

Response to National Competition Analysis 2025

June 2025



Table of Contents

Introduction	3
Proposed Reform One: National Occupational Licensing Scheme	3
Proposed Reform Two: Harmonisation with International Standards	5
Recommendations	12
Conclusion	13
<i>About Australian Industry Group</i>	14

Introduction

The Australian Industry Group (Ai Group) welcomes the opportunity to respond to the Productivity Commission's National Competition Policy Analysis 2025. We share the Commission's sense of urgency that productivity reform must be undertaken in earnest but we also welcome the ambition of this analysis that looks to a long-term planning horizon in acknowledgement of the time it will take to generate enduring structural change.

This submission focuses on two key reform proposals: the proposed national occupational licensing scheme and the proposed harmonisation of regulatory standards with international equivalents. We address these first of these reforms through a workforce lens and the second and through a product lens. In particular, we believe any reform around occupational licensing in the first instance needs to seek to address those occupations experiencing the most chronic and enduring shortages.

There are 112 occupations which are classified as in national shortage on the Occupation Shortage List. These occupations account for 33% of the Australian workforce, pointing to the widespread impact of shortages. They include frontline health and care workers, school teachers, skilled tradespeople, engineers, technical professionals, and essential roles across construction, hospitality, and technology. Many are subject to occupational licensing regimes which reduce mobility into and across these occupations, constraining supply and reducing labour market flexibility. Improving mobility in these areas should assist in optimising the workforce we do have while streamlining Australia's ability to attract relevant talent from overseas.

Technical standards are essential for enabling the free movement of goods, harmonizing national licensing systems, supporting professional mobility, trade, and regulatory consistency. Ai Group backs the adoption of international standards, with careful review before use, to align regulations, reduce duplication, and boost market access in sectors like manufacturing and digital services.

To achieve this, Australia should focus on engaging in the development of international standards, leveraging existing technical infrastructure, and implementing harmonised regulations that reference international standards.

Proposed Reform One: National Occupational Licensing Scheme

Landscape

Australia is experiencing the tightest labour market in modern record, with unemployment near the level estimated as full employment since mid-2022. This record tight labour market is exacerbating skills shortages, with two categories experiencing persistent shortages:

- Technicians & trades, who are in shortage due to long training gap and barriers to mobility such as occupational licensing; and
- Professionals, due to finer occupational segmentation and less efficient job matching.

Within these broad categories, there were 112 specific occupations in national shortage as identified by the 2024 Occupational Shortages List (Attachment A). These occupations span a wide range of sectors, including:

- Healthcare and the care economy: General practitioners, specialist physicians, midwives, podiatrists, occupational therapists, audiologists, nurse educators, aged care workers, and personal care workers.
- Education: Early childhood teachers, secondary and special education teachers, vocational education teachers.
- Skilled construction and trades: Bricklayers, stonemasons, tilers, plumbers, glaziers, welders, refrigeration mechanics, electricians, and other technical trades.
- Engineering and scientific roles: Civil, mechanical, electrical and production engineers, surveyors, spatial scientists, and agritech professionals.
- Transport and infrastructure: Crane operators, rail workers, earthmoving plant operators, air transport professionals.
- Service and hospitality: Hotel and motel managers, chefs.
- i. Digital and technical occupations: Software and applications programmers.

Each of these fields are vital to supporting the economy, and shortages in these areas curtail our capacity to achieve wider systemic productivity growth. The impact of these shortages is felt every day for Australian households and businesses: in delays to housing and infrastructure delivery, in schools struggling to attract and retain teachers, in hospitals short of trained staff, and in businesses unable to fill key roles even during periods of slowing demand.

Many of these in-shortage occupations are subject to occupational licensing regimes. While we have not been able to identify a list of all such regimes to which the OSL can be compared, we note they are particularly common in the industrial (building and engineering) and care economy (healthcare and education) occupations that dominate the list.

Occupational licensing arguably plays a role in contributing to workforce shortages in these occupations. It creates additional friction for both entry into the occupation, as well as mobility within the occupation (particularly when sub-national regimes are poorly interoperable). This reduces the flexibility and efficiency of labour markets for these occupations, constraining supply reducing their ability to respond to changes in demand.

