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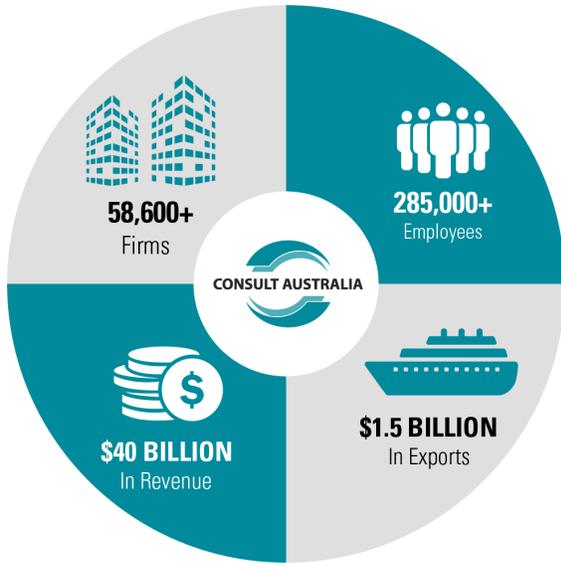
# **Review of Australia's Mutual Recognition Schemes for Workers**

SUBMISSION TO THE NATIONAL COMPETITION COUNCIL

Consult Australia

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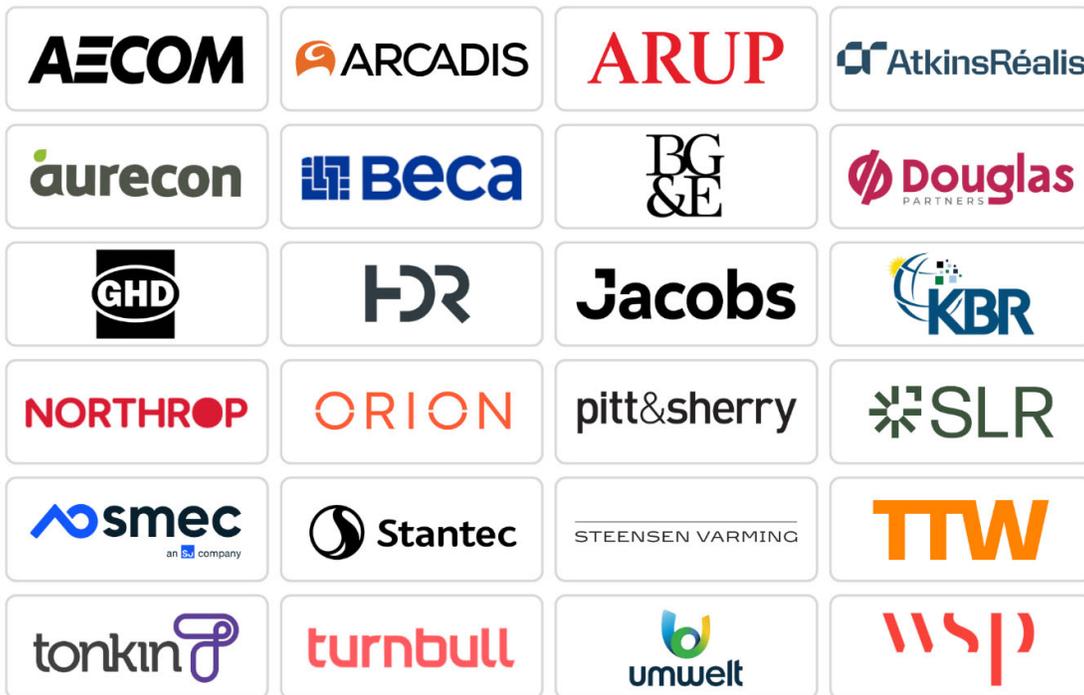
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## About us

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia's top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy; the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:



A full membership list is available on our [website](#).

## Executive summary

Consult Australia is pleased to provide this submission to the National Competition Council on mutual recognition schemes in Australia highlighting the experience of our members, particularly in respect of engineering registration.

For many years Consult Australia has been advocating for a national registration scheme for engineers or a 'driver's licence' model that would avoid unnecessary financial and administrative burdens on business.

In 2022, Consult Australia was supportive of the amendments to the *Mutual Recognition Act 1992* (Cth) that facilitated 'automatic deemed registration'. Unfortunately, the labour mobility promised by the reforms have not been met because:

- Some jurisdictions have opted out of the scheme for certain occupations
- occupational licensing schemes between states are not as consistent as they need to be to make automatic deemed registration work
- the definition of 'home State' in the Act fails to reflect modern work practices and therefore in many instances registered practitioners cannot make use of the automatic deemed registration provisions.

