes and charges for the provision of roads and their use. Separating the two is necessary to ensure that motorists are not unfairly singled out as a source of revenue.

The AAA proposed that fuel excise should be replaced by a road user charge plus a tax at the same rate applied to other products. The road user charge would finance roadworks and cover the costs of crashes, noise and air pollution related to road use.

Lack of transparency

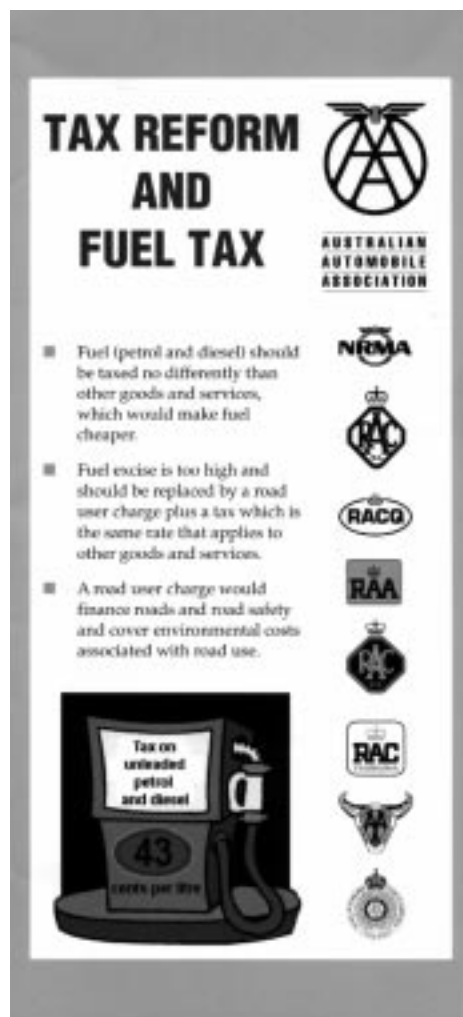
At the very least, it was argued, indexation of fuel excise to the consumer price index should be discontinued as the practice lacks transparency and none of the additional revenue raised by this means is spent on roads.

The submission noted that LPG is currently exempt from excise and called for all transport fuels to be taxed at the same rate, with differences in their environmental performance being reflected by adjustments to the proposed road user charge.

The comparatively high level of wholesale sales tax on cars was criticised for distorting consumer purchasing decisions and, in particular, for reducing the affordability of safer, more environmentally friendly new vehicles. With car ownership no longer considered to be a luxury, lowering of the rate was advocated.

The opportunity was taken to reiterate the view that airbags, which are currently subject to a sales tax of 22 per cent, should be tax exempt in common with most other items of safety equipment. This would encourage the purchase of optional airbags on new cars and reduce the cost of vehicle crash repairs and insurance premiums.

The imposition of stamp duty on the purchase of vehicles was also criticised as it



An information brochure was produced to explain the AAA's position on tax reform and fuel tax.

represents double taxation, and anomalies in fringe benefits tax (FBT) arrangements applying to cars were identified. By offering incentives for the provision of company cars, FBT helps reduce further ageing of Australia's vehicle fleet and benefits the automotive industry, but the way in which the tax is structured may encourage increased use of employer-provided cars.

The AAA's position on reform of motoring taxes was reinforced at a meeting with members of the Tax Consultative Taskforce in March, when the findings of research commissioned by the Association into motorists' attitudes to motoring costs and taxes were also presented. Extensive representations were subsequently made to other federal politicians and senior government officials to promote the proposal that a road user charge should be introduced in place of fuel excise.

Petrol issues

In conjunction with the Australian Institute of Petroleum, a conference was held in April to examine developments in the petroleum products industry. Opened by the Federal Minister for Industry, Science and Technology, the forum covered a wide range of issues with some 20 speakers and panellists representing government, industry and consumer interests.

The AAA told the conference that demand for petrol to meet people's day-to-day mobility requirements was likely to continue, but would probably begin to decline as the increase in the rate of car

ownership slows and vehicles continue to become more fuel efficient. Although the technology was available to achieve further significant reductions in fuel consumption through improvements in vehicle design and traffic management, its implementation would need to be encouraged.

In raising motorists' confusion over the wide disparity in petrol prices, the need for transparency in the

price-setting process was highlighted. Concern was expressed at the delay in introducing deregulation of the industry and other petrol marketing reforms promised by the Federal Government more than 12 months earlier.

That concern was voiced by other speakers at the conference, who shared the AAA's view that greater competition rather than regulation is in motorists' best interests. The eventual announcement of the reform package later in the year was consequently welcomed.

Coinciding with its introduction on August 1, the AAA released the results of a three-month, trial petrol price monitoring program illustrating the discrepancy between metropolitan and non-metropolitan prices as well as the considerable price fluctuations experienced in many areas. Monitoring of prices in 100 country locations is continuing to ensure that the anticipated benefits of the reforms flow on to motorists.