Ai Group believes that any reform to occupational licensing and standards must contribute to alleviating these constraints.

Proposal

Ai Group supports, in principle, the development of a nationally consistent occupational licensing scheme where we can be reassured that it will enhance labour mobility, reduce needless duplication, and deliver consistent regulatory expectations across Australia that make it easier for employees to plan their career and employers to plan their business operations.

A national scheme could transform the ability of workers to move between jurisdictions without encountering costly and time-consuming licensing processes. This is particularly urgent for tradespeople such as electricians, mechanics, plumbers, and welders, who are in high demand

across regions but face inconsistent recognition of qualifications. Additionally, the existing system prohibits workers from working on projects for their employer across state borders. According to members this limits competition and productivity in a range of sectors, but particularly those relying in engineers and electricians.

Many healthcare occupations, particularly allied health professionals, would benefit from a clear national framework that recognises skills across jurisdictions without onerous bureaucratic hurdles. This should enable more timely responses to health skills shortages, especially in regional communities.

As the Productivity Commission's own research has identified, Australia's construction sector is experiencing the poorest productivity conditions of any industry. Improving, therefore, the ability of engineers and technicians who work on nationally significant infrastructure projects to move seamlessly across the country should have clear productivity benefits.

Education is also a sector where the proposed scheme should have positive impacts. Teachers, especially in early childhood and special education, often face licensing and certification rules that differ from state to state, discouraging mobility at a time when burnout and attrition are already high.

We caution, however, that the implementation of a national licensing scheme must be rolled out gradually with sufficient opportunities to test and refine processes. It must also be appropriately targeted. Some of the most in-demand occupations – such as aged care workers, chefs, software developers, and personal care assistants – do not operate within a formal licensing regime. There are practical reasons for this, and the addition of licensing could needlessly increase costs and curtail mobility.

These currently unlicensed occupations may however present an opportunity as starting points for the implementation of a national licensing scheme, due to the absence of long established and complex pre-existing state-based occupational licensing. For example, the Executive Cyber Council, chaired by the Minister for Home Affairs and Cyber Security, has recently committed to exploring the establishment of a national skills framework for cyber security professionals in order to standardise numerous occupations in the cyber security and enabling digital skills space. It could be that the cyber security and related digital services professions could be useful as a trial occupational category for the establishment of a national licensing scheme.

Implementation must also be supported by digital infrastructure that is highly user friendly for businesses and employees alike. Workers must be able to apply, renew, and transfer their credentials easily to a national scheme. Fragmented systems will undermine reform.

State and territory cooperation is essential. Past attempts at national licensing have struggled to deliver streamlined systems due to lack of federal alignment. There is a critical role for the Commonwealth to play in securing upfront consensus on purpose, process, and shared benefits as a first step in the development national occupational licensing scheme.

Proposed Reform Two: Harmonisation with International Standards

Ai Group supports the adoption of international standards, recognizing their pivotal role in driving compatibility, safety, and efficiency across industries while fostering international collaboration. The development of these standards involves dialogue and cooperation among diverse stakeholders. Geopolitically, standards remove technical barriers, facilitate market

access, and shape trade dynamics, thus creating interconnected economies founded on trust. International standards, established through multilateral cooperation, guide manufacturing and regulatory practices globally. Harmonizing standards boosts economic collaboration, strengthens diplomatic ties, and balances global uniformity with local adaptation, deepening international connections.

Distinction between International Standards and Overseas Standards

To support clarity in reform discussions it is important to distinguish between international standards and overseas standards.

International standards are developed by global, multilateral, consensus-based bodies such as ISO, IEC, and ITU, where Australia participates as a member and each country has an equal vote. These standards are designed for global applicability and are recognised under the WTO TBT Agreement as the preferred basis for national adoption where appropriate.

In contrast, overseas standards are developed by individual countries, national bodies or industry consortia, and may reflect jurisdiction-specific regulatory assumptions, commercial priorities, or industrial policy. These standards may also not follow internationally agreed best practices, including open public consultation, balanced representation, or consensus-based decision-making.

This does not mean that overseas standards are inherently unsuitable. Many are technically robust and may provide an appropriate level of safety, environmental protection, or infrastructure performance for the Australian context. However, their adoption into regulation requires a commensurate level of review and scrutiny, arguably more so than international standards, given the lack of multilateral development and transparency mechanisms that underpin globally agreed standards.

