

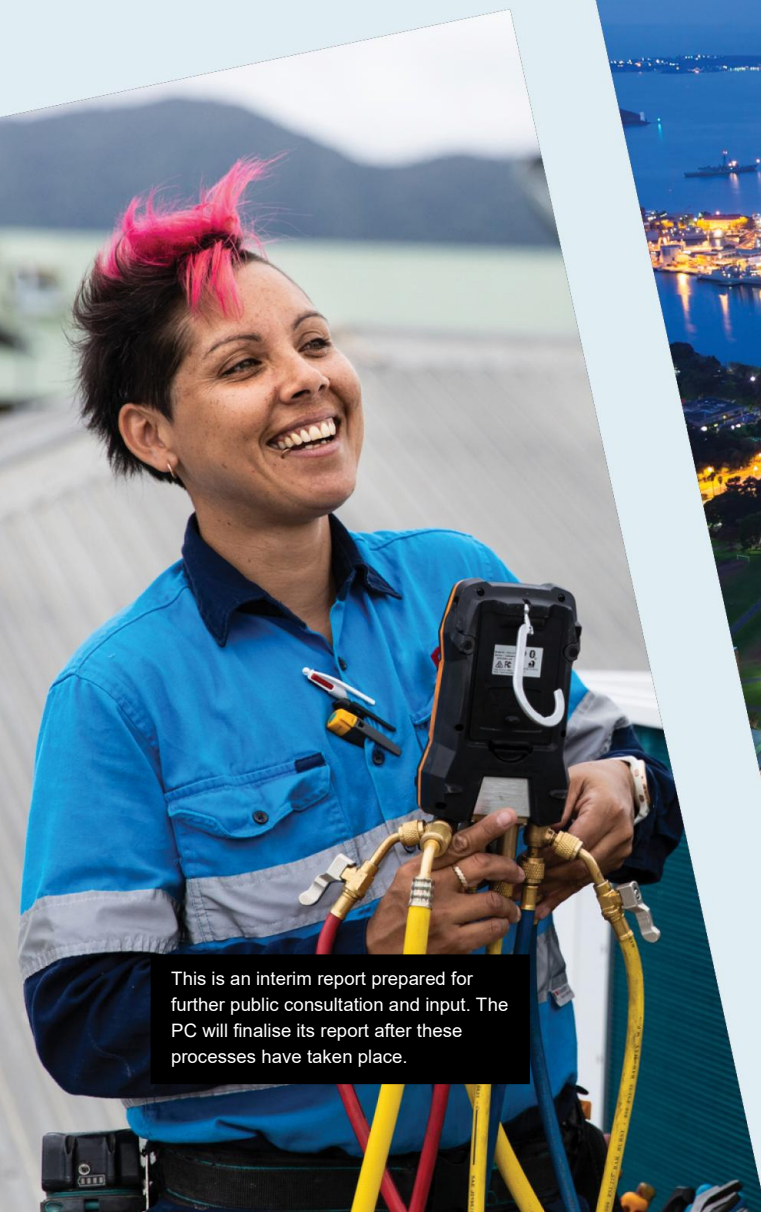


Australian Government  
Productivity Commission

[pc.gov.au](http://pc.gov.au)

# National Competition Policy analysis 2025

## Interim report



This is an interim report prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.



July 2025



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

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## The Productivity Commission

The Productivity Commission (PC) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long-term interest of the Australian community.

The PC's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

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# Opportunity for comment

The Productivity Commission (PC) thanks all participants for their contribution to the study and now seeks additional input for the final report.

You are invited to examine the interim report and comment on it by written submission to the PC, preferably in electronic format by 5 September 2025.

Further information on how to provide a submission is included on the study website:  
[www.pc.gov.au/inquiries/current/competition-analysis-2025](http://www.pc.gov.au/inquiries/current/competition-analysis-2025)

The PC will prepare the final report after further submissions have been received, and it will hold further discussions with participants.

## Commissioners

Alex Robson	Commissioner and Deputy Chair
Catherine de Fontenay	Commissioner

## Request for advice

Dear Ms Wood

I am writing to request advice from the Productivity Commission (PC) to support continued pro-competitive reform under National Competition Policy (NCP).

As you know, in November 2024, the Commonwealth, state and territory treasurers agreed to a revitalised NCP, including a first tranche of priority reforms focused on easing cost-of-living pressures and reducing regulatory burden. This was supported by the Productivity Commission's work last year modelling the impacts of a revitalised NCP.

Treasurers are working through this year to develop other reforms that could be included under NCP. This includes the development of a national licence for electrical trades, as committed to in the 2025-26 Budget, and further work on adopting trusted overseas standards, already agreed as a priority reform in the NCP Federation Funding Agreement.

To support this work, I am requesting advice from the PC under s. 17 of the Productivity Commission Act in the form of analysis and modelling for the following set of reforms:

- an occupational licensing scheme for electrical trades and other occupations that provides for labour mobility nationally, with impacts identified by occupation, and recognising that as the scheme relates to high-risk occupations, it will address the need for high standards, while cutting red tape, delays and multiple fees for trades people
- adopting international and overseas standards in regulatory frameworks, and harmonising regulated standards across Australia, in priority sectors identified by governments and
- any other reform options identified as a priority by governments during the term of this study.

For each of these reforms, the PC should:

- detail implementation options (where relevant), and a recommended pathway to implement the reform and reasons for why this pathway is recommended relative to other implementation options
- provide an assessment of the economic and revenue impacts, including expected:
  - impacts on GDP, GSP, dynamic efficiency and other measures of economic progress and national prosperity
  - costs and benefits for Australian households, including
    - » estimated impacts on aggregate measures of incomes, prices and wages
    - » distributional impacts, where possible, including by age, gender, income and education, and any other relevant demographic classification (including impacts on First Nations Australians) and
    - » other impacts on consumers that may be difficult to quantify, such as improved quality of service or wellbeing, or greater choice.
  - impacts on relevant industries and sectors. To the extent possible, this should include estimated impacts on sectoral output, prices, productivity, employment and growth
  - net additional revenue accruing to the Commonwealth, state, territory and local governments.

The PC should provide an interim report, including initial modelling outcomes, to the Government by 31 July 2025 and a final report by 31 October 2025. The reports should include an explanation of the methodology and assumptions and sensitivity analysis showing how results change under different assumptions. In preparing these reports, the PC should undertake consultation, including with the Australian, state and territory governments.

