



Australian Government

Department of the Prime Minister and Cabinet

Improving occupational mobility

Analysis of the potential costs and benefits of implementing automatic mutual recognition of occupational registrations

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Foreword

Registered workers are able to have an equivalent registration recognised by other states under mutual recognition arrangements, but this system imposes unnecessary costs and delays, and impedes individuals and businesses operating across states and territories.

In August 2020, the Australian Government announced that, subject to the passage of legislation, the Commonwealth, and state and territory governments agreed to introduce a uniform scheme for the automatic mutual recognition of occupational registrations (AMR). Introducing the scheme is part of a broader set of regulatory reforms to assist Australia's economic recovery and to increase the strength and resilience of the Australian economy.¹

In December 2020, the Prime Minister, state premiers and the Northern Territory Chief Minister signed the Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration (IGA) to implement a uniform scheme for AMR from 1 July 2021.² The IGA also included a commitment to monitor the implementation of AMR and to support ongoing improvements in the regulatory environment.

A Regulation Impact Statement was not required to inform National Cabinet's decision on AMR. However, to inform the development and implementation of the proposed reforms, this paper provides an analysis of the potential costs and benefits of implementing the AMR scheme. This analysis incorporates feedback received from stakeholders during consultation, as well as analysis and modelling conducted by PricewaterhouseCoopers (PwC).

The Deregulation Taskforce thanks state and territory officials and local registration authorities for their assistance and data provided for use in this analysis.

¹ The Hon Josh Frydenberg MP, '[Nation Wide Red-Tape Reduction to Make Doing Business Easier](#)', 17 August 2020.

² '[Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration](#)', 11 December 2020.

Executive summary

The proposed AMR scheme will allow a person who is registered or licensed for an occupation in one jurisdiction to be considered registered to perform the same activities in another jurisdiction, without the need to complete an application form or pay additional registration fees. The AMR scheme will apply to the broad range of occupational registrations covered by existing mutual recognition arrangements in the *Mutual Recognition Act 1992* (MRA), such as for builders, plumbers, architects, surveyors and security workers, with some exceptions.

Automating the existing manual process for recognising occupational registrations will generate benefits for businesses, tradespeople and other registered professionals, and consumers (See Box 1).

Over time AMR will improve labour mobility, enabling people to take up new job opportunities wherever they arise, helping to better use the skills of the Australian labour force. Businesses will be able to more seamlessly provide services across Australia. Improved access to skilled workers will increase output, investment, productivity and competition. These changes will increase the strength and resilience of the Australian economy.

Box 1: Key benefits of AMR

The proposed scheme for AMR will enable states and territories to maintain standards for consumers, workers, businesses and the public, while generating key benefits including:

- increased flexibility and mobility for individuals and businesses so they can more easily provide services nationally or across borders, and individuals can more readily begin work in another state;
- greater competition leading to lower prices, greater choice and better quality services for consumers, including businesses;
- savings for individuals and businesses on application and registration fees, paperwork and time;
- increased output, investment and productivity;
- less time lost following key infrastructure outages or natural disasters; and
- improvements to the performance of regulators over time arising from better coordination and information sharing, and increased transparency of regulations by, for example, requiring a public statement explaining the risk leading a state to exempt an occupational registration from the scheme.

Consumers and businesses stand to benefit from improved access to skilled workers, lower prices and improved service quality as a result of increased competition and innovation. Businesses large and small will be able to bid more confidently for interstate projects and advertise without fear of breaching local licensing laws. For these businesses, the process and cost of working across borders will be more certain.

In addition, AMR will enable jurisdictions to respond faster to future critical and large-scale events, such as infrastructure outages. AMR will help communities respond to natural emergencies and disasters, including bushfires, floods and cyclones, as workers with particular skills can respond more quickly to help with immediate or longer-term recovery efforts in another jurisdiction. This will reduce the period taken for businesses, households and communities in affected regions to rebuild and recover.

PwC estimated that AMR could lead to additional economic activity of around \$2.4 billion over 10 years as a result of savings to workers and businesses, productivity improvements and faster recovery from infrastructure outages and natural disasters.

All jurisdictions are expected to benefit from AMR through higher economic activity.

PwC found that over 168,000 workers will directly benefit each year from AMR reforms, including 44,000 who are expected to work across borders who would not otherwise have done so. According to the ABS, almost a third of underemployed part-time workers may be willing to move interstate if offered a suitable job. The reforms will particularly benefit those workers living in border regions, those who relocate temporarily for work, fly-in fly-out workers, and people who provide services remotely.

Implementing AMR should also improve the performance of regulators and the transparency of regulatory decision making over time. For example, the legislative requirement to publish reasons for exempting certain occupational registrations from the scheme will improve transparency for individuals and consumers. Jurisdictions have committed to reviewing any exemptions to AMR before renewing them, further increasing the transparency of decisions.³

Information sharing and cooperation between regulators is likely to improve as more jurisdictions and registrations are covered by the scheme. Regulators will be required to share information with other state regulators about participants in the scheme, which will help them to better manage compliance and enforcement activities, while reducing regulatory burden on businesses and workers.

Effective information sharing arrangements, robust processes for declaring legislative instruments for exemptions and notification requirements, and cooperation across regulators are critical to the successful implementation of AMR. Governments have committed to work together to support implementation of AMR, but acknowledge that it takes time to get the underlying arrangements right.⁴ As a transitional arrangement, a state Minister may exempt a registration for a temporary period of up to 12 months, which gives governments more time to refine key aspects of AMR, such as information sharing processes.

The Deregulation Taskforce, in collaboration with state and territory governments, sought to develop robust policy and legislation by building on the existing mutual recognition arrangements. The Taskforce undertook national consultation, including through a series of industry based roundtables, and invited written submissions on the scheme from interested individuals, businesses and other groups.

Feedback received through the consultation process contributed to the range of measures incorporated in the scheme to address risks that were identified, or may emerge, to ensure that the expected benefits from AMR are realised (See Box 2).

The proposed AMR scheme includes safeguards to ensure AMR delivers benefits to the economy while maintaining important protections. For example, jurisdictions may exempt specific occupational registrations from AMR to protect against significant risks to consumers, the environment, animal welfare, or the health or safety of workers or the public, in that state or territory. In addition, a person seeking to work in another jurisdiction will have to meet requirements related to insurance, fidelity funds and trust accounts, as well as working with children or vulnerable person character checks, where required by local laws.

³ Ibid, p. 3.

⁴ Ibid, p. 4.

