5 September 2025

National Competition Analysis 2025
Productivity Commission
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Via Email: ncp@pc.gov.au

PLUMBING INDUSTRY CLIMATE ACTION CENTRE

Building the Plumbing Workforce of the Future

National Competition Policy Analysis 2025

Thank you for the opportunity to make a submission in response to the National Competition Policy Analysis 2025 – Interim Report. This submission is from the Plumbing, Heating Ventilation and Air Conditioning (HVAC) and Fire Protection Industry (the Industry), as represented by the Plumbing Industry Climate Action Centre (PICAC), the Master Plumbers and Mechanical Services Association (MPMSAA), the Plumbing and Pipe Trades Employees Union (PPTEU), the National Fire Industry Association (NFIA), the Air Conditioning and Mechanical Contractors' Association (AMCA), the International Association of Plumbing and Mechanical Officials (IAPMO) and the Association of Hydraulic Services Consultants Australia (AHSCA).

In March 2025 the Productivity Commission (PC) was asked by the Treasurer for advice on two reform areas: **the harmonisation of international standards** and **occupational licensing,** associated with the national competition policy (NCP) reform program. This program includes the PC's Paper circulated in June 2025 regarding national licencing for selected occupations and adopting overseas standards. Industry stakeholders made a substantial submission to the June 2025 round of the process and a copy of that submission is attached here for reference.

In relation to national occupational licencing, Industry's key point is that for the plumbing, fire protection and HVAC sectors, the need for restricting market access to only demonstrably competent individuals is vital to community health and safety. Licensing is critical; however, it could be more effective and efficient. National licensing would make sense and could be effective if there was an existing level of regulatory harmonisation across the states and territories, upon which the national license could be based. The problem is that currently in the Industry that requisite level of regulatory harmonisation across jurisdictions does not exist.

In terms of the adoption of international standards, Industry's position is that where sensible efficiencies can be made, by removing unnecessary or duplicative standards; and where there is no additional safety risk created for consumers or practitioners from incorporating standards, then those efficiencies should be perused. However, for reasons expanded upon in the attached brief submission, thorough Industry consultation would be critical before any changes were made to standards and how they are referenced in the Australian Industry.

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Should you wish to discuss this submission further, please do not hesitate to contact me via email:

Yours sincerely

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Plumbing and Fire Protection Industry Submission

National Competition Policy Analysis 2025 – Interim Report

1. Standards

As the Interim report outlines, a significant proportion of the Australian standards which are currently applied across the Australian economy align with relevant international standards. The PC contends that the potential benefits from aligning a proportion of the mandated Australia-only standards with overseas standards (and across states and territories), would deliver benefits of up to $3.8bn per year, or around 0.2% of GDP.

Industry agrees that as a general principle, improved regulatory harmonisation (national and, where appropriate, international), including of standards, would be beneficial. Where international standards and Australia standards are directly "like for like", and where adoption of an international standard would improve efficiency without diminishing community safety or other objectives, there would likely be productivity benefits from adopting an overseas standard.

In the plumbing and related sectors, standards form a critical part of the overall regulatory framework which act to safeguard the community from a range of risks and hazards inherent to plumbing and related work. The Australian Plumbing Fire Protection and HVAC Industry is governed by a comprehensive set of standards and regulations that prioritise quality, safety, and environmental sustainability. These standards cover a wide range of topics including installation, materials, performance, gas installations, safety requirements for piping and appliances, color-codes to avoid cross connection and many more aspects of the high-risk work sector practitioners undertake.

Standards are nationally recognized and called up by each jurisdiction via the National Construction Code (NCC). For example, AS/NZS 3500 is a series of standards that address the requirements for plumbing and drainage systems in various applications. This series supports the design, construction, and maintenance of plumbing systems for safe and efficient operation. These standards are referenced in the Plumbing Code of Australia (PCA), which is part of the National Construction Code (NCC) and serves as the primary regulatory framework for plumbing and drainage installations in Australia. It is maintained by the Australian Building Codes Board (ABCB) and aims to establish consistent standards for health, safety, and amenity in plumbing practices across all states and territories.

