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Productivity Commission
GPO Box 1428
Canberra City ACT 2601, Australia

RE: National Competition Policy analysis 2025 – Interim Report

Dear Commissioners,

Thank you for the opportunity to lodge the Air Conditioning and Mechanical Contractors' Association of Australia Limited (AMCA) submission in response to the Productivity Commission's *National Competition Policy Analysis 2025 Interim Report*.

AMCA represents the specialist mechanical-services contractors who design, install, commission and maintain the heating, ventilation and air-conditioning systems that keep Australia's buildings safe, healthy and productive. Our submission draws on the practical experience of these contractors nationwide.

We thank the Commission for its thoughtful review and acknowledge that the interim report clearly reflects careful consideration of industry submissions to date. We appreciate the opportunity to provide further detail at this stage, particularly as it is clear that the Commission's approach has been receptive to industry input.

In our view, the Commission's work on standards—particularly the focus on harmonisation and the recognition of the need for cheaper or free access to mandated standards—is well on track to deliver significant improvements for industry. At the same time, we remain concerned that simply bolstering Automatic Mutual Recognition (AMR) will not deliver the long-term productivity benefits required. As outlined in our submission, national licensing must remain the central goal for reform.

We would welcome the opportunity to meet with the Commission at your convenience to discuss any aspect of our submission in greater depth and to provide additional data or industry contacts that may assist the Inquiry's deliberations.

Thank you again for considering our perspectives. We look forward to continuing to support the Commission's important work.

Yours sincerely,

Scott Williams
CEO

Air Conditioning and Mechanical Contractors' Association of Australia Limited (AMCA)



Submission

National Competition Policy Analysis 2025 – Interim Report

September 2025

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ABOUT OUR INDUSTRY

Heating, air conditioning and ventilation (HVAC) is a significant industry. It contributes over \$8 billion to the Australian economy annually, has over 6,400 businesses, and employs over 18,900 people.

The services provided by these businesses are omnipresent in the homes, workplaces and public buildings occupied by the entire community, providing safe, comfortable, healthy, and productive spaces for people to live, work, and recreate.

These services include:

- Heating and cooling for comfort, well-being, and productivity
- Ventilation and indoor air quality
- Fire and smoke control systems
- Air purification for hospitals, laboratories, and other sensitive environments
- Climate control and air quality for commercial and industrial facility premises

Post-COVID, the importance of our industry has become even more widely recognised due to the HVAC systems' role in supplying the air we breathe. With people spending around 90% of their time indoors, the air supplied by HVAC systems is a critical factor in respiratory health, mental health and well-being, workforce productivity, and general quality of life.

The sector's importance is further emphasised by the fact that HVAC systems account for approximately 50% of a building's energy consumption. Indeed, in buildings with older or less efficient systems, HVAC can account for upwards of 75% of total energy usage.

CONSULTATION FOR THIS SUBMISSION

In preparing this submission, AMCA Australia has consulted the following groups:

- Our state-based advisory boards comprise business leaders from large, medium, and small mechanical contracting, services, and maintenance businesses nationwide.
- Our National Technical Working Committee comprises mechanical engineers registered under various state-based registration Schemes.
- Our National Service and Maintenance Committee comprises technicians, site managers, and service managers.

These groups would welcome the opportunity to discuss any issues or views raised in our submission.

OPENING & EXECUTIVE SUMMARY

The Air Conditioning and Mechanical Contractors' Association of Australia Limited (AMCA) welcomes the opportunity to submit this proposal to the Productivity Commission's *National Competition Policy Analysis 2025 Interim Report*. We thank the Commission for the thoughtful consideration already evident in the interim findings, which reflect a strong receptiveness to industry submissions.

Our response focuses on two key areas of reform directly relevant to the mechanical services sector: standards and occupational licensing.

Both are central to increasing productivity, improving compliance, and ensuring that the construction and building services industries can deliver the safety, efficiency, and innovation demanded by Australia's future building stock.