Box 2: Mitigating potential risks of AMR

Risks	Measures to mitigate
<p><u>Workers and consumers:</u></p> <ul style="list-style-type: none"> • registered workers being unaware of, or misunderstanding, their responsibilities in the host state; • that the quality of services or standards of consumer and environmental protection, animal welfare, and the health or safety of workers or the public may be reduced. 	<ul style="list-style-type: none"> › requiring registered workers to provide services within the scope and conditions of their home state licence; › requiring regulators to provide information to individuals and businesses explaining how AMR works; › requiring registered workers to obey local laws, which extends to public protection obligations, including insurance and working with children checks; › providing \$2.3 million in the 2021-22 Federal Budget, and collaborating with the states, to provide information to workers and consumers about AMR, its benefits and safeguards; › excluding individuals who are subject to disciplinary action or have conditions on their home state licence as a result of disciplinary, civil or criminal action; › legislating key safeguards in the Bill for the protection of consumers, the environment, animal welfare, and the health and safety of workers and the public (See Box 3).
<p><u>Regulators and employers:</u></p> <ul style="list-style-type: none"> • regulators potentially being required to oversee a larger number of interstate workers, while collecting less revenue from registration and application fees; • systems, processes and governance arrangements not being sufficiently well-developed in the short term to facilitate effective coordination, information sharing and enforcement; • potentially increased burden on local employers to assess the suitability of interstate workers if state regulators determine there is no need for them to be listed on local registers. 	<ul style="list-style-type: none"> › jurisdictions ensuring regulators are adequately resourced, such as placing more reliance on user charging to recover costs for compliance and enforcement activities; › requiring information sharing and cooperation among regulators, including providing powers to share, record and publish information about the suspension or cancellation of a person's licence; › ensuring a person's home state licence can be used as evidence of registration in the host state; › providing \$7.5 million over three years in the 2021-22 Federal Budget to pilot innovative solutions to improve information flows between jurisdictions under the Business Research and Innovation Initiative (BRII).

Box 2: Mitigating potential risks of AMR

Risks	Measures to mitigate
<p>Implementation of the scheme:</p> <ul style="list-style-type: none"> • states and territories declaring a high number of five year exemptions from AMR; • delays in the passage of Commonwealth or state legislation (including consequential amendments) delaying the implementation and subsequent benefits from AMR; • lack of monitoring, review and evaluation to ensure intended outcomes are realised. 	<ul style="list-style-type: none"> › building on existing mutual recognition arrangements, such as information sharing protocols and systems, which will reduce the extent of implementation and adjustment required; › consulting with industry, business, unions and regulators in developing the AMR framework and legislation; › governments committing to delivering AMR through signing the IGA; › exemptions being limited to where they are needed to address significant risks, and needing to be reviewed before they can be renewed; › establishing a cross jurisdictional Steering Group to monitor implementation of AMR and support ongoing improvements to mutual recognition and the regulatory environment; › providing additional resourcing in the 2021-22 Federal Budget to support the Commonwealth's role under the IGA; › requiring mutual recognition arrangements to be reviewed every five years by the Council on Federal Financial Relations, in consultation with other relevant ministerial bodies, supported by an independent evaluation, such as by the Productivity Commission.

Background and context

Almost one in five Australian workers, including electricians, plumbers, teachers, real estate agents and security officers, required a registration or a licence to perform their work in 2019 (See Table 1). These estimates are likely to understate the proportion of individuals registered, in aggregate and for most states and territories, as data provided by state and territory officials and regulators did not cover all regulators and all occupational registrations and licences. For example, data on key occupations, including teachers, real estate agents and heavy vehicle drivers, where a significant number of individuals are registered, were missing for some jurisdictions.

Table 1: Share of employed persons holding an occupational registration (per cent)¹

Jurisdiction	2011 (%) ²	2019 (%) ³
New South Wales	19	21
Victoria	18	17 ⁴
Queensland	21	21
Western Australia	17	19
South Australia	17	19
Tasmania	17	14 ⁵
Australian Capital Territory	13	21
Northern Territory	18	23
Australia	18	19

Data sources: Productivity Commission (2015); unpublished data from state and territory occupational regulators.

1. These data may not be comparable and may include some double-counting, as one person may hold more than one registration or licence within or across jurisdictions. State data include nationally licensed health and air transport professionals, where registrations are identified at a jurisdictional level.
2. The 2011 estimates were sourced from the 2015 Productivity Commission report on *Mutual Recognition Schemes*, calculated from the 2011 ABS Census of Population and Housing.
3. As it was not possible to replicate the 2011 estimates and the last census was held in 2016, the 2019 estimates are sourced from unpublished data provided by each jurisdiction. However, as not all regulators have provided data the numbers are likely to understate the proportion of people registered.
4. For Victoria, data on teacher registrations was not available
5. For Tasmania, information was only provided on the number of registrations for teachers, building service providers and trades and security.

Registration requirements are designed to protect consumers, the environment, animal welfare, and the public, to reduce potential health and safety risks or provide financial safeguards. In addition, registration requirements ensure services are provided at a minimum level of quality, for example, by requiring people to have a minimum level of qualifications, training or experience.

Some occupations, including some health practitioners and air transport professionals, are registered under national arrangements, but for most registered professions, regulatory requirements and processes are managed and set differently in each of the eight states and territories. Registration differences exist across jurisdictions for historical reasons and state-specific factors, including environmental conditions and policy decisions that are taken in light of inquiries such as Royal Commissions or Coronial inquests.

Also, the need for, and form, of occupational licensing can change over time. For example, engineers were only required to be registered in Queensland, but will require registration in New South Wales and Victoria from 1 July 2021 as part of reforms to improve public confidence in the building industry. Similarly, painters and decorators are expected to require registration in Victoria from 2022.^{5 6}

As a result, some jurisdictions may regulate different occupations to others or the scope of activities covered by a particular occupational licence can be different.

Differences in registration requirements between jurisdictions for the same occupation make it harder for tradespeople and other professionals to work across borders, raising the costs to employers of filling job vacancies and reducing competition and choice for consumers and businesses. These arrangements can also create particular challenges for those living and working in border communities, and inhibit rapid responses to natural disasters when registered workers are needed urgently to restore critical infrastructure.

Governments previously considered introducing national licensing to support occupational mobility. In 2009, the National Occupational Licensing Scheme (NOLS) was established for various occupations including air-conditioning and refrigeration mechanics, plumbers and property agents.⁷ Most jurisdictions identified a number of concerns with the proposed NOLS model, including the role of regulators and lack of a consensus on the appropriate national licensing requirements. In December 2013, following extensive state-based consultation, a majority of states and territories decided to not proceed with NOLS, and instead investigate alternative options to improve labour mobility.⁸

Mutual recognition arrangements

Currently, registered individuals are entitled to be registered in a second jurisdiction under the MRA on the basis of their existing registration and without further assessment of their qualifications, skills or experience. The MRA was designed to reduce regulatory impediments to a national market in goods and services. It recognised that once a person was assessed as good enough to practice in a trade or profession in one state or territory, then they should be able to work anywhere in Australia.⁹

Licensees seeking to receive an equivalent registration to work in another jurisdiction need to:

- approach the regulator in each jurisdiction they wish to work in;
- provide detailed personal information (and sometimes further information on work history) and prove they are registered or licensed in another jurisdiction; and
- pay registration fees, often including an additional mutual recognition application fee.

⁵ NSW Fair Trading, '[Building industry reforms](#)', 23 July 2020.

⁶ The Hon Daniel Andrews, '[Assessment Schemes For Registration Of Professional Engineers Open](#)', 21 December 2020.

⁷ '[Intergovernmental Agreement for a National Licensing System for Specified Occupations](#)', April 2009.

⁸ Council of Australian Governments, '[Meeting Communiqué](#)', 13 December 2013.

⁹ The Hon Ross Vincent Free, 'Second reading speech on the Mutual Recognition Bill 1992', 3 November 1992.

