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REPORT SUMMARY

TOWARDS A MORE SEAMLESS AUSTRALIAN ECONOMY

2025

TOWARDS A MORE SEAMLESS AUSTRALIAN ECONOMY

What do we need?

Australia's economy needs to operate as a single seamless entity.

Why?

Unnecessary regulation hinders the flow of goods, services and workers around Australia.

Effects?

Restricting competition
Raising costs
Reducing choice
Constraining labour mobility

Solution?

A seamless national market would:

- Cut duplication of rules and processes
- Reduce cost of living
- Help firms compete globally

Previously

Australia delivered **22 of 26 deregulation priorities** of the 2009-13 national seamless economy agreement.

We learnt

Reward payments help.

Federal payments to states and territories covered their implementation costs.

Payments should only be made after reforms implemented.

What's changed?

Responses to new issues risk a new wave of regulatory inconsistency.

What's next?

Tackle stalled reforms + emerging and future barriers.

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THE NEXT STEPS IN STREAMLINING AUSTRALIA'S ECONOMY

NATIONAL OCCUPATIONAL LICENSING

ENVIRONMENTAL ASSESSMENTS

PAYROLL TAX

HEAVY VEHICLE TRANSPORT POLICY

DATA SHARING BY DEFAULT

LAND-USE PLANNING REGULATION

CIRCULAR NATIONAL ECONOMY

BEST PRACTICE GOVERNMENT PROCUREMENT

CARE WORKER SCREENING

REIGNITING STALLED REFORMS

NEW REFORMS NEEDED

EXECUTIVE SUMMARY

The Australian economy is facing major headwinds. Productivity growth – the key long-term driver of improved living standards – has slowed, measures of global trade uncertainty are at record highs, Australia is struggling to build enough homes to meet its housing shortage and the energy transition is proceeding too slowly.

To navigate these challenges, Australia's economy needs to operate as a single seamless entity.

A well-functioning federation allows tailoring of policy to local conditions. It also enables innovation through learning from different approaches. Yet for too long, unnecessary regulatory barriers have hindered the flow of goods, services and workers around Australia.

Take the different widths of railway lines laid across the country in the 1800s. This was flagged as a problem before Federation, but took a century and a major Commonwealth-State investment project to resolve.

While they may not always be so obvious, frictions that prevent firms from operating seamlessly across Australia restrict competition, raise costs, reduce choice and constrain labour mobility. Anything that creates such friction without adding value holds back economic dynamism and productivity.

A single, seamless national market would cut duplication of regulation and processes, reducing the cost of living and helping firms compete internationally. Reducing barriers to people moving to better jobs can also boost productivity by better matching skills to jobs. To enable this, reform must occur across many sectors and activities.

Australia has worked across levels of government to develop nationally consistent policy in the past and can do so again. In this report we focus on the lessons learned from the *National Partnership Agreement to Deliver a Seamless National Economy* in effect between 2009 and 2013. These reforms were estimated to deliver over $6 billion in annual benefits to the economy. Unfinished reforms offer a similar magnitude of benefits.

Yet a new seamless economy agenda is about much more than just completing unfinished business. The economy has changed considerably in the past 15 years. The care sector accounts for a growing share of employment. In an increasingly inter-dependent, digital and service-based economy, constraints on operating and sharing data across borders have become even more damaging. Better data-sharing alone could boost Australia's economy by up to $10 billion.

Meanwhile, responses to new issues, such as electric vehicles, gig work and container recycling schemes, risk a new wave of regulatory inconsistency.

Internationally, Canada has already taken action, striking agreements to increase domestic integration in response to US tariffs.[1] It is a federation like Australia, but with much larger barriers to inter-jurisdictional trade.

We may no longer be laying down incompatible rail lines, but inconsistencies in how we regulate today's new technologies may eventually be seen in the same light. Australia should smooth the frictions in its economy to ensure it can navigate the challenges ahead.

RECOMMENDATION

Deliver a new seamless national economy agreement between the Commonwealth and states and territories, building on the 2024 agreement to revitalise National Competition Policy. Payments to states and territories should occur after reforms are implemented.

