

Victorian Automotive Chamber of Commerce

Response to the Productivity Commission National Competition Policy analysis 2025

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Contact

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About VACC

The Victorian Automotive Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians. VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), towing operators, tyre dealers and automotive dismantlers and recyclers.

VACC is also an active member of the Motor Trades Association of Australia (MTAA) and contributes significantly to the national policy debate through Australia's peak national automotive association.



Introduction

VACC welcomes the opportunity to reply to the Productivity Commission competition policy analysis for occupational licencing and harmonising regulated standards across Australia. VACC is the peak retail automotive retail association in Victoria and Tasmania and employs over 550 auto apprentices through its Group Training Scheme as well as being a key contributor to national automotive industry industrial relations discussions, and well as possessing a well-resourced and capable automotive industry policy presence.

VACC has limited its response solely to the proposed occupational licensing reforms

Occupational licencing

VACC recognises the intent of a national licencing scheme is to reduce unnecessary and duplicative regulatory differences that impede labour and business movement between jurisdictions and remove the requirement for licensees to apply for multiple licences for the same designation in different states and territories and operate across jurisdictions. Ideally, it will enable working nationally easier, less expensive and promote the mobility of licensees between jurisdictions.

Occupational licensing typically refers to legislated requirements that individuals must obtain permission from a government agency or other regulatory body to legally practice a particular profession. This permission typically comes in the form of a license or certification, which is granted after the individual meets certain qualifications, such as education, training, and passing examinations – at their own cost. The policy justification generally is to protect consumers from unqualified practitioners or to maintain high standards of professional conduct – this relies on the licence signalling that the licensee’s skills and qualifications meet a particular minimum threshold. However, it is the quality of training and experience that determine a worker’s skill and ability to meet the expectations and needs of consumers, not the holding of a particular licence.

VACC also cautions that occupational licensing may also act as a barrier to market entry that prevents some people from practising their chosen profession or trade. Extensive licencing requirements can be unnecessarily costly or burdensome, limiting opportunities for new entrants and impeding competition to the detriment of consumers. The process of obtaining and maintaining a license can also be onerous and time-consuming, diverting resources away from productive activities.

As such, VACC considers that occupational licencing should only be imposed when there is strong justification. It is essential for the Government to recognise the need to minimise unnecessary red tape and regulatory burdens on businesses, ensuring that compliance costs are kept to a minimum, aside from required measures. Best practice is found in achieving evidence-based policy outcomes that remove duplication and red tape, rather than heavy-handed increases to the regulatory burden on Victorian employers, and smaller businesses in particular.

Skills shortages in the Australian automotive industry

Australia is experiencing a tight labour market with evidence of extensive skills shortages across many occupations. Skills shortages are a particular issue for the automotive industry.

The Motor Trades Association of Australia (MTAA), VACC's national body, recently commissioned Deloitte Access Economics to prepare a report detailing the extensive skills shortages experienced across multiple occupations within the automotive sector. Amongst the 456 automotive businesses responding to the survey, over 1,800 vacancies were advertised in 2024 of which 700 were filled, with an average industry fill rate of just 38%. Shortages were prevalent across all states and territories and were broadly the same in regional locations compared to metropolitan regions.

While occupational licensing is intended to ensure that professionals meet certain perceived standards of skill and safety, it can also create barriers to entry that exacerbate skills shortages. The process of obtaining a license can be costly and time-consuming for workers. For individuals who may already possess the necessary skills, the additional burden of meeting licensing requirements can delay their entry into the workforce, contributing to shortages.

VACC therefore considers that any attempts to introduce a national licencing scheme should balance any proposed industry requirements against the need to address existing skills shortages.

VACC's response to consultation questions

Which occupations would be best-suited to a national licensing scheme?

VACC has no comment.

What would be the first steps towards a national licensing scheme for selected occupations?

Developing a national licencing scheme would require significant stakeholder engagement and research to first assess the necessity and expected benefits of the proposed regulation and ensure it is evidence based. This should include an assessment of the degree to which the policy aims can be delivered efficiently by the industry itself, and the extent to which consumers and workers in the selected industry are already protected by existing laws, such as Workplace Health and Safety laws and the Australian Consumer Law.

It is also important to consider the cost of a proposal to industry in terms of administration, including direct and indirect costs.

Why did previous attempts at a national licensing scheme, such as the National Occupational Licensing Scheme, fail? How could a renewed attempt overcome the barriers to a national licensing scheme?

National regulatory harmonisation is extremely difficult to achieve without the introduction of a federal-level scheme that would accommodate the different requirements and interests influencing existing policy at the state and territory level. There may also be resistance from individual jurisdictions to relinquish regulatory control to the Commonwealth purely in the interests of harmonisation.

What benefit would a national licensing scheme provide over an expansion of the automatic mutual recognition scheme?

The benefits of a national licensing scheme result primarily from the reduction in red tape due to streamlined/consistent regulation across the different jurisdictions, ensuring alignment in requirements for businesses and individuals, and facilitating greater labour mobility. Supporting mobilisation will have a flow on effect in increasing productivity in the Australian economy.

National licensing would also mean a reduction in the barriers for overseas skilled migration applications. The lack of uniformity of regulatory and education requirements for various skilled occupations between different jurisdictions can be a significant barrier for skilled international workers who wish to migrate to Australia under existing skilled migration schemes. The need to varying local occupational licencing requirements can delay or prevent their employment, despite their qualifications and experience.

How could the PC best quantify the benefits of a national licensing scheme?

VACC has no comment.



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