



CONSULTATION
REGULATION IMPACT STATEMENT

Proposal for national licensing
for
plumbing and gasfitting occupations

The Council of Australian Governments' National Licensing Steering Committee has prepared this Consultation Regulation Impact Statement, with assistance from PricewaterhouseCoopers. Its purpose is to seek comment from stakeholders and the wider public on a proposal for national licensing for refrigeration and air-conditioning occupations. Submissions are invited by **21 September 2012**.

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This is the first stage of a two-stage Regulation Impact Statement (RIS) process, which includes a Consultation RIS followed by a final Decision RIS.

The purpose of this Consultation RIS is to seek stakeholder views on the costs and benefits of options associated with national occupational licensing reform to assist the Council of Australian Governments (COAG) in its decision making on reform paths and to support the preparation of a Decision RIS in the second half of 2012. Specific questions have been highlighted in the text of the Consultation RIS.

This Consultation RIS is a mechanism to gather stakeholder views on reform paths as well as to provide an indication of our preliminary assessment of costs and benefits. It does not necessarily reflect the views of any particular jurisdiction. Consultants were commissioned by the COAG National Licensing Taskforce to prepare the Consultation RIS, and it incorporates views that have been brought to the attention of the consultants. Extensive information has also been provided by jurisdictions on the costs and benefits of policy approaches and the detail of the licensing arrangements in each jurisdiction.

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About this Consultation Regulation Impact Statement

The purpose of this Consultation Regulation Impact Statement (RIS) is to seek stakeholder comment on the policy underpinning the draft legislative schema for the establishment of a national licensing scheme for the plumbing and gasfitting occupations. The Consultation RIS also seeks stakeholder views on another proposed option, automatic mutual recognition.

In doing so, it will identify the nature of the problem to be solved, identify alternative policy options and assess the costs and benefits of these options. This Consultation RIS seeks relevant information that will assist the government decision-making processes to identify the best option for a national approach to regulating plumbing and gasfitting occupations.

This Consultation RIS follows the guidelines of the Council of Australian Governments (COAG) in the *Best practice regulation handbook*. It has been approved for release by the Office of Best Practice Regulation and provides a valuable means through which government and other stakeholders can consider policy and regulatory options in a focused way. Stakeholder feedback will inform the content of a Decision RIS on the proposed introduction of national licensing which will be released later in 2012.

It should be noted that a Consultation RIS is required to canvass both regulatory and non-regulatory approaches, and to include a status quo or 'no change' option (recognising that not all problems have a cost-effective solution through government action).

PricewaterhouseCoopers has been engaged by the COAG National Licensing Steering Committee to assist with the preparation of this Consultation RIS.

Opportunities to comment on this Consultation Regulation Impact Statement

The COAG National Licensing Steering Committee is seeking input from stakeholders and the wider public on the proposals outlined in this Consultation RIS. This Consultation RIS is subject to a minimum six-week consultation period, and the steering committee welcomes feedback on the proposed options for implementation and any other aspect of the document. The closing date for submissions to this Consultation RIS is **21 September 2012**. This date may be extended; please check the [national licensing website \(www.nola.gov.au\)](http://www.nola.gov.au) for information. Attachment A contains instructions on how to provide a submission.

Summary of options canvassed in this Consultation Regulation Impact Statement

National licensing

Reform of licensing for the plumbing and gasfitting occupations has the potential to deliver significant ongoing benefits, most of which go to plumbers and gasfitters, businesses that use their services, and consumers. There are one-off costs under some options for reform, including costs to licensees and businesses to become aware of the proposed changes, and costs to government for the establishment of the National Occupational Licensing Authority and the national licensing register. There would also be ongoing costs to maintain the licensing authority and the register. This Consultation Regulation Impact Statement indicates that the benefits of the reform outweigh these costs.

Two approaches are proposed to the way in which 'national licensing' could be structured. A 'three tier' option (involving three levels of licence: contractor, full licensee and supervised licensee), is the preferred option of the Plumbing and Gasfitting Interim Advisory Committee. Two sub-options are possible under this approach. The first (Sub-option 1) would increase competency requirements for full licence holders for the majority of jurisdictions. The second (Sub-option 2) would keep competency requirements for full licence holders broadly in line with current requirements but make them consistent across jurisdictions.

The second option is called the 'two-tier' model as it removes the supervised licensee level, meaning there will only be the full licence and contractor levels of licence. Under this option, upon completion of a Certificate III level qualification, a licence holder would be authorised to conduct all regulated work for that licence category, enabling them to satisfy jurisdictional administrative processes with regard to certifying or 'signing off' on the work undertaken. This option also removes the need for contractors to complete advanced business competencies.

A third option, automatic mutual recognition (the 'drivers licence' model), would allow a plumber or gasfitter to have their current state or territory-based licence recognised by another jurisdiction, enabling them to work in that jurisdiction without having to apply for another licence or pay an additional licence fee.

The impetus for licensing reform is a desire to enhance labour mobility and remove unnecessary regulatory burdens on plumbers and gasfitters. All of the options for reform enhance labour mobility. Given this, consideration should be focussed on the differing licence structure and competencies required for each option, and their impact on costs, safety and consumer protection outcomes for industry and users of plumbing and gasfitting services.

Table S.1 shows the quantified impacts for the national licensing options. A decision on the preferred option depends on assessing the impact on safety outcomes from changes to supervision requirements and competencies. While the quantified impacts suggest that the two-tier option has the highest benefit, the assessment of the overall impact of each option, including unquantified safety and consumer outcomes needs to be informed by stakeholder feedback.

Table S.1: Impacts of national licensing options

National quantified impacts	Two tier	Three tier: Sub-option 1	Three tier: Sub-option 2					
Ongoing net impact (\$million per annum)	59.35	2.64	16.52					
Community (Licensees, business, households)	61.56	4.86	18.74					
Government ¹	(2.22)	(2.22)	(2.22)					
One-off transition costs (\$million)	(16.20)	(16.20)	(16.20)					
Community (Licensees, business, households)	(7.53)	(7.53)	(7.53)					
Government	(8.67)	(8.67)	(8.67)					
Total 10 year NPV (\$m)	371.11	1.20	91.72					
Benefit-cost ratio of the total 10 year NPV	10.97	1.01	3.18					
Payback period (years)	0.27	6.13	0.98					
Rate of return (annualised percentage)	366%	16%	102%					
10 year NPV (\$m)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Two tier	46.23	80.45	90.04	115.82	21.92	0.32	10.91	5.42
Three tier: Sub-option 1	19.07	1.32	9.80	(22.61)	(0.05)	(0.20)	(4.77)	(1.37)
Three tier: Sub-option 2	25.72	20.68	29.44	11.27	5.33	(0.07)	(0.93)	0.29

NPV = net present value

¹ The analysis does not account for changes in GST, payroll or other taxes. However, if it is reasonable to expect the community benefits to be consumed as expenditure, then there will be a flow through of GST revenue.

Automatic mutual recognition

An alternative to these options is automatic mutual recognition, which would enhance the ability for some labour to flow where it is most needed, with lower transition costs than envisaged under national licensing. This option is based on licences issued in a particular jurisdiction being accepted in all jurisdictions. A number of approaches are possible: under an unharmonised model, there would be no change to existing licence categories and scopes of regulated work; under a harmonised model, jurisdictions would seek to harmonise licence categories (either according to the policy developed under national licensing or using existing ministerial declarations as a basis). A harmonised approach could also be implemented as a staged process. The overall option has not been fully developed and has therefore not been fully costed. In order to fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed. The downside of this option is that the benefits likely to flow from the agreed establishment of the licensing authority are not guaranteed. Furthermore, without on-going coordination and impetus to maintain and build on the initial reforms, there is a risk that automatic mutual recognition may only provide one-off selective reductions in regulatory burdens that may be eroded over time.

Executive summary

Purpose of the Consultation Regulation Impact Statement

The purpose of this Consultation Regulation Impact Statement (RIS) is to seek stakeholder views on the policy underpinning the proposed national licensing system for the plumbing and gasfitting occupations, and in particular a response to the questions provided. The Consultation RIS also seeks stakeholder views on an automatic mutual recognition option.

This Consultation RIS examines the impact of replacing the current diverse state and territory licensing of the plumbing and gasfitting occupational area with a proposed national licensing approach. It also examines an automatic mutual recognition option. It considers the impact that both options would have on industry, consumers and government. The Consultation RIS acknowledges that the status quo would be the default option.

This Consultation RIS builds on previous consultation findings that were supportive of a national licensing system and subsequently endorsed by the Council of Australian Governments (COAG) through the signing of the Intergovernmental Agreement for a National Licensing System for Specified Occupations, passage of the *Occupational Licensing National Law Act 2010* (National Law), establishment of the National Occupational Licensing Authority and appointment of the board. Accordingly, national licensing is considered the preferred option in the Consultation RIS. As previous consultation did not provide a cost–benefit analysis of the options (including automatic mutual recognition), the Consultation RIS seeks stakeholder feedback on the:

- preferred approach in light of fuller information on how both models would work and the potential costs and benefits of each option
- detailed proposal of how national licensing would be implemented, including seeking specific feedback on a number of sub-options on how this can be best achieved.

This executive summary provides a snapshot of the key features, rationale and some costs and benefits for the four consultation options:

- Option 1: status quo. Under this option, there would be no changes to existing licensing and mutual recognition arrangements. This option has not been costed.
- Option 2: automatic mutual recognition. Under this option:
 - Mutual recognition arrangements would be enhanced so that licensees would no longer have to apply for a licence in multiple jurisdictions.
 - Each jurisdiction would continue to issue licences against existing jurisdictional categories and associated scopes of work but with these licences being recognised by all states and territories without the licensee having to reapply for a licence or pay an additional fee. Recognition could be restricted to those licences where equivalency has been declared.
 - There is opportunity over time to move towards a ‘harmonised set of categories’ or for jurisdictions to deregulate areas identified as unnecessary in the Consultation RIS.
 - Further work on the development of this option will be required if this is selected as the recommended option.
- Option 3: national licensing. – *‘Three-tier’ option*. Under this option there are two sub-options. The scope of work that can be undertaken by a licence holder would be the same under both sub-options, the only difference being the alternative Certificate IV requirements to be eligible to hold the (full) licence. The two sub-options under this proposal are:

- sub-option 1: an approach requiring an overall increase in the number of Certificate IV units of competency required for new (full) licence holders depending on the licence category chosen. This is the option preferred by the Interim Advisory Committee
- sub-option 2: an approach requiring a smaller overall number of Certificate IV units of competency for new (full) licence holders compared with Sub-option 1
- Option 4: national licensing. – *‘Two-tier’ option*. Under this sub-option, there would be no ‘supervised’/tradesperson level of licence, meaning that upon completion of a Certificate III, licence holders could work unsupervised. Further work on the development of this option will be required if this is selected as the recommended option.

A full overview of national licensing and the automatic mutual recognition model can be found in Chapter 3. Chapter 4 contains the impact analysis of national licensing and aspects of the automatic recognition option. Implementation of the preferred national licensing option is discussed in Chapter 5. A summary of how the proposed national licence arrangements compare with operation of current jurisdictional licences is outlined in Attachment B.

Stakeholder feedback

Stakeholder feedback is sought on the scope and scale of the proposed changes, on the impact on licensees and businesses, on the durability of reform, and on the merits of reform under the different models for promoting a seamless national approach to licensing of plumbing and gasfitting occupations. For details on how to comment on the Consultation RIS, and the closing date for submissions, see ‘About this Consultation Regulatory Statement’.

Government objectives for reform

COAG has agreed to pursue wide-ranging regulatory reform in order to increase Australia’s productivity and provide the environment for a seamless national economy.

As part of these reforms, COAG has agreed to develop a National Occupational Licensing System (national licensing) for certain occupational areas. National licensing would allow licensees to perform regulated work anywhere in Australia while holding a national licence. This proposed system would replace current arrangements in which each state and territory licenses an occupational area in a different way. A national licensing system would involve certain occupational and associated business licensing in the following initial occupational areas and would be introduced in two waves:

- *first wave*: electrical; plumbing and gasfitting; property; refrigeration and air conditioning
- *second wave*: building and building-related occupations; valuers and conveyancers.

The first-wave occupations are scheduled to commence licensing from July 2013, and the second wave occupations anticipated to commence in 2014. The national licensing system would have the capacity to extend to other licensed occupations over time and provides a platform from which further harmonisation of state-based licensing arrangements, such as conduct requirements, could be considered.

The move to a national licensing system was initially agreed by COAG in an intergovernmental agreement signed in April 2009. Since then, arrangements for the national framework legislation (the National Law) have been agreed in most jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory) to establish the national licensing system.

Western Australia will consider its position on the Bill following the end of the consultation period on the national regulations and regulation impact statements.

The Australian Capital Territory has reserved its right not to implement national licensing if the costs to the Territory outweigh the benefits.

During the policy development process, it became clear that some amendments to the National Law will be required. The release of the draft Amendment Bill and draft regulations will coincide with the consultation period to allow for public comment to also occur on these.

A copy of the National Law can be found on the [national licensing website](#).

Plumbing and gasfitting occupations are important to the economy

The plumbing services industry is one of the largest of the special construction trades, consisting of over 160,000 plumbing and gasfitting licensees across the country, and generates revenue of about \$8.3 billion in 2011–12, down 1 per cent from the previous year due to the adverse conditions in the new housing and institutional building markets. The plumbing and gasfitting industry in Australia value-add currently totals about \$4.15 billion or approximately 0.4 per cent of Australia's GDP in 2010–11.² The industry derives approximately 66 per cent of its revenue from installation and maintenance work in the residential building market.³ The industry has a fragmented structure, and is dominated by many small-scale contractors who generally operate in a distinct geographical area. Only 2 per cent of the industry's employers have a workforce of 20 people or more.

According to a report from IBISWorld, the industry is experiencing labour shortages. The industry's attrition rate is high: older tradespeople are leaving the industry, and apprenticeship numbers are affected by the cyclical nature of the building industry. Skills shortages exert a significant restraint on industry activity in times of strong demand. According to a September 2011 report by the Department of Education, Employment and Workplace Relations on the construction trades, plumbers are 'in national shortage', and such shortages have been relatively persistent for plumbers for nine of the past 10 years.⁴

Fly-in and fly-out work arrangements are a rapidly growing area in the mining and resources sector. While such arrangements can help to address skills shortages, Skills Australia argues that there is a need for options to facilitate greater increases in labour mobility if the resources sector's skills needs are to be met without adverse impacts on the rest of the economy.⁵ It should also be acknowledged, however, that labour shortages can also be due to overall skills shortages nationwide.

Reform can benefit plumbing and gasfitting occupations by overcoming current problems

Plumbing and gasfitting occupations are currently licensed under state and territory legislation and administered by jurisdictional regulators. All jurisdictions have some form of licensing, though the approach to licensing and licensing categories varies across jurisdictions. If plumbers and gasfitters wish to work across multiple jurisdictions, they are required to obtain the relevant licence or licences in each of those jurisdictions through a process of mutual recognition. Under mutual recognition legislation, existing licensees seeking to work in another jurisdiction may apply to be issued a licence with an equivalent scope of work, if the work covered is licensed in the second jurisdiction.

2 IBISWorld 2012, *Plumbing services in Australia*, Industry Report E4231.

3 Ibid.

4 Department of Education, Employment and Workplace Relations, Construction Trades, Labour Market Research and Analysis Branch, September 2011.

5 Skills Australia submission to the House of Representatives Standing Committee on Regional Australia Inquiry into the experience of fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) workers in regional Australia (October 2011), p. 15.

Recent reforms to mutual recognition for a range of occupational licences, including the plumbing and gasfitting occupations, while beneficial in some respects, have not:

- removed the need for licence holders to apply for a new licence when they wish to work in a different state or territory
- eliminated the cost to licence holders of holding multiple licences. These costs include licence fees and costs of licence renewal, as well as costs associated with keeping up to date with various skills and non-skills-based licence requirements. In addition, there are productivity costs to businesses due to processing time and administration
- eliminated the time taken for an individual to apply for mutual recognition
- harmonised the eligibility requirements for licences across jurisdictions. For example, similar licences may vary considerably in terms of skill, managerial or experience requirements, qualifications, nominees, state-based competency testing, or the requirement to work under supervision before a full licence can be granted
- stemmed the ability for jurisdictions to change licence categories, scopes of work, qualification or eligibility requirements.

Furthermore, not all licences have an equivalent licence in other jurisdictions, and some occupations (or areas of work within occupations) are not licensed in all jurisdictions. In these cases if the plumber or gasfitter wishes to work in another state or territory, they would be required to be licensed where they were previously not required to be, or they may need to apply for a new licence because there is no equivalent to the licence that they currently hold. In addition, mutual recognition creates a large number of conditioned or restricted licences as jurisdictions attempt to issue an equivalent licence. Furthermore, ministerial declarations of equivalence must be updated regularly in order to remain current; therefore, maintaining those declarations incurs an administrative cost.

The Productivity Commission reviewed the operation of mutual recognition in 2003, and again in 2009. The commission found in both reports that on the whole, mutual recognition had reduced impediments to labour mobility. In particular, it found that ‘mutual recognition appears to be associated with a modest increase in the number of interstate arrivals in registered occupations compared with other occupations’.⁶ In both reports, the commission identified some problems with the day to-day operation of mutual recognition. Those included the failure of some regulators to apply mutual recognition correctly, and the complications created by conditions and restrictions placed on licensees when they move between jurisdictions. In both reports it made recommendations for improvements.

The Productivity Commission supported the development of nationally uniform licensing requirements and national registration systems for occupations that were highly mobile across jurisdictions, where licence requirements between jurisdictions were significantly different, and where the benefits would justify the costs.

The state- and territory-based approach to licensing of the plumbing and gasfitting occupations means that there are up to eight different approaches to setting licensing requirements. Analysis of these requirements has found that not all meet best practice regulation standards – that is, they cannot be justified as being a necessary requirement to achieve the regulatory objective in respect of the plumbing and gasfitting occupations. There are examples of:

- the scope of regulation being broader than may be necessary – for example, where a jurisdiction includes the changing of tap washers or connecting hoses from washing machines in regulated work

6 Productivity Commission 2003, *Evaluation of the mutual recognition schemes: research report*, p. 40.

- the level of skills requirements being higher than may be necessary – for example, where small business skills are required for current licences while not required of non-licensed business owners. There is a view that it is not the function of occupational regulators to license business skills
- other requirements that are not consistent with the regulatory objective – for example, duplicate testing of qualified applicants that continues to occur in some jurisdictions.

The current approach, therefore, leads to:

- costs to plumbers and gasfitters, and businesses, in the form of financial and time costs associated with maintaining a multiple jurisdiction approach to licensing and meeting a range of regulatory requirements (not all of which are necessary)
- reduced efficiency impacts on households and the economy more broadly where the current regulatory approach creates impediments to the mobility of labour and imposes unnecessary regulatory burdens.

These are discussed in turn below.

Administrative burden on licensees

Under current licence requirements, a licence holder must apply for a new licence if they wish to work in more than one state or territory. While mutual recognition arrangements mean that a person is entitled to a licence for the same scope of work in another jurisdiction, this involves both a time cost and the payment of additional licence fees. Subsequently, that person must also renew those licences, again involving payment of additional fees. This is the case even when mutual recognition of a licence is granted (i.e. when a regulator determines that the applicant has an equivalent licence).⁷ This creates an impost for licensees, particularly if they work in a border area.

Fees charged by jurisdictions vary across licence categories for essentially the same occupational area. While the fees recover some or all costs for regulatory activities undertaken by most of the states and territories, plumbers and gasfitters who are working in multiple jurisdictions pay those costs many times.

Inconsistent and unnecessary requirements

There are a number of examples in the plumbing and gasfitting occupations where there are inconsistent regulatory requirements across jurisdictions and areas of regulation that do not have a strong rationale (given stated regulatory objectives).

There are eight different approaches to setting licensing policy. Licences issued in different jurisdictions for the same occupational area often have different parameters, eligibility requirements and scopes of regulated work. Different licence classifications, training requirements, licence periods and licence structures commonly apply. These differences can impose costs on businesses that operate in multiple jurisdictions, as shown in Box ES.1.

⁷ The only exception to this arrangement is Queensland, which operates an External Licence Recognition for electricians and electrical fitters.

Box ES.1: Case study of the cost to companies of meeting different licence requirements

Laser Plumbing in Tweed Heads is a company that operates on the border of New South Wales and Queensland. Its manager comments:

‘As Laser Plumbing contracts in Tweed Heads we need to hold a licence in both states (both for the individual and company licences) as well as a Queensland Building Services Authority licence in Queensland. In Queensland you need to have a licensed plumber on site at all times or our company will be removed from that site. Journeyman tradesmen also need to be registered in both New South Wales and Queensland. It is a major cost to the business to maintain all these licences’.

Source: Case study received from Stowe Australia, March 2012 (supplied by the National Occupational Licensing Taskforce).

Barriers to the mobility of labour

Labour mobility is defined as the extent to which labour is free to move around the economy in response to opportunities in the marketplace. Labour mobility has important economic benefits. When workers are able to relocate to regions and firms that have prospective employment opportunities, there are benefits to both the individual and the economy more broadly:

- Individuals benefit by being able to take advantage of new employment opportunities that will provide them with financial and/or lifestyle benefits.
- The economy benefits through the efficient allocation of resources where they are most highly valued (and, therefore, where they will provide the greatest return to the economy).

A complex set of factors can influence the mobility of labour in an economy. Even when there are employment opportunities for workers across the economy, the extent to which these will be filled is influenced by the cost of moving, and the availability of factors such as housing and schools in a region.

Mutual recognition is intended to improve labour mobility for licensed occupations by reducing regulatory barriers for individuals to move to a new jurisdiction and work in their chosen occupation. As the Productivity Commission concluded in its 2009 review of mutual recognition, this has occurred to some extent, but there remains room for improvement.

One of the key considerations for this analysis is not the extent to which regulations directly impede the mobility of labour, but how much they increase the cost of moving. Mutual recognition has worked towards reducing these costs, but, as noted above, costs of multiple licence fees and additional training and conditions still apply for plumbing and gasfitting occupations. In making employment decisions, each individual will have a threshold cost of moving to a new position in another jurisdiction – whether that be a permanent or a temporary move.

Approaches to realising potential gains from reform

Background and progress

The Intergovernmental Agreement for a National Licensing System for Specified Occupations was signed in April 2009. It authorised the establishment of a national licensing body that would develop policy and administer the system for a national licensing system. This agreement specifies arrangements for:

- the appointment of a chief executive officer and a national licensing board
- the establishment of occupational licence advisory committees as the principal source of advice on licence policy for the occupational areas

- consultation with stakeholders to ensure that the national licensing board is able to provide authoritative advice to the Ministerial Council
- the establishment of effective working relationships with jurisdictional regulators for each occupational area to promote effective coordination and to assist in the ongoing implementation of national licensing, and associated issues.

The passing of the National Law in 2010 enabled the establishment of the National Occupational Licensing Authority (licensing authority). In March 2012 the National Licensing Board was appointed with Elizabeth Crouch as chair. (See Attachment C for full membership.) It has been agreed that the licensing authority will be established in Sydney.

While the considerable progress to date in establishing a national licensing system has been predicated on the national licensing option, feedback is also sought on the automatic mutual recognition option as an alternative approach to licensing reform.

Given that the automatic mutual recognition option (previously known as the driver's licence model) was not costed in the 2009 Decision RIS, it is considered prudent to revisit this model, to determine whether it is a viable alternative. Accordingly, this Consultation RIS presents the advantages and limitations of an automatic mutual recognition option (see Box ES.3), for further comment by industry stakeholders, government, consumers and the wider community.

This Consultation RIS, therefore, examines two broad approaches.

National licensing

A national licensing system would provide a single consistent national policy approach to licence categories, regulated work and the eligibility requirements to obtain a plumbing and gasfitting licence. This would allow a person to work anywhere in Australia where the relevant work is licensed, without having to reapply for a licence or pay an additional fee. A national public register would be established. There are two ways in which national licensing for plumbing and gasfitting occupations could be structured:

'Three-tier' option

Under this model, a tradesperson registration holder, a (full) licence holder and a contractor would require a licence.

There are two sub-options under this proposal:

- *sub-option 1*: an approach requiring an overall increase in the number of Certificate IV units of competency required for new (full) licence holders – this would represent an increase in skill requirements for some jurisdictions compared with current practice. This is the option preferred by the Interim Advisory Committee
- *sub-option 2*: an approach requiring a smaller overall number of Certificate IV units of competency for new (full) licence holders compared with sub-option 1 – this would represent a decrease or increase in skill requirements for some jurisdictions, compared with current practice.

'Two-tier' option

This option is based on the licensing framework for electricians where there is a contractor and a (full) licence holder but no supervised licensee. Under this option, upon completion of a Certificate III level qualification, a licence holder would be authorised to work unsupervised, with the exception of regulated work requiring an endorsement and Gasfitter Type B Appliance work which requires an additional Certificate IV unit of competency to be eligible for this licence. This option would remove the need for contractors to complete advanced business competencies, again in line with what is currently the case for electricians.

It is proposed that under this option, endorsements would be required for commissioning and testing work on backflow protection and thermostatic mixing valve work. However, stakeholder views are sought on whether the proposed licence categories and endorsements are adequate (see 3.4.4 and 3.4.6).

Automatic mutual recognition (driver's licence model)

Under automatic mutual recognition each jurisdiction would continue to issue licences against existing jurisdictional categories and associated scopes of work but with these licences (being recognised by all states and territories without the licensee having to reapply for a licence or pay an additional fee. Recognition could be restricted to those licences where equivalency has been declared. Licences would either remain inconsistent or there could be agreement to the harmonisation of some or all licences.

Under both these options, plumbers and gasfitters would need to comply with the compliance requirements in the state in which they work, but they would be free to choose where they work with no additional licence required once the initial licence was obtained.

No licensing

An option involving the removal of all licensing requirements for plumbers and gasfitters has been ruled out on the basis of the likely impact of this change on risks to public safety and consumer protection, and public and industry confidence.

Proposed areas of deregulation

Jurisdictions have different approaches to the imposition of licence conditions. In considering what conditions might be relevant in a national system, a number of redundant existing conditions have been identified, which impose unnecessary constraints on licensees.

There are also a number of examples of inconsistent regulatory requirements for plumbing and gasfitting occupations across jurisdictions, and areas of regulation that do not have a strong rationale for inclusion. The COAG National Licensing Steering Committee identified 13 key areas as imposing unnecessary requirements on licence holders. These are:

- the requirement for a non-urban irrigation licence (currently New South Wales, Victoria and Queensland)
- personal probity requirements for worker (occupational) licences
- the requirement to undertake unnecessary additional testing in some jurisdictions
- requirements for business and technical training for contractors in most jurisdictions
- mandatory skills maintenance
- experience requirements
- licensing of apprentices (currently in Western Australia and South Australia)
- the removal of ducting and design from the scopes of regulated work (currently in Queensland and Victoria)
- the removal of medical gases and split systems work from the scopes of regulated work of a mechanical services plumber (Victoria)
- an endorsement for solar and heat pump hot water units (Queensland)
- an endorsement for on-site sewerage facility maintenance (Queensland)

- an endorsement for Type A appliance conversion work (Victoria)
- an endorsement (or restricted licence) for Type A gasfitting work limited to servicing (Victoria).

The rationale for these proposed 13 key areas of deregulation is discussed throughout Chapter 3. The chapter also seeks feedback on further opportunities for deregulation of some licence categories that are not licensed in all jurisdictions.

Further opportunities for deregulation

Licensing of certain categories of work

All jurisdictions currently license most categories within the plumbing and gasfitting occupations; however, categories such as mechanical services, fire protection and gas type B are not licensed in all jurisdictions. There are also three jurisdictions that do not licence contractors.

This Consultation RIS seeks stakeholder views on whether:

- where an activity is broadly licensed or registered, the 'lightest touch' approach should be considered
- for general features of licences (such as licence period), the least onerous approach should be considered.

Chapter 3 examines some situations where the plumbing and gasfitting occupations are not licensed in all jurisdictions and where there may be opportunities for further deregulation for the occupation.

National licensing – overview of key features

National licensing involves each of the jurisdictions agreeing to a common set of licence categories and eligibility requirements so that there is one system and agreed set of requirements operating throughout the country. The key features of national licensing are set out in Box ES.2.

Box ES.2: Key features of national licensing for the plumbing and gasfitting occupations

- A licensee would be able to work anywhere in Australia without having to reapply or pay for a licence when they move to another jurisdiction within Australia.
- A central licensing authority would be responsible for developing (with Ministerial Council approval) national licence policy for each occupational area and would oversee its consistent application by jurisdictional regulators. National licence policy includes:
 - the licence categories that should apply
 - the regulated work that can be undertaken by the holder of a licence category
 - who can apply for a licence (e.g. individuals, individuals in a partnership, sole traders (unincorporated business) and corporations)
 - skilled and non-skilled eligibility requirements (e.g. qualifications, personal and financial probity)
 - other licence characteristics (e.g. exemptions or exclusions)
- Jurisdictional regulators would administer the system as delegates of the licensing authority.
- A jurisdiction would not be required to introduce licensing where it does not already do so. However, if licensing is introduced in the future, a national licence would be issued.
- Current state and territory licensees would be deemed across to the new system at its commencement on the basis of ‘no disadvantage’ in terms of the scope of work a licensee would be able to perform.
- Licence fees would continue to be set by jurisdictions and paid only to the licensee’s primary jurisdiction.
- A licensee’s primary jurisdiction would be determined by place of residence for individual licence holders and place of business for contractor (business) licences.
- Current requirements for mandatory continuing professional development would be removed.
- There would be no requirement for any retesting at licence renewal time. Retesting would apply when a licence has lapsed for a period greater than three years.
- There would be standard qualification and eligibility requirements across all jurisdictions and there would be no experience requirements for obtaining a licence.
- There would be no skill or business qualification requirement for a contractor’s licence.
- A range of unnecessary licence conditions would be removed.
- Personal and financial probity requirements would be made consistent.
- The process for skilled migrants would be streamlined.
- Licensees choosing to work in an additional jurisdiction would still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to work they intend to perform.

Impact on licence categories

Under national licensing, a proposed set of nationally uniform core work areas for the plumbing and gasfitting occupations have been developed. The proposed licence categories that would apply to specified regulated work are:

- plumber (water and sanitary)
- drainer
- general gasfitter
- gas Type B appliance

- mechanical services
- fire protection
- plumber – restricted to disconnect/reconnect work
- provisional licences for overseas trained workers for the categories of plumber, drainer and general gasfitter
- contractor licences for all categories listed above, except for provisional licences⁸
- a plumber tradesperson’s registration with endorsement for thermostatic mixing valves
- a plumber tradesperson’s registration with endorsement for backflow prevention devices
- a plumber licence with endorsement for fire hydrants and hose reels

Not all of these proposed categories are regulated in all jurisdictions, for example, mechanical services plumber (disconnect/reconnect) work and fire protection. See Attachment B for more information on current licensing arrangements.

Licence period

The National Law provides that a licence may be granted for a period of up to five years. Following consultation with jurisdictions, an option for a one-year or three-year licence period is proposed under national licensing for all licence types (contractor and non-contractor) and for all occupations.

Current licence periods range from one to five years across jurisdictions, as shown in Table ES.1. Licensees in states and territories with a licence period of one year would gain a direct benefit from being able to choose to obtain a licence for a three-year period under national licensing.

Table ES.1: Current licence periods in each jurisdiction

Jurisdiction	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Contractor	1 or 3	N/A	1	3	1	3	1 or 3	N/A
(Full) licence holder	3	1	5 plumbing and gas	3	3	3	1 or 3	5 gas 3 plumbing
Registered tradesperson	3	3	1	3	3	3	1 or 3	5 gas 3 plumbing

N/A = not applicable

It is acknowledged that licensees in states and territories with a five-year licence period would incur a cost from renewing their licence every three years. Similarly, regulators would spend more time in processing these licence applications more often.

Chapter 4 provides an analysis of the proposed three-year licence period. Given the variation in current licence periods, Chapter 4 also compares the impacts of a five-year and a 10-year licence period to illustrate the potential benefit of a longer licence period. Stakeholder feedback is sought to assist with the determination of the best licence period for national licensing. The agreed licence period(s) would apply to the full range of occupations captured under national licensing, not just the plumbing and gasfitting occupations.

⁸ The contractor licences could be issued to an individual, individuals in a partnership, a sole trader (unincorporated business) or a corporation.

There will be a five-year transitional period to national licensing. During that time, licensees can work in all jurisdictions as they are effectively deemed to have a national licence and will not be required to obtain one ahead of the expiry of their current licence.

Impact on fees

An analysis of the approach to fee-setting by jurisdictions indicates that fee levels may vary depending on a number of factors, including whether:

- fees are set on a cost-recovery basis or are subsidised by government
- fees pay for the compliance and inspection regime
- fees pay for other administrative and communications costs
- fees cover contributions towards costs of courts and tribunals for licensing, compliance or consumer-related matters.

The concept of setting a uniform national fee for each national licence was explored. The introduction of uniform fees would alter existing fees in many jurisdictions, and depending on which of the above factors were included in the determination of a national fee, a uniform fee may affect the ability of some jurisdictions to continue funding existing activities (without potentially introducing new or increasing state-based fees, charges or penalties).

As a consequence, licence fees will be set in jurisdictional legislation, and it is likely in the short term that they will continue to differ across jurisdictions. It is proposed that licensees will pay their licence fee and renewals in their primary place of residence or, in the case of an applicant being a body corporate or an individual who is a member of a partnership or a sole trader, the jurisdiction in which the principal place of business is located.

Some jurisdictions are required to recover costs through licence and other fees. Following these reforms, jurisdictions may wish to reconsider how they raise their revenue. Currently, most licence fees cover processing and a range of other compliance activities.

Jurisdictions collectively received facilitation payments of \$100 million in 2008–09 to progress the 27 COAG reforms for a seamless national economy, including national licensing. Reward payments of \$200 million are payable upon achieving milestones in 2011–12 and a further \$250 million in reward payments is available for achieving milestones in 2012–13. It is likely that some of these payments will address costs of implementing national licensing in jurisdictions, thus minimising passed-on costs to business and individuals. There are also ongoing costs to maintain the licensing authority and the national licensing register. How these costs will be covered is a matter for individual jurisdictions to determine and they may, in some cases, be passed on to licensees through increased fees. This Consultation RIS indicates that the benefits of the reform outweigh these costs.

Responsibilities of the national authority and jurisdictional regulators

Under the national licensing option the licensing authority would have two key roles. One is to be the central driver of future licence policy and reforms, including overseeing the consistent application of policy by jurisdictional regulators (as delegates); pursuing ongoing reform of licences, including to decrease regulatory burden as technology and industry practices change over time; reviewing occupational licensing policy over time; and overseeing the introduction of additional occupations. The second role is to maintain the national public licence register and its supporting central database. The key benefits associated with the licensing authority are not directly associated with licensing functions per se (see Figure ES.1), but rather flow from enhanced regulatory oversight and nationally coordinated and streamlined policy development.

Specifically, the licensing authority would have responsibility for the national licensing system legislation, but would delegate to the jurisdictional licensing agencies the operation of licensing services, for example, processing applications and carrying out enforcement and compliance activities. States and territories could use existing staff and infrastructure for these licensing functions, but would incur additional IT costs to interface their licensing systems and data with those of the licensing authority. Service agreements between the licensing authority and the jurisdictional licensing agencies would be used to establish consistent service delivery standards across Australia.

Figure ES.1: Responsibilities of the licensing authority and the delegated jurisdictional regulators



Automatic mutual recognition – overview of key features

Another option to address the issues of labour mobility and regulatory burden associated with licensees operating across jurisdictions is to allow the occupational licence granted in one jurisdiction to automatically allow the licensee to work across all jurisdictions. This option is similar to the arrangements that apply to a driver's licence, where a licence in one jurisdiction entitles the bearer to drive anywhere Australia.

The key difference between this approach and national licensing is that licensing variations at the state and territory level – in terms of licence categories and requirements – would not necessarily be harmonised. While jurisdictions could agree to change and bring licensing obligations into line, this approach does not require such an outcome. In fact, this is both a benefit (in that state and territory autonomy is maintained and transition and implementation costs are minimised) and a cost (in that the potential to remove unnecessary obligations and adopt positive national changes is not guaranteed. It is not clear how existing COAG arrangements would efficiently alleviate confusion and regulatory creep for licence categories that fall outside those that might be considered equivalent). For those reasons, this model does not fully achieve harmonisation of licence and conduct requirements. This approach does, however, focus on the intent of the Intergovernmental Agreement for a National Licensing System for Specified Occupations and COAG, at least in part, by promoting greater labour mobility, however the challenges of agreeing and maintaining harmonisation remains.

This option could be enhanced if the three relevant jurisdictions unilaterally agree to harmonise some licensing requirements. The automatic mutual recognition option has yet to be fully considered by the jurisdictions. The different approaches possible under automatic mutual recognition are discussed in more detail at 3.3.

For the purpose of determining the impact of the option, the key features of automatic mutual recognition are set out in Box ES.3.

Box ES.3: Key features of automatic mutual recognition for the plumbing and gasfitting occupations

- A licensee would be able to work anywhere in Australia without having to reapply or pay for a licence when they move to another jurisdiction within Australia, where an equivalent licence has been declared.
- Amendments to jurisdictional legislation could create the automatic right to work across jurisdictions in specified licence categories, some of which could be prioritised, for example, where the scope of work is substantially the same and the work is licensed in all jurisdictions.
- Changes to legislation would be required to accommodate business licences as mutual recognition is designed around an individual's occupational licence. Without any changes to mutual recognition, this option would not include any business licensing (including contractor licences).
- If certain categories were accepted as equivalent jurisdictions would need to continue to cooperate on standardising requirements for the remaining classes for inclusion (where practicable).
- Mutual recognition processes would continue for those arrangements that could not be standardised.
- Regulators may need to further develop and agree on new systems for compliance to ensure that they are able to oversight licence holders from other jurisdictions.
- A limited central register of disciplinary actions would need to be established to enable jurisdictional regulators to be aware of any pending action, disciplinary actions underway, etc.
- Licensees choosing to work in an additional jurisdiction would still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to work they intend to perform (as is the case under the status quo and national licensing).
- As licensing functions would remain with existing jurisdictional regulators, there is no need to establish and fund a national licensing body.

High-level comparison of the key characteristics of the options for reform

Table ES.2 provides a comparison of some of the high-level characteristics of the options considered in the Consultation RIS.

Table ES.2: High-level comparison of the options for reform

	Option 1: Status Quo As per existing requirements in primary jurisdiction	Option 2: Automatic Mutual Recognition As per existing requirements in primary jurisdiction	Option 3: Three Tier Licensing		Option 4: Two Tier Licensing
			Sub-option 1 (With 16 specified national Cert IV units) (Preferred Advisory Committee Endorsed Option)	Sub-option 2 (With 10 specified national Cert IV units)	Steering Committee proposal
Contractor Licence	Yes With business unit requirements	Yes With business unit requirements	Yes	Yes	Yes
(Full) Licence	Yes	Yes	Yes	Yes	Yes
Qualifications and licences required for a (full) licence	Registered Tradesperson's licence (Certificate III); plus completion of specified Certificate IV units over all licence categories. Certificate IV requirements vary in each jurisdiction.	Registered Tradesperson's licence (Certificate III); plus completion of specified Certificate IV units over all licence categories. Certificate IV requirements vary in each jurisdiction.	Registered Tradesperson's licence (Certificate III); plus completion of specified Certificate IV units for each licence category. One national standardised approach to the certificate IV units apply to a particular licence category.	Registered Tradesperson's licence (Certificate III); plus completion of specified Certificate IV units for each licence category. One national standardised approach to the certificate IV units apply to a particular licence category.	Certificate III for all licence categories except Gas Type B (one additional Certificate IV unit required). Completion of one specified Certificate IV unit if work on the commissioning and testing of Backflow prevention is undertaken (CPCPWT4012A Commissioning and maintaining backflow prevention devices) and one specified Certificate IV unit if work on the commissioning and maintaining of thermostatic mixing valves is undertaken (CPCPWT4013A Commissioning and maintaining heated water temperature control devices). An additional Certificate III unit is required for testing and maintaining fire hydrants and hose reels (CPCPFS3018A Test and maintain fire hydrant and hose reel installations)
Registered Tradesperson Licence	Yes	Yes	Yes	Yes	No
Qualification	Certificate III	Certificate III	Certificate III	Certificate III	N/a

Question: In view of the key features outlined in Boxes ES.2 and ES.3 which is your preferred model for licensing reform:

- i. National licensing
- ii. Automatic Mutual Recognition (AMR)
- iii. Status quo
- iv. Other

Costs and benefits of national licensing and automatic mutual recognition

Some costs and benefits are common to both national licensing and the automatic mutual recognition options and reflects the fact that both options would reduce costs and unnecessary burdens on plumbing and gasfitting licensees who wish to work across state and territory boundaries. At the same time, there are key differences that highlight the relative merits of each in regard to short-term costs and long-term benefits.

The costs and benefits of the approaches are assessed across three distinct categories:

- *Transition (or implementation) costs.* These are the costs that will be incurred by government (mainly relating to the proportional cost to the plumbing and gasfitting occupations in terms of establishing the licensing authority and the national register) and the cost to plumbing and gasfitting licensees to spend time reviewing and understanding what the proposed changes mean for them.
- *Direct costs and benefits.* These are the costs and benefits that can be identified as directly accruing to an individual, business, consumer or government as a result of the implementation of the options being assessed, including from enhanced labour mobility. This does not include current costs under the status quo that will continue to exist under both options being considered.
- *Wider economic impacts.* These are the flow-on effects from reduced costs to industry and the community more broadly as they affect other industries and the broader macro economy. It also includes the potential gains to incomes, economic activity, employment and consumer outcomes, including potential changes in the quality, quantity or availability of services provided to consumers, changes in safety outcomes and risks to consumers of being defrauded.

Not all of these impacts can be easily quantified, for example, the improvements and benefits expected to flow from the establishment of a national licensing register for plumbing and gasfitting occupations. In relation to the impacts that have been quantified, some estimates are based on scenarios or hypothetical assumptions so as to provide a starting point for discussion and feedback from stakeholders, for example, the estimate of the benefit to the economy as a whole flowing from greater labour mobility.

The following section discusses the results of the cost–benefit modelling for both national licensing and the option of automatic recognition. This work will benefit from feedback, including examples of costs and potential benefits of reform as well as comment on the validity and scale of the estimates included.

In estimating the costs and benefits of national licensing and automatic mutual recognition of licensing, it is important that impacts are matched to the specific costs and benefits. For example, and as discussed above, under all of the options for national licensing the licensing authority would be the central coordinator of future policy consideration and have the responsibility for maintaining

a national licensing register. The benefits of these activities flow to consumers and regulators through the use of a register that, for the first time, would consolidate all licensing data and make that data accessible to the public.

It is, however, a challenge to quantify the value of potential and yet-to-be-defined future reforms along with the benefits to consumers or regulators associated with aggregated national licensing data and its ability to inform future policy objectives. The costs of establishing the licensing authority are relevant to the proposed changes to licensing, and for that reason, they have been included. In some instances, where net present value estimates are made, these costs have been netted against the benefits of labour mobility and reduced compliance and administrative burdens. To the extent that states and territories have the scope to consolidate regulatory functions, they can decrease costs and potential regulatory charges.

The impetus for reform is a desire to enhance labour mobility and remove unnecessary regulatory burdens on plumbers and gasfitters. All of the options for reform (national licensing or automatic mutual recognition in the form of a 'driver's licence' model) enhance labour mobility. In addition, there will be benefits associated with:

- an enhanced ability for labour mobility to flow to where plumbing and gasfitting occupations are most needed
- reduced administrative and financial costs through the removal of fees and applications for those that operate in multiple jurisdictions
- the potential for improved productivity where some licence restrictions are removed.

The proposed changes that could lead to improved productivity have been discussed and considered by jurisdictions over a number of years. At one level it could be argued that many of the reforms could be made by the relevant jurisdiction. For example, extending the duration of a plumbing and gasfitting licence does not necessarily require a national agreement. To the extent that these reforms could be achieved, the same effects as set in Table ES.3 would be expected, although the ongoing coordination and initial transition (or establishment) costs would be avoided. Achieving the national reform set out in this Consultation RIS, however, would continue to require the dedicated effort of all jurisdictions. For the purpose of this analysis, the transition costs have been matched against the benefits to industry and consumers as a necessary ongoing cost for this and future reforms.

National licensing – costs and benefits

Table ES.3 sets out the impacts associated with each of the proposed reforms as well as an estimate of the potential flow-through benefits associated with increased labour mobility⁹ and returns to business.¹⁰ These impacts are presented in a number of different ways to allow readers to consider the difference between establishment and ongoing impacts along with the jurisdictional impacts. A 10-year net present value is presented; however, the reform's effects could theoretically be

9 The analysis prorates for the plumbing and gasfitting sector the estimates associated with labour mobility prepared by the Productivity Commission as part of its 2009 Review of Mutual Recognition Schemes. For this estimate to be valid the specific assumptions made by the Productivity Commission would need to hold – namely that Australia is facing a 10 per cent increase in commodity prices above normal conditions and that these assumptions are also combined with an assumption for this analysis that mutual recognition is only 90 per cent effective in promoting labour mobility. These are strong assumptions and should be treated with caution but are nonetheless included to provide a 'line in the sand' estimate for consultation.

10 Most of the benefits are estimated for licensees, such as less time spent filling out forms. However, business also benefits. For the purposes of this analysis, and again to provide a starting point for discussion, the business benefit is assumed to be equal to one-third of the impact for licensees.

considered over a longer time period, which would result in a larger net benefit (as the benefits are expected to continue beyond the 10-year time period provided for in this analysis).

The two-tier option would remove the need for all Certificate IV units (other than those relevant for endorsements) for licence holders. This, combined with improved labour mobility, the removal of experience requirements and a consistent licence period, means that, of all the options, it has the highest quantified net present value – \$389 million over 10 years. It would also result in a positive impact in all jurisdictions mainly because Certificate IV units are currently required in all states and territories.

Under three-tier sub-option 1, there would be significant costs associated with the increase in the number of required Certificate IV units. In most jurisdictions, these costs would be offset by other benefits (such as improved labour mobility, the removal of experience requirements and a consistent licence term of three years), and there would be a quantified net benefit at the national level of about \$5 million over 10 years.

The impact from three-tier sub-option 2 is not driven by changes to Certificate IV units (these broadly remain the same as is currently the case, but are harmonised). Rather, the gains come from enhanced labour mobility, removal of experience requirements and consistent licence periods. This option would lead to a quantified net benefit nationally of about \$92 million net present value over 10 years.

Table ES.3: Summary of net quantified impacts by jurisdiction

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Two tier									
Ongoing net impact (\$million per annum)	7.75	12.75	14.30	18.12	3.55	0.18	1.78	0.93	59.35
One-off transition costs (\$million)	(4.25)	(2.60)	(3.30)	(2.49)	(1.24)	(0.89)	(0.77)	(0.67)	(16.20)
Total 10 year NPV (\$m)	46.23	80.45	90.04	115.82	21.92	0.32	10.91	5.42	371.11
Three tier: Sub-option 1									
Ongoing net impact (\$million per annum)	3.59	0.62	2.01	(3.10)	0.18	0.10	(0.63)	(0.12)	2.64
One-off transition costs (\$million)	(4.25)	(2.60)	(3.30)	(2.49)	(1.24)	(0.89)	(0.77)	(0.67)	(16.20)
Total 10 year NPV (\$m)	19.07	1.32	9.80	(22.61)	(0.05)	(0.20)	(4.77)	(1.37)	1.20
Three tier: Sub-option 2									
Ongoing net impact (\$million per annum)	4.61	3.59	5.02	2.09	1.00	0.12	(0.04)	0.14	16.52
One-off transition costs (\$millions)	(4.25)	(2.60)	(3.30)	(2.49)	(1.24)	(0.89)	(0.77)	(0.67)	(16.20)
Total 10 year NPV (\$m)	25.72	20.68	29.44	11.27	5.33	(0.07)	(0.93)	0.29	91.72

NPV = net present value

Note: Brackets represent a cost.

Given that the options differ based on competency requirements and licence tiers, the ultimate decision between the three options depends on a judgment of the merits of the respective changes and their impact on safety outcomes. This is discussed in detail below.

Tables ES.4 and ES.5 provide a further breakdown of the aggregates above. The intent is to allow readers to see the specific impacts associated with the respective changes being considered.

Table ES.4: Ongoing net quantified impacts on a per annum basis for each of the proposed reforms/impacts

	Two tier	Three tier Sub-option 1	Three tier Sub-option 2
Total ongoing (\$ million per annum annualised)	59.35	2.64	16.52
Changes to the Certificate IV units required ^a	34.38	(9.94)	0.91
Removal of need to hold multiple licences	1.35	1.35	1.35
Removal of need to hold multiple licences - government	(0.82)	(0.82)	(0.82)
Consistent licence period of three years	3.35	3.35	3.35
Introducing new licences ^b	(0.72)	(0.72)	(0.72)
Benefits from enhanced labour mobility	5.78	5.78	5.78
Removal of experience requirements	5.12	5.12	5.12
Other impacts ^c	0.52	0.52	0.52
Business value-add	11.79	(0.60)	2.44
NOLA - operational costs	(1.40)	(1.40)	(1.40)

Note: Brackets represent a cost.

- a The extent to which the Certificate IV units currently mitigate safety risks, or whether their removal could potentially increase safety risks, is unknown. For that reason, the impact on safety and consumer outcomes has not been incorporated into the quantified analysis. A discussion of the potential impacts is provided in the sections below.
- b 'Introducing new licences' encompasses both 'introducing contractor licences' and 'introducing worker licences in Queensland'.
- c 'Other impacts' encompasses 'removing licensing of non-agricultural urban irrigation work', 'removing personal probity requirements', 'introducing financial probity requirements', 'removal of duplicate testing of licensees', 'removing apprentice licensing' and 'removing requirement for licensees to prove their skills have been maintained when renewing'.

Table ES.5: One-off transition costs for each of the proposed reforms or impacts

	Two-tier	Three-tier Sub-option 1	Three-tier Sub-option 2
Transition (\$ million)	(16.20)	(16.20)	(16.20)
Time for licensees to understand reforms	(5.65)	(5.65)	(5.65)
Business value-add	(1.88)	(1.88)	(1.88)
Government communications costs	(1.95)	(1.95)	(1.95)
NOLA – set-up costs	(1.64)	(1.64)	(1.64)
National licence register – jurisdictional implementation	(5.08)	(5.08)	(5.08)

NOLA = National Occupational Licensing Authority

Note: Brackets represent a cost.

To provide context for the impacts set out in tables ES.4 and ES.5, the following section sets out a high-level overview of the impacts of national licensing for specific sectors and affected licence holders.

Impacts for licensees

The high-level descriptions of the proposed changes set out in tables ES.4 and ES.5 highlight that licensees are the initial beneficiaries of the majority of the proposed changes.

The tables aggregate the impact on licensees, but in reality the reforms will have different impacts on certain licensees. In terms of the impact on licensees:

- The most significant potential cost or benefit of the options considered relates to changes to required Certificate IV units. There would be sizeable savings to licensees if these were removed

altogether under the two-tier option because licensees would no longer need to spend time and pay the fees associated with obtaining those units. Conversely, there would be costs if these requirements were increased, for example, under three-tier sub-option 1.

- The two-tier option would allow a qualified plumber or gasfitter to sign off on their own work without the need for a supervising plumber (this will be achieved through the removal of the licence category of ‘registered tradespersons’). This would be a significant change to the structure of the industry and could have an impact on the level of competition and, therefore, wages. Chapter four presents a number of scenarios that illustrate the possible impacts.
- Under national licensing, experience requirements would be removed, and plumbers and gasfitters could obtain a licence sooner if they wish to do so, thereby more quickly earning the associated wage.
- Licensees will benefit from the removal of the need to hold multiple licences, and a range of other requirements not deemed necessary.
- There will be transitional costs for licensees, which relate to the extra time licensees will need to understand the proposed changes. While the actual amount of benefits may differ from those estimated, the transition costs are small relative to the potential ongoing benefits.

Impacts for business and consumers

Those who employ or use plumbing and gasfitting services will benefit from enhanced efficiency in plumbing and gasfitting occupations and the potential for more efficient flow of labour. There are challenges in estimating these impacts. For example, enhanced labour mobility leads to better allocation of resources – in this case in plumbing and gasfitting licensees. How much this benefits licensees, business and the economy more broadly will depend on the extent to which the wages and the cost of plumbing and gasfitting services are unnecessarily high (or low) in one jurisdiction due specifically to the limitations of mutual recognition and the current licensing systems in each state or territory.

There may be a range of factors that could lead to such a distortion, including a mining boom, the need for short-term construction after a natural disaster, population or demographic shifts and so on. The challenge for this analysis is quantifying the distortion so as to highlight the potential gain from lowering barriers to mobility. While feedback is sought from business and the community on this issue, for the purposes of the analysis and to highlight the potential gain, this Consultation RIS adopts the Productivity Commission’s estimates of the potential gain relating to mutual recognition and prorates that impact for plumbing and gasfitting services, assuming a level of effectiveness for current mutual recognition arrangements. While this estimate is somewhat crude, it was nuanced with the Commonwealth Treasury and the Office of Best Practice Regulation to provide a guide to the possible gain and to highlight that the expected gain is greater than zero, even if estimating the actual gain requires feedback and further analysis.

A second and equally important benefit for business would flow from the changes. This benefit relates to the expectation that if reforms lead to more efficient plumbing and gasfitting services – as would be expected if unnecessary licensing burdens are removed – business too will benefit from the value-add generated by a more efficient labour force. The modelling of the impacts in tables ES.4 and ES.5 focuses on the savings (or costs) to licensees, government and training organisations.

The approach taken in this Consultation RIS is to assume a ratio between the benefits to labour of selling plumbing and gasfitting services and the benefits to business or consumers of buying those services. The ratio of benefits to wages relative to the benefits to profits is determined by using the ratio of labour to capital. That ratio is difficult to determine with precision because of different circumstances. Plumbers and gasfitters operating individually in the construction industry may have

relatively little capital, comprising a vehicle and their toolkit. At the other extreme, some plumbers and gasfitters work in a very capital-intensive environment, such as the mining sector.

For the purpose of this Consultation RIS, the impacts (benefits and costs) to businesses and consumers that buy plumbing and gasfitting services are assumed to be one-third of the direct impact to licensees. Feedback is sought on whether this is an appropriate assumption so that a more informed assumption can be used in the Decision RIS.

Safety and consumer outcomes

The impact of the two-tier option versus the three-tier option on consumer safety outcomes as well as worker safety outcomes is uncertain. There are different views, for example, on the potential risks associated with changes to the qualification requirements. In particular:

- The two-tier option removes the requirement for licensees to complete a number of Certificate IV units, which reflects the steering committee's view that a Certificate III is sufficient to obtain a licence (as currently occurs in the electrical and refrigeration and air-conditioning occupations), although endorsements may need to be introduced. The steering committee consists of senior government officials from each jurisdiction (see Attachment C).
- Under three-tier sub-option 1, the Certificate IV units were identified by the Plumbing and Gasfitting Interim Advisory Committee (interim advisory committee) to be the minimum competencies necessary for a licence holder to safely perform work unsupervised and sign off on the technical compliance of plumbing and gasfitting work. These represent an overall increase in the number of Certificate IV units required. The three-tier sub-option 2 rationalises the Certificate IV unit requirements which represents a reduction in the number of Certificate IV units required. This interim advisory committee consists of regulators, industry, union and training representatives (see Attachment C).