Starting points should include:

- National occupation licensing
- Harmonised and efficient environmental assessments
- Payroll tax harmonisation
- More consistent heavy vehicle access and design rules
- Data sharing across jurisdictions by default
- More streamlined and consistent land-use planning regulation
- Consistent materials standards and registration processes to enable a more circular national economy
- Reforms to state and local government procurement to get the best offers in Australia
- Delivery of national care worker screening.

NATIONAL OCCUPATIONAL LICENSING

REIGNITING STALLED REFORMS

Occupational licensing is specific training or work experience needed in jobs such as nursing and plumbing, which can be important to protect safety. Different regimes across the country prevent Australians from moving to similar jobs elsewhere, constraining worker mobility and productivity without necessarily improving safety.

National licensing has worked for nurses and pilots. Yet many other occupations, particularly trades, are still regulated state-by-state. Heavy vehicle drivers face varying competency, medical and licence progression requirements[14] and engineer licensing has become less consistent over the past decade (Box 1).

Unnecessarily stringent and inconsistent licensing impedes progress on key issues including construction productivity[15], the energy transition[16] and making better use of migrants' skills.[17]

Rationalisation of and national consistency in licensing offers potential annual benefits estimated by the PC at $5 billion to $10 billion, based on international comparison, and increased Commonwealth Government revenue of $600 million to $1.2 billion per year[18].

Evidence also suggests Australia's overly stringent licensing reduces productivity through lower business entries and exits and making it harder for the most productive businesses to expand.[19] Licensing could be removed in relatively low-risk occupations only licensed in some jurisdictions, such as hairdressing in NSW and South Australia.[20]

Work has been announced to develop a national licence for electricians. National licensing of all high-risk licensed occupations – without rationalisation – could bring estimated benefits of up to $846 million per year.[21]

Automatic Mutual Recognition of licences has made some progress, but this does not resolve inconsistencies between licensing and training.[22] There are many carve-outs and Queensland has not signed up.

Two key issues have held back reform: Firstly, incumbents benefit from greater restrictions and less competition. International research consistently finds stringent licensing drives higher prices and wages, while generally failing to find quality improvements.[23]

Secondly, state and territory regulators receive substantial revenue from registration. Fees for licensed professionals such as plumbers, nurses, architects and lawyers average a few hundred dollars per year.[24] Excluding professions already regulated nationally, our central estimate is this brings in $500 million per year[i] in revenue for regulators. While national licensing may save some costs for regulators, financial support would be needed for restructuring.

Substantial federal-to-state transfers will likely be required to share the benefits of reform and overcome these challenges.

Box 1: Engineers in a tangle of regulation

Australian states have introduced markedly different registration rules for engineers over the past decade. Historically, only Queensland mandated professional engineer registration, but several states have recently enacted new schemes.

Victoria's 2019 Professional Engineers Registration Act now requires registration for all civil, structural, electrical, mechanical and fire-safety engineers. New South Wales mandates registration only for engineers working on multi-storey residential buildings, shared accommodation, or care facilities. In Western Australia, a new Building Services Board scheme registers structural, fire-safety and fire-systems engineers from 2024–25, and civil/mechanical building engineers from 2025–26, with full mandatory compliance by 1 July 2027. South Australia does not require registration.

This means an engineer can be required to obtain separate qualifications or pay multiple fees to work in each state, a patchwork that Engineers Australia has warned can "undermine and limit national consistency of registration".[25] Different definitions of engineering fields and registration scope add complexity and cost to the assessment and regulation of engineers practising across borders.

[i] This estimate is very uncertain as there is no count of the total number of workers covered by state and territory licensing, nor a public record of all registration fees. It is based on published estimates of registration fees per worker where available, on the basis that state and territory regulators are responsible for registering about half of the 20 per cent of Australian workers covered by licensing.

