



AAAA Response to the National Competition Policy Analysis 2025- Interim Report

5 September 2025

The Australian Automotive Aftermarket Association (AAAA) welcomes the opportunity to contribute to the National Competition Policy Analysis 2025 Interim Report. AAAA has consistently supported regulatory reform aimed at reducing duplication, lowering compliance costs, and strengthening competition. However, it remains essential that any recommendations or reforms appropriately reflect the specific characteristics of the automotive aftermarket and the current operating environment of our industry.

As the peak body representing over 4,000 businesses and 50,000 employees across Australia, AAAA's members span the full supply chain: automotive manufacturing, distribution, service, repair, modification and innovation. The aftermarket plays a critical role in ensuring Australia's 20 million-strong car parc is safe, efficient, and suited to local conditions.

Reforms that target standards and occupational licensing go to the heart of how our sector operates. Standards determine whether vehicles can be safely modified and what products can be developed for Australia's unique conditions, while licensing rules shape how quickly, how costly and how flexibly skilled technicians can work across the country. Poorly designed or inconsistently applied regulations in either of these areas create quite extreme costs that get placed on our members. Additionally, the additional time that is spent on attempting to rectify problems that come up because of these changes is detrimental to businesses.

AAAA has long advocated for regulatory settings that reduce unnecessary complexity and costs, while ensuring high levels of consumer protection and worker safety. Many of our members operate nationally, yet too often encounter fragmented and contradictory rules between jurisdictions.

Standards Harmonisation - Aligning with International Standards

While we strongly support increased harmonisation by aligning with Australian standards and international standards, ensuring this alignment reflects and accommodates Australia's unique requirements remains a paramount priority.

The Australian automotive aftermarket plays a critical role in adapting vehicles to meet the specific functional, regulatory, and environmental needs of local end users. A significant proportion of vehicles sold into the Australian market, including passenger vehicles, light commercial vehicles, and heavy vehicles, require modifications post-sale to make them suitable for their intended purpose. This includes changes to suspension and ride height for off-road use, modifications for disability access, specialised fit-outs for emergency services and enforcement agencies, and sector-specific adaptations for mining, utilities, construction, and land management.



These modifications are not discretionary or cosmetic. They are essential for ensuring operational safety, compliance with local road rules, and suitability for the unique and often extreme conditions in which Australian vehicles operate. Households and businesses invest heavily in this sector, not only in components but in the technical expertise required to integrate and certify these systems within the framework of existing vehicle design.

Despite this, the standards landscape governing aftermarket vehicle modifications in Australia remains fragmented and highly inconsistent. The current system comprises overlapping and sometimes contradictory requirements drawn from Australian Design Rules (ADRs), Vehicle Standards Bulletins (VSBs), Australian Standards (AS), UNECE regulations, and jurisdiction-specific implementation guides. Each state and territory applies its own interpretation of national guidance, leading to regulatory divergence that undermines consistency, increases costs, and creates barriers to competition and innovation. What results is not merely regulatory complexity but systemic incoherence.

It is also critical to emphasise that global vehicle platforms, particularly those designed for European or North American markets, are not engineered with Australian end-use scenarios in mind. The notion that Australian regulators can simply “lift and apply” overseas vehicle standards, especially those developed under the assumptions of urban, temperate, and standardised operating environments, is flawed. Australia’s geographic scale, climate extremes, and multi-purpose vehicle usage patterns demand a standards regime that is responsive, coherent, and fit for local conditions.

Reform in this area is long overdue. A national standards regime for the automotive sector must acknowledge the practical realities of post-sale vehicle modification, reduce unnecessary regulatory divergence, and support safe, efficient, and competitive outcomes for Australian consumers, businesses, and the broader economy.

General Support for Cautious and Specific Harmonisation

AAAA supports efforts to align Australia’s standards with trusted international benchmarks and to streamline overlapping regulations across Commonwealth and state jurisdictions. In general, regulatory harmonisation delivers broad benefits. It lowers compliance costs for businesses operating across borders, reduces time-to-market for new products, and increases competition and product availability for consumers.

Harmonisation of some standards can also help Australian producers access export markets more easily and achieve economies of scale by manufacturing to one set of specifications for both local and international markets. We agree with the interim report that aligning Australian standards with international/overseas ones could add \$1.9-\$3.8 billion annually. However, we believe that standard harmonisation needs to be targeted in order for it to be effective and efficient. As an industry association, we have seen many examples of a rush to align Australian Standards with international standards that do not take Australian market or environmental conditions into account.

The financial implications for Australian businesses as a result of these changes can be extremely damaging and can drag on for months and years, as seen with standards that require new labelling and new testing standards that can be validated.