The ultimate decision between the options is dependent on how the options may affect safety within the occupation. The extent to which the existing or proposed Certificate IV units currently mitigate safety risks, or whether their removal could potentially increase safety risks, is unknown. For that reason, stakeholder input is sought in order to identify the preferred approach. In addition, Queensland has stated that other factors such as faulty workmanship, which may or may not affect safety, but which would have adverse outcomes for the consumer, should also be taken into account when considering all the options discussed in this Consultation RIS - national licensing, automatic mutual recognition and the status quo.

Impacts for government

There are a number of expected impacts on government and regulators associated with the proposed reforms.

First, and most prominently, the jurisdictions are contributing their proportional share for the establishment and ongoing costs of the licensing authority and the national licensing register. While the appropriateness of matching these costs with the benefits of removing selected licensing requirements has been discussed above, the jurisdictions have rightly identified additional costs that will be incurred on an ongoing basis, such as to ensure that current IT systems can feed into the database that supports the national licensing register. There is the potential for further offsetting savings that could occur at the jurisdictional level, in the area of additional policy development, relating to licensing, which could be consolidated into the licensing authority, although the extent to which these gains are realised depends on a range of factors.

Second, the removal of various licensing requirements, categories or licences will mean that fewer regulatory activities will be undertaken by most regulators. At the same time, the reduction in licence fees – due to people no longer holding multiple licences – will mean that less money may be

available for compliance activities in some jurisdictions. Current jurisdictional fees recover costs for both processing and other activities, such as compliance. Regardless of how costs are recovered, and leaving aside the benefits and costs of the licensing authority and the national licensing register and database, simply abolishing the need for duplicative licensing should of itself lead to lower government costs and resource needs.

While the modelling does not quantify the potential benefits associated with the national public licensing register and its supporting database, there are potential positives that could flow from its use. In particular, the national public register is expected to:

- facilitate identification of any serious non-compliance by licensees nationally – rather than on a state-by-state basis as currently occurs
- help to prevent phoenix companies (companies that fail, and/or become bankrupt and which are subsequently re-established by the same business interests but under another name) emerging across borders following a failure in compliance
- enable consumers to confirm that any licensee they propose to engage is legitimately licensed, boosting public confidence in the industry and regulatory system.

Additional wider economic impacts

The analysis above focuses on estimating direct consequences assuming that other things remain unchanged. An economy-wide modelling exercise has also been undertaken to check that these broad benefits still apply even when accounting for the resulting changes in other industries and macroeconomic conditions (e.g. exchange rates, wages, balance of payments and so on). In particular, the results of the cost–benefit analysis that are set out above were used as an input into the Monash Multi-regional Forecasting model. The key inputs are efficiency gains to licensees, fee reductions to licensees, and flow-through value-add to businesses.¹¹ It is important to emphasise that the results of the economy-wide modelling exercise are not fed back into the cost–benefit analysis.

Based on these inputs, Table ES.6 outlines the expected macroeconomic impacts of national licensing for plumbing and gasfitting occupations. The table shows that all of the options would increase GDP, wages and investment; the largest potential gains would come from the two-tier option, which reflects the quantified results from the cost–benefit analysis. These results are discussed in more detail in Chapter 4.

Table ES.6: Macroeconomic results for each option (\$ million, typical year)

	GDP	Wages	Investment	Exports	Imports
Two-tier	54	17	18	33	7
Three-tier – Sub-option 1	5	1	2	5	0
Three-tier – Sub-option 2	18	6	6	10	2

Note: GDP, investment, exports and imports have been calculated from the percentage change results from the computable general equilibrium model and applied to ABS 2011 data. Wages have been calculated by taking the percentage increase in wage from the computable general equilibrium model and applying it to the average wage (based on ABS 2011 data), multiplied by the number of workers in Australia for 2011.

Automatic mutual recognition

Automatic mutual recognition could achieve some of the same labour mobility benefits as national licensing, as it would enhance the ability for some labour to flow where plumbing and gasfitting

¹¹ The results of the economy-wide modelling reflect the magnitude of the impacts estimated in the cost–benefit analysis. Those impacts are assumption driven and as such the value of the economy-wide modelling is in terms of how it shows the relative implications for sectors of the economy.

occupations are most needed, and would reduce administrative and financial costs in the form of additional fees where licences are held in multiple jurisdictions. Some of the transition costs incurred under national licensing would also be relevant under automatic mutual recognition. For example, licensees would need to spend time understanding the new licensing system, and government would incur communications costs in informing licensees of the changes.

While national licensing seeks to reduce the number of categories, there is no mechanism or compulsion under automatic recognition to make such changes. Automatic recognition retains individual jurisdictions' licensing frameworks and for that reason involves a lower transition cost to that envisaged under national licensing while retaining or increasing licensing complexity.

There is the potential for this option to capture some of the benefits that have been identified under national licensing. This would require jurisdictions to amend their licensing arrangements, conditions and categories, in line with what has been proposed under the national licensing system. There would also need to be a mechanism to ensure a consistent review of licensing requirements over time – for example, in regard to changing qualification requirements or adding new licence categories to respond to changing industry and market needs – to ensure that the initial benefits are not eroded.

To the extent that all of the changes proposed under national licensing are reflected in automatic mutual recognition, this option is a form of national licensing. The downside of automatic mutual recognition is that the benefits that are likely to flow from the agreed establishment of the licensing authority as a central coordinating mechanism are not guaranteed nor is there necessarily any institutional forum for all occupations in which the jurisdictions can easily coordinate future reforms and changes to licensing, conduct requirements and oversight of plumbing and gasfitting occupations. In the plumbing occupation there is a national regulator body, the National Plumbing Regulator Forum, which may be able to undertake the ongoing coordination and provide the impetus to maintain and build on the initial reforms; however, there is still a risk that, without guaranteed jurisdictional support, automatic mutual recognition may only provide one-off selective reductions in regulatory burdens.

To fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed.

Table ES.7 shows some of the potential impacts under the national licensing option that could also occur under automatic mutual recognition. The table shows the maximum possible impacts. The actual impact will depend on the percentage of licences that are deemed to be equivalent across jurisdictions and the extent to which harmonisation of licensing requirements occurs. If this option is supported, further policy development work would need to be undertaken.

Table ES.7: Potential impacts under automatic mutual recognition

Potential impacts	Maximum
Ongoing impacts (\$ million per annum annualised over 10 years)	
Impacts that would occur for those holding equivalent licences	
Labour mobility	Up to 5.78
Removing the need to hold multiple licences – community	Up to 1.35
Removing the need to hold multiple licences – government	Up to (0.82)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Removing Certificate IV units	Up to 34.38
Licence period – industry	Up to 3.35
Introducing new licences	Up to (0.72)
Experience requirements	Up to 5.12
Other impacts	Up to 0.52
Business value-add	Up to 11.79
Transition impacts (\$ million)	
Time for licensees to understand reforms	Up to 5.65
Business value-add	Up to 1.88
Government communications	Up to 1.95
Other potential impacts not yet quantified	
Impacts on government compliance costs	Not quantified
Costs and benefits of a register of disciplinary actions	Not quantified

High-level comparison of national licensing and automatic mutual recognition

Table ES.8 compares the high-level impacts of national licensing and automatic mutual recognition.

Table ES.8: Comparison of high-level impacts of national licensing and automatic mutual recognition

Reform objective	Comparison of options	
	National licensing	Automatic Mutual Recognition
Facilitate a consistent skills base (Intergovernmental Agreement 4.3)	Yes	No
Ensure effective coordination exists (Intergovernmental Agreement 4.3)	Yes	No
Promote national consistency in licensing structures, policy and disciplinary arrangements (Intergovernmental Agreement 4.3).	Yes	No
Increased labour mobility	Yes	Yes
Ability to reduce regulatory burden	Yes National licensing proposes reductions in regulatory burden.	Yes Subject to jurisdictional agreement and/or competitive federalism.
Cost of regulatory model	Medium Higher regulatory costs in the short term (from national authority and national register), with possible flow-on impacts for licence fees where jurisdictional regulators are self-funded. All jurisdictions accrue a benefit in the long term.	Unquantifiable – expected to be low to medium Up-front costs to establish limited national register, but no additional ongoing costs. Any future work on further harmonisation would incur costs.
Durability of reform	High <ul style="list-style-type: none"> • Jurisdictions would need comprehensive legislative change to exit from national licensing system. • Uniform scopes of work and qualifications would be provided for in national legislation. 	Low <ul style="list-style-type: none"> • Jurisdictions would need legislative change to remove agreed automatic mutual recognition arrangements. • Jurisdictions could change specific licensing requirements.

If the national licensing model is your preferred model:

Question: Which features of the national licensing model do you consider most important?

- i. Increased labour mobility
- ii. Harmonisation of licence categories, scope of work and qualifications
- iii. Establishment of a national licensing authority
- iv. Jurisdictional mobility of businesses that hold a contractor licence
- v. Only paying for a licence category once
- vi. Relative ease to administer (for regulators)
- vii. Ease of understanding (for employers)
- viii. Ease of understanding (for licensees)
- i. Other (please specify)

Question: What are the features of automatic mutual recognition that caused you not to support it?

- i. The absence of a national licensing authority
- ii. Non-harmonisation of licence categories, scope of work and qualifications
- iii. Relative complexity to administer (for regulators)
- iv. Other (please specify)

If automatic mutual recognition is your preferred model:

Question: Which features of automatic mutual recognition do you consider to be the most important?

- i. Increased labour mobility
- ii. Maintaining existing licence categories, scopes of work and qualifications
- iii. Lower establishment costs for Government
- iv. Lower anticipated fees than under national licensing
- v. Only targeting licensees who want to work in multiple jurisdictions
- vi. Only paying for a licence category once
- vii. Ease of understanding (for employers)
- viii. Ease of understanding (for licensees)
- ix. Other (please specify)

Question: What are the features of the national licensing model that caused you not to support it?

- i. Higher anticipated establishment and ongoing costs for Government
- ii. Higher anticipated transition costs for licensees
- iii. Increased licence fees for some jurisdictions
- iv. Increased regulatory requirements for some licence classes
- v. Changes to licence categories, scopes of work and qualifications
- vi. Other (please specify)

If the status quo is your preferred model:

Question: What are the features of the national licensing model that caused you not to support it?

- i. Higher anticipated establishment and ongoing costs for Government
- ii. Higher anticipated transition costs for licensees
- iii. Increased licence fees for some jurisdictions
- iv. Increased regulatory requirements for some licence classes
- v. Changes to licence categories, scopes of work and qualifications
- vi. Other (please specify)

Question: What are the features of automatic mutual recognition that caused you not to support it?

- i. The absence of a national licensing authority
- ii. Non-harmonisation of licence categories, scope of work and qualifications
- iii. Relative complexity to administer (for regulators)
- iv. Other (please specify)

Stakeholder feedback

The cost–benefit analysis indicates that those licensees who operate across multiple jurisdictions could enjoy considerable benefits after the implementation of national licensing and to a lesser extent automatic mutual recognition.

The modelling analysis is provided to guide stakeholders in the nature of the potential impacts and to give estimates of possible flow-through benefits and costs.

A number of assumptions had to be made to quantify the benefits of national licensing and automatic mutual recognition. This analysis will be improved by a more detailed consideration of these modelling results, and through the consideration of specific case studies and feedback from stakeholders on how the current and prospective licensing of plumbing and gasfitting occupations impacts on business and consumers.

Specific questions about aspects of the proposals are included in this Consultation RIS. Details of how to provide a submission is included in Attachment A. However, stakeholder feedback is also sought in general terms on the merits of and preference for national licensing or automatic mutual recognition.

In providing feedback, stakeholders are invited to consider:

- the expected costs and benefits from an industry, licensee and community perspective
- the most appropriate administrative arrangement for coordinating future reform of the plumbing and gasfitting occupational licensing regime
- the scope, scale and durability of the proposed changes
- the assumptions used in the cost–benefit analysis and whether there are views on more appropriate assumptions and inputs.

Questions

Question	Page reference
Preferred Model	
<p>In view of the key features outlined in the Boxes ES.2 and ES.3 in the RIS, which is your preferred model for licensing reform:</p> <ul style="list-style-type: none"> i. National licensing ii. Automatic Mutual Recognition (AMR) iii. Status quo iv. Other 	xxiii
National Licensing	
<p>Which features of the national licensing model do you consider most important?</p> <ul style="list-style-type: none"> i. Increased labour mobility ii. Harmonisation of licence categories, scope of work and qualifications iii. Establishment of a national licensing authority iv. Jurisdictional mobility of businesses that hold a contractor licence v. Only paying for a licence category once vi. Relative ease to administer (for regulators) vii. Ease of understanding (for employers) viii. Ease of understanding (for licensees) ix. Other (please specify) 	xxxiii
<p>What are the featured of Automatic Mutual Recognition that caused you not to support it?</p> <ul style="list-style-type: none"> i. The absence of a national licensing authority ii. Non-harmonisation of licence categories, scope of work and qualifications iii. Relative complexity to administer (for regulators) iv. Other (please specify) 	xxxiii
Automatic Mutual Recognition	
<p>Which features of automatic mutual recognition do you consider to be the most important?</p> <ul style="list-style-type: none"> i. Increased labour mobility ii. Maintaining existing licence categories, scopes of work and qualifications iii. Lower establishment costs for Government iv. Lower anticipated fees than under national licensing v. Only targeting licensees who want to work in multiple jurisdictions vi. Only paying for a licence category once vii. Ease of understanding (for employers) viii. Ease of understanding (for licensees) ix. Other (please specify) 	xxxiii

Question	Page reference
<p>What are the features of the national licensing model that caused you not to support it?</p> <ul style="list-style-type: none"> i. Higher anticipated establishment and ongoing costs for Government ii. Higher anticipated transition costs for licensees iii. Increased licence fees for some jurisdictions iv. Increased regulatory requirements for some licence classes v. Changes to licence categories, scopes of work and qualifications vi. Other (please specify) 	xxxiii
Status Quo	
<p>What are the features of the national licensing model that caused you not to support it?</p> <ul style="list-style-type: none"> i. Higher anticipated establishment and ongoing costs for Government ii. Higher anticipated transition costs for licensees iii. Increased licence fees for some jurisdictions iv. Increased regulatory requirements for some licence classes v. Changes to licence categories, scopes of work and qualifications vi. Other (please specify) 	xxxiv
<p>What are the featured of Automatic Mutual Recognition that caused you not to support it?</p> <ul style="list-style-type: none"> i. The absence of a national licensing authority ii. Non-harmonisation of licence categories, scope of work and qualifications iii. Relative complexity to administer (for regulators) <p>Other (please specify)</p>	xxxiv
Preferred option of national licensing	
<p>Under national licensing, which is your preferred licence model?</p> <ul style="list-style-type: none"> i. Three-tier licensing ii. Two-tier licensing iii. Other 	29
Two-tier licensing	
<p>Are the qualification requirements proposed under the two-tier model (and outlined at Attachment G) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes?</p>	56
<p>Would allowing a certificate III licence holders to work unsupervised under the two-tier model give rise to an unacceptable level of risk regarding health and safety outcomes?</p>	29

Question	Page reference
<p>Under two tier national licensing, it is proposed that endorsements will be required for each of the following activities:</p> <ul style="list-style-type: none"> i. commissioning and maintaining backflow prevention devices ii. commissioning and maintaining hot water temperature control devices iii. testing and maintaining fire hydrants and hose reel installations <p>Do you agree with this proposal?</p>	42
<p>Further to those listed above, do you consider that any additional endorsements are required under the two-tiered national licensing model?</p>	42
<p>Please select which (if any) of the following additional endorsements you consider should be required under the two-tier national licensing model:</p> <ul style="list-style-type: none"> i. solar and heat pump hot water units ii. on-site sewerage facility maintenance iii. type A appliance conversion work iv. type A gasfitting work limited to servicing v. none of the above 	42
<p>Further to those listed above, do you consider that any additional endorsements are required under the two-tiered national licensing model?</p>	42
Three-tier licensing	
<p>Under both three-tier national licensing sub-options, it is proposed that a registered tradesperson can undertake the same scope of work as a full licensee, provided that the work is under supervision (with exceptions as outlined in the RIS). Do you agree with this proposal?</p>	29
<p>Which of the two sub-options do you consider provides the most appropriate level of skills and training to carry out the scope of regulated work for each licence category?</p> <ul style="list-style-type: none"> i. Sub-option 1 (up to 16 Certificate IV units) ii. Sub-option 2 (up to 10 Certificate IV units) 	55
<p>Are the qualification requirements proposed under the three tier, sub option 1 model (and outlined at Attachment F) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes?</p>	54
<p>Under three-tier, sub-option 1 national licensing model, it is proposed that a registered tradesperson will require an endorsement for each of the following activities:</p> <ul style="list-style-type: none"> i. commissioning and maintaining backflow prevention devices ii. commissioning and maintaining hot water temperature control devices <p>Do you agree with this proposal?</p>	42

Question	Page reference
<p>Under three-tier sub-option 1 national licensing model, it is proposed that a full licensee will require an endorsement for the following activities:</p> <ul style="list-style-type: none"> i. testing and maintaining fire hydrants and hose reel installations <p>Do you agree with this proposal?</p>	42
<p>Please select which (if any) of the following additional endorsements you consider should be required under the three-tier, sub-option 1 national licensing model:</p> <ul style="list-style-type: none"> i. solar and heat pump hot water units ii. on-site sewerage facility maintenance iii. type A appliance conversion work iv. type A gasfitting work limited to servicing v. none of the above. 	42
<p>Further to those listed above, do you consider that any additional endorsements are required under this sub-option?</p>	43
<p>Are the qualification requirements proposed under the three tier, sub option 2 model (and outlined at Attachment F) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes</p>	55
<p>Under three-tier, sub-option 2 national licensing model, it is proposed that an endorsement for each of the following activities (for both a full licensee and a registered tradesperson):</p> <ul style="list-style-type: none"> i. commissioning and maintaining backflow prevention devices ii. commissioning and maintaining hot water temperature control devices iii. testing and maintaining fire hydrants and hose reel installations. <p>Do you agree with this proposal?</p>	43
<p>Please select which (if any) of the following additional endorsements you consider should be required under the three-tier, sub-option 2 national licensing model:</p> <ul style="list-style-type: none"> vi. solar and heat pump hot water units vii. on-site sewerage facility maintenance viii. type A appliance conversion work ix. type A gasfitting work limited to servicing x. none of the above. 	43
<p>Further to those listed above, do you consider that any additional endorsements are required under this sub-option?</p>	43

Question	Page reference
Licence categories and scopes of work	
<p>Do you agree that national licensing should include the following licence categories:</p> <ul style="list-style-type: none"> i. a plumber’s licence ii. a drainer’s licence iii. a general gasfitter’s licence iv. a gasfitter’s type B appliance licence v. a mechanical services licence vi. a fire protection licence vii. a plumber tradesperson’s registration viii. a drainer tradesperson’s registration ix. a general gasfitter tradesperson’s registration x. a mechanical services tradesperson’s registration xi. a fire protection tradesperson’s registration xii. a provisional plumber’s licence xiii. a provisional drainer’s licence xiv. a provisional general gasfitter’s licence xv. a restricted plumber’s (disconnect/reconnect) licence xvi. a plumber contractor’s licence xvii. a drainer contractor’s licence xviii. a general gasfitter contractor’s licence xix. a gasfitter type B appliance contractor’s licence xx. a mechanical services contractor’s licence xxi. a fire protection contractor’s licence xxii. a plumber tradesperson’s registration with endorsement for thermostatic mixing valves xxiii. a plumber tradesperson’s registration with endorsement for backflow prevention devices xxiv. a plumber’s licence with endorsement for fire hydrants and hose reels. <p>If no to any of the above please specify.</p>	20
Do you consider that plumbing and gasfitting contractors should be licensed?	21
<p>Do the proposed scopes of regulated work correspond to the actual work of licensees in each of the proposed licence categories?</p> <ul style="list-style-type: none"> i. Plumbing work ii. Draining work iii. General gasfitting work iv. Gasfitter type B appliance work v. Mechanical services work vi. Fire protection work vii. Restricted plumber (disconnect/reconnect) work viii. Backflow prevention work ix. Fire hydrant and hose reel work x. Thermostatic mixing valve work <p>If no to any of the above please specify.</p>	32

Question	Page reference
<p>Under national licensing, it is proposed that the only restricted licence available will be limited to disconnecting, removing and replacing residential hot water heaters, including connecting or replacing like for like any of the following:</p> <ul style="list-style-type: none"> i. A compression union ii. A temperature/pressure relief valve iii. An expansion control valve <p>Do you agree with this proposal?</p>	38
<p>Should the proposed restricted plumber (disconnect/reconnect) licence category be expanded to enable a holder to disconnect/reconnect to a potable water supply in any trade or calling (e.g air-conditioning or irrigation work)?</p>	38
<p>Is there sufficient rationale for including:</p> <ul style="list-style-type: none"> i. A restricted licence limited to gas servicing ii. A restricted plumbing licence for inspecting and testing fire hydrants and hose reels iii. A restricted plumbing licence for inspecting and testing fire pumps iv. A restricted plumbing licence for inspecting and testing sprinkler systems 	39
<p>Are additional disconnect/reconnect licence categories required for any other trades or callings?</p>	39
Personal and financial probity	
<p>Do you agree the personal probity; including 'relevant person' requirements proposed under national licensing adequately address issues of consumer risk?</p>	48
<p>Do you agree the nature of plumbing and gasfitting work does not warrant additional safeguards for considering serious criminal offences for personal probity requirements (as are currently in place in some jurisdictions)?</p>	48
<p>Do the proposed financial probity requirements proposed under national licensing adequately address consumer risk</p>	49
Eligibility	
<p>Do you agree the requirements proposed under national licensing for the holder of a contractor (business) licence to appoint a nominee are appropriate?</p>	44
<p>Do you agree the exemption regime proposed under national licensing is appropriate?</p>	46
<p>Under national licensing it is proposed that there will be no experience requirements, enabling persons to be eligible for a licence irrespective of how they have obtained their qualification – via workplace (apprenticeship) or classroom training. Do you agree with this proposal?</p>	50

Question	Page reference
Under national licensing, it is proposed that no skill based eligibility requirements will be applied to contractors (other than appointing a nominee who holds the relevant licence), enabling plumbing and gasfitting workers to gain a contractor licence sooner than under the status quo. Do you agree with this proposal?	54
<u>Transition Costs</u>	
The RIS assumes that it will take 45 minutes for licence holders to understand any new obligations, changes to licence requirements or scopes of work under national licensing. Do you agree with this assumption?	61
Beyond the time and transition costs incurred by licensees, businesses and households, and the one-off establishment costs incurred by governments, are there any other transition costs that should be considered in moving to national licensing?	65
<u>Testing the Assumptions</u>	
Are there any other forms of testing currently required by state and territory governments that should be included in the calculations?	78
<u>Licence Terms</u>	
What should the non-contractor licence term be under national licensing?	98
What should the contractor licence term be under national licensing?	98
<u>Transitional Arrangements</u>	
In transitioning to national licensing, some qualifications that currently qualify applicants for a jurisdictional licence will not qualify an applicant for the equivalent national licence. Do you agree that these qualifications, if started before the commencement of national licensing, should be deemed to satisfy the skills based eligibility requirements for the equivalent national licence (as is proposed under national licensing)?	170
Further to the previous questions, it is proposed that an individual who completes such a qualification immediately before the commencement of national licensing will have three years to apply for a national licence. After this three year period, measured from the commencement of national licensing, these 'superseded' qualifications will no longer be deemed to satisfy the skills based eligibility requirements for a national licence. Do you agree with this proposal?	170
If your licence lapsed before the commencement of national licensing (meaning you would not have transitioned to a national licence), the proposed grace period for applying for an equivalent national licence will be the same as the current restoration arrangements in the jurisdiction that issued your licence (if any). Do you agree with this proposal? <i>Note: After the commencement of national licensing, the proposed grace period to</i>	171

Question	Page reference
<i>restore a lapsed licence is three months. A licensee can only restore their licence if the restoration period has not expired.</i>	
<p>Certain restricted licence categories will be discontinued under national licensing. Do you agree that a grace period of 12 months should be provided in which an individual that qualified for a discontinued licence will be deemed eligible for an equivalent national licence (with limitations on the scope of work)?</p> <p><i>Note: The grace period will be measured from completion of the outdated restricted licence qualification. The qualification must have been commenced before the start of national licensing.</i></p>	171
Are there any other issues that should be considered in developing a national licensing system?	N/A

1 General policy context

The Council of Australian Governments (COAG), in July 2008, agreed to wide-ranging regulatory reform to increase Australia's productivity and provide the environment for a seamless national economy. National licensing forms one of 27 key areas for reform; these reforms are overseen by the Business, Regulation and Competition Working Group, which is composed of senior state and territory officials and is co-chaired by two Commonwealth ministers.

Many of the challenges facing the Australian economy can only be addressed through more coordinated regulatory arrangements. By moving towards a seamless national economy through the reform of business and other regulation, the COAG reforms aim to provide a more streamlined, consistent and targeted regulatory environment, reducing inefficiencies and duplication, removing red tape and facilitating flexible and productive operating conditions for businesses and workers across Australia. These reforms have the potential to make life simpler for businesses and consumers, while continuing to provide the necessary protections and access for consumers and the community.

COAG agreed to develop a national licensing system with the following characteristics:

- cooperative national legislation
- national governance arrangements to handle standard setting and policy issues and to ensure consistent administrative and compliance practices
- all current holders of state and territory licences deemed across to the new licence system at its commencement
- the establishment of a publicly available limited national register of licensees and
- no legislative role for the Commonwealth in the establishment of the new system.

National licensing would initially be applied to four occupational areas, which were chosen based on the following selection criteria:

- at least one critical area of the occupation licensed across all jurisdictions
- all have been subject to the work on achieving full and effective mutual recognition
- the importance of the occupation to the economy in terms of level of demand, intrinsic mobility and number of licensees
- the volume and nature of mutual recognition difficulties.

The four occupational areas are:

- plumbing and gasfitting
- refrigeration and air conditioning
- electrical occupations
- property occupations.

National licensing is a threshold reform; that is, it sets in place national licensing eligibility requirements and the related disciplinary framework as the first step in developing a comprehensive national licensing scheme that could, once fully developed, encompass the requirements for both obtaining a licence and the behaviour and standards (conduct) required to maintain a licence.

The behaviours and standards (conduct) to be met by licensees are not currently part of the proposed national occupational licensing reform. A separate reform to potentially harmonise

conduct requirements, commencing with property occupations, is being undertaken by the Legislative and Governance Forum on Consumer Affairs (formerly the Ministerial Council for Consumer Affairs). The full benefits of a proposed national licensing system would be realised if this further reform were undertaken.

1.1 *The Occupational Licensing National Law Act 2010*

The *Occupational Licensing National Law Act 2010* (the National Law) has been passed in six jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory). This Act is national framework legislation that seeks to establish national licensing.

The Bill for the National Law passed Western Australia's Legislative Assembly on 24 November 2010 and was referred to the WA Standing Committee on Uniform Legislation and Statutes Review. The committee did not support the Bill in its current form and Western Australia will consider its position on the Bill following the end of the consultation period on the Amendment Bill, national regulations and regulation impact statements.

The Australian Capital Territory has reserved its right not to implement national licensing if the costs to the Territory outweigh the benefits.

The National Law provides the high-level framework for national licensing policy and regulations. A copy of [the National Law can be found on the national licensing website](#).

During the policy development process, it became clear that some amendments to the National Law are required. The release of the draft Amendment Bill and draft regulations will coincide with the consultation period to allow for public comment to also occur on these.

1.2 Policy development process

Under the Intergovernmental Agreement for a National Licensing System for Specified Occupations, signed by states and territories in April 2009, the COAG National Licensing Steering Committee was given responsibility to oversee the implementation of national licensing in the interim period before the establishment of the National Occupational Licensing Authority. The steering committee reports on progress to the Business, Regulation and Competition Working Group and, through the Commonwealth Treasury, to the Standing Council on Federal Financial Relations. Membership of the steering committee comprises central agency representatives from each jurisdiction.

In considering policy issues, the steering committee and its advisory committees are bound by the objectives and principles in the Intergovernmental Agreement, including a requirement to comply with COAG's principles of best practice regulation. These principles include a requirement to establish a case for action; to consider and cost a range of response options, including non-regulatory approaches; and to ensure that the response selected provides the greatest net benefit to the community as a whole. Key stakeholders must be consulted and government action must be 'effective and proportional' to the issue being addressed.

The steering committee's primary source of advice for occupational regulations is the interim advisory committees established for each of the occupational areas, each of which has an associated Regulator Working Group. Members of the advisory committee represent a balance of expertise relevant to an occupational area across the fields of regulation, industry operations and practices (from both a union and employee perspective), safety, consumer advocacy, insurance (where relevant) and training. The regulator working group comprises regulator members from each relevant jurisdiction. Membership lists are provided in Attachment C.

The Plumbing and Gasfitting Interim Advisory Committee has developed policy advice over a period of 18 months. The majority of advice provided by the interim advisory committees has been incorporated into the steering committee policy advice for the drafting of the national licensing

Amendment Bill and regulations and is considered in this Consultation RIS for the plumbing and gasfitting occupations. There are, however, instances where, after having regard to the objectives and principles set out in the Intergovernmental Agreement, the steering committee formed a different view to that of the interim advisory committee. Such instances are discussed in Chapter 3.

Government representatives from all jurisdictions provided policy advice and are contributing to the drafting instructions for the Amendment Bill and regulations, including representatives from Western Australia and the Australian Capital Territory, which have not yet enacted the National Law. Accordingly, the impact analysis and cost–benefit calculations take into account the current regulatory arrangements in all jurisdictions.

It should be noted that policy development for mechanical services plumbing was undertaken by the Refrigeration and Air-conditioning Interim Advisory Committee due to the significant overlaps with that occupational area. The scope of work of the mechanical services plumber covers the installation, operation and maintenance of building mechanical services plant and equipment used for heating, cooling and ventilating systems. Close communications concerning relevant policy discussions on mechanical services were maintained between the two groups on an ongoing basis. The steering committee, in March 2011, made the decision that mechanical services should sit with the plumbing and gasfitting occupational area.

2 Current regulatory approach

The plumbing and gasfitting occupations are currently licensed under state and territory legislation and administered by jurisdictional regulators. All jurisdictions have some form of licensing, though the approach to licensing varies across jurisdictions. In general, the larger jurisdictions (New South Wales, Victoria and Queensland) follow a segmented approach, with a greater range of categories that have more narrowly defined regulated work. In contrast, the smaller jurisdictions (Western Australia, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory) tend to follow a general approach, with a limited number of categories and broad scopes of work. These differences may be due to different responses to market demands. For example, in larger jurisdictions where there is a greater volume of work, licensing requirements have responded by providing a model that allows greater specialisation. An overview of the sector and current regulatory requirements is provided in Attachment D.

These differences impact on the training required. The national Certificate III in Plumbing requires an apprentice to undertake four streams of work, two (water plumbing and sanitary plumbing) of which are mandatory, but jurisdictions may specify mandatory additional streams, such as drainage, to gain a standard plumbing or gasfitting licence in their jurisdiction.

It should also be noted that Queensland, Western Australia and the Northern Territory license plumbers and gasfitters through two separate regulatory agencies.

Summary of jurisdictional approaches

New South Wales

- New South Wales has three tiers of licence – contractor licence, qualified supervisor certificate and tradesperson certificate.
- An individual contractor can possess both the technical skills and the ability to contract. If holding the technical skills the licence would be ‘endorsed’ to indicate this.
- If a contractor does not have the technical skills, a qualified supervisor is required as a nominee.
- A broad category of plumber exists, which includes water supply and sanitary work. There is also a separate water plumber and a separate drainage licence.
- Restricted water plumber licences cover several fire protection categories.
- An urban irrigation licence is issued.
- A licence or registration is not offered for mechanical services work.
- Three separate licences are issued for gas work - gasfitting work (natural gas), LPG (vapour phase) and advanced LPG (liquid and vapour phase) and a registration is issued for gasfitting work only.

Victoria

- Victoria has two tiers of licence – a licensee and a registration; it does not have a separate contractor level. A licensee is able to contract with the public and certify, and a registered person is also able to contract with the public.
- Water supply and sanitary work are regulated as separate categories, and water supply work does not include backflow prevention, which is available as an endorsement.

- Fire protection is a separate category on its own; however, there are a number of restricted fire protection licences that can be issued to those holding a registration or licence in water supply.
- A separate urban irrigation licence is available.
- A restricted licence is issued to allow gasfitters and electricians to disconnect and reconnect water supply as a subordinate component of their job.
- Type A gasfitting is currently licensed as gasfitting work. Two endorsements – Type A Appliance conversion work and Type A Appliance servicing work – are issued on a gasfitting registration or licence.
- Type B work is currently licensed as two separate endorsements of specialised gasfitting work – Type B gasfitting work and Type B advanced gasfitting work.
- It is usual for Victoria to apply a test or examination of skills in addition to a qualification requirement.

Queensland

- Queensland licenses through three regulatory agencies:
 - the Plumbing Industry Council, which primarily covers plumbing work
 - the Queensland Building Services Authority, which regulates building, trade contracting (including plumbing and gasfitting contractors) and occupational fire protection work (which is not regulated plumbing work)
 - the Department of Natural Resources and Mines, regulates gas work, apart from work at the contractor level, which is regulated by the Queensland Building Services Authority.
- Queensland has three tiers of licence – contractor, licence and provisional/interim (registration equivalent).
- A broad category of plumber exists, which includes water supply, sanitary work and backflow prevention.
- Drainage is a separate category.
- A provisional/interim licence is issued for the equivalent of the tradesperson registration and is available for only one year.
- There are a large number of fire protection licences; 25 classes of occupational licence are issued by the Queensland Building Services Authority alone. Those available under plumbing include fire protection work and fire sprinkler system work.
- Urban irrigation work is licensed under the Queensland Building Services Authority.
- A restricted licence is issued to allow plumbers and electricians to disconnect and reconnect water supply as a subordinate component of their job.
- A Gas Type A licence is issued to individuals, but Gas Type B is issued to individuals and companies.
- Queensland regulates mechanical services as part of a broader refrigeration and air-conditioning licence and not as a plumbing licence. This refrigeration and air-conditioning licence is issued at the contractor level only.

South Australia

- Regulation exists at the contractor level (plumbing or gasfitting) or registration level (either unrestricted or restricted for plumbing or gasfitting work). An individual contractor is able to undertake the technical work if they personally hold an appropriate registration. A body corporate licensee must ensure that the regulated work is performed by a registered person authorised to perform the regulated work.
- A general gasfitting licence (which includes Type A gas appliances) and a Type B gas appliance licence are issued.
- A broad category of plumber exists, which includes water supply, sanitary work and backflow prevention, but there are also restricted licences for water supply, sanitary or drainage work.
- South Australia has the ability, under legislation, to issue a very large number of restricted or conditioned licences tailored to the skills presented by an applicant.
- A Gas Type A licence and a Gas Type B licence are issued.
- A restricted licence is issued to allow gasfitters and electricians to disconnect and reconnect water supply as a subordinate component of their job.
- A licence or registration is not offered for mechanical services work.

Western Australia

- Regulation exists at the level of plumbing contractor or plumbing tradesperson. Contractors can undertake technical work.
- A broad category of plumber exists, which includes water supply, sanitary work and backflow prevention, but there are also restricted licences for water supply, sanitary or drainage work.
- A restricted licence is issued to allow gasfitters and electricians to disconnect and reconnect water supply as a subordinate component of their job.
- Licences are issued for both Gas Type A and Gas Type B work.
- A licence or registration is not offered for mechanical services work or fire protection work.

Tasmania

- Tasmania has three tiers of licence – contractor, full licence, and plumbing or gasfitting practitioner.
- A broad category of plumber exists, which includes water supply, sanitary work and backflow prevention.
- A permit system is in place for those maintaining or repairing fire protection equipment, but a separate licence or registration is not offered for fire protection plumbing.
- Tasmania issues Certificates of Competency (licences) for natural gas only. It also has a registration for LPG work.

Australian Capital Territory

- The Australian Capital Territory has three types of plumbing licence (notwithstanding permits) - contractor (companies and partnerships only), plumber's licence and journeyman.
- There is a separate drainer category.

- The Australian Capital Territory has a broad category of plumber, which includes water supply, sanitary work and backflow prevention.
- Fire sprinkler fitters are regulated at the level of both licence and journeyperson.
- There are three tiers of individual licences for gasfitters – advanced, general and journeyperson and contractor licences for companies or partnerships wishing to offer a gasfitting services.
- A licence or registration is not offered for mechanical services work or for disconnect/reconnect work.

Northern Territory

- The Northern Territory has two tiers of licence – advanced tradesman licence and journeyperson registration.
- The Northern Territory has a broad category of plumber, which includes water supply, sanitary work and backflow prevention.
- A separate drainer licence is available.
- Licensing exists for both Gas Type A at the registration level and Gas Type B (for commercial gasfitters) at the licence level.
- A licence or registration is not offered for mechanical services work, fire protection work or disconnect/reconnect work.

Mutual recognition

Currently, occupational licence, registration or accreditation holders are able to work across jurisdictions under the *Mutual Recognition Act 1992*, to which all states and territories are signatories. Under the Mutual Recognition Act, occupational licence holders from one jurisdiction can apply to be registered in a second jurisdiction on the basis of their existing licence/s without further assessment of their skills. However, licence holders must still approach the regulator in each jurisdiction in which they wish to work, prove they are licensed in another jurisdiction, and pay a fee to receive an equivalent licence for the new jurisdiction. This process imposes financial costs and time delays, and may impede short-term interstate service provision. Mutual recognition does not apply to licensed corporations, or similar entities.

Ministerial Declarations for the plumbing and gasfitting occupations are made under section 32 of the Commonwealth *Mutual Recognition Act 1992*. These declarations contain matrices describing occupational licence equivalents across all jurisdictions. An excerpt from the plumbing and gasfitting mutual recognition matrix (as published in the Commonwealth of Australia *Gazette 2007*) is in Table 2.1. This example illustrates the complexity involved in preparing and maintaining mutual recognition matrices. The full suite of the ministerial declaration matrices can be accessed on the Australian Government's Licence Recognition website. The [Licence Recognition website](#) also allows a licensee to search for the equivalent licence in another jurisdiction.

Table 2.1: Licence equivalence mapping of a South Australian plumbing licence with a New South Wales licence

Current licence in SA	Equivalent Licence in NSW
Restricted Plumbing Contractors Licence – Water Plumbing Work	Contractor Licence – Water Plumbing Work (Q endorsed) AND Contractor Licence – Water Plumbing Work – Urban Irrigation (Q endorsed) AND Contractor Licence –Water Plumbing Work – Fire Protection Systems (Q endorsed) AND Supervisor Certificate – Water Plumbing Work AND Supervisor Certificate – Water Plumbing Work – Urban Irrigation AND Supervisor Certificate – Water Plumbing Work – Fire Protection Systems

The Productivity Commission reviewed mutual recognition in 2003, and again in 2009. The commission found in both reports that on the whole, mutual recognition had reduced impediments to labour mobility. In particular, it found that ‘mutual recognition appears to be associated with a modest increase in the number of interstate arrivals in registered occupations compared with other occupations.’¹² On both occasions, the commission identified problems with the day-to-day operation of mutual recognition, including equivalence of occupations, registrations coverage and the expertise of regulators.¹³ In cases where regulators do not apply mutual recognition correctly, complications can be created by conditions and restrictions placed on licensees when they move across jurisdictions. Both reports made recommendations for improvements.

The Productivity Commission supported the development of nationally uniform licensing requirements and national registration systems for occupations that were highly mobile across jurisdictions, where licence requirements between jurisdictions were significantly different, and where the benefits would justify the costs.

In some jurisdictions, there are existing licensing arrangements in place, outside of mutual recognition, which are designed to reduce the regulatory burden for licensees living in border regions. For example, New South Wales and Victoria have a cross-border agreement that enables individuals who are located on the New South Wales and Victorian border, and whose day-to-day work regularly takes them across the border, to only pay fees for a licence in the state where they live. Victoria however does require the payment of an application fee in these cases. This is arguably a form of enhanced mutual recognition. The other jurisdiction provides a reciprocal licence free of the requirement to pay a fee. Other jurisdictions may have similar arrangements in areas close to their borders.

There has been insufficient information provided as to how these cross-border only solutions currently work. It should be noted that the information provided states that the cross-border mutual recognition is only available to certain licensees and occupations.

12 Productivity Commission 2003, *Evaluation of the mutual recognition schemes: research report*, p. 40.

13 See the Productivity Commission’s [Review of Mutual Recognition Schemes](#), pp.59–62.

3 Options for reform

This Consultation RIS provides a detailed overview of the policy options for national licensing identified through the policy development process. It does not discuss options for maintaining the existing jurisdictional arrangements except as a 'base case' (status quo) for assessing the impact, both quantitative and qualitative, of the introduction of national licensing. While another proposed option, automatic mutual recognition, represents a form of national licensing, it is a hybrid of the status quo and national licensing. It does not embody a consistent national approach to standard setting and policy. For clarity, therefore, where the term 'national licensing' is used in this Consultation RIS, it refers only to the consistent national licensing approaches represented by Options 3 and 4 in 3.1.

3.1 Options for consideration

The options proposed for the licensing of plumbing and gasfitting occupations are as follows:

- *Option 1: Status quo.* Under this option, states and territories will continue to license plumbing and gasfitting occupations as they currently do.
- *Option 2: Automatic mutual recognition.* This option proposes a 'driver's licence' approach to national licensing whereby each jurisdiction would continue to issue licences either against existing jurisdictional categories and associated regulated work or against a harmonised set of categories and work and licences, which have been declared equivalent following agreement by the states and territories. In both cases, these would be recognised by every other state and territory without the licensee having to reapply for a licence or pay an additional fee.
- *Option 3: National licensing – 'Three-tier' option.* A single consistent national approach would be introduced for obtaining a plumbing and/or gasfitting licence. This would allow a person to work anywhere in Australia where the relevant work is licensed without having to reapply for a licence or pay an additional fee. Under this model, a tradesperson registration holder, a (full) licence holder and a contractor would require a licence. There are two sub-options under this proposal:
 - *Sub-option 1 (interim advisory committee preferred option):* An approach requiring an overall increase in the number of Certificate IV units of competency required for new (full) licence holders. This would represent an increase in skill requirements for some jurisdictions compared with current practice.
 - *Sub-option 2:* An approach requiring a smaller overall number of Certificate IV units of competency for new (full) licence holders compared with Sub-option 1. This would represent a decrease or increase in skill requirements for some jurisdictions, compared with current practice.
- *Option 4: National licensing – 'Two-tier' option.* A single consistent national approach would be introduced for obtaining a plumbing and/or gasfitting licence. As for the three-tier model, this would allow a person to work anywhere in Australia where the relevant work is licensed, without having to reapply for a licence or pay an additional fee. Under this model, only a (full) licence and a contractor licence would be issued.

Note that the draft Amendment Bill and regulations that will accompany the next version of the RIS are being prepared based on Option 3, sub-option 1, as this was the preferred option of the interim advisory committee, following the policy development process.

An analysis of the four proposed options follows.

3.2 Status quo

Under the status quo option, the states would continue to operate their own licensing systems, with different jurisdictional policy development processes, applicant assessment standards and mechanisms and disciplinary outcomes for behaviour breaches. Licensed workers would continue to be subject to the requirements of the *Mutual Recognition Act 1992* when they wished to work in another state or states, and would need to apply for a licence and pay an additional fee in each state or territory in which they choose to operate. This option would not address current regulatory complexities, duplication across jurisdictions or impediments to a seamless national economy. It would not meet the terms of the Council of Australian Governments' (COAG's) agreement to a national trade licensing system.

3.3 Automatic mutual recognition (driver's licence)

3.3.1 Background – 2009 Decision Regulation Impact Statement

The National Licensing System for Specified Occupations: Decision Regulation Impact Statement of April 2009 (Decision RIS), provided information on two implementation models for a national trade licensing system: a national single agency model and a national delegated agency model. The latter model was recommended. The Decision RIS also noted that both the status quo and a driver's licence model had been considered as additional options (although they were not costed), but that the then COAG Skills Recognition Steering Committee and the Business Regulation and Competition Working Group had recommended a national trade licensing system. COAG agreed to the development of a national trade licensing system on 3 July 2008, and on 30 April 2009, state and territory first ministers signed the Intergovernmental Agreement for a National Licensing System for Specified Occupations.

3.3.1.1 Overview of the driver's licence models in the 2009 Decision Regulation Impact Statement

The 2009 Decision RIS outlined two possible approaches to an automatic mutual recognition (driver's licence model) – unharmonised and harmonised. In the first, licences would remain unharmonised; that is, skills, administrative and compliance requirements would not be harmonised, and each jurisdiction would continue to implement their existing requirements. In the second, jurisdictions would seek to harmonise these aspects of licensing.

Under both drivers' licence models, an occupational licence issued by any jurisdiction would be valid in any state or territory in Australia. The Mutual Recognition Act would be amended for selected occupations to allow licences valid in one jurisdiction to be recognised elsewhere. State and territory regulators would continue to issue jurisdiction-specific licences and to operate and maintain their licensing systems under their existing legislation.

Both models would facilitate labour mobility and could be expected to reduce the regulatory burden, as licensees would not have to register in each jurisdiction or pay additional fees in a state or territory other than their primary jurisdiction.

3.3.1.2 Limitations of the unharmonised driver's licence model (2009 Decision RIS)

The effect of the unharmonised driver's licence approach, however, would be to import the complexities of each jurisdiction's licensing system into the other jurisdictions. Regulators would need to be familiar with the scope of work covered by each jurisdiction's licence in order to properly monitor the work of licensees. In effect, this means that because of jurisdictional differences between scopes of regulated work and qualification requirements, licensees may need to hold additional local licences or be required to carry out a smaller scope of work than 'local' licensees.

However, regardless of the jurisdiction where a licensee chooses to work, they would be able to undertake the scope of regulated work for which they were initially licensed without the need to apply for an additional licence or take other authorising action. The 2009 Decision RIS noted that an unharmonised approach would not address issues of consistency or transparency, would increase the level of complexity for individuals and businesses (in understanding jurisdictional licensing and conduct differences) and has the potential to increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes by undermining the integrity of jurisdictional regulatory regimes and increasing the potential for jurisdiction shopping. It also noted that there was a significant risk that regulators would lose confidence in the arrangements over time.

3.3.1.3 Limitations of the harmonised driver's licence model (2009 Decision RIS)

In the harmonised driver's licence model, national governance arrangements, comprising representatives of all states and territories, would be needed for each occupation, to coordinate the establishment and maintenance of the harmonised arrangements. However, a system that is harmonised rather than unified was considered to require a comparatively high degree of continuing interjurisdictional coordination to ensure that practices remain consistent over time. While occupation-based interjurisdictional committees, such as the National Plumbing Regulators Forum, currently exist, they meet infrequently, and members would require substantial further resourcing to agree on and maintain harmonisation. They would also need to introduce and empower a central mechanism to resolve ongoing jurisdictional differences. Difficulties were also envisaged in maintaining consistency in legislative provisions without a common legislative basis. It was noted that costs would still be incurred in relation to policy development and legislative changes.

In the absence of any detailed costing, it was considered that a harmonised driver's licence model had a number of disadvantages. These included the high risk of reforms unravelling over time due to the high level of interjurisdictional coordination needed and the failure of past attempts to harmonise regimes. It was also considered that there was a greater likelihood of resistance to reforms and fewer opportunities to streamline and rationalise licensing frameworks.

In regard to the 2009 Decision RIS, it should be noted that the standard automotive driver's licence arrangement works because the regulated work – driving – is essentially the same in all jurisdictions. Automatic mutual recognition has also proved effective in an occupational context in the area of national deeming arrangements for veterinarians, for the same reason. For driving licences, minor differences exist relating to licence conditions (including age eligibility and driving restrictions, such as differing acceptable blood alcohol content levels and hours of driving experience) as well as some jurisdiction-specific road rules (such as restrictions on mobile phone use, restrictions for buses over level crossings and different U-turn rules). These differences equate to the conduct rules for occupational licensing. However, for the plumbing and gasfitting occupations, the current differences in eligibility requirements and regulated work between jurisdictions are more complex than for driver's licence holders.

3.3.2 Revisiting the driver's licence model – automatic mutual recognition

Given that the driver's licence model was not costed in the 2009 Decision RIS, it was considered prudent to revisit this model, to determine whether it is a viable alternative. Accordingly, this Consultation RIS presents the advantages and limitations of a automatic mutual recognition option, referred to as the driver's licence model, for further comment by industry stakeholders, government, consumers and the wider community.

Automatic mutual recognition is one option to address the issues of labour mobility and regulatory burden associated with licensees operating across jurisdictions. Currently, under mutual recognition a licence holder must demonstrate that they are licensed in another jurisdiction and pay an

additional fee for an additional licence. In many instances, conditions, restrictions or endorsements will be applied to the licence in the second jurisdiction to achieve licence equivalence. Under an automatic mutual recognition approach, the holder of an occupational licence granted in one jurisdiction would automatically be allowed to perform the same scope of licensed work across all jurisdictions in the equivalent occupation, without the need to apply for a licence in the second jurisdiction or pay additional fees for licences. However, it would become the responsibility of the licensee and their employers to understand the licensing requirements in each jurisdiction and ensure that licensees do not carry out work they are not authorised under their licence to do. This option is similar to the arrangements that apply to a driver's licence, where a licence in one jurisdiction entitles the bearer to drive anywhere in Australia.

Jurisdictions could also agree to harmonise some licensing requirements in the implementation of this option, such as by removing some licensing requirements that are more onerous than in other jurisdictions. This includes, for example, agreeing on removing the requirement for continuing professional development or harmonising licence qualifications and regulated work and rationalising the number of licences. Harmonisation could be based on the policy development work undertaken to date for national licensing; however, in the absence of a national coordinating mechanism or body, harmonisation is likely to be difficult and time consuming and hard to maintain over time.

3.3.3 How automatic mutual recognition could work

Ministerial declarations made under section 32 of the Mutual Recognition Act have tables of licence equivalents across all jurisdictions that are party to the declarations. One possible method of achieving automatic mutual recognition could be to amend section 32 of that Act to provide that a declaration may allow licensees to work across jurisdictions in the equivalent licence categories (the Act currently does not remove the requirement for licensees to apply for the equivalent licence category in other jurisdictions)¹⁴. In addition, changes would need to be made to jurisdictional legislation to allow certain licences in the matrices under the Mutual Recognition Act to be recognised, as it is inappropriate for a Commonwealth ministerial declaration to impose legal recognition under state and territory regulatory systems. Automatic mutual recognition would create an automatic right to work across jurisdictions in specified categories. However, significant changes may also be required to accommodate business and contractor licences as the system of mutual recognition is designed around an individual's occupational licence. Changes to jurisdictional occupational legislation may be required to allow for such licences. As mentioned previously, mutual recognition does not apply to corporations, partnerships or similar entities.

Not all licences are included in the ministerial declarations therefore jurisdictions would need to continue to cooperate on standardising requirements for those categories of occupational licences which did not have a clear equivalent. This includes regulated work, qualifications and probity requirements. Its immediate applicability to plumbing and gasfitting occupations is discussed in 3.3.6

Where licence scopes differ across jurisdictions, jurisdictional regulators would need to understand the permitted regulated work for each licence. Any licensees operating outside the scope of their jurisdictional equivalent licence category (i.e. home state licence) would be subject to enforcement activities by the relevant jurisdiction's regulator.

3.3.3.1 Conduct and compliance requirements

Under an automatic mutual recognition regime, there would be no need for licensees working in a second jurisdiction to pay additional fees or lodge licence applications.

¹⁴ If the Commonwealth is to have no legislative role in national licensing, as agreed by COAG, then this may not be possible. Changes would need to be made to jurisdictional legislation to allow certain licences in the matrices under the Act to be recognised.

Licencees choosing to work in an additional jurisdiction would still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to the work they intend to perform. For example, licencees may be required to familiarise themselves with jurisdiction-specific variations in plumbing and gasfitting work, and/or notify the regulator of the work and arrange for an inspection. The need to comply with such requirements would be a requirement of any option.

An automatic mutual recognition regime could be supported by a central database of disciplinary actions to enable jurisdictional regulators to be aware of any pending actions, disciplinary actions under way, etc. To provide a level of transparency for consumers of the services or for compliance purposes, the requirements for a database (in terms of scope, build costs, maintenance, etc.) would need to be considered and costed. A database containing completed disciplinary actions, while being less costly to establish than a national register, would, however, fall short of the complete national register (central database and national public licensing register) of licence holders proposed under national licensing. However, in the absence of a central licensing or coordinating body, such as the licensing authority, questions remain about the process for establishing, maintaining and servicing of the central database within the jurisdictions and who would be responsible for those activities.

3.3.3.2 Benefits compared with the status quo

In comparison with the status quo, automatic mutual recognition model, the automatic mutual recognition option has the benefit of removing fees, delays and other barriers that can arise in the mutual recognition process. This is discussed further in the impact analysis in Chapter 4.

3.3.4 Costs of implementing automatic mutual recognition

3.3.4.1 Legislative change, IT register and new administrative arrangements

To implement automatic mutual recognition, legislative changes would be required, and an IT register would need to be developed, maintained and coordinated into the future. Compliance arrangements would need to be developed by regulators. There would also be costs associated with coordinating the management of the IT register. Under a harmonised model, and as with current mutual recognition arrangements, there would be a cost in maintaining equivalence of licence tables and mechanisms to ensure consistency in licence categories over time. Any future harmonisation work – for example, reforms to conduct requirements – would also incur costs. This is discussed further in the impact analysis in Chapter 4.

3.3.4.2 Additional burden on employers and individuals

Under an unharmonised model, there would continue to be many instances where regulated work and other licence requirements differ across jurisdictions, and licencees would need to be aware of multiple jurisdictions' licence requirements. This situation would be identical to the current operation of mutual recognition. This would also impose an additional cost to employers who choose to employ skilled labour from other jurisdictions or who operate across jurisdictions. Those employers would need to be aware of multiple jurisdictional requirements to understand what their employees are qualified and authorised to do under their licence to do (and any conditions or restrictions placed on licencees they employ), to ensure that they do not direct employees to work beyond the scope of their jurisdictional licence. This would be an increased burden compared with the current operation of mutual recognition arrangements as, through mutual recognition, the original licence is 'translated' into the regulatory terms of the jurisdiction of operation. This burden would not apply to employers who operate in a single jurisdiction and who do not engage interstate workers. This is discussed further in the impact analysis in Chapter 4.

3.3.4.3 Differing fee levels and jurisdiction shopping

Conduct and fee levels would remain a jurisdictional responsibility under automatic mutual recognition, as it does under national licensing. Under this option, different fee levels across jurisdictions may promote instances of ‘jurisdiction shopping’ under automatic mutual recognition, given that licensees would be allowed to work across Australia. There would be a need for specific legislative requirements for determining the jurisdiction in which a licensee would be issued their licence (e.g. where the applicant resides or where the majority of their work will be conducted). This is discussed further in the impact analysis in Chapter 4.

3.3.5 Limitations of automatic mutual recognition

3.3.5.1 Consumer protection and health and safety

A key issue relates to the certainty of consumer protection and health and safety outcomes. While all persons undertaking work across jurisdictions would have the appropriate licensing to perform that work in both their primary and any second jurisdictions, there would be differences in permitted scopes of regulated work. It is the primary responsibility of the licensee to ensure that they are licensed to carry out the scope of permitted work under their licence when working in another jurisdiction. Differences in the scopes of regulated work could raise the risk of licensees working outside their scope of regulated work in secondary jurisdictions, thus affecting consumer protection and health and safety.