Road funding

Disappointment was expressed over the report issued late last year by the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform following its inquiry into federal road funding arrangements. This response was prompted by the Committee's rejection of reform proposals put to the inquiry, including the establishment of a Federal Roads Corporation, as suggested by the AAA.

A particular concern was the inquiry's conclusion that, rather than introducing a direct link between fuel tax and road funding via an explicit road user charge, the existing link between revenue and expenditure should be severed altogether. However, the recommendations that there should be greater certainty in funding and a return to tied road grants were endorsed.

The inquiry's finding that recent and forecast levels of road funding were significantly below estimated needs was drawn to the Government's attention.

Vehicle safety

Representations in support of the AAA's earlier submission seeking sales tax

The wide disparity in the prices charged for petrol was illustrated by petrol price monitoring data released by the AAA.



exemption for airbags were made to relevant federal Ministers with a view to including the issue in the Government's deliberations on tax reform.

The Executive Director continued to chair the management committee of the New Car Assessment Program (NCAP). Under the sponsorship of the AAA's Constituents and the state road authorities of NSW, Queensland and SA, NCAP conducts crash-testing of popular vehicles to provide consumers with a guide to the levels of occupant protection they provide.

Updated results for large and medium passenger cars and four-wheel-drive vehicles were released during the past 12 months, together with a summary of all crash tests undertaken to the end of 1997. Consumer research was carried out to identify improvements which could be made to the design and distribution of NCAP information brochures.

Close links were maintained with similar crash-test programs in Europe, the USA and Japan.

In a submission to the Taskforce established by the Federal Government to review the Motor Vehicle Standards Act, it was agreed that harmonisation of vehicle requirements world-wide should be pursued to reduce manufacturers' compliance costs and, consequently, the price of new cars, but only if there is no diminution in the safety and emissions improvements already achieved in Australia. That message was later delivered at an APEC international vehicle standards

harmonisation seminar in Mexico, where the AAA also represented the world motoring body, FIA.

Qualified support was given to the environmental strategy for the automotive industry announced as part of the Federal Government's climate change response.

The AAA's research showed that the proposed introduction of fuel consumption labels on new cars would be welcomed by motorists. With the increasing globalisation of car manufacturing, the decision to bring Australian vehicle emissions requirements into line with international standards was also endorsed.

However, the target reduction in new car fuel consumption was criticised for being too modest, while the earlier phase-out of leaded petrol was opposed as unnecessary.

It was pointed out that the Government had rejected the recommendation by the AAA and the Industry Commission that tariffs on micro/light passenger cars should be lowered, which would have encouraged demand for more fuel efficient cars. At the same time, less fuel efficient four-wheel-drive vehicles continue to enjoy the concessional import tariff rate.

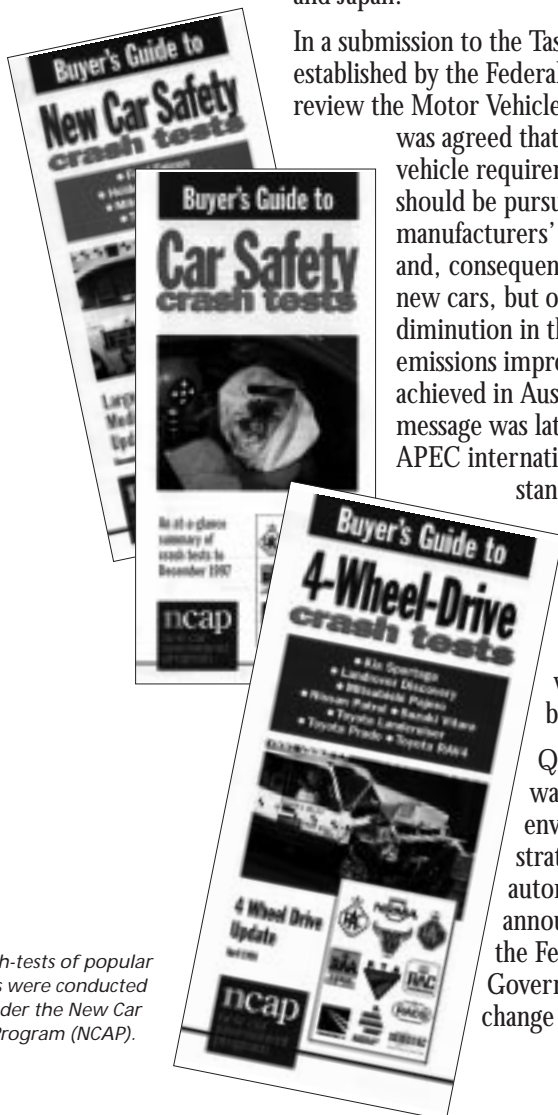
A submission was made to the inquiry into regulatory arrangements for trading in greenhouse gas emissions conducted by the House of Representatives Standing Committee on Environment, Recreation and the Arts. The view was put that, although trading schemes could be beneficial in meeting greenhouse targets once other 'no regrets' measures were exhausted, emissions permits should not be required for individual vehicles or motorists.