Mutual recognition helps create jobs¹⁰ and reduce barriers to labour mobility across jurisdictions. The occupations that most commonly use mutual recognition in practice include teachers, building tradespeople and real estate agents.¹¹ But this process imposes financial costs and time delays, and may impede short-term interstate service provision. Regulators assess the equivalency of registrations across jurisdictions as part of determining whether or not to grant a second state licence under existing mutual recognition arrangements, which is not always straightforward.

In its 2015 study into mutual recognition schemes, the Productivity Commission found that the current mutual recognition arrangements are generally working well but there would be cost savings from automating these processes.¹² The Productivity Commission recommended governments expand the use of AMR to facilitate greater cross-border service provision and improve the efficiency of mutual recognition arrangements for individuals and businesses.¹³

In September 2020, a New South Wales Government statutory review into its own state-based AMR scheme, which currently only applies to some electrical trade work licences, found that there is potential to extend the scheme to other occupational licences to maximise the benefits to the community.¹⁴ In its submission to the NSW review, the National Electrical and Communications Association (NECA) considered that AMR has improved individual and business mobility, particularly for those businesses located on or near state borders, and saved its members time and expense by not having to seek a new licence in New South Wales.¹⁵

At the National Cabinet meeting on 11 December 2020, all jurisdictions (except the ACT) signed the IGA on Automatic Mutual Recognition of Occupational Registration which outlines, among other things, jurisdictions' commitment to establish a uniform scheme for AMR, to monitor the implementation of AMR, and to support ongoing improvements to the regulatory environment.

The AMR scheme will commence from 1 July 2021, subject to the passage of Commonwealth and state legislation, including appropriate referral of power and adoption legislation by the states.

These reforms are part of the Government's JobMaker plan for economic recovery and whole-of-government approach to deregulation.

Coverage of mutual recognition arrangements

Around 12 per cent of new occupational registrations were made under mutual recognition in 2019¹⁶, compared to 5 per cent in 2014¹⁷ (See Chart 1). This implies at least 18,285 individuals apply for mutual recognition each year. The share varied significantly across jurisdictions, with Tasmania, the ACT and the NT relying more on interstate workers and hence using mutual recognition more. The share of new registrations made under mutual recognition has increased in all jurisdictions since 2014.

¹⁰ Productivity Commission, '[Mutual Recognition Schemes](#)' 2015, p. 48, Table 2.2.

¹¹ Unpublished information and data provided by officials and regulators from the states and territories.

¹² Productivity Commission, '[Mutual Recognition Schemes](#)' 2015, p. 2.

¹³ Ibid, p. 26, Recommendation 6.2.

¹⁴ NSW Fair Trading, '[Statutory Review of the Mutual Recognition \(Automatic Licensed Occupations Recognition\) Act 2014, Report](#)', September 2020.

¹⁵ National Electrical and Communications Association, '[Submission to the Statutory Review of the Mutual Recognition \(Automatic Licensed Occupations Recognition\) Act 2014](#)', 30 July 2020.

¹⁶ According to unpublished data provided by states and territories, there were 18,285 mutual recognition applications from a total of 156,742 new licence applications in 2019.

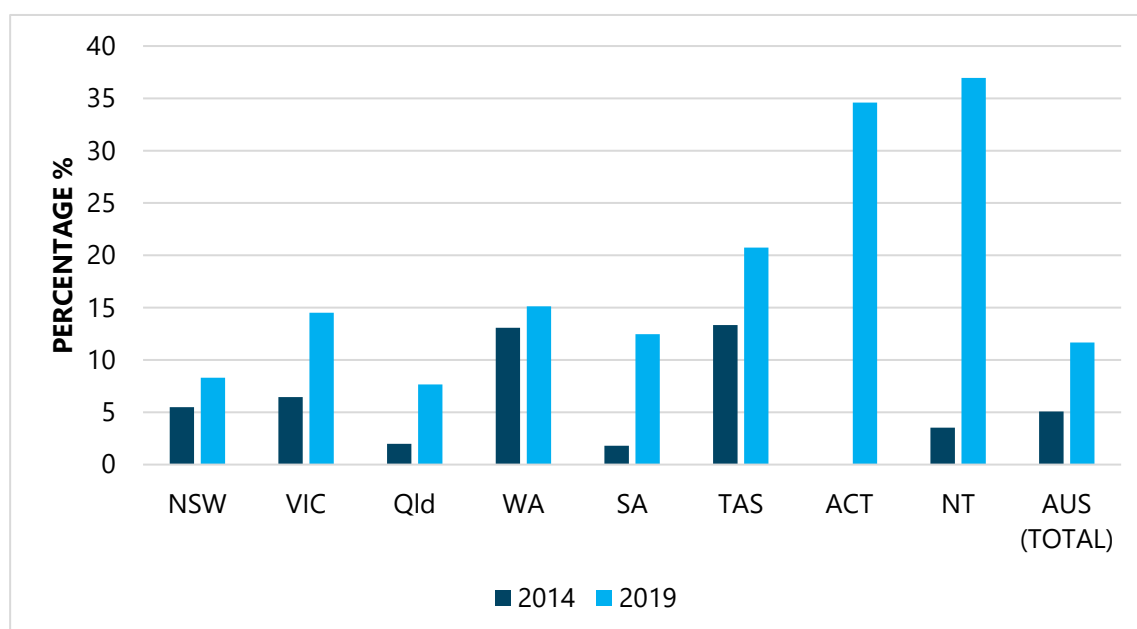
¹⁷ Productivity Commission, '[Mutual Recognition Schemes](#)', 2015, p. 6.

Some individuals wishing to work interstate may not register under mutual recognition, instead choosing to attain a further substantive registration. Data was not available on these individuals.

The share of individuals who hold registrations in multiple jurisdictions varies significantly by jurisdiction and occupation. Registered individuals in smaller jurisdictions are more likely to hold a registration outside their home jurisdiction. For example, in 2013, the share of registered plumbers who also held a registration outside of their home jurisdiction varied from 4 per cent in New South Wales to 33 per cent in the ACT.¹⁸

The potential coverage of mutual recognition may increase over time as changes in technology leads to a wider range of professional services that are able to be provided remotely, such as accounting, engineering and architectural services.¹⁹

Chart 1: New mutual recognition as a percentage of new registrations by jurisdiction (per cent)



Data sources: Productivity Commission (2015); unpublished 2019 data from states and territories occupational regulators.

Note: Data does not include all regulators and registered occupations.

¹⁸ Council of Australian Governments, '[Decision Regulation Impact Statement on the proposal for national licensing of plumbing and gasfitting occupations](#)', July 2014.

¹⁹ Productivity Commission, '[Mutual Recognition Schemes](#)', 2015, p. 172.

The proposed uniform scheme for automatic mutual recognition

The proposed AMR scheme will allow a person who is registered or licensed for an occupation in one jurisdiction to be considered registered to perform the same activities in another jurisdiction, without the need for further application processes or additional registration fees (See Box 3). Individuals from interstate would only be able to conduct work within the scope and conditions of their home registration.

Under the proposed AMR model, each jurisdiction would continue to issue registrations and licences under existing jurisdictional categories and associated scopes of regulated work. States and territories will also remain responsible for registration requirements, local laws and for compliance and enforcement activity carried out in their jurisdiction.

