Australian Government
Productivity Commission

pc.gov.au

National Competition Policy analysis 2025

Study report

November 2025

Acknowledgement of Country

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.

About us

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.

For more information, visit the PC's website: www.pc.gov.au

ISBN 978-1-74037-821-5 (online)
ISBN 978-1-74037-820-8 (print)

An appropriate reference for this publication is:
Productivity Commission 2025, *National Competition Policy analysis 2025*, Study report, Canberra

Publication enquiries:
Phone 03 9653 2244 | Email publications@pc.gov.au

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

[Received: 27 March 2025]

Contents

Acknowledgments

The Commissioners Professor Alex Robson, Commissioner Dr Catherine de Fontenay and Commissioner Martin Stokie express their appreciation to the staff who worked on the final report – Assistant Commissioner Benjamin Mitra-Kahn, who leads the study, and other team members including Roland Allen, Shane Chisholm, Owen Gabbitas, Harriet Gray, Diego Machillanda, Jonty Martin, Lachlan O'Neil, 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 2025

Key points

- **Mandatory standards and occupational licensing are two different ways that governments promote important public policy goals. But these regulations can also impose business costs, restrict trade, and impact competition.**
- **Aligning mandatory standards in Australia with international and overseas standards could add about $1.1 billion to $3 billion per year to the Australian economy (0.04% to 0.11% of GDP).**
- **Governments should review mandatory standards to improve alignment with other countries and across Australia, and to update outdated references to voluntary standards.**
  - Consistent with Australian Government policy, Australian Standards incorporated in legislation largely align with corresponding international standards when available. Of the estimated 893 current Australian Standards incorporated in legislation, 218 standards (24%) have an international counterpart. Of these, only 21 do not align with the international standards.
  - A significant proportion (675 standards or 76%) are bespoke Australian Standards with no corresponding international standards – 90% of these standards relate to three industries only. Where no international standard exists, it may be possible to reduce trade barriers by also allowing compliance, in the legislation, with appropriate standards of Australia's trading partners (overseas standards).
  - Only 26% of the 893 current Australian Standards are consistently incorporated by the Commonwealth and all states and territories.
  - An additional 659 Australian Standards incorporated in legislation are superseded, obsolete or withdrawn.
- **Governments should fund free access to standards incorporated in legislation.** Placing the law behind a paywall puts small businesses and startups at a competitive disadvantage and risks non-compliance.
- **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 (AMR) for many other occupations. Introducing national licensing for high-risk occupations may not significantly affect productivity or GDP.**
  - Not all states have joined the AMR scheme (Queensland does not participate), and states and territories continue to exclude some professions. The scheduled independent evaluation of AMR should be instigated to help design the best policies to promote labour mobility.
- **Many of the benefits of harmonising licensing requirements between states come from standards being set at the level needed to effectively manage risks while not unnecessarily affecting labour mobility (or productivity).** If national licensing is accompanied by harmonisation to a more stringent set of standards, there will likely be detrimental effects to productivity.
- **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 *Building a Skilled and Adaptable Workforce* inquiry); public procurement reform; data sharing; and road user charging.

About this study

In March 2025 the Treasurer asked the Productivity Commission (PC) for advice on two reform areas associated with the national competition policy (NCP) reform program: occupational licensing and the adoption of international and overseas standards. This followed an 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 were modelled by the PC (PC 2024).

To inform the development of the two additional reforms, the PC was asked to analyse and model:

- an occupational licensing scheme for electrical trades and other high-risk occupations 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 PC was asked to assess the best way of implementing these reforms and to model their potential impact on government revenue and the economy.

As part of this study, the PC released a 'call for submissions' paper in May 2025 and an interim report in August, and received 149 public submissions and 7 brief comments.

Headline results

The PC modelled the economy-wide and government revenue impacts of the proposed reforms.

Standards reform could add an estimated $1.1bn to $3bn per year to the Australian economy. This is mainly driven by the potential benefits from aligning legislation incorporating a proportion of the 675 bespoke Australia-only Standards with overseas standards. That said, the economy-wide impacts of standards reform will depend on the nature, magnitude and source of differences between each Australian standard incorporated in legislation and international or overseas standards. Given this, the quantitative estimates rely on a number of assumptions (including the extent to which reform benefits importers or Australian producers).

For occupational licensing, the PC was asked for the impact of a national scheme for the electrical trades, and for other high-risk occupations. The PC found that national licensing of these occupations would be unlikely to significantly improve productivity at the national level. The benefits from national licensing (or better functioning AMR) are more likely to arise from better regulatory enforcement across state borders or from achieving cost savings for workers who already operate in multiple jurisdictions.