The AAA maintained a leading role in the Taskforce established at its instigation to promote the safety, environmental and other benefits which would result from reducing the average age of the cars on Australia's roads. Known as the New Vehicle Benefits Taskforce (NVBT), it includes independent road safety experts and representatives of federal and state road and transport authorities, motoring organisations, and the automotive manufacturing and retail industries.

A range of options to assist and encourage motorists to update their old cars to a new or newer model was identified by NVBT members. These were outlined in a discussion paper produced to stimulate debate on the issue.

Anti-car theft plan

The development by the National Motor Vehicle Theft Task Force of a five-year plan to reduce car theft was welcomed.



Further crash-tests of popular vehicles were conducted under the New Car Assessment Program (NCAP).

Endorsing the national, co-ordinated approach to the problem recommended by the Task Force, the AAA called on governments and car manufacturers to expedite its implementation.

Although progress has since been achieved in introducing immobilisers on new cars, further effort is needed to improve the collection and exchange of data on stolen and written-off vehicles, adequately resource police investigations, develop community-based prevention schemes and institute better vehicle and parts identification systems.

Intelligent transport systems

The AAA continued to play a key role in intelligent transport systems in Australia. The Executive Director is President of ITS (Australia), an organisation of private companies, governments, consultants and interested groups involved in the introduction of computing and communication technologies to transport.

ITS (Australia) undertook a comprehensive study for the Australian Transport Council to develop a standardised electronic tolling system for Australia and finalised a major consultancy on the benefits of these new technologies. This active interest has led to the AAA's Constituents moving to provide enhanced assistance and navigation services to their members.

Concept car

Designed to showcase the capabilities of the domestic automotive components industry to the world, the *aXcess australia*

concept car was unveiled at Parliament House in February. The AAA played a small but important part in the project by providing the international documentation required to exhibit the car at overseas trade shows.

Backpacker guide

A new backpacker accommodation ratings guide, covering more than 300 establishments throughout the country, was launched in July by the federal Minister for Sport and Tourism. Funded by the Office of National Tourism within the Department of Industry, Science and Tourism, the backpacker accommodation classification scheme was introduced in 1995.

The scheme is co-ordinated by the AAA, with assessments of properties being carried out by its Constituents. The classification of backpacker facilities is modelled on the 'star' ratings system developed by motoring organisations for hotels, motels and other types of accommodation.

Research activities

The AAA continued to monitor motorists' views. The latest national survey, which was again conducted by ANOP Research Services, revealed that the preference for driving over using public transport had strengthened since the issue was last canvassed.

Almost two-thirds of those interviewed in the most recent survey ruled out using public transport more and driving less, compared with under 60 per cent before.



AAA's Executive Director, Lauchlan McIntosh (left), and David Lamb, Chairman of the 'aXcess australia' project, finalise the documents enabling the concept car to be displayed abroad.

Driving was preferred by a majority of more than 80 per cent, primarily because of the convenience and flexibility, but also because public transport was perceived as inadequate or unreliable.

Reflecting the availability of more competitively priced imported small cars, a small increase was found in the number of motorists who said their next car is likely to be a new one. However, more than half of those sampled thought they would only be able to afford a used car.

Major highways

The majority of motorists considered that the condition of major highways had improved and 45 per cent also felt that major arterial roads were better, but less than 30 per cent said the same about local roads. Awareness of the blackspots program was around 70 per cent, although there was considerable confusion about which level of government is responsible for road funding.

Reactions to supermarkets being allowed to sell petrol were mixed. Among motorists who were aware of this development, more were in favour than against, citing benefits such as cheaper petrol, convenience and increased competition, whereas the majority of those unfamiliar with the concept expressed some concerns about the effect on service stations and health and safety aspects.

The idea of placing fuel consumption labels on new cars was well received, with two-thirds of motorists indicating it would be helpful.

As in previous surveys, there were worrying misconceptions about vehicle safety. Although the number of motorists who equated crashworthiness with vehicle body strength declined by about 10 per cent, more than half of them continued to associate the two.

And while airbags were commonly nominated as a safety feature, less than half of those surveyed said they wanted them in their next car. The main concerns about airbags were that they can cause injury, especially to children, and deploy too easily.

The type of fuel used and emission controls were again seen as the main ways of reducing the environmental impact of cars. There was, however, an increase in the number of motorists who mentioned proper car maintenance, which was also the most likely action which motorists would take to help the environment.