- On **standards**, AMCA supports providing free or low-cost access to mandated standards and emphasises the need to speed up adoption processes while maintaining the tailoring of international standards to suit Australia's unique conditions.
- On **occupational licensing**, AMCA recognises that while Automatic Mutual Recognition has delivered some benefits, it cannot achieve the long-term productivity gains required. National licensing remains the only pathway to create a truly mobile and efficient workforce in mechanical services.

AMCA and its members stand ready to provide further advice and would welcome the opportunity to meet with the Commission to discuss any aspects of this submission in more detail.

STANDARDS

AMCA welcomes the government's review of funding options for providing free or reduced-cost access to mandated standards. We particularly commend the Productivity Commission's interim recommendation that governments facilitate free (or low-cost) access to standards incorporated in legislation. This reform represents a significant driver of productivity improvements in the construction sector.

Feedback from AMCA members consistently highlights that the cost of accessing standards is not limited to the primary documents referenced in the National Construction Code (NCC). These documents often reference dozens of secondary and tertiary standards, meaning that a practitioner seeking to ensure full compliance must purchase an extensive and costly library of interconnected documents. For medium to large HVAC businesses, this typically equates to **\$30,000 to \$50,000 per year under subscription models**, and often more for tier-one contractors who require access to a broader range of highly specialised standards. For smaller businesses, costs of up to **\$30,000 annually** represent a significant barrier to compliance and cash flow.

The potential savings from reform are substantial. For a larger business, reduced or eliminated standards costs could instead fund the employment of an additional graduate or apprentice, expand staff upskilling, or support digital investment to drive productivity. For a smaller business, freeing up this level of expenditure would provide the financial headroom to begin apprentice programs, improve compliance systems, and reinvest in business growth. The economic and workforce development benefits would extend well beyond the immediate compliance burden in both cases.

AMCA strongly supports efforts to align Australian standards with trusted international and overseas equivalents where appropriate. However, this alignment should continue to occur through the existing international liaison and technical committee engagement processes, where standards are carefully reviewed and adapted to reflect Australia's unique construction landscape, climate, and regulatory framework. Tailored standards remain essential to ensuring safety and performance in areas where international approaches may not account for local conditions. The construction and technical services sectors are particularly impacted by bespoke Australian standards and duplicative conformity assessments, which add compliance costs, delay innovation, and restrict access to global products and technologies. The real focus of reform should therefore be on boosting the capacity and resourcing of standards processes to improve turnaround times and accelerate adoption, rather than direct adoption of international standards without appropriate adaptation.

Many international standards are increasingly adopted through contractual arrangements, particularly on major projects led by top-tier operators. Standards such as ASHRAE are often used to benchmark best practices and set performance expectations that go beyond the NCC and Australian Standards requirements. While this demonstrates an apparent demand for alignment with global best practice, it also highlights the importance of ensuring that international standards are appropriately adapted to Australia's unique climate conditions and construction practices. In practice, this means reducing duplication and compliance burdens and resourcing standards committees to efficiently review, amend and adopt international frameworks in a way that safeguards local needs.

While AMCA recognises that many standards are rightly tailored to Australia's unique climate, building practices, and regulatory environment, we note that the key barrier to

efficiency is not whether international standards are considered, but the time taken to adopt or adapt them. Australian standards committees, particularly those in the construction and technical sectors, already maintain liaison arrangements with international standards bodies. In practice, standards are regularly reviewed for potential adoption or amendment. The issue is that the review, consultation, and adoption process is often slow and under-resourced, creating unnecessary lags between international developments and their incorporation into the Australian framework. A further significant barrier is the requirement for inter-departmental signoffs before a project can commence. For example, some standards proposals require approval by agencies such as the Australian Building Codes Board (ABCB) before the committee can begin drafting. One current project proposal, submitted in 2022, is still awaiting endorsement as an active project. Once endorsed, the committee would still need at least 12 months to draft revisions before public comment and finalisation. From submission to release, the total process could easily exceed five years.