The scheme applies to those registrations covered by the existing mutual recognition arrangements, with some exclusions. Business licences are not within the scope of AMR, as these are not covered in the existing mutual recognition arrangements.

The proposed amendments will not prevent a person from seeking mutual recognition under the existing framework nor will it disrupt existing national registration schemes, state model laws or existing state-based AMR schemes, such as the scheme for some electrical trade work licences in New South Wales, Victoria, Queensland and the Australian Capital Territory.

AMR is not a national occupational licensing or registration scheme and occupational registration requirements do not need to be harmonised across jurisdictions for AMR to be effective.

Legislative amendments by some Australian governments will be required to implement AMR via the MRA.

Box 3: Key elements of a uniform scheme for automatic mutual recognition

- A person who is registered in their home State for an occupation is taken to be registered to carry on those activities in a second State. A person's home State must be their principal place of residence or their principal place of work.
- A registered person will need to operate within the scope of work and conditions of their home State registration.
- A person who is registered in their home State for an occupation is not required to apply for registration, or pay licence or registration fees, in the second State.
- A state may require a registered person to notify before commencing work within their jurisdiction for specified registrations.
- The person will need to comply with all relevant local laws and is subject to applicable disciplinary action. A person subject to disciplinary action (including preliminary proceedings) or who has conditions on their licence as a result of disciplinary, civil or criminal action in relation to the activity will not be eligible for AMR.
- The person will be required to meet requirements relating to insurance, fidelity funds, trust accounts or the like, as well as other requirements prescribed in local laws, such as working with children or vulnerable person checks, that are designed to protect the public, consumers and others.
- All regulators will need to provide information required by a second State regulator, including information on the individual's registration, any conditions on the registration and civil, criminal or disciplinary action taken or proceedings underway against the person. Regulators will share relevant information about registered people in the scheme, including notifying of disciplinary action and suspension or cancellation of a person's automatic deemed registration.
- State and territory Ministers may declare specific registrations exempt from AMR in their jurisdiction where they determine there are significant risks to consumer protection, the environment, animal welfare, or the health or safety of workers or the public. These exemptions will be published and will automatically expire after five years. State and territory Ministers can make a new declaration following a review. The declarations will need to include a statement explaining the significant risk to the jurisdiction associated with AMR for the registration.
- Additionally, as a transitional arrangement, a state Minister may also declare a specific registration within their state temporarily exempt from AMR. A temporary exemption can apply for a period of 12 months from commencement of the Bill.

Stakeholder consultation

Draft legislation to amend the MRA was developed by the Commonwealth in collaboration with states and territories and released for public consultation in December 2020. As part of this process, 168 unique submissions were received from businesses across a range of occupations, industry and professional associations, individuals, unions and regulators. Nine virtual national roundtables on AMR were held with industry stakeholders across January and February 2021, with more than 60 participants. In addition, the Commonwealth, and state and territory governments held a range of meetings and led consultations with industry, unions and regulator stakeholders.

Feedback from stakeholders raised during consultations indicated that there is broad support for the intent of AMR and the national framework (See Box 4).

For example:

- the Australian Industry Group saw AMR “as a positive improvement on current arrangements”²⁰;
- the Business Council of Australia saw it as “a great step towards eliminating the barriers and bottlenecks that are holding back Australian workers, consumers and businesses”²¹;
- the Association of Heads of Independent Schools of Australia “supports the concept and goal of” AMR²²; and
- Master Plumbers Australia and New Zealand “agrees with the intent behind the AMR principles”.²³

Key benefits identified included increased labour mobility, reduced administrative costs and fees, and greater productivity and efficiency. Feedback from stakeholders also highlighted the challenges in implementing AMR, including differences in licensing requirements and related state laws.

Box 4: Stakeholder feedback on AMR

Stakeholder feedback showed that there is broad support for the intent of AMR and the national framework.

At the roundtables, there was broad support for AMR and the intent of the legislation, especially for industries with large projects (for example, civil construction) and those that operate across jurisdictions (such as architects) or have skill shortages in some locations (for example, mining). Roundtable participants within some industries raised concerns around the implementation of AMR, including parts of the education sector, electrical and construction trades and real estate. These groups argued that AMR poses a risk to consumers, workers or the public with the predominant concern being differences across jurisdictions in registration requirements and local laws.

From 168 unique, written submissions, those in favour of an AMR national framework included individuals, businesses, industry associations, and regulators from a range of industries including architecture, transport, mining, engineering, radiography, insurance, air conditioning and agriculture.

²⁰ Ai Group, ‘[Submission 1](#)’, 2020, p. 2.

²¹ Business Council of Australia, ‘[Practical steps to make it easier to do business](#)’, 17 August 2020.

²² Association of Heads of Independent Schools of Australia, ‘[Submission 9](#)’, 2020, p. 1.

²³ Master Plumbers Australia and New Zealand, ‘[Submission 89](#)’, 2020, p. 1.

Box 4: Stakeholder feedback on AMR

Some examples included:

- The Australian Professional Teachers Association said that: *"many teachers in one jurisdiction currently do not pursue employment in another jurisdiction because of the red tape and cost involved to simply become registered."*²⁴
- The Chamber of Commerce and Industry WA said that *"the current system creates disincentives for employers to offer their apprentices opportunities to work across multiple states and territories, and in turn ensure they have constant work. This is because it takes time and is complex to have their existing studies recognised by regulators across multiple jurisdictions."*²⁵
- The Chamber of Minerals and Energy WA said that *"these arrangements are particularly difficult for individuals and/or businesses operating in multiple jurisdictions. This can be a disincentive to work in other jurisdictions, particularly for work of a short duration."*²⁶
- The Civil Contractors Federation said that *"the implementation of reforms that improve worker mobility and enable them to move more seamlessly between projects (and at less cost) is critical to achieving a more efficient delivery of Australia's infrastructure pipeline."*²⁷
- NECA *"supports the policy drivers of the Deregulation Taskforce and Automatic Mutual Recognition (AMR) to reduce costs and administrative burdens on electrical contractors and licenced electrical workers"*.²⁸
- The Recruitment, Consulting and Staffing Association of Australia & NZ said that *"work is becoming increasingly mobile and State or Territory-specific occupational licensing is becoming less relevant within that context ... Increasingly, smaller national operations will structure as a single physical office but with workers based in multiple locations across the country."*²⁹

Some submissions — including electrical peak bodies and their members, education boards, real estate industry associations and some regulators (including of surveyors and architects) — outlined potential risks and challenges associated with implementing AMR that could result in unintended consequences for consumers, workers and others.

For example:

- Consulting Surveyors National *"support the notion of nationalised application forms and standard fees, but the surveying profession supports the need for more in terms of safeguards that offer protection to the consumer."*³⁰
- The Australian Council of Trade Unions said that: *"the lack of significant issues in the current MR regime renders the proposed AMR a solution looking for a problem."*³¹
- The Australian Education Union (AEU) said that *"to the extent that the AMR processes differ from the existing MR processes, they will have a significant, negative impact on child safety and professional standards"*.³²

²⁴ Australian Professional Teachers Association, '[Submission 29](#)', 2020, p. 2.

²⁵ Chamber of Commerce and Industry WA (CCIWA), '[Submission 47](#)', 2020, p. 1.