In respect to the role of motoring organisations, the greatest importance was placed on keeping the price of petrol down and conducting car safety tests. Improving roads and putting motorists' views to government were rated next highest, followed by providing information on environmental issues related to cars and vehicle fuel efficiency.

To assist in formulating the AAA's position on tax reform, ANOP was subsequently commissioned to undertake further qualitative research to investigate attitudes to motoring costs and taxes, including the likely impact of a GST.

A key finding of this research was that the prospect of cheaper new cars has little appeal to many motorists, who would still not be able to afford them. A reduction in car prices would therefore not compensate these motorists if petrol and other motoring costs were to increase.

Annual conference

A public policy forum on *Directions for Motorists* was held in conjunction with the 1997 annual conference in Melbourne. The forum was opened by Victoria's Minister for Roads and Ports, Geoff Craige, while the keynote speaker was the President of Sweden's Combitech Traffic Systems, Bengt Forsman, who explained the latest developments in toll collection technologies.

Other guest speakers were Dr Allan Hawke, Secretary of the federal Department of Transport and Regional Development, and Professor Brian Fildes of the RACV Chair of Road Safety at Monash University. A discussion paper on motoring taxation issues and the findings of the latest motorists' opinion study were also presented to the forum.

Public affairs

Information on national motoring issues, and the AAA's views on those issues, were widely disseminated through news releases, the quarterly journal, *Motoring*



An updated ratings guide for backpacker accommodation was introduced this year.

'Information on national motoring issues... were widely disseminated through news releases, the quarterly journal, Motoring DIRECTIONS, the organisation's internet site and other communication activities.'

DIRECTIONS, the organisation's internet site and other communication activities. Close liaison was maintained with the media, politicians, government departments, industry organisations and interest groups.

The President, Executive Director and senior staff members participated in numerous national and international seminars, conferences and other forums. Papers, presentations and addresses were provided at many of these.

International affairs

The AAA again played an active role in international motoring affairs during the year, particularly through the world motoring and touring bodies, Alliance Internationale de Tourism (AIT) and Federation Internationale de l'Automobile (FIA).

The President, Vice-President and Executive Director, together with a number of Constituent Presidents and Chief Executives, attended the general assemblies of the two world bodies, held in Stockholm in June, when the AIT celebrated its 100th anniversary. Earlier in the year, Australia's motoring organisations participated in a meeting in Manila of AIT member clubs from the Asia Pacific region.

The Executive Director chaired a meeting of the joint AIT/FIA Public Policy Commission and represented the world

bodies as an official observer to the United Nations at the *Global Warming* conference in Kyoto. He also chaired a roundtable meeting of car manufacturers, oil producers and government representatives prior to a meeting of the FIA Foundation on Carbon Sequestration (FIPIIC), of which the AAA is a member.

On behalf of the FIA, the AAA presented the consumer's view at an APEC *International Vehicle Standards Harmonisation* seminar in Mexico and was subsequently invited to become the international motoring representative to the APEC forum.

In his capacity as Chairman of the New Car Assessment Program's management committee, the Executive Director delivered a paper to an *Enhanced Safety of Vehicles* conference in Canada.

Accompanied by the President, he attended the New Zealand Automobile Association's annual conference, maintaining the close links between the two organisations. More recently, the AAA and its Constituents hosted a visit to Australia by senior officials of China's motoring club (CTACA), Traffic Bureau and Highway Administration.

While overseas, AAA and Constituent executives visited a number of affiliated clubs and other organisations involved in vehicle safety, transport and environmental issues. ■

COMMITTEE REPRESENTATION

With the aid of its Constituents, the organisation again represented the interests of motorists on a wide range of national and international committees and, in a number of cases, was appointed to chair them. The major bodies on which the AAA has representation are:

National Transport Council

National Road Transport Commission (NRTC)

- Chairman's Advisory Group
- Technical Liaison Group
- National Road Safety Research and Development Strategy Working Group
- Industry Advisory Group
- Cost Allocation Reference Group
- Alternative Compliance Committee

Road Transport Federation

- Truck Safe

Intelligent Transport Systems (ITS) Australia

Australian Bureau of Statistics

- Transport Statistics User Group
- Tourism Statistics Consultative Group

New Car Assessment Program (NCAP)

- Management Committee

New Vehicle Benefits Taskforce

Federal Office of Road Safety (FORS)

- Advisory Committee to Review Australian Design Rules
- Independent Review Committee
- Motor Vehicle Standards Act Review
- FORS Task Force on Road Safety
- Motorcycle Safety Consultative Committee

Society of Automotive Engineers (SAE)

- Various Committees

Standards Australia (SA)

- Various Committees

Environment Protection Agency

- Technical Working Group on Fuel Consumption Labelling

Advisory Committee on Emissions and Noise (ACVEN)

- Inspection and Maintenance Program
- Emissions Rules

Industry Greenhouse Network

Asia Pacific Economic Co-operation (APEC)