It should be noted, however, that this is an ever-present risk under mutual recognition arrangements. Along with changes in conduct requirements, licensees moving to another jurisdiction would need to be cognisant of any differences in the scopes of regulated work.

Although the COAG mutual recognition initiatives have reduced some regulatory costs through more streamlined application processes and greater consistency of decisions, many regulators questioned whether the initiatives would be sustainable without a central coordinating mechanism. Regulators almost universally expressed the view that it would be highly desirable to have a central coordinating body to support updating of licence equivalency.

There was a strong current of opinion among regulators that ongoing administrative resources will be required to maintain the licence recognition website, coordinate meetings and facilitate drafting of amendments to the ministerial declarations. Although such work would not be an enormous administrative task (of the order of \$1 million per year), the view was that without a commitment at this level, there was a danger that the focus on the currency of information would be lost.¹⁵

3.3.5.2 Compliance difficulties

Automatic mutual recognition would require local regulators who monitor and enforce compliance with licensing to understand several jurisdictions’ licensing requirements rather than just their own. While licence mapping or tables may assist, the mutual recognition tables do not take into account any conditions or restrictions applied to the original licences, and any such conditions or restrictions would be carried through to the second jurisdiction. This represents a further complication for compliance purposes if the condition or restriction is not apparent on the face of the licence.

3.3.5.3 Uptake of automatic mutual recognition option

Under the automatic mutual recognition model, some licensees may choose voluntarily to obtain a ‘local’ licence in secondary jurisdictions even if the legislative requirement to do so is removed.

¹⁵ The Allen Consulting group report Evaluation of the COAG Initiatives for full and effective mutual recognition, June 2008.

This situation could arise due to a number of factors, including:

- the licensee seeking information on what work can be undertaken in the jurisdiction
- employer and consumer preference for those holding 'local' licences
- a desire to advertise with a local licence number (e.g. for branding purposes)
- assurance of entry onto the 'local' regulator's public database of licensees
- the perception of a consumer preference for those holding a 'local' licence.

These risks would be exacerbated by continuing differences in licence eligibility criteria between jurisdictions, or where licensees from other jurisdictions are perceived to be less qualified.

The likelihood that some (or many) licensees will choose to voluntarily obtain a licence in secondary jurisdictions is supported by the evidence from Queensland, where a form of automatic licence recognition is already in place for some electrical licences. Despite the existence of automatic licence recognition, the evidence shows that many interstate licensees still choose to apply for a Queensland licence.

3.3.5.4 Absence of strong central coordination

While the decentralised nature of the governance of the mutual recognition schemes has assisted in keeping administrative costs low, it has led to low levels of government coordination, both within and across jurisdictions. The responsibility for ongoing oversight has been spread across several bodies, each with narrow responsibilities, and with minimal resources to carry out coordination functions.

The Productivity Commission recognised this issue and recommended the establishment of a specialist unit to provide oversight for the mutual recognition of occupations (funded by jurisdictions).¹⁶

In the absence of a central licensing authority, such as the National Occupational Licensing Authority, the automatic licensing option may experience similar problems related to decentralised governance. For example, to ensure continuing equivalence measures, a decision to reduce licensing requirements in one jurisdiction would require agreement by every other participating jurisdiction before changes could be implemented. Without a central coordinating body such as the licensing authority, this process may be time consuming, administratively inefficient and, if jurisdictional views differed, potentially unachievable. If consensus was not achieved and a jurisdiction made changes, there would be a risk that automatic mutual recognition for the licence in question could be revoked.

The additional governance costs that would exist under automatic mutual recognition to manage these issues are less transparent than under the national licensing model as the automatic mutual recognition option has not been fully developed.

The proposed system of automatic mutual recognition would be fragmented in its implementation if an approach is taken, whereby occupational categories with similar regulated work would commence initially and work would be undertaken on other categories before commencement. This would entail some licence categories starting immediately, some at a later date, and some (contractors) not at all. Licensees who operate across categories would be at risk of incurring extra costs as they try to operate under two different regimes, those recognised under automatic mutual recognition and those not yet included.

¹⁶ Productivity Commission 2009, *Research Report: Review of Mutual Recognition Schemes*.

The automatic mutual recognition model would not prevent jurisdictions from creating new licence categories and exacerbating barriers to entry, whereas with a centralised approach to licensing policy, any new licence category would be capable of application across jurisdictions quickly.

3.3.6 How automatic mutual recognition would work for the plumbing and gasfitting occupations

The ability of automatic mutual recognition to address mobility and productivity issues could be based on current mutual recognition tables that detail common regulated work. These tables already detail equivalent licences across jurisdictions, and note that these equivalents may include some or all regulated work listed. Automatic mutual recognition could be an extension of these current arrangements. The tables are, however, complex and require periodic maintenance in order to reflect changes in jurisdictional licence policy. An example of a mutual recognition table can be found in Chapter 2.

In plumbing and gasfitting occupations, the work of a plumber or gasfitter is often dissimilar across jurisdictions, due to different approaches to licensing structure and scope of regulated work. There would, therefore, be issues in the implementation of automatic mutual recognition in all licence categories whose resolution would benefit from further cooperation between jurisdictions on standardising requirements.

Nevertheless under an automatic mutual recognition model, what a licensee is qualified and authorised under their licence to do in their primary jurisdiction is what they would be qualified and authorised under their licence to do in secondary jurisdictions. Table 3.1 shows the benefits and costs of the automatic mutual recognition model compared to the status quo.

Table 3.1: Benefits and costs of the automatic mutual recognition model for the plumbing and gasfitting occupational area compared to the status quo

Nature of Impact	Industry/licensees	Government	Consumers
Benefits	<p>Removal of need to hold multiple jurisdictional licences</p> <p>Improved labour mobility</p> <p>Removal of need to pay additional fees to work in multiple jurisdictions</p> <p>Removal of unnecessary regulatory burden^a (subject to jurisdictions agreeing to contingent harmonisation measures)</p>	<p>Reduced administrative effort and costs from not needing to issue licences to licensees from other jurisdictions</p> <p>Quick implementation of initial licence categories</p>	<p>Improved access to licensed tradespeople due to greater licence mobility</p>
Costs	<p>Possible increases in administrative burden for licensees and their employers operating across jurisdictions as it becomes less clear what work licensees are qualified and authorised under their licence to do^b</p>	<p>Cost of establishing a database of disciplinary actions</p> <p>Minor transitional costs</p> <p>Less revenue from removal of need to hold multiple jurisdictional licences</p> <p>Potential increased compliance costs because regulators will be less sure who is operating in their jurisdiction, and compliance officers will need to be aware of multiple jurisdictions' licence requirements to enforce licences</p> <p>Cost of future licence harmonisation activity</p> <p>Cost of developing a uniform approach to the notification process resulting from licensees moving across jurisdictions.</p>	<p>Consumers engaging interstate licensees will have to rely on the licensee's advice and self-regulation on what work can be undertaken in that jurisdiction as they would not be dealing with a state-specific regulatory structure or with a consistent national structure of regulated work. Information on licence cards would differ across jurisdictions, resulting in potential uncertainty for consumers</p>

a Subject to jurisdictions agreeing on some harmonisation measures, such as removing continuing professional development, rationalising the number of licence categories and harmonising licence eligibility and qualification requirements.

b Industry and licensees will need to be aware of several licensing regimes, rather than their own. (The same will hold for government compliance officers.)

3.4 National licensing options

Under the national licensing options, as with automatic mutual recognition, a licensee would be able to work anywhere in Australia without having to reapply or pay for a licence when they move to another jurisdiction within Australia. (The exception to this would be few instances where the second jurisdiction licenses a scope of work not licensed in the person's primary jurisdiction.)

Licences would have the same title and authorise the same regulated work throughout the country. A national licensing approach could be expected to greatly assist in responses to national emergencies by removing the need for dealing with red tape where skills were needed urgently.

It should be noted that there will still be a need for the mutual recognition of licences for occupations that are not covered under national licensing. There will also be the need to continue to recognise plumbing and gasfitting licences from New Zealand under the Trans-Tasman Mutual Recognition Arrangement.

The regulation of the behaviours and standards (conduct requirements) to be met by licensees following the attainment of a licence would not be within the scope of this reform. The full economic benefits of national licensing would be achieved should conduct requirements be reformed to provide for national standards for behaviour. Under the proposed models, while consistent eligibility requirements for skills- and non-skills-based requirements will be set under national licensing, licensees will continue to need to meet any requirements set by jurisdictions as a prerequisite to operating in a particular jurisdiction. Insurance, for example, is not an eligibility requirement under national licensing; however, contractors would need to ensure that they satisfy the necessary insurance requirement of the state or territory in which they work.

3.4.1 Proposed categories of regulated work

Regulated plumbing and gasfitting work is usually identified by clearly stated licence categories, each relating to the different scope of plumbing and/or gasfitting work authorised.

A risk-based approach based on identified consumer and health and safety risks associated with this work was taken during the development of the national licence model for the plumbing and gasfitting occupations. COAG's best practice regulation principles were also considered during policy development. An overview of the risks associated with plumbing and gasfitting work can be found in Attachment E. The proposed categories of licences should be able to address both current and future industry environments. These elements were taken into consideration (in conjunction with the core areas of work covered by current licence categories) and informed the identification of the proposed categories of licences.

It should be noted that the national training package is based on delivering a broad range of skills in a minimum of four of the plumbing and gasfitting categories. As the qualification requirements for the CPC32411 Certificate III in Plumbing require both water plumbing and sanitary plumbing as mandatory streams, it is proposed that these would be issued as a single licence category. Accordingly, on completion of the Certificate III in Plumbing, a person will have the qualifications to be eligible for at least three of the licence categories listed, although they may choose to specialise on completion:

- plumber
- drainer
- general gasfitter
- mechanical Services
- fire protection
- plumber – restricted to disconnect/reconnect work.

Additionally, on completion of the qualifications required for the general gasfitter for the (full) licence holder (Certificate III in Gasfitting or a Certificate III in Plumbing including the identified Certificate III and Certificate IV units) plus completion of a single Certificate IV unit of competency for type B gas, the following category will be available:

- gasfitter Type B appliance

These categories would apply to all of the national licensing options discussed.

Not all jurisdictions currently issue licences across all of these categories. While all jurisdictions regulate those undertaking water plumbing, sanitary plumbing, draining work and gasfitting work, the regulatory approaches differ. Many jurisdictions currently have a broad category of plumbing licence that at a minimum includes water supply plumbing work and sanitary plumbing work, but others do not.

It is expected that a single licence card may be issued that lists all licence categories held in order to reduce administrative costs.

It should be noted that under national licensing, jurisdictions that currently do not regulate a particular category of an occupational area would not be required to issue licences for that category (i.e. the jurisdiction could choose for that category to remain unlicensed in that jurisdiction). However, where a part of the scope of the work is licensed in some way under national licensing, a jurisdiction would be required to either pick up the category or not licence that category at all.

Roof plumbing is not included in the above list as, while it is currently regulated as a plumbing category in two jurisdictions (Victoria and Tasmania), it is regulated as a building category in other jurisdictions (New South Wales, Queensland and South Australia). The remaining jurisdictions (Western Australia, Australian Capital Territory and the Northern Territory) do not licence it at all. Due to the crossover with building work, consideration of this category of work has been deferred until the building advisory groups, which have commenced their work, have had the opportunity to consider it. Arrangements for licensing roof plumbing will be maintained in those jurisdictions that regulate it until any revised arrangements are agreed. There may be a case to deregulate roof plumbing as a plumbing category as it is only regulated in two jurisdictions, is strongly related to structural work involving installation, and may be more appropriately included in building work.

Rationale

The proposed categories reflect the plumbing and gasfitting licence categories currently used by jurisdictions which exist as separate training 'streams' in the relevant national training package, such as water and sanitary plumbing, draining and gasfitting. The case for licensing these main categories of work has been made in all jurisdictions over decades.

The rationale for the number of separate categories was the need to ensure flexibility for business in the range of skills held and to avoid unnecessary training costs for licensees. This is particularly true for larger jurisdictions, which tend to have a higher number of specialist operators. A general category of 'well rounded' plumber encompassing water and sanitary plumbing, draining and gasfitting skills streams was considered; however, this model was not considered to be sufficiently flexible. Water plumbing and sanitary plumbing work, have however, been combined into a single plumber licence as these streams are mandatory in the national plumbing training package.

Question : Do you agree that national licensing should include the following licence categories:

- xxv. a plumber's licence
- xxvi. a drainer's licence
- xxvii. a general gasfitter's licence
- xxviii. a gasfitter's type B appliance licence
- xxix. a mechanical services licence
- xxx. a fire protection licence
- xxxi. a plumber tradesperson's registration
- xxxii. a drainer tradesperson's registration
- xxxiii. a general gasfitter tradesperson's registration
- xxxiv. a mechanical services tradesperson's registration
- xxxv. a fire protection tradesperson's registration
- xxxvi. a provisional plumber's licence
- xxxvii. a provisional drainer's licence
- xxxviii. a provisional general gasfitter's licence
- xxxix. a restricted plumber's (disconnect/reconnect) licence
- xl. a plumber contractor's licence
- xli. a drainer contractor's licence
- xl.ii. a general gasfitter contractor's licence
- xl.iii. a gasfitter type B appliance contractor's licence
- xl.iv. a mechanical services contractor's licence
- xl.v. a fire protection contractor's licence
- xl.vi. a plumber tradesperson's registration with endorsement for thermostatic mixing valves
- xl.vii. a plumber tradesperson's registration with endorsement for backflow prevention devices
- xl.viii. a plumber's licence with endorsement for fire hydrants and hose reels.

If no to any of the above please specify.

3.4.1.1 Work included as separate categories

It was considered that a plumber should hold a licence in 'one or more' of the plumbing and gasfitting categories and that requiring a broader range of core skills before a person could hold a licence would create an unnecessary barrier to entry into the trade. Completion of the Certificate III in Plumbing will entitle a person to obtain a licence in at least three of the proposed licence categories. The specific rationale and discussion relating to the inclusion or exclusion of specific categories or levels of work follows.

Mechanical services

Mechanical services work, while included in the proposal, is currently only licensed under plumbing work in two jurisdictions, Victoria and Tasmania. The work covered relates to the mechanical heating, cooling or ventilation systems in a building. Victoria provides an endorsement on a mechanical services licence for the licensee to undertake refrigeration and air-conditioning work. In Tasmania, the licence is concerned with the plumbing aspects of mechanical services work. Queensland is the only other jurisdiction to regulate part of this work (at the contractor level only), and it does this as part of a broader refrigeration and air-conditioning licence. Other jurisdictions do not licence this work under either plumbing or refrigeration and air-conditioning. It should be noted that, in the Refrigeration and Air-conditioning Regulation Impact Statement, proposals are presented either to remove the refrigeration and air-conditioning licence, as the Commonwealth Arctick licence is already required for those working with ozone depleting refrigerants, or to license at the contractor level only. National competition reforms urge the removal of the licensing of any occupation only regulated in one or two jurisdictions. Although the policy development process recommended the inclusion of a category for mechanical services, given the low level of licensing coverage of mechanical services work, there is a case for mechanical services work to be deregulated or for licensing to be restricted to the contractor level only.

Disconnect/reconnect work

Only one restricted licence is included, for disconnect/reconnect work. During the policy development process it was agreed that this was a necessary category to enable electricians to perform limited plumbing essential to install or remove water heating systems or temperature or pressure relief valves. In some jurisdictions, this work is covered under a restricted electrical licence. Five jurisdictions currently have a form of disconnect/reconnect licence.

Gasfitting

The policy development process originally proposed three categories of gasfitting licence, which included a specialised Type B category; this licence was proposed to cover non-standard installations. A sub-group of gas regulators was convened and concluded that it would be difficult to agree on a consistent scope of work for such a licence because the installations covered varied widely and relevant work was often authorised for a particular piece of equipment or a particular location. In addition, the category would apply to a relatively small number of people because of its specialist nature. It was proposed that such approvals were best undertaken through state jurisdictional authorisation schemes rather than through national licensing; therefore, some Gas Type B work will fall outside national licensing and will be covered under state and territory legislation.

Contractor (business) licences

Contractor (business) licences are proposed for all categories except the provisional licences. Contractor licences will allow an individual, partnership, sole trader (unincorporated business) or corporation (body corporate) to contract with the public for the proposed regulated work. Applicants would be subject to personal and financial probity requirements.

A contractor licence would be linked to the regulated work and a technical nominee (see 3.4.7) would be required when the licence is issued to a corporation or to an individual who does not hold the relevant licence to undertake the work.

A generic contractor licence, which would allow a businessperson to contract for any occupation provided they had the relevant nominee, was discussed but not supported as it was agreed that compliance activity required a link to a particular scope of regulated work.

A concern has been raised as to how holders of a restricted licence would be able to contract to carry out the work that the restricted licence entitles them to perform. The Amendment Bill requires nominees for a plumber business licence to hold a plumber licence. This would preclude holders of a restricted (disconnect/reconnect) plumber licence from being the nominee for a plumber business licence. Accordingly, it may be necessary to explore whether a contractor's licence should be issued for a restricted (disconnect/reconnect) plumber licence to enable a person to contract to perform this work themselves.

Question: Do you consider that plumbing and gasfitting contractors should be licensed?

A provisional licence

A provisional licence would authorise a licence holder to perform the regulated work for the category of licence under supervision only. Primarily, this licence would be issued to overseas trained applicants. Provisional licences would allow the holder to start work pending the completion of required training. Such licences would be time limited and restricted to a maximum of two licence periods for a particular category.

As part of COAG's 2006 initiative to reduce skills shortages, the states and territories agreed to issue provisional licences to assist overseas applicants who held a certain level of competence to start work in Australia pending training in local requirements. The issuing of these licences was based on

the development of a process and standard for assessing the qualifications of overseas licence applicants before they migrated to Australia. The states and territories agreed to issue a provisional licence to those applicants who met the required standard with the condition that they would work under supervision and that the Australia-specific content would be completed within a specified period. This agreement did not include the issuing of provisional licences for mechanical services or fire protection and consequently, these are not proposed under national licensing.

A provisional licence is not proposed for:

- a Gas Type B appliance work as a prerequisite for eligibility for that licence is eligibility for a general gasfitter licence
- the restricted (disconnect/reconnect) licence as the licence is intended as an add-on for those with an electrical or gasfitting licence who are required to carry out ancillary plumbing work.

It is proposed that, to provide consistency in approach across the trade occupations, the licensing regime for plumbing and gasfitting occupations should include provisional licences to deal with both off-shore and on-shore assessed migrants while they complete training in the Australia-specific requirements and standards necessary to be granted a qualification. It has therefore been proposed that provisional licences should be issued to offshore and onshore migrant applicants and that the same qualification requirements (and gap training) apply to both offshore- and onshore-assessed applicants.

A provisional licence is not proposed for apprentices and trainees, because the work undertaken is under the supervision of an employer, who is accountable for the work.

3.4.1.2 Work not included as separate category and work proposed as being deregulated

During policy development discussions, it was considered that some areas of work should not be licensed, either separately or at all, as they were either of low risk (e.g. ducting) or were better covered by other categories (e.g. non-agricultural irrigation covered under plumbing) or regulatory processes (e.g. medical gases).

Only three jurisdictions, New South Wales, Victoria and Queensland, have a separate licence category for non-agricultural irrigation. In Queensland, irrigation is only licensed as a contractor category, not as a plumbing category. Irrigation outside of plumbing was not considered to be a high-risk activity, and some irrigation activities are exempted from the regulated work for plumbing.

Other areas of work were not considered to warrant a separate licence category. These include fire sprinkler systems, fire system pump sets work, Type A Appliance Conversion Work and Type A Appliance Servicing Work. These were considered to be adequately encompassed within the broader regulated work of other categories. The rationale for non-inclusion for the latter two of these activities is included in 3.4.6.3 and 3.4.6.4, as these activities are currently included as endorsements by some of the jurisdictions that currently license them, although Queensland regulates the work under a restricted licence.

Fire sprinkler work

A restricted licence for this work is currently issued in six jurisdictions, usually as a restricted form of a water plumbing licence, but as a restricted fire protection licence in Victoria. Two jurisdictions further distinguish between conducting this work in a residential setting or in an industrial or commercial setting. It was considered that the work covered by these licences was similar to that of the proposed fire protection work licence; it is not proposed for inclusion as a separate category.

Fire pump sets work

Queensland has two separate restricted licences (one to certify, one to inspect and test) for fire pumps. Victoria issues a restricted licence for this work, and in 2010, only 46 licensees were identified.

Queensland Fire Protection Framework

Queensland has the most comprehensive fire protection licensing framework of all the jurisdictions, developed in response to the Palace Backpackers Hostel fire in Childers in 2000. The framework covers 25 separate fire protection occupational licences and 30 contractor licences in addition to plumbing endorsements and restricted plumbing licences. It is regulated by both the Plumbing Industry Council (for plumbing work only) and the Queensland Building Services Authority (for work not exclusively plumbing). The framework extends beyond the inspection of water-based systems to the inspection, testing and certification of fire protection systems within buildings. It also covers such items as fire doors and shutters and emergency lighting. The framework's extensive nature will necessarily be discussed as part of the policy development for the building occupations.

As the proposed fire protection licence (at the levels of contractor, full licensee and tradesperson registration) will only partly cover the existing Queensland framework, jurisdictional representatives point out that Queensland fire protection licensing will be dually regulated at both the state and national level. For example:

- Water-based fire protection work will require a national licence (excluding water-based special hazard suppression work which is outside the scope of the national licence).
- Special hazard suppression systems will require a Queensland licence.
- Fourteen licences that do not relate to plumbing work will be retained under any national licensing scenario (although a number will be included in the national building licensing discussions).
- One licence (portable fire equipment and hose reels – hose reels downstream of stopcock only) authorises both plumbing (downstream of stopcock) and non-plumbing work; therefore, dual national and Queensland licences are likely to be required to continue this work.
- Five 'certify' licences involve inspecting and testing of plumbing work (for the purposes of certification of the fire protection system in a building). However, inspecting and testing is proposed to become regulated work requiring a national fire protection licence. This means that a Queensland fire protection professional or 'certify' licensee could potentially require dual Queensland and national licences, unless a state-specific exemption was applied.

Following discussion by the stakeholder policy groups, the word certification was removed from the scope of the regulated work in favour of the term 'ensuring technical compliance' of work; therefore, as this is outside the scope of the national licence, Queensland indicates that it would continue to license certification work separately.

The qualifications required for a Queensland 'certify' licence relate to legislative compliance (including inspecting and testing a system to determine compliance) and, with the exception of one unit of competency, do not overlap with the qualifications proposed for the national fire protection licence (which relate to installation, maintenance, repair, commissioning, inspecting and testing of a fire protection system). Queensland expressed the view that:

"Requiring fire protection certifiers to hold a national fire protection licence (requiring completion of a Certificate III Fire Protection plus additional Certificate IV units) would significantly increase the regulatory burden on the industry and compel training beyond what is necessary to carry out certification work (i.e. beyond the inspection

and testing of a system) and require certifiers to be able to install, maintain and commission a system.”

Alternatively the action of certifying could be deemed to be part of Queensland’s conduct requirements.

Three separate ‘test and inspect’ licences in Queensland are available in relation to fire pumps, hydrants and hose reels, and sprinkler and suppression systems. While a plumber can undertake this work, current licensees for this work may hold as few as two units of competency (for fire hydrants and hose reels) or a Certificate II in Asset Maintenance. Under national licensing, new entrants would require higher qualifications to undertake this work.

The Queensland Government position is that a single licence category would reduce flexibility for occupational entrants, increase the regulatory and training burdens on some licences and result in skills shortages, particularly in regional areas. Feedback is sought on whether a restricted licence should be included under national licensing in any of the categories of fire hydrants and hose reels, fire pumps or sprinkler and suppression systems.

3.4.2 The proposed national licensing model across the jurisdictions

The proposed national licensing arrangements across the jurisdictions are shown in Table 3.2 and relate to the three-tier, sub-option 1. The shaded area denotes that national licensing will occur in that jurisdiction for the occupation. Elements of the table would change if another option was selected; for example, no tradespersons’ licences would exist. It should be noted that the table does not differ in any substantial way from the current licensing arrangements across the jurisdictions.

Table 3.2: Proposed national licensing arrangements across jurisdictions (Option 1)

	NSW	Vic	Qld	SA	WA	Tas	ACT	NT
(Full) licence								
	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✓	a	✓	✓	✓	✓	✓
	✓	✓	✓	✓			✓	
		✓	b			✓		
Endorsement on plumber licence								
Testing and maintaining hydrants and hose reels		✓	✓	✓				
Tradesperson registration								
Plumber – tradesperson registration (water and sanitary)	✓	✓	✓	✓	✓	✓	✓	✓
Drainer licence – tradesperson registration	✓	✓	✓	✓	✓	✓	✓	✓
General gasfitter licence – Tradesperson registration	✓	✓	✓	✓	✓	✓	✓	✓
Fire protection licence – Tradesperson registration	✓	✓	✓				✓	
Mechanical services licence – tradesperson registration		✓				✓		
Endorsement on plumber – tradesperson registration		✓		✓				✓
Commissioning and maintenance of thermostatic mixing valves		✓	✓					✓
Commissioning and maintenance of backflow prevention devices		✓	✓	✓				✓
Provisional licences								
Plumber water and sanitary – provisional	✓	✓	✓	✓	✓	✓	✓	✓
Drainer – provisional	✓	✓	✓	✓	✓	✓	✓	✓
General gasfitter – provisional	✓	✓	✓	✓	✓	✓	✓	✓
Contractor								
Contractor (all categories except provisional)	✓	c ✓	✓	c ✓	c ✓	✓	✓	c ✓

- a Queensland licenses Type B gas work under an authorisation. Under the terms of the Intergovernmental Agreed for a National Licensing System for Specified Occupations, April 2009, Queensland may choose whether to license this work
- b Queensland regulated mechanical services work as a contractor level only. Under the terms of the Intergovernmental Agreed for a National Licensing System for Specified Occupations, April 2009, Queensland may choose whether to license or not license this work.
- c Currently no separate contractor licence issued, with the exception in South Australia of a body corporate, which may be issued a plumbing licence (without limitation) or a gasfitting licence (without limitation) or both (without limitation).

3.4.3 Three-tier and two-tier models

Two main options for structuring the licensing approach have been identified. These are a three-tier licensing model, in which the contractor, (full) licence holder and tradesperson registration holder are all licensed; or a two-tier model, in which only the contractor and licence holder are licensed. Note that, as the title 'licence holder' or 'licensee' may cause confusion with the more generic use of the word licence, this document will use the term (full) licence holder throughout for this type of licensee. A (full) licence holder might be a plumber, drainer etc. While the three-tier model has two sub-options, these are differentiated by the skills eligibility requirements only and are therefore discussed in greater depth in 3.4.11. The following descriptions of the three-tier model apply to both sub-options.

3.4.3.1 Three-tier licensing model

This model, preferred by the Interim Advisory Committee, proposes three tiers of licence, which reflect the current approach in many jurisdictions, namely:

- *Contractor licence*: the licence holder is authorised to contract to do the regulated work.
- *Full licence*: the licence holder is able to perform work unsupervised and is able to sign off on the technical compliance, but cannot contract with the public.
- *Tradesperson registration*: the registration holder must be supervised to undertake work, cannot sign off on the technical compliance and cannot contract with the public.

3.4.3.2 Two-tier licensing model

The steering committee proposed two tiers of licence types only and the removal of the supervised licensee level:

- *Contractor licence*: the licence holder is authorised to contract to do the regulated work.
- *Full licence*: the licence holder is able to perform work unsupervised, with the exception of 'commissioning and testing' which will require completion of additional Certificate IV units) but cannot contract with the public.

Under this approach, the contractor and (full) licence holder would be licensed. There would be no separate supervised worker level. This was seen by the steering committee to provide an approach which aligned with best practice regulation. A Certificate III qualification would be sufficient to obtain a full licence and to work unsupervised undertaking the proposed regulated work in all occupational categories, with the exception of Gas Type B work, which required one additional Certificate IV unit of competency to be eligible for this licence.

Where commissioning and testing is not part of that regulated scope of work, for example, work on backflow prevention or thermostatic mixing valves, an endorsement would be required and the licensee would need to complete additional Certificate IV units of competency. Endorsements would only be required should licensees choose to undertake this work.

Rationale

Both licence models

Both models include a contractor level licence that would be issued for a specific licence category. The National Law provides that if the contractor is a body corporate, it must have a technical nominee who is licensed as an individual to do the work. An individual who wished to contract for work but did not hold a licence enabling them to undertake the work would be required to specify a nominee who had a relevant licence to undertake the work and/or to ensure the work was undertaken to the appropriate standard.

Overall there are six jurisdiction that license contractors. Five jurisdictions currently license individual contractors and four license business entities as contractors. Contractor licensing is undertaken because of the need to manage the risk associated with a licensee contracting with a consumer. The licensing of contractors provides a mechanism for regulators to take action against a person or entity responsible for failing to meet contractual responsibilities, including completion to an acceptable standard. It allows regulators to close eligibility to those who may have exhibited inappropriate business behaviour such as placing a business into bankruptcy. It also provides a mechanism for dealing with phoenix companies. In at least two jurisdictions, New South Wales and Queensland, the contractual relationship is at the heart of conduct compliance and disciplinary regimes and/or home warranty insurance arrangements.

In addition, the separate licensing of contractors provides flexibility for business arrangements where the contractor does not possess the technical skills to undertake work and wishes to manage the business arrangements only.

At least one jurisdiction has suggested that deregulation should extend to contractors, however, for the reasons given, this may be problematic for some jurisdictions.

Two jurisdictions, Victoria and the Northern Territory, do not currently licence contractors and to introduce contractor licences in these jurisdictions has been estimated to cost approximately \$470 000 for Victoria and \$10 000 for the Northern Territory, see 4.1.3.5.

The three-tier model

The three-tier proposal is based on the view that there is a skills distinction between the (full) licence and tradesperson registration levels that should be maintained. The proposed skills-based eligibility requirement for a tradesperson registration is completion of the relevant Certificate III while the proposed requirement for a (full) licence is the relevant Certificate III plus specified Certificate IV units of competency. While other tradespersons, such as electricians, can undertake and certify all relevant work following completion of a Certificate III qualification, the Interim Advisory Committee advice was that neither a Certificate III in Plumbing nor a Certificate III in Gasfitting qualification provided sufficient skills for a person to undertake the main functions of plumbing and gasfitting work and that a plumbing or gasfitting tradesperson holding a Certificate III in this occupational area needed a further period of training before they could work unsupervised.

The two sub-options of this model are differentiated solely on the number of Certificate IV units of competency required for a (full) licence, and are discussed in 3.4.11.

The two-tier model

A majority of steering committee members supported a two-tier model as being consistent with other trade areas (the electrical occupations and refrigeration and air conditioning) which require only a Certificate III before a person is able to work independently. Under the two-tier model, there would be no separate tradesperson registration level and the full licence level and tradesperson level would be essentially combined.

The characteristics of Certificate III competencies include:

- *performance of a defined range of skilled operations, usually within a range of broader related activities involving known routines, methods and procedures, where some discretion and judgement is required in the selection of equipment, services or contingency measures and within known time constraints*
- *breadth, depth and complexity of knowledge and competencies would cover selecting, adapting and transferring skills and knowledge to new environments and providing technical advice and some leadership in resolution of specific problems. This would be applied across a range of roles in a variety of contexts with some complexity in the extent and choice of options available*
- *applications may involve some responsibility for others. Participation in teams including group or team coordination may be involved.¹⁷*

It was noted that the main difference between the tradesperson registration and (full) licensee appeared to be the responsibility for testing and commissioning and ensuring the technical compliance (that is signing-off) work which lies with a (full) licensee, and the additional training required for this work.

¹⁷ Australian Qualification Framework Implementation Handbook, 2007, AQF Advisory Board p 26

During the policy development process there was discussion on whether certifying should be included as part of the regulated scope of work at the (full) licence level. Both the regulator working group and the interim advisory committee agreed that 'certifying' should be removed from the scope of regulated work of the plumbing and gasfitting occupations as the focus should be on ensuring technical compliance. This decision has been reflected in the proposed scope of regulated work. Certification, along with 'signing-off', as an administrative action, could be considered part of a jurisdiction's conduct regime.

Jurisdictions will continue to prescribe the compliance and certification arrangements, and these may differ across jurisdictions. For example, depending on the category of work being certified or 'signed-off', this could be completed by a licensee, building or private certifier or government or local council inspector. However, in those jurisdictions which authorise licensees to certify and/or sign-off on technical compliance, the objective is that only a national (full) licensee would have the necessary skills and training to certify and sign-off on the technical compliance of their work (this may require the holding of an endorsement under the two-tier option if relevant to the work being certified or 'signed-off').

It was observed that the additional training requirement to move between these levels is not always available or funded and could create a barrier to progression within the trade. For example, it has been suggested that the estimated cost to reach a (full) licence level for a drainer would be approximately \$3,500 and entail around 276 hours of classroom delivery.

The full details of how this proposal will work have not been fully developed, pending stakeholder feedback on this proposal. If supported, further detail would be provided in the Decision RIS. A two-tier model would require reconsideration of the regulated work identified for some categories, should stakeholders recommend that additional endorsements, based on Certificate IV training are required. (see 3.4.11). Endorsements, based on Certificate IV units of competency, would allow (full) licensees to choose to upgrade their skills to undertake regulated 'commissioning and testing' work relating to backflow prevention and work on thermostatic mixing valves. A Certificate III unit would allow a fully licensed plumber to undertake the testing and maintaining of fire hydrants and hose reels. Stakeholder comment on and input to this model is sought.

While the intention is that a Certificate III graduate would undertake the full scope of work of a 'full or unsupervised' licence holder, both the interim advisory committee and the regulator working group expressed strong concern that the Certificate III qualification may be inadequate for this purpose as it does not provide the same level of skill as would be required of a full licensee under the three-tier model proposed or the same level of skill currently required in some jurisdictions.

The Queensland gas regulator has expressed the view

“ that the proposed endorsements under the two tier model are not commensurate with the current national competencies and training package. Commissioning is an integral part of the installation process and the competency requirements for work on Type A gas appliance is included in the Certificate III in Gasfitting package. For type B appliances the competency is included in the one Cert IV unit of competency required for Type B work.

The critical competency difference between being able to or not being able to 'sign-off' an entire gas job with respect to the work meeting the relevant standards and safety requirements is the overall skill level and experience of the installer which is not provided by the limited gas units in the Certificate III in Plumbing qualification . The required Certificate IV units (as recommended by the Interim Advisory Committee) relate to the critical understanding of how gas appliances work and how they can be serviced, along with higher level competencies in planning and undertaking gas work in a safe manner.

The vast breadth of trades and disciplines that are attempted to be covered at the Certificate III is considerably more than what is required for a single occupation such as electrical work.

Accordingly, the need for these additional certificate IV units combined with experience requirements, is essential before the very responsible role of signing off the gas work as safe can be assured.”

It is proposed that the Construction and Property Services Industry Skills Council should be asked to review the current Certificate III in Plumbing training package with a view to strengthening the Certificate III by including the relevant Certificate IV competencies needed for testing, commissioning and ensuring technical compliance that would allow a licensee to undertake the full scope of work currently proposed.

Question: Under national licensing, which is your preferred licence model?

- iii. Three-tier licensing
- iv. Two-tier licensing
- v. Other

Two-tier model

Question: Would allowing a certificate III licence holders to work unsupervised under the two-tier model give rise to an unacceptable level of risk regarding health and safety outcomes?

Three-tier model

Question: Under both three-tier national licensing sub-options, it is proposed that a registered tradesperson can undertake the same scope of work as a full licensee, provided that the work is under supervision (with exceptions as outlined in the RIS). Do you agree with this proposal?

3.4.4 Proposed regulated work

Regulated work means work that may be carried out only by a person licensed to carry out that work (i.e. the type of work authorised under that licence). For example, a contractor is licensed to contract for the work and a full licensee or tradesperson registration holder can undertake the prescribed regulated work. The policy description of the regulated work proposed for the various licence categories is outlined in Table 3.3. These descriptions apply to all proposed models for national licensing, subject to the outcomes of the consultation process. There are some differences between the core regulated work and what is included in regulated work in some jurisdictions, e.g. the removal of ducting for Victoria and Queensland. It should be noted that the policy description of the proposed regulated work may differ for legal reasons to the wording contained in the legislative schema (National Law).

Table 3.3: Policy description of the proposed regulated work for the plumbing and gasfitting occupations

Category	Policy description of proposed regulated work
Plumbing work	<p>Plumbing work means sanitary plumbing work or water plumbing work.</p> <p><i>Sanitary plumbing work</i> means installing, replacing, repairing, altering, maintaining or testing a sanitary plumbing system.</p> <p>Sanitary plumbing work <i>does not include</i> incidental work related to, and reasonably necessary for undertaking, the work referred to above.</p> <p><i>Water plumbing work</i> means:</p> <ul style="list-style-type: none"> • installing, replacing, repairing, altering, maintaining or testing a water service, whether a cold water service or heated water service, from the point of connection to the points of discharge • backflow prevention work • thermostatic mixing valve work • constructing or installing a fire hydrant or hose reel installation. <p>Water plumbing work <i>does not include</i> the following:</p> <ul style="list-style-type: none"> • incidental work related to, and reasonably necessary for undertaking, work referred to above • replacing a jumper valve or washer in a tap • changing a shower head • connecting an irrigation system or other device to a hose or tap for watering a garden or other irrigation purposes • fire hydrant and hose reel work.
Drainage work	<p>Installing, replacing, repairing, altering, maintaining or testing a sanitary drainage system.</p> <p>Drainage work <i>does not include</i> incidental work related to, and reasonably necessary for undertaking, the work described above, for example, the excavation or backfilling of trenches.</p>
General gasfitting work ^a	<p>Installing, replacing, repairing, altering, servicing, or testing:</p> <ul style="list-style-type: none"> • any part of a gas system that is: <ul style="list-style-type: none"> – involved with the supply of or use of gas up to a maximum pressures of 200kPa – fitted downstream of the gas supply point • the connection between a gas cylinder or tank and the first stage regulator • a type A gas appliance. <p>General gasfitting work <i>does not include</i>:</p> <ul style="list-style-type: none"> • testing for leaks using a soapy solution when replacing a gas cylinder • connecting or disconnecting a gas cylinder to remove, fill or refill the cylinder.
Gasfitter Type B appliance work	<p>Installing, replacing, repairing, adjusting, servicing, testing, commissioning:</p> <ul style="list-style-type: none"> • a Type B gas appliance downstream of the appliance's manual shut-off valve • the manual shut-off valve of a Type B gas appliance. <p>Installing a Type B gas appliance includes installing the flueing and ventilation of the appliance.</p> <p>Type B gas appliance work <i>does not include</i> servicing a stationary engine that is a Type B gas appliance if:</p> <ul style="list-style-type: none"> • the fuel supply is turned off at an isolation valve • the work does not include any work on the fuel supply source to the engine.

Category	Policy description of proposed regulated work
Mechanical services work	<p>Installing, replacing, repairing, altering, maintaining, or testing a mechanical services system; and</p> <ul style="list-style-type: none"> • in relation to a cooling tower, includes installing replacing, repairing, altering, maintaining or testing a water pipe, valve, pump, automated dosing device, automated bleeding device or any other mechanical component that affects the cooling tower’s cooling water flow rate or disposal of waste water from the cooling tower. <p>Mechanical services work <i>does not include</i>:</p> <ul style="list-style-type: none"> • incidental work related to and reasonably necessary for undertaking the work referred above or • work related to the treatment of water used in a cooling tower • work on the cooling tower drift eliminator • work on refrigeration and air-conditioning equipment • the connection or disconnection of a mechanical services system from a water supply, other than the disconnection of the system from a water supply at an isolating valve adjacent to a mechanical component of the system • work on ducts.
Fire protection work	<p>Installing, replacing, repairing, altering, maintaining, inspecting, commissioning or inspecting and testing a fire protection service that is connected to a water service.</p> <p>Fire protection work <i>does not include</i> incidental work related to, and reasonably necessary for undertaking, the work described above.</p>
Restricted plumber – (disconnect/reconnect) work	<p>Disconnecting, removing, or replacing of a residential hot water heater including connecting or replacing any of the following joints or valves with a joint or valve of the same or similar type:</p> <ul style="list-style-type: none"> • a compression union • a temperature/pressure relief valve • an expansion control valve. <p>Disconnect/reconnect work <i>does not include</i> the work referred to above if:</p> <ul style="list-style-type: none"> • the work involves a change to the existing pipes or valves for the hot water heater • the overflow pipe connected to the temperature and pressure relief valve for the hot water heater does not comply with the National Construction Code (Volume 3) • the work involves the use of a flexible hose connection.
Backflow prevention work ^b	Maintaining and commissioning backflow prevention devices
Fire hydrant and hose reel work ^b	Testing and maintaining fire hydrant and hose reel installations.
Thermostatic mixing valve work ^b	Commissioning and maintaining thermostatic mixing valves.

a See definition of terms used for Gasfitting general regulated work and Gas Type B appliance regulated work in 3.4.5

b These categories are issued as an endorsement on certain licences (see 3.4.6).

Question: Do the proposed scopes of regulated work correspond to the actual work of licensees in each of the proposed licence categories?

- xi. Plumbing work
- xii. Draining work
- xiii. General gasfitting work
- xiv. Gasfitter type B appliance work
- xv. Mechanical services work
- xvi. Fire protection work
- xvii. Restricted plumber (disconnect/reconnect) work
- xviii. Backflow prevention work
- xix. Fire hydrant and hose reel work
- xx. Thermostatic mixing valve work

If no to any of the above please specify.

3.4.5 Proposed definitions of terms

Automated bleeding device means an automatic device used for the purposes of draining, bleeding or removing a fluid or gas.

Batch kiln means a kiln for firing and drying products otherwise than as part of a continuous operation.

Backflow prevention device means a device to prevent the reverse flow of water from a potentially polluted source into a potable water supply system.

Compression union means a connection between pipes that—

- can be fastened and unfastened; and
- complies with the National Construction Code (volume 3).

Cooling tower means a device for lowering the temperature of:

- reticulated water by bringing the water into contact with fan-forced or fan-induced atmospheric air
- water, a refrigerant or other fluid in a pipe or other container by bringing reticulated water and fan-forced or fan-induced atmospheric air into contact with the pipe or other container.

Cooling tower drift eliminator means a device used to control water loss from a cooling tower through the exhaust air.

Existing pipes, for a hot water heater, means pipes on the heater or on a structure that is, or is intended to be, attached to the heater and that are necessary for the safe and effective operation of the heater.

Expansion control valve means a valve, designed for installation on the cold or hot water side of a water heater, that regulates pressure.

Fire fighting equipment means a fire hydrant, fire hose reel, fire pump, fire sprinkler system or wall drencher system.

Fire protection service means a service consisting of water pipes and fire fighting equipment that is installed solely for the purposes of fire fighting.

First stage regulator means the regulator that is nearest the gas supply point.

Gas means a gas intended as a fuel gas and includes:

- natural gas
- simulated natural gas
- liquefied petroleum gas in the vapour phase
- tempered liquefied petroleum gas
- hydrogen
- any similar substance used as a fuel for Type A gas appliance or Type B gas appliances.

Gas Act means any of the following –

- Gas Safety Act 2000 (ACT)
- Gas Supply Act 1996 (NSW)
- Dangerous Goods Act (NT)
- Petroleum and Gas (Production and Safety) Act 2004 (QLD)
- Gas Act 1997 (SA)
- Gas Act 2000 (TAS)
- Gas Safety Act 1997 (VIC)
- Gas Standards Act 1972 (WA).

Gas appliance means an appliance that consumes gas as fuel.

Gas supply point means:

- the outlet of a consumer billing meter; or
- the isolation valve between the point of delivery and the customer's gas system; or
- if the previous two dot points do not apply, the outlet of the cylinder or tank containing the gas.

Gas system means a system that consists of fixed gas appliances, gas cylinders, gas tanks, gas fittings, gas flues or gas pipes, in any combination.

Heated water service means all parts of a water service necessary to provide a supply of hot water and includes a self-contained hermetically sealed heat pump hot water unit.

Inspecting and testing, in relation to a fire protection service means:

- inspecting by visual examination the components of the fire protection service to establish correct settings, physical condition or fitness for purpose; and
- after visual examination, inspecting by confirming the correct function or performance of components of the fire protection service.

Mechanical services system means a mechanical system used for heating, cooling or ventilation in a building.

Mobile engine means a gas-fuelled engine that:

- is mounted in or on portable appliance and is supplied with gas from a cylinder or tank mounted in or on the portable appliance; or
- is mounted in or on a vehicle or craft and is supplied with gas from a cylinder or tank mounted on or in the vehicle or craft and propels the vehicle or craft.

National Construction Code (Volume 3) means the document called 'National Construction Code Volume 3 – Plumbing Code of Australia' produced for all state governments by the Australian Building Codes Board.

Sanitary drainage system means

- an underground assembly of soil pipes or waste pipes designed to receive discharge from a sanitary plumbing system and carry it to a common sewer or drain or an on-site wastewater treatment facility; and
- fixtures associated with the soil pipes or waste pipes.

Refrigeration and air-conditioning equipment means equipment—

- used for heating or cooling a building; and
- that uses a refrigerant.

Sanitary plumbing system means an above-ground assembly of pipes and sanitary fixtures designed to collect and discharge sewerage or waste water to a sanitary drainage system.

Stationary engine means a gas-fuelled engine installed in a fixed position that is not used to propel a vehicle or craft.

Thermal fluid heater means an appliance that uses an oil or hydrocarbon-based heat transfer in the liquid phase.

Thermostatic mixing valve means a mixing valve in which the temperature of the water from a mixed water outlet is automatically controlled by a thermostatic element or sensor to a preselected temperature that is suitable for direct contact with the skin.

Type A gas appliance means a gas appliance which is approved, certified or prescribed under a gas Act, other than the following—

- a type B gas appliance; and
- another gas appliance that, under a gas Act, is a type B gas appliance;
- a mobile engine.

Type B gas appliance means a gas appliance that is either –

- a gas appliance of any of the following types having a rated maximum hourly gas input rate more than 10 MJ/h and less than 5,000 MJ/h:
 - water heater
 - space heater
 - vat or tanker heater
 - dryer or oven not associated with volatile solvents or hazardous atmospheres
 - batch kiln with flame supervision and safeguards
 - cooking appliance
 - furnace
 - stationary engine; or
- a gas appliance of any of the following types having a rated maximum hourly gas input more than 10 MJ/h and less than 10,000 MJ/h:
 - steam boiler

- thermal fluid heater; and
- does not include a mobile engine.

Water service means pipe work that is connected to a reticulated water supply, a rainwater supply or other water supply up to and including the outlet valves at fixtures and appliances.

Rationale

There are some differences with the descriptions of the core areas of regulated work (e.g. gasfitting, plumbing, draining) when compared to the status quo. Some issues raised during the policy development process about the proposed regulated work are outlined below.

Gas supply point

The regulated work of general gasfitting work includes a definition of the term ‘gas supply point’ for LPG systems as ‘the outlet of the cylinder or tank’. Some concerns were raised about the definition of gas supply point and whether it means that LPG suppliers’ truck drivers would now be able to change pigtails, a role currently the responsibility of gasfitters (for example in Queensland). It is Queensland’s view that the current definition is inconsistent with installation standards, proven industry practice and established competencies.

There has been no agreement on the definition of gas supply point; however it should be noted that, as currently drafted, the proposed regulated work for general gasfitting work includes pig tails as this is the connection between a gas cylinder or tank and the first stage regulator. This means that this work is licensed work and cannot be performed by an LPG truck driver unless that person is licensed as a general gasfitter.

Gas type B

The proposed gas type B appliance work takes an approach to defining type B gas appliances based on gas input limitation. While it was noted that a risk-based approach would be preferable, consultation with gas regulators indicated that the development of such an approach would take considerable time. A typical standards review and upgrade would take two to three years because there is currently no well-defined and nationally accepted safety risk classification system for gas type B appliances. It was therefore not considered possible to have a risk-based approach for type B appliances ready for the introduction of national licensing. However, this may be work that can be undertaken in the future if the benefits can be demonstrated.

The interim advisory committee did not support the need for restrictions based on type of gas as few jurisdictions currently differentiate in this way, the risks are common to all gas types and gasfitting training provides the broad skills to deal with all types of gas.

Servicing stationary engines was included in the regulated work for type B gas appliances on the advice of the Gas Technical Regulators’ Committee. This group also suggested the inclusion of a restricted gas type B appliance licence providing for disconnect/reconnect work to include disconnection, removal, replacement and connection of a like-for-like item. There is no national qualification for this work, and any restricted licence would need to depend on state-specific courses. It was noted that it was outside the scope of national licensing coverage of plumbing and gasfitting to regulate the general mechanical maintenance of stationary engines. The Interim Advisory Committee did not support the need for a restricted licence but agreed that an exemption should be included for servicing a stationary engine limited to 5 G/h where the fuel supply is turned off at an isolation valve and the work does not include any work on the fuel supply source to the engine. This is therefore the approach proposed. Members noted that there is currently an inconsistency in the treatment of stationary engines using liquid gas fuels compared to vapour gas and that this is a product of different regulatory arrangements outside the scope of national licensing.

Stormwater

Stormwater work has not been included as part of the regulated drainage work. There was strong support from New South Wales and Queensland for its exclusion from the scope of work of a drainer. Currently, stormwater is not licensed as plumbing work in New South Wales, Queensland, Western Australia, South Australia, the Australian Capital Territory or the Northern Territory but rather is classified as building work. Only two jurisdictions, Victoria and Tasmania, regulate stormwater as part of plumbing work.

It was also noted that the steering committee agreed that the licensing of stormwater would be deferred pending consideration by the Building Occupations Advisory Groups. This view was strongly supported by the Queensland Building Services Authority as it considered that any expansion of plumbing work to include stormwater has major implications for the approximately 63,000 builders in that state that would need to be transitioned to national licensing with a plumbing licence restricted to stormwater under the no disadvantage principle.

During the policy development process there was strong support from the interim advisory committee for an exemption for an individual who was an employee or contractor of an entity that was responsible for the provision of water or sewerage or stormwater services, who is carrying out regulated work on the entity's infrastructure. This has been included as an exemption under the National Law.

Design and construction

The words 'design' and 'construction' were not included in the scopes of work for plumbing, sanitary plumbing, draining and fire protection as only Victoria currently uses these terms in its scope of work descriptors.

Non-agricultural irrigation

Non-agricultural irrigation has not been included as a separate category under national licensing as no specific risks were identified beyond the scope of work proposed for water plumbing. The main risks identified when discussing this work were associated with joining the irrigation system to the point of connection rather than installation of the system itself. As part of the policy proposal, it was agreed that the connection of an irrigation system or other device to a hose tap for watering a garden or irrigation should be specifically excluded from regulated work as no risks were identified with this work.

It was noted that most jurisdictions view this work as part of the scope of work of a plumber. Only three jurisdictions, New South Wales, Victoria and Queensland, currently license it separately. The scope of work for non-agricultural irrigation in the first two of these jurisdictions is captured under the proposed regulated work for a plumber for national licensing as shown below.

New South Wales

Work of irrigation includes the construction, alteration, extension, disconnection, removal, maintenance, repair, renewal or clearing of any pipes, fittings or equipment of any irrigation system communicating or intending to communicate directly or indirectly with any water main of an authority. Where dual reticulated water services are provided, the authority shall direct whether irrigation services are to be connected to the drinking or non-drinking water supply.

New South Wales currently has approximately 249 licences for urban irrigation.

Victoria

Irrigation (non-agricultural) is the construction, installation, replacement, repair, alteration, maintenance, testing and commissioning of any part of an irrigation system on a property from the connection point to any water supply point to the system to the last valve or control to any

pressurised zone in the system and includes any design work incidental to, or associated with, any work described above.

Irrigation work does not include the design, installation, construction, replacement, repair, alteration, maintenance, testing and commissioning of any part of an irrigation system used for the purposes of agricultural irrigation.

Victoria currently has 75 persons who perform this work only.

Queensland

Queensland regulates the work as a contractor category only. The scope of work for this licence is quite broad and captures other non-irrigation work, including:

- assess, select and install irrigation equipment for various landscaping situations, including, for example, overhead, mini-sprinkle, dripper and pop-up sprinklers, irrigation systems, filters, timers, injectors, pressure pumps and pipe installations.
- Install and commission solar heating systems for swimming pools
- Incidental work of another class.

The scope of work does not include personally carrying out any building work for which an occupational licence is required, unless the licensee holds an occupational licence (for example, a plumber's licence issued by the Plumbing Industry Commission).

The connection of an irrigation system or other device to a hose tap for watering a garden or irrigation is excluded from being regulated work (see the plumber category above) and may cover many who currently undertake this work. The main risks identified when discussing this work were associated with joining the irrigation system to the point of connection rather than installation of the system itself.

Queensland supports the exclusion of irrigation work from the scope of regulated work of a plumber. The current scope of regulated work proposed under national licensing excludes the connection of an irrigation system or other device to a hose or tap for watering a garden or other irrigation purposes which results in the broader irrigation work being captured under regulated plumbing work. Queensland would therefore like to propose the following wording for the exclusion of all irrigation work:

“connecting, installing, replacing, repairing, altering or maintaining an irrigation system or other device downstream of the point of discharge, an isolating valve, tap, hose, or backflow prevention device on the supply pipe for the irrigation system.”

This would exclude all work on an irrigation system from plumbing work and connection to an irrigation system whether it is to a hose, tap or otherwise. Irrigation could then be defined as including “irrigation for agricultural and non-agricultural purposes and watering a lawn or garden”.

New South Wales has strongly expressed the need for the restricted plumber (disconnect/reconnect) licence category to be expanded to enable a holder to disconnect and reconnect to a potable water supply. New South Wales currently issues an urban irrigation licence that enable those installing non-agricultural irrigation systems (for example, landscapers) to disconnect and reconnect the system to the water supply. Without such a licence, a provider would be required to employ a plumber for the disconnection and reconnection of the water supply, which would be time consuming, inefficient and costly to the consumer.

During the policy development process it was proposed that the scope of work descriptor for the disconnect/reconnect licence should be:

Category	Proposed regulated work
Plumber (disconnect/reconnect) licence	<p>Means the disconnection, removal, installation and connection of the following:</p> <ul style="list-style-type: none"> • A non-agricultural irrigation system at the point of connection to a drinking water supply • Residential hot water heaters including: <ul style="list-style-type: none"> – a compression union – a temperature/relief valve – an expansion control valve in the course of removing and installing or replacing a water heater. <p>For the second dot point 'residential hot water heaters' work is strictly limited to like-for-like replacement where like-for-like means in the same place.</p> <p>A licence to disconnect and reconnect does not authorise the holder to carry out the above work if:</p> <ul style="list-style-type: none"> • a change to the existing pipes/valves is required • the existing pipes are not in a safe and proper working order • the temperature/pressure relief valve overflow pipe does not comply with the plumbing standards • the use of a flexible hose connection is required in relation to conveying hot water.

The broadening of the restricted category of disconnection or reconnection could address the risks and issues raised by some jurisdictions that without such a licence, a fully licensed plumber would be required for the disconnection and reconnection of the water supply, which could be inefficient and costly to the consumer.

It has been proposed that the qualifications for this more broadly focused restricted licence could also include the following units in addition to what has already been proposed:

- CPC20911 Certificate II in Urban Irrigation or
- AHC32410 Certificate III in Irrigation including CPCPWT3017A Connect irrigation systems from drinking water supply and AHCIRG302A Install irrigation systems and AHCIRG306A Troubleshoot irrigation systems.

Question: Under national licensing, it is proposed that the only restricted licence available will be limited to disconnecting, removing and replacing residential hot water heaters, including connecting or replacing like for like any of the following:

- iv. A compression union
- v. A temperature/pressure relief valve
- vi. An expansion control valve

Do you agree with this proposal?