Yours sincerely

**The Hon Jim Chalmers MP**  
**Treasurer**

[Received 27 March 2025]



# Contents

<b>Opportunity for comment</b>	<b>iii</b>
<b>Request for advice</b>	<b>iv</b>
<b>National Competition Policy analysis</b>	<b>1</b>
Key points	2
About this study	2
Headline results	3
Standards	3
Occupational licensing	12
Additional NCP reforms	17



## **Acknowledgments**

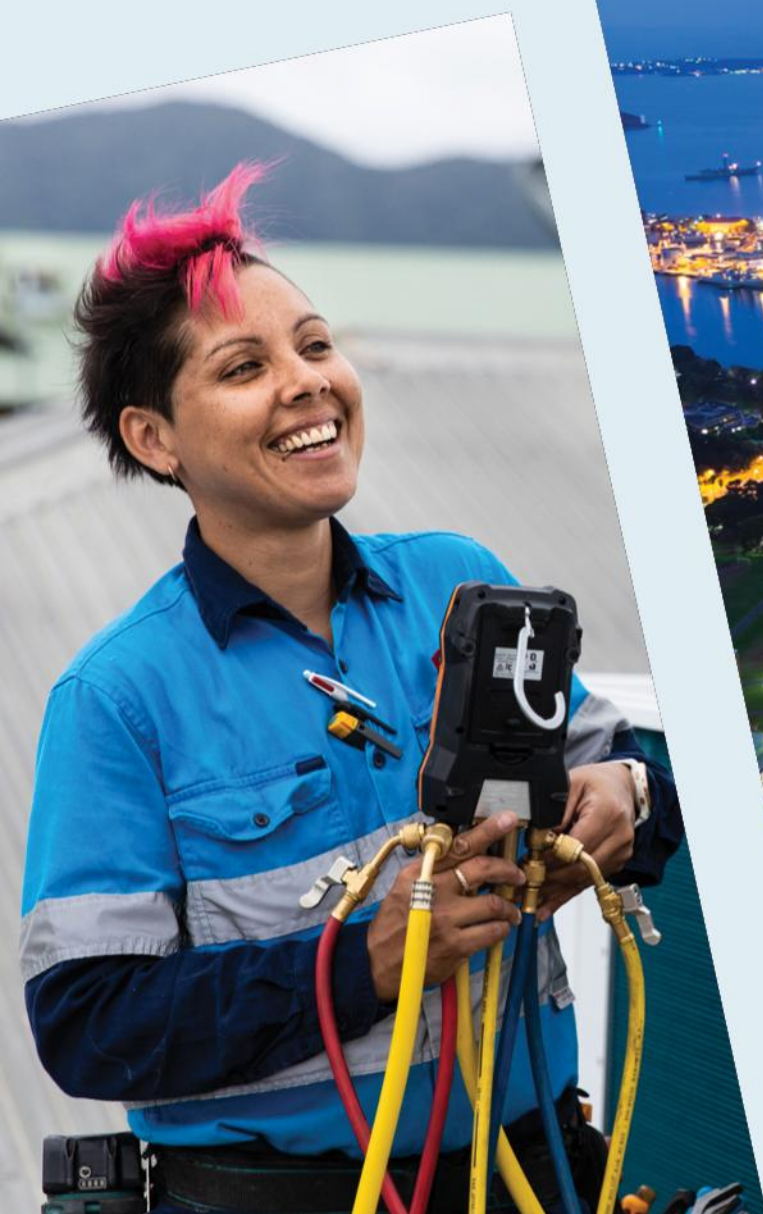
The Commissioners, Professor Alex Robson and Dr Catherine de Fontenay, express their appreciation to the staff who worked on the interim report – Assistant Commissioner Benjamin Mitra-Kahn, who leads the study, and other team members including Roland Allen, Shane Chisolm, Owen Gabbitas, Harriet Gray, George Steel and Daniel Viljoen. Our thanks are also extended to Athena Wicks for administrative and project support.

## **Disclosure of interests**

*The Productivity Commission Act 1998* specifies that where Commissioners have or acquire interests, pecuniary or otherwise, that could conflict with the proper performance of their functions they must disclose those interests. The Commissioners working on this report have no interests requiring disclosure.



# **National Competition Policy analysis**



## Key points

- \* **Regulated standards and occupational licensing are two different ways that governments promote important public policy goals. But these regulations can also restrict trade, impose costs and impact competition.**
- \* **The reforms the Productivity Commission (PC) has been asked to model have the potential to raise GDP by up to 0.24%.**
  - Aligning standards across Australia, and with international and overseas standards could be worth around \$1.9 billion to \$3.8 billion per year (0.1% to 0.2% of GDP).
  - Providing labour mobility for high-risk licensed occupations across Australia could be worth up to \$846 million per year (0.04% of GDP).
  - Part of this benefit would be to the electrical trades, which we estimate to have an upper bound benefit of \$51 million to \$62 million per year.
- \* **Of the 7,519 current Australian Standards, 893 are referenced in legislation and of these only 21 (2%) are not aligned with an existing international standard.**
  - 76% of these mandated standards are bespoke Australian Standards without any equivalent international standard – 90% of these standards relate to three industries only.
  - Only 26% of these mandated standards are consistently implemented by the states, territories and Commonwealth.
  - Around 40% of all Australian Standards referenced in legislation are superseded, obsolete or withdrawn.
- \* **Occupational licensing reform could promote labour mobility and improve productivity, as workers move to places where their skills are most needed and valued. Much has been gained through previous reform efforts, which created national licensing for health professions and automatic mutual recognition for many other occupations.**
  - Not all states have joined the automatic mutual recognition scheme (Queensland does not participate), and states and territories continue to exclude some professions.
- \* **Other reforms to promote competition were canvassed in the 2024 National Competition Policy Study and remain potentially important for further consideration.**
  - High value reforms included: occupational licensing reforms to lower restrictions (being considered in the PC's current *Building a Skilled and Adaptable Workforce* inquiry); public procurement reform; data sharing; and road user charging.

## About this study

In March 2025 the Productivity Commission (PC) was asked by the Treasurer for advice on two reform areas – occupational licensing and the adoption and harmonisation of international standards – associated with the national competition policy (NCP) reform program. This followed the agreement between Commonwealth and state and territory treasurers in November 2024 to ‘refreshed National Competition Policy principles that will shape an ongoing 10-year reform program’ (Chalmers and Saffioti 2024) and a first tranche of reforms which the PC had modelled (PC 2024).

To inform the development of the two additional reforms, the PC was asked for advice in the form of analysis and modelling, specifically for:

- an occupational licensing scheme that provides for labour mobility nationally
- adopting international and overseas standards in regulatory frameworks and harmonising regulated standards across Australia
- any other reform options identified as a priority during the study.

The request for advice asks the PC to detail implementation options and a preferred pathway to implement the reforms and provide an assessment of the economic and revenue impacts with an interim report in July 2025 and a final report in October 2025.

As part of this study the PC released a 'call for submissions' paper in May 2025 and received 102 public submissions and 7 brief comments.

## Headline results

The PC was asked to model the economy wide and government revenue impacts of the proposed reforms. In this interim report we estimate the expected upper bound of benefits and we are seeking feedback on the data and assumptions we are making to establish that upper bound, as well as to inform the next stage of analysis.

For international standards our estimate of benefits is a range between \$1.9bn and \$3.8bn per year, or around 0.1% to 0.2% of GDP. This is mainly driven by the potential benefits from aligning a proportion of the 675 mandated but bespoke Australia-only standards with overseas standards and across states and territories.