Technical standards act as foundational pillars for harmonizing national occupational licensing schemes by providing consistent frameworks that ensure the recognition of qualifications and the seamless mobility of professionals across jurisdictions. This alignment not only enhances labour mobility but also bolsters the free flow of goods by reducing regulatory discrepancies and fostering a streamlined environment for trade and industry. Ai Group supports the adoption of international standards while advocating for careful scrutiny of overseas standards. Both types of standards demand review before implementation in technical regulation to ensure alignment across jurisdictions, thereby minimizing redundancies and maximizing market access, particularly in manufacturing, engineering, and digital services.

To achieve this, Australia should focus on three key actions:

- engagement in the development of international standards,
- ii. leveraging existing technical infrastructure for adoption, and
- implementing harmonised regulations (that call up international standards).

Engagement in the international standards development

The standards development process itself serves as an important platform for building relationships, requiring dialogue, negotiation, and cooperation among diverse stakeholders. In terms of geopolitical significance, standards shape trade dynamics by removing technical

barriers and facilitating market access, thereby creating interconnected economies founded on trust and mutual understanding. International standards, established through multilateral cooperation, often become benchmarks that guide manufacturing practices and regulatory frameworks, promoting global interoperability and fostering alliances forged during their creation.

Australia's active engagement in the development of *international standards* is critical to ensuring that its industries remain competitive, innovative, and aligned with global practices. Participation in these multilateral frameworks allows Australia to contribute its unique expertise, influence the creation of standards to better reflect its priorities, and build bridges with other nations in domains like engineering, manufacturing, and emerging technologies. However, such engagement requires robust support, encouragement, and strategic coordination with the government at all levels—Commonwealth, state, and territory.

Despite the clear benefits, Australian businesses, especially SMEs, often face significant resource barriers when attempting to participate in the development of international standards primarily due to the need to travel to international committee meetings which is costly and time consuming. This limitation reduces Australian involvement and risks impacting the overall influence of Australian industry in shaping standards that incorporate critical nuances specific to Australia's unique context. Addressing these challenges is essential to unlocking the full potential of Australia's participation in the global standards ecosystem while ensuring that its national interests are adequately represented and safeguarded.

The Government funds the Support for Industry Service Organisations (SISO) program to enable Australia's participation in developing international standards with ISO, IEC, and ITU. The program enables Standards Australia to support Australian experts to contribute to shaping global standards, reflecting the country's priorities and needs. It reduces resource barriers for businesses, particularly SMEs, and whilst it does not cover all costs (it is granted by Standards Australia as a subsidy) it does assist with their active engagement in international committees.

Through this funding, Standards Australia strengthens Australia's influence in global standards development and aligns international standards with domestic priorities, boosting innovation and trade.

Ai Group acknowledges the increase in SISO funding to Standards Australia in 2024 but emphasizes the need for a thorough review of the scheme's administration and operation. A recurring concern raised by members is that when multiple Australian delegates receive subsidies to attend an international standards meeting, the total subsidy remains unchanged and must be divided among those attending. This limitation highlights the need for adjustments to optimize the program's effectiveness and ensure equitable support for participation.

Leveraging existing technical infrastructure

Standards Australia plays a vital role in the adoption of international standards, ensuring they align with the nation's regulatory requirements and unique priorities. Through its diverse technical committees, which include regulators, industry representatives, and technical experts, the organization facilitates a thorough review process that balances global harmonization with domestic needs. This approach strengthens trade relationships and enhances Australia's competitiveness on the international stage.

The organization's process also involves modifying international standards to address local challenges, such as Australia's distinct climate and ecosystems. Transparency and stakeholder

collaboration are central to this review, fostering trust and consensus-based decision-making. By aligning standards seamlessly with regulatory frameworks, Standards Australia helps reduce bureaucratic barriers and supports innovation.

Through its robust technical infrastructure, Standards Australia ensures that adopted standards meet high global benchmarks while reflecting Australian priorities. By actively engaging with the global standards ecosystem, the organization bolsters Australia's ability to thrive in interconnected trade and regulatory environments, shaping its position as a competitive and innovative player on the world stage.