Standards

Standards touch on many aspects of everyday life. For example, if you are reading this report on a computer monitor purchased in Australia, it had to display an Energy Rating Label[1] and meet mandatory energy efficiency standards – including minimum standards for energy performance (set out in AS/NZS 5815.2:2013) and testing (according to AS/NZS 5815.1:2012).

[1] 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.

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). For example, standards can extend into quality, information, uniformity, professional conduct and interoperability (OECD 2011, p. 9). The associated conformity assessment judges whether a product, service, process, claim, system or person meets the requirements of a standard (ISO nd).

Standards and conformity assessment support trade and improve the way markets operate (PC 2006, p. 10). They can:

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

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 other markets, however, standards help create a common benchmark which enables socially acceptable market outcomes, provided that the incentives of standard-setting and conformity assessment bodies are aligned with social objectives (PC 2006b, p. 12).

Growing international integration of markets has increasingly led to a shift from domestic to international standard setting (Büthe and Mattli 2010, p. 440). Broadly, there are three types of voluntary standards: international, national and overseas standards (figure 1).

Figure 1 – Three types of voluntary standards

Standards are voluntary. Governments can however mandate standards through legislation. When developing legislation, governments can incorporate an existing standard, develop their own requirements, or task a body, such as Standards Australia, to develop a standard which they incorporate (PC 2006, p. 38). When governments make mandatory 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 mandatory standards that depart from a relevant international standard.

Incorporated Australian Standards largely align with international standards

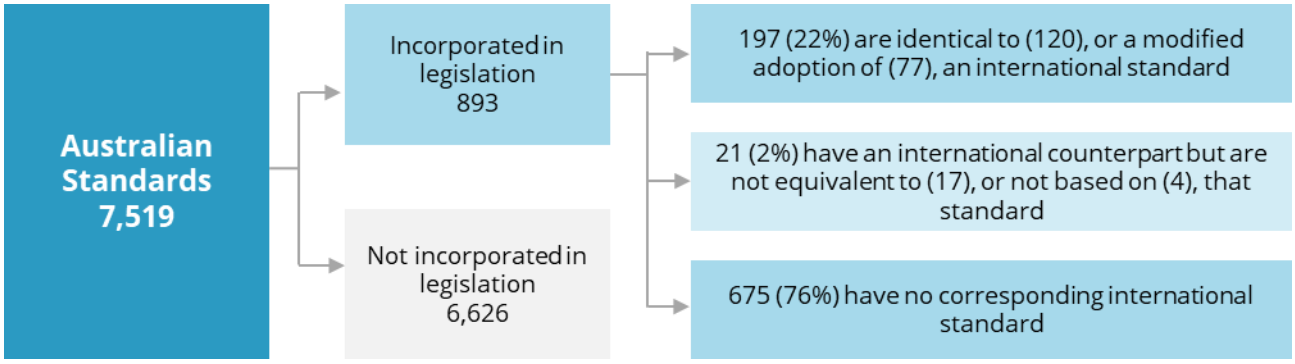
By and large, Australian Standards align with international standards where an international standard exists. But there are many Australian Standards that have no international counterpart, and Australian legislation incorporates many of these bespoke Australian Standards.

There were 7,519 current Australian Standards as of 10 July 2025.[2] Some 893 were incorporated in legislation in at least one jurisdiction. Of these, 197 (22%) were identical to, or based closely on, international standards – the difference in text generally being minor, for example technical modification for Australian electrical plugs (Standards Australia 2023, p. 118). Only 21 (2%) had an international counterpart but were not equivalent to that standard.

The majority (675 or 76%) were bespoke Australian Standards with no corresponding international standard (figure 2). Where no international standard exists, Australian governments may be able to reduce trade barriers by also allowing compliance, in the legislation, with appropriate overseas standards (regulated or voluntary) of Australia's main trading partners. For example, while there is no international standard for bicycle helmets, the two most widely used overseas standards are the European Union (EU) and United States (US) standards.

Figure 2 – Legislation incorporating Australian Standards[a]

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



a. Includes joint standards adopted by Standards Australia 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).

Of the 7,519 Australian Standards:

- only 1% had an international counterpart but were not equivalent to that standard,
- about 44% were identical to, or modified adoptions of, an international standard,
- about 55% had no corresponding international standard.

[2] 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 these publication types as 'Australian Standards'.

Legislation incorporating Australian Standards stands out as disproportionally using more bespoke Australian Standards (76% of the 893 incorporated Australian Standards are bespoke, whereas only 55% of all 7,519 voluntary Australian Standards are bespoke).