In the rapidly evolving and expanding plumbing, fire protection and HVAC sectors, standards are key to compliance, which is key to community safety. It is critically important that the standards which apply in Australia are fit for purpose and directly reflect the Australian context.

Whilst there is clear comparability between plumbing work in Australia and in other countries, such as the United States, Europe, or the United Kingdom, there are also points of difference, which need to be reflected in the Standards. There is variability in terms of water and gas pressures which are applicable in different jurisdictions, different materials are used, different pipe sizes and other specific localised rules apply. There are different weather and precipitation patterns, including rainfall and snow which require locally nuanced roofing, or drainage systems and requirements.

The broad adoption of international standards could have significant legislative, regulatory and compliance, and practical industry operational implications. Industry is strong on the need to ensure that before any international standards are adopted in Australia, there is careful consideration and thorough industry consultation and impact analysis undertaken.

With respect to access to standards, which is addressed in the Interim Report, Industry strongly supports moves to bring greater levels of access and affordability. The current arrangements represent a prohibitive barrier to productivity and compliance, particularly for Small to Medium Enterprises (SMEs). In fire protection for example, accessing the legally mandated library of Australian Standards imposes a prohibitive cost on practitioners. The NFIA estimates this cost to be between $15,625 and $22,500 for a single small business. This includes 50-75 current standards, up to 100 historical standards for servicing existing buildings, and multiple historical versions of the NCC.

This issue has been independently verified by national bodies. The Australian Government's Productivity Commission has repeatedly criticised this "paywalled" model, labelling it a **"tax on compliance"** and recommending that any standard referenced in law be made freely and publicly available online to reduce costs and improve adherence (Productivity Commission, 2017). The high cost creates an information asymmetry between large firms and SMEs. Evidence provided to a 2024 Senate inquiry confirmed that this barrier contributes to non-compliance and defects, as practitioners may be disincentivised from verifying technical requirements or unknowingly work from outdated information (Senate Standing Committees on Economics, 2024).

The way standards are developed and updated is unwieldy, drawn out, lacks transparency and consumes significant stakeholder resources. Industry stakeholders often commit considerable time and energy to participation on standards committees, only to be charged exorbitant rates to access the standards their IP helped develop. The time it can take to develop a new standard or adapt a standard to a new product or innovative installation can stymie local product development. PICAC's industry partner and leading international standards and conformity assessment body, IAPMO, advise that they are aware of examples where local Australian product developers are looking to overseas markets to develop their products where applicable standards can be developed more quickly and efficiently than they can in Australia.

Industry's strong view is that the current standards setting process and regulatory harmonisation and efficiency, could be significantly improved, with Industry welcoming the PC's focus on this area. The PC might look beyond standards and consider, for example, whether the right national policy and regulatory architecture and systems are in place to drive cross border harmonisation and capture all the associated productivity benefits.

For example, the ABCB, whose responsibilities include "regulatory reform in the construction sector" has not demonstrated a great appetite for driving national harmonisation. Other national bodies which have national remits could, but have not, taken steps to build a platform for national licencing by driving regulatory harmonisation. The Building Ministers' Meeting (BMM), which oversees policy issues affecting Australia's building and construction industries has not sought to tackle regulatory harmonisation. Standards Australia, for example, or quasi or "splinter" regulatory bodies like the Australian Refrigeration Council (ARC) tend to be focused on their own operations, including commercial operations, rather than on opportunities to streamline the national regulatory landscape.

Industry is strong in its view that there is real potential and opportunity to improve productivity through greater regulatory harmonisation. We have seen the national approach successfully adopted in the training sector, where there is a national training framework in place with students in all jurisdictions completing the same entry level qualification of a *Certificate III* in plumbing or fire protection or HVAC etc. However, driving up regulatory harmonisation requires a level of leadership and policy intent which has not been evident to date.