Ai Group recommends that the Government rely on Standards Australia's established processes for adopting international standards when considering their inclusion in regulation. Additionally, if overseas standards are being reviewed for integration into legislative frameworks, any active Standards Australia technical committee relevant to the topic should be given the opportunity to evaluate them. (Note Ai Group's recommended changes to standards development under the heading "PC Questions".)

Implementation of harmonised regulations

Incorporating international standards into legislation promotes consistency across regions, yet this alignment can be disrupted by inconsistencies in domestic regulations. Addressing these internal disparities should be a priority, as the inefficiencies stemming from fragmented national frameworks often outweigh those caused by differences between international and local standards. Australia's varied regional priorities—shaped by factors such as environmental conditions, infrastructure needs, and socio-economic considerations—frequently lead to divergences even after standards are codified into law.

By focusing on harmonizing national regulations across states and territories, Australia can mitigate these inefficiencies and strengthen its engagement with international standards. This approach would enhance economic resilience and bolster competitiveness in a global marketplace.

As an example, Australia currently operates two distinct electrical product safety frameworks that reference IEC standards (adopted as Australian Standards) but impose differing compliance requirements for registration and certification. These disparities increase costs for suppliers seeking market access and diminish the benefits of international alignment, creating unnecessary barriers within the national system. (See also our comments in "PC Questions").

Other considerations

Australia's unique conditions, such as its climate, consumer safety standards, and biosecurity requirements, often necessitate deviations from global norms. For example, electrical safety regulations must account for the country's specific infrastructure and grid demands, while health-related standards need to uphold domestic safety protections, especially given differing global safety practices. To ensure effective harmonisation, businesses—particularly small and medium-sized enterprises—must have accessible, clear, and practical international standards. Currently, these standards are often locked behind paywalls or presented in overly complex legal terms. Furthermore, education and training systems need to align with updated regulatory frameworks. Vocational and higher education institutions should revise their curricula to reflect these changes, ensuring that workers in technical and trade roles are adequately prepared and do not face challenges due to misaligned systems.

Australian industry is broadly supportive of harmonisation. When applied prudently, alignment with international standards can reduce compliance burdens, lower barriers to trade, and unlock productivity improvements. However, there remain significant practical, structural, and strategic challenges to achieving harmonisation in a way that preserves Australian values, market integrity, and sovereign control.

Key challenges:

- **Sector-Specific and Regional Constraints:**

In areas such as food safety, environmental protection, construction, and occupational health and safety (OHS), Australia's unique climate, ecosystems, and legal structures necessitate standards tailored to local conditions. Over generalised harmonisation in these sectors could compromise critical protections.

- **Certification and Assessment Alignment:**

Even when product specifications adhere to a common international standard, differences in certification procedures and assessments can lead to redundant testing, driving-up costs for both importers and exporters. Addressing this misalignment is crucial for efficiency.

- **Transition Costs and Legacy Systems:**

Businesses operating within established national standards may encounter significant expenses when transitioning to new ones. Adjustments such as retooling, retraining, and supply chain restructuring can deter change, particularly when the benefits of international harmonisation are minimal. The potential disruption to established trading practices and existing high operational costs must be carefully weighed against the advantages of adopting new standards.

Productivity Commission questions

Q1 - Are there examples of Commonwealth, state, territory or local government regulation where there should be greater harmonisation with international or overseas standards and related conformity assessments or approvals? What sectors should be prioritised for reform?

There are sectors that would benefit for expanded international harmonisation of their standards. Such sectors include:

- **Food Safety and Biosecurity:** Australia's strict protections and unique environmental profile justify careful divergence between existing national standards and international equivalents.
- **Construction and Building Codes:** Harmonisation must account for local geographic and climatic conditions. Construction productivity also chronically low and transition costs and uncertainty could exacerbate this.
- **Occupational Health and Safety:** Australia has a uniquely strong record of industrial relations policies amplifying safety performance that may not align with international templates.

- Environmental and Emissions Regulation: Standards must be consistent with Australia's sovereign environmental objectives concerning emissions reduction as well as the unique environmental priorities that come with Australia's natural environment.

Q2 - What is the impact of a lack of harmonisation (e.g. on compliance costs for export, import or multinational businesses, product range, prices, quality, competition, innovation and international trade and investment)?

