

Priority Reforms under the Revitalised National Competition Policy (NCP)

Caravan Industry Submission

Submission to the Productivity Commission

Re: Request for Advice on Priority Reforms under the Revitalised National Competition Policy (NCP)

From: Caravan Industry Association of Australia

Date: June 2025

Executive Summary

This submission responds to the Treasurer's request for Productivity Commission advice on structural reforms under the revitalised National Competition Policy (NCP), with a particular focus on improving productivity, consumer safety, and industry competitiveness within the Australian caravan and camping industry. The submission advances a position that is not only evidence-based but contextualised within both the unique regulatory terrain of Australia and relevant international benchmarks.

The sector generates over \$27.1 billion in annual economic value, sustains more than 53,000 jobs, and serves as a cornerstone of regional tourism and domestic manufacturing. As the market grows in complexity and consumer expectation, the productivity impacts of outdated and fragmented regulations are becoming more visible and more damaging. Harmonised, risk-calibrated, and nationally consistent reforms—particularly in relation to occupational licensing, infrastructure investment, and operational standards—are no longer aspirational, but essential.

1. The Need for National Electrical Licensing Harmonisation

In a modern recreational vehicle (RV), electrical systems are not peripheral—they are foundational. Today's RVs integrate complex electrical architectures involving dual-voltage networks (12V and 240V), lithium-ion battery systems, solar energy conversion, and smart inverters. Yet the labour pool capable of installing, maintaining, and certifying these systems is subject to a regulatory regime that is jurisdictionally inconsistent, operationally inefficient, and economically burdensome.

State-by-State Disparities:

- **Queensland** requires all electricians to obtain a specific state-based licence, including those already licensed interstate. This results in workforce segmentation and restricts mobility, especially during critical labour shortages.
- **Victoria** participates in the Automatic Mutual Recognition (AMR) framework but does not honour QLD licences without additional training or application.

- **New South Wales** offers broader recognition under AMR, reducing administrative duplication and enabling better deployment of skilled labour.

The implication for caravan manufacturers is significant. With 94% of the 25,185 RVs produced in 2024 being towable units—most of which require complex onboard electrical integration—the inability to mobilise licensed electricians across borders results in production delays, increased compliance overheads, and constrained responsiveness to consumer demand. The financial impact, conservatively estimated, is a 3–5% productivity loss industry-wide, equivalent to between \$81 and \$135 million annually. This drop can be attributed to increasing import numbers, flourishing due largely to significantly lower cost inputs and regulatory barriers.

Reform Recommendations: We advocate for a national licensing scheme for electrical trades, prioritising:

- Full AMR coverage across all states and territories;
- A centralised digital verification system for licensure and competency;
- Recognition of emerging specialisations (e.g. battery management systems) via modular certifications.

These measures will reduce compliance duplication, expand workforce flexibility, and boost productive capacity in RV manufacturing hubs across Australia.

2. Harmonisation of Operational Standards for Caravan Parks

Unlike many comparable industries, there is no cohesive national standard governing the operation of caravan parks and camping grounds in Australia. Instead, operators must navigate a patchwork of local government regulations, state planning laws, and health codes, many of which draw inconsistently on applicable Australian Standards.

Examples of fragmented regulation include:

- Divergent requirements for fire safety infrastructure and evacuation protocols;
- Varying interpretations of LPG storage compliance under AS/NZS 5601;
- Different thresholds for amenity provisions (e.g., shower-to-guest ratios, waste management systems).

These inconsistencies create inefficiencies that affect both capital investment and ongoing operations. Developers are disincentivised to build new facilities or upgrade existing ones due to uncertainty in the approvals process. Meanwhile, operators in high-compliance jurisdictions face cost structures that may not be matched by competitors operating under laxer regimes, undermining competitive neutrality.

Position Statement: We support increased standards, professionalism, and compliance across the sector, but reject the imposition of an international operational standard as unnecessary and unfit for Australia’s highly differentiated park environment. Instead, we propose the creation of a Model Caravan Park Regulatory Code—an adaptable framework that enables consistent safety and amenity benchmarks while retaining the ability to reflect local conditions and development contexts.