This lag has real-world consequences. It slows the uptake of new technologies, delays alignment across jurisdictions, and increases costs for industry. For example, members report compliance costs exceeding \$50,000 per product line to re-test fire safety equipment already certified under internationally recognised processes. In small and medium businesses, the need to purchase hundreds of mandated standards for a single project can erode project margins entirely.

AMCA recommends that reform efforts focus on reducing the cost barrier to standards and boosting the speed and capacity of standards adoption processes.

Greater support for Standards Australia committees—particularly in construction and technical fields—would allow quicker assessment and amendment of international standards to suit the Australian context. This would preserve the integrity of standards tailored to local conditions while reducing the compliance burden and unlocking the benefits of global harmonisation.

In short, the system itself is sound, but the critical barrier is the time to adoption. Addressing this will deliver the greatest productivity benefit to Australian businesses and households.

AMR & NATIONAL LICENSING

Occupational licensing reform has long been recognised as a pathway to improving productivity and labour mobility. In the mechanical services sector, however, the current reliance on Automatic Mutual Recognition (AMR) has proven insufficient to achieve these outcomes.

While AMR has delivered some benefits by reducing duplicative licence applications, it has not resolved the problem of **inconsistent licence categories and scopes of work across jurisdictions**. For mechanical services, this is particularly evident in the divergence between refrigeration and air conditioning, mechanical plumbing, and duct installation licensing, coupled with the overlay of professional engineering registration. These differences create administrative barriers that undermine the intention of AMR.

If each state and territory define licence scopes differently, AMR cannot create a truly national labour market. Instead, it simply overlays a recognition framework onto a fragmented base. The result is that workers may still be unable to undertake equivalent work

across borders, even when their competence is identical. This reduces labour mobility and imposes significant costs on employers who must navigate inconsistent systems.

Our members report significant compliance costs and waiting periods when relocating staff interstate, factoring in administrative processes, application fees, and lost time. These costs far exceed other regulatory requirements businesses face when establishing interstate operations. More importantly, the administrative delays create project bottlenecks and lost opportunities.

An instructive example is an AMCA member company bidding on a national maintenance contract. In a few of these cases, businesses determined it was easier to subcontract to local firms at a profit margin loss rather than navigate AMR and licensing requirements for their existing workforce. This outcome highlights that while well-intentioned, AMR is not delivering the productivity and workforce mobility it was designed to achieve.

Furthermore, the effectiveness of AMR is already diminishing. As jurisdictions continue to modify their licensing categories, exemptions, and requirements, the coherence of AMR is gradually eroded. This trajectory mirrors the fate of the earlier National Occupational Licensing Scheme (NOLS), which collapsed due to states' reluctance to harmonise. Without national-level intervention, AMR will continue to lose relevance and effectiveness.

AMCA's position is clear: boosting AMR alone will not be sufficient. Actual productivity benefits will only be realised through a move to national licensing. For mechanical services, this would mean harmonising four nationally consistent trade licence classes—air conditioning and refrigeration, mechanical plumbing, duct installation and medical gas—complemented by a national register of professional engineers removing local engineering registration requirements. This framework would provide certainty, eliminate duplication, and create a mobile workforce.

The potential gains are significant. More importantly, it would give businesses the confidence to deploy skilled workers where they are most needed, rather than accept margin losses or project inefficiencies due to regulatory barriers.

CONCLUSION

In summary, AMCA strongly supports the Commission's direction on standards, particularly the focus on providing free or low-cost access to mandated standards and resourcing committees to accelerate adoption. These reforms will reduce compliance costs and enable businesses to reinvest in workforce development, training, and digital transformation.

On occupational licensing, we urge the Commission to recognise that while AMR has delivered some benefits, its limitations mean it cannot provide the required sustained productivity gains. The only way to achieve a truly mobile and efficient national workforce is through harmonised national licensing, supported by a consistent register of professional engineers.

By addressing these two areas with targeted reforms, the Commission can help unlock the mechanical services sector's potential to deliver safer, more efficient, and more competitive outcomes for Australian households and businesses.

AMCA and its members would welcome the opportunity to provide further advice and to meet with the Commission to discuss any aspects of this submission in more detail.