Question: Should the proposed restricted plumber (disconnect/reconnect) licence category be expanded to enable a holder to disconnect/reconnect to a potable water supply in any trade or calling (e.g air-conditioning or irrigation work)?

Question: Is there sufficient rationale for including:

- i. A restricted licence limited to gas servicing
- ii. A restricted plumbing licence for inspecting and testing fire hydrants and hose reels
- iii. A restricted plumbing licence for inspecting and testing fire pumps
- iv. A restricted plumbing licence for inspecting and testing sprinkler systems

Question: Are additional disconnect/reconnect licence categories required for any other trades or callings?

3.4.6 Endorsements

In addition to the broad categories of work outlined above, a need was identified for endorsements that will allow a person to take on an additional scope of work. Endorsements are dependent on a person holding an existing licence and are not intended as a stand-alone authorisation.

The following endorsements are proposed under both the three-tier (either sub-option) and two-tier options for national licensing:

- commissioning and maintaining thermostatic mixing valves
- commissioning and maintaining backflow prevention devices
- testing and maintaining fire hydrants and hose reels.

The licences that could be endorsed for commissioning and maintaining thermostatic mixing valves or commissioning and maintaining backflow prevention devices will, however, be dependent on the option supported for the structure and qualification requirements for plumbing and gasfitting.

Under the proposed three-tier sub-option 1, and under the two-tier model, testing and maintaining fire hydrants and hose reels would only be applicable to a (full) plumber licence. Under the proposed three-tier sub-option 2, these would apply to both the (full) licence and tradesperson registration levels.

Under the proposed two-tier model where a (full) licensee would only require a Certificate III qualification, it is possible that additional endorsements would be required for a (full) licence holder to undertake certain areas of regulated work that include testing and commissioning. The steering committee suggested that these endorsements could be based on the Certificate IV units proposed under the three-tier model, sub-option 1.

Rationale

Under the proposed three-tier model (including both sub-options), plumbers would require Certificate IV units CPCPWT4011A Commission and maintain backflow connection devices and CPCPWT4013A Commission and maintain hot water temperature control devices as part of the skills eligibility requirements for a (full) licence. Endorsements covering these skills would therefore only be relevant for a plumber – tradesperson registration holder who wished to work in this area. During the late stages of policy development, the steering committee requested an alternative approach to the qualification requirements for a full licence under the three-tier model. This was developed by the taskforce and provides a lower number of Certificate IV units for each category. More information is provided on this in 3.4.11. Under the three-tier sub-option 2 approach, both a plumber and plumber – tradesperson registration holder would need to meet the eligibility criteria for this endorsement in order to undertake this work.

During the policy development process, there were divergent views on whether the regulated work relating to testing and maintaining fire hydrants and hose reels should be an endorsement on a plumber's licence or a separate restricted licence. Currently, hydrant and hose reel work is licensed separately in only Victoria and Queensland and a restricted licence is used. The steering committee considered that an endorsement was more efficient, as a restricted licence would need to stand alone and would require a more extensive skill set to support it. A restricted licence based on one or two units of competency was considered but was deemed to provide insufficient training to enable a person to operate independently. It is therefore proposed that this endorsement would only be available on a (full) plumber's licence for the three-tier model.

Under the proposed two-tier model where a (full) licensee would only require a Certificate III qualification, additional endorsements would be required if a (full) licence holder wishes to undertake additional regulated work.

Only three endorsements are proposed under this option, unless other endorsements are identified by stakeholders during the consultation process. The only regulated 'commissioning and testing' work requiring an endorsement and completion of additional Certificate IV units is backflow prevention and thermostatic mixing valve work. An endorsement is also proposed for a plumber wishing to undertake maintenance and testing of fire hydrants and hose reels, which will require the completion of a Certificate III unit of competency.

Stakeholder feedback is sought on whether the three proposed endorsements under the two tier option are adequate, or if additional endorsements are required (that may require the completion of additional Certificate IV units of competency). It should be noted that further work on the development of this option will be required if selected as the recommended option.

The Interim Advisory Committee considered but did not support, under any model:

- an endorsement for solar and heat pump hot water units, noting that the regulated work for a plumber included hermetically sealed heat pump hot water units that were self-contained
- an endorsement for on-site sewerage facility maintenance, noting that this work was included in the regulated work of a drainer or sanitary plumber
- an endorsement for Type A appliance conversion work
- an endorsement (or restricted licence) for Type A gasfitting work limited to servicing.

3.4.6.1 Solar and heat pump hot water system installation

Queensland's representative on the Regulator Working Group strongly supported the retention of an endorsement for solar and heat pump hot water system installation. Queensland is the only jurisdiction to require this endorsement, which has been in place since January 2011 and which seeks to address the high proportion of defective solar and heat pump installation work identified as taking place in Queensland. The Queensland representative indicated that the number of installations is increasing due to the phase-out of electric hot-water systems across Australia.

3.4.6.2 On-site sewerage facility maintenance

There was substantial discussion as to whether an endorsement was needed for on-site sewerage facility maintenance and a working group was convened to discuss this issue. Regulator Working Group members observed that the installation, replacement, repair, alteration and maintenance of on-site sewerage facilities is within the proposed national licensing scope of work for sanitary plumbing work and drainage work, and the Interim Advisory Committee supported this inclusion. Only Queensland currently has an endorsement on a drainer's licence for this work. Other jurisdictions either do not licence this work or regulate it through health departments and/or local

government permit arrangements. No evidence was presented that this led to a greater degree of risk.

Queensland requires one unit of training competency for its endorsement, while Victoria currently mandates this unit as part of a drainer's licence. There was no agreement to mandate this unit of training for the sanitary plumber or drainer licences under national licensing. Queensland strongly advocated for the retention of this endorsement. In South Australia a small number of unlicensed people install these systems currently as agents of the manufacturer and would not be able to continue to do this under national licensing, unless an exemption was applied. The Interim Advisory Committee did not support either an endorsement or an exemption for this work, and such neither is proposed.

3.4.6.3 Endorsement for gas Type A appliance conversion work

Victoria is the only jurisdiction to issue this endorsement and requires a gasfitting licence or registration and the undertaking of an examination relating to Type A appliance conversion. Other jurisdictions do not distinguish this type of gasfitting work in any way, and it is undertaken by gasfitters as part of their usual practice.

3.4.6.4 Endorsement or restricted licence for servicing Type A gasfitting appliances

Only Victoria and Queensland licence this work separately, Victoria as an endorsement on a gasfitting licence or registration and Queensland as a restricted licence. Qualification requirements between the two jurisdictions are substantially different: Victoria requires a full Certificate III plus successful completion of an examination in servicing competencies while Queensland requires four units of competency).

Queensland position

Queensland strongly advocates the inclusion of a restricted gas type A servicing licence under national licensing.

Queensland currently issues a restricted Type A gas Work servicing licence (with lower qualifications than those proposed for a general gasfitter under national licensing). This licence has been designed for an emerging industry which Queensland expects to grow exponentially over the coming years as the demand for a sustainable and energy efficient domestic and commercial gas product continues to grow. For example, for a business, the replacement of an electric fired oven, with gas fired equipment provided a saving of approximately \$57,000 in power over a year. Queensland indicates that it has 110 licensees in this field and has expressed concern that, under national licensing, qualification requirements would increase for new applicants who would be required to undertake a Certificate III qualification.

Queensland has also issued 33 Type B company authorisations, which has allowed companies such as Meile, Bosche, KFC and Sizzlers to employ suitably skilled and trained persons to carry out servicing of their commercial catering equipment.

Queensland sees the servicing of type A gas equipment as an emerging growth industry in that jurisdiction, for example, there are more than 30 caravan servicing and repair companies in North Brisbane alone that actively encourage annual servicing of caravans. Queensland view is that this supports the consideration of the inclusion of a restricted gas type A Servicing licence under national licensing.

Victoria has indicated that it has substantially more licence holders for this restricted activity than Queensland and also indicates that this is a specialist area of work for those who do not choose to install appliances. As the work is covered under general gasfitting and no other jurisdiction supported a separate licence for this work, and as an earlier COAG decision has supported the

removal of licensing for activities only regulated in one or two jurisdictions, it does not form part of the overall proposal.

National licensing, two-tier option

Question: Under two tier national licensing, it is proposed that endorsements will be required for each of the following activities:

- i. commissioning and maintaining backflow prevention devices
- ii. commissioning and maintaining hot water temperature control devices
- iii. testing and maintaining fire hydrants and hose reels installations.

Do you agree with this proposal?

Question: Further to those listed above, do you consider that any additional endorsements are required under the two-tiered national licensing model?

Question: Please select which (if any) of the following additional endorsements you consider should be required under the two-tier national licensing model:

- i. solar and heat pump hot water units
- ii. on-site sewerage facility maintenance
- iii. type A appliance conversion work
- iv. type A gasfitting work limited to servicing
- v. none of the above

Question: Further to those listed above, do you consider that any additional endorsements are required under the two-tiered national licensing model?

National licensing three-tier, sub-option 1

Question: Under three-tier, sub-option 1 national licensing model, it is proposed that a registered tradesperson will require an endorsement for each of the following activities:

- i. commissioning and maintaining backflow prevention devices
- ii. commissioning and maintaining hot water temperature control devices

Do you agree with this proposal?

Question: Under three-tier sub-option 1 national licensing model, it is proposed that a full licensee will require an endorsement for the following activities:

- i. testing and maintaining fire hydrants and hose reels installations

Do you agree with this proposal?

Note: Under this sub-option, registered tradespersons will not be eligible for this endorsement

Question: Please select which (if any) of the following additional endorsements you consider should be required under the three-tier, sub-option 1 national licensing model:

- i. solar and heat pump hot water units
- ii. on-site sewerage facility maintenance

- iii. type A appliance conversion work
- iv. type A gasfitting work limited to servicing
- v. none of the above.

Question: Further to those listed above, do you consider that any additional endorsements are required under this sub-option?

National licensing three-tier, sub-option 2

Question: Under three-tier, sub-option 2 national licensing model, it is proposed that an endorsement for each of the following activities (for both a full licensee and a registered tradesperson):

- iv. commissioning and maintaining backflow prevention devices
- v. commissioning and maintaining hot water temperature control devices
- vi. testing and maintaining fire hydrants and hose reel installations.

Do you agree with this proposal?

Question: Please select which (if any) of the following additional endorsements you consider should be required under the three-tier, sub-option 2 national licensing model:

- i. solar and heat pump hot water units
- ii. on-site sewerage facility maintenance
- iii. type A appliance conversion work
- iv. type A gasfitting work limited to servicing
- v. none of the above

Question: Further to those listed above, do you consider that any additional endorsements are required under this sub-option?

3.4.7 Nominees

The National Law provides that when a body corporate, a person in their capacity as a member of a partnership, or an individual who does not hold the relevant technical skills, applies for a contractor (business) licence, they will be required to nominate a nominee. The nominee will be an individual licensee who has the technical skills to do the work. This requirement addresses the issue of a business entity, in itself, being unable to possess skills and expertise. The proposal is that a nominee should:

- be a director or an employee who holds an active work licence in the same category as the contractor's licence
- agree to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation).

It is proposed that a contractor can only contract for the regulated work that is applicable to the technical skills of the licensed nominee, as set out in Table 3.4.

Table 3.4: Contractor (business) licences and the applicable technical nominee

Business licence	Technical nominee
Plumber contractor	Plumber
Drainer contractor	Drainer
General gasfitter contractor	General gasfitter
Gasfitter Type B appliance contractor	Gasfitter Type B appliance licensee
Mechanical services contractor	Mechanical services licensee
Fire protection contractor	Fire protection licensee

Rationale

There was substantial discussion between jurisdictions on whether the role of the nominee should be set out in legislation and the extent to which a nominee should be responsible for the supervision of other staff carrying out the licensed work to an appropriate standard. As there are significant differences between jurisdictions on the current role of nominees, it was agreed that the role should not be defined in the National Law, but will continue to be set under the separate state and territory legislation relating to the conduct of licensees and businesses. Nominees will not, therefore, be subject to additional probity requirements beyond those necessary for them to obtain a licence.

A body corporate may choose to have more than one nominee. Under amendments proposed to the National Law, a business requiring a nominee will be required to have a nominee at all times to undertake regulated work and will be required to notify the licensing authority if the business no longer has a nominee. In situations where the nominee dies, resigns as the nominee or is no longer eligible to be the nominee, the licensee must notify the licensing authority in writing, as soon as practicable but not later than 14 days of the situation occurring. The licensing authority would have the discretion to authorise a licensed contractor to operate for a set period with an interim nominee under prescribed conditions.

It is considered that the nominee should be either a director or an employee of a company (or a partnership or an individual operating as a sole trader), in order to establish a link between the nominee and the business. An interim nominee must hold a licence in the relevant category but does not have to be an employee or a director of the business. A nominee must consent to undertake the role to prevent nominations without consent.

Question: Do you agree the requirements proposed under national licensing for the holder of a contractor (business) licence to appoint a nominee are appropriate?

3.4.8 Exemptions

The National Law makes it an offence for an individual or a business entity to undertake regulated work unless that individual or business entity holds a licence or is exempt.

Under amendments proposed to the National Law, a *person* must not carry out regulated work unless licensed or exempt (as per paragraphs (b) and (c) below). In addition, a licensee must not engage another person to carry out regulated work unless they are exempt, noting that regulated work includes contracting for regulated work. The proposal is that an individual:

- a) holds a licence to carry out or contract for the regulated work; or
- b) is exempt under the national law from the requirement to hold a prescribed licence to carry out the regulated work (eg. a building licence); or

- c) is exempted by the licensing authority, in accordance with the national law, from the requirement to hold a licence to carry out the regulated work.

Table 3.5 shows the classes of persons identified by the policy development process who should be exempt from the requirement to hold a licence to carry out regulated work. These exemptions apply to all the national licensing models.

Table 3.5: Proposed exemptions

Exemption	Exempt from licence category
A person who, in the person's capacity as an employee or contractor of an entity that, under the law of a participating jurisdiction, is responsible for the provision of water or sewerage or stormwater services, is carrying out regulated work on the entity's infrastructure.	All
An individual under a contract of employment and training, or as a student, for the purpose of gaining qualifications necessary for obtaining a licence and under the supervision of an individual who is licensed to carry out the regulated work unsupervised.	All except a contractor
A person who is the holder of a relevant licence and who, as part of carrying on business under that licence, contracts with another person to provide regulated work whose licence authorises the holder of the licence to carry out the regulated work.	Contractor

Rationale

It was considered that exemptions should only be applied when the benefits of allowing the work to be done by unlicensed persons outweighs the costs associated with consumer risk. This differs from the current approach where, for example, some jurisdictional licensing schemes exempt the work of changing tap washers or connecting hoses from appliances such as dishwashers and washing machines to taps. In these situations, it was considered that the level of risk associated with this work is minimal, while the cost of requiring a licensed person to be contracted to do the work may be significant. Further development of regulated work during the legislative drafting process has rendered some of the originally proposed exemptions unnecessary.

During the policy development process, an exemption was proposed for the holding of a contractor's licence in relation to work done for an immediate family member where no remuneration was involved. This has not been included in accordance with advice that the exemption was not required as no contract would exist, and the work must be carried out by a licensed person in all instances. Similarly, an exemption was proposed for teachers; however, it was noted that those overseeing regulated work being undertaken on-site would require a licence, while those teaching at a training institution would not be deemed to carrying out regulated work. Therefore, an exemption was considered unnecessary.

The original wording proposed for exemption (c) above used the term builder's licence and was included to take into account situations where a plumber or gasfitter was working for a building contractor. When the legislation was drafted, however, this wording presented difficulties because it would necessarily pre-empt the national licensing work being undertaken on the building occupations.

3.4.9 Limited exemptions

The National Law provides that national regulations can be made to enable individual jurisdictions to make exemptions for individuals (may also apply to a class of persons) from the requirement to hold a licence to carry out the prescribed plumbing and gasfitting work in accordance with guidelines issued by the licensing authority from time to time. It is proposed that a clause be included in the plumbing and gasfitting regulations to allow the licensing authority to exempt individuals or classes

of individuals in remote localities from the requirement to hold a plumber's licence or a drainer's licence if it is appropriate to do so because of the type of regulated work that is to be carried out and the remoteness of the place where the work is to be carried out. The licensing authority may also impose reasonable conditions it considers appropriate. The licensing authority may also issue guidelines about matters it will consider when deciding to grant such an exemption.

Rationale

In relation to 'limited exemptions', Western Australia has indicated a requirement for a provision to allow the delivery of plumbing services in remote locations where a fully licensed plumber may not be available to provide a timely service response. Other jurisdictions have indicated that this is also an issue for remote locations. The Interim Advisory Committee expressed a strong disposition not to exempt persons from licensing when dealing with the provision of services in remote locations, as members considered that these communities should have access to qualified tradespeople and that there are risks when untrained people perform regulated work. The steering committee noted, however, that qualified tradespeople are not always available and that this limited exemption provided a pragmatic response to service delivery. A definition of 'remote locations' may need to be agreed on.

Question: Do you agree the exemption regime proposed under national licensing is appropriate?

3.4.10 Non-skills-based eligibility requirements

Regulatory regimes develop criteria to determine an applicant's or licensee's suitability to hold a licence in specific occupations. These criteria are designed to minimise risks associated with matters such as incompetent work, public and personal safety and risks to property and money held in trust. Risks associated with plumbing and gasfitting work are provided in Attachment E.

The issue or renewal of a licence is premised on reducing these risks by requiring the applicant to meet specific eligibility requirements. For example, an applicant or licensee may be assessed against personal or financial probity conditions, age or health and fitness requirements. The National Law provides for the non-skills-based eligibility criteria that include personal and financial probity requirements.

3.4.10.1 Relevant person

The National Law, and the proposed Amendment Bill for the National Law, provides for the identification of a relevant person(s) for a body corporate or a person who is a member of a partnership and that they will be subject to personal and financial probity checks. This aims to prevent a person from hiding behind a corporate structure, for example, where an individual has been banned from undertaking work in a licensed occupation and endeavours to use a corporate structure as a front to continue operating in the industry.

It is proposed that relevant persons for the plumbing and gasfitting occupations are all directors of a body corporate (as defined in the *Corporations Act 2001*) or persons in a partnership, including any other individual who is in effective control of the business. A person in effective control of the business is someone who is regularly or usually in charge of the business, or in a position to control or influence how the business is managed.

3.4.10.2 Proposed personal probity eligibility requirements

The National Law, and the proposed Amendment Bill for the National Law, makes provision for the personal probity requirements that may apply to an individual, a nominee or other relevant person for a body corporate or a partnership. The National Law may provide for:

- matters relating to the criminal history of the person, to the extent there is a connection between the criminal history of the person and the inherent requirements of the occupation for which the person is an applicant, licensee, nominee or relevant person

Note: Matters relating to the criminal history of persons will be subject to legislation of participating jurisdictions that prohibits, or does not require, the disclosure of spent convictions.

- matters relating to the conduct of a person in carrying out business including, for example, matters relating to duties as a director of a corporation or the imposition of civil penalties or orders in relation to carrying out business.

Guidelines would need to be developed to ensure consistency in application of probity requirements. Personal probity requirements will only apply to the plumbing and gasfitting contractor (business) licences under national licensing and are shown in Table 3.14.

Table 3.6: Personal probity requirements

Type of applicant	Personal probity requirement
Individuals Persons acting as a member of a partnership Relevant persons for a body corporate or partnership Body corporate	<p>Matters relating to the criminal history of a person, who is an applicant, licensee, nominee or relevant person, i.e.:</p> <ul style="list-style-type: none"> • offences relating to dishonesty • offences relating to misleading or deceptive conduct • offences relating to a person's obligations under a law relating to occupational health and safety. <p>Matters relating to business conduct. This means any action taken against a person under the <i>Corporations Act 2001</i> in relation to the following:</p> <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when giving a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade insolvent.

Rationale

Current personal probity requirements can include checks for disqualified licences and criminal history checks. The application of these checks varies across jurisdictions. Under national licensing, personal probity checks for applicants, licensees or relevant persons in relation to matters relating to the criminal history of the persons, can be carried out to the extent that there is a connection between the criminal history of the person and the inherent requirements of the occupation for which the person is an applicant.

This connectivity test was fundamental in the policy development process, which focused on ensuring that licence requirements were directly relevant to risks to public or consumer safety for the specific occupation. The test did not capture risks that were unrelated to the carrying out of the occupation.

In the case of plumbing and gasfitting work, the main risks identified were those associated with inadequate work processes. Accordingly, it was considered that criminal offences (such as dishonesty offences) should not be considered as part of the personal probity eligibility criteria. Furthermore, it was considered that offences against the person, such as violence, did not have a direct connection to the inherent requirements of the occupation. Criminal history checks are not

currently required in the majority of states for plumbers and gasfitters, and these states have not indicated any increased consumer safety impact.

It was acknowledged that there could be a case for applying personal probity criteria in relation to the carrying out of a business and that this should be applied to contractors and relevant persons for a body corporate. In this regard, the proposed offences are based on such dishonesty offences as blackmail and extortion, theft, fraud and deceptive practices.

Some jurisdictions consider that additional safeguards are necessary and have supported prescribing additional matters relating to offences against the person that are not inherent in the requirements of the occupation. The rationale behind the proposal is that, in undertaking licensed work, licensees interact at some level with other persons, such as customers, employees, suppliers or other licensees. For example, real estate agents and sale representatives routinely enter customer's premises for the purposes of assessing value, conducting open home inspections and undertaking property management. Electricians and plumbers will, in a wide range of the proposed licence categories, have access to private property and homes to undertake inspections, maintenance, repairs and installations. In some jurisdictions, existing licensing laws provide the regulator with discretion to exclude persons from the licensed occupation based on relevant criminal histories involving offences against the person.

It should be acknowledged, however, that legal case history indicates that refusal to grant a licence on such grounds may be overturned on appeal to the courts, precisely because of the lack of direct connection between the offence and the carrying out of the occupation. There are social justice factors to be considered where a person is prevented from earning a livelihood due to past behaviour for which a penalty has been paid.

Accordingly, it is proposed that personal probity checks will not be applied to an individual licensee who is not contracting as there is no direct connection to the inherent requirements of the occupation.

Question: Do you agree the personal probity; including 'relevant person' requirements proposed under national licensing adequately address issues of consumer risk?

Question: Do you agree the nature of plumbing and gasfitting work does not warrant additional safeguards for considering serious criminal offences for personal probity requirements (as are currently in place in some jurisdictions)?

3.4.10.3 Proposed financial probity requirements

Financial probity eligibility requirements aim to ascertain whether the financial integrity of the applicant is such that the risk of consumers dealing with the licensed person is minimised. One of the aims of licensing business entities (contractors) is to protect consumers from those who have been involved in the mismanagement of business.

The financial probity requirements proposed for each type of applicant and licence category are shown in Table 3.7 and apply to all national licensing options.

Table 3.7: Financial probity requirements

Type of applicant	Role (or licence category)	Financial probity requirement
Individual	Licensee	Failure to pay a penalty, fine or other amount ordered by a court or tribunal in relation to the occupation.
Individuals	Contractor	A person who is bankrupt, insolvent, compounds with creditors, enters into a compromise or scheme of arrangement with

Type of applicant	Role (or licence category)	Financial probity requirement
Person acting in the person's capacity as a member of a partnership Relevant persons for a body corporate or partnership Body corporate		creditors or otherwise applies to take the benefit of any law for the relief of bankrupt and insolvent debtors A person has within the last five years been a relevant person for a another person who, during that five-year period was bankrupt, insolvent, compounded with creditors or otherwise applied to take the benefit of any law for the benefit of any law for the relief of bankruptcy or insolvent debtors A relevant person, that is a body corporate or a member of a partnership, a relevant person for the body corporate or partnership is bankrupt, insolvent, compounds with creditors, enters into a compromise or scheme of arrangement with creditors or otherwise applies to take benefit of any law for the relief of bankrupt or insolvent debtors Failure to pay a penalty, fine or other amount ordered by a court or tribunal in relation to the occupation

Rationale

An approach to financial probity was recommended whereby to be eligible for a licence under national licensing the applicant must meet requirements that relate to the failure to pay fines and an applicant for a contractor's licence must also meet insolvency history requirements. As with personal probity the regulator will have the authority to refuse the licence application if the set standards are not met.

Question: Do the proposed financial probity requirements proposed under national licensing adequately address consumer risk?

3.4.11 Skills-based eligibility requirements

The National Law specifies the qualifications, skills, knowledge and experience required for the issue of a licence. The aim of eligibility requirements based on qualifications, skills and knowledge is to protect consumers from engaging practitioners who may deliver substandard service due to failure to reach a minimum standard of competence. Key considerations in developing a proposal for skills based eligibility requirements follow:

- Australia's national Vocational Education and Training system should provide the foundation for the requirements. The system comprises various elements that work together to ensure the quality and integrity of training and assessment services of registered training organisations across Australia. Nationally agreed training packages are part of the national qualifications framework, the Australian Qualifications Framework, which, together with the Australian Quality Training Framework, enables individuals to have national recognition of the qualifications and statements of attainment achieved.
- On 1 July 2011 the Australian Skills Quality Authority became the national regulator for Australia's vocational education and training sector. The Australian Skills Quality Authority regulates courses and training providers to ensure that nationally approved quality standards are met.
- COAG agreed in February 2006 to a new national approach to apprenticeships, training and skills recognition, which acknowledged that national training packages provide a nationally consistent base for the skills-related requirements of most of the licensed occupations covered by the national system.

- The objectives of the intergovernmental agreement and the National Law include facilitating a consistent skill base for licensed occupations by using national training packages and skill sets as the basis for the skills-related eligibility requirements for licensed occupations in national licensing.
- The National Law (section 3(b)) requires that ‘licensing arrangements are effective and proportionate to ensure consumer protection and worker and public health and safety while ensuring economic efficiency and equity of access’ (section 3(b) of the National Law). In other words, requirements for competence in particular aspects of plumbing and gasfitting work should relate strongly to the regulated work and reflect areas of identified risk to the public. Where possible, eligibility requirements should be set at qualification level, and the level of qualification should be commensurate with the skills required for the regulated scope of work. Where competency requirements are not neatly encapsulated in a qualification or where licensing involves a subset of scope of work of a category, specific units of competency may be identified as a skills set.

Based on the licence options identified for licence types outlined in 3.4.3, two models for skills-based eligibility requirements have been proposed. Full details of the proposed requirements are in Attachments F and G.

Question: Under national licensing it is proposed that there will be no experience requirements, enabling persons to be eligible for a licence irrespective of how they have obtained their qualification – via workplace (apprenticeship) or classroom training. Do you agree with this proposal?

3.4.11.1 Option 3 – three-tier model

Under sub-option 1 of the three-tier option (tradesperson registration, (full) licence holder and contractor licence) proposed by the Interim Advisory Committee, a (full) licence holder licensee would be required to complete:

- a Certificate III plumbing and gasfitting qualification which includes the streams in which the person holds the licence plus
- a number of additional Certificate IV level units specific to the licence category being applied for.

Table 3.8 compares the proposed requirements under sub-option 1 and the current requirements.

Table 3.8: Proposed Certificate IV level requirements under sub-option 1 and current requirements

Category of (full) licence	Number of Certificate IV units proposed	Comparison with current jurisdictional requirements (for equivalent licence)
Plumber (combines water and sanitary plumbing)	<ul style="list-style-type: none"> • CPCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks • CPCPWT4011A Design and size heated and cold water services and systems • CPCPWT4012A Commission and maintain backflow prevention devices • CPCPWT4013A Commission and maintain heated water temperature control devices • CPCPSN4011A Design and size sanitary plumbing systems 	<p>For water plumbing:</p> <ul style="list-style-type: none"> • 1 jurisdiction requires 7 units • 3 jurisdictions require 6 units • 1 jurisdiction requires 5 units • 3 jurisdictions require 4 units <p>For sanitary plumbing:</p> <ul style="list-style-type: none"> • 1 jurisdiction requires 6 units • 2 jurisdictions require 5 units • 3 jurisdictions require 4 units • 2 jurisdictions require 3 units <p>Note: there are a number of common units between water and sanitary plumbing</p>
Drainer	<ul style="list-style-type: none"> • CPCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks • CPCPDR4011A Design and size sanitary drainage systems • CPCPDR4012A Design and size stormwater drainage systems • CPCPDR4013A Design and size domestic treatment plant disposal systems 	<p>2 jurisdictions require 7 units</p> <p>2 jurisdictions require 6 units</p> <p>2 jurisdictions require 5 units</p> <p>2 jurisdictions require 4 units</p>
General gasfitter	<ul style="list-style-type: none"> • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • CPCPGS4011A Design and size consumer gas installations • CPCPGS4012A Service Type A gas appliances 	<p>2 jurisdictions require 6 units</p> <p>3 jurisdictions require 4 units</p> <p>2 jurisdictions require 2 units</p> <p>1 jurisdiction requires 0 units</p>
Gasfitter Type B	<ul style="list-style-type: none"> • CPCPGS4003A Install, commission and service Type B gas appliances 	<p>1 jurisdiction requires 4 units</p> <p>2 jurisdictions require 2 units</p> <p>2 jurisdictions require 1 unit</p> <p>1 jurisdiction requires 0 units</p> <p>Two jurisdictions do not license and one jurisdiction licenses differently</p>

Category of (full) licence	Number of Certificate IV units proposed	Comparison with current jurisdictional requirements (for equivalent licence)
Fire protection	<ul style="list-style-type: none"> • CPCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks • CPCPFS4014A Design residential and domestic fire sprinkler systems 	1 jurisdiction requires 5 units 1 jurisdiction requires 2 units 1 jurisdiction requires 1 unit The remainder do not license or license as building work
Mechanical services	<ul style="list-style-type: none"> • CPCPMS4011A Design, size and lay out heating and cooling systems • CPCPCM4001A Carry out work-based risk control process • CPCPCM4002A Estimate and cost work • BSBSMB401A Establish legal and risk management requirements of small business 	1 jurisdiction requires 6 units 1 jurisdiction requires 4 units Other jurisdictions either do not license under mechanical services or do not license this work at all

A tradesperson registration holder would be required to complete a Certificate III plumbing and gasfitting qualification, which includes the stream or streams in which the person holds the licence.

Sub-option 2 is a modified form of sub-option 1 and uses the same structure but proposes a smaller number of Certificate IV units required in order to hold a (full) licence. A (full) licence holder licensee would be required to complete:

- a Certificate III plumbing and gasfitting qualification, which includes the streams in which the person holds the licence; plus
- a smaller number of additional Certificate IV level units specific to the licence category being applied for.

Table 3.9 compares the proposed requirements under sub-option 2 and the current requirements.

Table 3.9 Proposed Certificate IV level requirements under sub-option 2 and current requirements

Category of (full) licence	Number of Certificate IV units proposed	Comparison with current jurisdictional requirements (for equivalent licence)
Plumber	<ul style="list-style-type: none"> • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • CPCPWT4011A Design and size heated and cold water services and systems • CPCPSN4011A Design and size sanitary plumbing systems 	For water plumbing: <ul style="list-style-type: none"> • 1 jurisdiction requires 7 units • 3 jurisdictions require 6 units • 1 jurisdiction requires 5 units • 3 jurisdictions require 4 units For sanitary plumbing: <ul style="list-style-type: none"> • 1 jurisdiction requires 6 units • 2 jurisdictions require 5 units • 3 jurisdictions require 4 units • 2 jurisdictions require 3 units Note: there are a number of common units between water and sanitary plumbing
Drainer	<ul style="list-style-type: none"> • CPCPCM4001A Carry out work-based risk control processes 	2 jurisdictions require 7 units 2 jurisdictions require 6 units

Category of (full) licence	Number of Certificate IV units proposed	Comparison with current jurisdictional requirements (for equivalent licence)
	<ul style="list-style-type: none"> • CPCPCM4002A Estimate and cost work • CPCPDR4011A Design and size sanitary drainage systems • CPCPDR4012A Design and size stormwater drainage systems • CPCPDR4013A Design and size domestic treatment plant disposal systems 	<p>2 jurisdictions require 5 units</p> <p>2 jurisdictions require 4 units</p>
General Gasfitter	<ul style="list-style-type: none"> • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work • CPCPGS4011A Design and size consumer gas installations • CPCPGS4012A Service Type A gas appliances 	<p>2 jurisdictions require 6 units</p> <p>3 jurisdictions require 4 units</p> <p>2 jurisdictions require 2 units</p> <p>1 jurisdiction requires 0 units</p>
Gasfitter Type B	<ul style="list-style-type: none"> • CPCPGS4003A Install, commission and service Type B gas appliances 	<p>1 jurisdiction requires 4 units</p> <p>2 jurisdictions require 2 units</p> <p>2 jurisdictions require 1 unit</p> <p>1 jurisdiction requires 0 units</p> <p>Two jurisdictions do not license and one jurisdiction licenses differently</p>
Fire Protection	<ul style="list-style-type: none"> • CPCPCM4001A Carry out work-based risk control processes • CPCPCM4002A Estimate and cost work 	<p>1 jurisdiction requires 5 units</p> <p>1 jurisdiction requires 2 units</p> <p>1 jurisdiction requires 1 unit</p> <p>The remainder do not license or license as building work</p>
Mechanical Services	<ul style="list-style-type: none"> • CPCPMS4011A Design, size and lay out heating and cooling systems • CPCPCM4001A Carry out work-based risk control process • CPCPCM4002A Estimate and cost work 	<p>1 jurisdiction requires 6 units</p> <p>1 jurisdiction requires 4 units</p> <p>Other jurisdictions either do not license under mechanical services or do not license this work at all</p>

It is proposed that, if it is considered that endorsements are necessary under the two-tier model (see 3.4.6), that they be based on the proposed Certificate IV requirements for three-tier sub-option 2. This is because the Certificate IV requirements under the three-tier sub-option 1 include units that currently are only required in one jurisdiction and/or which are not based on occupation-specific skills.

Under either sub-option, a contractor would not require a skills qualification to contract but would need to either hold the skills (if a natural person) or have a nominee with the relevant skills to undertake the work.

For a full list of the qualifications proposed for each licence category identified under the three-tier model, see Attachment F. The attachment also includes a full comparison with existing jurisdictional Certificate IV requirements for the equivalent of the (full) licence for each category.

Rationale

Contractors

The majority of interim advisory committee members proposed that there should be no additional technical competencies required for the contractor (business) level of licensing. There were,

however, divergent views on whether any additional business competencies should be required. Queensland strongly advocated the inclusion of specified business units for a contractor licence. Queensland currently requires four additional units of competency for contractors, relating to business skills. Although Queensland strongly advocated that additional training for contractors should be required for consumer protection, little evidence has been provided to support any linkage between consumer protection and business efficiency for the trades.

Based on the scarcity of information substantiating the need for business skills for plumbing and gasfitting contractors and the absence of any requirement proposed by the other trade interim advisory committees, the steering committee did not support this proposal. Therefore it is proposed that there be no qualification requirement for a contractor licence.

Question: Under national licensing, it is proposed that no skill based eligibility requirements will be applied to contractors (other than appointing a nominee who holds the relevant licence), enabling plumbing and gasfitting workers to gain a contractor licence sooner than under the status quo. Do you agree with this proposal?

Sub-option 1

The interim advisory committee view is that the Certificate III plumbing and gasfitting qualification, by itself, does not provide the competencies necessary to carry out the full range of the activities envisaged in the scope for a (full) licence holder for the proposed categories of licence. Additional Certificate IV units of competency are considered necessary to prevent risks to the health and safety of workers, consumers and the wider community. Some of the common Certificate IV competencies proposed are considered 'necessary for all categories of plumbing and gasfitting work to ensure the attainment of skills for critical functions like the design, commissioning, testing and sizing of plumbing and gasfitting work'. (See Attachment F for current requirements and comparison.)

The proposed model (three-tier – sub-option 1) is intended to provide an additional period of training and supervised work as suitable preparation for those seeking to work as a (full) licence holder. The interim advisory committee views the tradesperson registration level as providing both a lower threshold for entry into the industry and the basis for further skills development.

While a two-tier level of licence is inconsistent with other safety-based trades, such as the electrical occupations, the interim advisory committee indicated that the average plumber and gasfitter is generally required to master a more diverse range of competencies than an electrician.

Question: Are the qualification requirements proposed under the three-tier, sub-option 1 model (and outlined at Attachment F) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes?

Sub-option 2

As sub-option 1 provided an overall increase in the number of Certificate IV units required in addition to the Certificate III at the (full) licence level, a working group convened by the steering committee, which included steering committee members and senior officials, including regulators, requested that a modified form of the three-tier model be developed. The modified sub-option was to retain the three-tier structure but to propose Certificate IV unit requirements for each (full) licence category that reflected a less increased level of overall requirement compared with sub-option 1. This sub-option has not been considered by the Interim Advisory Committee.

The model was developed by the taskforce based on a comparison of each jurisdiction's current use of Certificate IV units for the equivalent of a (full) licence level (certifier, contractor, etc.). Where a majority of jurisdictions currently required a specific unit for a particular category, that unit was retained. There were exceptions to this. The units 'Commission and maintain backflow prevention

devices' and 'Commission and maintain heated water temperature control devices' were removed, as these are available as endorsements. This approach is currently used by three jurisdictions. One or two jurisdictions required high numbers of units, including units from the small business training package; these were also removed, as the (full) licence will be issued to those undertaking the work but not necessarily running the business. It is proposed that contractors will be licensed separately and that technical competencies will not be required to hold a contractor licence, provided the skills to carry out the work are held by a nominee.

Under either three-tier sub-option, an Offshore Technical Skills Record – issued to overseas trained applicants who have been assessed as holding an appropriate level of competence to commence work in Australia – will allow such applicants to be eligible for an entry-level provisional licence in the relevant trade. The Offshore Technical Skills Record will detail the gap training that the successful applicant will need to undertake when they get to Australia in order to obtain registration as a tradesperson. The applicant will need to work under supervision and complete gap training within a specified time.

To provide consistency in approach, it is proposed that the licensing regime for plumbing and gasfitting occupations will also include provisional licences to deal with migrants who have their skills assessed onshore against the same qualification requirements.

Question: Are the qualification requirements proposed under the three tier, sub option 2 model (and outlined at Attachment F) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes?

Question: Which of the two sub-options do you consider provides the most appropriate level of skills and training to carry out the scope of regulated work for each licence category?

- i. Sub-option 1 (up to 16 Certificate IV units)
- ii. Sub-option 2 (up to 10 Certificate IV units)

3.4.11.2 Option 4 – two-tier model

Under the two-tier model ((full) licence holder plus contractor level) proposed by the steering committee, a (full) licence holder would be required to complete a Certificate III plumbing and gasfitting qualification, which includes the streams in which the person holds the licence.

There would be no tradesperson registration level of supervised licensee.

Endorsements, based on Certificate IV units of competency, would allow (full) licensees to choose to upgrade their skills in particular categories of work that include testing and commissioning.

For a full list of the qualifications proposed for each licence category identified under the two-tier model, see Attachment G.

Rationale

The view of the majority of steering committee members was that completion of an apprenticeship leading to a Certificate III qualification is generally considered to provide the levels of competency required to operate as a (full) licence holder in other trades, such as electrical and refrigeration and air conditioning and that therefore a separate tradesperson registration level was not required. It was considered that the major difference between the tradesperson registration and (full) licence holder levels proposed was the responsibility for testing, commissioning and ensuring the technical compliance of their work which lies with a (full) licence holder, and the training required for this work.

It was noted that the step from the tradesperson registration to the (full) licence level for a licensee who wishes to work independently creates a significant impost on the licensee as the additional training is not always available or funded. Currently, most '(full)' plumbers in some jurisdictions are licensed for a range of categories (for example plumbing (water and sanitary) and gasfitting). Under the three-tier sub-option 1, they would require the Certificate IV training set for each, and on an accumulated basis the additional requirements would comprise almost the entire Certificate IV qualification, with associated costs. The proposed Certificate IV units represent an increase in skills requirement for a number of jurisdictions (see Attachment F).

It was considered that the imposition of additional training at a level not required in other trades would have the effect of setting barriers to those seeking to work independently and therefore had the capacity to exacerbate skills shortages. A more 'consistent and equitable approach' would be to combine the (full) licence holder and tradesperson registration levels to provide for a single level of (full) licence holder licensee based on the attaining of Certificate III level skills only.

A question that arises is whether the single Certificate IV unit (Commission and maintain hot water temperature control devices) proposed as required for a restricted plumbing licence – disconnection and reconnection, should also be removed as a requirement. While (full) licence holders could hold a licence endorsed for this work, it would not be possible to endorse a restricted licence.

A key consideration for this model is whether the removal of the tradesperson registration level and the reduction in qualification requirements would increase the risk to consumers. No evidence has been cited that the risk inherent in the plumbing and gasfitting occupations is higher than the risk in the electrical occupations, which set a lower minimum competency standard. No risk analysis is available that specifically relates to the risk mitigated by specific Certificate IV units therefore a quantitative analysis of the likely impacts of removal is uncertain; stakeholders are invited to provide evidence demonstrating the level of safety risk that might arise.

As the full details of how this proposal will work have not been fully developed, further consideration of the regulated work identified for some categories would be required, as these were originally formulated based on a higher level of training.

Note that, under both options, the duplicative practice whereby regulators 'test' a person, who has already been assessed by a registered training organisation, will cease.

Question: Are the qualification requirements proposed under the two-tier model (and outlined at Attachment G) sufficient and appropriate for the proposed plumbing and gasfitting licence categories, scopes of work and health and safety outcomes?

3.4.12 Skills maintenance (continuing professional development)

Skills maintenance (or continuing professional development) aims to manage consumer risk by providing licensees, who have general competence, with the means for responding to changes in practice and legislation and updates to standards and codes, to enrich their knowledge and skills and adopt new work practices.

However, during the policy development process, views on the need for skills maintenance were divided, both within the Interim Advisory Committee and across the Interim Advisory Committees for the various occupational groups. While there was strong support for the concept of skills maintenance, it was recognised that the training required is not always aimed at addressing consumer risk and that in such instances it would be an additional unwarranted burden on all licensees. This view was supported by evidence of how such requirements had been applied over time in jurisdictions where skills maintenance is currently mandatory. It was also noted that there can be significant ongoing cost to both practitioners and regulators if skills maintenance is compulsory.

As mentioned previously in this Consultation RIS, the regulation of the wider behaviours and standards to be met by licensees ('conduct requirements') following the attainment of a licence is not within the scope of this reform. Licensees will be responsible for ensuring that they are aware of any relevant changes to jurisdictional legislations or requirements.

3.5 Comparison of automatic mutual recognition with national licensing

3.5.1 Labour mobility

Automatic mutual recognition could achieve some of the same labour mobility benefits as national licensing, as it would enhance the ability for some labour to flow where plumbing and gasfitting occupations are most needed, and would reduce administrative and financial costs in the form of additional fees where licences are held across jurisdictions.

3.5.2 Licence categories and regulated work

While national licensing seeks to reduce the number of categories, there is not necessarily the mechanism or compulsion under automatic recognition to make such changes. Automatic mutual recognition retains individual jurisdictions' licensing frameworks, while national licensing would have a central licensing authority responsible for developing national licence policy and legislation.

3.5.3 Conduct and compliance

Regardless of what option is adopted licensees choosing to work in other jurisdictions outside their primary jurisdiction would still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to the work they intend to perform.

3.5.4 Relevant legislation

Under the automatic mutual recognition model, regulators would be required to be conversant with multiple jurisdictional licensing requirements. However, under a national licensing, national legislation would apply to all jurisdictions that regulate a prescribed occupation.

3.5.5 Registers

Under automatic mutual recognition a limited central register of disciplinary actions could be established to enable jurisdictional regulators to be aware of any pending actions or disciplinary actions underway. Under this option, consumers would need to search the public register(s) from other jurisdictions to find information on a particular licensee. However, not all jurisdictions currently have a publicly accessible register. While such a database may be significantly less sophisticated than the proposed national licensing register, and would not deliver the same level of transparency for consumers of the services or for compliance purposes, comprehensive costings would be required before a full comparison of the registers could be made. Jurisdiction-based disciplinary systems may not easily interact with a central database of disciplinary actions. Without a public accessible national register, however, a disqualified or suspended licence would not be easily apparent to compliance officers or consumers.

The proposed national licensing model would have a national licensing register with a central database that is only accessed by the regulator. The national licensing register would be linked to all jurisdictional IT platforms and would be continually updated, enabling regulators to be better informed of the current status of a licensee, including any disciplinary action. Consumers would be afforded a greater level of protection by being able to view a licensee's status through the public national licensing register component of the register.

3.5.6 Jurisdiction shopping

Under automatic mutual recognition, ‘jurisdiction shopping’ may become more common due to differences in licensing requirements, such as lower qualification criteria, easier application processes, etc. In addition, while jurisdictions will continue to set licence fees under the national licensing proposed model, under both options jurisdiction shopping could be negated by a legislative requirement for applicants or licensees to apply for or renew a licence in the jurisdiction in which they reside.

3.5.7 Conclusion

National licensing, while more costly to implement, due to the need to establish common legislation and processes to administer and enforce it (through creation of a national authority) would create greater certainty for industry, consumers and licensees as to what licence requirements are, and what work licensees are qualified to perform.

National licensing would avoid the potential risk under automatic mutual recognition that licensees would feel compelled to obtain multiple jurisdictional licences in order to meet consumer or employer preferences. There is also a risk under automatic mutual recognition that without a central coordinating body, gaining consensus on any harmonisation changes may be difficult and unravel over time.

A potential benefit of the automatic mutual recognition option is that it may be implemented more quickly, minimising the transition costs for some licences than under the national occupational licensing model. However, the speed of implementation would be strongly influenced by the extent to which harmonisation of skills and non-skills-based eligibility requirements are carried out. If harmonisation was agreed prioritisation could be given to applicable licence categories based on:

- the commonality of the licence category (or equivalent) across jurisdictions (e.g. plumber)
- the number of licences for the category (or equivalent) across Australia
- the prevalence of cross-jurisdictional work carried out by licensees of that category.

By focusing on a process that targets licensees that operate across multiple jurisdictions rather than harmonising licence categories, qualification and eligibility requirements for all licensees, of which the majority work in only one jurisdiction, an automatic mutual recognition approach is potentially a simpler, more targeted and cost-effective solution to overcome existing labour mobility barriers than national licensing. Compared to national licensing, it would require less significant legislative changes, the development of a more limited IT register of disciplinary actions on licensees, and a smaller range of administrative actions to implement, however, a central coordinating body would be required. Depending on the degree of future harmonisation efforts, these immediate cost savings may be eroded over time.

This option may have cost advantages over the national licensing model in the short term, in that it may:

- not place the transition costs on licensees that would arise under national licensing when licensees (and those who do not cross borders in particular) are required to understand new licensing requirements, or (potentially) pay increased fees to fund the scheme (where regulators are self-funded)
- avoid the need to (potentially) increase fees to fund a centralised licensing body in addition to maintaining jurisdictional regulators and regulatory regimes although some form of coordinating body would still be required.

The cost and benefits automatic mutual recognition has yet to be fully costed. While the automatic mutual recognition model may deliver some benefits more cheaply (although increased compliance

costs to governments have yet to be quantified) over the short term, there are additional benefits from the proposed national licensing model that are likely to be realised over the longer term. Notwithstanding the cost–benefit analysis, there would appear to be overall long-term qualitative benefits in a single national system.

4 Impact analysis

This chapter provides supporting detail about the costs and benefits of the approaches considered in this Consultation RIS. The information is set out as follows:

- a detailed discussion of the impacts and results of the analysis, including sensitivity results and a summary of the costs and benefits by jurisdiction
- an explanation of the approach taken to the analysis, including the method and the specific calculations behind the analysis
- a detailed list of all of the inputs and assumptions underlying the analysis.

4.1 Discussion of the impacts and results

4.1.1 Transition and implementation costs of a national licensing system

Before the commencement of the proposed reforms and for the first three years of the system's operation, several one-off costs would be incurred. For licensees, business and consumers, there is a time cost associated with understanding the new system of licensing. For government, there are costs associated with setting up the National Occupational Licensing Authority, implementing the national licensing register (central database and national public licensing register) and communicating the changes to licensees and the wider community (i.e. businesses and consumers).

4.1.1.1 Cost to plumbing and gasfitting licensees

Time for licensees to understand the proposed reforms

Under national licensing, licensees would need to understand the changes and how they are affected by them. Time costs would be incurred either by reading material, attending an information seminar or through some other means.

For indicative purposes, it is assumed that it would take each existing licensee 45 minutes to understand the changes. Feedback is sought on the soundness of this assumption. Based on the assumption that there are over 160,000 plumbing and gasfitting licensees across the jurisdictions, the estimated transition costs to industry would be about \$5.65 million. It is expected that these costs would be incurred throughout the year preceding the operation of national licensing (i.e. 2012–13). As at 1 July 2012, the 10-year net present value (NPV) of this cost is therefore \$5.28 million. The distribution of these costs across jurisdictions is shown in Table 4.1. New South Wales and Queensland incur the highest costs in Australia. This is predominantly driven by licence numbers.

Table 4.1: Cost to licensees from spending time understanding the proposed reforms

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	2.28	0.74	1.32	0.84	0.25	0.06	0.12	0.04	5.65
10-year NPV as at 1 July 2012	2.13	0.69	1.24	0.78	0.23	0.05	0.12	0.04	5.28

The estimate of 45 minutes takes into consideration the varying needs of licence holders when they transition to a national licence. It is important to note that no licence holder would be required to change their licence before the expiration of their current licence. Therefore, the 45-minute estimate reflects the potential additional time *over and above* the normal requirements for licence

renewal. For some licence holders, changes may be more complex and require more time; for others, changes would be minimal and require less. The estimate in this Consultation RIS is intended to be a reasonable average of likely transition requirements, and will be tested further with industry in consultations.

For further information on the assumptions underlying these estimates, see 4.3.

Question: The RIS assumes that it will take 45 minutes for licence holders to understand any new obligations, changes to licence requirements or scopes of work under national licensing. Do you agree with this assumption?

4.1.1.2 Cost to business and consumers

Business value-add

Given that licensees must spend additional time to transition to national licensing (i.e. time for licensees to understand the proposed reforms), they will essentially be less efficient as a result. There is an expectation that if the reforms lead to a one-off efficiency loss for plumbing and gasfitting services, business too will experience a one-off reduction in their profits, or their value-add from plumbing and gasfitting services, as less will be generated from a less efficient labour force.

For the purpose of this Consultation RIS, the costs to the business and consumer buying plumbing and gasfitting services are assumed to be one-third of the direct costs to labour. This estimate is based on research conducted by the Australian Bureau of Statistics on income shares for factors of production (labour and capital), which estimate the profit share of total factor income (essentially the return to capital of total income in the economy).¹⁸ This measure is the best available indicator of the extent to which income is returned to capital (as opposed to being returned to labour in the form of wages). Feedback is sought on whether this is an appropriate assumption so that a more informed assumption can be used in the final Decision RIS.

It is estimated that there would be a potential transition cost to business (and consumers) of \$1.88 million, or \$1.76 million NPV over 10 years as at 1 July 2012. The distribution of these costs across jurisdictions is shown in Table 4.2.

Table 4.2: Business value-add lost as a result of transition costs

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	0.76	0.25	0.44	0.28	0.08	0.02	0.04	0.01	1.88
10-year NPV as at 1 July 2012	0.71	0.23	0.41	0.26	0.08	0.02	0.04	0.01	1.76

4.1.1.3 Costs to government

National Occupational Licensing Authority – set-up costs

A key element of the national licensing model is the establishment of a National Occupational Licensing Authority. The role of the licensing authority would be to develop consistent national policy for obtaining a licence and to administer the national system. In doing this, it must consult with stakeholders in relevant occupational areas and establish occupational licence advisory committees. During the implementation phase, the licensing authority would regularly consult with a jurisdictional reference group on issues that arise regarding the implementation of the national system and on progress with the development of licence policy.

¹⁸ Australian Bureau of Statistics 2011, *Australian System of National Accounts 2010–11*, cat. no. 5204.0, ABS, Canberra.

In its first five years of operation the licensing authority would have an important role in the following areas:

- supporting the implementation of national licensing for the first-stage occupations (electrical, plumbing and gas fitting, property, and refrigeration and air conditioning)
- supporting the implementation of second -stage occupations, including building occupations
- supporting further reforms related to occupational licensing.

Based on the above scope, it is clear that only a proportion of licensing authority resources would be required to support the implementation and future policy direction of national licensing for the plumbing and gasfitting occupations. Costs for this Consultation RIS, therefore, reflect this fact, and attribute a proportion of licensing authority costs to national licensing for the plumbing and gasfitting occupations.

The costs to governments of establishing the licensing authority will be apportioned to each occupation under national licensing (including the first and second tranche of occupations and any future harmonisation of conduct requirements). It is assumed that the first tranche of occupations (plumbing and gasfitters, property, electrical and refrigeration and air conditioning) will be apportioned 50 per cent of these costs. The remaining 50 per cent will be apportioned to the second tranche occupations with 30 per cent to building occupations, valuers and conveyancers and 20 per cent to proposed future harmonisation of conduct requirements. Further information is provided in 4.2.

For the plumbing and gasfitting occupations, national licensing costs have been estimated according to the following assumptions:

- 50 per cent of national licensing costs have been attributed to future reforms, including second stage occupations and conduct reforms
- the remaining 50 per cent of costs are attributed to first-stage occupations, with 35 per cent of these costs allocated to the plumbing and gasfitting occupations.

For more detail on these assumptions, see 4.3.

The transition and operating costs of the licensing authority have been budgeted for 2011–12 to 2014–15, and the contributions from each jurisdiction agreed for this period. The costs of the licensing authority have been allocated across jurisdictions according to these agreed contributions by governments. Table 4.3 illustrates the pro rata distributional effects of the costs (noting that it was agreed that the Australian Capital Territory would not be required to contribute to the cost of the licensing authority).

Table 4.3: National Occupational Licensing Authority – jurisdictional contributions

Contribution of budget estimate	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Government	33%	25%	20%	11%	8%	2%	0%	1%

The detailed budget of the licensing authority provided by the Council of Australian Governments (COAG) National Licensing Taskforce shows that transition costs over and above the ongoing cost of operating the licensing authority will be incurred in the first three years. This includes the one-off establishment cost of the licensing authority, the establishment and implementation costs associated with the national licensing register and higher meeting costs during the transition period.

Based on these figures, it is estimated that the transition costs associated with the licensing authority are about \$1.64 million. This cost would be incurred across the first three years of

operation, leading to a transition cost of about \$1.61 million NPV over 10 years. The distribution of costs across jurisdictions is shown in Table 4.4.

Table 4.4: Transition costs associated with the National Occupational Licensing Authority

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	0.54	0.41	0.34	0.17	0.13	0.04	–	0.02	1.64
10-year NPV as at 1 July 2012	0.53	0.40	0.33	0.17	0.12	0.04	–	0.02	1.61

For further information on the assumptions underlying this estimate, see 4.3.

Costs to transition to a national licensing register (jurisdictional implementation)

Under national licensing, a national licensing register would be established, providing a cross-jurisdictional summary of all the licences issued under national licensing. The national licensing register would be composed of two parts. The first would be a central database that would hold information about licensees, including their status, disciplinary actions and any conditions applied to a licence. The database could only be accessed by jurisdictional regulators and the licensing authority. This database would be linked to all jurisdictional IT platforms and would be continually updated. The second part, a national public licensing register, would hold a subset of licensing information including licence details (e.g. licence number, licensees name and business contact details), regulated work and disciplinary action. The public register would enable the public to electronically search for licensees who are associated with national occupational licences. This would afford the consumer with a greater level of protection. The national licensing register would be the responsibility of the licensing authority and all jurisdictional regulators would input data to the central database.