For occupational licensing, the analysis is in two parts. The PC was asked for the impact of a national scheme for the electrical trades, and for other high-risk occupations. Considering a 2013 Treasury impact assessment of an electrical trade scheme and the current systems in place, the PC expects the upper bound of the benefits for the electrical trades to be between \$51m and \$62m per year. Across all high-risk occupations requiring a licence, including electrical trades, the PC expects the benefit of free labour mobility to have an upper bound around \$846 million per year or 0.04% of GDP.

In the final report we intend to model the distributional impacts of the reforms using a Computable General Equilibrium (CGE) model, as was done in the 2024 NCP report (PC 2024). This will involve using either the PC National model or the PC Regional model where inter-state friction is relevant for the analysis.

## Standards

Standards touch on many aspects of everyday life. A standard is a published document setting specifications and procedures designed to ensure products, services and systems are safe, reliable and consistently perform as intended (DIIS 2016a, p. 18). The associated conformity assessment judges whether a product, service, process, claim, system or person meets the requirements of a standard (ISO nd). These are desirable outcomes for the ongoing effective functioning of competitive markets. In some markets, businesses have sufficient incentives to ensure these outcomes are achieved and it will be readily apparent to consumers when they are not.

In many markets, however, it can be difficult to agree on interoperability standards with all parts of the supply chain, and difficult for businesses to either convey their conformity with standards or for consumers to know a standard has been met. In these situations, standards and their labelling become a useful means to enable socially acceptable market outcomes.

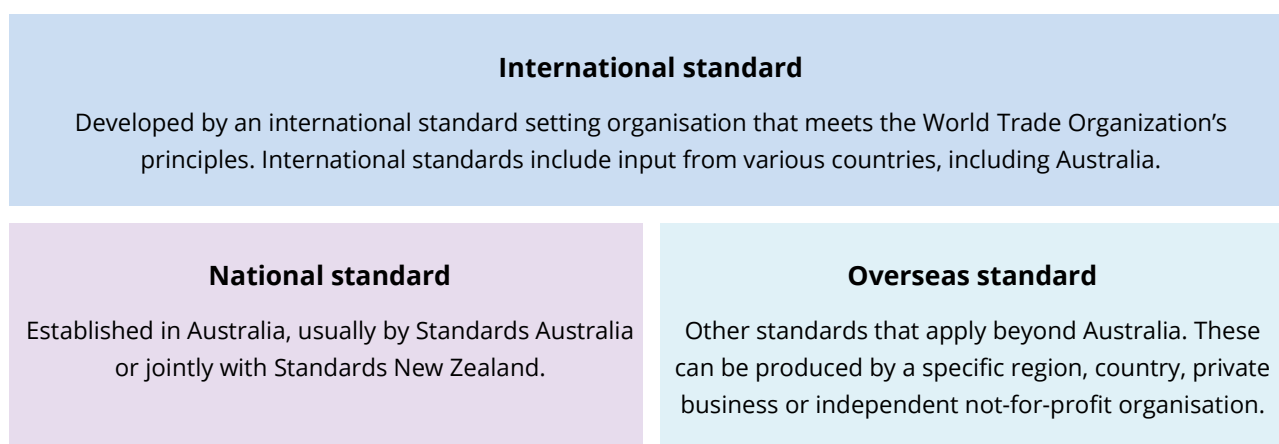
If you are reading this report on a computer monitor purchased in Australia, your monitor would have had to meet mandatory energy efficiency standards, including minimum energy performance standards set out in AS/NZS 5815.2:2013 and testing according to AS/NZS 5815.1:2012, and display a standard Energy Rating Label.<sup>1</sup> Standards can extend into quality, information, uniformity, professional conduct, interoperability (OECD 2011, p. 9), and into the testing of goods through conformity assessments (ISO nd).

Growing international integration of markets has increasingly led to a shift from domestic to international standard setting (Büthe and Mattli 2010, p. 440). This is because standards and conformity assessment play a key role in facilitating trade and improving market operations (PC 2006, p. 10) by:

- reducing *transaction costs* by addressing the information asymmetry between buyers and sellers
- improving the *compatibility* (interoperability) of interconnected goods or services where network effects may be present (e.g. mobile phones)
- reducing costs by delivering *economies of scale* through facilitating mass production of certain goods (e.g. appliances using batteries in standardised sizes), and
- diffusing *technology and innovation* by enabling all firms to access the technological knowledge contained in a standard.

Broadly, there are three types of voluntary standards: International, national and overseas standards (figure 1).<sup>2</sup>

**Figure 1 – Three types of voluntary standards**



On their own, standards are voluntary. Governments can however mandate standards through legislation. When developing legislation, government can reference an existing standard, develop its own standard, or task a body, such as Standards Australia, to develop a standard which the government mandates (PC 2006, p. 38). When governments mandate standards, they are free to adopt an international or overseas standard – indeed, Australian Government policy is to adopt an international standard, if one exists, unless it can be demonstrated that there is good reason not to do so (DIIS 2016b, p. 2). This places an onus of proof on policy makers to justify regulated standards that depart from a relevant international standard.

<sup>1</sup> Greenhouse and Energy Minimum Standards (Computer Monitors) Determination 2014 (Cth). Computer monitors are also regulated under state and territory electrical safety laws and by the Australian Communications and Media Authority.

<sup>2</sup> In addition to 'Australian standards', 'international standards' and 'overseas standards', the Australian Government's consultation on the use and recognition of standards in regulation refers to two other types of voluntary standards: 'regional standards' and 'industry standards' (Australian Government 2025, p. 4). In this report, the PC has included these two other types as 'overseas standards' to reflect the terms used in the letter commissioning this study.



When Australian standards are not aligned with international standards it can act as a trade barrier, and when standards are not aligned across Australia it acts as a barrier to interstate trade – which governments acknowledged in the *Intergovernmental Agreement on National Competition Policy* (Federal Financial Relations 2025, p. 27).

**Mandated Australian Standards largely align with international standards**

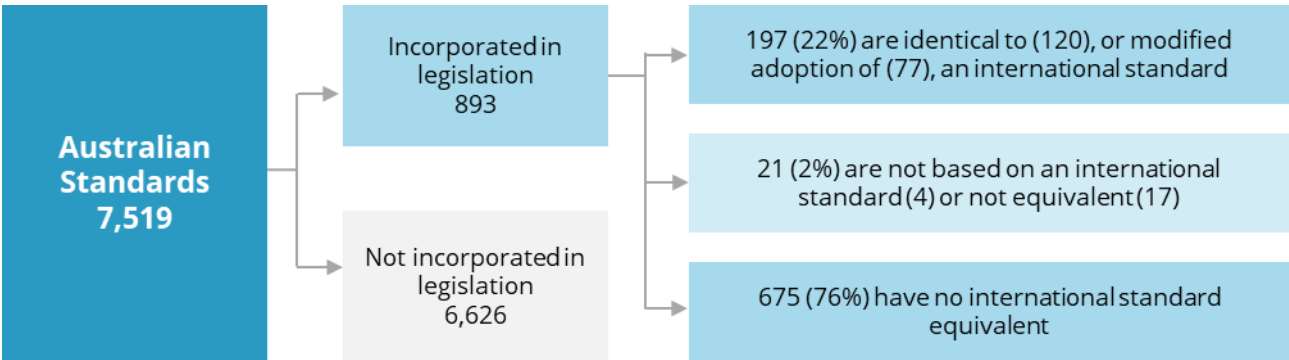
By and large, Australian Standards align with international standards, where an international standard exists. But there are many Australian Standards which have no international equivalent, and Australian legislation refers to many of these bespoke Australian Standards.

