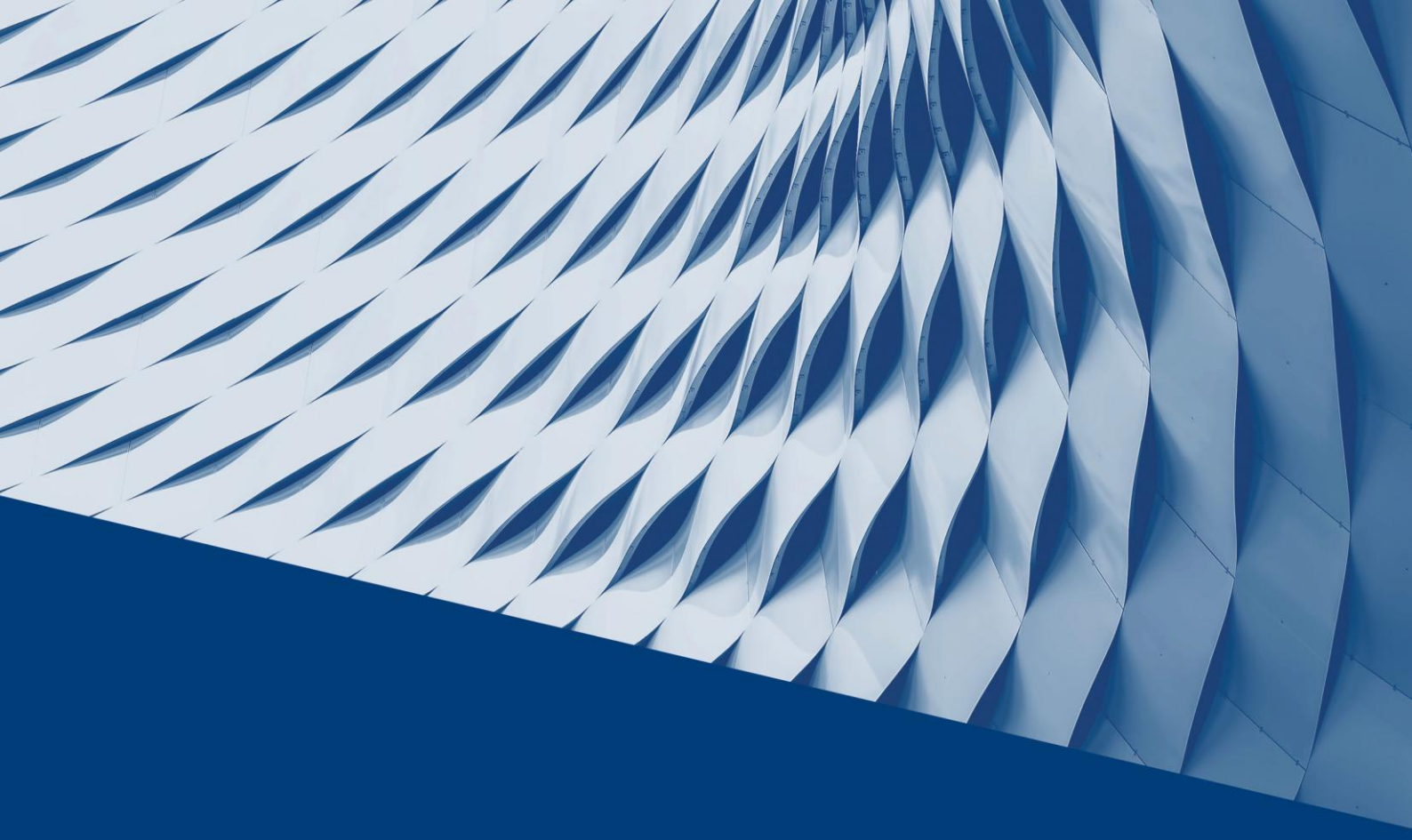

The Risks of Harmonisation without consideration

Australian Council of Trade Unions response to the *National Competition Policy analysis 2025 Call for Submissions*

ACTU Submission, 6 June 2025
ACTU D. No 15/2025

ACTU
australian council of trade unions

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Introduction

Formed in 1927, the Australian Council of Trade Unions ("**the ACTU**") is the national peak trade union body, consisting of 35 affiliated trade unions with over 1.6 million members. As the representatives of working people, the ACTU welcomes the opportunity to provide a submission on the matter of occupational licensing. We note that this matter is also being considered as part of the Commission's '5 pillars' inquiry – to which the ACTU is also planning to provide a submission as well as other verbal feedback through our roundtable participation.

As our submission will make clear, Australian unions have no in-principle objection to the concept of harmonisation of licensing requirements for relevant and appropriate occupations domestically. When we have opposed such moves in the past we have done so out of concern for an overall lowering of standards or, in some cases, the complete lack of attention being given to harmonisation of licensing standards prior to mutual recognition. With regard to international licences, our objections have traditionally focussed on the need to protect robust domestic licensing schemes and the consequences for foreign workers, including exploitation and abuse, that can often result from giving employers access to workers from overseas. Below we outline these issues in greater length. We offer these warnings not as an argument against harmonisation, but as an encouragement to government to undertake the often complex and difficult work of ensuring that domestic harmonisation occurs in the context of higher common standards and that international harmonisation occurs only where appropriate and with significant and ongoing industry involvement.

Domestic Harmonisation

Occupational licensing can present a minor barrier to the free movement of labour; however, it is essential that this barrier to considered within an understanding of the rationale behind their existence. These licenses are not merely bureaucratic hurdles—they serve a critical function in safeguarding both workers and the public, particularly in high-risk industries. By setting standards for entry and practice, occupational licensing helps ensure competence, safety, and accountability. Moreover, they contribute to positive work outcomes and enhances productivity, reinforcing that such regulations are implemented with purpose and benefit, rather than as arbitrary restrictions.