Finding 1
Australian Standards in legislation broadly align with international standards

Consistent with Australian Government policy, Australian Standards incorporated in legislation largely align with corresponding international standards when available. Of the estimated 893 Australian Standards (current or pending revision) in Commonwealth, state or territory legislation, 197 (22%) are identical to, or modified adoptions of, international standards. Only 21 (2%) have an international counterpart but are not equivalent to that standard. A disproportionate number (675 or 76%) are bespoke Australian Standards with no corresponding international standard. Where such regulation is necessary, allowing compliance, in the legislation, with appropriate overseas standards can reduce trade barriers.

Potential benefits of harmonisation

Review and aligning standards is a worthwhile reform, but it is difficult to assess its likely effect overall. Standards reform can result in both benefits and costs, and each mandatory standard should be assessed individually.

In some cases, greater alignment can create net benefits. For example, it can reduce the cost to business of importing, exporting or operating across multiple jurisdictions or improve the health and safety of the community. Aligning domestic and international standards (relative to having a bespoke national standard) promotes trade – although studies find that the magnitude of these effects vary (Blind and Jungmittag 2005; Schmidt and Steingress 2022, appendix B). Higher trade volumes can increase product diversity (Shepherd 2007). This in turn lifts consumer welfare and national income.

In other cases, adopting an international or overseas standard may result in a net cost. This can occur when a standard fails to address specific Australian risks or objectives, or when the costs of implementing a change outweigh the potential benefits.

Aligning standards can also create flow-on effects that are difficult to quantify. Flow-on benefits can include:

- consumer welfare gains from greater product choice and, through competition, lower prices
- productivity gains as Australian businesses gain access to new technology
- increased exports as cheaper production inputs make Australian exporters more competitive
- public welfare gains – for example, from earlier access to new or cheaper medical devices.

Flow-on impacts can also be negative. For example, if lower prices increase consumption of imported products that are less safe than products that meet Australian Standards.

This report estimates the net benefits of greater harmonisation by using:

- past Commonwealth Impact Analyses – these often include broader public welfare impacts, but rarely the flow-on effects to the Australian economy, and
- Computable General Equilibrium (CGE) modelling to estimate flow-on effects from lower business costs.

Using past Impact Analyses to estimate potential net benefits

Past Impact Analyses indicate the potential economic impact that harmonisation could have across the broad range of mandatory standards – from cement composition to clothes labelling – covered by this NCP reform.

From time to time, the Australian Government has taken action to align an Australian mandatory standard with international or overseas standards. Some of these actions were accompanied by an Impact Analysis, which included quantitative estimates of the benefits from reform. From 2012 to 2025, there were 18 Commonwealth Impact Analyses that considered alignment of Australian mandatory standards with international or overseas standards. The estimates of the net benefit ranged from negative $200 million to positive $215 million per year (appendix B).

On average, the assessments found a net benefit of $20 million per year. The distribution is uneven, however, with just a few standards having a large positive or negative economic impact. If outlying estimates are excluded from the sample, the average net benefit is reduced to $11 million per year (adjusted for inflation). Of this $11 million, 30% is from lower business costs, and 70% is from other community benefits such as health benefits due to fewer deaths, injuries or illnesses.

To estimate the benefits from reform, this report assumes that legislation can be expanded to allow compliance with international or overseas standards for a quarter (174) of the 696 current Australian Standards not aligned with an international counterpart (21) or where there is no corresponding international standard (675). Applying the adjusted average of $11 million per year to these 174 standards suggests a total benefit of $1.9 billion per year, if a standard incorporated by one state or territory impacts national supply. If a standard incorporated by one state or territory only impacts that jurisdiction, it reduces the potential reform benefit to $1.1 billion per year.

Often the quantitative estimates in the sample are only a partial analysis. Impact Analyses tend to quantify the direct effects of cost savings for business and government, and do not include quantitative estimates of downstream economic impacts.

Using CGE modelling to estimate potential net benefits

The direct effects of standards reform will produce economy-wide (downstream) effects which can be estimated using CGE modelling.

PC CGE modelling indicates that, if business costs are reduced by $0.6 billion per year (30% of $1.9bn per year):

- GDP would increase by up to $1.7 billion per year (assuming reform benefits only Australian producers)
- including other community (non-business) benefits of $1.3 billion per year (70% of $1.9bn per year) increases this to $3 billion per year (0.11% of GDP)
- the Consumer Price Index (CPI) would be expected to fall by up to 0.03%.

The economy-wide flow-on effects are primarily due to productivity improvements freeing up resources (e.g. labour and capital) for use throughout the economy. The lower bound (which assumes reform only reduces the price of imports) would remain unchanged. This is primarily due to cheaper imports leading to an increase in the volume of imports consumed. This increases consumer welfare but does not have the same flow-on effects on GDP as would productivity improvements.