- Transport Trade Working Group
- Australian Preparatory Group

Tourism Council Australia (TCA)

- National Council
- Transport and Shipping Committee
- Quality Assurance Committee
- National Associations Committee

Alliance Internationale de Tourisme (AIT)

Federation Internationale de l'Automobile (FIA)

AIT/FIA Public Policy Commission

AIT/FIA Information Centre (OTA)

FIA Foundation on Carbon Sequestration (FIPIC)

SPECIALIST CONFERENCES

A significant aspect of the AAA's role is to co-ordinate the activities of its Constituents and facilitate their co-operation in areas of mutual interest. In addition to regular meetings of Constituent chief executives, conferences and workshops are held to enable specialist staff to review key services and activities. The main conferences held during the past 12 months were:

- Accommodation Assessors Workshop: July 1998 (Adelaide)
- Financial Services Conference: December 1997 (Hobart)
- Human Resources Conference: December 1997 (Hobart)
- Input Operators Workshop: June 1998 (Adelaide)
- Operation and Member Services Conference: March 1998 (Perth)
- Public Policy Forum: May 1998 (Canberra)
- Road Service Conference: August 1998 (Hobart)

AAA and Constituent personnel also participated in various working groups and sub-committees involved with national projects.

BOARD CHANGES

There have been several changes to the AAA Board of Directors since the 1997 Annual Report. The new Directors are:

- Colin O'Sullivan, who has succeeded Judge Alton Jackson, QC, as President of the RAC (WA), although Judge Jackson remains President of AAA until the 1998 annual conference;
- Bruce Fisher, who has succeeded Bruce Nicholls as President of the RAC (Aust);
- Eric Dodd, who has succeeded Malcolm Jones as Chief Executive Officer of the NRMA;
- Alan Terry, who has succeeded Noel Mason as Chief Executive Officer of the RACQ; and
- Terry Agnew, who has succeeded Roy Caldwell as Group Chief Executive Officer of the RAC (WA).



Colin O'Sullivan



Bruce Fisher



Eric Dodd



Alan Terry



Terry Agnew

OBITUARIES

The AAA was saddened to learn of the death in November last year of a former President of the RAC (WA) and Director of the national motoring body, Rolfe Lindsey.

Mr Lindsey was a Councillor of the RAC (WA) for 15 years, retiring in 1991. He served as its President and a Director of the AAA from 1981 to 1983, and as Honorary Treasurer of the RAC (WA) for the next eight years.

We were further saddened in June this year by the passing of former AAA Secretary-General, Bruce Lunn.

Mr Lunn joined the AAA in 1970, when the organisation moved from Sydney to Canberra, and guided its development until his retirement in 1994. He served as President of the world motoring body, AIT, from 1986 to 1988, the only Australian to have held this position.

STAFF

There has been only one change in personnel and no alteration in the overall number of employees over the past year.

The members of the Secretariat staff are as follows:

Lauchlan McIntosh, Executive Director

John Metcalfe, Assistant Director

Brian Wells, Engineer Executive

Mike Wilson, External Relations Manager

Graham Gittins, Administration Manager

Eileen Hudson, Research Assistant

Julie Anderson, Liaison Manager

Margaret Blacklock, Accounts Officer

Kathy Calvert, Personal Assistant

Peppina Sorbara, Personal Assistant

Kirsti Donovan, Office Assistant



The staff of the AAA Secretariat. Standing (from left): John Metcalfe, Brian Wells, Julie Anderson, Graham Gittins, Mike Wilson. Seated (from left): Kirsti Donovan, Peppina Sorbara, Kathy Calvert, Eileen Hudson, Margaret Blacklock.

CONSTITUENT ORGANISATIONS

Membership of the AAA's constituent organisations continued to grow during the past 12 months, reaching 6,403,397 at June 30, 1998, an increase of 1.6 per cent compared with the same date last year.

Congratulations are due to the NRMA, which recorded its 2.5 millionth member earlier this year, and to the RACT, which celebrated its 75th anniversary in March.

Australia's motoring clubs and associations enjoy one of the highest penetration levels in the world with their combined membership representing some 65 per cent of all passenger cars and station wagons registered. Through the AAA, they are also collectively one of the biggest motoring bodies in the world.

Membership of major motoring bodies worldwide as at December 31, 1997:

Country - Club name	Year established	Number of members
USA-AAA	1902	36,489,223
Germany - ADAC	1903	13,661,396
Japan - JAF	1963	12,672,274
UK - AA	1905	9,308,000
Australia - AAA	1924	6,350,151
UK - RAC	1897	5,600,000
Canada - CAA	1913	3,891,086
Netherlands - ANWB	1883	3,348,137
Switzerland - TCS	1896	1,354,407
Austria - OAMTC	1896	1,254,032

The success of the AAA's constituent organisations is undoubtedly attributable in large measure to the comprehensive range and high quality of services and benefits they provide. Their extent and variety is demonstrated by the accompanying table.