ENVIRONMENTAL ASSESSMENTS

REIGNITING STALLED REFORMS

While there was some progress on reform to environmental assessment and approval,[26] full harmonisation and delegation of powers was not achieved. An independent review in 2020 found that the Environmental Protection and Biodiversity (EPBC) Act that underpins federal environmental assessments is complex and cumbersome, with duplication of state and territory approval processes.[27] These frictions and the prioritisation of unwieldy processes over outcomes increase costs for business, often with little benefit to the environment.

For renewable energy projects in particular, delay, financial impost and procedural impediments arise.[28] The EPBC Act has been identified as the single biggest barrier to timely, environmentally responsible renewable energy development. It takes more than 500 days on average for finalised projects to receive a decision.[29]

There is a need to establish clearer and legally enforceable national environmental standards to be adhered to by states, territories and the Commonwealth.[30] Clear and consistent standards can underpin a cross-jurisdictional framework for monitoring, evaluating and reporting on the effectiveness of environmental management to understand where a change of course is needed.

Better environmental assessment also requires better access to high-integrity data and evidence to inform decision making. The review of the EPBC Act found that decision-makers, developers and the community do not have access to the best available data.[31]

New technologies, including AI, have the potential to support faster and lower-cost assessments – particularly for low-risk proposals – but this requires access to high quality data. In WA alone, reducing the time and effort involved in sourcing data could save proponents $1 million per year, but much bigger savings of tens or even hundreds of millions of dollars could be made through reducing assessment times.[32]

PAYROLL TAX

REIGNITING STALLED REFORMS

Payroll tax harmonisation was one of the 27 deregulation priorities under the seamless economy agenda. In 2010, all states and territories other than WA signed a joint harmonisation protocol, while WA enacted similar provisions in 2012.

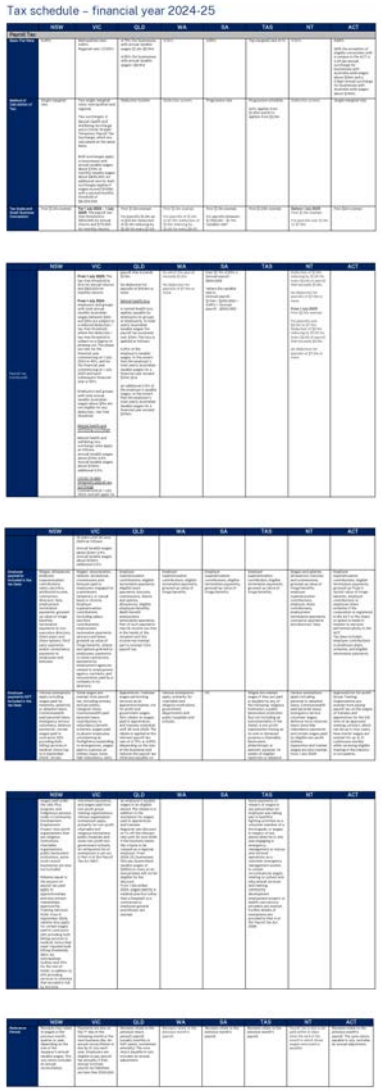
Harmonisation was intended to enable consistency of business practices, taxpayer information and administrative and compliance requirements. In effect, this meant consistency in the base of activity subject to taxation, while allowing states and territories to set their own tax rates.

Full harmonisation was not achieved, however, as differences remained in the treatment of groups such as apprentices, exempt organisations and contractors, and in the thresholds at which payroll tax becomes payable.[33] Business groups have pointed out the costs from inconsistent payroll tax systems, raising particular concern about states that levy the highest rates.[34]

Regulatory inconsistency has increased in recent years following a 2023 NSW Supreme Court ruling that established that health professionals such as General Practitioners are subject to payroll tax.[35] In part due to concerns over whether gig workers such as rideshare drivers should be subject to payroll tax, the responses of states and territories have diverged. SA has determined that most payments to practitioners are assessable for payroll tax and Victoria has pursued medical practices for payroll tax, whereas Queensland, WA and Tasmania have said independent practitioners are not in general subject to the tax.[36]

Further agreement is needed to achieve greater consistency in the payroll tax base, while allowing states and territories to choose a rate that meets local needs.