Overall, the estimated net benefit from standards reform ranges from $1.1 billion per year (if reform benefits only importers in the states and territories where the standard is legislated) to $3 billion per year (if reform by one state or territory benefits only Australian producers in a national market). Table 1 shows this estimated net benefit range of $1.1 billion to $3 billion per year apportioned across states and territories on the basis of the economic size of each jurisdiction.

Table 1 – NCP reform net benefit range by state and territory[a]

Potential net benefit from expanding legislation incorporating current Australian Standards to allow compliance with international or overseas standards

	Lower estimate	Upper estimate
	$million p.a.	$million p.a.
NSW	340	916
Vic	251	675
Qld	223	599
WA	193	521
SA	61	165
ACT	23	62
Tas	18	47
NT	15	40
Total	**1,124**	**3,026**

a. Apportionment to states and territories is based on 2023-24 Gross State Product (ABS 2024, tbl. 1).

Source: PC estimates.

- This analysis assumes the lower business costs are in three sectors: manufacturing; professional, scientific and technical services; and construction. This is based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) codes for the 675 current incorporated Australian Standards with no international counterparts. However, it does not reflect the regulatory areas incorporating these standards.
- The low estimate also assumes that business cost savings accrue only to importers. The upper estimate assumes that the benefit accrues to all relevant domestic producers.

Without knowing the specific legislation that could benefit from greater harmonisation, it is not possible to know the impact on business costs for importers and domestic producers. Rather than taking a piecemeal approach to standards alignment, policymakers should review all the standards that apply to a particular sector, technology or area. Aligning certain standards could bring about hundreds of millions of dollars in benefits while aligning many others will have little effect. The key challenge for policymakers is finding the standards where alignment will have the greatest economic benefits.

Finding 2
Harmonising Australian mandatory standards with international or overseas standards could bring significant economic benefits

The potential net benefit could range from $1.1 billion per year (if reform benefits only importers in the states and territories where the standard is legislated) to $3 billion per year (if reform by one state or territory benefits all relevant Australian producers in a national market) or approximately 0.04% to 0.11% of GDP.

This assumes that legislation can be expanded to allow compliance with international or overseas standards for a quarter of the estimated 696 current incorporated Australian Standards not aligned with international standards. However, mandatory standards should be assessed individually. Most of the benefits from standards reform under NCP would likely be delivered from alignment in just a few high value areas.

Priority areas for review

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

1. incorporating the 21 current Australian Standards that have an international counterpart but are not equivalent to that standard
2. incorporating the 675 current Australian Standards with no corresponding international standard
3. that does not incorporate an Australian Standard but 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 standards.

Standards not aligned with an existing international standard

Despite the small number of internationally unaligned standards, these standards can create trade barriers when mandated. An example is the incorporated Australian Standard relating to sunscreen products, which adopts only one of the two international tests for determining 'broad spectrum'. This increases the cost of sunscreen products for the Australian public and makes Australian exporters less competitive (Accord Australasia, sub. 46, p. 8 and sub. 112, pp. 3-6). That said, Standards Australia submitted that most of these 21 standards fall into two categories: either the international standard would create material risk or require costly infrastructure transition if adopted, or there were timing mismatches between the Australian and international standard (sub. 147, p. 6).

Standards with no international counterparts

A potential focus area for the NCP reform agenda is the 675 incorporated current Australian Standards for which there is no international counterpart. As at 10 July 2025, 90% of the 675 current Australian Standards incorporated in legislation with no international counterpart were in three sectors: manufacturing; professional, scientific and technical services; and construction.

If this bespoke Australian regulation is necessary, it may be possible to reduce trade barriers by also allowing compliance, in the legislation, with appropriate overseas standards of specific jurisdictions.

Participants raised many potential sectors (appendix B) where Australian regulation could be more closely aligned across Australia or with international or overseas standards. 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 particularly relevant to new areas of regulation, such as artificial intelligence. As noted by Amazon, global standards in artificial intelligence are still developing and there is a risk of ending up with a patchwork of local, conflicting regulations (sub. 99, p. 5). The Business Council of Australia (sub. 53, p.7), CropLife Australia (sub. 137, p. 2), IKEA (sub. 59, p. 1) and Veolia (sub. 114, p. 2) provided examples of packaging and waste reduction requirements which diverge from overseas frameworks and are inconsistent across states and territories, imposing unnecessary compliance costs and undermining the efficiency and scalability of recycling and waste reduction efforts.

Legislation not incorporating an Australian Standard which creates a trade barrier

Rather than incorporate a voluntary standard, legislation can prescribe requirements developed by government. Such legislation can create a trade barrier through misalignment with 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 where the regulation may have a significant effect on trade.