Statistics of services to members for year ended June 30, 1997:

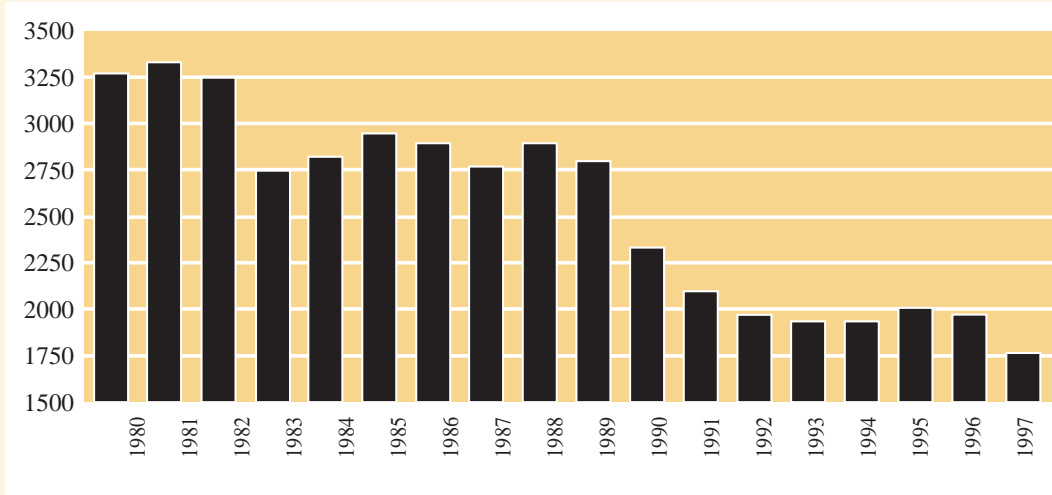
Road service jobs	5,781,380
Vehicle inspections	186,752
Maps and itineraries issued	5,414,088
Touring and accommodation guides issued	2,755,934
Accommodation properties inspected	11,903
Legal inquiries handled	125,525
Driver training lessons given	102,629
Persons for whom travel was booked	74,682
Loans provided	21,280

The principal and best known of these, of course, is emergency road service, which is carried out at the rate of one job every 5.5 seconds, 24 hours a day, 365 days a year. Moreover, on average, 94 per cent of vehicle breakdowns are fixed on the road without the need for towing.

MOTERING FACTS

ROAD FATALITIES

Road Fatalities 1980 to 1997



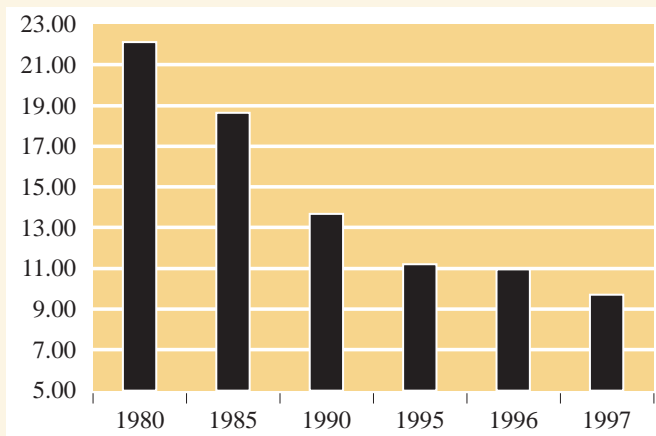
Road Fatalities

1980	3,272
1985	2,941
1990	2,331
1995	2,017
1996	1,973
1997	1,766

Road Fatalities by State and Territory 1997

NSW	576
Vic	377
Qld	359
SA	148
WA	197
Tas	32
NT	60
ACT	17

Road Fatalities per 100,000 Population

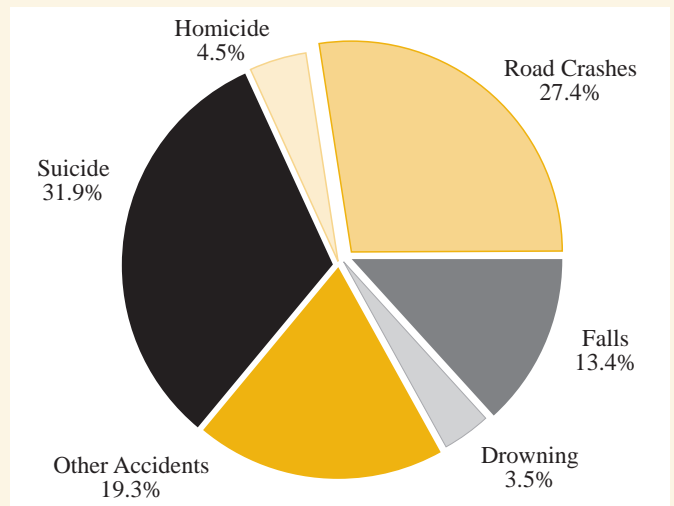


Road Fatalities by Road User Group 1997

Drivers	777
Passengers	429
Pedestrians	329
Motorcycle riders and passengers	176
Bicyclists	52
All road users	1,766