AAAA recommends that harmonisation of international standards with our own Australian Standards should be done cautiously and should involve industry at all stages of the consultation to determine if, how, and when an opportunity to harmonise is required.

Inter-state harmonisation remains a key priority.

AAAA is concerned, though not surprised, to note that only 26 per cent of mandated standards are applied consistently across the Commonwealth, states, and territories. For nationally operating businesses, this inconsistency results in unnecessary duplication, uncertainty, and additional costs.

Workshops, manufacturers, and suppliers in our industry are compelled to comply with multiple overlapping regulatory regimes, even when the standards cited are identical. Vehicle Standards Bulletin 14 (VSB 14), which governs modifications such as suspension lifts and gross vehicle mass (GVM) upgrades, is a prime example. States apply VSB 14 differently, with some imposing additional restrictions or interpretation guides. A modification accepted in Victoria may be rejected in Queensland, despite achieving the same technical outcome. This inconsistency is unacceptable. It undermines national productivity, discourages investment, and creates a direct barrier to growth, while placing an unnecessary administrative and financial burden on businesses forced to navigate duplication and disputes.

AAAA's position is that national alignment should be the priority of any standards reform agenda. The current patchwork of state-based requirements provides no measurable safety benefit but imposes real economic costs.

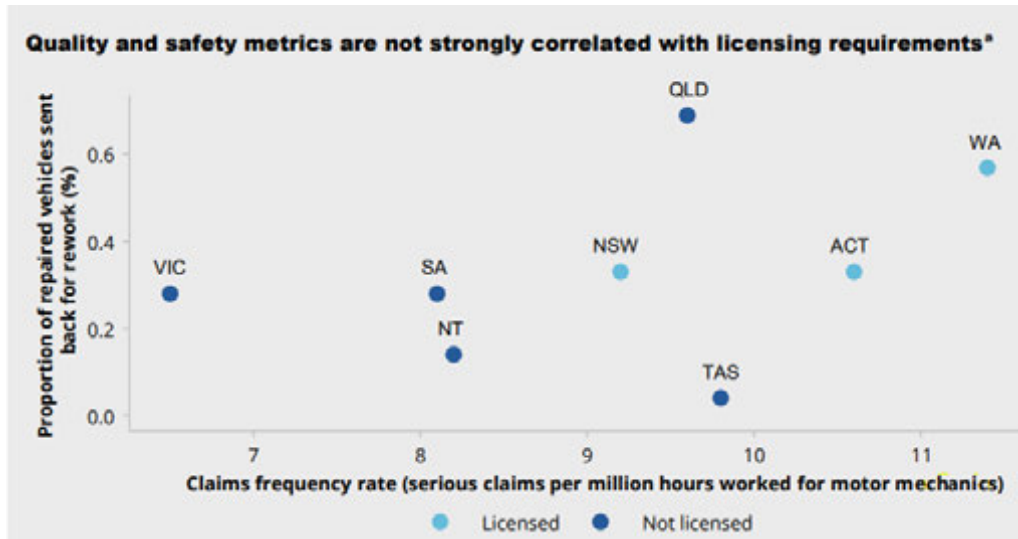
National Licensing

AAAA believes that the Productivity Commission has rightly identified the electrical trades as a prime candidate for national licensing reform. Electricians are already licensed in every jurisdiction, with licensing regimes designed to protect workers and consumers from high-risk hazards. Because licensing is already a feature of the profession, a nationally consistent system can directly address the duplication and interstate restrictions without imposing entirely new obligations on the workforce.

However, this logic does not automatically transfer to every occupation. In the automotive trades, licensing frameworks have been fragmented and unnecessary. NSW, the ACT and W.A are the only states and territories with Automotive repair licensing, and the table below, which was taken from the Productivity Commission's interim report into 'Building a skilled and adaptable workforce', highlights there is no comparable difference in service quality or worker safety between licenced and unlicenced states. This has led the Commission to state,

*"New South Wales, Western Australia and the Australian Capital Territory should assess whether current licensing requirements for motor vehicle repairers remain fit for purpose."*¹

¹ Productivity Commission's Building a skilled and adaptable workforce Inquiry interim report' p.61



The automotive sector already operates under a unique, legislated framework that recognises and manages risk through accreditation rather than licensing. The Motor Vehicle Service and Repair Information Sharing Scheme requires secure, industry-led accreditation of repairers, overseen by the Australian Automotive Service & Repair Authority (AASRA). This framework ensures that only suitably credentialed and vetted professionals can access manufacturer repair and security data, including immobiliser codes and key programming and can be scaled depending on minimum standards.