Food safety standards and biosecurity 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. These two areas together accounted for over 75% of Australia's notifications to the WTO. The Australian Industry Group identified both food safety and biosecurity as priority areas 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). However, Food Standards Australia New Zealand disagreed, saying that labelling requirements were 'consistent with international best practice and reflect longstanding policy positions to protect and promote breastfeeding' and that they had received no complaints regarding unintended trade impacts (sub. 133, p. 2).

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). Accord Australasia submitted that the biosecurity regulations for formulated cosmetics, personal care and cleaning products appear to be focused on rigid rules and paperwork rather than managing risks (sub. 112, p. 8). In contrast, the Australian Council of Trade Unions submitted that, as for food safety, high biosecurity standards are significant positives for Australian workers and consumers, and protect the public and Australia's environment (sub. 119, p. 2).

Other sectors were also identified in submissions. For example, the NSW Small Business Commission said that it is not commercially viable to manufacture medical cleaning products 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 said that unique Australian requirements add time, cost and complexity to registering animal health products, increasing the difficulty of getting 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).

Sometime standards differ across states and territories for good policy reasons. For example, the National Construction Code includes specific performance requirements that only apply 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 (appendix B) illustrates the importance, in a national market, of all states and territories aligning regulation with overseas standards if Australians are to benefit from reform.

Even where regulation is aligned with international standards, inconsistent state and territory conformance assessment and post-market controls can lead to unnecessary compliance costs and reduce competition (box 1).

Box 1 – Case study: electrical safety

The regulation of household electrical goods illustrates how inconsistent state and territory legislation can undermine alignment with international standards.

Approximately 85% of Australian Standards for household electrical goods reference or appear to reference international standards (WA Department of Energy, Mines, Industry Regulation and Safety, sub. 47, p. 2). Participants in this study raised concerns about Standards Australia's technical committees adopting Australian Standards that inappropriately modify international standards. However, their most significant concern was Australia's fragmented electrical product safety framework.

Each state and territory has its own legislative scheme. Suppliers of electrical products, both within Australia and importers, must comply with the Electrical Equipment Safety System, the NSW system, various other state and territory requirements, and the Australian Consumer Law product safety regime.

There is no obvious benefit to Australians from this fragmented system. Australia relies on imported electrical products, supply is national, and demand is increasing in response to advances in telecommunications and electronics technology, and the shift to low-carbon solutions.

The Australian Industry Group estimated that these inconsistencies cost consumers millions each year. Differing requirements in the treatment of products when a standard is changed costs in the range of $0.55 million to $4 million. Other differences in marking requirements and dual certification add many more millions in unnecessary costs (Australian Industry Group 2022). Despite over a decade of industry engagement with governments, harmonisation remains unsolved (sub. 98, p. 10).

A 2024 review initiated by the Council on Federal Financial Relations recommended, among other things, updating the framework to achieve consistent requirements across jurisdictions (Finance nd).

National alignment should be a priority. Of the 893 Australian Standards (current or pending revision) 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 considerable variety in which jurisdictions incorporate each standard.

Study participants identified many other potential policy areas for standards reform (appendix B). For example, 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).

Outdated incorporated 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.

In some cases, legislative reference to an outdated standard is deliberate, or the legislation allows compliance with the latest version of the specified standard (known as 'in force from time to time') or with an equivalent standard. In other cases, however, reference to outdated standards could be a problem. For example, the Australian mandatory standard for bunk beds was introduced in 2003 and continues to

reference the 1994 version of the Australian Standard even though the voluntary standard was updated in 2003 and again in 2010 (Standards Australia, sub. 76, p. 11). Governments should review and update legislation to reference the appropriate version of standards.

Recommendation 1
Priority areas for reviews of standards

Australian, state and territory governments should review mandatory standards to improve alignment with other countries and across Australia, and to update outdated references to voluntary standards.

Australian, state and territory governments should prioritise reviews in five areas:

- **non-alignment with international standards:** review legislation incorporating Australian Standards that have an international counterpart but are not equivalent to that standard
- **bespoke Australian standards:** review legislation incorporating Australian Standards with no corresponding international standard – 90% of these standards are in the manufacturing; professional, scientific and technical services; and construction sectors
- **government-developed requirements:** review areas of legislation that do not incorporate Australian Standards but create trade barriers through misalignment with international or overseas standards – such as food safety and biosecurity
- **state and territory inconsistency:** review legislation that is inconsistent across jurisdictions and agree to harmonise mandatory standards across Australia, and
- **outdated standards:** update legislation to enable compliance with current versions of incorporated standards where appropriate.