²⁶ Chamber of Minerals and Energy WA, '[Submission 48](#)', 2020, p. 1.

²⁷ Civil Contractors Federation, '[Submission 49](#)', 2020, p. 1.

²⁸ National Electrical and Communications Association, '[Submission 101](#)', 2020, p. 1.

²⁹ Recruitment, Consulting and Staffing Association (RCSA), '[Submission 126](#)', 2020, p. 2.

³⁰ Consulting Surveyors National, '[Submission 8](#)', 2020, p. 2.

³¹ Australian Council of Trade Unions, '[Submission 17](#)', 2020, p. 2.

³² Australian Education Union, '[Submission 18](#)', 2020, p. 2.

Box 4: Stakeholder feedback on AMR

- The Electrical Trades Union Queensland said that: *"Queensland and Queenslanders should not have to accept less because of other state's scope of work and privatised licensing systems."*³³
- Master Builders Australia *"supports the proposal in its concept however we also form the view that the changes could be included as "transitional provisions" until such time that government has had advancement with many of the recommendations of the BCR [Building Confidence Report] consistently across each jurisdiction."*³⁴

Public submissions are available at: <https://www.pmc.gov.au/domestic-policy/deregulation-taskforce/consultation-automatic-mutual-recognition>

Given that there is broad support for AMR, the changes to the draft legislation focused on addressing stakeholder feedback to improve the operation of the scheme. This includes:

- improving information sharing requirements between regulators, including clarifying regulators' requirement to share and report on registers information on disciplinary action, suspension and cancellation of automatic deemed registration;
- expanding the criteria for allowing occupational registrations to be exempt from AMR to include significant risks to the protection of the environment and animal welfare;
- simplifying the criteria for temporary exemptions, as well as extending their duration;
- ensuring an interstate licensee satisfies a working with vulnerable people character test where required by state laws, and enabling states to require a person to notify them when they satisfy public protection requirements and vulnerable people checks;
- providing explanatory material clarifying that a second State can charge fees for specific and identifiable compliance activities, such as building inspections;
- clarifying the scope of occupations covered by AMR;
- setting out which decisions by regulators are subject to review by the Administrative Appeals Tribunal.

The national AMR framework also provides flexibility for implementation by the states, including in relation to specific occupations. This includes determining notification requirements when a person intends to work in another jurisdiction, setting registration requirements and local laws, continuing professional development requirements, public protection and working with vulnerable people requirements, the ability to waive conditions on an interstate licence, and the ability to determine whether a registration should be excluded from the scheme for a renewable period of up to five years. State ministers are also able to exempt a registration from the AMR scheme for up to 12 months as a transitional measure. This allows states additional time to identify and consider risks relating to certain registrations and how to best address them.

Differences across jurisdictions in registration requirements and local laws are not, of themselves, a risk to consumers, workers or the public under AMR. There are several reasons for this, including a person:

- can only work in another jurisdiction if they are licensed to do so, and only within the scope and conditions of their substantive licence;
- must understand and obey the local laws in the jurisdiction they work in — failure to do so could result in disciplinary action, the suspension or cancellation of all licences related to that occupation and exclusion from the AMR scheme;

³³ Electrical Trades Union Queensland, '[Submission 62](#)', 2020, p. 2.

³⁴ Master Builders Australia, '[Submission 85](#)', 2021, p. 4.

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- working in another jurisdiction must satisfy public protection requirements, such as taking out insurance or paying into a compensation fund, and meet local standards of compliance set out in local laws;
 - where required, must satisfy continuing professional development (CPD) requirements (as long as the CPD is not based on the attainment or possession of some qualification or experience relating to fitness to carry on the occupation); and
 - cannot pick a state in which they consider it to be 'easier' to gain a substantive licence and then seek automatic recognition in other states — a person's home state (and the licence they use for AMR) must be their principal place of residence or work.

Where these protections are insufficient, a state Minister could exempt the registration from AMR. Further, as states are responsible for setting local laws (and compliance standards), there is no basis for AMR to result in a 'race to the bottom' — workers will need to have the required competencies to gain a registration and will need to perform to the standards required in the jurisdiction.

Stakeholders did, however, note the need for effective implementation by the states and territories as a critical factor for success. Through the IGA, governments have committed to disseminate information to the public to promote awareness of the scheme, its benefits and safeguards, and to support streamlined implementation. Feedback provided by stakeholders will also be taken into account as the scheme is implemented and regulators develop guidance for workers, business and consumers.

Analysis of the costs and benefits of automatic mutual recognition

The analysis presents economic impacts for Australia incurred each year once AMR is in place. The analysis is presented at a national level, rather than for each state and territory or at an occupational level, because much of the administrative information and data was provided at an aggregate level and does not support more detailed analysis. Detailed data on the number of occupational licences and individuals licensed, proportion of individuals who hold multiple licences, state and territory decisions on the scope and duration of exemptions, and state-level data on notification requirements and transition costs would be required to estimate the net present value of the expected benefits of implementing AMR.

As a result, this analysis includes economic modelling conducted by PwC and information provided by the states and territories. Some cameos are included to indicate the potential impacts on individuals and business.

Further, data was not available for all regulators or registrations. The analysis provided in this paper, therefore, represents an underestimate of the net present value of the expected benefits of implementing AMR.

Wider economic impacts

Implementing AMR is expected to deliver net economic benefits to Australia. Automating the existing manual process for recognising occupational registrations will make it easier and less expensive for businesses and professionals to operate in other jurisdictions and across Australia, while maintaining high standards of consumers and the environmental protection, animal welfare, and the health or safety of workers and the public. As a result, AMR is expected to increase output, investment and productivity.

The OECD argued that introducing AMR in Australia would 'boost labour mobility, increasing opportunities for workers and competition by fostering reallocation of resources'.³⁵ Improved competition will lower prices and improve the quality of services for consumers and businesses.

The Deregulation Taskforce commissioned PwC to model the economic impact of AMR (See Box 5). PwC estimated AMR could lead to additional economic activity of around \$2.4 billion³⁶ over the 10-year period from 2021 to 2030 from a better allocation of labour and capital in the economy.³⁷

GDP (a measure of economic activity) would be higher over this period due to an increase in:

- labour productivity from administrative savings to individuals and regulators no longer needing to submit or assess multiple occupational registrations. This will lead to an estimated increase in GDP of \$1.14 billion over the 10-year period;

³⁵ Organisation for Economic Co-operation and Development, 'Going for Growth 2021: Shaping a Vibrant Recovery', April 2021, p. 75.

³⁶ GDP is expected to be \$350 million (or 0.015 per cent) higher in 2030.

³⁷ PricewaterhouseCoopers Consulting (Australia), '[Economic Impact Assessment of the automatic mutual recognition of occupational licensing](#)', December 2020.

- labour productivity as more individuals choose to operate across jurisdictions for part of their working year; better matching registered individuals with jobs where they can deliver the greatest benefit. This will lead to an estimated increase in GDP of \$462 million over the 10-year period; and
- capital productivity from recovering faster following natural disasters (See Box 6), as interstate labour is able to mobilise more quickly to respond to critical and immediate large scale infrastructure outages. This will lead to an estimated increase in GDP of \$808 million over the 10-year period.³⁸

PwC found over 168,000 workers will directly benefit each year from AMR reforms, including 44,000 who are expected to work across borders who would not otherwise have done so. The PwC modelling also indicated that all jurisdictions will benefit from implementing AMR, with gross state product expected to rise over the 10-year period in each jurisdiction.