Registration of engineers is currently causing a significant productivity drain on businesses of all sizes and impacting projects. Consult Australia estimates that over \$54 million could be saved if occupational mobility were realised for existing registered engineers.

## The promise of automatic mutual recognition and automatic deemed registration

Government registration of occupations is not a new thing; however, with the rollout of government engineering registration schemes around the country, Consult Australia has seen unnecessary productivity and financial barriers impacting the operation of businesses of all sizes. Registration is a priority for our member businesses as it is now required in many Australian jurisdictions for professional engineers to practice.

Consult Australia was supportive of the amendments to the *Mutual Recognition Act 1992* (Cth) in 2022 that facilitated 'automatic deemed registration'.

### *Mutual recognition, automatic mutual recognition and automatic deemed registration:*

There is sometimes confusion between mutual recognition, automatic mutual recognition and automatic deemed registration. For clarity:

- Mutual recognition has been in place in Australia for decades and allows for one jurisdiction to recognise occupations from other jurisdictions. Generally, the worker still needs to apply to the second jurisdiction to be recognised, pay a fee, and there is usually an assessment process. See Part 3 of the *Mutual Recognition Act 1992* (Cth).
- Automatic mutual recognition is the national scheme that allows workers to use their 'home State' registration to work in another participating jurisdiction.
- Automatic deemed registration is the process by which automatic mutual recognition happens, so that the worker with an eligible occupation can be considered registered in another jurisdiction to perform the same activities without further application processes or fees. See Part 3A of the *Mutual Recognition Act 1992* (Cth).

In this submission, Consult Australia uses 'automatic deemed registration' because it is this process that is currently not working to achieve occupational mobility, and which, if it functioned, would realise the 'driver's licence' type approach wanted by businesses.

The automatic deemed registration scheme was intended to reduce costs for the individual and avoid the often lengthy and administratively burdensome registration process in a second jurisdiction. Unfortunately, true occupational mobility has not been realised because the legislation (as drafted by the Commonwealth for implementation by states and territories) has a significant barrier – the definition of 'home State'.

## The issue with the Act

Section [42D of the \*Mutual Recognition Act 1992\* \(Cth\)](#) allows for automatic deemed registration where a person registered in their 'home State' to carry on activities covered by their occupation can carry on those activities in a 'second State' (where the second state also requires registration for their occupation). Section [42A of the \*Mutual Recognition Act 1992\* \(Cth\)](#) defines 'home State' as meaning:

- (a) the State in which the person has their principal place of residence;
- (b) the State in which the person has their principal place of work for the occupation.

This definition is too restrictive and does not allow sufficient flexibility in the current environment when it comes to professional engineering registration. If automatic deemed registration worked effectively, the jurisdiction where the person lives or works would not be relevant so long as they hold a registration that can be recognised.

The services provided by professional engineers can be provided remotely, with most Consult Australia members providing services in more than one jurisdiction (including sole practitioners and small businesses with only one office location). There are many professional engineers providing services in Australia who hold a registration that is not for their 'home State'.

A quick snapshot of engineering registration around Australia:

- **Registration for all industry sectors**

Since 1930, QLD has had government professional engineering registration for all industry sectors and was the only jurisdiction with it for many decades.

In 2021, Vic introduced its government registration for professional engineers for all industry sectors and then the ACT enacted its scheme in 2024.

- **Registration of engineers in the building sector**

NSW and WA have schemes to register engineers working in the building sector. Tas has licensing obligations on engineers working in the building sector, and the NT has some certifying engineer requirements.

It is noted that SA considered introducing an engineering registration scheme, but in 2025 decided instead to support a national solution to registration. This move was supported by Consult Australia because of the issues highlighted in this submission that would have plagued the SA scheme.

Consult Australia has been highlighting the significant business impact of registration for many years, particularly when businesses work across jurisdictions. Automatic deemed registration is not achieving occupational mobility for businesses working across state/territory borders.

*An example of the issue:*

Sarah is a professional engineer at a consultancy business based in SA and works on class 2 building projects for NSW, so she holds a registration in NSW. The business is starting to provide services to Vic and wants Sarah to work on Vic projects (still from the SA office).

Sarah cannot seek use automatic deemed registration to deliver her professional engineering services to Vic, because her first registration is for NSW, which is not her 'home State'.

Further, if SA introduces professional engineering registration, Sarah will not be able to utilise automatic deemed registration to get registered in SA, even if she holds registration in both NSW and Vic, because neither is her 'home State'.