2. Occupational licensing

The Interim Report finds that occupational licensing reform could promote labour mobility and improve productivity, as workers move to places where their skills are most needed and valued. The focus is on the costs and other perceived downsides to occupational licensing requirements (hinder productivity growth by restricting the labour pool and impeding the allocation of labour towards more productive firms).

However, there are also very significant benefits for the community from occupational licensing, and in plumbing and fire protection, those benefits are very significant and should not be discounted. The lives saved, or disease outbreaks or other disasters like fires avoided, are impossible to put a monetary value on. The costs avoided (litigation, re-work, non-compliant work which is dangerous, fire damage, water ingress and flooding, etc) by ensuring only competent people work on plumbing, or fire protection or HVAC, are incalculable and dwarf any compliance costs attached to the licensing scheme. **There may be sectors of the economy where occupational licensing amounts to over regulation and could be re-considered. However plumbing, HVAC and fire protection is not one of them.**

The critical link between licensing and community safety when it comes to plumbing, fire protection and related work was outlined in detail in Industry's previous submission (attached). **Given the seriousness of the risks licensing in our sector mitigates, the need for licensing in our Industry should not up for consideration.** However, there is always scope to improve and update licensing models to ensure that they are as effective and efficient as they can be.

In that context, Industry is broadly supportive of the objective of developing a national licencing framework to plumbing HVAC and fire protection work in Australia. There could be considerable worker mobility and other benefits from a national occupational licensing system for plumbing and related occupations. Under current arrangements there are licensed plumbers who need to hold an individual license in every state of Australia and New Zealand and must pay license fees each year to each regulator. This situation is clearly inefficient and could be improved. This is particularly the case in "cross border" locations where plumbers in their normal course of operation find themselves working in multiple jurisdictions requiring, in most cases, separate licenses.

Industry's key point is that a national licensing model, and AMR, would make sense and could be effective if there was an existing level of regulatory harmonisation across the states and territories, upon which the national license could be based. The problem is that currently in the Industry, requisite level of regulatory harmonisation across jurisdictions does not exist.

The lack of national regulatory harmonisation was the major roadblock when the national licencing scheme (NOLS) proposal was under consideration over a decade ago and that situation has not changed. Whilst there are some areas of consistency and convergence (for example, core elements of plumbing like, water supply, sanitary and drainage), there are also significant differences and gaps. Over a decade on from NOLS, the state and territory regulatory schemes for plumbing and fire protection work still differ considerably in terms of the:

- Broad regulatory approach adopted across jurisdictions (self-certification versus staged inspections).
- Lack of direct alignment and consistency of scope of licenses across the various streams of plumbing and fire protection work in the different jurisdictions.
- Licensing qualification criteria which apply (some jurisdictions require additional pre-licence competency verification steps, such as exams, others do not).
- Different approaches individual jurisdictions take to addressing the risks associated with different plumbing activity (for example, stormwater drainage is regulated in some jurisdictions and not others).

The level of regulatory harmonisation has not changed substantially since the last national licencing push and there has been no real progress made towards addressing the challenge. As a result, it is reasonable to anticipate that the roadblock that stopped NOLS will be a blocker again. In the absence of a platform of regulatory harmony, there is a risk that the pursuit of common ground reduces the national licensing exercise to a lowest common denominator approach.

This could have the effect of lowering standards, increasing community risk and driving up sector costs (remediation and repairs). The Industry is moving at great pace, with new products and innovations entering the sector all the time. Currency of skills is critical to being able to embrace, utilise and take best economic and environmental advantage of these new and emerging products and systems.

Any moves which resulted in a lowering of entry level requirements, or a narrowing of licensed work scopes to align with the lowest common position upon which jurisdictions can agree, could leave the workforce under-skilled. This could compromise Australia's ability to meet the challenges of decarbonisation (under skilled workforce), achieve national housing targets, and mitigate and respond to climate change and its impacts.