The issue in Australia lies with regulatory and legislative frameworks that are often not consistent with other international or national jurisdictions rather than the absence of an international standard.

- Example 1: Water Efficiency Labelling Scheme (WELS)

The Water Efficiency Labelling Scheme (WELS) in Australia is mandated by Commonwealth legislation to promote water conservation. It informs consumers about the water efficiency of products through a star rating system, aiming to reduce water wastage, encourage water-efficient technologies, and lower water usage costs for households and businesses.

While the scheme is tailored to Australia's unique challenges, it incorporates the international standard ISO 46001, which provides a framework for organisations to improve water use efficiency. Countries such as Singapore, the UAE, Saudi Arabia, Malaysia, and the Philippines also adopt ISO 46001. However, their regulatory frameworks are not aligned to allow to importation of products compliant with WELS requirements in Australia.

- a) Example 2: Electrical Equipment Safety Scheme (EESS) and the NSW Gas and Electricity (Consumer Safety) Act

Electrical Equipment Suppliers System (EESS): This scheme is designed to ensure electrical products meet comprehensive safety standards. Its purpose is to streamline the certification and inspection processes, while fostering harmonisation with international standards to alleviate compliance burdens for suppliers. It is adopted by all States and Territories except NSW.

NSW Gas and Electrical (Consumer Safety) Act: This legislative framework regulates the safety and performance of electrical products within New South Wales. It guarantees that gas and electrical equipment adhere to stringent standards, safeguarding consumers and upholding market integrity.

Although both schemes predominantly reference identical or IEC-based technical standards, their respective legislative frameworks treat registration, certification and sell-through processes differently. This divergence imposes additional costs on suppliers seeking access to the Australian market. Industry has been working with Governments on harmonisation for over a decade and yet this issue still remains unsolved.

Q3 - What are the barriers to greater harmonisation? – For sectors where regulators can mandate standards by incorporating international standards as in force from time to time or accept overseas conformity assessments and approvals (e.g. road vehicles, therapeutic goods, agricultural and veterinary products, maritime, industrial chemicals and, most recently, consumer products), how is this operating in practice?

Ai Group can comment at a later stage.

Q4 - Are there any reforms that should be made to Australia's standards and conformance infrastructure to support greater harmonisation while still addressing specific Australian risks and objectives? – What measures could support access to international standards incorporated in Australian regulation?

As mentioned earlier in this submission Ai Group believes that on the whole Australia's standards and conformance infrastructure has been working well however there are areas that could be improved.

Standards Development

The World Trade Organisation Technical Barriers to Trade contains a clear-cut statement that conveys an onus on Standards Australia to accept international standards unless there are "compelling reasons" to the contrary. Clause 6.6 of the current 2018 MOU between Standards Australia and the Commonwealth makes the following statement:

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 are compelling reasons to do so.

It is Ai Group's view that this area of the MOU would be enhanced through greater transparency of processes surrounding the adoption or otherwise of international standards with an onus on any technical committee to provide reasons if an international standard is not to be adopted. Our submission (21 February 2023) to the Commonwealth further elaborates with a case study on this issue.

Ai Group in the same submission to the Commonwealth also raised our concerns over barriers to access to Australian Standards. Ai Group is not aware of the exact portion of Australian Standards called into legislation however we are concerned about barriers to access, particularly in terms of price, of all Australian Standards. We canvassed this issue extensively in our 2023 submission and our recommendation remains that:

"Over the term of this MOU explore how to reduce or eliminate barriers to accessing standards particularly in relation to price."

We understand that this MOU has yet to be signed.

Accreditation

The Joint Accreditation System of Australia and New Zealand (JASANZ) is central to ensuring the integrity and reliability of certification and accreditation processes across both countries. By developing and managing an accreditation framework aligned with international standards, JASANZ enables global recognition of certifications, thereby reducing trade barriers and enhancing market access. Collaborating closely with regulators, industry bodies, and certification agencies, JASANZ ensures accredited entities adhere to stringent technical and ethical guidelines, fostering consumer safety, sustainability, and competitive fairness in the marketplace.