There were 7,519 current Australian Standards as of 10 July 2025.<sup>3</sup> Some 893 were incorporated in legislation in at least one jurisdiction. Of these, only 21 (2%) were not aligned with an existing international standard, while 197 (22%) were identical to, or based closely on, an international standard – the difference in text generally being minor, for example technical modification for Australian electrical plugs (Standards Australia 2023, p. 118).

The majority (675 or 76%) had no equivalent international standard and were bespoke Australian Standards (figure 2). Where no international standard exists, it may be possible to reduce trade barriers by also permitting compliance, in the legislation, with appropriate overseas standards (regulated or voluntary). For example, the European Union (EU) and United States (US) have standards for bicycle helmets.

**Figure 2 – Legislation incorporating Australian Standards<sup>a</sup>**

**Commonwealth, state and territory legislation incorporating Australian Standards (current or pending revision) as at 10 July 2025**



a. Includes joint Australian Standards e.g. Australian/New Zealand Standards (AS/NZS) or Australian/International Organization for Standardization standards (AS/ISO).

Source: PC estimates based on Standards Australia (personal communication, 14 July 2025).

Looking at all Australian Standards (voluntary and mandated), only 1% of the 7,519 standards were not aligned with a relevant international standard, about 44% were identical to, or modified adoptions of, an international standard, and about 55% had no international equivalent.

<sup>3</sup> The figure of 7,519 consists of 5,946 Standards and 1,573 other publication types (e.g. Handbook or Technical Specification). These other publication types are sometimes incorporated in legislation. For simplicity, this report refers to all publication types as ‘standards’.

Standards incorporated in legislation stand out as using disproportionately more bespoke Australian Standards (76% compared with 55%).



#### **Interim finding 1**

##### **Mandated standards largely align but there are many bespoke standards**

An estimated 893 Australian Standards (current or pending revision) are incorporated in Commonwealth, state or territory legislation. Only 2% of these standards do not align with an existing international standard. A disproportionate amount (76%) are bespoke Australian standards with no international equivalent.

### **Legislation that does not incorporate a standard can also create a trade barrier**

Rather than incorporating a voluntary standard, legislation can prescribe a standard developed by government. Such legislation can create a trade barrier through misalignment with existing international or overseas standards.

From 1995 to 2024, Australia made 846 regular notifications to the World Trade Organization (WTO) identifying proposed regulation where no international standard exists or the regulation is not the same as the international standard, and the regulation may have a significant effect on trade. These were mainly in relation to food safety standards and biosecurity, and, to a lesser extent, consumer goods, road vehicles, therapeutic goods, energy & water efficiency, industrial chemicals and communications (appendix B).

### **Potential benefits from harmonisation**

There are three main ways in which harmonisation of standards – be it with international or overseas standards or across Australia – could produce net benefits:

- lower compliance costs incurred by businesses – for example, Treasury estimated that Australian Consumer Law (ACL) reforms would reduce business compliance costs by \$10m p.a. per mandatory safety standard or \$500m p.a. across all 50 standards (PC 2024, p. 18; Treasury 2024, p. 7)
- lower administrative costs for government – for example, from accepting another jurisdiction's conformity assessments and approvals, and
- increase the range of products available in Australia, because more products designed for overseas markets can be sold here. Greater range would imply:
  - a. consumer welfare gains from greater competition, lower prices and greater product diversity
  - b. productivity gains – for example, from earlier access by business to new technology or other production inputs, and
  - c. public welfare gains – for example, from earlier access to new or cheaper medical devices.

The economic literature generally finds that aligning domestic and international standards (relative to having a bespoke national standard) promotes trade, though the magnitude of these effects vary (Blind and Jungmittag 2005; Schmidt and Steingress 2022, appendix B). With higher trade volumes, there is also evidence for increased product diversity (Shepherd 2007). This in turn lifts consumer welfare, in the economic sense, and national income. The PC aims to quantify these benefits and is seeking additional information to do so.

## Using past Impact Analyses to estimate potential net benefits

The Commonwealth Office of Impact Analysis database includes 18 Impact Analyses from 2012 to 2025 that considered alignment of an Australian regulated standard with international or overseas standards. Quantitative estimates of the net benefit ranged from negative \$200 million to positive \$215 million annually (appendix B).

These assessments provide an indicator of the economic impact that harmonisation could have across a range of regulated standards. On average, the assessments found a net benefit of \$20 million per annum. The distribution is uneven, however, with just a few standards having a large positive or negative economic impact. If the outlying estimates are excluded from the sample, it reduces the average to \$10m annually.

To estimate the benefits from reform, we assume that legislation incorporating the estimated 21 current Australian Standards not aligned with existing international standards could appropriately be aligned. It follows that if we expect no more than \$10m–\$20m p.a. per standard there will be a total benefit of \$210m–\$420m per year.

There are several caveats to this simple analysis. Not all the legislation incorporating these standards will be amenable to greater alignment. If the standards are incorporated in state or territory legislation (which 15 are), as opposed to Commonwealth legislation, the benefits may also be proportional to the economic size of the jurisdiction – although it is also possible that trade restraints imposed by one jurisdiction impacts national supply (see box 1 for an example of this). Also, past Impact Analyses suggest the distributions are very uneven, so locating one high value standard would account for most of the benefits.

If the 675 mandated standards that are Australia-specific could be aligned to appropriate overseas standards from the relevant trading partners, there would be further benefits. Without undertaking a case-by-case review of all the legislation, it is not possible to say with certainty what percentage of this legislation is amenable to greater harmonisation.

Recent sector-specific reviews have not found extensive and pervasive misalignment with international or overseas standards (appendix B – e.g. the National Electrical Safety Taskforce found that approximately 85% of standards prescribed in state and territory legislation for electrical appliance benchmarking purposes were based on international standards (WA Department of Energy, Mines, Industry Regulation and Safety, sub. 47, p. 2)). Thus, we have assumed that a quarter of the 675 Australia-specific standards could be aligned with appropriate overseas standards. Applying this assumption means the total net benefit would be \$1.9bn to \$3.8bn annually.



### Interim finding 2

#### Economic benefits from harmonising Australian regulated standards with international or overseas standards

If legislation can be expanded to permit compliance with international or overseas standards for all of the estimated 21 mandated current Australian Standards not aligned with an existing international standard along with a quarter (169) of the 675 mandated Australian Standards where no international standard exists, then applying the range of \$10m–\$20m p.a. suggests a total benefit of \$1.9bn–\$3.8bn p.a. (0.1–0.2% of GDP).