Initially, the national public licensing register would include all first-wave occupations in each jurisdiction; it is intended that all subsequent occupations would be included. It is therefore assumed that this initial investment in the national licensing register for the four occupations would have subsequent value for any other occupations that transition to national licensing in the future.

The intention of including the national public licensing register within a national licensing framework is to provide greater transparency, allowing consumers to make an informed choice when engaging licensees. It may also improve both consumer awareness of licensing and consumer confidence in the licensing system.

The estimates of total national licensing register costs for jurisdictions are those costs that are incurred to upgrade current systems at the jurisdictional level to allow IT systems to interface with the central database. As implementation of the system has not yet commenced, there is currently little available data on the full cost of this implementation. For this Consultation RIS, a range of costs estimates has been used and will be tested further during the consultation phase.

These costs are estimated to be between \$2 million and \$5 million per jurisdiction, with lower costs for small jurisdictions and New South Wales (due to the new system being based on the Government Licensing Service). Given that the national licensing register will be used for several occupations, 50 per cent of this implementation cost has been attributed to future reforms, including second-stage occupations and conduct reforms. Of the remaining 50 per cent, 35 per cent is attributable to the plumbing and gasfitting occupations.

The cost from jurisdictions implementing the national licensing register is \$5.08 million in transition costs or \$4.43 million NPV over 10 years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.5.

The corresponding benefits of a national licensing register are discussed qualitatively in the main body of this Consultation RIS.

Table 4.5: National licensing register transition costs

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^b
Total costs to government of transitioning to the national licence register (time and upgrade costs – undiscounted)	2	5	5	5	3.5	3.5	2.5	2.5	29
Total costs attributable to the plumbing and gasfitting occupations under the first stage of reforms (undiscounted transition cost)	0.35	0.88	0.88	0.88	0.61	0.61	0.44	0.44	5.08
10-year NPV of cost attributable to plumbing and gasfitting as at 1 July 2012	0.31	0.76	0.76	0.76	0.53	0.53	0.38	0.38	4.43

Note: The introduction of new enterprise licensing systems in Tasmania and the Northern Territory prior to the commencement of national licensing may reduce this estimate.

a May not sum due to rounding.

For further information on the assumptions underlying these estimates, see 4.3.

Government communications

Regulators in each state and territory are expected to develop and implement a communication strategy that seeks to inform various stakeholders of the changes to the licensing of the plumbing and gasfitting occupations. Relevant stakeholders include licence holders, industry associations, training providers, other government agencies with relevant responsibilities and consumer groups. Most regulators already conduct regular consultations with these groups as part of their current responsibilities; however, it is reasonable to expect that this reform would require an increased level of engagement and communication with stakeholders prior to the commencement of the new licensing arrangements.

The cost of this engagement would vary considerably across states and territories, depending on the type of engagement conducted and the medium used. There are currently no estimates available from each of the state and territory regulators on what it may cost to complete these activities. The Victorian regulator, Consumer Affairs Victoria, does, however, have estimates of the communications costs that were incurred when they made changes to the property industry in their state. This estimate of about \$325,000 has been used as the basis for estimating this cost to regulators. This cost has been applied in full to the larger states, and half of this cost has been assumed to be incurred in smaller jurisdictions.

Based on these estimates, the communications cost to government is \$1.95 million in transition or \$1.82 million NPV over 10 years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.6.

Table 4.6: Government communications costs during transition to national licensing

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Transition cost (undiscounted)	0.33	0.33	0.33	0.33	0.16	0.16	0.16	0.16	1.95
10-year NPV as at 1 July 2012	0.30	0.30	0.30	0.30	0.15	0.15	0.15	0.15	1.82

For further information on the assumptions underlying these estimates, see 4.3.

Question: Beyond the time and transition costs incurred by licensees, businesses and households, and the one off establishment costs incurred by governments, are there any other transition costs that should be considered in moving to national licensing?

4.1.2 Direct costs and benefits of national licensing

The costs and benefits in this section are the ongoing impacts that would be incurred each year throughout the operation of national licensing, beginning in the first year of operation, 2013–14. A 10-year NPV is presented in this analysis; however, these impacts are ongoing and could theoretically be considered over a longer time horizon as they will be enjoyed for many years.

While the transition costs outlined in 4.1.1 are quite discrete, many of the ongoing impacts affect several different sectors of the economy (that is, licensees, business and consumers and government). For that reason, this section is presented by type of impact rather than by sector.

4.1.2.1 Labour mobility

Labour mobility is defined as the extent to which labour is free to move around the economy in response to opportunities in the marketplace. This movement may be the relocation of labour from one region to another, or it may be the extent to which labour is accessible on a short-term or an itinerant basis, as required by firms across the economy (for instance, on short-term contracts, or on a ‘fly-in, fly-out’ basis, which do not require a permanent relocation). In addition, labour mobility should also be considered in the context of movement of workers across state and territory borders, in border towns or regions.

There is a complex set of factors which can influence the mobility of labour in an economy. Even when there are employment opportunities for workers across the economy, the extent to which these will be filled is influenced by:

- the accessibility of information on work opportunities across regions
- the costs associated with moving to a new job, or of working remotely, away from home for particular periods
- the availability of infrastructure in a region, including housing, schools, child care, transport, etc. (which is particularly important for workers looking to relocate to a region)
- regulatory settings that may impede the mobility of labour, either directly by prohibiting movement or indirectly by imposing cost barriers that are sufficiently high to deter movement by employees.

In making employment decisions, each individual will have a threshold cost of taking up a new employment opportunity (be it relocation or a short-term ‘fly-in, fly-out’ opportunity). This move need not be a permanent move and could involve temporary relocation to take advantage of a market opportunity. For short relocations or temporary moves, fixed costs – such as licensing – become all the more relevant. This is the cost above which the move will not be cost effective and will not proceed. This threshold will be related to the potential future benefit for employment in a new jurisdiction (with benefits including both financial and lifestyle factors). It is reasonable to assume that this threshold cost will vary for individuals. Therefore, as costs are lowered, a greater proportion of individuals in an industry would consider moving to a new jurisdiction for employment (an additional factor in this equation is the relative wages across jurisdictions) or taking up opportunities where they arise in other jurisdictions. On this basis, there are potential benefits in seeking to drive down costs from current levels.

Understanding the linkages between labour mobility and costs suggests that reducing costs has the potential to increase this proportion. There are likely flow-on benefits of higher labour mobility across the economy, in the form of economic efficiency improvements.

The benefit from improved labour mobility is difficult to quantify. To provide an indication of the potential benefit, this Consultation RIS draws on the work undertaken in this area by the Productivity Commission. In their 2009 review, they found that moving from no mobility of labour (that is, licensees are prohibited from moving interstate) to full labour mobility with no restrictions could lead to a 0.3 per cent increase in real GDP. Based on real GDP in 2011, this would represent about \$4 billion per annum. Taking plumbing and gasfitting services to represent about 1.4 per cent of the economy and assuming that national licensing would result in about 10 per cent of this benefit, this leads to a benefit to the economy of about \$5.6 million per annum. For more detail on these assumptions, see 4.3.

Using this estimate as an indication of the potential benefit under national licensing, the benefit from improved labour mobility under national licensing would be \$5.78 million per annum or \$37.95 million NPV over 10 years as at 1 July 2012. The distribution of this benefit has been allocated based on licence numbers and is shown in Table 4.7. For further information on the assumptions underlying these estimates, see 4.3.

Table 4.7: Benefits from improved labour mobility under national licensing

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	2.35	0.84	1.22	0.90	0.25	0.08	0.11	0.04	5.78
10-year NPV as at 1 July 2012	15.45	5.48	8.02	5.88	1.63	0.50	0.69	0.29	37.95

4.1.2.2 Removal of multiple licences held across jurisdictions

Under current licence requirements, licence holders must apply for a new licence if they wish to work in another state or territory. Initially, this involves both a time cost and the payment of additional licence fees. Under mutual recognition, a licence issued in one jurisdiction can be equivalent to a number of licences in another jurisdiction, with associated additional licence fees or costs for the applicant. Subsequently, that person would need to renew their licence(s) in the jurisdiction(s) in which they are held, again involving time and fees. This is the case even when mutual recognition of a licence is granted (i.e. when a regulator determines that the applicant has an equivalent licence). These costs would apply regardless of how effectively mutual recognition is operating.

A key benefit of national licensing would be the removal of the requirement for licence holders to hold more than one licence to work in multiple jurisdictions. It would also remove the need to apply for a new licence when they relocated, as long as that licence holder held a valid national licence.

In order to estimate this benefit for licensees, data provided by jurisdictional regulators has been used to estimate the proportion of licence holders in each jurisdiction who also hold a licence in other jurisdictions. Table 4.8 shows this data, which will pick up those licence holders who are transitioning from one jurisdiction to another (for instance, who may hold onto a second licence until it expires) as well as those who hold multiple licences over a long term (for instance, if they are working on a fly-in, fly out basis or live in a border region).

Table 4.8: Proportion of licence holders in each jurisdiction who also hold a licence in another jurisdiction

Percentage	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
% of existing licence holders	4%	2%	4%	12%	6%	12%	33%	10%

The reduction in cost associated with holding multiple licences can therefore be estimated by taking the total number of licence holders incurring the cost and estimating the avoided costs for these licence holders. This has been done using:

- the number of licence holders who would be affected by the changes, which is estimated using the proportion of licence holders estimated as being required to hold more than one licence under current arrangements (as shown in Table 4.8)
- data on plumbing and gasfitting licence fees in each jurisdiction and an estimate of the time to apply for a licence (which would be avoided costs).

It is important to note the potential for mutual recognition applications to be more onerous (in terms of time and documentation required) than standard applications. To reflect this, the time to apply for a licence is assumed to be higher under mutual recognition. See sections 4.2 and 4.3 for more detail on the approach to calculating this benefit and the assumptions underlying it.

Using this approach, it is estimated that the total cost of holding multiple licences is about \$1.35 million per annum or \$8.78 million NPV over 10 years as at 1 July 2012. These costs would not be incurred under a national licensing approach. The distribution of this benefit across jurisdictions is shown in Table 4.9. Note that the benefits in this table have been attributed to the home state of licensees. For example, the benefit to New South Wales is the benefit to licensees who predominantly live in New South Wales but also hold licences in other jurisdictions. This attribution has been calculated based on migration flows. For further information on the assumptions underlying these estimates, see 4.3.

Table 4.9: Benefit to licensees of no longer holding multiple licences across jurisdictions

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	0.34	0.27	0.35	0.11	0.08	0.04	0.08	0.07	1.35
10-year NPV as at 1 July 2012	2.24	1.75	2.27	0.72	0.55	0.27	0.53	0.46	8.78

The impact on government

While removing the requirement to hold multiple licences delivers a direct benefit for licence holders, it represents a cost to government through reduced revenue (where there are fewer licences issued). Regulators would also be expected to realise some savings from a reduction in the number of licences issued, as they would no longer need to spend time processing those licences. However, it is noted that jurisdictional regulators will still incur the costs associated with compliance activities for licence holders who continue to work in their jurisdictions, but who are based (and pay their licence fee) in another jurisdiction. Therefore, this impact would lead to a net cost for government, as the loss in revenue would be greater than the savings realised.

This cost is estimated to be about \$0.82 million per annum (annualised across 10 years) or \$5.32 million NPV over 10 years as at 1 July 2012. The distribution of this cost across jurisdictions is shown in Table 4.10.

Table 4.10: Impact on government from the removal of multiple licences across jurisdictions

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing cost	0.39	0.05	0.13	0.06	0.07	0.02	0.10	0.002	0.82
10-year NPV as at 1 July 2012	2.55	0.32	0.83	0.37	0.48	0.12	0.65	0.01	5.32

4.1.2.3 Consistent licence period of three years across all jurisdictions

Under current jurisdictional licensing arrangements, each state and territory has different licence periods, ranging from one year to five years. The current licence periods for each jurisdiction are shown in Table 4.11. Given that some jurisdictions have multiple licence periods for different licence types, an average of these licence periods has been taken in order to analyse the potential benefits of moving to a three year licence.

Table 4.11: Current licence period across each jurisdiction

Jurisdiction	Contractor	Worker – (full) licence holder	Worker – tradesperson registration
NSW	1 or 3	3	3
Vic	N/A	1	3
Qld	1	5 (except plumbing occupational fire: 3)	1
WA	3	3	3
SA	1	3	3
Tas	3	3	3
ACT	1 or 3	1 or 3	1 or 3
NT	N/A	plumbing – 3 gasfitting – 5	plumbing – 3 gasfitting – 5

In moving to a standard three-year licence period for all licence types in all jurisdictions, licensees in states and territories with a shorter licence period (that is, less than three years) would gain a direct benefit from renewing their licence less frequently. In doing so, licensees would save time in applying for their licence and would pay a reduced amount in licence fees across the 10-year period under assessment for this Consultation RIS.¹⁹ Similarly, regulators would save time because they would process these licence applications less often.

Licensees in states and territories with a longer licence period (that is, more than three years) would incur a cost under national licensing from renewing their licence more often. In doing so, they would spend more time and pay greater fees across the 10-year period. Similarly, regulators would spend more time in processing these licence applications more often.

Given that licence fees typically recover for both variable costs (that is, application processing activities) and fixed-cost activities, the licence fee under a three-year licence would need to be adjusted to ensure that regulators are appropriately recovering for fixed costs. Given this, only the application processing component of the fee would be saved (or paid more often) by licensees

¹⁹ This analysis is not suggesting that renewal fees themselves will necessarily be reduced on a per renewal basis, but that over a ten-year period the total amount paid in licence fees will be lower under a three-year licence term compared with a one-year term. This is because the licence holder is not incurring the application cost component of the fee as frequently.

(which is estimated at \$59 for New South Wales, \$5 for South Australia and 45 per cent of licence fees²⁰ for all other jurisdictions).²¹

Based on the licence periods shown in Table 4.11 and based on the time and processing fees involved in renewal, the impact on licensees of moving to a three-year licence period is estimated to be \$3.35 million per annum (annualised over 10 years) or \$21.84 million NPV over 10 years.

The distribution of this benefit across states and territories is provided in Table 4.12. In Queensland, the cost of reducing the licence period for (full) licence holders would be offset by an increase in the licence period for all other licensees, leading to a net benefit. Large savings would be achieved in Victoria as they have a large amount of (full) licence holders with a licence period of only one year. Contractors in South Australia would benefit as their licence period is currently one year (all other licence holders in South Australia would be unaffected). Gasfitters in the Northern Territory would experience a cost as the licence period would be reduced.

The jurisdictions not shown in Table 4.12 would experience no impact as their licence periods are already set at three years.

Table 4.12: Benefit to licensees of moving to a standard licence period of three years

\$ million	Vic	Qld	SA	NT	National
Annualised ongoing impact	2.10	1.11	0.14	(0.005)	3.35
10-year NPV as at 1 July 2012	13.70	7.25	0.92	(0.03)	21.84

4.1.3 Licence tiers and qualification requirements

4.1.3.1 Two-tier option

Removal of Certificate IV units

Under the status quo, to be eligible for a (full) licence, the applicant must have completed a number of specified Certificate IV-level units in addition to the Certificate III qualification. Depending on the jurisdiction, these include up to four common units and a varying number of units that are specific to the particular licence category being applied for. Under the two-tier option, Certificate IV-level units would only be required if the applicant is applying for a restricted licence (restricted to connect and disconnect) or an endorsement on their licence. To gain a non-restricted, non-endorsed licence, no Certificate IV-level units would be required.

Under the two-tier option, the cost of undertaking Certificate IV-level units to gain a (full) licence would be removed, as the units would no longer be required. Under this model, a cost saving (in period of fees and time) would therefore be experienced by all licensees applying for a new (full) licence, which allows them to work unsupervised.

The following sections provide estimates of the benefits to licensees of removing the requirement for Certificate IV units. Implicit in this analysis is the assumption that these competency units are only undertaken for compliance and are not needed to develop the necessary skills to undertake regulated work.

²⁰ PricewaterhouseCoopers 2009, *Estimating financial impacts of the national occupational licensing system: final report*, p. 24. Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of plumbing and gasfitting occupations). Estimate percentage based on licence processing cost as a proportion of fee revenue.

²¹ Ibid. Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of plumbing and gasfitting occupations). Estimate percentage based on licence processing cost as a proportion of fee revenue.

The impacts in this section should be considered in the context of the potential safety and consumer protection outcomes that could result from changes to qualification requirement. This is discussed later in this chapter.

Certificate IV units common across all licence categories

There are currently four Certificate IV units that are common across all licence categories; however, each jurisdiction varies in how many they require. Under the two-tier model, none of these four units will be required.

Based on the number of new (full) licence holders, the benefit to industry of removing the four Certificate IV units that are common to all licence categories is \$10.30 million per annum (annualised over 10 years) or \$67.28 million NPV over 10 years as at 1 July 2012. The distributional impacts of this change are shown in Table 4.13, which provides the benefit that would accrue to each jurisdiction. As illustrated in Table 4.13, the largest savings would be achieved in Western Australia, and Victoria and Queensland would also receive large benefits. These states have a high number of licensees at the (full) licence level and therefore have a much higher benefit than other states.

Table 4.13: Benefit of removing the Certificate IV units that are common across all licence categories

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	0.40	2.22	2.37	4.00	0.63	0.03	0.45	0.20	10.30
10-year NPV as at 1 July 2012	2.60	14.50	15.50	26.13	4.14	0.20	2.95	1.28	67.28

For a detailed list of all the assumptions that relate to this benefit, and their associated references, see 4.3.

Certificate IV units specific to a licence category

'Specific units' are those that are required by certain jurisdictions only for a particular licence category, and must be completed over and above those units that are common to each licence category. For example, for a water plumber licence, some jurisdictions require 'CPCPWT4011A – Design and size heated and cold water services and systems'. The number of specific units currently required varies according to the licence category and also differs between jurisdictions. Under the two-tier option, none of these units will be required.

Given that the specific unit requirements vary across licence categories, assumptions have been made about which licence categories plumbers and gasfitters will apply for. In this regard, we have assumed:

- 80 per cent of licensees hold a licence covering water, sanitary plumbing and drainage
- all other remaining licensees (20 per cent of licensees) hold a licence that requires one Certificate IV unit (given the uncertainty around which and how many licence categories the rest of the industry may hold, one unit has been assumed as a conservative estimate).

Bringing together these assumptions and the information above, the benefit to industry of removing the Certificate IV units that are specific to a licence category is \$24.08 million per annum (annualised over 10 years) or \$157.02 million NPV over 10 years as at 1 July 2012. The distributional impacts of this change are shown in Table 4.14, which provides the benefit that would accrue to each jurisdiction. As illustrated in Table 4.14, the largest savings would be achieved in Victoria, Queensland and Western Australia, as they have a high number of (full) licence holders.

Table 4.14: Benefit of removing the Certificate IV units that are specific to a licence category

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	1.70	4.73	6.02	8.53	1.86	0.03	0.78	0.42	24.08
10-year NPV as at 1 July 2012	11.06	30.88	39.28	55.64	12.16	0.21	5.08	2.72	157.02

For a detailed list of all the assumptions that relate to this benefit, and their associated references, see 4.3.

Overall impact of changes to Certificate IV units under the Two-tier option

Bringing together the impacts in Tables 4.13 and 4.14 (that is, changes to both common units and category specific units), the overall benefit to each jurisdiction from removing Certificate IV units is shown in Table 4.14.1.

Table 4.14.1: Overall benefit from changes to Certificate IV units under the Two-tier option

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	2.09	6.96	8.40	12.53	2.50	0.06	1.23	0.61	34.38
10-year NPV as at 1 July 2012	13.66	45.38	54.78	81.77	16.29	0.40	8.02	3.99	224.30

Removing tradesperson registration licences

A key component of this option would be the removal of the need to license tradesperson registration holders who work under supervision and who are not able to sign off on technical compliance or contract with the public. The removal of this licence means that all licensees currently holding a tradesperson registration licence could choose to become a (full) licence holder (or equivalent in each jurisdiction; for example, in Queensland this category is known as a 'provisional' licensee). This would allow them to work independently without supervision and sign off on the technical compliance of completed work. This would be a significant change to the structure of the industry and could have an impact on the level of competition and, therefore, wages.

Although data on wages in the plumbing and gasfitting industry is limited, at least one source suggests that there is a wage differential between tradesperson registration holders and plumbers and gasfitters (holding a (full) licence). This differential is estimated to be between \$2.38 and \$10.40 per hour.²²

It is not clear the extent to which this wage differential is driven by licensing distinctions or other factors. To the extent that licensing plays a role, there appear to be a range of potential impacts associated with effectively merging the two licence types.

The first potential impact is for the wage rate of each licence group to equalise to the same level. Given the limited information on current wages and the uncertainty surrounding the impact of this change, we can only speculate about the level at which the wage would potentially equalise. At the extremes, an equalisation of wage rates could occur as follows:

- The average wage for the new (merged) (full) licensees could fall to the wage that is currently gained by 'tradesperson registration' licensees.
- The average wage for the new (merged) 'tradesperson registration' licensees could increase to the wage that is currently gained by (full) licensees.

²² PayScale Australia 2011, *Plumbing contractor industry wages, hourly wage rate by job*, www.payscale.com/research/AU/Industry=Plumbing_Contractor/Hourly_Rate/by_Job. Individuals reporting: 336.

Alternatively, the average wage rate could equalise at a point somewhere in between the current wage rates for tradesperson registration holders and (full) licensees.

The second potential impact is a narrowing of the wage differential. As above, we can only speculate about what this impact would look like. The net effect will depend on how the wages change. The potential scenarios are:

- The wage rate only increases for those currently holding a tradesperson registration.
- The wage rate only increases for those currently holding (full) licences decreases.
- The wage rate increases for both those currently holding tradesperson registrations increases and those currently holding (full) licences decreases.

The structure of the plumbing and gasfitting industry may affect any potential change in the wage differential. Currently, (full) licensees may be more likely to operate as independent sole traders conducting small retail jobs, whereas tradesperson registration holders may be more likely to work on large commercial and industrial projects. If this is the case, these licence holders would be operating in different segments of the plumbing and gasfitting market. As there may not be direct competition between plumbers and gasfitters in one segment with those in another, the wages of these groups may be less interrelated. If the wage differential remains, however, there could be some scope for plumbers and gasfitters to move between the market segments and change the competitive dynamics of the industry.

Any of the impacts outlined above could be possible and the extent to which the market structure would affect labour mobility and wages is difficult to identify. If the extreme-impact scenarios occur, the magnitude of the effect would be quite significant. However, if either wage rates change or one change by only a small amount, the impact could be quite minor. While the uncertainty surrounding this impact means it has not been quantified, some information can be provided on the direction of the impact. When a wage rate rises, it pushes up the costs of providing plumbing services. The opposite is true for a wage rate fall, which would decrease the costs of providing plumbing services.

Another related impact from removing the tradesperson registration licence is the ability to free up more resources to address skills shortages in the plumbing and gasfitting industry. Plumbers are on Australia's Skilled Occupation List for 2011, suggesting that Australia needs additional labour in this market and is open to skilled migration to fill those gaps. The 2010 report on Australia's skills shortage, prepared by the Department of Education, Employment and Workplace Relations, found that the plumbing industry is subject to a skills shortage that has persisted since the global recession in 2009.²³ If more trained and qualified plumbers are able to work as (full) licence holders, it is possible that the labour shortages in this industry may ease.

4.1.3.2 Three-tier sub-option 1

Changes to Certificate IV units

Currently, to be eligible for a (full) licence, the applicant must have completed particular Certificate IV-level units. Depending on the jurisdiction, these include up to four common units and a varying number of units that are specific to the particular licence category being applied for.

The key difference between the three-tier option and the status quo is that, under the three-tier model, all licensees across Australia would have to complete the same number of common and category-specific units to be eligible for a (full) licence. Under the sub-option with four common units, for some jurisdictions the required number of units would be higher than current requirements, whereas in others it would be the same or lower.

²³ Australian Government 2010, *Skills shortages Australia*, Department of Education, Employment and Workplace Relations.

To be eligible for a (full) licence, the required units under this sub-option would be:

- four units that are common across all licence categories
- a varying number of units that are specific to the particular licence category being applied for.

The impacts in this section should be considered in the context of the potential safety and consumer protection outcomes that could result from changes to qualification requirement. This is discussed in 4.1.4.1.

Certificate IV units common across all licence categories

In jurisdictions that currently require fewer than four of the Certificate IV units that are common across all licence categories, this option would increase the cost of obtaining a new (full) licence because more units would need to be completed. To complete these additional Certificate IV units, there would be a fee cost and a time cost for licensees, the level of which varies across jurisdictions. Based on the current number of new (full) licensees, an increase in the common units required for a (full) licence would lead to a cost to licensees of \$11.24 million per annum (annualised over 10 years) or \$73.29 million NPV over 10 years as at 1 July 2012. The distributional impacts of this change are shown in Table 4.15, which provides the cost that would accrue to each jurisdiction. The largest costs would be incurred by New South Wales, Victoria, Queensland and Western Australia because there are a high number of (full) licensees in those jurisdictions. Tasmania is not affected because it already requires all four common units.

Table 4.15: Cost of increasing the number of Certificate IV units that are common across all licence categories

\$ million	NSW	Vic	Qld	WA	SA	ACT	NT	National
Annualised ongoing cost	1.21	2.25	2.41	4.06	0.64	0.46	0.20	11.24
10 year NPV as at 1 July 2012	7.90	14.70	15.71	26.49	4.19	2.99	1.29	73.29

For a detailed list of all the assumptions that relate to this cost, and their associated references, see 4.3.

Certificate IV units specific to a licence category

'Specific units' are those that are required only for a particular licence category and must be completed over and above those units that are common to each licence category for a (full) licence. For example, for a water plumber licence, some jurisdictions currently require 'CPCPWT4011A – Design and size heated and cold water services/systems'. The number of specific units currently required varies according to the licence category and also differs between jurisdictions. The number of units proposed under the three-tier model can be seen in Table 4.16. To be conservative in comparing the costs and benefit of each option, this table excludes units that are relevant for an endorsement under any of the options.

Table 4.16: Number of Certificate IV units required under the three-tier model for specific licence categories of a (full) licence

Licence category	Number of Certificate IV units
Plumber (water and sanitary)	2
Drainer	3
General gasfitter	2
Gasfitter Type B	1
Fire protection	1

Note: Excludes units relevant for an endorsement under any option.

This change would lead to a cost in some jurisdictions and a benefit (reduced cost) in others. The net impact depends on whether the jurisdiction currently requires:

- fewer units than proposed, meaning a cost would result as licensees must complete more units under this sub-option to become a (full) licensee
- more units than proposed, meaning a benefit would result as licensees must complete fewer units under this sub-option to become a (full) licensee.

Given that the specific unit requirements vary across licence categories, to estimate the cost or benefit we have made the following assumptions about which licence categories people apply for:

- 80 per cent of licensees hold a licence covering water plumbing, sanitary plumbing and drainage (which may be under one licence)
- all other remaining licensees (20 per cent of licensees) hold one licence (given the uncertainty around which and how many licence categories the rest of the industry may hold, we have conservatively assumed there is no impact on these licensees).

These assumptions are combined with:

- an estimate of the number of new (full) licence holders per annum
- the fee cost, time cost and number of Certificate IV units, which varies across jurisdictions.

Bringing together this information, the number of category-specific units required by most licensees (80 per cent) is estimated to be five. Comparing this to the number of units required currently, only Queensland, South Australia and the Australian Capital Territory would be affected. Based on the assumptions above, the Australian Capital Territory currently require most licensees to complete four units (meaning that they would incur a cost under this option); Queensland and South Australia require six units and seven units respectively (leading to a benefit under this option). These impacts are shown in Table 4.17.

Table 4.17: Impacts of the Certificate IV units required that are specific to a licence category

\$ million	Qld	SA	ACT	National
Annualised ongoing impact	0.96	0.51	(0.18)	1.29
10-year NPV as at 1 July 2012	6.28	3.35	(1.19)	8.44

For a detailed list of all the assumptions that relate to this cost, and their associated references, see 4.3.

Overall impact of changes to Certificate IV units under Three-tier sub option 1

Bringing together the impacts in Tables 4.16 and 4.17 (that is, changes to both common units and category specific units), the overall impact from changes to Certificate IV units is negative in all jurisdictions. Table 4.17.1 shows the cost for each jurisdiction.

Table 4.17.1: Overall costs from changes to Certificate IV units under Three-tier sub-option 1

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	1.21	2.25	1.45	4.06	0.13	-	0.64	0.20	9.94
10-year NPV as at 1 July 2012	7.90	14.70	9.43	26.49	0.84	-	4.18	1.29	64.84

Availability of Certificate IV units

Some stakeholders have expressed concern over the current availability of Certificate IV units. Under the status quo, if there are no places available for a tradesperson registration licensee to undertake Certificate IV units, their progression to the (full) licence level could be delayed. If availability is limited, under the three-tier model, increasing the number of units required could further increase this delay and impose a cost on licence holders. Additional costs could also be felt if places are not available locally, as additional travel costs could be incurred.

Information on the extent of the availability problem is limited, so these impacts have not been included in the quantitative analysis. If Certificate IV units are not 100 per cent available, this could also affect the results quoted in tables 4.14 and 4.16.

4.1.3.3 Three-tier sub-option 2

Changes to Certificate IV units

Similar to the first sub-option under the three-tier model, sub-option two requires Certificate IV units to be completed to obtain a (full) licence. However, the number of Certificate IV units required that are common across licence categories is only two under this option.

The category specific units under this sub-option are the same as under sub-option one, with the exception that two units are subject to an endorsement rather than being required for all licensees. Given there is limited information of the number of licensees that hold endorsements, this impact has not been accounted for in this analysis. Feedback is sought however, on whether removing two units to endorsements would have a significant impact on the cost of obtaining a (full) licence.

The impacts in this section should be considered in the context of the potential safety and consumer protection outcomes that could result from changes to qualification requirement. This is discussed at 4.1.4.1.

Certificate IV units common across all licence categories

In jurisdictions that currently require fewer than two of the Certificate IV units that are common across all licence categories, this option would increase the cost of obtaining a new (full) licence because more units would need to be completed. This is the case for New South Wales, which only requires one unit. Conversely, in jurisdictions that currently require more than two of the Certificate IV units that are common across all licence categories, this option would decrease the cost of obtaining a new (full) licence because fewer units would need to be completed. This is currently the case in Tasmania, where all four common units are required. All other jurisdictions already require two units and are therefore not impacted.

The impacts on New South Wales and Tasmania are shown in Table 4.18.

Table 4.18: Impacts of the Certificate IV units required that are common across all licence categories

\$ million	NSW	Tas	National
Annualised ongoing impact	(0.40)	0.02	(0.38)
10-year NPV as at 1 July 2012	(2.63)	0.10	(2.53)

For a detailed list of all the assumptions that relate to this cost, and their associated references, see 4.3.

Certificate IV units specific to a licence category

As discussed, the category-specific units required under this sub-option are the same as for the first sub-option detailed above. As outlined above, the changes to category-specific units would only affect Queensland, South Australia and the Australian Capital Territory. The impacts on these states are shown in Table 4.19.

Table 4.19: Impacts of the Certificate IV units required that are specific to a licence category

\$ million	Qld	SA	ACT	National
Annualised ongoing impact	0.96	0.51	(0.182)	1.29
10-year NPV as at 1 July 2012	6.28	3.35	(1.19)	8.44

Overall impact of changes to Certificate IV units under Three-tier sub option 2

Bringing together the impacts in Tables 4.18 and 4.19 (that is, changes to both common units and category specific units), the overall effect on each jurisdiction from changing the required number of Certificate IV units is shown in Table 4.19.1. When considering the changes overall, some jurisdictions would incur a cost and others would receive a benefit. To demonstrate this in Table 4.19.1, costs are shown in brackets. The overall impact at a national level is positive. This is in contrast to the overall impact under sub-option 1, where all jurisdictions would incur a cost.

Table 4.19.1: Overall impacts from changes to Certificate IV units under Three-tier sub-option 2

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	(0.40)	-	0.96	-	0.51	0.02	(0.18)	-	0.91
10-year NPV as at 1 July 2012	(2.63)	-	6.28	-	3.35	0.10	(1.19)	-	5.91

4.1.3.4 Reducing the costs of regulatory requirements

Benefit from removing the licensing of non-agricultural urban irrigation

Currently, non-agricultural urban irrigation is licensed in New South Wales, Victoria and Queensland. Under national licensing, a licence would no longer be required; therefore, those who undertake that work in those states would benefit from avoiding licensing costs. The cost of obtaining a licence includes time and fees, both of which would be saved under national licensing. Plumbers undertaking non-agricultural urban irrigation work would save both the initial costs of obtaining a licence and the costs of renewal. It is important to note that this benefit would only be gained by individuals or businesses that only conduct non-agricultural urban irrigation work and do not do any other regulated work that would still require a licence under national licensing.

Table 4.20 shows the total benefit from removing the licensing of non-agricultural urban irrigation work in jurisdictions that currently require it. Sections 4.2 and 4.3 provide further information on the assumptions underlying these estimates, and their associated references.

Table 4.20: Avoided costs due to the removal of licensing for non-agricultural urban irrigation work

\$ million	NSW	Vic	Qld	National
Annualised ongoing benefit	0.13	0.02	0.06	0.21
10-year NPV as at 1 July 2012	0.82	0.15	0.38	1.35

The impact on government

While removing the licensing of non-agricultural urban irrigation work represents a cost to government through reduced revenue, regulators would also be expected to realise some savings from a reduction in the effort required to regulate these licensees. Given that this licensing would be entirely removed, the savings would be expected to equal reduction in revenue.

The only exception to this is in New South Wales, where there is no renewal fee set for worker licences (non-contractors). Based on the assumption that the regulator would incur processing costs associated with the renewal of those licences, the expected decrease in processing costs would be greater than the loss of fee revenue. Hence, the New South Wales Government is estimated to save approximately \$0.003 million annualised per annum or about \$0.02 million NPV over 10 years as at 1 July 2012 as a result of removing the licensing of non-agricultural urban irrigation.

Removal of personal probity for (full) licence holders and tradesperson registration holders

Under national licensing, personal probity requirements would be removed for all non-contractor licences (this includes (full) licence holders and tradesperson registration holders). In jurisdictions that currently impose personal probity checks for non-contractor licence applicants, a benefit would be gained by avoiding the cost of probity checks. Under the base case, personal probity requirements are currently imposed for (full) licence holders in all jurisdictions except Queensland and South Australia. For tradesperson registrations, they are imposed in New South Wales, Western Australia and the Northern Territory.²⁴ In these jurisdictions, one or more of the following personal probity costs are imposed on licence applicants:

- the time to obtain two references
- fees for obtaining a police check
- the time to disclose charges or disqualifications.

These costs would be saved under national licensing by new licence holders applying for a licence. This is estimated to lead to a benefit to licensees of \$0.9 million per annum (annualised over 10 years) or \$0.58 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.21.

²⁴ Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing. South Australia and Queensland have also advised that they do not impose any personal probity for (full) licence holders or registered tradespersons.

Table 4.21: Benefits from the removal of personal probity requirements for non-contractors

\$ million	NSW	Vic	WA	Tas	ACT	NT	National
Annualised ongoing benefit	0.01	0.004	0.08	0.0001	0.001	0.001	0.09
10-year NPV as at 1 July 2012	0.05	0.02	0.49	0.0003	0.003	0.005	0.58

Sections 4.2 and 4.3 provide further information on the assumptions underlying these estimates, and their associated references.

It is estimated that the jurisdictional regulators will also benefit from removing probity requirements for workers due to the time taken to consider this information during application processing. At this stage, for the Consultation RIS, the benefit to regulators has not been included in the cost–benefit analysis; however, information is sought from regulators about the time that could be saved during application processing from removing personal probity.

Removal of duplicate testing

When applying for a plumbing and gasfitting licence in Victoria, the Victorian regulator (the Plumbing Industry Commission) currently requires applicants to undergo additional testing. Three tests can be applied:

- a practical skills test
- a registration exam
- a licence (theory) exam.

Licensees are generally only required to sit one of these tests, which is likely to be either the registration or licence exam. This test is in addition to qualification requirements and would be removed under a national licensing model, thereby benefiting new applicants who would no longer incur costs associated with this test. The avoided costs include the fees for the test and the time required to sit it. The saving to new licence holders in Victoria of this change is estimated to be \$0.23 million per annum (annualised over 10 years) or \$1.51 million NPV over 10 years. For further information on the assumptions underlying these estimates, see sections 4.2 and 4.3.

In other jurisdictions completion of the relevant qualification requirements completes licensing requirements. According to the mapping exercise undertaken by the National Licensing Taskforce, the Australian Capital Territory also requires additional testing. For this Consultation RIS the impact in the Australian Capital Territory has not been quantified. Given the relative size of the Australian Capital Territory, duplicate testing is not expected to have a significant impact.

Question: Are there any other forms of testing currently required by state and territory governments that should be included in the calculations?

Removal of licensing for apprentices

Under national licensing, apprentices in Western Australia and South Australia will no longer be licensed, resulting in a saving for apprentices in these jurisdictions. The six remaining jurisdictions do not licence apprentices for this occupation. This estimated saving is based on the number of apprentice licence applications, the time cost of applying for a licence and current licence fees for apprentices. Based on these assumptions, the benefit to apprentices is estimated to be \$0.01 million per annum or \$0.05 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.22.

Table 4.22: Benefit to licensees from the removal of apprentice licensing

\$ million	WA	SA	National
Annualised ongoing benefit	0.004	0.004	0.01
10-year NPV as at 1 July 2012	0.024	0.023	0.05

Removing skills maintenance requirements upon renewal

In the Northern Territory, upon renewing a plumbing and gasfitting licence, all licensees are required to prove that their skills have been maintained since they last applied for a licence. Undertaking plumbing and gasfitting work during the licence period is sufficient to meet this requirement. This can be demonstrated to the regulator by providing statements from a relevant employer or providing proof of the number of certificates of compliance certified.

Under national licensing this requirement would be removed, and there would be no licensing requirements for skills maintenance. Therefore, licensees would benefit from no longer having to spend time putting together the relevant documentation and essentially disclosing that their skills have been maintained. It is estimated that the time saving would be about 10 minutes per licensee upon renewal. Based on this estimate and the number of existing licensees, the benefit to the Northern Territory from this change is estimated to be \$0.003 million per annum or \$0.02 million NPV over 10 years as at 1 July 2012. Sections 4.2 and 4.3 provide further information on the assumptions underlying this estimate, and their associated references.

Removing experience requirements

Currently, in all jurisdictions except South Australia, it is a licence requirement that plumbing and gasfitting (full) licence holders have a specified level of experience.²⁵ Similarly, New South Wales, Queensland and Tasmania also place experience requirements on contractor licensees.²⁶

This means that licensed plumbers and gasfitters who wish to obtain a contractor or (full) licence must have a level of experience in the industry before being granted a licence (generally between one and six years, depending on the jurisdiction).

Under national licensing, experience requirements would be removed, and plumbers and gasfitters could obtain a contractor or (full) licence sooner if they wished to do so.

The direct benefit to licence holders of removing experience requirements could be measured by the wage difference between tradesperson registration holders and contractors/(full) licence holders. This is the value that licensees would gain by progressing to a full or contractor licence earlier. Although data on wages in this industry is limited, at least one source suggests that there is a wage differential between tradesperson registrations and (full) licence holders of between \$2.38 and \$10.40 per hour.²⁷ Note, however, that this benefit would only be realised by plumbers and gasfitters who otherwise would not progress to a contractor or (full) licence solely due to the experience requirements in place.

The wage differential between workers and contractors cannot be fully attributed to the experience requirement, as a variety of factors could affect wage levels. While the exact impact of the experience requirement is unknown, some assumptions can be made to provide an indicative estimate of the potential saving from its removal. Of the wage differential, if only 50 cents is

25 Based on the mapping exercise undertaken by the National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.

26 Based on the mapping exercise undertaken by the National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing.

27 PayScale Australia 2011, *Plumbing contractor industry wages, hourly wage rate by job*, www.payscale.com/research/AU/Industry=Plumbing_Contractor/Hourly_Rate/by_Job. Individuals reporting: 336.

assumed to be attributable to experience requirements and assuming that contractors are currently missing out on this for at least one year, the estimated impact would be \$5.12 million per annum (annualised over 10 years) or \$33.40 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.23.

Table 4.23: Benefit to contractor and (full) licensees from the removal of experience requirements

\$ million	NSW	Vic	Qld	WA	Tas	ACT	NT	National
Annualised ongoing benefit	2.33	0.47	1.28	0.90	0.02	0.08	0.04	5.12
10 year NPV as at 1 July 2012	15.20	3.09	8.32	5.87	0.15	0.53	0.25	33.40

These estimates are produced on the basis that licensees that can become contractors or full licence holders more quickly as a result of these reforms, would continue to provide plumbing and gasfitting services before and after the change, and that any time spent dealing with contractors/full licensees prior to the change would be matched by time spent as a contractor/full licensee after the change.

It is assumed that licensees that progress to become a contractor or full licence holder would continue to perform the plumbing and gasfitting work that they undertook under their previous licence (for example, a new contractor would essentially be a full licence holder who is also able to contract with the public). Under this assumption, there would be no change in wages for remaining full licence holders. If an alternative assumption was made however, it is possible that there could be some, albeit small, change in wages for existing licence holders. The challenge in identifying this change is the uncertainty surrounding the elasticities of supply and demand for licensed plumbers and gasfitters and their work.

For further information on the assumptions underlying this estimate, see section 4.3. Given that there is limited information on this impact, this Consultation RIS seeks feedback about the potential gain to licensees of becoming a contractor earlier and the potential wage differential that could be reduced as a result.

4.1.3.5 Costs imposed by new requirements

Cost of introducing financial probity requirements for all licence holders

Under national licensing, financial probity requirements would apply for all licence types. Given that not all jurisdictions currently impose financial probity requirements for all licences, this will lead to additional costs for licence holders in certain jurisdictions. Currently, the following jurisdictions do not require financial probity and will incur a cost under national licensing:

- for contractors: Western Australia and the Australian Capital Territory
- for (full) licence holders and tradesperson registration holders: Victoria, Queensland, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory.²⁸

The financial probity requirements under national licensing would involve the disclosure of certain acts, such as a failure to pay fines for the tradesperson registration holder and for the contractor, failure to pay fines and other relevant matters such as bankruptcy. This would impose a time cost for all new licence applicants, who would need to spend time identifying whether they have anything to

²⁸ Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing. South Australia and Queensland have also advised that they currently do not impose personal probity requirements and would therefore be impacted by this change.

The Australian Capital Territory does currently have a financial probity requirement for contractors and workers. However, this requirement is quite minimal and it is assumed for the purposes of this analysis that national licensing would impose slightly more onerous financial probity requirements on licensees.

disclose and then, if necessary, writing out their disclosure. Table 4.24 shows the total costs of introducing financial probity in jurisdictions that do not currently require it. Sections 4.2 and 4.3 provide further information on the assumptions underlying these estimates, and their associated references.

Table 4.24: Cost of introducing financial probity requirements

\$ million	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing cost	0.01	0.01	0.001	0.002	0.0004	0.001	0.0004	0.02
10-year NPV as at 1 July 2012	0.04	0.05	0.01	0.01	0.003	0.01	0.002	0.13

Introducing worker licences for certain scopes of work in Queensland

Under national licensing, both workers and contractors would be required to hold a licence. This represents an increase in regulation for certain scopes of work in Queensland. For mechanical services work and Type B gasfitting, workers who are employed under a business with the relevant authorisation are not required to be licensed. Queensland has estimated that there are about 4,500 workers who are currently unlicensed, but who would be required to obtain a licence under national licensing.

It is estimated that introducing a worker licence in Queensland would cost these licensees \$0.24 million annualised per annum or \$1.54 million NPV over 10 years.

Introducing a contractor licence for businesses

Given that Victoria and the Northern Territory do not license contractors and only license individuals, businesses (i.e. companies and partnerships) would need to apply for a licence under national licensing. This would lead to costs for these businesses from paying licence fees and spending time applying for the licence.

Given that they are not separately licensed, the number of businesses that would require such a licence is unknown. To approximate the number of businesses, the proportion of contractor licensees that are businesses in New South Wales has been used to prorate the number of licensees in these jurisdictions. Based on this assumption, and the fees and licence periods currently set for full licence holders in these jurisdictions, the national cost of introducing a contractor licences is estimated to be \$0.48 million annualised per annum or \$3.16 million NPV over 10 years. The distribution of this cost across jurisdictions is shown in Table 4.25. For more information on the assumptions underlying these estimates, see sections 4.2 and 4.3.

Table 4.25: Cost to business contractors from the introduction of licensing

\$ million	Vic	NT	National
Annualised ongoing cost	0.47	0.01	0.48
10 year NPV as at 1 July 2012	3.08	0.08	3.16

In the Australian Capital Territory, contractor licences are offered to companies and partnerships, but there is no contractor licence for individuals. Under national licensing, individuals that want to contract with the public would also be required to hold a contractor licence. This impact of this on licensees however is expected to be negligible because these individuals currently already apply for a licence. Applying as a contractor is expected to simply be a 'tick' of a box.

4.1.3.6 Business value-add

Part of the benefit of these reforms accrues to labour that is selling plumbing and gasfitting services. For example, lower compliance costs allow plumbers and gasfitters to work more and easier access to interstate work allows access to higher paid jobs. However, part of the benefit of these reforms accrues to whoever is buying those plumbing and gasfitting services. That could be a business, such as a construction company, manufacturer or mining company. A larger quantity of lower cost plumbing and gasfitting services allows the sector to undertake more work at a cheaper price and earn higher profits. However, it could also be a consumer who purchases plumbing and gasfitting services. For example, after such natural disasters as floods and bushfires a lot of repair work needs to be done and in those circumstances, consumers can benefit directly from access to more and cheaper services.

Valuing the benefits to workers is easier than valuing benefits to business and consumers. The approach taken in this Consultation RIS is to assume a ratio between the benefits to labour selling plumbing and gasfitting services and the benefits to the business or consumer buying those services. The ratio of benefits to wages relative to benefits to profits is determined by using the ratio of labour to capital. That ratio is difficult to determine with precision because of different circumstances. Plumbers and gasfitters operating individually in the construction industry may have relatively little capital, comprising a vehicle and their toolkit. At the other extreme, some plumbers and gasfitters work in a very capital-intensive environment, such as for manufacturing or mining companies. It is not clear whether the benefits accrue more to small operators working across interstate borders or to plumbers and gasfitters working interstate in the mining sector.

For the purpose of this Consultation RIS, the benefits to the business and consumer buying plumbing and gasfitting services are assumed to be one-third of the direct benefit to labour. This estimate is based on research conducted by the Australian Bureau of Statistics on income shares for factors of production (labour and capital), which estimates the profit share of total factor income (essentially the return to capital of total income in the economy).²⁹ This measure is the best available indicator of the extent to which income is returned to capital (as opposed to being returned to labour in the form of wages). Feedback is sought on whether this is an appropriate assumption so that a more informed assumption can be used in the final Consultation RIS.

The net efficiency benefits (that is, time-based impacts only) to licensees on an ongoing basis under national licensing are estimated to be \$35.36 million in net period per annum. This translates into a potential net benefit to business of \$11.79 million per annum or \$76.89 million NPV over 10 years. The distribution of benefits across jurisdictions is shown in Table 4.26.

Table 4.26: Business value-add – ongoing net benefit to business

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	1.34	2.74	2.55	3.81	0.76	0.03	0.38	0.19	11.79
10 year NPV as at 1 July 2012	8.74	17.85	16.65	24.83	4.93	0.17	2.47	1.24	76.89

4.1.3.7 National Occupational Licensing Authority – ongoing operational costs

As outlined above under 4.1.1 on transition costs, a key element of the national licensing model is the establishment of a National Occupational Licensing Authority (licensing authority). The role of the licensing authority would be to develop consistent national policy for obtaining a licence and to

²⁹ Australian Bureau of Statistics 2011, *Australian System of National Accounts 2010–11*, cat. no. 5204.0, Canberra.

administer the national system. To undertake its role, the licensing authority will have ongoing costs, such as staff remuneration, maintenance of the national licensing register and meeting costs.

As outlined in 4.1.1.3, occupations under national licensing will be introduced in several stages. The costs of the licensing authority have therefore been discounted to account for occupations which are expected to come under national licensing following the initial group. Based on the detailed budget of the licensing authority provided by the National Licensing Taskforce, the ongoing costs are estimated at \$1.440 million per annum or \$10.52 million NPV over 10 years as at 1 July 2012. Table 4.27 illustrates the pro rata distributional effects of the costs (based on the distribution outlined above in Table 4.26, noting that it was agreed that the Australian Capital Territory would not be required to contribute to the cost of the licensing authority).

Table 4.27: National Occupational Licensing Authority – ongoing operational costs

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing cost	0.46	0.35	0.29	0.15	0.11	0.03	–	0.01	1.40
10-year NPV as at 1 July 2012	3.45	2.64	2.16	1.11	0.81	0.25	–	0.11	10.52

4.1.3.8 Potential changes in government revenue

Under many of the changes and impacts outlined above, there will be an impact on government regulators flowing from the changes to the licensing system. Where licensing is removed and there is a direct benefit to licence holders from no longer paying licence fees, there is also a cost to government through reduced revenue (essentially a transfer from government to licence holders). However, regulators would also realise some savings from no longer regulating these licensees. If fees are directly representative of the cost of regulating licensees, the net impact on government would be zero, as the loss of revenue would be exactly offset by the savings from reduced licensing activities. A similar approach has been taken to assessing the impact on training providers.

There are some changes or impacts where the reduction in revenue for government is not equal to the savings from changes in licensing activities, leading to a net cost or benefit to government. These include the removal of non-agricultural urban irrigation work and the removal of multiple licences held across jurisdictions. The impact for government in these cases is discussed in the 4.1.2.2 and 4.1.3.4.

4.1.3.9 Potential benefits to governments from simplified administrative arrangements

A further area of benefit considered in this analysis is the potential savings over time for governments under the national licensing options.

As set out in previous chapters, the national licensing options would retain the role of state and territory regulators in issuing licences, conducting compliance and enforcement activities and overseeing conduct requirements. The licensing authority would be responsible for policy development and coordination of the system.

The investment in a licensing authority, with resources allocated to policy functions, coordination and future reforms, should reduce the need for these functions at the state and territory level. There is, however, uncertainty about the extent to which these savings would be realised. Key arguments provided include:

- the need for resources to continue to coordinate with the licensing authority, which would liaise with state and territory regulators
- the desire for these bodies to retain policy input, thereby removing the potential to reduce resources allocated to policy

- the need for staff to update the national licence register with jurisdictional licence data
- the difficulties for small jurisdictions to realise savings with small teams which would continue to work across occupations that are included in the national licensing approach, as well as other occupations that would continue to be licensed by jurisdictions (essentially a difficulty in achieving economies of scale).

The points reflect current views among regulatory agencies that their role, and therefore their resource requirements, is unlikely to significantly change under a national licensing approach. Further, there are concerns about the costs associated with the establishment of the new system. There is currently a strong focus on the resources required to transition to a national system (for example, the transition from jurisdiction-based licence registers to a national register). These transition costs are not necessarily representative of future efficiencies that can be achieved once a new system is fully implemented and bedded down. It is, therefore, important to differentiate between these transitional impacts and the potential benefits of administering a national licence system over the medium to long term.

A way forward appears to be an improved focus on future functions of agencies, and the extent to which there would be opportunities for savings, if there is a willingness of agencies to realise these savings over time. It is reasonable to assume that such savings would be more difficult for smaller jurisdictions to achieve, in particular the Australian Capital Territory and the Northern Territory (though currently the Australian Capital Territory has been exempt from contributing to the licensing authority costs).

This Consultation RIS considers key areas where there may be opportunities to streamline state and territory functions over time under a national licensing approach. The most salient of these is the streamlining of policy functions.

Streamlining policy functions

Under a national licensing approach, the licensing authority would be responsible for developing national licence policy for each occupational area and overseeing its consistent application by jurisdictional regulators. The operation of licensing services would be delegated to the existing jurisdictional regulators. State and territory regulators would use existing staff and infrastructure for these licensing functions.

Centralising policy development would allow state and territory governments to scale back the resources they currently allocate to these functions. The licensing authority would provide policy direction to jurisdictional regulators, which should reduce their administrative costs.

An analysis of administrative and governance requirements for a national licensing system conducted in 2009 included a preliminary analysis of the potential savings for jurisdictions.³⁰ The analysis considered the total full-time equivalent resource requirement for regulators across seven occupations,³¹ estimating what proportion of these are required for policy functions that would be conducted by the national licensing authority under the new approach. The analysis found:

- there would be a potential saving of \$16.2 million annually across all seven occupations
- for the plumbing and gasfitting occupations, this would equate to a saving of \$19.7 million NPV over 10 years.

These estimates are a useful indication of the potential scale of savings that could be realised. However, state and territory agencies doubt the likelihood that these savings could be fully realised

30 PricewaterhouseCoopers 2009, *National occupational licensing system: estimating financial impacts: final report*.

31 Occupations assessed were building occupations, electrical, plumbing and gas fitting, refrigeration and air-conditioning mechanics, land transport (both passenger and dangerous goods), property and maritime.

due in part to new and additional work to support the licensing authority and effectively contribute to national policy development, undertake additional administrative functions as delegates of licensing authority (as compared to current arrangements), or regulate additional licence categories. In addition, the nature of jurisdictional cost savings may be dispersed across multiple jurisdictional regulators and may only represent a fraction of full-time employees per agency. Furthermore, staff savings (including on-costs) are inherently sticky and are unlikely to be realised in the short term, if at all.

Reduction of requirements to maintain the mutual recognition system

All Australian governments currently have a responsibility, under legislation, to administer and maintain mutual recognition as a means of improving the efficiency of the licensing of occupations across Australia. There are two key areas where a change to national licensing would result in reduced costs for governments.

The *Mutual Recognition Act 1992* provides that ministers may jointly declare occupations licensed by jurisdictions to be equivalent, and may specify or describe any conditions necessary to achieve equivalence.

The ministerial declarations are an important component of the entire mutual recognition approach, as they establish equivalence in licences, thereby improving the effectiveness of outcomes from mutual recognition. Maintaining this system does, however, require an ongoing resource commitment by all governments, for key tasks such as reviewing the ministerial declarations and updating the schedule of occupations and their relevant conditions.

Those agencies that make decisions based on the ministerial declaration (that is, state and territory regulators) must ensure that their staff understand how to use them, and that they are updated on changes to the licence equivalence tables in the declarations.

Under national licensing, fewer resources would be required to maintain ministerial declarations and update information contained in the declarations, resulting in a cost saving for all state and territory governments. The potential amount of cost saving will vary across governments, depending on the current resource allocation to these tasks, how regulators may change their practices under a national licensing approach, and whether a commensurate level of work is required to maintain national regulations and other instruments.

Currently, licensing authorities are required to explain mutual recognition principles to licence holders and businesses, including providing guidelines and information about the operation of mutual recognition in relation to the occupations for which they are responsible. Licensing authorities must also provide information reasonably required by another licensing authority about a person seeking a licence under mutual recognition. Under national licensing, regulators would continue to communicate licensing requirements; however, it is likely that the simplified arrangements under national licensing would reduce the complexity of information that needs to be communicated (such as removing the need to explain the conditions under which mutual recognition may or may not apply).

It should be noted that there would still be a need for mutual recognition of licences that are not covered under national licensing and that there would also be a need to recognise occupational licences from New Zealand under the Trans-Tasman Mutual Recognition Arrangements.