3. Competitive Distortions Arising from Free Camping Policies

State-sponsored free camping policies—especially those introduced in Victoria—have had unintended yet profound consequences for the viability of private caravan park operators. These policies aim to stimulate regional tourism, but in practice, they create an uneven playing field by offering unregulated or under-regulated accommodation alternatives on public land.

Problems Identified:

- Free camping sites are typically exempt from compliance standards applied to commercial parks (e.g., insurance, waste disposal, and electrical safety);
- Environmental degradation and community conflict have escalated where unmanaged or poorly enforced camping occurs;
- Consumers receive no guarantee of safety, access to amenities, or accountability for incidents.

The effect is not simply commercial displacement, but a distortion of market principles. Public sector actors are directly competing with private operators, yet without the obligations, costs, or performance standards that ensure fair competition. As a result, investment in private park infrastructure is disincentivised, with long-term implications for the quality and sustainability of regional tourism assets.

Recommendation: We urge the Productivity Commission to include in its NCP reform package a directive that State Governments either:

- Cease offering free camping as a tourism strategy where it competes directly with commercial providers;
- Or require equivalency in compliance and service standards for all forms of accommodation, irrespective of ownership.

4. Productivity Modelling: Park Infrastructure Grants vs Free Camping Costs

When comparing policy tools for tourism development, infrastructure grants to commercial caravan parks consistently outperform free camping initiatives on all key productivity metrics.

Case Example: The Federal Caravan Park Infrastructure Grant program (2022) invested \$10 million, which leveraged an additional \$30 million in private capital—a 3:1 ratio. Recipients reported improvements in occupancy, revenue per available room (REVPAR), and visitor length of stay. These improvements ripple across local economies, increasing employment and supplier demand.

By contrast, free camping policies impose hidden costs:

- Councils absorb waste, policing, and environmental management expenses;
- Revenue leakage from formal providers reduces reinvestment cycles;
- Declining market quality due to unmanaged user behaviour.

Modelled Outcomes:

- Infrastructure grant model: \$1 = \$2.80–\$3.20 in economic activity;

- Free camping model: \$1 = \$0.50–\$0.80 after externalities.

This clearly supports a policy preference for structured investment over informal and unregulated tourism stimulus.

5. International Benchmarks: Lessons from New Zealand and the United Kingdom

New Zealand:

- Operates a single national electrical licensing scheme administered by the Electrical Workers Registration Board (EWRB);
- Requires all RVs to hold an Electrical Warrant of Fitness based on AS/NZS 3000:2018;
- Facilitates compliance and enforcement through a nationally integrated model.

United Kingdom:

- Applies BS EN 1647 for seasonal-use caravans and BS 3632 for year-round residential units;
- These standards address fire safety, thermal insulation, structural integrity, and ventilation;
- Their implementation provides clarity to manufacturers, insurers, and regulators while allowing consumer choice.

Implications for Australia: These international examples demonstrate the benefits of unified regulation without sacrificing flexibility. They also illustrate how differentiated standards (e.g., seasonal vs permanent) can support consumer segmentation and product innovation.

We do not advocate a direct transplant of overseas standards, but rather a guided process of domestic benchmarking that incorporates the strengths of these models where relevant and contextually appropriate.

6. Enhancing Competition Policy for Domestic Manufacturing Competitiveness

The increasing penetration of imported caravans and recreational vehicles—often assembled offshore under lower regulatory cost structures—has begun to pose a structural threat to the domestic manufacturing base. This is not a reflection of inefficiency within Australian manufacturers, but rather a consequence of policy asymmetries that reduce the global competitiveness of local production.

Current State of Play:

- Recent data indicates that imported RVs now comprise approximately 44% of the new recreational vehicle market in Australia. In 2024, Australian RV production totalled 25,185 units, while imports reached 19,993 units—up 5% year-on-year. This marks a significant shift in market composition, where imported caravans and campers—pose a rapidly growing structural challenge to local manufacturing competitiveness., with significant growth in fully built-up units arriving from international markets.
- Australian manufacturers face higher input costs due to compliance with fragmented safety and construction standards, local and state-based taxes, more stringent labour regulation, and complex permitting environments. An example of this is the oversight of qualified labour in gas, plumbing

and electrical work which is required in Australia, but the same qualifications are not required for important habitation work (which have the potential to injure or kill consumers) being conducted internationally.