For the PC to model these benefits in a CGE model in the final report, it would be necessary to know what sector each standard applies to, and the likely magnitude of each standard reform.





#### Information request 1

The PC is seeking specific examples of Australian legislation where international or overseas standards could be adopted or recognised as equivalent, including any information or data on the expected costs and benefits of alignment.

## Priority areas for review

There are five broad areas for review. These cover legislation:

1. incorporating the 21 Australian Standards not aligned with an existing international standard
2. incorporating the 675 Australian Standards for which there is no international standard
3. that does not incorporate an Australian Standard but which creates a trade barrier through misalignment with international or overseas standards
4. where there is inconsistency across Australian jurisdictions, and
5. incorporating out-of-date versions of voluntary standards.

### Mandated Australian Standards not aligned with international standards

Despite the small number of internationally unaligned standards, these standards can create trade barriers when mandated. An example is the Australian Standards relating to life jackets (the AS 4758 series) which are not equivalent to the international standard (the ISO 12402 series). Commonwealth, state and territory marine safety laws incorporate the Australian Standards but take an inconsistent approach to also permitting compliance with the international standard.

All legislation incorporating these 21 standards should be reviewed, with a view to also permitting compliance with the international standard where appropriate.

### Mandated Australian standards where no international standard exists

A potential focus area for the ongoing NCP reform agenda would be the 675 mandated current Australian Standards for which there is no international standard. If this Australian regulation is necessary, it may be possible to reduce trade barriers by also permitting compliance, in the legislation, with appropriate overseas standards of specific jurisdictions. For example, the NSW Small Business Commission referred to the need to recognise overseas assessments for the construction sector, providing the example of prefabricated and modular houses (sub. 18, p. 3). The Housing Industry Association cited the Singapore Product Listing Scheme which provides a list of recognised standards for fire safety products (sub. 78, p. 8). Alignment with overseas standards is also particularly relevant to new areas of regulation such as artificial intelligence where, as noted by Amazon, global standards are nascent and there is a risk of ending up with a patchwork of local, conflicting regulations (sub. 99, p. 5).

The submissions received by the PC that covered this NCP reform raised many potential sectors (appendix B) where Australian regulation could be more closely aligned across Australia or with international or overseas standards. As at 10 July 2025, of the 675 current Australian Standards incorporated in legislation with no international equivalent, 90% were in three sectors: manufacturing; professional, scientific and technical services; and construction.

## Legislation not incorporating an Australian Standard which creates a trade barrier

Food safety standards and biosecurity, which together accounted for over 75% of Australia's notifications to the WTO, are examples of areas of regulation that usually do not incorporate a standard made by Standards Australia but where there may be value in reviewing alignment with existing international or overseas standards. The Australian Industry Group identified both of these sectors as priorities for reform (sub. 98, p. 9). In relation to food safety, the Infant Nutrition Council provided the example of Australia's new labelling requirements for infant formula which harm the competitiveness of Australian manufacturers in export markets by not aligning with the international Codex Alimentarius and regulatory frameworks in the EU, US and Hong Kong (sub. 38, p. 1). In relation to biosecurity, Shipping Australia referred to the high cost being borne by Australians from international trading vessels being turned away by state authorities despite meeting global biosecurity rules and receiving federal clearance to enter Australia (sub. 58, p. 2).

Other sectors covered by the WTO data were also identified in submissions. For example, the NSW Small Business Commission referred to medical cleaning products which are not commercially viable to manufacture in Australia due to the expense and time required to obtain new approvals from the Therapeutic Goods Administration, even when the product is identical to one already approved overseas (sub. 18, p. 3). Animal Medicines Australia referred to the significant adaptive costs to register an animal health product, with every unique Australian requirement increasing the time, cost and complexity to bring new products to farmers (sub. 20, p. 3).

## Inconsistencies across states and territories

Participants said that the major barrier facing Australian business when it comes to standards is not alignment with international standards, but interstate alignment. For example, the Carpet Institute of Australia said that the 'greatest inefficiencies in the flooring sector stem from inconsistent standards and regulations across Australian states and territories' and urged the PC to prioritise 'national alignment of regulated standards as the first step in reform' (sub. 6, p. 2).

There may be good policy reasons why some standards are not relevant to all jurisdictions – for example, the National Construction Code includes specific performance requirements that are only applicable in alpine areas, which are probably not relevant in the Northern Territory. However, the implementation of standards across Australia, whether aligned with international standards or not, is a mess. The case of bicycle helmets, in box 1, is an illustration of how these issues overlap and create economic and consumer costs.

National alignment should be a priority. Of the 893 Australian Standards (current or pending revision) incorporated in Commonwealth, state or territory legislation, only 26% are applied consistently (220 are incorporated only in Commonwealth legislation and 9 are incorporated by all states and territories). For the remaining 664 (74%), there is great variety in which jurisdictions reference and implement the standard.

The Australian Industry Group referred to Australia's two distinct electrical product safety frameworks that reference International Electrotechnical Commission standards (adopted as Australian Standards) but impose different compliance requirements for registration and certification (sub. 98, p. 8). The Business Council of Australia (sub. 53, p. 7) and IKEA (sub. 59, p. 1) provided examples of packaging requirements which diverge from overseas frameworks and are inconsistent across the states and territories, imposing unnecessary compliance costs and undermining the efficiency and scalability of recycling and waste reduction efforts. The Australian Logistics Council described the framework for freight vehicles as 'a patchwork of national guidelines, state regulations, and local government discretion' which creates operational inefficiencies, particularly at jurisdictional boundaries, in turn affecting ports, intermodal terminals, and rail hubs (sub. 28, p. 2).

### **Box 1 – Case study: bike helmets**

The regulation of bicycle helmets in Australia provides a clear example of how alignment with overseas standards can reduce business compliance costs and demonstrates the flow-on benefits for consumers from harmonisation. It also shows what happens when states and territories are not aligned.

It is a legal requirement for cyclists to wear helmets but very few, if any, bicycle helmets are manufactured in Australia, so helmets are imported. Bicycle Industries Australia estimates that around 1.2 million helmets with an average retail price of \$55 are imported each year, suggesting Australians spend around \$66 million each year on new bicycle helmets.

There is no international standard for bicycle helmets, however the two most widely used overseas standards are the EU and US standards.

The Australian Competition and Consumer Commission estimated that alignment with the EU and US standards could save businesses \$14m per year in compliance costs (consisting of savings in testing and compliance-related administrative costs). There would also be benefits from increased choice.

But the benefits did not materialise quickly, due to implementation issues. The Australian Competition and Consumer Commission's review of the bicycle helmet standard under the ACL commenced in 2016, and only in 2024 was the standard revised to permit compliance with both EU and US standards. Once changed however, states and territories did not adopt this change consistently.

State and territory road safety authorities administer laws that govern which helmets can be used by cyclists (through 'use' laws). So even though the ACL standard was changed, EU and US standards were not permitted to be used until each jurisdiction updated their road rules. New South Wales updated theirs first, in June 2024, with other states and territories following since then, and some yet to be updated.

