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National Competition Analysis 2025
Productivity Commission
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Online submission: www.pc.gov.au/inquiries/current/competition-analysis-2025

Dear Review Team

ADOPTION OF INTERNATIONAL AND OVERSEAS STANDARDS IN REGULATORY FRAMEWORKS

I refer to the Productivity Commission's call for written submissions on the National Competition Policy (NCP) project to lower barriers to adopting international and overseas standards in regulatory frameworks.

The Department of Energy, Mines, Industry Regulation and Safety – Building and Energy Division (Building and Energy) serves as both the building regulator and the electrical safety regulator in Western Australia (WA).

The Western Australian Government (along with all other State and Territory Governments) has already signed up to the NCP and its outcomes.

However, Building and Energy believes it is uniquely placed to make some brief observations that may assist the Productivity Commission with its current inquiry into this matter.

Specifically, Building and Energy seeks to draw the Productivity Commission's attention to existing mechanisms in both building and electrical regulation to adopt and/or benchmark international standards where appropriate.

It is hoped that these observations will assist the Product Commission in its economic analysis, they are not (and should not be interpreted as) a comment or criticism on the NCP.

Building regulation

In terms of building regulation, all Australian jurisdictions adopt consistent building and plumbing standards in local regulations through Volumes 1 to 3 of the National Construction Code (NCC).

The NCC is administered and updated by the Australian Building Codes Board (ABCB), which is established under an Intergovernmental Agreement between the Commonwealth and respective state and territory governments.

The NCC is a performance-based document that allows for building and plumbing work to meet specified performance requirements, either through a deemed-to-satisfy pathway (generally by complying with an applicable Australian Standard), or through a performance solution.

This means that the NCC already provides scope for the ABCB to consider applicable international standards and whether it is appropriate for inclusion in the deemed-to-satisfy pathway. Alternatively, depending on circumstances, compliance with an applicable international standard may still meet the specified performance requirements in the NCC as a performance solution.

Building and Energy suggests that the Productivity Commission should (if it has not already done so) seek advice from the ABCB on the adoption of international standards in the NCC as part of its inquiry and the suitability of existing mechanisms.

Electrical safety standards

In terms of electrical safety regulation, I'd draw the Productivity Commission's attention to the observation recently made by the National Electrical Safety Taskforce at page 27 of its *Reform Action Plan* (2024) that approximately 85 per cent of standards prescribed in State and Territory legislation for electrical appliance benchmarking purposes were based on international standards (mainly IEC standard).

This existing process of internationalising standards is set up through the terms of the Memorandum of Understanding (MoU) between the Commonwealth Government and Standards Australia which provides:

- 6.5 *When preparing Australian Standards, Standards Australia will ensure that its practices comply with the World Trade Organization (WTO) Agreement on Technical Barriers to Trade (TBT) and the Code of Good Practice at Annex 3 of that Agreement with which Standards Australia is committed to comply. It will also take into account Australia's undertakings in Free Trade Agreements.*
- 6.6 *When preparing Australian Standards, Standards Australia will, in accordance with Articles 3 and 4 of the WTO TBT Agreement, utilise accepted international standards to the maximum extent possible and will only depart from this practice where there is a compelling reason to do so.*
- ...
- 8.3 *When preparing Australian Standards, Standards Australia will seek to ensure they do not inhibit international trade.*
- ...
- 8.17 *With reference to Paragraphs 6.5 and 6.6 where an Australian Standard departs from an equivalent international standard, Standards Australia will publish in the Preface of the Australian Standard the compelling reasons for the departure and, wherever possible, ensure that National Differences are clearly identified in accordance with ISO/IEC Guide 21-1: 2005 Regional or National Adoption of International Standards and Other International Deliverables.*

Given this existing process of 'internationalising' Australian Standards, Building and Energy is not clear on the added economic benefits of any proposal of directly prescribing international standards in place of or in parallel to Australian standards, in local legislation.

To the extent there is an added benefit, prescribing an international standard may be appropriate where an applicable Australian standard is not available. However, such prescription should still be accepted through a technical review process that considers suitability to the Australian environment and is published by an appropriate body. Otherwise, it would introduce electrical safety risks which undermine public confidence in the adopted standards and quality outcomes expected from all State and Territory electrical safety regulators.

I would also draw the Productivity Commission's attention to work already being undertaken by the National Electrical Safety Taskforce on the adoption of international standards for consumer electrical products.

It is strongly suggested that limiting the scope of inquiry to electrical products, as opposed to standards for installation and wiring, potentially avoids some of the more complex challenges that inevitably arise when applying international standards to local conditions and practices.

Finally, I would suggest that the Productivity Commission's inquiry should consider the likely economic impact that automatic adoption or prescribing of international standards could have on the continued viability of Australian standards, given large portions of the work to review, develop and update these standards is done on a voluntary basis by industry experts, regulators and other interested parties.

If you wish to discuss the observations made in further detail, I would be pleased for you to contact Mr Sandeep Magan, Principal Engineer Electricity Supply, Building and Energy.

Your sincerely

Peter Stewart
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