SOURCE: Road Fatalities Australia, various months, Federal Office of Road Safety

External Causes of Death 1995



SOURCE: Benchmarking Road Safety, The 1995 Report, Federal Office of Road Safety, 1998

MOTORING FACTS

INTERNATIONAL COMPARISONS

Fatalities per 100,00 Population 1995

Australia	11.2
Austria	15.0
Canada	11.3
Finland	8.3
France	15.3
Germany	11.6
Italy	12.3
Japan	10.1
New Zealand	16.2
Portugal	28.8
Sweden	6.5
UK	6.4
USA	15.9
OECD Median	11.6

Fatalities per 10,000 Registered Vehicles 1995

Australia	1.8
Austria	2.7
Canada	1.9
Finland	2.0
France	3.1
Germany	2.0
Italy	2.0
Japan	1.8
New Zealand	2.5
Portugal	4.8
Sweden	1.3
UK	1.5
OECD Median	2.0

SOURCE: Benchmarking Road Safety, The 1995 Report, Federal Office of Road Safety, 1998

REVENUE

Selected Motor Vehicle Taxes and Charges 1996-97

Commonwealth Government

Petroleum products excise (a)	\$8,622.0m
Federal Interstate Registration Scheme	\$20.3m
Sub-total	\$8,652.3m

State and Territory Governments

Vehicle registration fees	\$2,146.0m
Stamp duty on vehicle registration	\$1,148.0m
Driver's licence fees	\$212.0m
Fuel franchise taxes/fees	\$1,570.0m

Road transport and maintenance taxes	\$86.0m
Tolls	\$136.7m
Sub-total	\$5,134.6m
TOTAL REVENUE	\$13,941.0 m

a. Estimate of excise attributable to motor vehicles.

SOURCE: Public Road Related Expenditure and Revenue in Australia 1998, Information Sheet 11, Bureau of Transport and Communications Economics, 1998

EXPENDITURE

Government Funding of Road Related Expenditure 1996-97

Commonwealth	\$1,622.8 m
State	\$2,839.5 m
Local	\$1,784.4 m
TOTAL EXPENDITURE	\$6,246.8 m

Total Road Related Expenditure by State and Territory 1996-97

NSW	\$2,179.0 m
Vic	\$1,071.1 m
Qld	\$1,630.4 m
SA	\$418.3 m
WA	\$608.1 m
Tas	\$190.1 m
NT	\$113.6 m
ACT	\$36.2 m
TOTAL	\$6,246.8 m

Commonwealth Road Expenditure by Road Category

	1996-97	1997-98
National roads	\$710.5m	\$702.7m
Arterial roads	\$383.4m	\$391.0m
Local roads	\$373.9m	\$370.4m
Unallocated	\$155.1m	\$175.3m
TOTAL	\$1,622.8 m	\$1,639.4 m

Commonwealth Road Expenditure by Program

	1996-97	1997-98
Australian Land Transport Development	\$801.2 m	\$814.9 m
Federal Interstate Registration Scheme	\$20.1 m	\$20.3 m
Black Spot Program	\$36.0 m	\$36.6 m
Research	\$8.3 m	\$6.2 m
Other (a)	\$757.3 m	\$761.4 m
TOTAL	\$1,622.8 m	\$1,639.4 m

MOTORING FACTS

The Commonwealth funds the national Highway System and contributes to the capital cost of some other roads of national importance. For roads more generally, the Commonwealth provides general revenue assistance to the States and to local government.

a. Includes 'identified road grants' and 'identified local road grants' paid to the states and local government respectively for roads.

SOURCE: Public Road Related Expenditure and Revenue in Australia 1998, Information Sheet 11, Bureau of Transport and Communications Economics, 1998

PETROL

Commonwealth Excise on Petrol

The excise on petrol is adjusted in February and August in line with half-yearly movements in the Consumer Price Index (CPI).

	<i>cents per litre</i>
Leaded petrol	45.24
Unleaded petrol	43.05
Diesel.....	43.05

As at 1 August 1998

Revenue from Commonwealth Excise Duty on Petrol 1996-97

Leaded petrol	\$2,328m
Unleaded petrol	\$4,047m

SOURCE: Commonwealth Budget Paper No.1, 1997-98

State Petroleum Franchise Fees

Petroleum franchise fees are no longer levied by the State or Territory governments. They have been replaced by an additional 8.1 cents per litre Commonwealth excise.