The net result is that eight years after realising the value of harmonisation, most Australians are yet to see benefits from this harmonisation as the bike helmet market is national and differences across jurisdictions matter for importers and large retailers.

Source: Bicycle Industries Australia (sub. 68, pp. 3–4 and personal communication, 14 July 2025).

### **Outdated mandated standards**

There are many references in legislation to outdated Australian Standards. As at 10 July 2025, Australian Standards were incorporated 3,743 times in Commonwealth, state or territory legislation (sometimes the same standard is referenced by multiple jurisdictions or in more than one law in a jurisdiction). Of these, 1,403 (37%) are references to Australian Standards that are superseded, obsolete or withdrawn.

While the legislation may be drafted to address this by allowing compliance with the latest version of the specified standard (known as 'in force from time to time') or allowing compliance with an equivalent standard, a priority area for review should be for governments to update legislation to reference the appropriate version of standards. An example is the Australian mandatory standard for bunk beds which was introduced in 2003 and continues to reference the 1994 version of the voluntary Australian Standard even though it was updated in 2003 and again in 2010 (Standards Australia, sub. 76, p. 11).



### Interim recommendation 1 Priority areas for reviews of standards

Australian, state and territory governments should:

- review all legislation mandating Australian Standards that are not aligned with international standards with a view to harmonising or removing references that are not required
- review legislation in the manufacturing, construction and professional, scientific and technical services sectors mandating Australian Standards where there is no international equivalent, with a view to harmonising with appropriate overseas standards, or removing references that are not required
- identify other areas of legislation that do not incorporate an Australian Standard but create a trade barrier through misalignment with international or overseas standards such as food safety and biosecurity
- review legislation that is inconsistent across jurisdictions and agree to harmonise regulated standards across Australia, and
- update legislation to enable compliance with current versions of incorporated standards where appropriate.

The request for advice for this study asks for implementation options; in the final report the PC will provide further detail on standards for review, where possible.

## Other reforms to standards

### Access to mandated standards

In 2006, the PC recommended that a way be found to provide ready access to mandated standards – the law of the land – either cheaper or free.

Mindful of the fundamental principle of transparency and accessibility of legal requirements, the Australian Government and other governments (through their agencies) should fund free or low-cost access to Australian Standards made mandatory by way of regulation. (PC 2006, p. 130)

This continues to be an issue nearly 20 years later. The NCP program provides an opportunity to address this. It is unlikely that the benefits of harmonisation can be maximised if there is a barrier to businesses accessing harmonised standards.

The financial cost of accessing standards mandated in legislation was a common theme in submissions. For example, TAFE Directors Australia referred to the significant fees required to provide students with the access to standards they need for their training (sub. 22, p. 3). The NSW Small Business Commission provided the example of a small electrical engineering business needing to purchase hundreds of standards for a single infrastructure project, at a total cost that exceeded the project's profit margin (sub. 18, p. 4). The Australian Construction Industry Forum added that around 120 standards are referenced in the National Construction Code, and these standards often reference further standards, meaning that a business may need to access many hundreds of standards (sub. 44, attachment p. 9).

Standards written by private standard setting bodies are sold to recover development costs and generate a return on the intellectual property embodied in the standards. This is traditionally the argument as to why governments cannot 'give away' free access to standards.

Governments who mandate the use of standards should bear the fiscal cost of facilitating free (or low-cost) access to standards so that it is considered in any assessment of the costs and benefits of proceeding with a regulated standard (PC 2006, p. 129). As the PC previously argued:

Indirectly, therefore, the cost to the Government of subsidising access could perhaps, over time, be expected to reduce the number of regulatory references, by providing a further incentive to ensure standards are referenced only when clearly justified. (PC 2006, p. 128)

An initial review of the Standards Australia annual reports suggests that the cost to governments of this would be about \$7 million<sup>4</sup> per year to provide free access to mandated standards, if the revenue they generate for Standards Australia is proportional to the number of standards.



### Interim recommendation 2

#### Governments should fund access to standards in legislation

Governments should facilitate free (or low-cost) access to standards incorporated in legislation. The cost of providing this access should be considered in any assessment of the costs and benefits of proceeding with a regulated standard.

## Occupational licensing

Occupational licensing places restrictions on those who can practice an occupation for the purposes of protecting worker safety and resolving safety and information asymmetry issues for consumers. About one in five occupations in Australia, representing approximately 16% of employment, require workers to have some formal license, registration or accreditation to provide some, or all, of the services associated with that occupation (table 1).

**Table 1 – What proportion of Australian occupations require a licence**  
**2021**

	Number of occupations	Employment
Licence required	181 (18%)	1,883,220 (16%)
Licence may be required	148 (15%)	1,835,820 (15%)
Licence not required	685 (68%)	8,405,370 (69%)
<b>Total</b>	<b>1,014 (100%)</b>	<b>12,124,410 (100%)</b>

Source: PC estimates based on ABS Census 2021 and JSA (2025).

The potential downsides to occupational licensing requirements are that they may hinder productivity growth by restricting the labour pool and impeding the allocation of labour towards more productive firms. This reduction in productivity is experienced by the worker whose wage opportunities are diminished, within individual firms and between firms in an industry. The compliance costs of licensing requirements act as barriers to entry, and this lowers the competition from new market entrants (PC 2023, 2024).

<sup>4</sup> As an indicator, if 1,263 (16%) of Standards Australia's catalogue of 7,991 voluntary standards ('available superseded' in addition to 'current' and 'pending revision') are incorporated in legislation, this could suggest a government subsidy of around \$7m p.a. would be required to provide free access to these mandated standards (i.e. 16% of the royalty and e-commerce revenue (\$45m) for 2023-24) (although noting this does not reflect different list prices, usage and curated subscriptions of standards).

The PC has been asked to look at the benefits of creating a national labour market through national licensing, or similar mechanisms, with a particular focus on high-risk professions. High risk can be defined by risks to workers and consumers.

High (real or perceived) risk of worker injuries or deaths is the metric against which we judge whether a profession is high risk for workers. This is often used as justification to exclude occupations from automatic mutual recognition (AMR).

The high risks to consumers generally arise in markets for credence goods (where consumers cannot directly judge the quality of a product or service without the assistance of an expert, such as dentistry), and licensing can mitigate this by acting as a signal of safety and quality.

Where these criteria overlap is what the PC would consider a high-risk profession. The PC's current inquiry into *Building a Skilled and Adaptable Workforce* is considering the issue of occupational licensing more broadly.

## Approaches to licence interoperability

There are three ways of addressing different licensing schemes in different jurisdictions to allow for free labour mobility – mutual recognition, AMR and national licensing schemes.

Mutual recognition allows workers who have a licence from one jurisdiction to obtain a licence in another jurisdiction without needing to meet all the requirements to obtain the licence, even though these may differ across jurisdictions. This was established in Australia through the *Mutual Recognition Act 1992* (Cth) which set out the framework for the mutual recognition of occupational licences across jurisdictions.