These findings are likely to underestimate the economic and distributional benefits of AMR as the modelling does not include:

- additional potential efficiency gains from removing unnecessary or inconsistent registration requirements across jurisdictions over time;
- AMR supporting increased investment and projects as the economy recovers from the Covid-19 pandemic; and additional benefits from increased competition for work that requires an occupational registration.

Box 5: PwC economy-wide modelling

The Deregulation Taskforce commissioned PwC to model the economy-wide impact of AMR over ten years. PwC used the Victoria University Regional Model (VURM). VURM is a dynamic multi-regional computable general equilibrium (CGE) model, which explicitly models economic activity occurring in up to eight regions – the six states and two territories. National economic outcomes are determined by aggregating economic outcomes at the regional level.

Using VURM PwC provides estimates of the direct and indirect effects of the AMR reforms.

- The direct effects of AMR are largely driven by increased labour and capital productivity from: reduced administrative costs of holding multiple licences; optimising work allocation across jurisdictions; and improved disaster recovery with access to surge capacity across jurisdictions.
- The indirect effects relate to the flow-on impact such as from the lower costs of inputs changing process and the incentives to employ and invest.

In CGE models such as VURM, the aggregate employment rate is determined by broad macroeconomic considerations and policy settings. Hence, VURM does not capture long-term employment impacts from policy changes, such as implementing AMR, as the regional unemployment and participation rates are set exogenously in the model, that is, they are the same with and without the policy change.

In modelling AMR, PwC assumed:

- 17.5 per cent of employees in each industry are assumed to be employed in a position requiring an occupation that is registered or licensed;
 - This is based on data from the Productivity Commission's 2015 study into *Mutual Recognition Schemes*, which was the last comprehensive review of Australia's mutual recognition arrangements.

³⁸ The combined GDP impact is smaller than the sum of the three individual GDP impacts as the capital productivity shock from natural disasters is partly offset by the labour productivity shocks.

Box 5: PwC economy-wide modelling

- PwC noted the modelling takes a conservative approach by excluding industries less likely to involve occupational licensing. Industries excluded were wholesale trade, retail trade, accommodation and food services, scientific and technical services and administrative and support services.
- around 10 per cent of licences are duplicates, that is, these individuals work interstate or across jurisdictions using mutual recognition;
- each individual with multiple registrations will save 1½ hours in time and will avoid registration fees from not needing to hold multiple licences;
- interstate labour mobility increases by 3.5 per cent and these workers spend no more than 20 per cent of their time working interstate; and
 - PwC used differences between labour mobility for state licensed occupations compared with quasi-national occupations. PwC assumed that AMR will result in half of the increased labour mobility that was estimated for the United States in a recent study.³⁹
 - The Productivity Commission found that trade across jurisdictions accounted for at least 20 per cent of each jurisdiction's level of economic activity, which PwC used as a proxy for how long licensees will operate in a different state.
- households and business have 10 per cent less downtime following natural disasters, which are assumed to occur every three years in line with the frequency of recent disasters. For example, increased labour mobility is assumed to decrease a three month infrastructure downtime by around nine days. PwC considered this is a conservative assumption, with some recent studies indicating a 50 per cent shortage of skilled construction workers following natural disasters in New Zealand.⁴⁰

Regions and towns near state borders, such as Albury-Wodonga, will particularly benefit, as will small communities who may not have access to registered workers locally.

Skills shortages across the country may slow down the recovery process for communities affected by natural disasters, such as bushfires and floods. For example, during the Black Summer bushfires, more than 5,900 buildings were destroyed, including 3,100 homes. More than 2,400 homes were lost in NSW alone, where skills shortages already existed for key construction trades, bricklayers, carpenters, painters, plasterers and plumbers, according to Australian Government surveys.⁴¹

While states and territories have put in place arrangements to facilitate the temporary movement of skilled workers in response to national disasters, these arrangements have generally been made on a case-by-case basis.⁴² A more enduring, certain and automated approach would be preferable in responding to future natural disasters.

³⁹ Johnson and Kleiner (2020), Is Occupational Licensing a Barrier to Interstate Migration?, *American Economic Journal: Economic Policy* 2020, 12(3), pp. 347-373.

⁴⁰ Chang-Richards, Wilkinson, Seville and Brunsdon (2017), Effects of a major disaster on skills shortages in the construction industry: Lessons learned from New Zealand, *Engineering, Construction and Architectural Management*, 24(1).

⁴¹ Department of Jobs and Small Business, '[Construction Trades Labour Market Report, NSW 2018](#)', March 2019.

⁴² For example, the states and territories have arrangements in place to move fire and emergency service resources to provide surge capacity during times of significant operational activity.

Box 6: Cameo – skilled construction workers able to more quickly assist with bushfire response

A builder in Victoria intending to contract for building work to assist with bushfire recovery in Tasmania, would need to apply for a Tasmanian builder licence through mutual recognition. This application process involves completing an online form, including providing registration information, answering questions regarding criminal, disqualification and bankruptcy history, and providing copies of their interstate registration and insurance details.

This process may take up to an hour for the applicant to complete, and includes a licence fee of \$388.80 for a one-year licence. The licence will then be granted within 21 days. These requirements may discourage workers from helping with the recovery effort or delay assistance until Tasmania puts in place ad hoc arrangements to facilitate the temporary movement of skilled workers. The builder will still need to meet public protection requirements under local law, such as holding public liability and contract works insurance.

Access to skills and skills shortages

Australia's capacity to grow and compete globally has become more dependent on employers and individuals being able to access and use the right skills at the right time.⁴³

In 2018-19, the Australian Government Department of Education, Skills and Employment identified skill shortages in a number of occupations, either nationally or for one or more jurisdictions.⁴⁴ For example, New South Wales, Tasmania and the territories had a shortage of electricians, while Victoria had a shortage of building surveyors (See Box 7).

To maximise long-term economic growth, it is important that labour can move to where it is most needed. AMR can help address skill shortages by encouraging mobility across borders.

Skill shortages in bricklaying, carpentry, plastering and electrical occupations were identified in New South Wales, Victoria and South Australia prior to COVID-19 and the consequential economic downturn. This was before the Black Summer bushfires, which would have increased demand for a range of skilled workers in these states. Similarly, shortages of skilled workers in the construction trades in NSW are likely to be a constraint to communities recovering and rebuilding following the floods in March 2021.

AMR will enable registered workers with particular skills that are needed to address immediate impacts or assist with longer term recovery to begin work in another state immediately. As a result, the period taken for businesses, households and communities in affected regions and jurisdictions to rebuild and recover will be reduced. The improved access to skilled workers will also increase the productivity of capital.

There is evidence skill shortages can persist over time. Following the recession in the early 1990s, national skill shortages in a range of occupations reappeared by 1995. Skill shortages also re-emerged following the 2008 global financial crisis.⁴⁵

⁴³ Department of Education, Skills and Employment, [‘Delivering Skills for Today and Tomorrow’](#), 2020.