Implementing standards reviews

The Commonwealth, states and territories are developing Competition Reform Guidelines for recognising and adopting voluntary standards (including international and overseas voluntary standards) in legislation (Treasury 2025). The steps set out in the draft Guidelines (which include reviewing the regulatory objective, policy options, appropriate international and overseas standards and consistency with other Australian jurisdictions) provide a useful roadmap for implementing recommendation 1.

Priority sectors

In relation to priority sectors, almost 90% of the 3,743 references in Commonwealth, state or territory legislation to Australian Standards (current and outdated) come within 10 regulatory areas (as at 10 July 2025). These cover 6 of the 7 potential priority areas identified by the Treasurer following the meeting of the Council on Federal Financial Relations in September 2025: building and construction, electrical products, resource management, transport, renewable energy, and consumer goods (Chalmers 2025).

Key areas for review by Australian, state and territory governments under NCP should include:

- **Construction** – 138 (20%) of the 675 current incorporated Australian Standards with no international counterpart are in this sector. Although there is alignment in policy objectives to protect public and worker safety and the environment, regulation remains fragmented across states and territories. Misalignment with overseas standards may be hindering uptake of modern construction methods such as prefabricated and modular houses. Removing regulatory barriers can improve productivity and help Australian governments deliver on commitments to boost housing supply and affordability.

- **Household electrical goods** – Around 196 Australian Standards relate to household electrical goods, of which 85% reference or appear to reference international standards. A key concern is the additional costs imposed by inconsistent state, territory and Commonwealth requirements for conformity assessment and post-market controls. This inconsistency has no obvious benefit, given Australia relies on imported electrical products, supply is national and demand is increasing as Australia shifts to a digital and net zero economy.
- **Packaging and waste reduction** – The transition to a net zero and circular economy requires the development of new standards covering everything from electric vehicles to hydrogen energy (Standards Australia 2022, p. 7). Packaging and waste reduction are important reform areas that impact multiple sectors ranging from food products to agricultural and veterinary chemicals. Currently, standards in this area diverge from major frameworks, such as the EU's Packaging and Packaging Waste Directive, and are inconsistent across states and territories. This is creating confusion for national businesses, imposing unnecessary compliance costs and undermining the efficiency and scalability of recycling efforts.

Recommendation 2
Sector-specific standards reviews

Areas for review by Australian, state and territory governments under NCP should include mandatory standards relating to construction, household electrical goods, and packaging and waste reduction.

Improving mandatory standard processes

Governments should work with Standards Australia's technical committees where appropriate to review mandatory standards, however the onus of proof should continue to be on policy makers to justify mandatory standards that depart from international norms and create barriers to international or interstate trade.

Study participants were concerned that governments and regulators could create parallel systems that undermine Standards Australia's expert, consensus driven approach. However, there are potential issues with the operation of Standards Australia's technical committees. For example, Lighting Council Australia said that the justification for Australian-specific standard variations is often weak and that undeclared conflicted interests often advocate for variations (sub. 69, p. 3). The process for developing or revising an Australian Standard where an appropriate international or overseas standard already exists can also delay products entering the Australian market and duplicate effort, as in the case of vehicle-to-grid technology (Menezes 2025, p. 64).

Standards Australia is piloting an 'equivalent standards' initiative as part of its adoption framework to more systematically consider overseas standards where international standards do not exist (sub. 147, pp. 3-4). Standards Australia is also reviewing its technical committee processes to strengthen governance, monitor conflicts of interest, and ensure impartial, outcomes that are in the public interest (sub. 147, p. 3).

To further strengthen international alignment, the draft Competition Reform Guidelines (including the principle on recognising appropriate overseas standards) should be reflected in the Australian Government's Memorandum of Understanding with Standards Australia, and in Australian, state and territory government guidelines for assessing the impact of regulation. Alignment with international and overseas standards could also be reviewed as part of regular reporting by Standards Australia and a stocktake of Australia's regulation.

Access to standards

Free access to incorporated standards is central to the NCP goal of removing barriers to competition. Placing the law behind a paywall imposes a fixed cost that puts small businesses and startups at a competitive disadvantage, risks non-compliance and undermines safety.

In 2006, the PC recommended that access to incorporated standards – the law of the land – be lower cost 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)

The financial cost of accessing incorporated standards continues to be an issue nearly 20 years later, and 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, which means that a business may need to access many hundreds of standards (sub. 44, attachment p. 9).

Private standard-setting bodies sell the standards they develop to cover their operating costs. This is typically why some argue governments cannot give away free access to standards. In other countries, some standards bodies now charge for creating and adopting standards, so they can rely less on revenue from selling standards to users. It can also increase the benefits of a standard – in the Netherlands, free access to an incorporated standard typically increases usage of the standard by six to ten times (appendix B).