AMR allows licensees from participating jurisdictions work in any jurisdiction by simply notifying the jurisdiction where they wish to work that they possess a license from another jurisdiction. This differs from just 'mutual recognition' as licensees do not need to pay a fee to obtain a new license or register with the new jurisdiction, they simply need to notify the relevant regulator. Previous PC reviews (2009, 2015) of mutual recognition arrangements have indicated that the mutual recognition of licences has been able to alleviate labour shortages and assist interstate labour mobility. In 2020, state and territory governments (except Queensland) established a system of AMR.

The ability to undertake disciplinary actions is contested in the AMR space. In their submission to the Mutual Recognition Amendment Bill 2021 (Cth) which introduced AMR, the Queensland Electrical Safety Commissioner (2021) raised concerns over the ability to undertake disciplinary actions against workers who worked in Queensland under AMR but held an interstate licence. This sentiment was echoed by the Electrical Trades Union of Australia (sub. 56. p. 11) in their submission to this study.

Not all licenced occupations are covered by either mutual recognition or AMR as states and territories often exempt high-risk occupations. A national licensing system is intended to overcome such exemptions, and differs from the current state-based licensing system in three key ways.

First, licences under a national licensing scheme are agnostic as to which jurisdiction license holders operate in. This is similar to the goal of AMR, which reduces, as much as possible, the compliance costs for workers to operate in different jurisdictions while maintaining state specific licensing.

Second, there are nationally agreed standards, instead of these being specific to jurisdictions. The difficulty of agreeing on standards is a real and ongoing issue – it was achieved for some health professions in 2010 as part of the National Registration and Accreditation Scheme, but was not achieved for the proposed National Occupational Licensing Scheme (which was abandoned in 2013). There are also risks that the agreed uniform standard is more restrictive than the current standard for some jurisdictions.

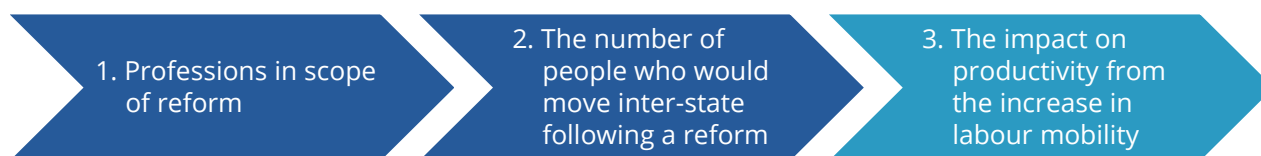
The third is that a national registration system would replace the state-based registration system. Not only is a state-based registration system more costly, but it also creates compliance issues as it can be difficult to consistently implement and communicate disciplinary actions. Energy Skills Australia (sub. 13 p. 5) stated the inconsistent enforcement of compliance requirements is a weakness of AMR and suggested that national licensing would allow for a unified approach to compliance enforcement. Safe Work Australia (sub. 9 p. 1) said that:

A national occupational licencing scheme for other types of skilled work is likely to improve [work health and safety compliance] across Australia by creating a consistent, nationally standardised system for assessing and verifying worker competency.

## Estimating the economic benefits of reforms

To understand the benefit of this reform for electrical trades specifically, and to high-risk occupations generally – where there are risks to both workers and consumers – requires three pieces of data, as set out in figure 3.

**Figure 3 – Data needed for modelling**



The PC has analysed census data, and occupational licensing data, to map the professions that are in scope of this reform (appendix C) to produce data items that cover the first part of figure 2. There are empirical estimates based on the expected response of workers moving inter-state because of falling barriers to movement which can be used to account for item 2. For item 3, while the PC has previously investigated the effects of occupational licensing reform, the available data is only for a removal of all compliance costs arising from the legislative requirements faced by workers moving interstate, not just occupational licensing. Thus, the direct effect of occupational licensing on interstate labour mobility remains an assumption based in the literature.

The PC's *Review of Mutual Recognition Schemes* (2009, p. 73) modelled the effects of greater interstate labour mobility for licensed occupations in the context of a 10% shock to resource export prices, assuming labour was perfectly mobile which resulted in a GDP increase of 0.3%. The PC report on *Geographic Labour Mobility* (2014, p. 377) estimated the effect of an interstate border on labour mobility and found that needing to cross a state border reduced the movement of workers by 77%. Reforming occupational licensing would alleviate some of the cost of complying with state legislative requirements when moving interstate and thus would improve labour mobility by a proportion of this effect. However, the extent to which occupational licensing reform would reduce compliance costs for workers moving interstate is not clear.



### Information request 2

The PC is seeking input and data on the potential impact on productivity from an increase in interstate labour mobility arising from occupational licensing reform.

The PC is also seeking data on the costs of complying with occupational licensing requirements when moving interstate, as compared with the cost of complying with other state regulatory requirements.



## National CGE modelling – simple approach

Wage differentials between states give an indication as to the transaction costs which exist for workers who move between states. Without these transaction costs, it would be expected that in equilibrium, wage differentials between states would be purely a reflection of the differences in productivity between states. Thus, observed wage differentials between states are inflated by the effect of the transaction costs imposed by interstate borders, and removing this effect would yield the expected productivity gain of moving between states.

Using the results from PC (2014, p. 377), the decision for a worker to move between labour market regions was examined and push factors such as an increased wages, as well as pull factors such as transaction costs arising from crossing an interstate border, were considered among others. The effect of removing a state border was found to increase the number of people who moved labour market regions by 331%. A 1% increase in real wages in the destination labour market region was found to increase the number of people moving by 1.54%. This implies that removing an interstate border has the same effect on interstate labour mobility as a 215% wage premium. The average real wage premium for an interstate move is 3.8% (ABS 2021, 2024a, 2024b), which is 215% of what the wage premium would be if the compliance costs for an interstate move were the same as an intrastate move. This implies that if the entirety of this difference in compliance costs were removed, the resulting wage premium for an interstate move would be 1.8%.

To give a sense of the magnitude, applying a 1.8% productivity improvement to the 16% of workers who move interstate (or would in response to the reforms) in each of the occupations best suited to national licensing (covering 22% of all employees), would deliver a GDP increase of \$846 million per year or 0.04% of GDP. This is necessarily an overestimation as it assumes a removal of all the costs arising from complying with legislative requirements when moving interstate (effectively creating a single Australian labour market in terms of legislative alignment for licensed occupations), not just occupational licensing requirements. More data is needed on the proportion of the productivity improvement that could be attributed to occupational licensing reform.

If the productivity improvement is restricted to electricians only, this reform could be expected to increase GDP by \$51 million per year. This is roughly in line with the effect in the Decision Regulation Impact Statement produced as part of the process to establish the National Occupational Licensing Scheme (COAG National Licensing Steering Committee 2013, p. 90) for the previous national licensing solution for electrical trades, which estimated an ongoing benefit of \$62m per year. For the Decision RIS, it was assumed that the labour mobility effect of moving to national licensing would be 10% of the effect in PC (2009) but the RIS modelled the reform as benefiting all electricians. Our estimation considers a larger benefit as calculated from PC (2014) but only applies this to the subset of electricians who move or would move interstate. Both estimates build on research that was undertaken before the introduction of the AMR scheme and so changes in the current environment may have a much smaller impact than what is estimated, making these numbers an upper bound.