*Note: The Vic professional engineering registration scheme requires registration if you work in Vic or for Vic (therefore covering professional engineers based in other jurisdictions). This does not impact the 'home State' definition in the Mutual Recognition Act 1992 (Cth). Vic is just being clear about when it expects a professional engineer to be registered in Vic. This is a separate question from a person's 'home State' for automatic deemed registration.*

## The proposed amendment to the Act

Consult Australia estimates that our amendment to the 'home State' definition (below) would secure savings of over \$54 million in costs to businesses for registration of engineers already registered in another jurisdiction. The Federal government can rectify this oversight with either of the following amendments:

**OPTION 1 – Remove 'home State' from Part 3A and replace with 'first State'**

It is noted that 'first State' as defined in subsection 16(3) of the *Mutual Recognition Act 1992* is used for the purposes of mutual recognition of equivalent occupations (Part 3 of that Act), that is:

(3) In this Part, the first-mentioned State is called the **first State**, and the other State is called the **second State**.

If this definition of 'first State' was used in Part 3A instead of 'home State', it would allow individuals registered in any Australian jurisdiction to benefit from automatic deemed registration without any requirement that the first registration be in the jurisdiction where they primarily live or work.

One risk with this option is that where multiple jurisdictions have in place a relevant registration scheme (including the individual's 'home State'), it would allow an individual to choose the jurisdiction of their first registration, arguably choosing an 'easy' registration. Considering engineering registration, this would be a minimal risk as jurisdictions tend to develop largely consistent schemes. Therefore, there would be little advantage for an engineer 'shopping' for their first registration.

#### OPTION 2 – Modify section 42A of the Act

Section 42A of the *Mutual Recognition Act 1992* could be modified to allow individuals whose 'home State' had no relevant registration scheme at the time of their first registration to rely on 'first State' as per subsection 16(3) of the Act. This would ensure that 'home State' remains core to automatic deemed registration but would also acknowledge situations where registration schemes are not in all jurisdictions. Option 2 removes the risk in Option 1 of individuals choosing another jurisdiction over their 'home State' for first registration.

We also propose a transitional arrangement for all individuals currently registered where no 'home State' scheme commenced before this automatic deemed registration was in place – see our proposed subsection 42A(3)(c) below. This transitional arrangement would permit a person holding registration on or before a set date to rely on registration in the 'first State' as per the definition used in subsection 16(3) of the Act. Consult Australia has proposed that the date be 30 June 2021 to cover professional engineers in NSW and Vic who already held a Qld registration before those two states introduced their schemes. This would also benefit professional engineers in other jurisdictions that introduced schemes after this date.

Our proposal would have section 42A of the Act read:

#### **42A Mutual recognition of activities through automatic deemed registration**

(1) The mutual recognition principle as applying to activities covered by occupations is as set out in this Part.

Note 1: Part 3 provides for mutual recognition of occupations that are equivalent.

Note 2: For the definition of **activity**, see section 4.

(2) This Part deals with the ability of a person who is registered for an occupation in the person's home State (where available, otherwise in the **first State**) to carry on, in another State (the **second State**) the activities covered by the occupation.

(3) (a) The **home State** of a person, in relation to an activity, is the State in which the person has:

- (i) their principal place of residence; or
- (ii) their principal place of work in relation to the activity.

If the person's home State under paragraphs (i) and (ii) in relation to an activity is different, the person's home State is whichever of the 2 States is chosen by the person.

(b) If the person's home State has no relevant occupational registration or licensing scheme in place, the person can rely on **first State** of registration.

- (c) If the person's home State had no relevant occupational registration or licensing scheme in place on or before 30 June 2021, and the person held a relevant registration on or before 30 June 2021, the person can rely on **first State** of registration.
- (4) To avoid doubt, a reference in subsection (2) or (3) to a State does not include a reference to a pre-adoption State.

We also support a digital solution to ensure that consumers, regulators, and practitioners can all access registration information throughout Australia easily and efficiently.

## The cost and productivity benefits

Consult Australia members have noted the significant financial and administrative costs as well as productivity lost through the lack of a driver's licence type scheme for professional engineers.

### The cost of separate registrations (e.g. mutual recognition instead of automatic deemed registration)

In 2021, Consult Australia estimated the cost of the problematic drafting if businesses were to register their professional engineers in second jurisdictions and be required to pay the fees in those jurisdictions – this was based on the commencement of the NSW and Vic schemes only:

A sample survey of our member businesses that provide engineering services indicates that in 2021, around 77% employ professional engineers who are registered in a jurisdiction where they do not principally live or work.