4.1.3.10 Other impacts that have not been quantified

Consistency of licensing requirements across jurisdictions

Currently, when applying for a licence in another jurisdiction, the licence holder incurs costs associated with understanding the different requirements to gain a licence in that jurisdiction. While in some cases the differences between jurisdictions may be minimal, in others it may be significant.

Therefore, applicants cannot assume that their knowledge of licensing requirements would be transferrable to another jurisdiction, and they must invest some time in investigating licence requirements for the jurisdiction in which they wish to work.

Under national licensing, there would be a single licensing system for licence holders to understand and adhere to. Licence holders who work in more than one jurisdiction would benefit from greater consistency in licensing requirements across jurisdictions. National licensing would provide consistency across all licensing characteristics, including:

- the regulated work that can be performed
- licence categories
- exemptions from licensing
- skills- and non-skills-based requirements.

Therefore, those operating in multiple jurisdictions would experience a saving gained by no longer needing to invest time in understanding the differences and nuances of licensing systems in more than one jurisdiction. This potential time saving would vary depending on the type of licence and jurisdiction where the application is being lodged. There is currently insufficient data to quantify this time saving.

Benefits from enabling future reforms

The further area of potential benefit considered in this Consultation RIS is the benefit from enabling future regulatory reforms. The plumbing and gasfitting occupations are one of four first-stage occupations being considered for national licensing. There are further reforms proposed in second-stage occupations (including building occupations), and in the harmonisation of conduct requirements. These reforms are linked in terms of providing a complete reform of licensing requirements. In particular, conduct reforms are likely to deliver related benefits for licence holders where current regulatory requirements for licences are included in conduct requirements (for instance, a number of potential benefits from reform of licence requirements in this Consultation RIS are not included in estimates as they fall under conduct requirements).

Reduced use of licence conditions

Currently, there are a variety of conditions specific to each jurisdiction that can be imposed on licence holders. Conditions are set by each jurisdictional regulator, often on a case-by-case basis, with no cross-jurisdictional scrutiny.

Jurisdictional regulators incur costs associated with managing these conditions and knowing how to apply them at the time of licence approval. These costs include keeping track of conditions and recording them, having procedures in place regarding when and how to apply the conditions, as well as following up on conditions (for example, if a condition is applied to the scope of work for further training).

National licensing will impose fewer than 12 standard conditions for each occupational licence. In the long term, it is expected that this will provide clarity to regulators and simplify the licensing process in all jurisdictions.

Reduced number of licence categories

Under national licensing, there would be seven licence categories for applicants to choose from when applying for a plumbing and gasfitting licence. The licence categories currently used by states and territories vary, but generally cover each of these seven categories in some form. Given the wide variance in the way categories are set in the states and territories, there are several possible impacts from this proposed change.

In jurisdictions where several categories are currently grouped together (for example, water and sanitary is grouped with drainage into one general plumber's licence in four of jurisdictions), national licensing would allow an applicant to obtain a licence only for the specific categories they want to work in. This leads to a saving for (full) licence holders because they would only need to meet the specific training requirements for the category they want to work in, rather than doing training for all the categories that are grouped together. This benefit is relevant for the three-tier options of the skills-based eligibility requirements for national licensing, where specific Certificate IV units are required for each licence category. Under the three-tier options the licensee would save time and money by no longer undertaking Certificate IV units in categories they do not wish to work in.

Under the two-tier option there would be no impact on licensees because no Certificate IV units are required unless an endorsement is required, and the Certificate III in Plumbing would continue to require the completion of two compulsory streams, which are commonly the categories that are grouped together under the base case.

While separating a general licence into several categories may create a benefit for some, there is potential for it to generate a cost for others. Where a licensee would apply for only one licence under the base case, under national licensing they may need to apply for several licence categories. In practice, the extent to which this cost would be realised would depend on the way in which these categories are processed by regulators. It is anticipated that applying for several categories would simply involve ticking several boxes on an application form, meaning that the cost to licensees would be negligible.

In jurisdictions that have more than seven categories, national licensing would create an efficiency gain for regulators and licence holders because the streamlining of categories could make the application process and assessment simpler and potentially quicker.

Endorsements

Where an endorsement would be removed under national licensing, licence holders who wish to undertake the specific regulated work covered by the endorsement would benefit. This would come in the form of lower training costs (time and unit fees), as additional qualification units would no longer be required to undertake that work. For example, national licensing would see the removal of on-site sewerage facility maintenance work as a separate endorsed category and in Queensland, the removal of solar hot water systems and Gas Type A appliance conversion work endorsements. Due to limited data from regulators on the number of endorsements held, this benefit has not been quantified in this analysis.

While a saving may be gained from removing an endorsement, the opposite is true if endorsements are added to the licensing system. Where national licensing would introduce a new endorsement that is not required currently, some licence holders may experience a cost if they wish to undertake the work covered by that endorsement. This cost would come in the form of higher training costs (time and unit fees), as additional qualification units would now be required to perform that work. This may be relevant in New South Wales and Queensland, where work currently covered by a fire protection licence restricted to fire system pump sets would require an endorsement under national licensing. Due to limited information on the number of licence holders that would be affected by new endorsements, this impact has not been quantified in this analysis.

Most plumbing and gasfitting work is covered by the regulated work proposed under the seven licence categories. Therefore, removing or adding endorsements would be unlikely to have a significant impact that would alter the overall results of this analysis.

Rationalisation of restricted licences

According to Queensland, the rationalisation of restricted licences will have an impact on niche industries in Queensland that rely on highly specialised, yet narrow, scopes of work, particularly in the fire protection and gas servicing industries. Queensland has provided the following information:

“With regard to fire protection, building owners and occupiers are required to comply with fire safety legislation, which involves regular testing of fire protection equipment. Under the proposed arrangements, this work would require a full licence. This would require licensees to have a higher level of training than currently required by the Queensland regulator for the scope of work. For example, a full licence holder would be competent to install, maintain, service or commission equipment (through a full Certificate III in Fire Protection, plus additional Certificate IV units to work unsupervised), which is over and above the skills currently specified by Queensland as being necessary to inspect and test that the equipment is functioning correctly.

Many gasfitters now specialise in the servicing of gas equipment, requiring a smaller subset of skills than that required of a full gasfitter, who is qualified to install, commission and replace the equipment. Gas equipment has become increasingly complex, with the integration of complex controls, such as ignition systems, computers, digital temperature controllers, fans, motors and gas valves with coils, and increased legislation. Servicing work is specialised and requires more training than in the past, due to the new types of complex gas appliances, including the new styles of instantaneous hot water systems.

Driven by the resources boom, stationary engines are in wide demand and are being installed in many areas for purposes such as power generation for pumps at coal-seam gas wells around Queensland. Accordingly, there is wide demand for servicing technicians.

A number of companies require specialised servicing personnel on site. Additionally, there are now companies that solely undertake servicing work. Such companies typically include:

- major companies servicing equipment within their plant, e.g. mining and energy companies
- small specialised companies servicing their own equipment, e.g. hot air balloons
- individuals or small specialised serving companies, e.g. caravan servicing
- commercial and domestic gas appliance manufacturers, e.g. Miele and Fisher & Paykel
- various franchise restaurants requiring on-site servicing technicians, e.g. Sizzler, KFC and Pizza Hut.

There are relatively few individuals (137) and companies (60) specialising in or undertaking servicing work. These relate to specialised and niche sectors within the industry. Typically, persons specialising in servicing work already have a trade qualification (e.g. plumbing, electrical, refrigeration or fitting). In these cases, applicants for restricted servicing only have to complete an additional six units of competency (19 if no relevant trade qualification is held). Under the proposed approach, persons wishing to specialise in servicing would be required to complete a Certificate III in Plumbing or Gasfitting, as well as additional Certificate IV competencies to work unsupervised. The Queensland regulator is concerned that requiring a full licence to undertake servicing only work would have a significant detrimental impact on the industry in that jurisdiction.

It is Queensland’s view that as gas equipment is a more efficient, cheaper and sustainable energy product (compared to electrical equipment), the industry is going to expand exponentially over the coming years and the licensing frameworks (categories) need to accommodate industry needs.”

Introducing nominees

In Victoria, South Australia, Western Australia and the Northern Territory, national licensing would mean the introduction of nominees for licensed companies performing plumbing and gas fitting work. This would assist the regulator, as it would enable them to track down a 'responsible person' in relation to a licensed company, thereby making it easier for the regulator to undertake compliance and enforcement activities. While this reform would benefit regulators, it may also impose a small cost on licensed companies. Most companies that want to hold a plumbing and gasfitting licence would be expected to already employ an existing licensee who could act as a nominee. Therefore, there would be no licensing costs directly resulting from this reform. There may, however, be costs incurred from:

- identifying an appropriately licensed employee or director to act as the nominee
- obtaining the nominee's agreement
- notifying the regulator of who the company will be nominating (i.e. filling out the appropriate form, etc.).

The extent to which any further activities would occur in relation to nominees is unclear. It is possible that business may need to spend time recruiting someone if an appropriate person is not already employed, and some nominees may need to spend time undertaking additional duties as a nominee.

The cost of introducing nominees has not been included in this analysis; however, the magnitude of this cost is expected to be minimal and is not likely to materially impact the results.

Other impacts

There are some further remaining impacts which are worth noting in this section, but have not currently been quantified. These impacts are minor and are not expected to have a significant impact on the analysis. They include:

- the benefits to migrants and licensees from New Zealand of increased simplicity when applying for a licence in Australia (particularly for provisional licences). Under national licensing there will be a single standard, not different ones depending on which state a person lives in
- the value of moving to a single training standard with a common set of training streams. Currently each jurisdiction picks up training streams that they consider relevant to their scope of licensing. Under a national system, there would be one training standard, which provides greater efficiency and simplicity for trainees, educators and regulators
- benefits to licensees from removing licences for minor work. Some jurisdictions currently have a series of licences that cover minor work such as ducting, fire sprinklers, servicing type A appliances, etc. Under national licensing, the regulated work for these licences will either be covered by a broader licence category or will become unlicensed, which could potentially lead to benefits for licensees
- the removal of additional testing or eligibility requirements, such as health and fitness, mental capacity and age requirements. The removal of these requirements would reduce barriers to licensing and benefit new licence holders
- under national licensing, an applicant whose licence has lapsed for more than three years, would have to undertake further testing to obtain a licence. This would impose an additional cost on licensees
- there may be additional transition costs incurred through such activities as change management and training in relation to business processes and procedures.

4.1.4 Impact on consumer outcomes

Under the options considered in this Consultation RIS for national licensing, it is proposed that a number of current requirements for licensing be removed or changed. Several of these requirements have the potential to impact on outcomes for consumers and should be considered in this context. These are:

- proposed removal of experience requirements
- proposed removal of the licensing of apprentices
- proposed changes to endorsements
- proposed changes to licence types (i.e. proposed removal of tradesperson registration licensees under the two-tier model)
- proposed changes to qualification requirements (i.e. changes to Certificate IV unit requirements).

Sections 4.1.4.1 and 4.1.4.2 assess the potential impact of such changes on the outcomes for safety and consumer protection.

4.1.4.1 Potential safety impacts

Attachment E of this Consultation RIS provides a detailed analysis of the risks associated with gasfitting work. This research indicates that in the five years between 1997–98 and 2001–02, there was an average of two fatal gas-related incidents in Australia per year. This compares to 36 incidents per year in the United Kingdom, 426 in the United States, 26 in Canada and 1.6 in New Zealand. Note that this data is limited, as it only accounts for gasfitting (that is, it does not include plumbing incidents) and is 10 years out of date. The key consideration for this analysis is whether any of the proposed changes in licensing arrangements would alter safety outcomes for consumers (the focus of the analysis here as it has the greatest potential impact on consumers).

The impact on consumer safety outcomes (and potentially public safety outcomes) from the proposed changes is unknown for the plumbing and gasfitting industry. The first three proposed changes that could potentially impact on consumer outcomes listed above (that is, changes to experience requirements, the licensing of apprentices and proposed changes to endorsements) have been deemed to be unnecessary regulatory requirements by a majority of the steering committee and are expected to have a neutral impact on consumer safety outcomes. However, there are differing views on the potential level of risk associated with the proposed changes to qualification requirements and the proposed removal of tradesperson registration licensees under the two-tier option. The potential outcomes from the proposed qualification requirements and changes to licence types under the national licensing options are discussed below.

Three-tier options with Certificate IV units

There are differing views on the potential level of risk associated with the practices of persons working in the plumbing and gasfitting industry. Currently, existing Certificate IV-level units are deemed by the advisory committee to be part of the minimum competencies necessary for a licence holder to safely perform work unsupervised and sign off on the technical compliance of plumbing and gasfitting work. In addition, the Interim Advisory Committee considers that the current risk levels are unacceptably high and warrant an increase in the number of required Certificate IV-level units as proposed under three-tier sub-option 1. To reflect these views, two sub-options are being considered that differ in the number of Certificate IV units required.

As outlined above, Australia appears to perform relatively well in relation to gas safety outcomes. While this analysis focuses on gasfitting, it is important to note that plumbing work also carries potential safety risks for the general public. While data has not been provided here, stakeholders are

encouraged to provide evidence that demonstrates the levels of safety risk in relation to plumbing work in Australia.

No risk analysis has been done that specifically relates to the risk mitigated by additional Certificate IV-level units. For that reason, this Consultation RIS has not been able to provide a quantitative analysis of the potential risk mitigated by the two sub-options.

Two-tier option

There are differing views on the potential level of risk associated with the practices of persons working in the plumbing and gasfitting industry. The steering committee has questioned whether there are current risks that demand extra Certificate IV units. Further, they did not consider that the Certificate IV units currently required for a licence should be maintained.

The requirement to be supervised if someone has not undertaken additional training (over and above the Certificate III) is inconsistent with the licensing requirements for the electrical and refrigeration and air-conditioning occupations. In these industries, there is no supervised licence type and an unsupervised licensee does not require qualifications above a Certificate III level. The steering committee has cited this difference between occupations and believes that it brings into question the necessity of these requirements for the licensing of the plumbing and gasfitting occupations.

The steering committee noted that no evidence has been provided to suggest that the risks inherent in the plumbing and gasfitting industry require mitigation through Certificate IV-level competencies. In particular, no evidence has currently been cited that the plumbing and gasfitting industry has a higher implicit safety risk than the electrical industry, which is yet to experience any problems from setting a lower minimum competency for (full) licence holders.

The need for these units partly depends on the extent to which these risks are being mitigated through other mechanisms. Some of the required Certificate IV-level units are business-related competencies. The level of business acumen in the industry is currently regulated by market forces, as the success of an individual's business relies on their business skills and reputation in the market. In addition, the requirement in most jurisdictions for contractors (licence holders who contract with the public) to hold insurance cover should to some extent mitigate potential risks placed on consumers as a result of poor business behaviour. The removal of insurance as an eligibility requirement will be considered a conduct matter and licence holders will need to comply with the insurance requirements in each jurisdictions in which they work.

Some of the other required units relate to occupational health and safety. These competencies are also addressed through occupational health and safety regulation and associated requirements, and a customised occupational health and safety unit in the Certificate III qualification (CPCPCM2023A Carry out OHS requirements).

Information that demonstrates the extent of such risk in the plumbing and gasfitting industry is currently limited. Although as outlined above, Australia appears to perform relatively well, it is not clear how this could change if Certificate IV units were removed. Without sufficient information, judgments about risk cannot be soundly made.

4.1.4.2 Consumer protection impacts

The second area of potential consumer impact is consumer protection. This relates to the extent to which the conduct of licensed persons leads to consumers being misled or defrauded (for instance, through the delivery of sub-standard work, where an individual or business fail to deliver services that consumers have purchased, or where individuals or businesses experience financial difficulties that impact consumers).

The key areas of reform where consumer protection may be impacted are:

- changes in licence period, which may have an influence on compliance and enforcement actions by regulators (to the extent that a change to a longer term make it more difficult to monitor the conduct of licence holders)
- removal of Certificate IV units that relate to business competencies.

Changes to the licence period would not alter licence requirements, though they would potentially lengthen the time between renewal, and therefore the time period for regulators to receive updated information. That said, across the entire licence period, whatever length, compliance and enforcement would continue to be required – renewal is just one element of the process.

In relation to business competency units, these units may improve the financial and business management skills of licence holders, though this addresses one particular consumer protection risk (financial management of contractors). The importance of these units needs to be further tested with stakeholders.

4.1.5 Comparing the impacts for licensees working in single and multiple jurisdictions

Of the impacts that have been quantified in this analysis, two impacts relate only to those licensees and businesses that work across more than one jurisdiction. These are:

- benefits from improved labour mobility
- benefits from the removal of multiple licences held across jurisdictions.

To demonstrate the impact of national licensing on those who work in a single jurisdiction versus those who operate across multiple jurisdictions, Table 4.28 shows the quantified impacts separated out for each of these groups. The separation of the results has been calculated based on:

- the percentage of licensees in each state and territory domiciled in another jurisdiction
- the estimated distribution of multiple licence holders across each of the jurisdictions.

For more detail on these two assumptions, see 4.3.

Table 4.28: Comparison of the impacts of national licensing on licensees working in a single jurisdiction versus licensees working across more than one jurisdiction

\$ million	Two-tier	Three-tier: sub-option 1	Three-tier: sub-option 2
Impacts on those who currently operate in only one jurisdiction			
Ongoing impact per annum	50.25	(3.49)	9.66
Transition cost	(15.18)	(15.18)	(15.18)
Impacts on those who operate in more than one jurisdiction			
Ongoing impact per annum	9.09	6.13	6.86
Transition cost	(1.02)	(1.02)	(1.02)
Total impacts			
Ongoing impact per annum	59.35	2.64	16.52
Transition cost	(16.20)	(16.20)	(16.20)

4.1.6 Wider economic impacts on the Australian economy

For this Consultation RIS, computable general equilibrium (CGE) modelling was undertaken to quantify potential economy-wide (or flow-on) effects of an increase in competition and efficiency that is predicted to result from the introduction of national licensing for the plumbing and gasfitting occupations. This includes the potential impact of improvements in labour mobility, which allows resources to be more efficiently allocated across the economy.³²

The purpose of using CGE in this analysis is to demonstrate the potential economy-wide impacts of the national reform to the regulation of plumbers and gasfitters. CGE is a highly regarded and widely applied tool to measure the economic impacts of policy and regulatory change. For example, this approach has been used to measure the impacts of key reforms, including:

- national competition policy³³
- climate change policies, including emissions trading and a carbon pricing³⁴
- the COAG national reform agenda³⁵
- tariff reforms.

CGE modelling can provide insights into the impact of reforms that an analysis of the direct costs and benefits cannot. Direct measures are valuable in being able to target the specific, immediate impacts of change, focused on particular stakeholders or sectors in the economy. CGE modelling takes the analysis further by acknowledging the interdependence and interrelationships between sectors in the economy. When done appropriately, it provides a bigger picture of how reforms have impacts right across the economy, including for those sectors not directly impacted by the reforms.

4.1.6.1 The shock to the model – the scenario modelled for this Consultation Regulatory Impact Statement

Under national licensing requirements, barriers to entry to the plumbing and gasfitting occupations in each jurisdiction are expected to diminish through, for example, reduction in costs for licensing and an increase in the readiness to work between jurisdictions. This may be translated as:

- an increase in efficiency of labour in plumbing and gasfitting services
- an increase in efficiency of capital in plumbing and gasfitting services
- fees for multiple licences plumbers and gasfitters no longer pay to government.

Additionally, the reform will impact on the amount of public administration that the state and territory governments consume, as they will have to process fewer licences.

32 The challenge for the analysis is that it is difficult to estimate the allocative efficiency impacts that may arise from changes to labour mobility. While the Monash Multi-region Forecasting Model can be used to estimate these impacts, this is a complex exercise that is beyond the scope of this study. Rather, the modelling draws on prior work undertaken by the Productivity Commission relating to allocative efficiency gains arising from mutual recognition – this is discussed in more detail in the cost–benefit analysis. The economy-wide gains in the commission’s modelling have been translated into an input into the current CGE modelling exercise. This input takes the form of a shock to labour efficiency and is prorated for the size of national occupational reforms for plumbing and gasfitting occupations).

33 For example, the Industry Commission conducted a review of Hilmer Competition reforms in 1995 that estimated the growth and revenue implications of reform using a CGE modelling approach. See Industry Commission 1995, *The growth and revenue impacts of Hilmer and related reforms: report to the Council of Australian Governments*.

34 Such as the modelling of various carbon tax and emissions trading scenarios conducted by the Commonwealth Treasury. The Monash model, which is used in this Consultation RIS, was also used to model the impacts of emissions trading for the Garnaut Review.

35 As conducted as part of the following commissioned research study – Productivity Commission 2010, *Impacts and benefits of COAG Reforms: reporting framework – research report*, Canberra.

To model each of these impacts, calculations based on the results of the cost–benefit analysis have been drawn upon. Each option for the plumbing and gasfitting occupations has been modelled separately. The assumptions outlined in 4.1.7 are the same for each option. Only the ongoing costs and benefits from the cost–benefit analysis have been modelled.

4.1.6.2 Key results

Key economic mechanisms in play – moving from the initial shock to the wider economy

It is not appropriate to sum the results of the economy-wide CGE analysis and direct impacts estimated through the cost–benefit analysis. Instead, the economy-wide results should be interpreted as providing insights into the mechanisms by which the direct impacts flow through the economy and lead to benefits in those areas of the economy that are not directly impacted by the change in licensing arrangements.

The impacts of an increase in efficiency

When viewed in the context of the Australian economy, it is to be expected that the economy-wide effects of a labour and capital efficiency shock to the plumbing and gasfitting services component of the construction industry will be small. Nevertheless, the results illustrate the economic mechanisms that may be in play as the efficiency gain flows through the wider economy.

The increase in productivity of labour in the plumbing and gasfitting services sector decreases the cost for users of these services, particularly in the construction industry. In the CGE framework, this is passed on to users of construction services in the form of decreased prices.

In turn, other industries in the economy experience positive flow-on effects, resulting from a decrease in the cost of production, and hence prices, across many industries in the Australian economy. This mechanism is illustrated in Figure 4.1.

Figure 4.1: Flow-through effects of an increase in competition in the construction industry



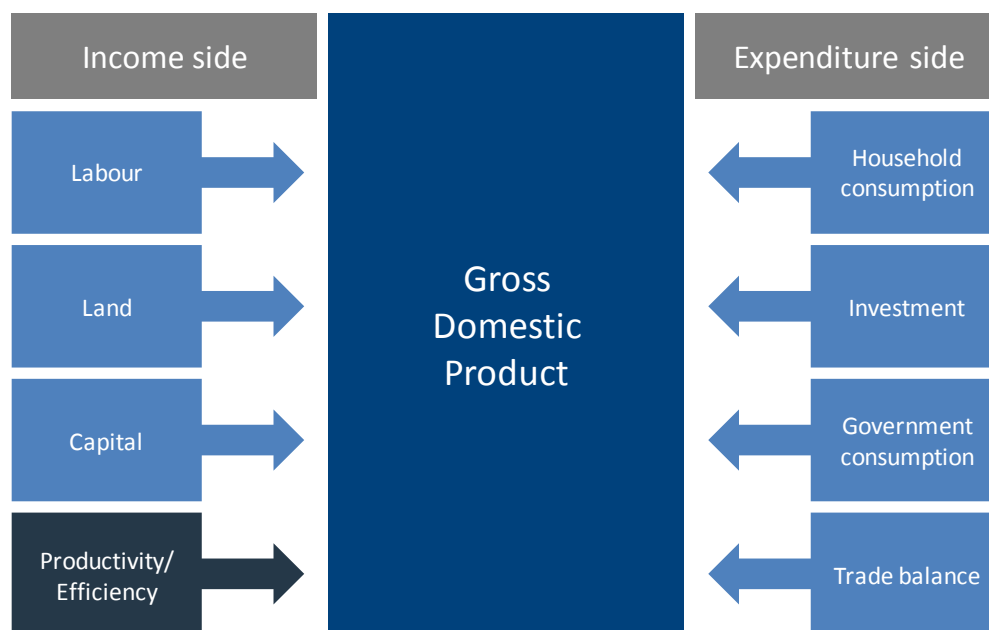
Similarly, an increase in the efficiency of capital draws down the cost of production in the construction industry. In the CGE framework, this is passed on to users of construction services in the form of decreased prices.

The impacts of fees no longer paid by licensees

A decrease in the fees that plumbers and gasfitters pay to government results in an increase in the post-tax income for the plumbing and gasfitting industry. This results in a higher level of income across Australia, leading to a higher level of household consumption.

Macroeconomic results

At a macroeconomic level, the results may be viewed from both sides of GDP, that is, the income side and the expenditure side (see Figure 4.2).

Figure 4.2: Expenditure and income side of GDP

National licensing for the plumbing and gasfitting occupations for each of the options results in an expected increase in GDP. Table 4.29 presents the approximate increase in GDP expected for a typical year for each of the options.³⁶

Table 4.29: Impact on GDP caused by national licensing of plumbing and gasfitting for each option (\$ million)

GDP	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Typical year	45	5	18

Source: Monash Multi-region Forecasting Model and PricewaterhouseCoopers.

The rise in income drives an increase in consumption. Table 4.29 shows the typical year increase in household consumption. The consumption of the Australian Government increases, while at the state level, consumption shrinks due to reduced administration requirements by state governments exceeding ongoing licensing authority operating costs. Government consumption is linked to household consumption; therefore, as households consume more so too does government. Table 4.30 shows the typical year increase in government consumption. The harmonisation of licences induces an increase in investment in Australia, which causes an increase in capital stock.

Table 4.30: Impact on household and government consumption and investment caused by national licensing of plumbing and gasfitting for each option (\$ million)

	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Household consumption	14	1	5
Government consumption	5	0.4	2
Investment	18	2	6

Source: Monash Multi-region Forecasting Model and PricewaterhouseCoopers.

³⁶ All results are presented in 2011 dollars.

The harmonisation of the plumbing and gasfitting licences causes a real depreciation of the Australian exchange rate. As domestic goods and services become cheaper relative to foreign goods and services, this causes exports to increase. While imports become relatively more expensive than domestically produced goods and services, as incomes rise and household consumption increases, the demand for imports also increases. Table 4.31 shows the impact of the national licensing of plumbing and gasfitting on exports and imports in a typical year.

Table 4.31: Impact exports and imports caused by national licensing of plumbing and gasfitting for each option (\$ million)

	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Exports	33	5	10
Imports	7	0	2

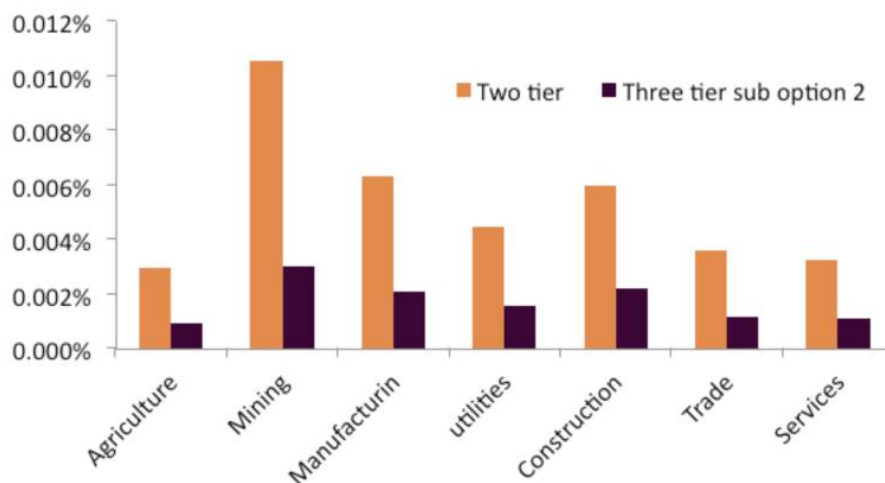
Source: Monash Multi-region Forecasting Model and PricewaterhouseCoopers.

Industry results

The industries that benefit under the modelled options are those that face lower costs of production (due to the reduction in prices in the construction industry), together with those that are positively impacted by the improvement in the terms of trade (that is, export-intensive industries).

Figure 4.3 illustrates the impact on key sectors in the economy for each option.³⁷ The mining sector benefits the most from the national licensing options. This is driven by the change in the terms of trade and the fact that the mining sector is a large consumer of goods and services from the construction industry, where the prices have fallen.

Figure 4.3: Key industry results, percentage increase



4.1.7 Sensitivity testing of key assumptions

A sensitivity analysis of key assumptions of the cost–benefit analysis was undertaken for this Consultation RIS. As the Office of Best Practice Regulation states;

There may be considerable uncertainty about predicted impacts and their appropriate monetary valuation. Sensitivity analysis provides information about how changes in different variables would affect the overall costs and benefits of the regulatory proposal. It shows how sensitive predicted net

³⁷ The results under three-tier sub-option 1 are in line with the results for two-tier and three-tier sub-option 2; however, they are too small to be shown in this graph.

benefits are to different values of uncertain variables and to changes in assumptions. It tests whether the uncertainty over the value of certain variables matters, and identifies critical assumptions.³⁸

4.1.7.1 Alternative licence period

The national licensing model assessed in this Consultation RIS includes a standard licence period of three years across all licence types and jurisdictions. Given the variation in current licence periods across jurisdictions and the large impact of changing the licence period, the impact of three alternatives has been assessed. These are:

- a higher licence period of five years
- a higher licence period of 10 years
- a perpetual licence, meaning that there is no defined period to the licence and it never needs to be renewed.

Under a standard five- or 10-year licence period, licensees in jurisdictions that currently have a licence period of less than five or 10 years would benefit because they would not need to renew their licence as often (similar to the benefit received under a three-year licence period). Where the licence period is already five years, there would be no impact. The highest licence period currently set by states and territories for plumbing and gasfitting licences is five years. Therefore, under a 10 year period, licensees in all jurisdictions would benefit from renewing their licence less often.

Under a perpetual licence, licensees in all jurisdictions would benefit from no longer needing to periodically renew their licence. New licensees would still need to apply for a licence, but once it was received and eligibility criteria met, no renewals would be necessary. Therefore, the cost of time and fees currently spent on renewing licences would be entirely avoided under this option.

Assuming that only the processing component of fees would be impacted by a change to the licence period, Table 4.32 shows the national overall quantified net impact of each option under each licence period assessed. The figures in brackets show the difference between the impact under a three-year licence period and the alternative period being assessed. For example, having a perpetual licence period would result in an additional \$54.96 million worth of benefits compared to a three-year licence period.

Table 4.32: Net overall impact of national licensing under various licence periods

National total NPV over 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
3-year licence period	366.39	2.46	91.63
5-year licence period	393.09 (+21.98)	23.18 (+21.98)	113.70 (+21.98)
10-year licence period	409.58 (+38.47)	39.67 (+38.47)	130.19 (+38.47)
Perpetual licence	426.07 (+54.96)	56.16 (+54.96)	146.68 (+54.96)

Some of the factors that should be considered when deciding on the best licence period include:

- *Information collection* – The licence period should enable the regulator to collect sufficient information so as to undertake its role effectively and most efficiently. A longer licence period may be appropriate if information is available from other sources or the extent to which information changes is low. A shorter licence period may be appropriate if the industry is fragmented, the extent to which information changes is high and/or there is systemic risk in the industry.

³⁸ Office of Best Practice Regulation 2010, *Best practice regulation handbook*, Canberra.

- *Minimum skills-based eligibility requirements* – Consideration should be given to how often minimum skills-based eligibility requirements need to be retested. A shorter licence period may be appropriate if the cost of re-assessing competency or continuing professional development is low, technical skills may be eroded over time and/or the level of change in factors such as technology, skill requirements and regulation is high.
- *Minimum licence requirements* – The licence period will affect how often minimum licence requirements such as insurance, professional memberships or probity requirements are reviewed by the regulator. A shorter licence period may be appropriate if the cost of re-assessing such requirements are low, the potential for change in these requirements is high and/or the impact of breaching these requirements would be significant.
- *Conduct requirements* – Licence renewal may play a role in the enforcement of conduct requirements, as licensees are granted a licence on the basis that they will comply with all conduct requirements. If there is systemic risk inherent in the industry, a shorter licence period may be appropriate because the impact of insufficient enforcement with conduct requirements may be significant. It is worth noting, however, that revocation of licences can be used for serious breaches and that this sanction should not be replaced by sanctioning through non-renewal.

Question: What should the non-contractor licence term be under national licensing?

Question: What should the contractor (business) licence term be under national licensing?

4.1.7.2 Net present value assumptions

Discount rate

A sensitivity analysis was undertaken on the 7 per cent discount rate used to calculate NPV figures in this Consultation RIS. Table 4.33 highlights the national overall quantified net impact of each option under alternative discount rates (specifically, the impact of 3 per cent and 10 per cent on the overall result). The figures in brackets show the difference between the impact with a 7 per cent discount rate and the alternative rate being assessed. For example, under the two-tier option, using a 10 per cent discount rate would decrease the overall national NPV by \$57.23 million compared to using a 7 per cent discount rate.

Table 4.33: Alternative discount rates for the options

National NPV over 10 years with a 3-year licence period (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
7 per cent	366.39	2.46	91.63
3 per cent	473.28 (+102.17)	4.94 (+3.74)	119.57 (+27.85)
10 per cent	313.16 (-57.95)	-0.85 (-2.05)	75.99 (-15.73)

Net present value operating period

A sensitivity analysis was undertaken on the operating period used to calculate NPV figures in this Consultation RIS. Table 4.34 highlights the impact that increasing the operating period (specifically, from 10 years to 15 and 20 years) has on the net quantified impact on the options. The figures in brackets show the difference between the impact over a 10-year operating period and the alternative period being assessed. For example, under the two-tier option, using a 20-year operating

period would result in an additional \$215.82 million worth of benefits compared to a 10-year operating period.

Table 4.34: National overall net impact of the options under alternative net present value operating periods

National total NPV over 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
10 year operating period	366.39	2.46	91.63
15 year operating period	495.89 (+124.78)	6.04 (+4.48)	126.03 (+34.31)
20 year operating period	589.63 (+218.52)	9.33 (+8.13)	151.61 (+59.89)

Note: A real discount rate of 7 per cent and a licence term of 3 years have been used.

The results in Table 4.34 highlight the impact that different assumptions about the operating period can have on the estimated costs and benefits of the options. In this case, increasing the operating period has a positive effect on the NPV estimate as the majority of costs are short term (that is, transitional), while the majority of benefits are long term.

4.1.8 Cost and benefits of the automatic mutual recognition option

Under this option, a licence granted in one jurisdiction would automatically be recognised in other jurisdictions, where this licence has been declared as being equivalent under mutual recognition. This option is similar to the arrangements that apply to a driver's licence, where a licence in one jurisdiction entitles the bearer to drive anywhere Australia (though is more restrictive due to equivalence requirements, and complexity around some categories of licence).

Automatic mutual recognition could achieve some of the same labour mobility benefits as national licensing, as it would enhance the ability for some labour to flow where plumbing and gasfitting occupations are most needed, and would reduce administrative and financial costs in the form of additional fees where licences are held across jurisdictions.

Some of the transition costs incurred under national licensing would also be relevant under automatic mutual recognition. For example, licensees would need to spend time understanding the new licensing system, and government would incur communications costs in informing licensees of the changes.

While national licensing seeks to reduce the number of categories, there is no mechanism or compulsion under automatic recognition to make such changes. Automatic recognition retains individual jurisdictions' licensing frameworks and for that reason involves a lower transition cost to that envisaged under national licensing.

There is the potential for this option to capture the benefits that have been identified under national licensing. This would require jurisdictions to amend their licensing arrangements, conditions and categories, in line with what has been proposed under the national licensing system. There would also need to be a mechanism to ensure consistent review of licensing requirements over time, for example, in regard to changing qualification requirements or new licence categories to respond to changing industry and market needs, to ensure the initial benefits are not eroded.

To the extent that all of the changes under national licensing are agreed under automatic mutual recognition, this option is in fact national licensing as outlined above. The downside of automatic mutual recognition is that the benefits that are likely to flow from the agreed establishment of the licensing authority are not guaranteed. Without ongoing coordination and impetus to maintain and build on the initial reforms, there is a risk that automatic mutual recognition may only provide one-

off selective reductions in regulatory burdens, and the risk of the work being undone over time if jurisdictions impose new conditions on the plumbers and gasfitters in their jurisdictions.

In order to fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed.

That said, Table 4.35 shows some of the potential impacts under national licensing that could also occur under automatic mutual recognition. The table shows the maximum possible impacts. The actual impact will be dependent on the percentage of licences that are deemed to be equivalent across jurisdictions and the extent to which harmonisation of licensing requirements occurs.

Table 4.35: Potential impacts under automatic mutual recognition, based on the two-tier option

Potential impacts	Maximum
Ongoing impacts (\$ million per annum annualised over 10 years)	
Impacts that would occur for those holding equivalent licences	
Labour mobility	Up to 5.78
Removing the need to hold multiple licences – community	Up to 1.35
Removing the need to hold multiple licences – government	Up to (0.82)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Impacts that would occur for those holding equivalent licences	
Removing Certificate IV units	Up to 34.38
Licence period – industry	Up to 3.35
Introducing new licences	Up to (0.72)
Experience requirements	Up to 5.12
Other impacts	Up to 0.52
Business value-add	Up to 11.79
Transition impacts (\$ million)	
Time for licensees to understand reforms	Up to 5.65
Business value-add	Up to 1.88
Government communications	Up to 1.95
Other potential impacts not yet quantified	
Impacts on government compliance costs	Not quantified
Costs and benefits of a register of disciplinary actions	Not quantified

Note: Costs are shown in brackets.

The potential transition costs of this option include:

- time for licence holders to understand changes in licensing arrangements (i.e. how automatic mutual recognition works)
- government communications costs
- government compliance costs, where regulators are required to change their compliance arrangements to ensure that they are able to regulate for new licence holders working in their jurisdiction under automatic licences (this is both a transition and ongoing cost)
- potential cost of harmonising any current aspects of licensing, where it is proposed under this option (to be determined by state and territory governments).

In order to fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed. For example, the following information would be needed for a harmonised approach:

- the proportion of current licensees who are working under licences which have an equivalent licence in other jurisdictions (or alternatively, a means of estimating these proportions should be agreed with jurisdictions)
- information on the extent to which transition costs that have been estimated for national licensing should be adjusted for this option (potentially downwards) to reflect differences in this option (as opposed to national licensing)
- information from jurisdictional regulators on the costs associated with additional compliance activities (such as an estimate of resource costs)
- information on the cost of the register of disciplinary actions, including information on the potential scale of this register, and how it may work with existing arrangements.

4.1.9 Summary of the costs and benefits by jurisdiction

The costs and benefits for each jurisdiction in terms of NPVs over 10 years (as at 1 July 2012) are summarised in tables 4.36 to 4.43. Note that costs are represented in brackets.

New South Wales

Table 4.36: Summary of costs and benefits of national licensing in New South Wales

NPV 10 years (\$million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(3.97)	(3.97)	(3.97)
Time for industry to understand national licensing	(2.13)	(2.13)	(2.13)
Business value-add	(0.71)	(0.71)	(0.71)
Communication about new reforms by government to industry	(0.30)	(0.30)	(0.30)
Licensing authority – transitional set-up costs	(0.53)	(0.53)	(0.53)
National licensing register – jurisdiction-based implementation	(0.31)	(0.31)	(0.31)
Ongoing impacts	50.20	23.05	29.69
Additional Certificate IV units – common	–	(7.90)	(2.63)
Removing Certificate IV units – common	2.60	–	–
Removing Certificate IV units – category-specific	11.06	–	–
Removing multiple licences – industry	2.24	2.24	2.24
Removing multiple licences – government	(2.55)	(2.55)	(2.54)
Remove licensing of non-agricultural urban irrigation – industry	0.82	0.82	0.82
Remove licensing of non-agricultural urban irrigation – government	0.02	0.02	0.02
Removing personal probity for workers	0.05	0.05	0.05
Labour mobility	15.45	15.45	15.45
Experience requirements	15.20	15.20	15.20
Business value-add	8.74	3.16	4.52
Licensing authority – operational costs	(3.45)	(3.45)	(3.45)

Victoria

Table 4.37: Summary of costs and benefits of national licensing in Victoria

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(2.40)	(2.40)	(2.40)
Time for industry to understand national licensing	(0.69)	(0.69)	(0.69)
Business value-add	(0.23)	(0.23)	(0.23)
Communication about new reforms by government to industry	(0.30)	(0.30)	(0.30)
Licensing authority – transitional set-up costs	(0.40)	(0.40)	(0.40)
National licensing register – jurisdiction-based implementation	(0.76)	(0.76)	(0.76)
Ongoing impacts	82.85	3.71	23.08
Additional Certificate IV units – common	–	(14.70)	–
Removing Certificate IV units – common	14.50	–	–
Removing Certificate IV units – category-specific	30.88	–	–
Removing multiple licences – industry	1.75	1.75	1.75
Removing multiple licences – government	(0.32)	(0.32)	(0.32)
Licence period – industry	13.70	13.70	13.70
Introducing contractor licences	(3.08)	(3.08)	(3.08)
Remove licensing of non-agricultural urban irrigation – industry	0.15	0.15	0.15
Removing personal probity for workers	0.02	0.02	0.02
Introducing financial probity for workers	(0.04)	(0.04)	(0.04)
Duplicate testing	1.51	1.51	1.51
Labour mobility	5.48	5.48	5.48
Experience requirements	3.09	3.09	3.09
Business value-add	17.86	(1.20)	3.47
Licensing authority – operational costs	(2.64)	(2.64)	(2.64)

Queensland

Table 4.38: Summary of costs and benefits of national licensing in Queensland

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(3.05)	(3.05)	(3.05)
Time for industry to understand national licensing	(1.24)	(1.24)	(1.24)
Business value-add	(0.41)	(0.41)	(0.41)
Communication about new reforms by government to industry	(0.30)	(0.30)	(0.30)
Licensing authority – transitional set-up costs	(0.33)	(0.33)	(0.33)
National licensing register – jurisdiction-based implementation	(0.76)	(0.76)	(0.76)
Ongoing impacts	93.08	12.85	32.49
Additional Certificate IV units – common	–	(15.71)	–
Removing Certificate IV units – common	15.50	–	–
Removing Certificate IV units – category-specific	39.28	6.28	6.28
Removing multiple licences – industry	2.27	2.27	2.27
Removing multiple licences – government	(0.83)	(0.83)	(0.83)
Licence period – industry	7.25	7.25	7.25
Introducing worker licences	(1.54)	(1.54)	(1.54)
Remove licensing of non-agricultural urban irrigation – industry	0.38	0.38	0.38
Introducing financial probity for workers	(0.05)	(0.05)	(0.05)
Labour mobility	8.02	8.02	8.02
Experience requirements	8.32	8.32	8.32
Business value-add	16.65	0.62	4.54
Licensing authority – operational costs	(2.16)	(2.16)	(2.16)

Western Australia

Table 4.39: Summary of costs and benefits of national licensing in Western Australia

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(2.28)	(2.28)	(2.28)
Time for industry to understand national licensing	(0.78)	(0.78)	(0.78)
Business value-add	(0.26)	(0.26)	(0.26)
Communication about new reforms by government to industry	(0.30)	(0.30)	(0.30)
Licensing authority – transitional set-up costs	(0.17)	(0.17)	(0.17)
National licensing register – jurisdiction-based implementation	(0.76)	(0.76)	(0.76)
Ongoing impacts	118.10	(20.33)	13.55
Additional Certificate IV units – common	–	(26.49)	–
Removing Certificate IV units – common	26.13	–	–
Removing Certificate IV units – category-specific	55.64	–	–
Removing multiple licences – industry	0.72	0.72	0.72
Removing multiple licences – government	(0.37)	(0.37)	(0.37)
Removing personal probity for workers	0.49	0.50	0.50
Introducing financial probity for contractors	(0.01)	(0.01)	(0.01)
Apprentice licensing	0.02	0.02	0.02
Labour mobility	5.88	5.88	5.88
Experience requirements	5.87	5.87	5.87
Business value-add	24.83	(5.35)	2.04
Licensing authority – operational costs	(1.11)	(1.11)	(1.11)

South Australia

Table 4.40: Summary of costs and benefits of national licensing in South Australia

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(1.12)	(1.12)	(1.12)
Time for industry to understand national licensing	(0.23)	(0.23)	(0.23)
Business value-add	(0.08)	(0.08)	(0.08)
Communication about new reforms by government to industry	(0.15)	(0.15)	(0.15)
Licensing authority – transitional set-up costs	(0.12)	(0.12)	(0.12)
National licensing register – jurisdiction-based implementation	(0.53)	(0.53)	(0.53)
Ongoing impacts	23.05	1.08	6.45
Additional Certificate IV units – common	–	(4.19)	–
Removing Certificate IV units – common	4.14	–	–
Removing Certificate IV units – category-specific	12.16	3.35	3.35
Removing multiple licences – industry	0.55	0.55	0.55
Removing multiple licences – government	(0.48)	(0.48)	(0.48)
Licence period – industry	0.92	0.92	0.92
Introducing financial probity for workers	(0.01)	(0.01)	(0.01)
Apprentice licensing	0.02	0.02	0.02
Labour mobility	1.63	1.63	1.63
Business value-add	4.93	0.09	1.27
Licensing authority – operational costs	(0.81)	(0.81)	(0.81)

Tasmania

Table 4.41: Summary of costs and benefits of national licensing in Tasmania

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(0.80)	(0.80)	(0.80)
Time for industry to understand national licensing	(0.05)	(0.05)	(0.05)
Business value-add	(0.02)	(0.02)	(0.02)
Communication about new reforms by government to industry	(0.15)	(0.15)	(0.15)
Licensing authority – transitional set-up costs	(0.04)	(0.04)	(0.04)
National licensing register – jurisdiction-based implementation	(0.53)	(0.53)	(0.53)
Ongoing impacts	1.12	0.60	0.73
Removing Certificate IV units – common	0.20	–	0.10
Removing Certificate IV units – category-specific	0.21	–	–
Removing multiple licences – industry	0.27	0.27	0.27
Removing multiple licences – government	(0.12)	(0.12)	(0.12)
Removing personal probity for workers	0.0003	0.0003	0.0003
Introducing financial probity for workers	(0.003)	(0.003)	(0.003)
Labour mobility	0.50	0.50	0.50
Experience requirements	0.15	0.15	0.15
Business value-add	0.17	0.06	0.09
Licensing authority – operational costs	(0.25)	(0.25)	(0.25)

Australian Capital Territory

Table 4.42: Summary of costs and benefits of national licensing in the Australian Capital Territory

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(0.69)	(0.69)	(0.69)
Time for industry to understand national licensing	(0.12)	(0.12)	(0.12)
Business value-add	(0.04)	(0.04)	(0.04)
Communication about new reforms by government to industry	(0.15)	(0.15)	(0.15)
National licensing register – jurisdiction-based implementation	(0.38)	(0.38)	(0.38)
Ongoing impacts	11.60	(4.08)	(0.24)
Additional Certificate IV units – common	-	(2.99)	-
Additional Certificate IV units – category-specific	-	(1.19)	(0.19)
Removing Certificate IV units – common	2.95	-	-
Removing Certificate IV units – category-specific	5.08	-	-
Removing multiple licences – industry	0.53	0.53	0.53
Removing multiple licences – government	(0.65)	(0.65)	(0.65)
Removing personal probity for workers	0.005	0.005	0.005
Introducing financial probity for workers	(0.0005)	(0.0005)	(0.0005)
Introducing financial probity for contractors	(0.007)	(0.007)	(0.007)
Labour mobility	0.69	0.69	0.69
Experience requirements	0.53	0.53	0.53
Business value-add	2.47	(1.00)	(0.15)

Northern Territory

Table 4.43: Summary of costs and benefits of national licensing in the Northern Territory

NPV 10 years (\$ million)	Two-tier	Three-tier sub-option 1	Three-tier sub-option 2
Transitional impacts	(0.60)	(0.60)	(0.60)
Time for industry to understand national licensing	(0.04)	(0.04)	(0.04)
Business value-add	(0.01)	(0.01)	(0.01)
Communication about new reforms by government to industry	(0.15)	(0.15)	(0.15)
Licensing authority – transitional set-up costs	(0.02)	(0.02)	(0.02)
National licensing register – jurisdiction-based implementation	(0.38)	(0.38)	(0.38)
Ongoing impacts	6.02	(0.78)	0.89
Additional Certificate IV units – common	–	(1.29)	–
Removing Certificate IV units – common	1.28	–	–
Removing Certificate IV units – category-specific	2.72	–	–
Removing multiple licences – industry	0.46	0.46	0.46
Removing multiple licences – government	(0.01)	(0.01)	(0.01)
Licence period – industry	(0.03)	(0.03)	(0.03)
Introducing contractor licences	(0.07)	(0.07)	(0.07)
Removing personal probity for workers	0.005	0.005	0.005
Introducing financial probity for workers	(0.002)	(0.002)	(0.002)
Skills maintenance	0.02	0.02	0.02
Labour mobility	0.29	0.29	0.29
Experience requirements	0.25	0.25	0.25
Business value-add	1.24	(0.27)	0.10
Licensing authority – operational costs	(0.11)	(0.11)	(0.11)

4.2 Approach to the impact analysis – method and calculations

This section outlines the methods used to estimate the impacts in the cost–benefit analysis and the CGE analysis.

4.2.1 Calculations used in the cost–benefit analysis

The impact analysis in this Consultation RIS has been developed on the basis of available information on the potential costs and benefits of the options assessed. This section provides a detailed explanation of how the estimates in the cost–benefit analysis were calculated. The underlying data that was used in these calculations is provided in 4.3.

4.2.1.1 The status quo

The status quo provides a base case against which options under assessment can be compared. The status quo option represents what would occur in the absence of any specific action by governments to address identified problems.

For this Consultation RIS, the status quo is the continuation of the current system of licensing by state and territory regulators. The current system includes mutual recognition, whereby individuals are licensed at the state and territory level, but are able to seek mutual recognition of their licence if they move to another jurisdiction to work (or work across multiple jurisdictions).

The costs of the status quo position

For this analysis, the costs of the status quo are essentially the costs associated with the continuation of the current arrangements. These costs are already represented elsewhere in this Consultation Regulation Impact Statement, in Chapter 2 – Current Regulatory Approach.

This linkage between the status quo costs and problem analysis makes intuitive sense as the status quo assumes that no specific action is taken by governments to address problems with current arrangements, and therefore the costs of maintaining the status quo are those associated with the problem.

To summarise, the key costs of the status quo are:

- direct costs to licence holders of holding multiple licences if they wish to work in more than one jurisdiction
- direct costs to licence holders of current regulatory requirements which are not necessary to meet the regulatory objective
- costs associated with complex administrative systems within some jurisdictions and duplicated administrative arrangements for licensing across eight jurisdictions
- broader impacts across the economy where perceived barriers to the movement of skilled workers and to the operation of business would remain, exacerbating skills shortages and lost opportunities for meeting skills needs.

4.2.1.2 Calculating the present value of yearly impacts

The costs and benefits in this Consultation RIS have been calculated on a yearly basis. The impact in each individual year has then been discounted and brought together to calculate an overall present value for each cost and benefit. Despite the fact that impacts are typically incurred on a continuous basis throughout the year, for the purpose of this analysis it is assumed that all impacts are incurred at the end of the relevant financial year (for example, for impacts incurred in 2012–13, it is assumed that they are fully incurred by 30 June 2013 and are therefore discounted back to 1 July 2012).

The impacts have been calculated on a yearly basis because the impact may vary from one year to the next (that is, due to industry growth, or transition versus ongoing impacts).

As the underlying data used in calculating the impacts varies across jurisdictions, the impacts have been calculated at a state and territory level. The national impact is then the sum of each of the jurisdictional impacts. Note that due to rounding, the value generated from the calculations in this chapter may not be exactly equal to the numbers quoted in this report.

4.2.1.3 Net industry growth factor for employment

In the cost–benefit analysis, it is assumed that the number of licensees within the sector in question will change over time, consistent with overall changes in the size of the sector. Within the estimates, a net industry growth rate has been applied to all relevant calculations. To apply this growth rate on a compound basis, a factor has been used. This factor is simply a series of numbers that correspond to each financial year over time. The first 10 years of the factors are shown below.

Table 4.44: Industry growth factor

Year	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Factor	1.0000	1.0118	1.0238	1.0359	1.0482	1.0606	1.0731	1.0858	1.0987	1.1116

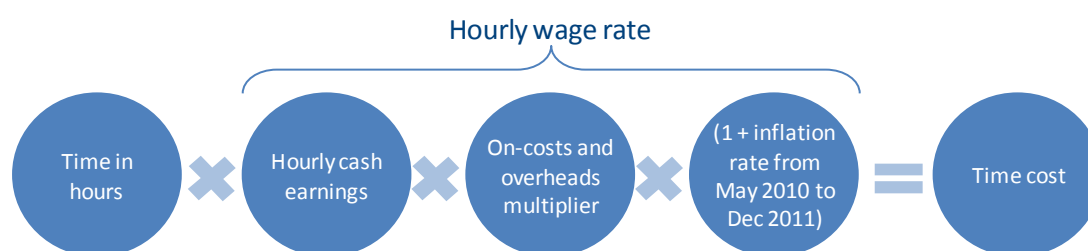
Incorporating this factor, as an input, allows a calculation to account for industry growth in licensees over time. The calculation for the value of a factor in any one year (other than the base year, which is equal to 1) is the value of the factor in the previous year multiplied by $(1 + 0.0118)$, as the net industry growth rate for the plumbing and gasfitting industry is assumed to be 1.18 per cent. See the tables in the next section of this chapter for more details on the assumptions underlying this calculation.

Note that while national licensing would not begin operation until 2013–14, 2011–12 has been used as the base year for the industry growth factor. The licensee numbers assumed for each jurisdiction are based on a range of sources and are not all estimated at the same point in time. Some licensee numbers were provided by jurisdictional regulators as at January – March 2012. Generally, where the number of licensees was not provided, licensee numbers were sourced from a policy development paper which provided data as at June 2009.³⁹ Where data was not available from this paper, data collected for previous work on national licensing in 2009 has been used. While the number of licensees was estimated at different points in time across different jurisdictions, to be conservative and have a consistent base point, the year 2011–12 has been used as a consistent base point from which industry growth has been applied.

Note that the same net industry growth rate has been applied to company contractors and individual contractors. This additional level of granularity has not been included in the analysis as it is not expected to impact the results of the costs benefit analysis.

4.2.1.4 Time cost as referred to in the calculations in this chapter

The ‘time cost’ is used in many of the calculations outlined in this chapter. This time cost represents the dollar value of someone’s time based on the number of hours spent and the relevant wage rate. The equation used to calculate the time cost is shown in Figure 4.4.

Figure 4.4: Time cost

4.2.1.5 Calculating the net present value

The equations outlined below provide the calculation for obtaining the yearly impact. For example, if a 10-year NPV is calculated, the yearly impact must first be calculated for each of the 10 years of operation assumed (i.e. 2013–14 to 2022–23). The NPV is then calculated as at 1 July 2012. Therefore, it is equal to the sum of the yearly impacts discounted back to 1 July 2012.

³⁹ National Occupational Licensing System, *Plumbing and gasfitting occupations*, Licence Policy Development Paper, Policy Element #1 – Licence Structure and Scope, Attachment B.

4.2.1.6 Calculating the transition and ongoing costs

In addition to presenting impacts as an NPV over 10 years, this Consultation RIS reports the non-discounted transition costs and annualised yearly ongoing costs. To calculate the transition costs, the yearly impacts are simply summed together without discounting. To calculate the per annum ongoing impact, the yearly impact has been calculated for the 10 years of operation (i.e. years 2013–14 to 2022–23) and the average of those 10 years has been taken to gain an annualised ongoing impact per annum.