Figure 3: Summarising the differences in payroll taxes takes more than four pages



Source: NSW Treasury (2025) Interstate Comparison of Taxes 2024-25, Research Paper, https://www.nsw.gov.au/sites/default/files/noindex/2025-05/trp25-01-interstate-comparison-of-taxes-2024-25.pdf

HEAVY VEHICLE TRANSPORT POLICY

REIGNITING STALLED REFORMS

While progress was made with the establishment of the National Heavy Vehicle Regulator, inconsistencies in vehicle access and design standards across states and territories continue to impose costs for national operators and hold back productivity.

The Australian Logistics Council[37] has pointed out a number of areas where progress under the original seamless economy agenda offers a proven model for further regulatory alignment.

Issues ripe for reform include:

- Inconsistencies in axle load limits, bridge assessments and local permit requirements;
- No formal mechanism to benchmark vehicle access and design rules against international frameworks;
- Lack of interoperability with international data and software standards for digital systems that support vehicle access, routing and compliance;
- A nationally consistent approach to conformity assessments; and
- Inconsistent metadata and signalling protocols across jurisdictions, which hampers investments in smart infrastructure including digital twins, predictive maintenance systems and urban freight analytics.

These reforms would help to unlock productivity gains and facilitate the deployment of advanced low- and zero-emission freight vehicles.

DATA SHARING BY DEFAULT

NEW REFORMS NEEDED

Data has become much more important to the economy since the original seamless economy agenda. A mature data-sharing regime could add up to $10 billion to Australia's economic output.[40] Yet there remain restrictions on the sharing of data across states and territories.

For example, use of de-identified Commonwealth government administrative data has become normalised in linked datasets such as the Person Level Integrated Data Asset (PLIDA) and Business Longitudinal Analysis Data Environment (BLADE). This has enabled a wealth of new analysis and evidence on crucial policy topics such as productivity, housing, migration, income distribution and access to healthcare.

Meanwhile, states and territories hold critical data on births, hospitals, courts and corrections. While work is underway to incorporate some data, including through the Life Course Data Initiative between the ABS, the ACT and SA Governments, data sharing is not yet the norm.

There is also considerable duplication, with most states and territories developing their own linked-data assets.[41] They are often reticent to provide researchers with access to integrated data, even when there is a desire to link it to national datasets. With digital technologies increasingly driving economic growth, blocking the flow of data is akin to cutting off the fuel supply for productivity growth.

A coordinated, consistent, national approach and linked-data asset is needed, with an assumption that if public funding has supported data collection and linkage it should be seen as a public asset. This should start with human services data, as this area has the most state and territory data available and there is an urgent need to use insights from linked data to address major policy issues such as entrenched disadvantage and poverty.

As the current review of the Data Availability and Transparency Act 2022 has recommended, Australia should work towards a national data-sharing framework that achieves full interoperability across jurisdictions and provides standardised pathways to access any public sector data.[42]

Governments should encourage the sharing and linking of de-identified data by reforming the Intergovernmental Agreement on Data Sharing to require data custodians who refuse to share data to demonstrate why this is in the national interest, and fast-tracking the development of interoperability frameworks for de-identified and anonymised health data.[43] The latter may require funding from the Commonwealth Government to enable the adoption of interoperability frameworks and data sharing.

Shared data and digital technologies, including artificial intelligence, are also important to enable an efficient and contemporary seamless economy. They offer opportunities to better identify problems, help firms with compliance and help governments monitor compliance and progress with implementation.

MORE STREAMLINED AND CONSISTENT LAND-USE PLANNING REGULATION

NEW REFORMS NEEDED

As recognised in the National Housing Accord, Australia needs more social, rental and owner-occupied homes. The accord also acknowledges work is needed across all levels of government to deliver land-use planning reform.