As an industry association, we are supportive of minimum standards and recognition of the automotive trades; however, we are sceptical about **the introduction of a national licensing program** for our sector. Instead, AAAA believes that an industry-led Accreditation Scheme will function more efficiently and fit with existing accreditation systems to access the necessary data to undertake the role.

Why a National Licencing Proposal will be less efficient than Industry Accreditation

1. Burdensome and Costly

Occupational licensing at both the state and national level has predominantly imposed compliance costs on workers and businesses, creating barriers to entry and restricting the labour pool. The Productivity Commission has noted that licensing can hinder productivity growth and reduce competition. A new national scheme risks replicating those problems on a larger scale, without delivering better safety or consumer outcomes.

2. No Clear Benefits Over Existing Systems

The **Automatic Mutual Recognition (AMR)** system already provides a pathway for licensed workers to operate across jurisdictions. The Productivity Commission highlights that most states and territories have signed up to AMR, making the marginal benefit of a new national licensing scheme unclear. Instead of building another bureaucracy, governments should focus on strengthening AMR by removing exemptions.



3. Lessons from State-Based Licensing

State-based licensing for automotive-related occupations has created fragmentation, compliance duplication, and added cost, without delivering measurable improvements. This history shows that licensing does not automatically improve safety or consumer protection.

4. Existing Industry-Led Accreditation Works

The Australian Automotive Service & Repair Authority (AASRA) already provides a fit-for-purpose accreditation system.

- Under the **Motor Vehicle Service and Repair Information Sharing Scheme**, AASRA verifies technician credentials and manages access to manufacturer repair and security information (Information that is required to undertake any work in the Automotive Service and Repair Sector).
- Vehicle Security Professionals (VSPs) undergo additional police and background checks through AASRA, creating a rigorous framework for managing high-risk data (such as immobiliser codes and key programming).
- AASRA's system is nationally consistent, widely adopted by industry, and directly linked to Australia's landmark Right to Repair law.
- The introduction of minimum standards for the industry can be verified and validated by the AASRA system.
- AASRA is required by law to report back to Treasury allowing government oversight to ensure that the accreditation scheme is operating efficiently and effectively to the benefit of industry and the broader community.

This industry-led model demonstrates that accreditation and oversight can be achieved **without a costly and restrictive licensing regime**.

Concluding Remarks

AAAA strongly supports the objectives of the National Competition Policy to reduce duplication, cut red tape, and improve competition. For our industry, the most pressing issues are the inconsistent application of standards across jurisdictions and the risk of unnecessary occupational licensing.

We urge governments to prioritise national alignment and carefully managed international harmonisation. Reform must reduce inconsistency, not entrench it further. The automotive aftermarket depends on clear, consistent and fit-for-purpose standards that reflect Australia's unique conditions. Without such reform, businesses will continue to face unnecessary costs and further create barriers to investment.

AAAA recognises the strong case for national reform in electrical trades but believes that this rationale does not extend to the automotive sector. Our industry already operates within a nationally consistent, legislated accreditation framework through AASRA, which manages access to sensitive repair and security data. We believe that this system can be used to manage the accreditation of minimum standards for the automotive industry.

AAAA welcomes any further opportunity to participate in the further discussion of these important reforms to ensure that our industry's concerns are addressed.



For any questions relating to this submission, please contact the AAAA Senior Government Relations and Policy Advisor, Mr Nick Johnston .

Yours sincerely,

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Australian Automotive Aftermarket Association

About AAAA

The Australian Automotive Aftermarket Association (AAAA) is the peak national industry body representing the Australian supply chain for automotive products, vehicle maintenance, repair, and modification.

Our industry supports car owners after the purchase of the car, keeping vehicles safe and providing products for modification to make vehicles fit for purpose, including trade and emergency vehicles – in essence, everything that happens to the car after the initial purchase is part of the Australian automotive aftermarket sector.

Our members design and manufacture automotive components; distribute replacement and service parts in real-time; wholesale, import and export automotive parts and accessories, retail tools and equipment; and provide vehicle service, repair, and modification services in every community in Australia.

We support our members with industry and business improvement benefits while also undertaking important advocacy campaigns, providing events and training, and commissioning in-depth and industry-first research to help members make informed decisions.

AAAA and our member companies are proud to passionately defend the reputation and integrity of the independent aftermarket and stand by our products and professionalism.

AAAA is also a nominating organisation on numerous Standards Australia committees covering a wide range of parts and accessories, tools, and equipment, and our member representatives are actively involved in the development of product quality standards.