4.2.1.7 Estimating transition costs to licence holders from a change to national licensing

The equation used to calculate the yearly transition cost is shown in Figure 4.5. The transition cost is assumed to occur in the year before national licensing is implemented (in 2012–13). The impact in all other years is \$0.

Figure 4.5: Yearly transition cost



4.2.1.8 Transition cost for government of communicating the changes to the industry and consumers

This cost is based on estimates calculated by Victoria in relation to the communication costs that were incurred when it made changes to the property industry in the state. This cost has been applied in full to the larger states, and half of this cost has been assumed to be incurred in smaller jurisdictions.

While the Victorian costs contain some elements that depend on the number of licensees (e.g. letters), in the main they appear to be independent of licence numbers. On that basis, PricewaterhouseCoopers have assumed that the larger states would institute a similar spend on marketing, whereas the smaller states would spend less (assumed to be half, on average).

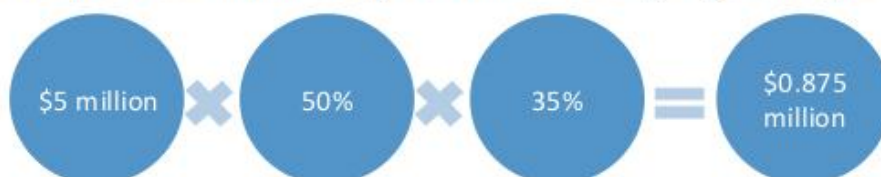
This cost is assumed to be transitional and is only incurred in the year before national licensing is implemented (2012–13). The cost in all other years is assumed to be \$0. The direct cost to government assumed in 2012–13 for each jurisdiction can be found in the tables in section 4.3. No further calculations have been done to adjust these figures.

4.2.1.9 Cost to governments of the transition to a licensing register

The cost of transitioning to a national licensing register is a one-off cost assumed to occur before national licensing is implemented. The equation used to calculate the cost in 2012–13 is shown in Figure 4.6. The impact in all other years is assumed to be \$0.

Figure 4.6: Cost of national licensing register (NLR) in 2012–13

Example: Cost of implementing the National Licensing Register in Queensland in 2013–14



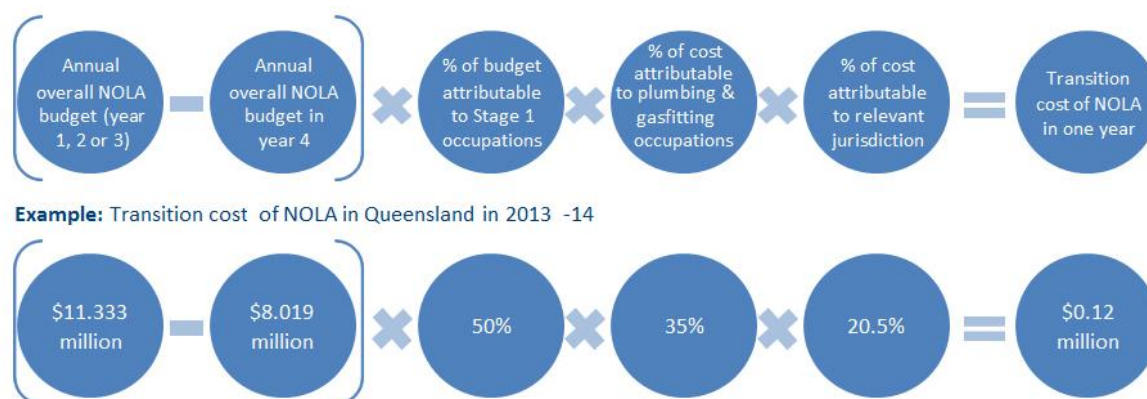
Cost of establishing and operating the National Occupational Licensing Authority

The cost–benefit analysis assumes that there would be costs to government of establishing and operating the licensing authority. Given that the budget for the licensing authority is only projected for the first four years of operation, the cost in the fourth year is assumed to represent the ongoing cost in all subsequent years (year five onwards). The cost in the first three years is higher than the ongoing cost due to the incorporation of additional transition costs in the budget. The transition costs across the first three years are therefore assumed to be the difference between the budgeted value and the ongoing cost each year. The equations used to calculate the yearly transition and ongoing cost are set out below.

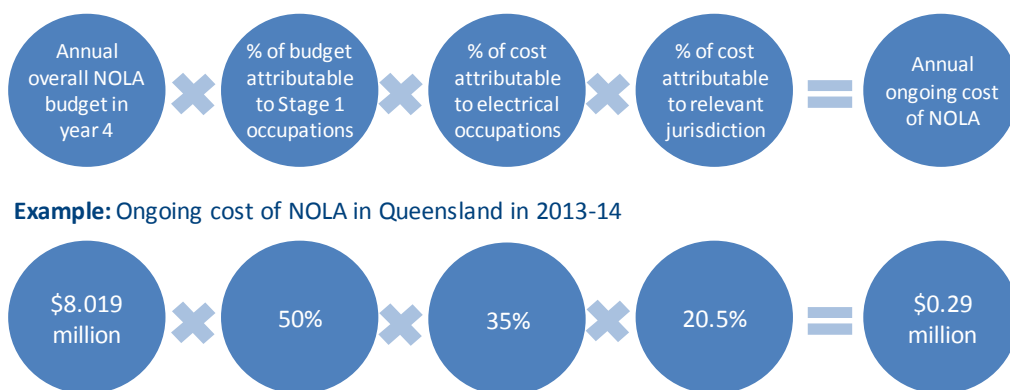
In the calculation of these costs, the overall licensing authority budget has been apportioned to the plumbing and gasfitting occupations on the basis of the following assumptions based on advice from the National Licensing Taskforce:

- a percentage of total budget that can be attributed to ‘first wave’ occupations (the first four occupations being considered for reform) – this is assumed to be 50 per cent
- a percentage of total budget that can be attributed to plumbing and gasfitting occupations specifically (within this first wave proportion) – 35 per cent of the 50 per cent.

The costs to each jurisdiction are estimated on the basis of agreed budget contributions to the licensing authority (as agreed by the steering committee). These same proportions have been used to attribute the \$5 million in uncommitted funds in the first year of operation (which is included in the first year overall licensing authority budget).

Figure 4.7: Transition cost (first three years only)

NOLA = National Occupational Licensing Authority

Figure 4.8: Ongoing cost

NOLA = National Occupational Licensing Authority

4.2.1.10 Benefit to licence holders through reduced costs of holding multiple licences

When a licence is no longer needed, it will impact both new licensees (as they will no longer need to gain a licence) and existing licensees (as they will no longer need to renew their existing licence). The equation used to calculate the yearly avoided cost from no longer needing to hold multiple licences in each jurisdiction is shown in Figure 4.9. The impact is calculated separately for contractors, (full) licensees and tradesperson registration holders to account for the fact that different licence periods and fees apply to these licensees.

In terms of the time cost to obtain a mutual recognition licence, South Australia has indicated that it would typically take less time for a licensee to obtain such a licence compared to the time that would be taken if the licensee resided in South Australia. On the other hand, case studies provided by – and discussions with – the National Licensing Taskforce suggest that in some cases the time to obtain a licence under mutual recognition can far exceed the time to obtain a licence for those residing in a given jurisdiction. As such, this analysis has assumed that mutual recognition is more arduous in the following ways:

- For those first applying for a licence in another jurisdiction, the time cost would increase by a factor of two compared to the time taken to apply for a licence in their own jurisdiction, reflecting additional search costs and potential delays imposed on licensees or businesses that are hiring the individual in the other jurisdiction.

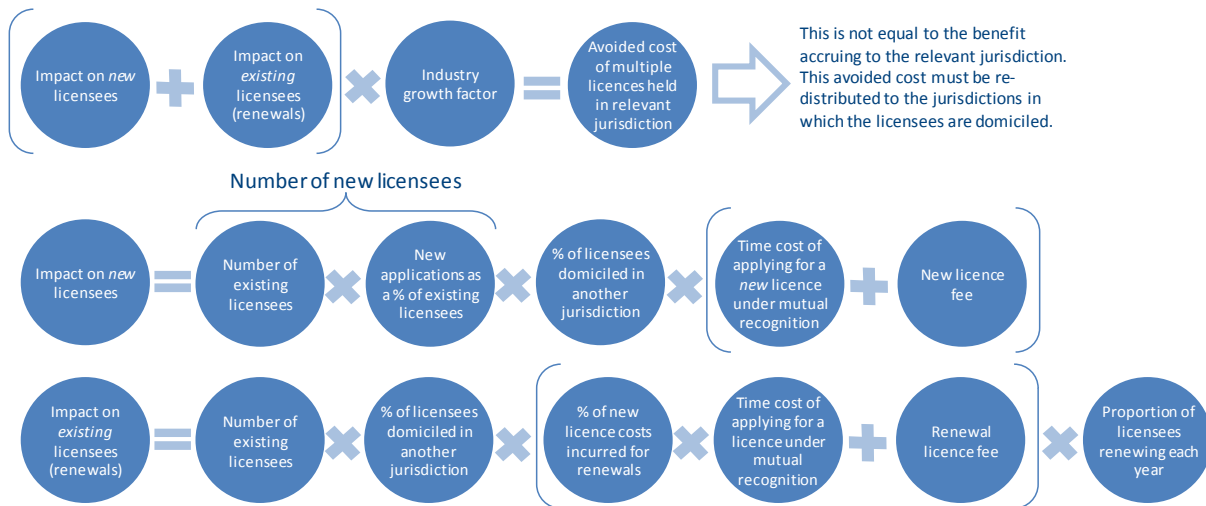
- For those renewing a licence under mutual recognition, the time cost of applying for a licence is still assumed to be higher, but only a multiplier of 5 per cent is assumed (which is applied to the assumption of the time to apply for a licence).

The time cost to apply for a licence in this equation is therefore calculated as follows:

- The time cost to apply for a new licence under mutual recognition is two multiplied by the time to apply for a licence in the relevant jurisdiction multiplied by the wage rate in the relevant jurisdiction.
- The time cost to apply for a licence under mutual recognition (as used in the renewal calculation) is the time to apply for a licence in the relevant jurisdiction multiplied by 1.05 multiplied by the wage rate in the relevant jurisdiction.

The proportion of licensees renewing each year is equal to one divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure 4.9: Yearly benefit to licence holders through reduced costs of holding multiple licences



The avoided cost calculated in Figure 4.9 is not attributable to the jurisdiction for which it is calculated. The avoided cost accrues to the jurisdiction in which the licence holders are domiciled, not the jurisdiction in which they hold the additional licence. For example, where a worker who lives in New South Wales currently holds New South Wales and Queensland licences, under national licensing, they would no longer be required to hold a Queensland licence to work in Queensland. The saving from not having to apply for or hold a Queensland licence would be realised by that worker from New South Wales; hence the benefit is determined as a benefit realised in New South Wales.

In estimates for this Consultation RIS, the benefit has been distributed according to the percentage distributions shown in Table 4.8. As such, the benefit accruing to any one jurisdiction is actually the sum product of the avoided costs for each jurisdiction (calculated as above) and the percentage of multiple licences in each jurisdiction accruing to licensees domiciled in the relevant table.

4.2.1.11 Continuing compliance activity on reduced revenue

The savings that are enjoyed by licensees in the plumbing and gasfitting industry who no longer have to hold multiple licences have been accounted for by the reduction of fees and effort for applying for those licences.

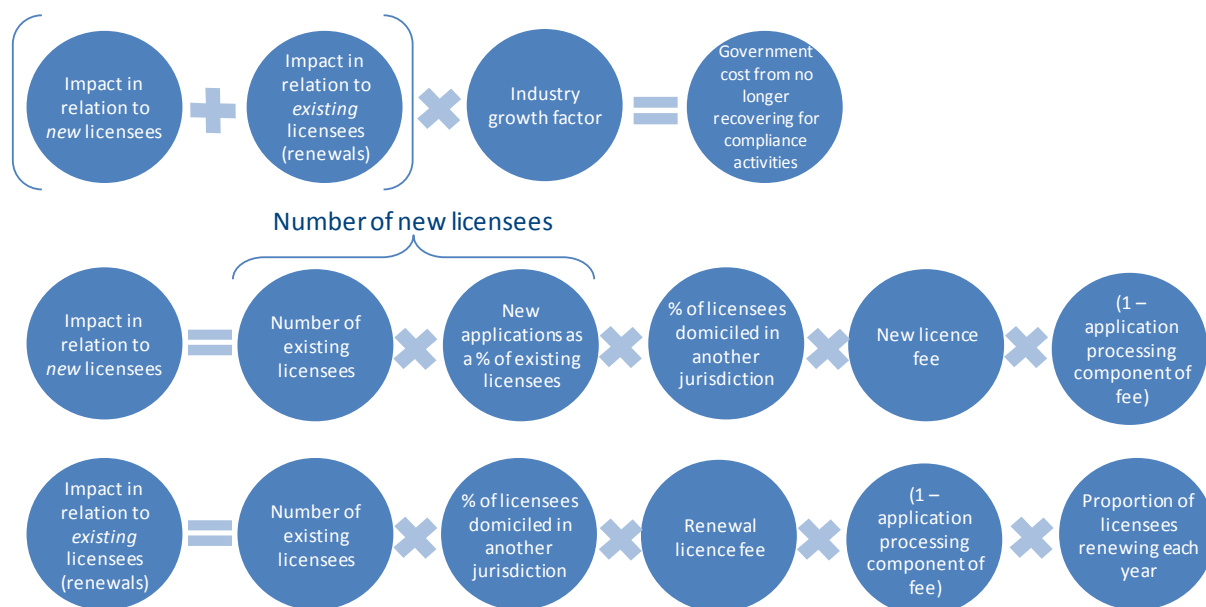
Advice from jurisdictions is that a proportion of those fees is raised to cover compliance activities that currently occur. To ensure that existing compliance activities are able to continue in light of a single licensing system, resources will need to be available to the regulators for each jurisdiction to

continue to oversee plumbers and gasfitters who are licensed elsewhere but work in each relevant jurisdiction.

The following estimate accounts for this based on the efficiency saving that is used elsewhere of 45 per cent (which represents the application processing component of licence fees), leaving a 55 per cent cost associated with compliance and other related activities for those licensees who no longer hold multiple licences. This component will no longer be recovered through fees, but the activities will still need to be funded by government. Note that in New South Wales and South Australia, a dollar estimate of the processing component has been used based on information provided by regulators. For details on these figures, see section 4.3.

The equation used to calculate the yearly impact on government is shown in Figure 4.10. This equation is based on the equation for calculating the benefit to licence holders through reduced costs of holding multiple licences (see Figure 4.9). Given that licence periods and fees differ between contractors, (full) licence holders and tradesperson registration holders, the impact is calculated separately for each of these licence categories. The proportion of licensees renewing each year is equal to one divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure 4.10: Yearly impact on government



4.2.1.12 Benefit from consistent licence period of three years across all jurisdictions

This impact only applies to the renewal of licences and only the application processing component of the fee would be saved in those jurisdictions with a licence term shorter than three years or paid more often in jurisdictions with a licence term longer than three years. This component is calculated as 45 per cent of the licence renewal fee in the relevant jurisdiction based on a survey of regulators conducted in 2009 relating to plumbing and gasfitting licences (see the tables in the next section of this chapter for more details on the assumptions underlying this calculation).

In New South Wales and South Australia, the dollar processing component of the licence fee provided by regulators has been used instead of 45 per cent. These specific dollar figures have been used to analyse the impacts in these jurisdictions in line with jurisdictional expectations. The estimate provided by South Australia to undertake renewals is \$5. This assumption is in contrast to the cost of processing renewals in New South Wales of \$59 and the estimates of \$96 for workers and \$170 for contractors based on an analysis of the efficient processing component of licence fees across all jurisdictions in 2009.

Some jurisdictions have suggested that the fixed component of the licence fees may increase under a longer licence term. However, due to the uncertainty surrounding this information, this factor has not been accounted for in the analysis.

The equation for calculating the yearly benefit or cost from a consistent licence term is shown in figures 4.11 and 4.12. Given that licence period and fees differ between contractors, (full) licensees and tradesperson registration holders, the impact is calculated separately for each of those licence types. The proportion of licensees renewing each year is equal to one divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure 4.11: Benefit to licensees where the licence term increases to three years

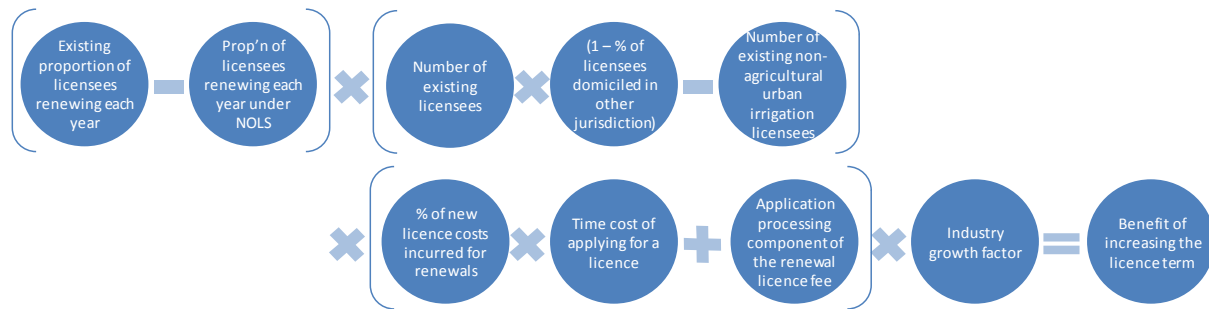
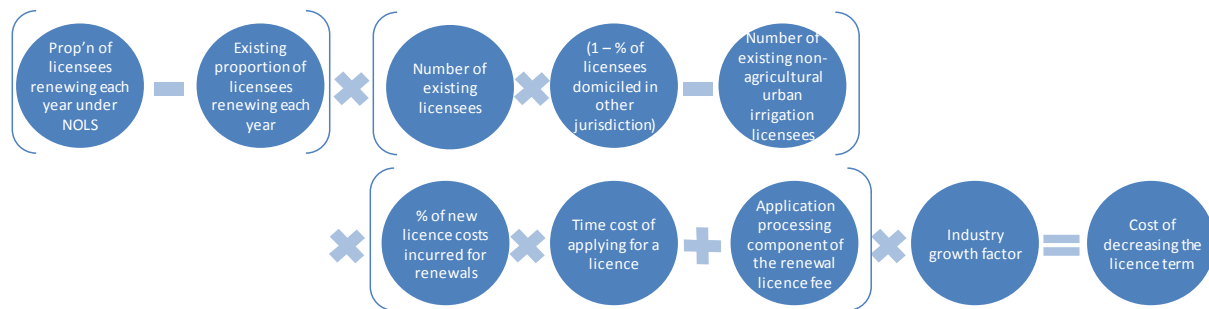


Figure 4.12: Cost to licensees where the licence term decreases to three years



4.2.1.13 Saving to government where processing is not recovered through fees

This saving only applies in New South Wales in relation to the renewal of worker (non-contractor) licences, as there is no renewal fee set for these licences. While there is no fee set and therefore no benefit to licensees from no longer paying the renewal fee for worker licences (a (full) licence or a tradesperson registration licence), there is still an efficiency saving for government regulators in New South Wales who will no longer need to process those renewals. As there is no fee set to approximate the cost to government of undertaking those processing activities, the cost to government of processing renewals for worker licences is estimated based on the processing component of the licence fee for contractors (i.e. \$59). For more detail on this assumption, see the table in section 4.3 that relates to renewal licence fees for worker licences.

This saving to government is relevant for two of the impacts quantified as part of this analysis. The equations for calculating the government saving as it relates to these two impacts are outlined in figures 4.13 and 4.14. The impact is calculated separately for (full) licence holders and tradesperson registration holders. The proportion of licensees renewing each year is equal to one divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure 4.13: Reduced requirement to hold multiple licences

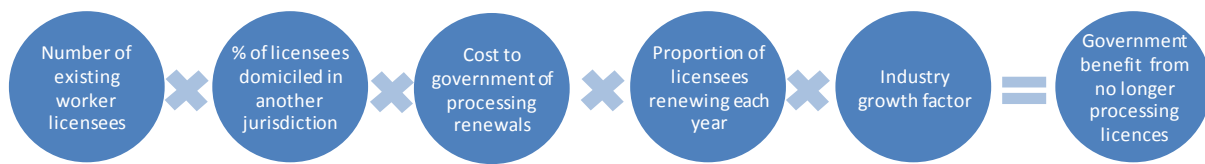
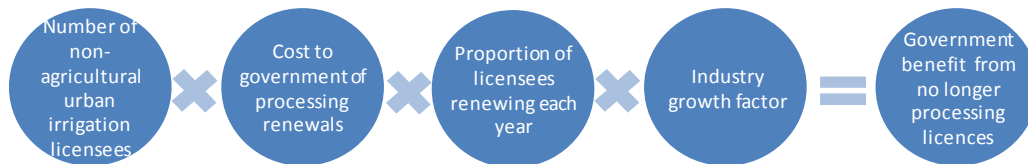


Figure 4.14: Removing licensing of non-agricultural urban irrigation



4.2.1.14 Changes in the number of Certificate IV units required for a (full) licence

This benefit only accrues to new licence holders because competency requirements must be met upon first obtaining a licence. The number of new licensees is based on the number of new applicants in the industry as a percentage of existing licensees.

The equation for calculating the yearly impact is shown in figures 4.15 and 4.16.

Figure 4.15: Decrease in the number of Certificate IV units

Number of licensees impacted = Number of new (full) licensees

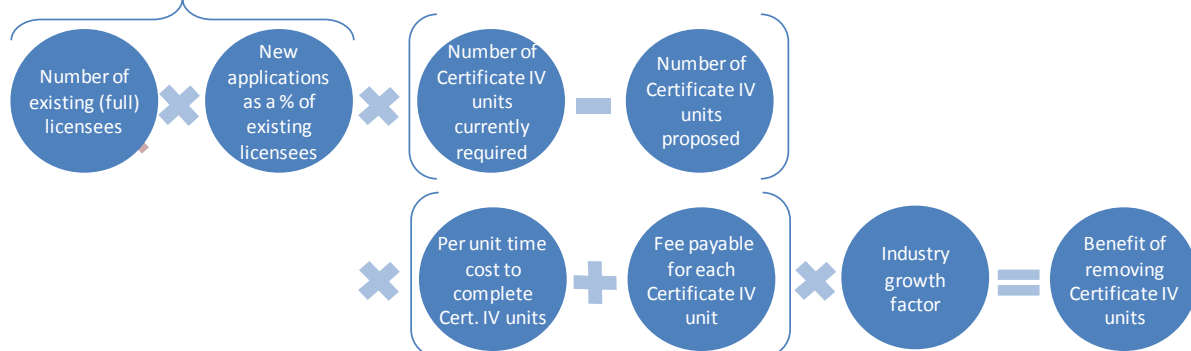
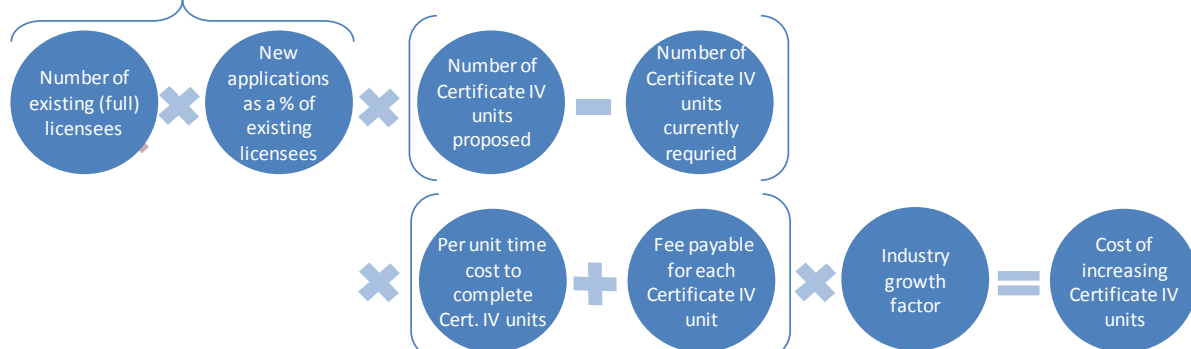


Figure 4.16: Increase in the number of Certificate IV units

Number of licensees impacted = Number of new (full) licensees



The calculations above relate the impact estimated for the majority of licensees (80 per cent), who are assumed to hold a licence covering water, sanitary and drainage. For the remaining 20 per cent of the market:

- under the two-tier option, the number of units removed is assumed to be at least one, meaning the calculation is the same as above and '(Number of Certificate IV units proposed – Number of Certificate IV units currently required)' is equal to one; or
- under the three-tier options, given the uncertainty around whether licensees would have an increase or a decrease in the number of Certificate IV units required, it is assumed that there would be no change for these licensees.

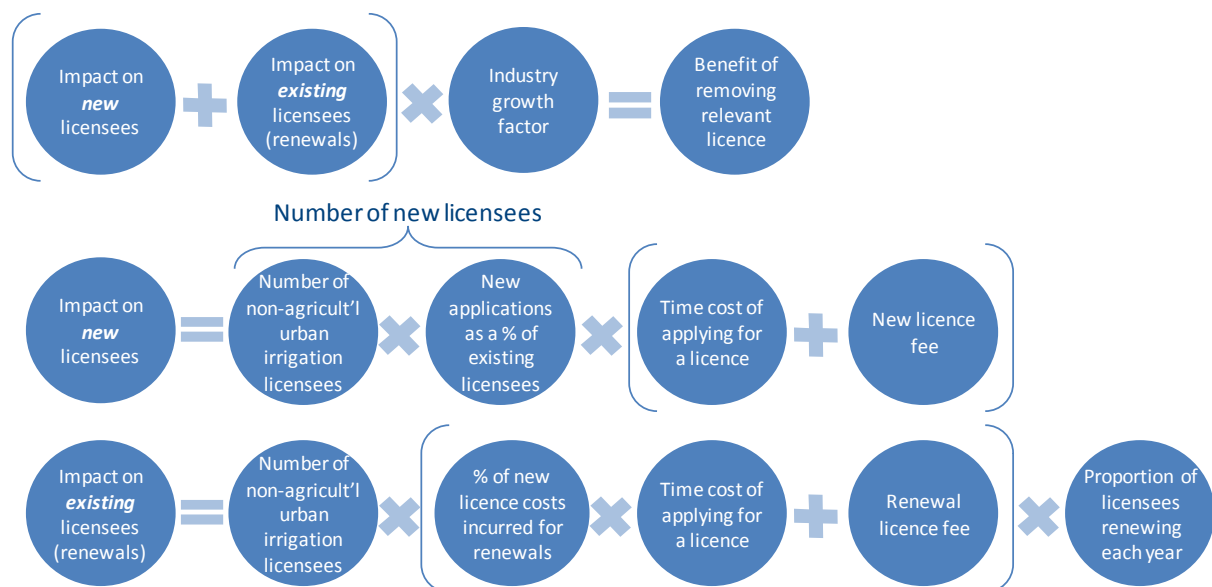
It is assumed that as completing these competency units is ancillary to employment, the cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

4.2.1.15 Removing the requirement to hold a licence for non-agricultural urban irrigation work

When a particular scope of work is no longer licensed, there will be an impact on both new licensees (as they will no longer need to gain a licence) and existing licensees (as they will no longer need to renew their existing licence). This is reflected in the equation for calculating the yearly impact below. The proportion of licensees renewing each year is equal to one divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Given that licence period and fees differ between contractors, (full) licensees and tradesperson registration holders, the impact is calculated separately for each of these licence types.

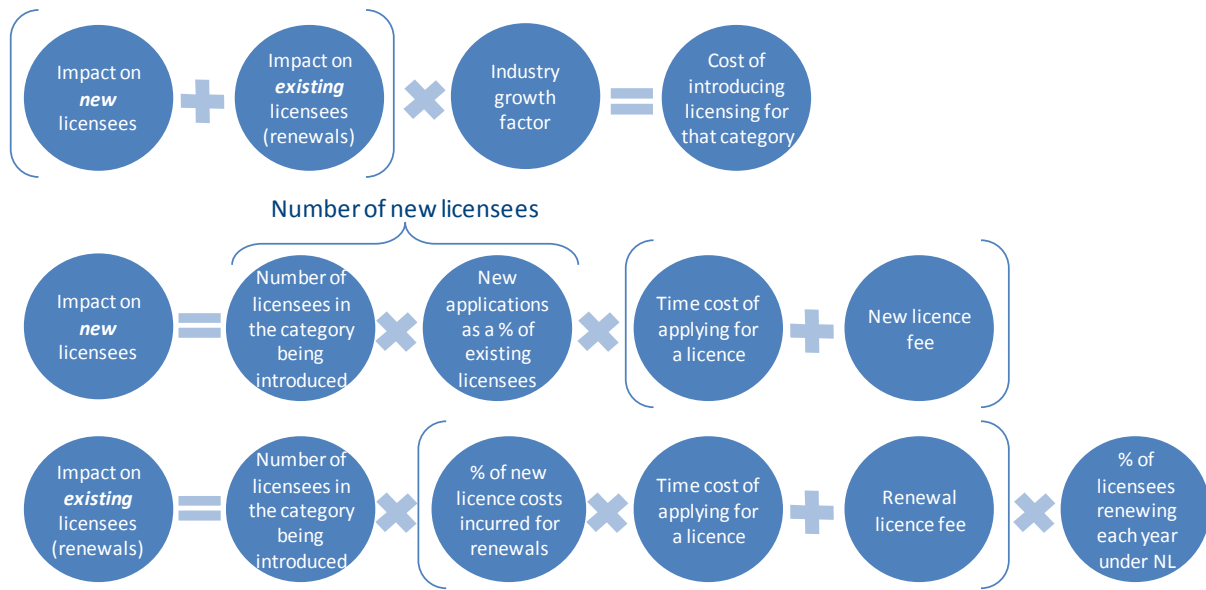
Figure 4.17: Yearly impact of removing the requirement to hold a licence for non-agricultural urban irrigation work



4.2.1.16 Introducing the requirement to hold a licence

Under national licensing, certain licensees would need to obtain a licence where they did not before. This applies to the introduction of worker licences in Queensland and the introduction of contractor licences in Victoria. The equation used to calculate the cost to licensees from introducing licensing is shown in Figure 4.18.

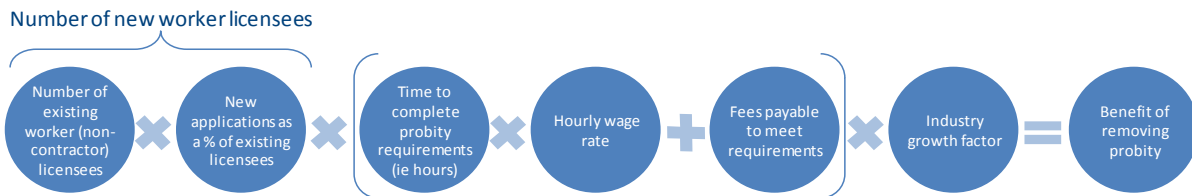
Figure 4.18: Cost to licensees from introducing licensing



4.2.1.17 Savings from removing personal probity from all categories except contractor licences

This impact only applies to new licence holders, as probity requirements are placed on licensees upon first applying for a licence. The equation used to calculate the yearly impact is shown in Figure 4.19. Given that probity requirements in some jurisdictions differ between (full) licensees and tradesperson registration holders, the impact is calculated separately for each of these licence types.

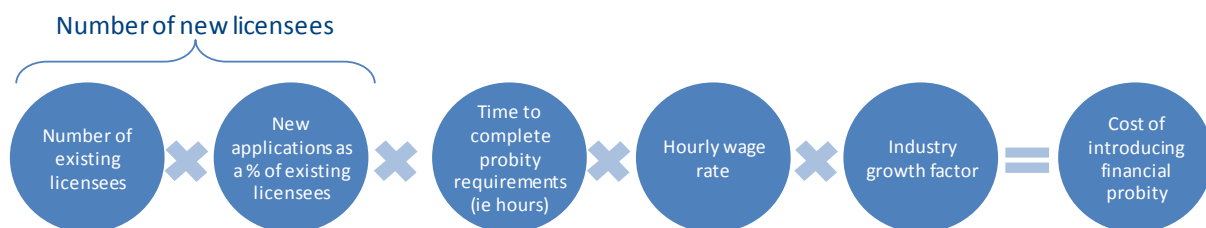
Figure 4.19: Savings from removing personal probity from all categories except contractor licences



4.2.1.18 Cost from introducing financial probity for all licence types

This impact only applies to new licence holders, as probity requirements are placed on licensees upon first applying for a licence. The equation used to calculate the yearly impact is shown in Figure 4.20. Given that current probity requirements in some jurisdictions differ between contractors, (full) licensees and tradesperson registration holders, the impact is calculated separately for each of these licence types.

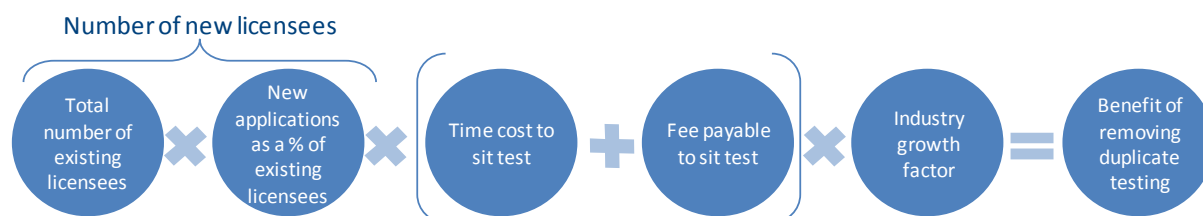
Figure 4.20: Cost from introducing financial probity for all licence types



4.2.1.19 Benefit of removal of state- and territory-based testing (duplicate testing)

This impact only applies to new licence holders, as the additional tests must be sat by licensees when first applying for a licence. The equation used to calculate the yearly impact is shown in Figure 4.21. This impact is only applicable in Victoria.

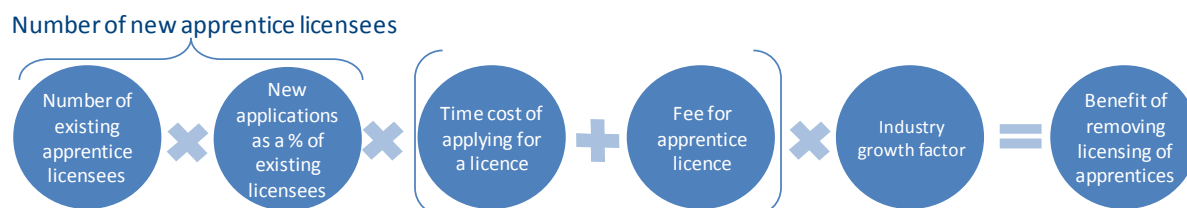
Figure 4.21: Benefit of removal of duplicate testing



4.2.1.20 Benefit from removing the licensing of apprentices

Apprentice licences are generally provided for the life of an apprenticeship. Therefore, this impact is only incurred upon first applying for an apprentice licence (i.e. it is assumed that there are no renewals). The impact of removing this licence includes the time and fees saved from no longer having to apply for the licence. The equation to calculate the yearly impact is shown in Figure 4.22.

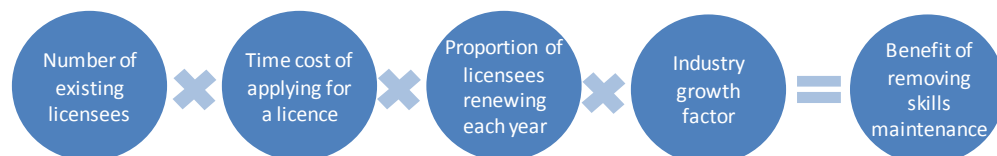
Figure 4.22: Benefit from removing the licensing of apprentices



4.2.1.21 Removing skills maintenance

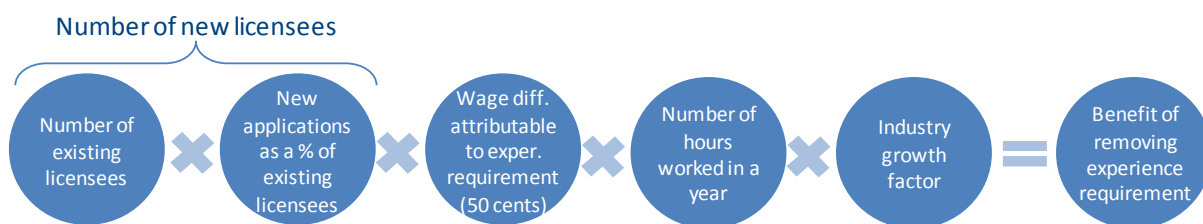
This impact only applies to existing licence holders and is incurred upon renewal. The equation used to calculate the yearly impact is shown in Figure 4.23. This impact is only applicable in New South Wales and the Northern Territory. Given that licence periods differ between contractors, (full) licensees and tradesperson registration holders, the impact is calculated separately for each of these licence types.

Figure 4.23: Removing skills maintenance



4.2.1.22 Removing experience requirements

This impact applies to contractors and (full) licence holders. The equation used to calculate the yearly impact is shown in Figure 4.24.

Figure 4.24: Removing experience requirements

4.2.1.23 Labour mobility

The equation for calculating the estimated impact of labour mobility is shown in Figure 4.25.

Figure 4.25: Labour mobility

4.2.1.24 Business value-add

The impact on business value-add is calculated as one-third of the efficiency impact on labour. The ongoing net efficiency impact on labour includes the time component (not including fees) of the following impacts:

- changes in Certificate IV units required
- changes to probity requirements
- removal of duplicate testing
- removal of licensing of apprentices
- removal of licensing of non-agricultural urban irrigation
- consistent licence period
- removal of multiple licences across jurisdictions
- removal of experience requirements
- removal of the need to demonstrate that skills have been maintained
- introduction of new licences (i.e. contractor/workers).

The one-off efficiency cost to labour includes the time component (not including fees) of understanding national licensing.

4.2.2 Method underlying the computable general equilibrium modelling

4.2.2.1 Overview of the modelling

As part of this Consultation RIS, computable general equilibrium (CGE) modelling has been undertaken to quantify the potential economy-wide effects of an efficiency change that may result from the options. CGE modelling is useful when a direct impact, at either the specific industry or regional level, is expected to have economy-wide implications or significant flow-on effects.

What is a CGE model?

A CGE model is a mathematical model of an economy that is capable of capturing economy-wide impacts and inter-sectoral reallocation of resources that may result from a shock to the economy. CGE models are generally designed for quantitative analysis of:

- resource allocation issues
- changes in technical efficiency
- issues related to government tax or expenditure policy
- external events that can be represented as price or activity shocks.

The core data of a CGE model is an input–output (I-O) table. An I-O table is a system of accounts that shows, in value terms, the supply and disposal of goods and services within the economy in a particular year. An I-O table captures sales of products to other industries for further processing (intermediate usage), together with sales of products to final users. It also captures the inputs used in an industry’s production, whether they be intermediate or primary inputs (such as labour and capital). The table is balanced such that the total of the inputs to each industry is equal to the total of the outputs from each industry. Essentially, an I-O table is a snapshot of an economy (whether it is a region, state or country) in a particular year. More information on I-O tables can be found at Australian Bureau of Statistics catalogue 5216.0.

Figure 4.26: Diagrammatic representation of the core of a CGE model

		Intermediate Demand					Intermediate usage (sub-total)	Final Demand				Final Demand (sub-total)	Total supply (grand total)
		Agriculture	Mining	Manufacturing	Construction	Services		Household Consumption	Government Consumption	Investment	Exports		
Intermediate Inputs	Agriculture	INTERMEDIATE USAGE						FINAL DEMAND					
	Mining												
	Manufacturing												
	Construction												
	Services												
Intermediate Inputs (sub-total)													
Primary Inputs	Labour	PRIMARY INPUTS TO PRODUCTION						PRIMARY INPUTS TO FINAL DEMAND					
	Capital												
	Taxes												
Total Production													

A CGE model pushes forward the base I-O table through time by utilising a set of equations that capture neoclassical microeconomic theory⁴⁰ to determine the behaviour of economic agents when they are faced with changes in key economic variables (especially relative prices). The equations are

⁴⁰ For example, households maximise utility subject to a budget constraint, while industries minimise costs subject to production functions.

solved simultaneously, and some variables are determined by the model (endogenous variables) and some are determined outside the model (exogenous variables). The classification of endogenous and exogenous variables is determined by the user based on the set of assumptions derived for the specific modelling exercise.

The CGE model used for this modelling exercise is the Monash Multi-Region Forecasting Model (MMRF). MMRF is a multi-sector CGE model of the Australian economy that encompasses all states and territories. It was developed by the Centre of Policy Studies at Monash University.

CGE modelling exercises are often undertaken alongside cost–benefit analysis, as a CGE model can provide economy-wide metrics that cannot otherwise be provided by a cost–benefit analysis. CGE modelling provides a deeper analysis that contributes to the strength of the argument for policy makers. It is a common tool used by the Productivity Commission when undertaking inquiries, and it is used by the Australian Treasury when assessing policy decisions such as the Australian Government’s carbon pricing mechanism.

4.2.2.2 Limitations of the modelling

It is important to recognise key limitations of the modelling when assessing the results. The results are not intended to be definitive forecasts or precise point estimates of key economic indicators resulting from the options. Rather, the results of the modelling should be viewed as a projection of economic variables under a series of plausible assumptions that have informed a scenario analysis.

While the modelling exercise has been informed by the impact analysis results, not all individual costs and benefits have been modelled explicitly in the CGE model. Hence, the results between the impact analysis and the scenario modelled in MMRF (i.e. an increase in efficiency) are not directly comparable.

There are two key limitations to this modelling approach:

- The occupation dimension in the model is inadequate. The model has been run as an efficiency shock to the construction industry, as opposed to targeting the plumbing and gasfitting professions directly. This is largely due to the lack of occupational detail in MMRF. Additionally this modelling exercise does not allow for movement between occupations.
- While the efficiency gain has been scaled down to account for the proportion of plumbing and gasfitting employment in the construction industry, this approach assumes that the penetration of plumbing and gasfitting services into other industries has the same composition as that of the construction industry as a whole.

Additional limitations are discussed below.

Time dimension

CGE models can be set up as either ‘comparative static’ or ‘recursive dynamic’, depending on the treatment of time in the modelling exercise. This modelling exercise has been run as comparative static.

While recursive dynamic modelling can account for how the economy changes over time to move from one equilibrium position to another, comparative static modelling presents a static viewpoint, comparing the economy at a point in time to the economy once the impact of the shock has been absorbed.

Due to the comparative static nature of this modelling, there is no allowance for, for example:

- underlying changes in the economy over time
- how the shock might be disaggregated over a number of time periods and how it might play out through the directly affected industry, interrelated industries and the wider economy over time

- a lagged adjustment process in the labour market.

Ideally, a recursive dynamic approach to the modelling would be employed to more appropriately address the economy-wide impacts of national occupational licensing restrictions as, for example, a lagged adjustment process in the labour market is fundamental to the movement of the impact through the wider economy.

However, the comparative static results provide a high-level illustrative story of how industry and macroeconomic variables may respond to a change in efficiency as a result of the policy change.

A recursive dynamic exercise would be far more advanced but requires significantly more time to undertake.⁴¹

4.2.2.3 The shock to the model

Scenarios modelled for the Consultation Regulation Impact Statement

Under national licensing requirements, barriers to entry to the plumbing and gasfitting occupations in each jurisdiction are expected to diminish through, for example, reduction in costs for licensing and an increase in the readiness to work between jurisdictions. This may be translated as:

- an increase in efficiency of labour in plumbing and gasfitting services
- an increase in efficiency of capital in plumbing and gasfitting services; or
- reduction in multiple licences fees plumbers and gasfitters pay to government.

The reforms will also affect the amount of public administration that the state and territory governments consume, as they will have to process fewer licences.

To model each of these impacts, calculations based on the results of the cost–benefit analysis have been drawn upon.

Each option for the plumbing and gasfitting occupations has been modelled separately. The assumptions as outlined below are the same for each scenario. As stated above, only the ongoing costs and benefits have been modelled.

Calculating an increase in efficiency of labour in plumbing and gasfitting services

To calculate the labour efficiency shock, the net result has been taken from the direct model of time saved for plumbers and gasfitters as a result of the reforms – plus the benefit that has been assumed in the cost–benefit analysis in terms of enhanced labour mobility – and turned into an efficiency shock. To convert the time saved into an efficiency shock it has been assumed that there will be a decrease in labour cost equal to the monetary cost of the time saved, while holding revenue unchanged for the plumbing and gasfitting industry. The cost and revenue data for the analysis has been drawn from the Australian Plumbing Industry IBISWorld reports.⁴² The CGE model does not explicitly contain a plumbing and gasfitting industry; rather, the plumbing and gasfitting industry is consumed by a variety of industries, the majority being in construction. To translate a labour efficiency gain in the plumbing and gasfitting industry into the construction industry, 2006 industry employment census data was used to estimate the proportion of the construction industry that can be attributed to the plumbing and gasfitting industry. The plumbing and gasfitting efficiency shock

⁴¹ For example, in assessing the impact of a policy change, dynamic general equilibrium models produce two alternative projections – the ‘base case’, that is, the growth path of the economy without the policy change; and the ‘policy run’, that is, the growth path of the economy in the policy change. The base case serves as the counterfactual or the control path from which deviations are measured when assessing the effects of the policy change. Creating a base case is a substantial undertaking as the modeller is required to develop a view of what the economy may look like over the projection period and impose that on the model.

⁴² IBISWorld 2012, *Plumbing services in Australia*, Industry Report, April.

was then scaled appropriately to be applied to the construction industry in the CGE model. The CGE modelling then used the calculated efficiency gains to estimate what the broader economic impact would be on the Australian economy.

The modelling assumes that plumbers and gasfitters would use time saved to undertake more work rather than take more leisure time.⁴³

Calculating an increase in capital efficiency

The business value-add result from the cost–benefit analysis has been translated as an increase in capital efficiency in the CGE model using the same methodology as outlined in calculating an increase in efficiency of labour (4.2.2.3). A discussion of the calculation of the business value-add is contained above in 4.1.3.6.

Calculating a decrease in government fees

The cost saved by plumbers and gasfitters as a result of a reduction in fees paid (licence fees paid to government and fees paid for education and training requirements) has been modelled as a cost saved to plumbers and gasfitters. This has been calculated by decreasing the proportion of fees paid to government.⁴⁴

Calculating changes to government expenditure

The change in state and territory government budgets is dependent on the amount the government saves through reduced processing costs and the ongoing cost of the licensing authority. Some state and territory governments save more on public administration and others increase their expenditure overall. The CGE modelling of this is dependent on each state's and territory's net position.⁴⁵

4.3 Inputs and assumptions underlying the analysis

4.3.1 Assumptions in the cost–benefit analysis

The following tables provide details on all the key data sources and assumptions made in the impact analysis for this report. In some areas assumptions have been made where data is not readily available. Where these assumptions are made, the method for making the assumption is explained in the text and tables below.

4.3.1.1 Real discount rate

All future cost and benefit cash flows will be discounted to 2012 dollars using a real discount rate of 7 per cent in line with the requirements of the *Best practice regulation handbook*, which also recommends sensitivity testing using 3 per cent and 10 per cent discount rates.⁴⁶

Table 4.45: Discount rate and sensitivities

Assumption	Unit	Value	Source
Discount rate			
Real discount rate	% per	Headline: 7%	Australian Government 2010, <i>Best practice regulation</i>

43 It is possible that this is not the case – that is, some hours saved could add to leisure time rather than increase productive hours of work. While an increase in leisure time would be expected to increase welfare, this would not be picked up in MMRF since it only considers market impacts.

44 The amount paid to government is based on the ABS 2005–06 input–output table. The total fee has been inflated to 2011 dollars as the cost saved under the cost–benefit analysis is in 2011 dollars.

45 The amount consumed by each of the state and territory governments of public services is based on the ABS 2005–06 input–output tables and inflated to 2011 dollars.

46 Australian Government 2010, *Best practice regulation handbook*, p. 66.

	annum	Sensitivity: 3%, 10%	handbook, page 66
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4.3.1.2 Evaluation period

The *Best practice regulation handbook* states that ‘the total period [of evaluation] needs to be long enough to capture all potential costs and benefits of the proposal’ and provides guidance that ‘in view of the difficulty of forecasting costs and benefits over long periods, exercise caution when adopting an evaluation period longer than ... 20 years’.⁴⁷ Accordingly, an evaluation period of 10 years has been used, with sensitivity testing using 15 and 20 years.

The operating start date for phase 1 of national licensing is 1 July 2013, as advised by the National Licensing Taskforce.⁴⁸

Western Australia has advised that its operating start date is uncertain, particularly due to the timing of the Western Australian state election in March 2013. This has not been reflected in the cost–benefit analysis.

Table 4.46: Timing of analysis and sensitivities

Assumptions	Unit	Value	Source
Timing			
Operating start date	date	1 July 2013	Unpublished advice provided by COAG National Licensing Taskforce
Evaluation period	years	Headline: 10 years Sensitivity: 15, 20 years	Assumption based on advice in the <i>Best practice regulation handbook</i> , page 63

4.3.1.3 Wage rate

A jurisdiction-specific wage rate has been used in the analysis, based on data available from the Australian Bureau of Statistics relating to employee earnings and hours.⁴⁹

Hourly cash earnings

Data on hourly cash earnings for plumbers and gasfitters has been sourced from the Australian Bureau of Statistics, *Employee earnings and hours* (catalogue 6306.0) using the Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes.

According to the ANZSCO code 334, plumbers install, maintain and repair pipes, drains, guttering and metal roofing, and provide mechanical services and related equipment for water supply, gas, drainage, sewerage, heating, cooling and ventilation systems. ANZSCO suggests that an indicative skill level for this occupation is an Australian Qualifications Framework Certificate III including at least two years of on-the-job training, or an Australian Qualifications Framework Certificate IV.⁵⁰ It is also noted that in some cases at least three years of relevant experience may substitute for the formal qualifications listed above. It is acknowledged that these wage rates overestimate the wage rate for apprentices, as it is expected that this granularity of data will not impact on the robustness of the estimates.

⁴⁷ Ibid.

⁴⁸ Phase 1 of national licensing includes the following occupations: electrical, plumbing and gasfitting, property, and air-conditioning and refrigeration mechanics.

⁴⁹ Australian Bureau of Statistics 2010, *Employee earnings and hours*, catalogue 6306.0, May, viewed 26 April 2012, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0.

⁵⁰ Australian Bureau of Statistics, *ANZSCO – Australian and New Zealand Standard Classification of Occupations*, 1st edn, revision 1, viewed 26 April 2011 www.abs.gov.au/ausstats/abs@.nsf/Product+Lookup/F003AE0AA29DED4DCA2575DF002DA6E6?opendocument.

The hourly cash earnings rates below are based on ordinary time worked per person (excluding overtime), based on the specific hours worked in each jurisdiction.⁵¹

It is assumed that as the activities involved with national licensing are ancillary to employment, the cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

On-cost and overheads

According to the Australian Bureau of Statistics labour costs survey (2002–03), an on-costs multiplier of 1.172 is appropriate for the ‘electricity, gas and water supply’ industry⁵² that includes:

- employee earnings
- superannuation
- payroll tax
- worker’s compensation
- fringe benefits tax.⁵³

In the absence of any other information, the *Victorian guide to regulation* suggests that an overheads multiplier of 1.75 is appropriate.⁵⁴ The Victorian Treasury suggests that overhead costs include building costs (floor space, fixtures and fittings maintenance and services), equipment, consumables, IT and other support services, administrative support and corporate overheads (senior management, corporate finance, human resources and legal services).

Due to the characteristics of this industry, including a high proportion of self-employed individuals who have lower overheads and fewer on-costs (i.e. no payroll tax and superannuation benefits), an overheads and on-cost multiplier of 1.5 is applied to the hourly cash earnings of plumbers and gasfitters.

Inflation rate

In order to inflate the hourly cash rates to 2012 dollars, the national consumer price index (CPI) for the period March 2010 to March 2012 has been used based on data from the Australian Bureau of Statistics (catalogue 6401.0).⁵⁵ Note that the national CPI figures have been used (the Australian Bureau of Statistics only publishes CPI figures quarterly).

While ideally the wage rates would be inflated to 1 July 2012 (as the net present value is calculated as at 1 July 2012), the most recent data available when writing this report was CPI figures from March 2012.

51 Australian Bureau of Statistics, *Employee earnings and hours*, catalogue 6306.0, May, viewed 26 April 2012, www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6306.0May%202010?OpenDocument#Publications.

52 The ‘electricity, gas and water supply’ industry is the closest available proxy available for the plumbing and gasfitting occupations.

53 Australian Bureau of Statistics, *Labour costs, Australia, 2002–03*, catalogue 6348.0.55.001, viewed 26 April 2012, www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6348.0.55.001Main+Features12002-03?OpenDocument.

54 Department of Treasury and Finance (Victoria) 2011, *Victorian guide to regulation: Appendices*, edition 2.1.

55 March 2010 is the closest figure available to May 2010.

Table 4.47: Wage rate assumptions

Assumption	Unit	Value	Source
Hourly cash earnings			
NSW	\$ per hour	\$28.20	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1B, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
Vic	\$ per hour	\$25.90	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1C, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
Qld	\$ per hour	\$31.60	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1D, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
WA	\$ per hour	\$27.20	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1F, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
SA	\$ per hour	\$29.50	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1E, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
Tas	\$ per hour	\$22.40	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1G, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
ACT	\$ per hour	\$34.50	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1I, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
NT	\$ per hour	\$26.10	Australian Bureau of Statistics, <i>Employee earnings and hours</i> , catalogue 6306.0, May 2010, Australian and New Zealand Standard Classification of Occupation (ANZSCO) Code 334 'Plumbers', Table 1H, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0 Note: Based on 'ordinary time per person' (excluding overtime)
On-costs and overheads multiplier			
On-costs and overheads multiplier	Multiplier	1.5	Assumption based on Australian Bureau of Statistics labour cost survey data and guidance material from the Victorian Competition and Efficiency Commission
Inflation rate (March 2010 to March 2012)			

Assumption	Unit	Value	Source
Inflation rate	%	4.97%	Australian Bureau of Statistics, <i>Consumer Price Index, Australia</i> , catalogue 6401.0, March 2012, www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6401.0Main+Features1Mar%202012?OpenDocument Note: Inflation index from March 2010 (index number of 171.0) to March 2012 (index number of 179.5)

4.3.1.4 Industry growth rates (employment)

The net industry growth rate represents the number of people leaving and entering the industry per year.

The proportion of new applicants only takes into the consideration the number of new entrants in the industry. For this rate, in the absence of jurisdiction-specific information, a national figure based on data from the Australian Bureau of Statistics labour mobility survey has been used in the cost-benefit analysis. The 'electricity, gas, water and waste services' industry is the closest available proxy for the plumbing and gasfitting occupations.

Table 4.48: Industry growth rates (employment)

Assumptions	Unit	Value	Source
Net industry growth – national			
Plumbing and gasfitting – total	% per annum	1.183%	IBISWorld Industry Report (E4231), <i>Plumbing Services in Australia</i> , April 2012 – annual change in employment, page 34 Average of current and projected rates for 2011–12 to 2016–17. This growth rate is based on industry statistics and does not consider jurisdiction-specific circumstances
Proportion of new applicants in the industry (new applicants as a proportion of existing licensees)			
All jurisdictions	% per annum	4.07%	Australian Bureau of Statistics, <i>Labour mobility</i> , February 2010, catalogue 6209.0, Table 7, page 23 Calculated as the number of employees that entered into a different industry division in the last 12 months, as a proportion of the total number of employees in the 'electricity, gas, water and waste services' industry during that time

4.3.1.5 Licence fees

The licence fees presented below are the current fees (at the time of writing) under the existing jurisdiction-based licensing schemes.