At the time, the Board of Professional Engineers of Qld noted that 5,414 engineers registered under that scheme were not based in Qld. This equated to over \$27 million in immediate cost for these registered individuals, assuming they all sought registration in either Vic or NSW when those schemes commenced and up to over \$54 million if they sought registration in both states (based on registration costs in 2021).

It can be assumed that this cost has grown since 2021, both in Vic and NSW, but also with the introduction of government registration in other jurisdictions for professional engineers.

It is common for businesses to pay for the registration of their professional engineers during employment. Again, in 2021, Consult Australia gathered case studies of the cost of registration for:

- a sole practitioner
- a small business with 5 registered professional engineers
- a large business with 71 registered professional engineers.

### It cost almost \$14,000 for a sole practitioner (for a 3-year registration)

A significant proportion of consultant sole practitioners provide their services across Australia, including specialists where the capacity and capability are not available in the relevant jurisdictions. These professional engineers provide services to both private and public clients.

For example, it is estimated to cost a Consult Australia sole practitioner member business, that is a professional fire engineer, \$13,952.36 to be registered for 3 years in QLD, NSW and VIC (in 2021).

This is a significant cost impost on a sole practitioner business.

It cost almost \$70,000 for a small business with 5 registered professional engineers (for a 3-year registration)

Most small consultancy businesses in Australia provide services in more than one jurisdiction.

For example, one Consult Australia small business member is a structural engineering business that employs 22 people, 5 of whom are professional structural engineers who are currently registered in QLD. The estimated cost of having those 5 engineers registered in QLD, NSW and VIC is \$69,821.80 for three years (as at 2021).

This is a significant cost impost on a small business.

It cost over \$990,000 for a large business with 71 registered professional engineers (for a 3-year registration)

All large consultancy businesses in Australia provide services in more than one jurisdiction.

For example, one Consult Australia member is a large multidisciplinary company that employs 485 staff, with several hundred engineers, 71 engineers employed were registered in QLD in 2021.

The wider policy of the business at the time was that once an engineer achieves Chartered Engineer status or equivalent (via IChemE, IStrucE, etc) they then register in QLD (as the only government system at the time). This policy gave the company flexibility in staffing on projects. The business noted in 2021 that this policy would likely need to be reviewed as other engineering registration schemes come into play, because the company cannot afford to register all employed engineers in all jurisdictions where the business provides services.

The estimated cost of having these 71 engineers registered in QLD, NSW and VIC is \$990,617.56 (as at 2021).

This is a significant cost impost, even on a large business.

Consult Australia members have advised that the above costs have risen since 2021. Not only have the mentioned jurisdictions increased the cost of registration, but more jurisdictions have introduced professional engineering registration.

It should be noted that the above is just the financial cost, however, there is significant productivity lost by the sheer application process in each jurisdiction where automatic deemed registration is not fully realised.

### Other costs and productivity impacts

Businesses often need to transition staff at short notice when projects are paused or stopped due to projects in other jurisdictions. Without functioning occupational mobility, it is difficult for businesses to 'follow the investment' and work nimbly.

Unnecessary compliance costs are also soaring for businesses as they try to track the different registrations held by the professional engineers they employ. The tracking is complicated by the fact that the duration of registration also differs between jurisdictions. For example, Victorian registration is for 3 years while QLD registration is for one year.

For each professional engineer holding registration in 4 jurisdictions, 7.5 hours are spent yearly on administration (completing documents and paying fees)

One Consult Australia small business member estimated that it takes 7.5 hours per year, per professional engineer, to renew registrations in 4 Australian jurisdictions. This includes necessary registration with Engineers Australia (the institute for the engineering profession) as it provides recognised continuing professional development and is an approved assessment entity

for several government schemes, including in QLD and Vic. Below is the time breakdown per jurisdiction/entity:

Jurisdiction/entity	Admin process involved	Time spent (hours)
NT	Completing documentation and payment of fee	1.0
QLD	Payment of fee	0.5
Tas	Payment of fee	0.5
Vic	Completing documentation and payment of fee	5.0
Engineers Australia	Payment of fee	0.5
<b>TOTAL</b>		<b>7.5 hours</b>

Noting the administrative burden of registration, some Consult Australia members have invested in staff to manage the process, as indicated by a Consult Australia medium-sized business member below.

*My business employs a full-time position at approximately \$125,000 a year to manage employee registration and accreditations, as well as relevant regulatory requirements and design panels. Having a 'driver's licence' type scheme for my professional engineers would not only help me obtain better value from this overhead elsewhere in the business but also give me more flexibility to deploy engineers to different projects across jurisdictions as needed.*

*From a Consult Australia medium-sized business member working across 2 jurisdictions in land development and infrastructure.*

## Contact

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