⁴⁴ Department of Education, Skills and Employment, [‘Ratings Summary – Labour Market Analysis of Skilled Occupations’](#), 2019.

⁴⁵ Derived from Department of Education, Skills and Employment, [‘Historical list of skill shortages in Australia’](#), 1986 to 2017.

Box 7: Cameo – addressing skill shortages for building surveyors

Under current arrangements, a building surveyor licensed in South Australia seeking to oversee building work in Mildura would need to apply manually to have their licence recognised in Victoria. Under AMR, the surveyor could avoid these additional regulatory hurdles and may work temporarily over the border, helping to meet the excess demand for surveyors in Victoria.

Labour mobility

Labour mobility, which involves workers moving between different firms, occupations and locations, is a key feature of a well-functioning labour market. Over one million workers (8 per cent of all employed persons) moved employers or businesses in the year to February 2020.⁴⁶ Job mobility was highest for professionals, at 21.7 per cent, while job mobility for labourers declined from 9.5 per cent to 7.7 per cent over the year to February 2020.

In February 2020, the ABS found that, of underemployed part-time workers, almost a third were either prepared to or might be willing to move interstate if offered a suitable job.⁴⁷

Labour mobility provides important economic benefits, through a more efficient allocation of workers to where they are most highly valued (and, therefore, where they will provide the greatest return to the economy).

State and territory licensing and registration requirements can unduly reduce labour mobility. Hence, the ability of professionals to work across jurisdictions using their existing registration should increase labour mobility. Further, as the nature of jobs change and more work is undertaken remotely, AMR provides the framework for regulation to adapt as technologies change.

Impact on registered individuals

All individuals registered for their occupation by states and territories could benefit from AMR (unless exempted by a state Minister).⁴⁸ Based on administrative data, over 1.8 million individuals work in occupations that require registration.⁴⁹ However, not all of these people will seek to work interstate, some will be covered by other schemes, and state Ministers may exempt specific registrations in their jurisdictions where there are significant risks. All of these exceptions reduce the number of potential beneficiaries. In addition, people who move their place of residence, are subject to disciplinary action, or that have conditions on their registration as a result of disciplinary action, will not be eligible for AMR.

Even with these exceptions, there would be many skilled workers who would have the option to use AMR to work in other states if they choose. This includes registered workers who have access to existing state-based AMR arrangements, but who would be entitled to use AMR to work in other states under the new scheme.

PwC estimated that over 124,000 registered persons will benefit each year from reduced administrative costs as they will no longer need to hold multiple registrations.

⁴⁶ Australian Bureau of Statistics, '[Participation, Job Search and Mobility, Australia](#)', February 2020.

⁴⁷ Australian Bureau of Statistics, '[Participation, Job Search and Mobility, Australia](#)', Table 6, February 2020.

⁴⁸ Not all individuals or all occupations may be eligible. For example, state Ministers may exempt specific occupations in their jurisdictions where there are significant risks and people subject to disciplinary action are not eligible for AMR (discussed in Box 3).

⁴⁹ This is calculated excluding workers licensed or registered nationally for 2019.

The workers who benefit will include:

- people who live in border towns or regions, such as Albury-Wodonga, and provide services across the border;
- people who relocate temporarily to another jurisdiction for lifestyle or work;
- people who commute interstate for work;
- fly-in fly-out workers; and/or
- people who provide services across borders remotely.

The cost savings from AMR may be material for individual registered people, with savings varying with the length and complexity of the existing mutual recognition process, and the size of the associated fees. For example, electrical, plumbing and property occupations were estimated by the Council of Australian Governments in 2013 to pay \$41 million in fees over ten years in holding multiple licences.⁵⁰ In some instances, particularly where there is no notification requirement, individuals may no longer need to provide the same information to multiple regulators.

The PwC modelling discussed above suggests that reduced administrative costs will lead to an increase of \$1.14 billion in GDP over 10 years. In addition, more workers will save time and money from not needing to renew their mutual recognition registrations or licences (See Box 8).

Box 8: Cameo – a plumber saving on fees, paperwork and time in cross-border regions

A person who is seeking to obtain a registration for plumbing, draining and gasfitting in the ACT is currently required to apply for three registrations (plumber, drainer and gasfitter — all three applications can be done online using one smartform). Information on disciplinary action, financial and criminal history may need to be provided. The application fee amounts to \$245 or \$268 (depending on whether the application is made online or in person), and licence fees of \$380 over three years.

For a registered ACT plumber, drainer and gasfitter to also work in nearby NSW, a mutual recognition application must be made to the NSW regulator. This can involve completing an application and providing similar information already provided for their ACT registration, to confirm their identity and assess equivalence. The NSW regulator is required to decide an application for mutual recognition within 28 days, but during this time the person can work using an interim deemed registration. The new AMR model will save even more time and money for the applicant, further reducing barriers to servicing an additional market.

Workers will also have more disposable income as a result of incurring lower registration costs. Part of this benefit may be passed on to consumers and business as lower prices and improved quality of services provision. The workers will either save or spend the remaining additional income, which will increase demand throughout the broader economy.

Workers will have capacity to deliver more services and/or spend more time on leisure activities.

AMR will enable skilled workers to better take advantage of new employment opportunities wherever they arise, especially as the rate of economic growth may vary across jurisdictions. PwC estimated that up to an additional 44,000 registered persons may start operating in another jurisdiction each year.

⁵⁰ Calculated by combining estimates from the 2013 COAG Decision Regulation Impact Statements for national licensing of [electrical occupations](#), [property occupations](#) and [plumbing and gasfitting occupations](#).

Under AMR, some skilled workers may be able to obtain higher wages from being able to better allocate their time and efforts toward higher value work across jurisdictions. However, it could also result in some workers receiving lower wages if lowering barriers to competition from interstate workers puts downward pressure on wages (benefitting consumers — see below). In this case, individuals could adjust their hours to maintain their income. These potential impacts on wages, nor the potential for higher productivity to increase wages, are not captured in the economic benefits estimated by PwC.

AMR also provides a platform for future reform to review and reduce unnecessary registration requirements on workers, which could further increase the potential economic benefits beyond the estimated \$2.4 billion over the next 10 years estimated by PwC.

As is the case with the existing mutual recognition arrangements, individuals may need to spend time and resources understanding and navigating the regulatory environments in other jurisdictions, including understanding and complying with local laws.

AMR should have a limited effect on most registered individuals who have no intention of working in another jurisdiction. Some workers may face increased competition if more interstate workers operate in their jurisdiction (although this will be beneficial to people and businesses who use those services) and higher fees if regulators seek to recoup any reduction in revenue by increasing licence or application fees on local licence holders.

Impact on businesses

Under AMR, some businesses will be able to access skilled workers more quickly, with less administrative burden and without needing to pay for multiple occupational registrations for their employees. This will enable those businesses to increase their output, investment and productivity by deploying labour and capital to where they provide the highest returns (See Box 9). A 2015 Australian Chamber of Commerce and Industry survey found that over 60 per cent of businesses identified the cost of compliance to get regulatory approvals and licences (including but not limited to occupational licences) as a large cost to their business.⁵¹

The provision of services remotely increased during the COVID-19 pandemic. The importance of labour mobility may therefore also have increased commensurately.