One challenge confronting technical infrastructure bodies, such as NMI, JASANZ, Standards Australia and NATA, is their monopolistic nature that stems from either the size of the markets

they serve or the impracticality of competing entities providing identical public good services. For instance, introducing standards for the same product from competing national standards bodies would generate unnecessary confusion among suppliers and consumers. This similarly applies across sectors serviced by JASANZ.

Ai Group acknowledges that JASANZ accreditation is often mandated by Australian and New Zealand laws, regulations, and procurement policies, effectively establishing a monopoly by legislation in this domain. Examples include the vital role that JASANZ plays in regulatory product schemes such as WaterMark and the EESS/NSW schemes.

Feedback from Ai Group members, particularly in the electrical and plumbing sectors, reflects mixed experiences regarding JASANZ's performance in providing accreditation frameworks for certification of products within these industries, which collectively represent a market (building products) in the tens of billions of dollars. Ai Group is not aware that JASANZ has yet to be comprehensively reviewed by any independent entity. In contrast Standards Australia and NATA both underwent a Productivity Commission review in 2006.

Ai Group suggests that a review of JASANZ's operations and resourcing is due noting that any review should have a scope not dissimilar to the Productivity Commission's 2006 review of Standard Setting and Laboratory Accreditation.

Recommendations

National occupational licensing scheme

1. Implementation of an occupational national licensing scheme must be:
 - > rolled out gradually with sufficient opportunities to test and refine processes.
 - > supported by digital infrastructure that is highly user friendly for businesses and employees alike
2. The Commonwealth to provide a leadership role to ensure State and territory cooperation.

International standards

1. Evaluate government initiatives, such as the SISO funding program, to enhance the participation of Australian stakeholders in the development of *international standards*.
2. Utilise Standards Australia's procedures for adopting *international standards* for referencing in regulations, while consulting with relevant technical committees when adopting *overseas standards*.
3. Initiate a survey of state and territory regulations that call up *international standards* and *overseas standards* to assess if frameworks are coherent across jurisdictions.
4. Encourage and educate state and territory regulatory bodies to maintain vigilance when making changes to regulatory tools by considering the cost-benefit of such changes.

General

The Reform Test: Do No Harm – and Aim Higher

Ai Group advises the Commission to evaluate all reform proposals using a critical test: Do they support or inhibit the growth of workforces in shortage occupations? The objective should be affirmative support rather than a neutral impact.

For example:

- Does the reform make it easier for a qualified electrician to work across Australia?
- Does it enable an internationally trained civil engineer to have their skills recognised more quickly?
- > Does it reduce the paperwork a chef faces when moving between cities?
- Does it ensure a special education teacher moving interstate doesn't have to start their certification again?

Conclusion

Ai Group believes the proposed reforms, if designed with care and executed in partnership with industry, have the potential to unlock real improvements in regulatory coherence, workforce availability and productivity – especially in the 112 occupations most critical to Australia's future. We urge the Commission to put people, product and skills at the centre of this policy process. The success of these reforms will be measured not in pages of regulatory alignment but in the jobs filled, the new projects delivered, and the growth of Australian businesses.

About Australian Industry Group

Ai Group and partner organisations represent the interests of more than 60,000 businesses employing more than 1 million staff. Our membership includes businesses of all sizes, from large international companies operating in Australia and iconic Australian brands to family-run SMEs. Our members operate across a wide cross-section of the Australian economy and are linked to the broader economy through national and international supply chains.

Our purpose is to create a better Australia by empowering industry success. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

With more than 250 staff and networks of relationships that extend beyond borders (domestic and international), we have the resources and expertise to meet the changing needs of our membership. We provide the practical information, advice and assistance you need to run your business. Our deep experience of industrial relations and workplace law positions Ai Group as Australia's leading industrial advocate.

We listen and we support our members by remaining at the cutting edge of policy debate and legislative change. We provide solution-driven advice to address business opportunities and risks.

Australian Industry Group contact for this submission

Dr. William Stoltz

Senior Advisor - Industry Development & Policy

www.aigroup.com.au

© The Australian Industry Group, 2025

The copyright in this work is owned by the publisher, The Australian Industry Group, 51 Walker Street, North Sydney NSW 2060. All rights reserved. No part of this work may be reproduced or copied in any form or by any means (graphic, electronic or mechanical) without the written permission of the publisher.