Occupation licensing, and registration, plays a key role in keeping workers and the public safe. These licences and registration schemes effectively codify minimum standards in an industry – standards that have been arrived at, often, after years of advocacy by workers and their representatives. Unions must reject in principle any contention that the existence of minimum standards is a 'barrier to entry' for any particular occupation or industry beyond the extent to which a driving licence is a 'barrier to entry' for driving. Often, arguments against licensing or registration schemes are fundamentally calls for the lowering of standards within an industry and while it may be the case that lowering standards *may* allow a greater number of workers to be employed in a field, the costs of doing so far outweigh the benefits. These costs include significant downsides such as increased rates of injury, both among workers and the public, and the lower quality of work undertaken in the sector. These outcomes represent the direct economic costs of lowering standards – even when this lowering is done out of a desire to 'harmonise'.

Conversely, Workers in areas with higher standards for safety, quality and higher licensing requirements are more productive – their work is likely to be safer for them and the public and definitionally higher quality than work undertaken by workers who do not meeting licensing requirements. We must ensure therefore that when we discuss harmonisation, we are careful to ensure that we do not justify a lowering of all standards to the lowest common denominator under the delusion that the efficiency of harmonisation will outweigh the costs.

Harmonisation, like anything else, can be done correctly and incorrectly. The right way involves undertaking the hard, but necessary work of lifting licences to a higher common standard across jurisdictions, in concert with industry, prior to recognition across jurisdictions going forward.

To see the real regulatory and economic risks of the opposite approach, we need only look at the issues caused by the Automatic Mutual Recognition process undertaken by the previous Government for the electrical licence. Because this process took place without any effort to uplift all jurisdictions to a higher common standard, the amount of red tape that has been created has

been significant. Most states have specific AMR requirements. These requirements can include sub-occupations which are exempt from the scheme, rules differences state to state and other requirements. Additionally, due to the jurisdictional licence differences, not all states are participating in the AMR scheme. This has meant that a separate scheme, called Mutual Recognition, has needed to keep functioning in order to cover states and occupations not covered by AMR.

This means that, far from introducing clarity and efficiency, the AMR scheme has resulted in a greater administrative burden for workers and employers and a higher level of complexity for cross-border working for licensed workers. This new model is arguably far less efficient than the previous setting. This is all because the previous government had no desire to spend the time or effort required to work with industry and the jurisdictions to develop a common standard for licensing.

Greater labour mobility should not be used as an argument to lower standards and nor should the perceived desirability of harmonisation be used as an excuse to pursue it at any cost. As AMR has shown, what was initially pursued in the cause of productivity can end up creating additional red tape and administration with little tangible benefit if not properly managed.

International harmonisation

International harmonisation of licences presents a further level of complexity for the obvious reason that Australian authorities only have control of our license and are unable to compel, or even meaningfully encourage, changes to licence or registration conditions in overseas jurisdictions. This means that our preferred approach to domestic harmonisation, uplift to a higher common standard followed by mutual recognition, is either extremely difficult to achieve or simply cannot be achieved.

However, despite this difficulty, the imperative to maintain Australian standards and to resist any temptation to lower those standards to allow for greater labour mobility remains. Australian standards are relatively high internationally, meaning that there is also little opportunity for us to simply recognise licensing schemes with higher standards domestically – as these schemes are few and far between.

This leaves us in a precarious position. Unable to mutually raise standards or to unilaterally raise our own standards to meet higher standards internationally and, in a right-thinking world, unwilling to lower our standards to meet those of other nations, our options for international harmonisation seem limited.

The approach that remains, luckily the best approach of all although possibly least satisfying to those desiring quick results, is one of careful, comprehensive and deep engagement with relevant industries, including employer groups and unions, to identify opportunities for harmonisation and recognition of foreign licensing schemes and to undertake those processes

only in cases where there is clear benefit, no disruption of the domestic workforce or its training pipeline and no lowering of our domestic standards. These processes are likely to be time consuming and complex, but they will allow us to undertake harmonisation while also maintaining what remains one of the most significant competitive advantages Australia has at its disposal – the skill of our workforce and the quality of the services and products which we produce. To do anything else would sell out this advantage and, as domestically, risk the safety of all Australians and productivity of our workers.

As an example of the liabilities introduced by any other approach to international harmonisation, we need look no further than the process currently underway by the Civil Aviation Safety Authority (CASA) regarding Licensed Aircraft Maintenance Engineers. CASA has allowed only 28 days of consultation for a process designed to recognise 3 foreign licensing schemes for use in the Australian market. They have failed to canvass this idea previously despite multiple opportunities to do so and appear to have selected the foreign schemes for recognition with little regard for their suitability in the Australian context. CASA has failed to provide industry with information about their proposal which is required to provide meaningful input and has undertaken no independent analysis of the impact of its proposal. Their failure to consult and work collaboratively with industry means that fundamental questions are unanswered regarding their proposal. If this harmonisation goes forward, unions are of the view that it will threaten local training, damage the long-term viability of the workforce, lower Australian standards, ignore international evidence of similar schemes failing to produce outcomes and present real risks to safety. These are unacceptable risks that could have been avoided through a consultative, methodical approach to the issue. We acknowledge that this approach is likely to be slower and more costly for jurisdictions in the short term. The long-term economic costs of failing to properly undertake this process are, however, far higher.

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