Box 9: Cameo – lowering regulatory barriers for a small architectural business to operate nationally

Currently, a small architect business located in Townsville in Queensland services the local community. Since COVID-19, the business has moved part of its service provision online and enabled architects to work remotely.

Under AMR, the business could provide architectural services nationally at minimal cost. This would enable the business to increase its activity, income and profitability, retain its existing staff and potentially employ an additional architect as the demand increases over time and lower its overall risks by reducing its reliance on economic conditions in Townsville.

In addition, more businesses, large and small, will be able to bid more confidentially for additional interstate work (See Box 10) and advertise without fear of breaching local licensing laws. As a result, businesses will be able to

⁵¹ Australian Chamber of Commerce and Industry, '[National Red Tape Survey](#)', March 2015.

access increased business opportunities, which should encourage increased competition, productivity and innovation in the provision of services.

Box 10: Cameo – a construction or engineering business able to bid for more work

Currently, a construction or engineering business may not be able to bid for an infrastructure contract if it does not have sufficient workers with local registrations in the relevant jurisdictions to deliver the work if its bid is successful. Rather, a business would require their workers to hold multiple occupational registrations, including paying additional licensing fees for existing worker registrations to be recognised. It takes time for the additional registrations to be granted, which could mean that the business may have missed the bidding window. Many construction or engineering businesses may not opt to incur these costs and risks in obtaining the required registrations, especially when they are not certain of being awarded the contract.

Under AMR, the business could with minimal effort and cost have their workers occupational automatically registrations mutually recognised, effectively meeting the local registration requirements, before bidding. The business and its workers would no longer need to hold multiple occupational registrations or pay additional registration fees. The business would benefit from being able to access increased business opportunities and more effectively deploy its skilled workers across Australia, as required, to maximise its business activity and income. As the business grows it is likely to employ (or retain) more skilled workers and contractors as well as demanding more goods and services from other businesses.

Impact on consumers

Under AMR, consumers stand to benefit from improved access to skilled workers, lower prices, greater choice and improved service quality as a result of increased competition. Lower prices for consumers may also increase household consumption of goods and services.

AMR seeks to maintain high standards of safety for consumers (and workers). As outlined in section 2 above, jurisdictions can exempt specific occupational registrations where significant risks exist for consumers and the public.

In addition, existing consumer protections, such as through consumer and workplace health and safety law, will continue to apply. Regulators can require interstate workers to meet requirements relating to insurance, fidelity funds, trust accounts or the like and meet checks in relation to vulnerable people or children before accessing AMR. People facing disciplinary action will not be eligible for AMR.

AMR may also improve consumer confidence in regulators and workers to the extent it increases transparency in regulation and regulatory activities (discussed in the next section – Impact on regulators) and changes access to labour and the quality of services received.

Consumers may also incur some additional costs in verifying whether workers are registered and understanding the activities interstate workers are authorised to undertake. Registered workers would be required to comply with local laws to, for example, display their licence number or carry their licence with them.

Impact on governments (including regulators)

Under AMR, an interstate registered person carrying on activities in a second State is not required to pay those fees typically required to be paid by people applying for MR or local persons applying for or renewing a home State registration. This means that a registered person can avoid paying duplicative registration fees in the second State.

Therefore, under AMR, some local registration authorities will receive reduced revenue. Occupational regulators typically rely on registration fee revenue to fund regulator administration, education, compliance and enforcement activities. On average, annual revenue collected from each registration nationally is around \$300 (See Table 2).

Table 2: Revenue collected from mutual recognition¹

Jurisdiction	Annual revenue collected from mutual recognition \$' 000	Average revenue per registration \$
New South Wales	1,295	290
Victoria	988	293
Queensland	1,129	326
Western Australia	450	361
South Australia	1,423	304
Tasmania	474	229
Australian Capital Territory	771	218
Northern Territory	413	321
Australia (Total)	6,942	308⁴
Notes:		
1. Latest available data, but data was not available for all regulators and registrations this affects both jurisdictional numbers and averages.		
2. Estimates based on partial and incomplete data, given that some regulators did not provide revenue data.		
3. SA estimates include revenue collected by Safe Work SA.		
4. Average revenue per registration excludes Tasmania and the Australian Capital Territory given data inconsistency.		

Regulators in smaller jurisdictions and those with significant cross border communities may be subject to higher cost pressures under AMR. Given the high level of variability for revenues and expenses between different occupational licences, estimations of these impacts is beyond the scope of this paper.

However, regulators will be required to process fewer applications and issue fewer total registrations and licences within their jurisdiction. New South Wales estimated that its regulators potentially could save \$129,000 a year from no longer needing to process as many registrations.

Over time, jurisdictions will need to ensure regulators are adequately resourced, by potentially placing greater reliance on user charging to recover costs for compliance and enforcement activities. Regulators already do this to some extent. For example, in 2019-20, the Victorian Building Authority received around 8 per cent of its revenue from practitioner registration and licence fees, with the rest of its income coming from other sources including building permit levies and plumbing compliance certificates.⁵²

Under AMR, a local regulators are able to charge fees for specific and identifiable compliance action taken in relation to carrying on an activity.

Greater focus on user-charging may also result in more economically efficient charging, especially if regulators move to relying more on transparent, risk-based charging, such as compliance certificates and user charging for audits on higher risk activities or workers, that does not impose unnecessary barriers to labour mobility.

Overall, jurisdictions will need to consider how best to manage these issues, such as through normal budget and funding processes or through changes to cost recovery arrangements. Some regulators may choose to increase registration fees on local workers to fund their activities.

Regulators may also be required to inform licensed workers about the scheme and how it interacts with local laws, as well as upgrading or putting in place systems to enable improved information sharing with interstate regulators, and providing information to consumers and businesses.

Regulatory officers undertaking compliance work will need to ensure licensees hold appropriate licences or registrations and understand local laws, as well as adhere to their relevant scope of activities.

Governments will also incur costs in implementing AMR, including through designing the AMR model, increased coordination between officials and regulators, undertaking consultation, determining exemptions, developing legislation, providing information to workers, business, regulators and consumer and overseeing and reviewing mutual recognition and occupational licensing arrangements. Some, but not all, of these costs will be transitional.

Upgrading systems may also increase the electronic provision and sharing of information between licensees and regulators. Digitising information provision and sharing may provide administrative savings to regulators over time.

Governments may also benefit from lower costs from increased competition when tendering for contracts and procuring infrastructure, and increased choice in contractors.

Enhancing regulator performance

Implementing AMR may also facilitate improvements to regulator performance over time by improving coordination and cooperation across regulators and ensuring the transparency of decision making.

AMR will require state Ministers to explain the basis for exempting certain occupational registrations from the scheme. This would allow consumers and registered workers to more easily compare decisions made by regulators. Requiring the reasons for these exemptions to be made public, as well as subject to review before being extended, will increase scrutiny, while enabling the protection of consumers and the environment, animal welfare and the health and safety of workers and the public.

Information sharing requirements will also help regulators improve their performance as they will need to cooperate more across states. This should help regulators better target and manage their compliance and enforcement activities, reducing the regulatory burden on individuals, business and the economy.

⁵² Victorian Building Authority, '[Annual report 2019-20](#)', October 2020.