## Regional CGE modelling

Another approach would be to consider the effects of improving interstate labour mobility as a decrease in the transaction costs between state labour markets in a regional CGE model. Extrapolating from estimates by the PC (2014, p. 377), the existence of an interstate border reduces labour mobility by 77%. Johnson and Kleiner (2020, p. 370) undertook similar analysis for the United States and found that labour mobility between states for occupations where all licensing requirements are state specific were 58% lower than for occupations which require the passing of a national exam (in addition to other state specific licensing requirements).

The reduction in compliance costs from harmonising occupational licensing systems across jurisdictions could be expected to mitigate a portion of this impact. Thus, the resulting increase to interstate labour mobility could be expected to increase GDP by a proportion of the 0.3% previously estimated by the PC (2009) in response to a similar shock to commodity prices.

## Implementing reform

There are real benefits with a unified market for labour in Australia, which goes to the core of the Agreement on National Competition Policy. Given that most jurisdictions have signed up for AMR, the marginal difference between it and national licensing is not clear.

The Business Council of Australia (sub. 53 p. 3) said that despite the introduction of AMR, there remain barriers to interstate labour mobility:

Many occupations — including electricians and plumbers — are exempt from AMR in several states, and Queensland does not participate at all, undermining the scheme's national impact.

Exemptions, inconsistent licensing standards, and varying insurance and regulatory requirements across states create a fragmented and burdensome system. Employers must navigate multiple regimes, while workers face duplicated requirements, added costs, and delays — even when already qualified. This patchwork limits the efficient deployment of skilled workers, particularly during shortages or emergency responses.

If jurisdictions exclude professions from AMR, then national licensing presents an opportunity to reap the benefits of a unified labour market. The *Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration* calls for a 'independent evaluation by a body such as the Australian Government Productivity Commission' into how AMR has been implemented (National Cabinet 2020, p. 5). The Australian Government should action this recommendation so that thorough consideration can be undertaken of the best policies to promote labour mobility nationally.



### Interim recommendation 3

#### The scheduled independent evaluation of Automatic Mutual Recognition

The Australian Government (in consultation with State and Territory Governments) should instigate the agreed independent evaluation of the Automatic Mutual Recognition scheme.

In the meantime, state and territory governments should remove remaining exemptions to AMR (or join the scheme if they have not already done so).

In the electrical trade industry, there is already overlapping AMR through the provisions of the *Automatic Mutual Recognition Act* and the *East Coast Electricians Scheme* which provides workers with similar benefits to AMR, but only applies to electricians in New South Wales, Victoria, Queensland and the ACT, albeit with some exceptions in some jurisdictions. There may be an opportunity to leverage this combination to generate what would effectively be a national licence if each regulator was automatically notified when someone was registered in one jurisdiction, and the scope of the agreement was implemented consistently.

There appears to be potential models to explore here, without needing to overcome the administrative cost of creating a licensing scheme with unified requirements for the electrical trades.

Many of the benefits of harmonisation comes from standards being set at the level needed to effectively manage risks while not unnecessarily affecting labour mobility (or productivity). AMR avoids the need to standardise, which may reduce the overall benefits, but if standards are raised beyond what is necessary, a licensing scheme may create more costs than benefits.

## Additional NCP reforms

The PC considered a range of other competition reforms in the 2024 study. Of the 26 competition reforms the PC was asked to analyse, the top 5 in terms of their impact on GDP were:

- occupational licensing reform to lower restrictions (\$5 to \$10 billion)
- tariff removal (\$3.4 to \$6.8 billion)
- reform to promote banking competition (\$3.5 to \$6.5 billion)
- modern methods of construction (\$2.9 to \$5.7 billion)
- restraint of trade clauses (\$2.6 to \$5.1 billion).

Tariffs, banking competition and restraint of trade clauses are all Australian Government reform not suitable for an intergovernmental process. Broader occupational licensing reform is being considered in the PC's current inquiry into *Building a skilled and adaptable workforce* (PC nd) and the Government is currently in the process of legislating for restraint of trade changes (Australian Government 2025a, pp. 24–25).

The next set of reforms the PC would highlight for inclusion in forward NCP reforms are public procurement reform, where governments could save up to \$4.7bn based on the 2024 study (which was assumed to be spent, but could be returned to households, making it a potentially significant reform with a relatively large impact on GDP). The second would be data sharing reforms across jurisdictions which were estimated to create benefits of up to \$1.6bn. The third is road user charging (box 2).

### Box 2 – Road user charging reform

Road infrastructure should be funded through user charges (prices) that reflect the efficient cost of providing and maintaining that infrastructure. By giving drivers a clear signal about the cost of infrastructure, they would have an incentive to use it more efficiently. Moreover, there will be a signal to infrastructure providers where changes in road capacity are warranted. For these reasons, the PC has recommended road user charging (and wider road infrastructure reform) many times in the past.

There has been added impetus for reform related to the growth in use of electric vehicles.

The Commonwealth, state, territory and local governments spent around \$39 billion in 2022-23 on the maintenance, upgrade and expansion of Australia's road network (BITRE 2025, p. 50). Funding for road infrastructure through road taxes (broadly defined) is collected by all levels of government and totalled around \$31 billion in the same year (BITRE 2025, p. 50). Over the past couple of decades, public investment in road infrastructure has averaged around 30% of fuel taxes collected (PBO 2022, p. 4).

Fuel excise applies to all petrol and diesel vehicles as a charge of 50.8 cents per litre – it does not differentiate between these types of vehicles. There are various Commonwealth taxes and a different system of vehicle registration and transfer duty in each state and territory. Owners of fully electric vehicles do not pay fuel excise, and in some states, registration charges for these vehicles are reduced to reflect the net zero emissions nature of these vehicles.

A road user charge is also levied on heavy vehicles on public roads on a per litre of diesel used basis. There are also registration charges that depend on truck type, number of axles and type of trailer. The government provides a tax credit on the fuel excise to some industries – such as mining and agriculture – where they do not use public roads.

### **Box 2 – Road user charging reform**

Some states have attempted to overcome the weaknesses in the system of road funding by introducing distance-based charges for zero and low emissions vehicles, but Victoria's was struck down by the High Court in 2023 as unconstitutional, while the NSW government announced its intention to introduce a road user charge on eligible electric vehicles from 2027 (NSW Treasury nd).

The decision of the High Court rules out state-based distance road user charges and means governments need to consider a national approach to road funding. This opens the opportunity to design a system that is less fragmented and better reflects the costs of providing and using road infrastructure.

## **Next steps**

This is the interim report for this study, with a final report to be delivered to the Treasurer at the end of October 2025. The PC will continue to refine its measures for the potential impact of each reform, including road user charging, and produce modelled results. The goal is to provide advice on a preferred pathway to implement the reforms and an assessment of the economic and government revenue impacts.

We welcome feedback on our information requests and will continue to consult and engage on the issues, method and approach to the national competition policy reform program.