Governments who mandate the use of standards should bear the fiscal cost of facilitating free access to standards so that it is considered in any assessment of the costs and benefits of proceeding with a mandatory 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)

As an indication, 1,263 (16%) of Standards Australia's 7,991 voluntary standards (including those marked 'available superseded' in addition to 'current' and 'pending revision') are incorporated in legislation. Providing free public access to these incorporated standards could require a government subsidy to Standards Australia of around $7 million per year. This represents 16% of Standards Australia's royalty and e-commerce revenue ($45 million) for 2023-24.

This estimate does not account for different list prices, usage and curated subscriptions of standards. Standards Australia supported the draft recommendation on free access to incorporated standards but advised that the $7 million per year estimate is not an accurate reflection of costs (sub. 147, pp. 3, 5). The total funding required would be a matter for agreement between Standards Australia and the relevant Australian Government central agencies. Other countries can provide a useful benchmark. For example, the funding model used in the Netherlands could suggest a cost for Australia of about A$13.8 million per year (appendix B).

Any funding model should:

- apply to all standards incorporated in legislation rather than excluding 'deemed to comply' standards
- provide full access rather than a more restricted form – while virtual read-only should be cheaper for government, participants in this study identified the need for greater functionality to support compliance

- apply to AS and AS/NZS publications and other publications available on Standards Australia's website
- use a simple licensing fee paid by Australian governments to Standards Australia (e.g. $5,635 per year (2023-24) indexed to CPI per incorporated standard), rather than a more complex methodology, and
- apply to Commonwealth, state and territory laws – to encourage national consistency, the Commonwealth should pay the full fee for a standard incorporated in Commonwealth law or intergovernmental schemes promoted by the Commonwealth, with the states and territories paying for other standards that they incorporate.

Applying these principles to 1,263 incorporated AS and AS/NZS publications ('available but superseded' in addition to 'current' and 'pending revision') suggests the Australian Government would be responsible for about half of the funding.

Recommendation 3
Governments should fund access to standards in legislation

Governments should facilitate free 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 mandatory standard.

Occupational licensing

Occupational licensing places restrictions on who can practice an occupation in order to protect worker safety and resolve 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 2).

Table 2 –Proportion of Australian occupations that 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%)
Total	**1,014 (100%)**	**12,124,410 (100%)**

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

Occupational licensing requirements 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).

The PC was 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 for 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 or services (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 licensing and other occupational entry requirements more broadly. This inquiry identified in its interim report that for many low-risk occupations, licensing requirements may be overly restrictive while offering limited benefits to safety outcomes (PC 2025, p. 52). It also found that qualification requirements can often pose the most significant barriers to entry for many occupations.

Approaches to licence interoperability

There are three ways of addressing different licensing schemes across 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 to 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 (2009, 2015) reviews 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 in getting agreement 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, and for paramedics under that scheme in 2018, but was not achieved for the proposed National Occupational Licensing Scheme (which

was abandoned in 2013). There are also risks for some jurisdictions when the agreed uniform standard is more restrictive than their current standard.

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 reform

To understand the benefits of reform for electrical trades specifically, and to high-risk occupations generally – where there are risks to both workers and consumers – first the professions in scope must be identified and then the magnitude of the resulting benefit to labour mobility and productivity must be quantified.

The PC identified high-risk occupations by analysing SafeWork Australia data on work-related deaths and compensation claims. Occupations with above-average costs of unmitigated risk per worker (compared with all occupations) are considered high-risk, serving as a proxy for the level of occupational risk deemed acceptable by society. To assess risk to consumers, the PC has used a credence goods framework to classify the information asymmetries that a consumer may face when purchasing a good or service from a licensed occupation. Overall, 24% of all workers in Australia are employed in an occupation which falls in one or more of these risk categories.

Previous PC research has investigated the effects of labour mobility arising from occupational licensing reform. 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%. Reforming occupational licensing would reduce the cost of complying with state legislative requirements when moving interstate and thus would improve labour mobility by a proportion of this effect. The Decision RIS produced as part of the process to establish the NOLS (COAG National Licensing Steering Committee 2013, p. 90) assumed this proportion to be 10%. This estimate was produced before the introduction of the AMR scheme and so changes in the current environment may have a much smaller impact. 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%.

To estimate the specific productivity effect of the reform, the effect of introducing national licensing for paramedics was examined. In 2018, paramedicine stopped being licenced at the state level and became included in the National Registration and Accreditation Scheme. This allows for a natural experiment whereby the wages of paramedics and other occupations can be compared before and after the introduction of national licensing in order to estimate the treatment effect of moving to national licensing for paramedics[3].

The resulting analysis shows that the introduction of national licensing for paramedics had an insignificant effect on wages.

[3] This analysis uses the Longitudinal Linked Employer-Employee Dataset and applies a difference in difference model with individual fixed effects.