Revenue from State Petroleum Franchise Fees on Petrol 1996-97

New South Wales	\$561m
Victoria	\$507m
Queensland	0
Western Australia.....	\$233m
South Australia	\$159m
Tasmania	\$47m
Northern Territory	\$34m
Australian Capital Territory	\$30m
Total	\$1,570m

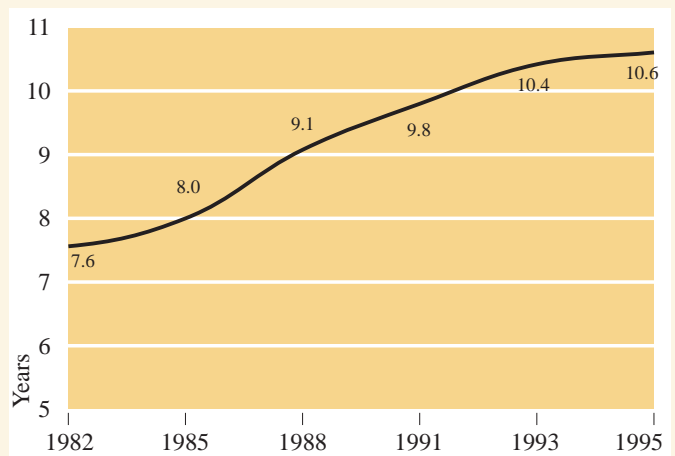
SOURCE: Taxation Revenue Australia 1996-97, Cat No. 5506.0, Australian Bureau of Statistics

VEHICLE FACTS

Estimated Average Age of Vehicles 1995

NSW	9.6 years
Vic.....	11.2 years
Qld.....	10.4 years
SA	11.8 years
WA.....	10.8 years
NT	9.4 years
ACT	9.9 years
Australia.....	10.6 years

Estimated Average Age of Vehicles



SOURCE: Motor Vehicle Census Australia - 31 May 1995, Cat. No. 9309.0, Australian Bureau of Statistics

Passenger Vehicles on Register ^a:

	<i>(Census years only)</i>
1982	6,233,400
1985	6,734,200
1988	7,158,800
1991	7,861,500
1993	8,280,200
1995	8,628,806

(a) Yearly basis as at 30 September or 30 June after 1991.

New Passenger Vehicles Registered:

1980-81.....	594,215
1985-86.....	612,214
1990-91.....	430,874
1995-96.....	531,785
1996-97.....	557,962

SOURCE: Cat. Nos. 9304.0 / 9311.0, Australian Bureau of Statistics

MOTORING FACTS

THE AUTOMOTIVE INDUSTRY

Production of Locally Produced Passenger Motor Vehicles

	Local	Export
1990.....	350,653	26,808
1991.....	260,940	27,440
1992.....	252,609	25,116
1993.....	270,288	23,782
1994.....	299,685	23,208
1995.....	288,960	23,424
1996.....	281,576	44,055

Australian Automotive Exports by Country 1996

New Zealand	25%
South Korea.....	11%
NAFTA ¹	18%
Japan.....	9%
ASEAN ²	7%
Germany.....	4%
United Kingdom.....	3%
Indonesia.....	2%
Singapore	2%
Thailand.....	2%
(Other	17%)
TOTAL.....	\$2,173,785,525

Australian Automotive Imports by Country 1996

Japan	49%
NAFTA	14%
Germany	10%
South Korea	8%
United Kingdom.....	5%
Other European Union.....	3%
Sweden.....	2%
(Other.....	9%)
TOTAL.....	\$9,162,099,888

SOURCE: State of the Australian Automotive Industry 1996, Department of Industry, Science and Tourism, 1998

TARIFFS

Passenger motor vehicles

1 January 1998.....	20.0%
1 January 1999.....	17.5%
1 January 2000.....	15.0%
1 January 2005.....	10.0%

The tariff on non-derivative light commercial and four-wheel drive vehicles is 5%.

A penalty duty of \$12,000 is also applied to volume imports of used vehicles.

¹ North American Free Trade Area (NAFTA)

² Association of South East Nations (ASEAN)

An appreciation

I would like to express my gratitude to the many individuals and organisations whose assistance and co-operation have been invaluable in the work of the AAA and my own role as President.

It would be impossible to discharge these responsibilities without the ready availability of additional resources from within our Constituents, and the support and encouragement provided by both their honorary and executive officers have been a great help.

Credit is due, too, to the Executive Director and the staff of the Secretariat for their hard work during the past 12 months.

The accessibility of the media in helping to present our point of view is also much appreciated.

Finally, I am pleased to say that, in spite of the need to be outspoken at times in representing the interests of motorists, the AAA continues to enjoy close contact and constructive relations with governments and their departments, industry and commerce, and trade unions.

- The President



AUSTRALIAN AUTOMOBILE ASSOCIATION (AAA)