

ARA/NRA SUBMISSION

NATIONAL COMPETITION POLICY ANALYSIS 2025 – INTERIM REPORT

September 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA) welcome the opportunity to provide a submission to the Productivity Commission's *National Competition Policy Analysis 2025 - Interim Report*.

The ARA and NRA, which propose to amalgamate to form the Australian Retail Council (ARC), represent a \$430 billion sector, and employs 1.4 million Australians – making retail the largest private sector employer in the country and a significant contributor to the Australian economy.

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

With a significant portion of every dollar spent in retail flowing back to employees, suppliers, super funds, and local communities, a thriving retail sector benefits all Australians. After a uniquely challenging five-year period, which has had significant impacts on the sector, we are united in advocating for policies, reform and collaboration that will drive growth, resilience, and prosperity for the retail sector and all Australians.

EXECUTIVE SUMMARY

The ARA and NRA welcome the Productivity Commission's Interim Report on National Competition Policy (NCP) Analysis 2025, and we recognise the important opportunity the revitalising of the NCP can have in lifting Australia's productivity.

While we are pleased to see areas of strong alignment with some of the priorities outlined in our original June 2025 submission, we believe it is a missed opportunity to focus on the important role of the retail sector. Our nation can ill afford to pass over many obvious areas for reform.

The retail industry is one of the most exposed sectors to regulatory fragmentation across borders – operating 155,000 retail outlets, moving goods across the country, fulfilling online orders nationally, and operating with complex global supply chains. Further, as Australia's largest private sector employer, it is disproportionately affected by fragmented rules across jurisdictions. This fragmentation and duplication subvert efforts to lift productivity, hampering necessary innovation in response to increasing global competitive pressures. The ARA and NRA submission details the inconsistencies and benefits of greater harmonisation, which the NCP has the potential to unlock.

While we strongly support the Commission's analysis of reforms that could lift GDP by up to 0.24% and reduce unnecessary compliance costs across the economy, we also reiterate our request for retail to be prioritised as a sector-specific deep dive to unlock associated productivity benefits.

Regarding the findings of the interim report, we particularly welcome the recognition of:

- National harmonisation as a central reform stream, with clear economic benefits.
- Alignment with international and overseas standards, reducing bespoke Australian-only standards that act as trade barriers.
- Occupational licensing reform, which will enhance labour mobility and productivity.

At the same time, we note that several of the critical harmonisation issues raised by retailers in our earlier submission were not reflected in the Interim Report. It is important to flag these omissions and encourage the Commission to include them in its final recommendations.

We also acknowledge that the Interim Report introduces some new areas of focus. We are broadly supportive of these directions, particularly in relation to public access to standards, updating legislative references, and the review of legislation that creates trade barriers, which we see as consistent with the broader harmonisation agenda we have consistently advocated.

STANDARDS

The ARA and NRA welcome the Commission's interim report findings that aligning Australian standards with international and overseas counterparts could generate \$1.9–\$3.8 billion annually in economic benefits. The Interim Report also highlights that 76% of mandated standards are bespoke Australian standards, many of which are outdated or inconsistently applied.

This validates the concerns raised in our previous submission, where retailers pointed to the high compliance costs created by divergence from international practice. For example:

- **Product safety:** Australia's "toppling furniture" standard imposes more prescriptive obligations than international equivalents, creating duplicative labelling and compliance costs.
- **Household electrical goods:** retailers are often required to meet outdated Australian standards even when safer, internationally recognised benchmarks exist. This delays innovation and raises costs.
- **Packaging and sustainability:** inconsistent requirements for recyclability and compostability across jurisdictions create supply chain inefficiencies and consumer confusion.

These examples illustrate why retail, as a consumer-facing sector operating across every jurisdiction, is particularly vulnerable to the inefficiencies of bespoke standards. Misalignment does not just raise compliance costs for businesses, but flows directly into higher prices and reduced choice for consumers.

We strongly support the Commission's recognition of these issues and encourage prioritisation of consumer-facing standards for review, as these impose the most visible costs on both businesses and consumers.

