

Review of Australia's Mutual Recognition Schemes for Workers

Terms of Reference

I, the Hon Jim Chalmers MP, Treasurer, pursuant to section 29B(1)(b) of the *Competition and Consumer Act 2010* (Cth) hereby request the National Competition Council (NCC) conduct an independent evaluation of Australia's mutual recognition schemes for workers in support of a review overseen by the Council on Federal Financial Relations (CFFR).

Purpose

The review should identify, and report on practical pathways to remove, all unnecessary occupational licensing barriers to a single national labour market. In particular, the review will consider:

- how differences in state licensing and occupational registration requirements are resolved between regulators;
- how workers are made aware of different licensing requirements across state borders;
- whether, and to what extent, current schemes are supported by employer and employee groups, and are supportive of workforce and industry need; and
- how new technologies, systems and/or processes can reduce costs and improve safety, quality and employment outcomes.

Background

Mutual recognition schemes are designed to enhance national efficiency and competitiveness by reducing regulatory barriers to trade and labour mobility. The Australian Government and states and territories of Australia finalised the *Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration* in December 2020. The Agreement states that the operation and effectiveness of mutual recognition legislation should be reviewed by CFFR every five years, supported by an independent evaluation.

The *Mutual Recognition Act 1992* (MRA) establishes a national framework for the operation of mutual recognition of occupations in Australia. Under this framework, individuals licensed in one jurisdiction can apply for equivalent recognition in another, streamlining access to employment opportunities. The introduction of Automatic Mutual Recognition (AMR) under Part 3A of the MRA was intended to simplify this process by allowing workers to work in other participating jurisdictions without additional applications or fees. The MRA is implemented by states and territories through mirroring legislation, allowing those licensed in one jurisdiction to gain equivalent registration in another by notifying local authorities (subject to any exemptions).

The Australian, state and territory governments have agreed to progress a single national market for workers under National Competition Policy. The findings of this review are intended to inform the development of more efficient and seamless licensing arrangements, including the progression of a national licence for skilled workers in the electrical trades and engineering professions.

Scope

The NCC is to report on whether and to what extent mutual recognition schemes (including AMR) are enhancing productivity, supporting workforce flexibility, and expanding consumer choice. In particular, the Council should deliver findings supported by evidence in relation to:

1. The impact and effectiveness of current mutual recognition schemes, including:
 - a) The extent to which they have improved labour mobility in participating jurisdictions;
 - b) Their economic effects, including on participation, addressing skills shortages and productivity;
 - c) The extent to which they have managed worker safety and consumer protection risks; and
 - d) Identifying the sectors where these schemes have had the most significant effects.
2. The implementation and alignment of current mutual recognition schemes, including:
 - a) Variations in implementation across jurisdictions, such as exemptions, delays or inconsistencies in recognition;
 - b) The rationale for these variations, and whether they are proportionate to risk; and
 - c) The extent to which laws and standards are harmonised across jurisdictions, and areas where misalignment creates barriers to labour mobility.
3. The experience of workers navigating the current mutual recognition schemes, including:
 - a) The effectiveness of communication to workers regarding eligibility, processes, and requirements under existing mutual recognition schemes;
 - b) The impact of notification requirements on workers; and
 - c) The role of registration authorities in supporting cross-border mobility.
4. Opportunities to strengthen and streamline licensing arrangements, including:
 - a) Improving the consistency and efficiency of mutual recognition processes across jurisdictions; and
 - b) Technologies, systems and/or processes that can reduce costs and improve safety, quality and employment outcomes.
5. The potential for a national licensing framework to complement or replace mutual recognition, particularly where these arrangements are not working effectively, and are likely to increase labour mobility and remove unnecessary costs for participants.

Process

The review is supported by state and territory governments, which are responsible for occupational entry regulation, and each government will provide appropriate support to ensure the success of the review.

The NCC should engage widely and undertake appropriate public consultation processes, including inviting public submissions and engaging closely with the Australian, state and territory governments.

The evaluation is not intended to provide a comprehensive cost-benefit analysis of options for addressing occupational licensing barriers. However, where appropriate, the NCC should

identify and discuss relevant costs and benefits of current and potential future arrangements, especially where these insights could inform future policy development and implementation.

In undertaking its independent evaluation, the NCC should consider the operation and practical implementation of the MRA, relevant material including the Productivity Commission's *Mutual Recognition Schemes* (2015) inquiry, the *Intergovernmental Agreement on the Automatic Mutual Recognition of Occupational Registration*, the Australian Treasury's *National licensing for electrical occupations consultation*, and data collected by Australian governments in the operation of current mutual recognition schemes.

The NCC should report back to CFFR with an interim report in April and its final findings no later than six months after the receipt of these Terms of Reference.