Australia stands out among OECD countries for a highly decentralised system of land-use regulation, combined with involvement of multiple levels of government.[44] While in theory this can enable tailoring to meet local needs, in practice it leads to geographically segmented regulation that makes it hard for successful construction firms to expand into new areas.[45]

Planning approval processes are often excessively bureaucratic, slow, confusing and duplicative, with limited accountability for local governments.[46] Scaled up to a national level, this contributes to a national housing shortage.

Broad-scale upzoning and development approval 'by-right' when block size and environmental requirements are met can deliver more housing as well as greater consistency across jurisdictions. A consistent push for more effective land-use planning regulation is necessary to meet national goals for safe, stable and affordable housing, as well as better housing choices.

CONSISTENT STANDARDS AND PROCESSES TO ENABLE A MORE CIRCULAR NATIONAL ECONOMY

NEW REFORMS NEEDED

The PC's circular economy inquiry has uncovered how differences in container deposit schemes have led to complexity and duplication of registration processes.

All states and territories have introduced container deposit schemes on drink containers in a bid to increase recycling rates. They involve a 10-cent deposit for each container, paid for by beverage suppliers, which is refunded to the consumer when they return the container to a collection depot. This increases recycling rates and reduces littering.[47]

The patchwork of regulations has created hurdles for businesses operating across multiple states and has stifled efforts to develop uniform industry partnerships.

Drink manufacturers are required to register their products separately with each scheme. This creates unnecessary duplication and complexity across a range of administrative processes. Work is now underway to harmonise these functions.

Container Exchange (Queensland) argues that the Commonwealth should drive national harmonisation by:[48]

- Streamlining product registration, scheme contracting, reporting, invoicing and charging methodologies to ease participation for businesses across all states and territories.
- Leading the creation of national industry partnerships to enhance supply chain circularity across retail, logistics and manufacturing sectors.
- Providing strategic oversight to guide the long-term direction of the schemes, ensuring alignment with broader sustainability and circularity objectives.

Australia also needs nationally harmonised performance-based materials standards, rather than prescriptive specifications such as those that exclude waste or recycled materials from bitumen for pavements.[49] Dangerous goods regulations and guidelines also should be harmonised to establish a common approach for lithium-ion batteries. This can help establish a robust end-of-life electric-vehicle battery industry.

More generally, in a poll of CEDA Environmental, Social, Governance (ESG) Community of Best Practice members, more than two-thirds of 37 ESG leaders identified that "regulatory alignment and harmonisation" and "remove regulatory barriers to innovation" should be priority actions for Australian governments to expand circular economy practices such as reuse, repair and recycling.[50]

BEST PRACTICE GOVERNMENT PROCUREMENT

NEW REFORMS NEEDED

Most states have procurement policies that give preference to local suppliers, such as Victoria's Local Jobs First Policy, Queensland's Buy Queensland Policy and WA's Buy Local Policy. These policies potentially sacrifice value for money by limiting competition and may prevent access to new products and innovative solutions, while creating unnecessary lobbying risks.[51] They also prevent successful businesses from scaling up by serving governments in another state.

There is a lack of robust evidence that government procurement can deliver substantial regional development benefits.[52] All Australians would benefit from the removal of policies that discriminate based on the location of a supplier rather than the quality of their products or services.

CARE WORKER SCREENING

NEW REFORMS NEEDED

Australia's care sector has become increasingly important, growing from 10 per cent of national employment when the original seamless economy agenda was negotiated in 2008 to 16 per cent today.[53] In recent years there have been concerns around the quality of care and workforce issues across aged, disability and child care. Anything that can be done to increase the efficiency of service provision and quality of care would be valuable.

Work is underway on a National Worker Screening Check as part of the 2024 National Competition Policy Agreement. Proceeding with a national system would deliver substantial time and cost savings (estimated at $10 million per year for disability workers alone[54]) for firms and employees in this critical sector, while safeguarding due process to uphold safety and care quality. Organisations operating in the sector would like more transparency on progress and timelines (Box 2).

Box 2: Closing gaps in care-worker screening

Australia's care sector depends on rigorous worker screening to uphold safety and care quality, but fragmented processes across states create delays, duplication and inefficiencies, hindering workforce entry and worsening skills shortages.