The ARA and NRA are also strongly supportive of the Interim Report's recommendations to:

- Ensure public access to mandated standards, noting that the cost of access is a disproportionate burden on small and medium businesses. A modest public investment to make standards freely accessible would deliver outsized compliance and fairness benefits.
- Update legislative references so they point to current versions of standards. We agree that outdated references are a significant source of duplication, unnecessary testing and additional compliance costs, particularly for SMBs.

OCCUPATIONAL LICENSING

The ARA and NRA welcome the Commission's modelling of up to \$846 million per year in benefits from national labour mobility across high-risk licensed occupations, including \$51–\$62 million per year for electrical trades.

This aligns closely with our earlier submission, which stressed the importance of reducing artificial barriers to workforce mobility. For retailers, fragmented payroll, WHS and workers' compensation frameworks compound these challenges, making retail one of the sectors where cross-border inconsistencies are most acute.

We are supportive of the Commission's direction on licensing reform and, in particular, its recognition of the role of Automatic Mutual Recognition (AMR). As the Interim Report notes, much progress has been made through AMR, but gaps remain, with not all states participating and exclusions remaining for some professions.

We encourage the Commission to consider practical implementation pathways in its final report, including:

- Integration with and expansion of the AMR system.
- Approaches to achieving national consistency in states not currently participating.
- Practical, staged sequencing of reforms, beginning with high-risk trades such as electrical work.
- Consideration of other high-risk occupations where licensing inconsistencies have been raised, such as pharmacists, to ensure reforms are applied consistently across sectors.

ADDITIONAL NCP REFORMS

The Interim Report acknowledges other high-value reforms identified in the 2024 NCP Study, including procurement, data sharing, and road user charging. We respectfully submit that the following areas raised in our June submission are also of high value to the retail sector, yet were not addressed in the Interim Report:

- Payroll tax harmonisation: Consistently cited by our members as the most inefficient and distortionary state-based tax.
- Retail leasing and franchising laws: Divergence creates substantial legal and operational costs.
- Environmental regulation and waste schemes: Particularly inconsistent bans on single-use plastics and fragmented container deposit schemes.
- Freight and supply chain regulation: Variations in access, emissions, and fatigue rules undermine national efficiency.
- Food and beverage advertising and labelling standards: Which differ across jurisdictions despite national frameworks.
- Household electrical product regulation and lithium-ion battery standards: Still remain fragmented across states.
- Trading hours regulation: Different regimes distort competition and create consumer confusion.
- Workers' compensation schemes: Which impose eight separate compliance systems on national retailers.

Each of these areas illustrates the significant burden the retail sector faces in operating across every jurisdiction while undergrowing international competitive pressures. Divergence in rules and frameworks does not just increase costs, it creates an uneven playing field between small and large businesses and between domestic and overseas competitors.

These areas remain priority concerns for retailers and should be considered as part of the final report.

CONCLUSION

The ARA and NRA thank the Productivity Commission for its Interim Report and welcome the strong recognition of harmonisation and labour mobility as key national reforms.

We are supportive of the recommendations on public access to standards, updating legislative references, and reviewing legislation that creates unnecessary trade barriers. We also support the Commission's work on occupational licensing and encourage further focus on practical implementation pathways.

At the same time, it is critical this reform is ambitious. We reiterate that additional areas of fragmentation identified in our June submission, such as payroll tax, retail leasing, supply chains, environmental regulation, and trading hours, remain critical for retailers and warrant consideration in the final report. Our nation can ill afford to pass over such obvious areas for reform.

As one of Australia's most exposed sector to regulatory fragmentation, both across states and in global markets, retail represents the proving ground for National Competition Policy reform. Success in retail will deliver measurable benefits to productivity, investment, consumer choice, and international competitiveness.

The ARA and NRA remain committed to working constructively with the Commission and governments to ensure that the final National Competition Policy framework delivers comprehensive and practical reforms that reduce compliance costs, improve business mobility, and strengthen competition across the Australian economy.

National harmonisation offers a unique opportunity to boost productivity, reduce consumer costs, and strengthen Australia's retail sector. This submission outlines a clear roadmap to achieve those outcomes, and we stand ready to assist with implementation.

Thank you again for the opportunity to provide a submission on the National Competition Policy Analysis 2025 – Interim Report. Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.