Domestic Policy Levers: Rather than relying on trade protections, which may contravene WTO obligations or broader free trade commitments, we propose a suite of pro-competition, pro-manufacturing policies within the NCP framework:

1. Manufacturing Investment Allowance (MIA):

- Provide accelerated depreciation or tax offsets for capital investments in RV and caravan manufacturing.
- Enable small and medium manufacturers to invest in automation, energy efficiency, and compliance technologies that improve scale and productivity.

2. Regulatory Simplification for Manufacturers:

- Establish a national RV manufacturing code harmonised across all states, reducing duplicative compliance.
- Introduce a single national portal for certification and approvals, consolidating requirements across gas, electrical, chassis, and vehicle standards.
- Departmental deputization to industry pre-regulatory compliance checks. This would strengthen compliance to the legislative requirements under the Road Vehicle Standards. Cost recovery funding through a \$1.00 increase in rego charges with the industry association collecting directly from state registration bodies so would be cost neutral to Government. Currently, there is an increased number of average non-compliances against Australian Design Rules by imported product with limited resources at a Department level to fully enforce the legislation.

3. Australian-Made Compliance Labelling:

- Introduce a verified Australian compliance label that signals to consumers the higher safety, durability, and environmental standards met by locally manufactured RVs, this could be achieved through the recognition of, further empowerment and expansion of the industry led program Recreational Vehicle Manufacturing Accreditation Program (RVMAP). This program could be easily expanded to act as a harmonised compliance and quality program, working hand in hand with Departmental efforts under the Road Vehicle Standards Act.
- Source of Origin labelling under an agreed definition of Australian made

4. Local Supplier Development Program:

- Fund industry-led programs that strengthen the resilience and capability of domestic sub-component suppliers.
- Prioritise grants or low-interest finance for companies that invest in local sourcing of chassis, cabinetry, plumbing systems, and electronics.

Economic Rationale: These measures directly contribute to the goals of dynamic efficiency, employment growth, and regional development—key metrics under the NCP framework. They also address market

failures related to asymmetric information and customer guarantee impacts due to coordination challenges within fragmented regulatory and supply ecosystems.

By integrating these pro-manufacturing levers within the broader NCP agenda, the Commission can support a level playing field that rewards innovation, compliance, and Australian quality without distorting competition or reverting to protectionist settings.

Final Remarks

This submission synthesises domestic performance data, jurisdictional mapping, policy evaluation, and global regulatory comparisons. We urge the Productivity Commission to pursue practical, scalable reforms that align with the sector's growth trajectory, support small business participation, and maintain the trust of increasingly discerning consumers.

We would welcome the opportunity to provide oral evidence or support technical workshops in collaboration with state regulators, industry experts, and standards bodies.

Conclusion

The Caravan Industry Association of Australia remains firmly committed to enhancing consumer protection and elevating standards across the caravanning and camping sector. However, the success of these efforts depends on a regulatory and policy environment that genuinely reflects the operational realities faced by the industry.

Caravans and RVs are high-value, technically advanced products built through complex, multi-stage supply chains involving specialist trades, domestic component manufacturers, and strict safety compliance. With imports now accounting for 44% of the market, there is growing pressure on local manufacturers to compete against products not subject to equivalent production costs, regulatory burdens, or compliance obligations. Without careful calibration, reforms—whether focused on compliance, licensing, or operational standards—could inadvertently exacerbate this pressure.

We therefore call on the Productivity Commission and all levels of government to ensure that any regulatory or competition-related initiatives are co-designed with industry. These reforms must strike a balance between protecting consumers and preserving the capacity of domestic businesses to deliver quality products and services, create jobs, and invest in regional economic development.

We also advocate for pro-competitive policies that directly strengthen Australia's manufacturing base—such as harmonised standards, investment incentives, simplified compliance systems, and local supply chain development programs. These are necessary complements to consumer protections and vital to the long-term sustainability of our sector.

We welcome continued dialogue and look forward to collaborating on the development of reforms that both protect Australians and support one of the nation's most significant manufacturing and tourism-linked industries.

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