Currently, individuals seeking roles in aged care, disability services and other care sectors must navigate multiple screening processes, varying eligibility criteria and jurisdiction-specific requirements, resulting in:

- Delays in workforce onboarding, exacerbating critical staff shortages;
- Duplicated checks, requiring workers to undergo multiple assessments for different care settings; and
- Unnecessarily inconsistent standards, creating gaps in safeguarding measures.

This imposes costs on care sector workers and providers. Rather than improve safety, inconsistent standards and processes can instead create gaps that undermine the overall quality of screening processes compared with a truly national system.

As part of the 2024 Intergovernmental Agreement on National Competition Policy, the Commonwealth Government is leading development of a business case for a National Worker Screening Check. Key organisations in the sector, such as UnitingCare, support the government's intent, but would like more transparency and sector engagement on timelines, scope and implementation.

Source: UnitingCare Australia, individual consultation based on Submission to Productivity Commission Inquiry into Delivering Quality Care More Efficiently.

CONCLUSIONS

Australia must enhance the mobility of workers, firms, products and capital across the economy to respond effectively to the challenges and opportunities we face. Where our regulatory systems are conflicting and fragmented across states and territories, these frictions make it difficult for productive businesses to start up and expand nationally. This is costly and burdensome, and prevents Australian businesses from being among the most competitive and dynamic in the world.

Fortunately, there is a template for success. Australia delivered billions of dollars from higher productivity growth through the seamless national economy agenda between 2009 and 2013. While not all reforms were delivered, considerable progress was made on 22 of 27 deregulation priorities. These changes have stood the test of time and continue to deliver benefits.

Some unfinished business should be prioritised in a new round of reform:

- Occupational licensing, building on national occupational licensing for electricians announced in early 2025;
- Harmonised and efficient environmental assessments;
- Payroll tax harmonisation; and
- More consistent heavy vehicle access and design rules.

But this is about far more than unfinished business. A more seamless approach to emerging issues would deliver benefits critical to Australia's success in the energy transition, tackling its housing crisis, digital transformation and artificial intelligence, and increasing demands on the care sector. Priority areas include:

- Data sharing across jurisdictions by default;
- More streamlined and consistent land-use planning regulation;
- Consistent materials standards and registration processes to enable a more circular national economy;
- Reforms to state and local government procurement to get the best offers in Australia; and
- Delivery of national care-worker screening.

Key lessons from the first seamless economy agenda should be incorporated into a new agreement. These include first developing the evidence base and case for change, as well as having central agencies driving progress. Payments from the Australian Government to the states and territories, following independent verification of implementation, are also important to overcome implementation challenges.

The National Competition Policy framework agreed by Treasurers in late 2024 might provide a framework to progress seamless national economy reforms. It includes public commitment to a single national market from jurisdictions, modelling by the PC to inform priorities, assessment of implementation by the National Competition Council, and payments upon successful implementation.

However, the scale of funding needed to progress these reforms is likely to exceed the $900 million available under the Federal Government's new National Productivity Fund. Reform to occupational licensing alone is likely to require hundreds of millions of dollars to smooth the path for state and territory regulators.

In prioritising reforms, it is important not only to focus on potential economic benefits but also on implementation challenges and how to overcome them. This includes considering the number of stakeholders required to reach agreement, the complexity of institutional reforms, the time needed for communication and consultation, and mechanisms to compensate those adversely affected.

A reinvigorated seamless approach won't solve all the issues in Commonwealth-State relations. There is need for further review and reform, industry-specific collaboration in key sectors such as energy and health, and a whole-of-Federation approach to addressing growing pressures on service provision, complexity in delivery and budget sustainability.

A sustained commitment to better regulation and harmonisation can deliver achievable, evidence-based reforms that will reduce friction in the economy and ultimately help lift Australia's productivity growth.

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- Enabling members to shape future outcomes through policy and their own actions;
- Partnering and collaborating to tackle emerging opportunities and entrenched challenges; and
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