While in theory national licensing reform would positively affect GDP, the productivity impact is too small to produce a robust estimate of this effect.

While the impact on productivity and GDP may be minor, national licensing has the potential to increase compliance among licensed workers who operate in multiple states, and may be worth pursuing on that merit. If the goal is to increase productivity for licensed workers, reforms such as those considered in the Building a Skilled and Adaptable Workforce inquiry (PC 2025) are likely to have greater effect.

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 an '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.

Recommendation 4
The Australian Government should commission 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 Automatic Mutual Recognition (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*. The *East Coast Electricians Scheme* 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.

On 5 September 2025, the Australian and state and territory treasurers affirmed their commitment to a 'national licence scheme for electrical tradespeople to remove unnecessary mobility barriers without reducing standards' as well as an intent to identify other trades where national licensing may be appropriate, particularly in construction and housing (Chalmers 2025). Many of the benefits of harmonising licensing requirements between states come 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 be more detrimental than beneficial.

Additional NCP reforms

The PC considered a range of other competition reforms in the 2024 study (PC 2024). Of the 26 competition reforms the PC was asked to analyse at that time, 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 reforms 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 2025) and the Government is currently in the process of legislating for restraint of trade changes (Australian Government 2025, 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 $4.7 billion 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 reform area likely to provide a significant impact on GDP would be data sharing reforms across jurisdictions with estimated benefits of up to $1.6 billion. The third area for reform is road user charging (box 2).

Box 2 – Road user charging reform

Road use – whether from private vehicles or freight – comes with a range of social costs which are not captured by the private costs facing a road user. These include gradual physical damage to road infrastructure, congestion, and pollution and emissions. Although there are other mechanisms which can be used to reduce the negative effects of road use, one approach is to include pricing mechanisms for each of these as part of a distance-based road user charge

Giving drivers a clear signal about the cost of infrastructure gives them 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.

Box 2 – Road user charging reform

The growth in use of electric vehicles has added further impetus for reform.

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, investment in road infrastructure by the Australian Government 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. As a result, their contribution to road costs is limited.

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.

On 5 September 2025, the Australian and state and territory treasurers agreed to pursue further work on a road user charge for electric vehicles (Chalmers 2025). Several jurisdictions around the world, including New Zealand, Austria and Germany, have introduced distance-based charges for road users. When these schemes are based on a user-pays principle for cost recovery, heavy vehicles are typically the focus, as lighter vehicles contribute minimally to road wear. The limited number of submissions to this study on this topic broadly support the introduction of a road user charge based on vehicle mass and distance travelled.[4]

A future road user charging scheme could seek to balance cost recovery and disincentivising other costs associated with road use. A charge that recovers all road costs from freight vehicles based on distance travelled could lead to prohibitively high costs for many freight vehicles. A revised multi-part charge with a fixed component plus a variable component (with layers for the cost of road damage, emissions and congestion) is likely to balance these competing objectives. A layered variable charge was supported by Engineers Australia (sub. 128, p. 6)

Governments should consider maintaining neutrality between alternative types of vehicles wherever possible, outside of the social and environmental costs they might cause. That is, caution is needed not to inadvertently create incentives for specific types of vehicles. On this, Master Electricians Australia submitted that the government should refrain from penalising EV users in road user charges and not penalise business based in regional areas with greater travel needs (sub. 116, p. 12).

The implementation of road user charging reforms should be informed by a detailed exploration of the potential effects of different road user charging schemes and enable their comparison.

[4] Australian Automobile Association (sub. 132), Cement and Concreate Aggregates Australia (sub. 115), and Engineers Australia (sub. 128).

On 30 September 2025, the Treasurer requested the PC undertake a study of the impacts of heavy vehicle reforms, aimed at increasing productivity for all heavy vehicles and supporting the uptake of heavy zero emissions vehicles (HZEVs) (PC nd). In the 2024 NCP study, the PC estimated the benefits of reforms to lower barriers to the adoption of electric trucks and buses to be $748 million (with additional benefits from emissions reduction) (PC 2024, p. 104). However, in the new study, the PC will look at a much wider range of reforms to heavy vehicle regulations:

- Increasing heavy vehicle road access to reduce emissions and increase productivity.
- Accelerating the establishment of a National Automated Access System to streamline road access decision making for all heavy vehicles.
- Accelerating implementation of the National Heavy Vehicle Driver Competency Framework.
- Removing administrative and regulatory barriers to improve the availability of HZEV charging infrastructure.
- Reducing or removing curfews for HZEVs (PC nd).

The PC will consult with businesses, communities and governments on these reform areas over the next six months and deliver a final report for the study to the Australian Government by 30 June 2026.