Table 4.49: Licence fees – contractor licence

Assumption	Unit	Value	Source
Cost of licence fee – contractor (new licence fee)			
NSW	\$ per licensee	\$586	Based on information provided by NSW regulator on 29 February 2012 Weighted average used for individuals (\$521 for 44,287 licensees), partnerships (\$756 for 2,050 licensees) and corporations (\$885 for 8,467 licensees)
Vic	\$ per licensee	–	There is no contractor licence in Victoria
Qld	\$ per licensee	\$603.40	Based on information provided by Queensland on 31 May 2012. Fees are based on BSA contractor licence fees for category SC2 (up to \$300K)
WA	\$ per licensee	\$578.50	Plumbers Licensing Board, <i>Plumbing contractor's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html Application fee (\$52.50) and licence fee (\$526)
SA	\$ per licensee	\$510.40	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 Based on application fee (\$173) and a weighted average of the licence fee for natural person (\$308) and body corporate (\$455) Based on information provided by South Australia in May 2012, the weighted average is based on 20% of contractors being a body corporate and 80% being a natural person
Tas	\$ per licensee	\$462	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fees Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$650	ACT Planning and Land Authority, <i>Fees and Charges 2011-2012</i> , viewed 26 April 2012, http://www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf Application fee (payable upon first applying for a licence) of \$200 and licence fee of \$450.
NT	\$ per licensee	–	There is no contractor licence in the NT

Table 4.50: Licence fees – (full) licence holder

Assumption	Unit	Value	Source
Cost of licence fee – (full) licence holder (new licence fee)			
NSW	\$ per licensee	\$193	Based on information provided by NSW regulator on 29 February 2012 Based on licence fee for qualified supervisor certificate
Vic	\$ per licensee	308.25	Plumbing Industry Commission, <i>Licensing and registration</i> , www.pic.vic.gov.au/www/html/139-licensing-and-registration-fees.asp Application fee (\$47) and registration fee (\$261.25)
Qld	\$ per licensee	\$165.14	Weighted average of plumbers, gasfitters and fire licensees <i>Plumbers:</i> Plumbing Industry Council, <i>Schedule of application fees established under the Plumbing and Drainage Act 2002 and set in Plumbing and Drainage Regulation 2003</i> , www.dlgp.qld.gov.au/resources/plumbing/licensing/plumbing-fees-schedule.pdf Application fee (\$53) and licence fee (\$110) <i>Gasfitters:</i> Application fee (\$35.20) and five years of the pro rata annual fee (\$23.50). Based on information provided by Queensland on 31 May 2012 <i>Fire:</i> Three year occupational fire licence (\$238.45). Based on information provided by Queensland on 31 May 2012
WA	\$ per licensee	\$216.10	Plumbers Licensing Board, <i>Tradesperson's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Tradespersons_Licence_Applica.html Application fee (\$21.10) and licence fee (\$195)
SA	\$ per licensee	\$388	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 Application fee (\$173) and registration fee (\$215)
Tas	\$ per licensee	\$294	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fee Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$650	ACT Planning and Land Authority, <i>Fees and Charges 2011-2012</i> , viewed 26 April 2012, < http://www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf > Application fee (payable upon first applying for a licence) of \$200 and licence fee of \$450.
NT	\$ per licensee	\$70	Plumbers and Drainers Licensing Board, <i>Application forms</i> , www.plumberslicensing.nt.gov.au/forms It is assumed that the published renewal fee is the same as the application fee for a journeyman (worker)

Table 4.51: Licence fees – tradesperson registrations

Assumption	Unit	Value	Source
Cost of licence fee – tradesperson registration (new licence fee)			
NSW	\$ per licensee	\$126	Based on information provided by NSW regulator in May 2012
Vic	\$ per licensee	\$341.70	Plumbing Industry Commission, <i>Licensing and registration</i> , www.pic.vic.gov.au/www/html/139-licensing-and-registration-fees.asp Application fee (\$47) and registration fee (\$294.70)
Qld	\$ per licensee	\$104	Plumbing Industry Council, <i>Schedule of application fees established under the Plumbing and Drainage Act 2002 and set in Plumbing and Drainage Regulation 2003</i> , www.dlqp.qld.gov.au/resources/plumbing/licensing/plumbing-fees-schedule.pdf Application fee (\$53) and licence fee for provisional licensees (\$51)
WA	\$ per licensee	\$216.10	Plumbers Licensing Board, <i>Tradesperson's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Tradespersons_Licence_Applica.html Application (\$21.10) and licence fee (\$195)
SA	\$ per licensee	\$388	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 Application fee (\$173) and registration fee (\$215)
Tas	\$ per licensee	\$294	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fees Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$500	ACT Planning and Land Authority, <i>Fees and Charges 2011-2012</i> , viewed 26 April 2012, http://www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf Application fee (payable upon first applying for a licence) of \$200 and licence fee of \$300 for Journey Person.
NT	\$ per licensee	\$35	Plumbers and Drainers Licensing Board, <i>Application forms</i> , www.plumberslicensing.nt.gov.au/forms It is assumed that the published renewal fee is the same as the application fee for a journeyman (worker)

Table 4.52: Renewal licence fees – contractor licence

Assumption	Unit	Value	Source
Cost of renewal licence fee – contractor			
NSW	\$ per licensee	\$526	Based on information provided by NSW regulator on 29 February 2012 Weighted average used for individuals (\$462 for 44,287 licensees), partnerships (\$695 for 2,050 licensees) and corporations (\$822 for 8,467 licensees)
Vic	\$ per licensee	–	There is no contractor licence in Victoria
Qld	\$ per licensee	\$274.75	Based on information provided by Queensland on 31 May 2012. Fees are based on BSA contractor renewal licence fees for category SC2 (up to \$300K)
WA	\$ per licensee	\$526	Plumbers Licensing Board, <i>Plumbing contractor's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	\$ per licensee	\$381.50	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 Average of renewal fee for natural person (\$308) and body corporate (\$455)
Tas	\$ per licensee	\$462	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fees Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$450	ACT Planning and Land Authority, Fees and Charges 2011-2012, viewed 26 April 2012, < http://www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf >
NT	\$ per licensee	–	There is no contractor licence in the NT

Table 4.53: Renewal licence fees – (full) licence holder

Assumption	Unit	Value	Source
Cost of renewal licence fee – (full) licence holder			
NSW	\$ per licensee	\$0	Based on information provided by NSW regulator on 29 February 2012. Note: NSW regulator has advised that this fee is under review, but as at March 2012 there is no fee associated with the renewal of (full) licences. Despite this, a cost to government of processing renewals of \$59 has been assumed for the purposes of calculating government savings. This cost would cover activities such as sending renewal notices to licensees. This value is based on information provided by the NSW regulator on 29 February 2012
Vic	\$ per licensee	\$261.25	Plumbing Industry Commission, <i>Licensing and registration</i> , www.pic.vic.gov.au/www/html/139-licensing-and-registration-fees.asp
Qld	\$ per licensee	\$111	Plumbing Industry Council, <i>Schedule of application fees established under the Plumbing and Drainage Act 2002 and set in Plumbing and Drainage Regulation 2003</i> , www.dlqp.qld.gov.au/resources/plumbing/licensing/plumbing-fees-schedule.pdf Application fee (\$53) and renewal fee (\$58)
WA	\$ per licensee	\$195	Plumbers Licensing Board, <i>Tradesperson's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Tradespersons_Licence_Application.html
SA	\$ per licensee	\$215	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 For a three year registration period
Tas	\$ per licensee	\$294	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fees Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$450	ACT Planning and Land Authority, <i>Fees and charges 2011–2012</i> , www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf Average of licence fees for entity (\$450) and individual (\$300)
NT	\$ per licensee	\$70	Plumbers and Drainers Licensing Board, <i>Application forms</i> , www.plumberslicensing.nt.gov.au/forms

Table 4.54: Renewal licence fees – tradesperson registration

Assumption	Unit	Value	Source
Cost of renewal licence fee – tradesperson registration			
NSW	\$ per licensee	\$0	Based on information provided by NSW regulator on 29 February 2012. Note: NSW regulator has advised that this fee is under review, but as at March 2012 there is no fee associated with the renewal of (full) licences. Despite this, a cost to government of processing renewals of \$59 has been assumed for the purposes of calculating government savings. This cost would cover activities such as sending renewal notices to licensees. This value is based on information provided by the NSW regulator on 29 February 2012
Vic	\$ per licensee	\$294.70	Plumbing Industry Commission, <i>Licensing and registration</i> , www.pic.vic.gov.au/www/html/139-licensing-and-registration-fees.asp
Qld	\$ per licensee	\$104	Plumbing Industry Council, <i>Schedule of application fees established under the Plumbing and Drainage Act 2002 and set in Plumbing and Drainage Regulation 2003</i> , www.dlqp.qld.gov.au/resources/plumbing/licensing/plumbing-fees-schedule.pdf Application fee (\$53) and licence fee for a provisional licensee (\$51). Queensland has advised that the new application fee is the same as the renewal fee
WA	\$ per licensee	\$195	Plumbers Licensing Board, <i>Tradesperson's licence</i> , www.plumbers.wa.gov.au/Content/Licensing/Tradespersons_Licence_Application.html
SA	\$ per licensee	\$215	Consumer and Business Services, <i>Fees for licensing – plumbers</i> , www.ocba.sa.gov.au/licensing/fees.html#Plumbers,_Gas_Fitters_and_Electricians_Act_1995 For a three year registration period
Tas	\$ per licensee	\$294	Workplace Standards Tasmania, <i>Current fee schedule</i> , www.wst.tas.gov.au/resources/fees/Occupational_Licensing_fees Workplace Standards Tasmania has advised that the licence fees for plumbing and gasfitting occupations are currently under review
ACT	\$ per licensee	\$300	ACT Planning and Land Authority, <i>Fees and Charges 2011-2012</i> , viewed 26 April 2012, http://www.actpla.act.gov.au/__data/assets/pdf_file/0004/18148/Fees_Charges_2010-11_amended_20120217.pdf Fee for a Journey Person – \$300
NT	\$ per licensee	\$35	Plumbers and Drainers Licensing Board, <i>Application forms</i> , www.plumberslicensing.nt.gov.au/forms

Processing component of licence fees

Table 4.55: Processing application component of licence fees

Assumption	Unit	Value	Source
Processing application component of new licence fees			
Processing fee component (all jurisdictions except NSW)	% of licence fee	44.6%	PricewaterhouseCoopers, <i>Estimating financial impacts of the National Occupational Licensing System</i> , Final Report, August 2009, page 24 Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of plumbing occupations). Estimated percentage based on licence processing cost as a proportion of fee revenue
Processing application component of new licence fees – New South Wales			
NSW: Contractors	\$	130.54	Based on information provided by NSW regulator on 29 February 2012 Weighted average used for individuals (\$129 for 44,287 licensees), partnerships (\$137 for 2,050 licensees) and corporations (\$137 for 8,467 licensees)
NSW: Full licence holders	\$	75	Based on information provided by NSW regulator on 29 February 2012
NSW: Registered tradesperson	\$	59	Based on information provided by NSW regulator on 29 February 2012
Processing application component of renewal licence fees			
Processing fee component (all jurisdictions except NSW and SA)	% of licence fee	44.6%	PricewaterhouseCoopers, <i>Estimating financial impacts of the National Occupational Licensing System</i> , Final Report, August 2009, page 24 Based on estimates of the efficient processing component of licence fees from a survey of regulators undertaken in 2009 (specific to licensing of plumbing occupations). Estimated percentage based on licence processing cost as a proportion of fee revenue
NSW processing fee	\$	59	Based on information provided by NSW regulator on 29 February 2012
SA processing fee	\$	5	Based on information provided by South Australia in May 2012

4.3.1.6 Number of licensees

The latest available data on the number of licensees has been used where available. Where licensee numbers are unavailable, the number of licences has been used as a relevant proxy.

Table 4.56: Contractor licensees/licences

Assumption	Unit	Value	Source
Total existing licensees – contractor			
NSW	# licensees	54,804	Unpublished data provided by NSW regulator on 29 February 2012 Note: Includes the number of individual, partnership and company contractor licensees
Vic	# licensees	--	There is no contractor licence in Victoria
Qld	# licensees	12,867	Unpublished data provided by Queensland on 31 May 2012. Sum of plumbers (7,015), gasfitters (3,152) and occupational fire licences (2,700)
WA	# licensees	2,760	Plumbers Licensing Board, <i>Licensed plumbers numbers</i> www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	# licensees	1,728	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
Tas	# licensees	469	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
ACT	# licensees	188	Companies and partnerships. Unpublished data provided by ACT in June 2012.
NT	# licensees	–	There is no contractor licence in the NT

Table 4.57: Number of (full) licence holders

Assumption	Unit	Value	Source
Total existing licensees – (full) licence holder			
NSW	# licensees	4,081	Unpublished data provided by NSW regulator on 29 February 2012
Vic	# licensees	11,962	Unpublished data provided by Victorian regulator received 23 February 2012 (licence numbers as at 30 June 2011)
Qld	# licensees	19,363	Unpublished data provided by Queensland on 31 May 2012. Sum of plumbers (12,562), gasfitters (5,501) and occupational fire licensees (1,300)
WA	# licensees	22,732	Plumbers Licensing Board, <i>Licensed plumbers numbers</i> www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	# licensees	3,360	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators. Based on 2,500 plumbers and 1,700 gasfitters, but discounted to account for those who are contractors. Information provided by South Australia suggests that 20% of licensees also hold a contractor licence. As these licensees would be included in the number of contractor licensees above, 20% have been removed from the total number of (full) licensees, leading to 3,360.
Tas	# licensees	100	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
ACT	# licensees	2061	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators Based on 1363 plumbers and 698 gasfitters
NT	# licensees	979	Unpublished data provided by the Northern Territory in May 2012 Based on 644 plumbers and 335 gasfitters

Table 4.58: Number of tradesperson registrations

Assumption	Unit	Value	Source
Total existing licensees – tradesperson registrations			
NSW	# licensees	8,661	Unpublished data provided by NSW regulator on 29 February 2012
Vic	# licensees	12,003	Unpublished data provided by Victorian regulator received 23 February 2012 (licence numbers as at 30 June 2011)
Qld	# licences	2,837	Unpublished data provided by Queensland in May 2012 Based on 2,342 plumbers and 495 gasfitters
WA	# licensees	230	Plumbers Licensing Board, <i>Licensed plumbers numbers</i> , www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	# licensees	2,030	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators Based on 1,200 plumbers and 830 gasfitters
Tas	# licensees	1,600	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
ACT	# licensees	774	Unpublished data provided by ACT in June 2012. Sum of all individual journeyperson licensees.
NT	# licensees	272	Unpublished data provided by the Northern Territory in May 2012 Based on 254 plumbers and 18 gasfitters

Table 4.59: Total existing licensees/licences (contractors, (full) licence holders and tradesperson registrations)

Assumption	Unit	Value	Source
Total existing licensees			
NSW	# licensees	67,546	Unpublished data provided by NSW regulator on 29 February 2012
Vic	# licensees	23,965	Unpublished data provided by Victorian regulator received 23 February 2012 (licence numbers as at 30 June 2011)
Qld	# licences	35,067	Based on unpublished data provided by Queensland on 31 May 2012
WA	# licensees	25,722	Plumbers Licensing Board, <i>Licensed plumbers numbers</i> , www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	# licensees	7,118	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators. Also based on unpublished advice from South Australia
Tas	# licensees	2,169	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
ACT	# licensees	3,023	Unpublished data provided by ACT in June 2012.
NT	# licensees	1,251	Unpublished data provided by the Northern Territory in May 2012

4.3.1.7 Frequency of renewal of licence

Table 4.60: Current frequency of renewal – contractor

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. 'licence term')			
NSW	years	3	NSW Fair Trading, Business Licence Information Service, http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/plumber/contractor_licence_-_plumbing_-_individual It is assumed for the analysis that licensees apply for a three year licence. However, licensees also have the option in NSW of applying for a one year licence.
Vic	years	–	There is no contractor licence in Victoria
Qld	years	1	Information provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
WA	years	3	WA Plumbers Licensing Board, www.plumbers.wa.gov.au/PDF/Forms/2010_Plumbing_Contra.pdf
SA	years	1	Based on advice from South Australian regulator received January 2012
Tas	years	3	Tasmanian Department of Justice, Business Licence Information Service, www.blis.tas.gov.au/BLIS/prod/licence?licence=7719&council=0
ACT	years	3	Based on advice from ACT regulator. It is assumed for the analysis that licensees apply for a three year licence. However, licensees also have the option in the ACT of applying for a one year licence.
NT	years	–	There is no contractor licence in the NT

Table 4.61: Current frequency of renewal – (full) licence holder

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. 'licence term')			
NSW	years	3	Based on information provided by New South Wales in May 2012
Vic	years	1	Unpublished data provided by Victorian regulator received 23 February 2012
Qld	years	5 for plumbing and gasfitting 3 for occupational fire	Information provided by Queensland in May 2012 A weighted average has been applied between plumbing and gasfitting, and occupational fire. The weighted average used in the analysis is 4.87 years
WA	years	3	WA Plumbers Licensing Board, www.plumbers.wa.gov.au/PDF/Forms/2010_Plumbing_Contra.pdf
SA	years	3	Based on advice from South Australian regulator received January 2012
Tas	years	3	Tasmanian Department of Justice, <i>Business Licence Information Service</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7719&council=0
ACT	years	3	ACT Planning and Land Authority, www.actpla.act.gov.au/topics/hiring_licensing/licence_registration/plumbers_drainers It is assumed for the analysis that licensees apply for a three year licence. However, licensees also have the option in the ACT of applying for a one year licence.
NT	years	3 for plumbers 5 for gasfitters	Information provided by the Northern Territory in May 2012 Weighted average of plumbers and gasfitters has been used in the analysis. The weighted average is 3.68 years

Table 4.62: Current frequency of renewal – tradesperson registration

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. 'licence period')			
NSW	years	3	NSW Fair Trading, <i>Business Licence Information Service</i> , http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/plumber/contractor_licence_-_plumbing_-_individual
Vic	years	3	Unpublished data provided by Victorian regulator received 23 February 2012
Qld	years	1	Information provided by the COAG National Licensing Taskforce, received May 2011 based on advice from regulators
WA	years	3	WA Plumbers Licensing Board, www.plumbers.wa.gov.au/PDF/Forms/2010_Plumbing_Contra.pdf
SA	years	3	Based on advice from South Australian regulator received January 2012
Tas	years	3	Tasmanian Department of Justice, <i>Business Licence Information Service</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7719&council=0
ACT	years	3	ACT Planning and Land Authority, www.actpla.act.gov.au/topics/hiring_licensing/licence_registration/plumbers_drainers It is assumed for the analysis that licensees apply for a three year licence. However, licensees also have the option in the ACT of applying for a one year licence.
NT	years	3 for plumbers 5 for gasfitters	Information provided by the Northern Territory in May 2012 Weighted average of plumbers and gasfitters has been used in the analysis. The weighted average is 3.13 years

4.3.1.8 Time cost of applying for a licence

Note that this time cost only applies to licences applied for in a licensee's home jurisdiction.

Applying for a licence under mutual recognition is assumed to take longer due to additional search costs. The assumptions under mutual recognition are outlined below in 4.3.1.14.

Table 4.63: Time cost of applying for a plumbing and gasfitting licence (contractor, (full) licence holder and tradesperson registration)

Assumptions	Unit	Value	Source
Time cost of applying for a licence – all licences except those under mutual recognition			
NSW	Hours per licence	0.58 hours (35 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
Vic	Hours per licence	3.83 hours (230 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
Qld	Hours per licence	0.37 hours (22 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
WA	Hours per licence	1.55 hours (93 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
SA	Hours per licence	3.35 hours (201 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms and paying fees. Attending interviews is not applicable
Tas	Hours per licence	1.67 hours (100 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125. Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
ACT	Hours per licence	0.92 hours (55 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)
NT	Hours per licence	1.5 hours (90 minutes)	Productivity Commission, <i>Performance benchmarking of Australian business regulation: cost of business registrations, cost of registering a domestic builder</i> , pages 121, 124 and 125 Includes cost of obtaining information and forms, completing forms, lodging forms, paying fees and attending interviews (if applicable)

4.3.1.9 Time cost of renewing a licence

It is assumed that renewing a licence is less onerous than applying for a new licence. A proxy based on the estimated effort to government (as illustrated by the renewal/new fee differential) has been used for illustrative purposes. The figures below are used to reduce the time component associated with applying for a licence. For example, in New South Wales it is assumed that it takes 31.5 minutes (90 per cent of 35 minutes) to renew a licence.

These percentages also apply under mutual recognition; however, further assumptions apply under mutual recognition that are outlined below in 4.3.1.14.

Table 4.64: Percentage of new licence costs incurred on renewal – contractor

Assumption	Unit	Value	Source
Fee differential between renewal and new licences			
NSW	%	90%	Based on contractor licence fee differential between new and renewal licences
Vic	%	–	There is no contractor licence in Victoria
Qld	%	46%	Based on contractor licence fee differential between new and renewal licences
WA	%	91%	Based on contractor licence fee differential between new and renewal licences
SA	%	75%	Based on contractor licence fee differential between new and renewal licences
Tas	%	74%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for time, an average of all other jurisdictions where the percentage is not 100% has been applied for illustrative purposes.
ACT	%	69%	Based on contractor licence fee differential between new and renewal licences
NT	%	–	There is no contractor licence in the NT

Table 4.65: Percentage of new licence costs incurred on renewal – (full) licence holder

Assumption	Unit	Value	Source
Fee differential between renewal and new licences			
NSW	%	90%	As the (full) licence renewal fee is \$0, the contractor licence renewal/new differential has been applied for illustrative purposes
Vic	%	85%	Based on (full) licence holder fee differential between new and renewal licences
Qld	%	67%	Based on (full) licence holder fee differential between new and renewal licences
WA	%	90%	Based on (full) licence holder fee differential between new and renewal licences
SA	%	55%	Based on (full) licence holder fee differential between new and renewal licences

Assumption	Unit	Value	Source
Tas	%	76%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for applying to time, an average of all other jurisdictions where the percentage is not 100% has been applied for illustrative purposes.
ACT	%	69%	Based on (full) licence holder fee differential between new and renewal licences
NT	%	78%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for time, an average of all other jurisdictions where the percentage is not 100% has been applied for illustrative purposes

Table 4.66: Percentage of new licence costs incurred on renewal – tradesperson registration

Assumption	Unit	Value	Source
Fee differential between renewal and new licences			
NSW	%	90%	As the tradesperson registration renewal licence fee is \$0, the contractor licence renewal/new differential has been applied for illustrative purposes
Vic	%	86%	Based on tradesperson registration licence fee differential between new and renewal licences
Qld	%	100%	Based on tradesperson registration licence fee differential between new and renewal licences
WA	%	90%	Based on tradesperson registration licence fee differential between new and renewal licences
SA	%	55%	Based on tradesperson registration licence fee differential between new and renewal licences
Tas	%	80%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for time, an average of all other jurisdictions where the percentage is not 100% has been applied for illustrative purposes
ACT	%	60%	Based on tradesperson registration licence fee differential between new and renewal licences
NT	%	84%	New and renewal fees are the same, which would lead to 100%. As this is a proxy for time, an average of all other jurisdictions where the percentage is not 100% has been applied for illustrative purposes

4.3.1.10 Transition costs for industry

Under national licensing, transition costs would be imposed on industry. Specifically, licensees would need to understand the changes and how they are affected. Time costs would be incurred by reading material, attending an information seminar or through some other means.

It is assumed that it would take each licensee 45 minutes to understand the changes, based on advice from the Office of Best Practice Regulation on what a reasonable assumption for this estimate would be in a Consultation Regulation Impact Statement. It is assumed that this cost is incurred before the implementation of national licensing, in 2012–13. This estimate will be further tested with industry during consultations.

Table 4.67: Industry transition cost

Assumption	Unit	Value	Source
Industry transition costs (time to understand national licensing)			
Time	Hours per licensee	0.75 hours	Assumption of 45 minutes

4.3.1.11 Government communication costs

It is assumed that regulators will incur communication costs associated with the new national licensing framework. Consumer Affairs Victoria recently undertook a communication exercise with state-based changes to real estate regulations. This communication exercise cost between \$300,000 and \$350,000 based on 22,000 licences and included:

- direct communications (up to two letters)
- metropolitan and regional meetings with licensees (six to 10 meetings)
- website content and social media
- temporary call centre staffing
- public information campaign
- industry and public campaign management.

In the absence of other information, it is assumed that similar communication costs will be faced by the larger jurisdictions (New South Wales, Victoria, Queensland and Western Australia) and half of this cost will be incurred by the smaller jurisdictions (South Australia, Tasmania, the Australian Capital Territory and the Northern Territory).

Table 4.68: One-off communication costs

Assumptions	Unit	Value	Source
One-off communication costs			
NSW	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Vic	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Qld	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
WA	\$ per jurisdiction	\$325,000	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
SA	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Tas	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
ACT	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
NT	\$ per jurisdiction	\$162,500	Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012

4.3.1.12 National licensing register costs

It is estimated that each jurisdiction will incur implementation costs associated with the establishment of the national licensing register.

The estimated costs associated with the modification, upgrade or purchase of jurisdictional administration systems incurred by each jurisdiction in order for it to provide the required data for the national licensing register as well as to accept the national licence number was initially estimated at \$5 million to \$10 million.

Based on advice received from the National Licensing Taskforce, these estimates were reduced to ensure they only captured the jurisdiction-based implementation costs associated with establishing the national licensing register.

To ensure that the costs were not overestimated, they were reduced by 50 per cent (that is, \$2.5 million to \$5 million), with the lower bound estimate assumed for small jurisdictions. These costs have been apportioned to each occupation under national licensing. For example, the plumbing and gasfitting occupations are apportioned 35 per cent of the costs faced in Victoria (35 per cent of \$5 million = \$1.75 million).

New South Wales has suggested that its estimated costs will be \$2 million due to the new system being based on the New South Wales Government Licensing System.

Table 4.69: Implementation cost of the national licensing register

Assumption	Unit	Value	Source
Implementation cost of the national licensing register			
NSW	\$ per jurisdiction	\$2 million	Assumption based on unpublished data provided by National Licensing Taskforce analysis for the estimated costs to implement the national licensing register – July 2011 NSW estimate provided by NSW regulator in February 2012
Vic	\$ per jurisdiction	\$5 million	
Qld	\$ per jurisdiction	\$5 million	
WA	\$ per jurisdiction	\$5 million	
SA	\$ per jurisdiction	\$3.5 million	
Tas	\$ per jurisdiction	\$3.5 million	
ACT	\$ per jurisdiction	\$2.5 million	
NT	\$ per jurisdiction	\$2.5 million	
Assumed split of government costs by stages of national licensing			
Stage 1	%	50%	Assumption following discussions with National Licensing Taskforce. Stage 1 includes first tranche of occupations – property, plumbing and gasfitting, electrical, and refrigeration and air-conditioning mechanics
Stage 2	%	30%	Assumption following discussions with National Licensing Taskforce. Stage 2 includes second tranche of occupations – building occupations

Assumption	Unit	Value	Source
Stage 3	%	20%	Assumption following discussions with National Licensing Taskforce. Stage 3 includes future reforms and could include changes to conduct requirements
Assumed split by occupation			
Property	%	28%	Assumption based on advice from National Licensing Taskforce
Electrical	%	35%	
Plumbing and gasfitting	%	35%	
Refrigeration and air-conditioning'	%	2%	

4.3.1.13 Government operating costs associated with the licensing authority

The National Occupational Licensing Authority Budget 2012–15, as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011, reflects the costs to government of establishing the licensing authority. These costs were allocated to each jurisdiction based on agreed percentages.

The costs to government of establishing the licensing authority will be apportioned to each occupation under national licensing (including the first and second tranches of occupations and conduct requirement changes). It is assumed that the first tranche of occupations (plumbing and gasfitters, property, electrical, and refrigeration and air-conditioning mechanics) will be apportioned 50 per cent (of these costs 30 per cent will be apportioned to building occupations and 20 per cent will be apportioned to future reforms such as conduct requirement changes).

There will be three years of transitional costs based on the National Occupational Licensing Authority Budget 2012–15 and then ongoing costs associated with the licensing authority. It is assumed that the fourth year costs in the budget are representative of the ongoing costs per annum.

Assumptions relating to the expected costs of the licensing authority, as agreed by the Ministerial Council for Federal Financial Relations include:

- 34 full-time (equivalent) staff (2 APS3, 1 APS5, 14 APS6, 11 EL1, 5 EL2, 1 SES2)
- employee benefits including superannuation of 15.4 per cent and long service leave of 2.6 per cent
- an on-cost multiplier of 1.73
- a one-off establishment cost (incurred in the first year of implementation only) of \$3.05 million
- implementation and ongoing costs associated with the national licensing register
- meeting costs.

Table 4.70: Government operating costs associated with the licensing authority

Assumption	Unit	Value	Source
Total costs to government (annual overall licensing authority budget)			
Total cost 2011–12	\$ per annum	\$6,633,724	The cost in 2011–12 is assumed to be a transition cost Revised draft National Occupational Licensing Authority Budget 2011–12 and 2012–13 as at 3 May 2012 Unpublished, provided by COAG National Licensing Taskforce, 8 May 2012
Total cost 2012–13	\$ per annum	\$10,752,523	This includes transition costs of \$2,733,542 and ongoing costs of \$8,018,981 Based on estimates in the revised draft National Occupational Licensing Authority Budget 2011–12 and 2012–13 as at 3 May 2012 (unpublished, provided by COAG National Licensing Taskforce, 8 May 2012) and the Budget 2012–15 as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011 (unpublished, provided by COAG National Licensing Taskforce, 13 March 2012) This figure is calculated as the estimated budget for 2013–14 in the Budget 2012–15 (\$8,412,485), with the addition of the establishment cost estimated in the revised draft Budget 2011–12 and 2012–13 (\$2,340,038)
Total cost 2013–14	\$ per annum	\$8,031,010	This includes transition costs of \$12,029 and ongoing costs of \$8,018,981 National Occupational Licensing Authority Budget 2012–15 as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011 Unpublished, provided by COAG National Licensing Taskforce, 13 March 2012. Based on the budget for 2013–14
Ongoing costs per annum (based on total costs in 2014–15)	\$ per annum	\$8,018,981	National Occupational Licensing Authority Budget 2012–15 as agreed by the Ministerial Council for Federal Financial Relations on 7 April 2011 Unpublished, provided by COAG National Licensing Taskforce, 13 March 2012
Assumed split of government costs by stages of national licensing			
Stage 1	%	50%	Assumption based on discussions with National Licensing Taskforce Stage 1 includes first tranche of occupations – property, plumbing and gasfitting, electrical, and refrigeration and air-conditioning mechanics
Stage 2	%	30%	Assumption based on discussions with National Licensing Taskforce Stage 2 includes second tranche of occupations – building occupations
Stage 3	%	20%	Assumption based on discussions with National Licensing Taskforce Stage 3 includes future reforms that could include changes to conduct requirements
Assumed split by occupation (for licensing authority costs to government)			
Property	%	28%	Assumption based on advice from National Licensing Taskforce
Electrical	%	35%	

Assumption	Unit	Value	Source
Plumbing and Gasfitting	%	35%	
Refrigeration and air-conditioning	%	2%	

Note: The calculations in the analysis strip out the indexation assumptions beyond 2012 as results are presented in 2012 dollars (real).

Table 4.71: Proportion of costs attributable to each jurisdiction

Assumption	Unit	Value	Source
Proportion of National Occupational Licensing Authority operating costs and the IT systems implementation costs attributable to each jurisdiction			
NSW	%	32.77%	Unpublished data provided by National Licensing Taskforce, <i>National Occupational Licensing Authority budget 2011–12 to 2014–15</i>
Vic	%	25.13%	
Qld	%	20.48%	
WA	%	10.55%	
SA	%	7.71%	
Tas	%	2.35%	
ACT	%	0%	
NT	%	1.03%	

4.3.1.14 Mutual recognition

Case studies provided by – and discussions with – the National Licensing Taskforce suggest that in some cases the time to obtain a licence under mutual recognition may far exceed the time to obtain a licence for those residing in a given jurisdiction. This reflects additional search costs and potential delays associated with gaining mutual recognition. This analysis assumes that, obtaining a licence under mutual recognition takes twice the time taken to obtain a licence for those residing in a jurisdiction.

Table 4.72: Time cost associated with obtaining mutual recognition licence (multiplication factor)

Assumptions	Unit	Value	Source
Time cost to apply for a new licence under mutual recognition			
Plumbing and gasfitting	Multiplication factor	2	Assumption based on information provided by the National Licensing Taskforce and from jurisdictional regulators

Case studies provided by – and discussions with – the National Licensing Taskforce suggest that licence applications are more onerous under mutual recognition, including for renewals. As such, this analysis has assumed that renewing a mutual recognition licence takes 5 per cent more time than the time taken to renew a licence for those residing in a jurisdiction (over and above the time to apply for a licence – see above).

Table 4.73: Additional time cost upon renewal due to mutual recognition

Assumptions	Unit	Value	Source
Additional time cost due to mutual recognition (renewal only)			
Plumbing and gasfitting	% per licence	5%	Assumption based on information provided by the National Licensing Taskforce and from jurisdictional regulators

4.3.1.15 Removal of requirement to hold multiple licences across jurisdictions

Table 4.74: Percentage of licensees domiciled in another jurisdiction

Assumptions	Unit	Value	Source
Percentage of licensees domiciled in another jurisdiction			
NSW	%	3.87%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations
Vic	%	1.78%	Unpublished data provided by the National Licensing Taskforce
Qld	%	4.45%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations
WA	%	11.57%	Unpublished data provided by Western Australia on 15 May 2012
SA	%	6.21%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations
Tas	%	11.84%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations
ACT	%	33.14%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations
NT	%	9.69%	Unpublished data provided by the National Licensing Taskforce. Data provided was consolidated across all occupations

Given that the exact distribution of multiple licence holders across distributions is unknown, migration flows from 2010–11 have been used as a proxy. The percentages have been calculated based on migration numbers provided in Australian Bureau of Statistics, *Australian demographic statistics*, June quarter 2011, 'Table 19 – Interstate migration 2010–11', catalogue 3101.0.

Table 4.75: Estimated distribution of licence holders that hold a licence, domiciled in another jurisdiction (based on ABS migration data as a proxy)

		Jurisdiction in which licence holders are domiciled								
		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Jurisdiction in which the multiple licences are held	NSW		24%	42%	6%	9%	3%	12%	3%	100%
	Vic	36%		28%	10%	13%	5%	4%	4%	100%
	Qld	48%	22%		7%	10%	4%	4%	6%	100%
	WA	23%	26%	22%		11%	3%	3%	13%	100%
	SA	26%	24%	26%	9%		5%	2%	8%	100%
	Tas	20%	25%	29%	7%	13%		3%	4%	100%
	ACT	57%	13%	16%	4%	4%	2%		3%	100%
	NT	21%	19%	29%	13%	13%	2%	3%		100%

4.3.1.16 Experience requirements

Under national licensing, experience requirements for contractors and (full) licence holders would be removed and licensed plumbers and gasfitters could obtain a contractor or (full) licence sooner if they wished to do so. The direct benefit to licence holders of removing experience requirements could be measured by the wage difference between tradesperson registration holders and (full) licence holders, and (full) licence holders and contractors. The wage differential cannot be fully attributed to the experience requirement, as a variety of factors could affect wage levels. For the purposes of this analysis, it is assumed that a wage differential of 50 cents per hour can be attributable to the experience requirement.

The actual experience requirements in each jurisdiction range from one to six years. To provide an indicate estimate of the potential benefit, a conservative estimate of one year has been assumed for all jurisdictions.

Note that Victoria, the Northern Territory and the Australian Capital Territory do not have a contractor licence, and Western Australia does not currently have an experience requirement for contractors.

Table 4.76: Removal of experience requirement

Assumption	Unit	Value	Source
Assumed wage differential between contractors and (full) licence holders attributable to experience requirement			
NSW	\$ per licensee	\$0.50 per hour	Assumption used in this report for indicative purposes
Qld	\$ per licensee	\$0.50 per hour	Assumption used in this report for indicative purposes
Tas	\$ per licensee	\$0.50 per hour	Assumption used in this report for indicative purposes
Assumed wage differential between (full) licence holders and tradesperson registrations attributable to experience requirement			
All jurisdictions except South Australia	\$ per licensee	\$0.50 per hour	Assumption used in this report for indicative purposes South Australia has advised it does not impose any personal probity for (full) licence holders or registered tradespersons

Assumption	Unit	Value	Source
Years of experience required			
All jurisdictions (where an experience requirement exists)	Years per licensee	1 year	Assumption used in this report for indicative purposes
Working hours per year			
All jurisdictions	Hours per licensee	1,800	Assumption based on 7.5 working hours per day, 5 working days per week, 48 working weeks per year

4.3.1.17 Business value-add (capital efficiency)

This benefit relates to the expectation that if reforms lead to more efficient plumbing and gasfitting services – as would be expected if unnecessary licensing burdens are removed – then business will benefit from the value-add generated by a more efficient labour force.

The approach taken in this report is to assume a ratio between the benefits to labour selling plumbing and gasfitting services and the benefits to the business or household buying those services. The ratio of benefits to wages relative to benefits to profits is determined by using the ratio of labour to capital. For the purpose of this Consultation RIS, the impact (benefits and costs) to businesses and households that buy plumbing and gasfitting services is assumed to be one-third of the direct efficiency impact to licensees.

Table 4.77: Capital efficiency as a proportion of estimated labour efficiency

Assumption	Unit	Value	Source
Capital efficiency as a proportion of estimated labour efficiency			
All jurisdictions	%	1/3 (i.e. 33.3%)	Assumption based on Australian Bureau of Statistics 2011, <i>Australian System of National Accounts 2010–11</i> , catalogue 5204.0

4.3.1.18 Improved labour mobility

To provide an indication of the potential benefit due to an increase in labour mobility as a result of national licensing, this Consultation RIS draws on the work undertaken in this area by the Productivity Commission. For the purposes of this analysis, the following assumptions have been used to calculate an indicative estimate.

Table 4.78: Increase in real GDP due to national licensing

Assumption	Unit	Value	Source
Increase in real GDP due to national licensing			
Increase in Real GDP due to full labour mobility	%	0.3%	Productivity Commission 2009, <i>Review of Mutual Recognition Schemes, Research Report</i> , page 73.
Proportion of full labour mobility attributable to national licensing	%	10%	This assumption was made for illustrative purposes and was agreed to in discussions between the Commonwealth Treasury and the Office of Best Practice Regulation The aim of this estimate is to provide guidance on the potential impact in the context of mutual recognition, which has partly facilitated labour mobility under the base case

Table 4.79: Real GDP

Assumption	Unit	Value	Source
Real GDP			
National real GDP in 2011	\$	\$1.335 trillion	Australian Bureau of Statistics, <i>Australian national accounts: national income, expenditure and product (GDP, chain volume measures)</i> , Dec 2011, catalogue 5206.0, www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5206.0Dec%202011?OpenDocument

Table 4.80: The plumbing and gasfitting services industry in terms of employment as a proportion of real GDP

Assumption	Unit	Value	Source
Proportion of real GDP attributable to the plumbing and gasfitting services industry			
National	%	1.4%	<p>This percentage is based on the number of plumbing and gasfitting licensees as a proportion of the total number of persons employed in Australia. Total employed persons as at March 2012 was 11.49 million and there are 161,527 plumbing and gasfitting licensees (see licence numbers above)</p> <p>Total employed persons: Australian Bureau of Statistics, <i>Labour force, Australia (Labour force status by sex)</i>, March 2012, catalogue 6202.</p> <p>The benefit of perfect labour mobility was estimated by the Productivity Commission for 'registered workers'. Therefore, it may be more accurate to take plumbing and gasfitting services as a proportion of registered workers, which would lead to a higher estimate than 1.4%. However, to be conservative an estimate of 1.4% was agreed to in discussions between the Commonwealth Treasury and the Office of Best Practice Regulation.</p>

4.3.1.19 Changes to Certificate IV units

Existing certificate IV units – common

Table 4.81: Number of existing common Certificate IV units

Assumptions	Unit	Value	Source
Number of existing common units to obtain a water, sanitary and drainage licence			
NSW	# units	1	Based on information provided by the National Licensing Taskforce – 'Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options'
Vic	# units	2	
Qld	# units	2	
WA	# units	2	
SA	# units	2	
Tas	# units	4	
ACT	# units	2	
NT	# units	2	

The table below shows a more detailed breakdown of the four units and the assumptions made about which units are currently required in each jurisdiction. Given that each licensee would hold

different licence categories, these units have been based on the units required for most categories. For example, in the ACT 'Read and interpret plans and specifications' is required for a water and sanitary licence, but not for any other category, and only one unit is required in the ACT for gasfitters. To accommodate this variation between licensees, only two units have been assumed in the ACT. Similar judgments have been made in relation to the other jurisdictions where appropriate.

Table 4.82: Certificate IV units common across categories no longer required under the two-tier option

Common units	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Read and interpret plans and specifications (CPCBC4012A)	✓	×	×	×	×	✓	×	×
Carry out work-based risk control processes (CPCPCM4001A)	×	✓	✓	✓	✓	✓	✓	✓
Estimate and cost work (CPCPCM4002A)	×	✓	✓	✓	✓	✓	✓	✓
Identify hazards and assess occupational health and safety risks (BSBOHS403B)	×	×	×	×	×	✓	×	×
Number of units currently required	1	2	2	2	2	4	2	2

Existing certificate IV units – specific

Table 4.83: Number of existing category-specific Certificate IV units (electives)

Assumptions	Unit	Value	Source
Number of category-specific units to obtain a water, sanitary and drainage licence			
NSW	# units	5	Based on information provided by the National Licensing Taskforce – 'Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options'
Vic	# units	5	
Qld	# units	5	
WA	# units	5	
SA	# units	7	
Tas	# units	5	
ACT	# units	4	
NT	# units	5	

For the 80 per cent of licensees that are assumed to hold a licence covering water, sanitary and drainage, the table below shows a breakdown of the units currently required in each of the jurisdictions. Note that when considering electives, the two units that are subject to endorsements have not been included in the analysis.

Table 4.84: Certificate IV units specific to a licence category

Units specific to water, sanitary and drainage	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Undertake financial planning/Plan small business finances (BSBSBM402A/BSBSMB402), OR Manage finances/Manage small business finances (BSBSBM406A/BSBSMB406A)	×	×	×	×	✓	×	×	×
Apply legal requirements to building and construction projects (BCGBC4009A/CPCBC4009A), OR Establish business and legal requirements/Establish legal and risk management requirements of small business (BSBSBM401A/BSBSMB401A)	×	✓	✓	✓	✓	×	×	✓

Units specific to water, sanitary and drainage	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Design and size sanitary plumbing systems (CPCPSN4011A)	✓	✓	✓	✓	✓	✓	×	×
Design and size sanitary drainage systems (CPCPDR4011A)	✓	✓	×	✓	✓	✓	✓	✓
Design and size stormwater drainage systems (CPCPDR4012A)	✓	✓	✓	×	✓	✓	✓	✓
Design and size domestic treatment plant disposal systems (CPCPDR4013A)	✓	✓	✓	✓	✓	✓	✓	✓
Design and size heated and cold water services and systems (CPCPWT4011A)	✓	×	✓	✓	✓	✓	✓	✓
Number of units currently required	5	5	5	5	7	5	4	5

Proposed number of Certificate IV units

Table 4.85: Proposed number of common Certificate IV units

Assumptions	Unit	Value	Source
Proposed number of common Certificate IV units to obtain a water, sanitary and drainage licence			
Two-tier	# units	0	Based on advice from the National Licensing Taskforce
Three-tier option with 4 common Certificate IV units	# units	4	Based on information provided by the National Licensing Taskforce – ‘Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options’
Three-tier option with 2 common Certificate IV units	# units	2	Based on information provided by the National Licensing Taskforce – ‘Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options’

Table 4.86: Proposed number of category specific Certificate IV units (electives)

Assumptions	Unit	Value	Source
Proposed number of category specific Certificate IV units to obtain a water, sanitary and drainage licence			
Two-tier	# units	0	Based on advice from the National Licensing Taskforce
Three-tier option with 4 common Certificate IV units	# units	5	Based on information provided by the National Licensing Taskforce – ‘Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options’. Note that units that are subject to endorsements have not been included in this analysis
Three-tier option with 2 common Certificate IV units	# units	5	Based on information provided by the National Licensing Taskforce – ‘Comparison of Certificate IV units currently required by jurisdictions with national licensing three-tier options’. Note that units that are subject to endorsements have not been included in this analysis

Cost of Certificate IV units

The cost of undertaking a Certificate IV unit includes the direct cost incurred by the individual (the fee charged by the training provider) and the indirect cost associated with undertaking the unit (the time that each individual spends completing each unit). The time spent (in hours) is multiplied by the average hourly wage rate to estimate a time cost.

Table 4.87: Fees associated with Certificate IV units

Assumptions	Unit	Value	Source
Fees associated with Certificate IV units			
NSW	Fee per unit	\$500	These estimates were provided by NSW in its policy document 'Examination of additional units of competency for various NOLS plumbing and gasfitting licences'. It is based on the cost to complete seven additional units (CPCBC4012A, CPCPWT4001A, CPCPDR4001A, CPCPDR4002A, CPCPDR4003A, CPCPSN4001A, CPCPGS4001A) in NSW Based on \$3,500 for 7 units = \$500 per unit
Vic	Fee per unit	\$104.25	Based on information sourced from the Victoria University and the Northern Melbourne Institute of TAFE regarding the Certificate IV units being removed 'Establish legal and risk management requirements of small business' (BSBSMB401A) and 'Design and size sanitary plumbing systems' (CPCPSN4011A), www.vu.edu.au/courses/fees-and-scholarships/enrolment-fees-and-charges and http://www.nmit.edu.au/course_info/local_students/fees Victoria University fee per hour is \$2.17 (www.vu.edu.au/courses/fees-and-scholarships/enrolment-fees-and-charges), BSBSMB401A (60 hours) fee is \$130.20 and CPCPSN4011A (40 hours) fee is \$86.80 Northern Melbourne Institute of TAFE fee per hour is \$2.00 (www.nmit.edu.au/course_info/local_students/fees), BSBSMB401A (60 hours) fee is \$120 and CPCPSN4011A (40 hours) fee is \$80
Qld	Fee per unit	\$355.13	Gold Coast TAFE, <i>Course details and fees</i> , www.goldcoast.tafe.qld.gov.au/cis/index.php?script_name=coursedetails&course_id=3443 Total fee of \$5,327 divided by the number of 'topics' covered. It is assumed that each of these topics represents a unit
WA	Fee per unit	\$332.81	Average fees of other jurisdictions used as no data was available
SA	Fee per unit	\$332.81	Average fees of other jurisdictions used as no data was available
Tas	Fee per unit	\$332.81	Average fees of other jurisdictions used as no data was available
ACT	Fee per unit	\$371.86	Average of five units listed by Canberra Institute of Technology, <i>Course details and fees</i> , http://cit.edu.au/future/courses/water_plumbing_licensing_statement_of_attainment
NT	Fee per unit	\$332.81	Average fees of other jurisdictions used as no data was available

Table 4.88: Classroom delivery hours for each Certificate IV unit

Assumptions	Unit	Value	Source
Classroom delivery hours for each Certificate IV unit			
NSW	Hours per unit	39	These estimates were provided by NSW in its policy document 'Examination of additional units of competency for various NOLS plumbing and gasfitting licences'. It is based on the time (276 hours) to complete seven additional units (CPCBC4012A, CPCPWT4001A, CPCPDR4001A, CPCPDR4002A, CPCPDR4003A, CPCPSN4001A, CPCPGS4001A) in NSW
Vic	Hours per unit	36	Average hours of other jurisdictions used as no data was available
Qld	Hours per unit	21	Gold Coast TAFE, <i>Course details and fees 2011</i> , www.goldcoast.tafe.qld.gov.au/cis/index.php?script_name=coursedetails&course_id=3443
WA	Hours per unit	36	Average hours of other jurisdictions used as no data was available
SA	Hours per unit	36	Average hours of other jurisdictions used as no data was available
Tas	Hours per unit	36	Average hours of other jurisdictions used as no data was available
ACT	Hours per unit	36	Average hours of other jurisdictions used as no data was available
NT	Hours per unit	48	Charles Darwin University, <i>Course details and fees 2011</i> , http://stapps.cdu.edu.au/pls/apex/f?p=100:31:2683280760763052::NO::P31_SEARCH_COURSE,P31_SEARCH_YEAR,P31_SEARCH_VERSION:CPC40909,2011,1

Assumed percentage of licensees requiring difference Certificate IV units

Table 4.89: Assumed percentage of elective units

Assumptions	Unit	Value	Source
Assumed percentage of licensees and the elective units			
Percentage of licensees impacted by changes in the unit levels outlined above	%	80%	Based on consultation with regulators, it is assumed that 80% of licensees have a licence covering water, sanitary and drainage
Number of units no longer required for remaining 20% of licensees – two-tier option	Units per licensee	1	Given data constraints, to simplify the analysis, it is assumed that the remaining 20% of licensees would have to do at least one category-specific unit (elective)
Number of units no longer required for remaining 20% of licensees – three-tier options	Units per licensee	0	Given data constraints, to simplify the analysis, it is assumed that for the remaining 20% of licensees there is no change in unit requirements

4.3.1.20 Duplicate testing in Victoria

Based on advice from the Victorian Plumbing Industry Commission, it is assumed that all applicants must complete one assessment. The commission advised that licensees generally only undertake either the registration or licence exam. For the purpose of this analysis it has been assumed that each applicant will sit a three-hour test (based on the time to complete the licence exam as no information on the time to complete a registration exam was found on Plumbing Industry Commission's website) and an average fee across the two common tests has been applied.

Table 4.90: Removal of duplicate testing requirements in Victoria

Assumptions	Unit	Value	Source
Time cost for all new licensees			

Assumptions	Unit	Value	Source
Time to sit test	Hours per licensee	3 hours	Plumbing Industry Commission, <i>Licence (theory) test</i> , www.pic.vic.gov.au/www/html/158-theory-exam.asp Note that no time information was provided on the commission's website for the registration exam, so the time to sit the licence exam has been used
Fees payable for all new licensees			
Fee for test	\$ per licence	\$97.68	Average of the fee payable for the licence exam and registration exam Licence exam – \$143.15: Plumbing Industry Commission, <i>Licence (theory) test</i> , www.pic.vic.gov.au/www/html/158-theory-exam.asp Registration exam – \$52.20: Plumbing Industry Commission, <i>Licensing and registration fees</i> , www.pic.vic.gov.au/www/html/139-licensing-and-registration-fees.asp

4.3.1.21 Cost of introducing financial probity requirements

Under national licensing, financial probity requirements would apply for all licence types. Given that not all jurisdictions currently impose financial probity requirements for all licences, this will lead to additional costs for licence holders in certain jurisdictions.

The financial probity requirements under national licensing would involve the disclosure of certain acts, such as a failure to pay fines. This would impose a time cost for all new licence applicants, who would need to spend time identifying whether they have anything to disclose and then, if necessary, writing out their disclosure.

Table 4.91: Cost of introducing financial probity requirements for contractors

Assumptions	Unit	Value	Source
Financial probity requirements			
WA	Hours per licensee	0.166 (10 mins)	Assumption based on a PricewaterhouseCoopers study ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29) It is estimated that disclosing information will take 10 minutes on average. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure.
ACT	Hours per licensee	0.166 (10 mins)	Assumption based on a PwC study (PwC, 'Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). It is estimated that disclosing information will take 10 minutes on average. It is expected that some individuals will take less than 10 minutes (ie if they do not have anything to disclose), and some may take longer (ie if they have many items to disclose). This variation is accounted for by using an average figure.

Table 4.92: Cost of introducing financial probity requirements for (full) licence holders

Assumptions	Unit	Value	Source
Financial probity requirements			
Vic	Hours per licensee	0.166 (10 mins)	Assumption based on a PricewaterhouseCoopers study ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). It is estimated that disclosing information will take 10 minutes on average. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure
Qld	Hours per licensee	0.166 (10 mins)	
SA	Hours per licensee	0.166 (10 mins)	
Tas	Hours per licensee	0.166 (10 mins)	
ACT	Hours per licensee	0.166 (10 mins)	
NT	Hours per licensee	0.166 (10 mins)	

Table 4.93: Cost of introducing financial probity requirements for tradesperson registrations

Assumptions	Unit	Value	Source
Financial probity requirements			
Vic	Hours per licensee	0.166 (10 mins)	Assumption based on a PricewaterhouseCoopers study ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). It is estimated that disclosing information will take 10 minutes on average. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure
Qld	Hours per licensee	0.166 (10 mins)	
SA	Hours per licensee	0.166 (10 mins)	
Tas	Hours per licensee	0.166 (10 mins)	
ACT	Hours per licensee	0.166 (10 mins)	
NT	Hours per licensee	0.166 (10 mins)	

4.3.1.22 Removal of personal probity requirements for non-contractor licences

Under national licensing, personal probity requirements would be removed for all non-contractor licences (this includes (full) licence holders and tradesperson registrations). In jurisdictions that currently impose personal probity checks for non-contractor licence applicants, a benefit would be gained by avoiding the cost of probity checks. In jurisdictions that impose this requirement, one or more of the following personal probity costs are incurred by licence applicants:

- the time to obtain two references
- fees for obtaining a police check
- the time to disclose charges or disqualifications.

Table 4.94: Removal of personal probity for (full) licence holders

Assumptions	Unit	Value	Source
Personal probity requirements			
NSW	Hours per licensee	0.33 hours (20 minutes)	<p>Assumption based on the requirement to be a 'Fit and proper person'. It is assumed that this requirement would be met by providing two references or spending an equivalent time on making a declaration</p> <p>http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/plumber/contractor_licence_-_plumbing_-_individual</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p>
Vic	Hours per licensee	0.166 hours (10 minutes)	<p>Victoria requires the disclosure of charges or disqualifications. Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes).</p>
WA	Hours per licensee	0.5 hours (30 minutes)	<p>Based on the following requirements:</p> <ul style="list-style-type: none"> • Details of any charges and disqualifications from holding an occupational licence – It is estimated that disclosing information will take 10 minutes on average. It is expected that some individuals will take less than 10 minutes (i.e. if they do not have anything to disclose), and some may take longer (i.e. if they have many items to disclose). This variation is accounted for by using an average figure • Details of two referees – It is assumed that 30 minutes will be required for an applicant to obtain a passport photo and two written references (PricewaterhouseCoopers, 'Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). It has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes) <p>Plumbers Licensing Board, <i>Tradesperson's licence application</i>, www.plumbers.wa.gov.au/PDF/Forms/2011_Tradespersons_L.pdf</p>
	\$ per licensee	\$53.70	Western Australia Police, <i>National Police Certificates</i> , www.police.wa.gov.au/OurServices/PoliceChecks/NationalPoliceCertificates/tabid/1339/Default.aspx

Assumptions	Unit	Value	Source
Tas	Hours per licensee	0.33 hours (20 minutes)	<p>Assumption based on the requirement to be a 'Fit and proper person'. It is assumed that this requirement would be met by providing two references</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p> <p>Workplace Standards Tasmania, <i>Fit and proper</i>, www.wst.tas.gov.au/industries/licensing/occupational_licensing/fit_and_proper</p>
ACT	Hours per licensee	0.166 hours (10 minutes)	<p>The ACT requires the disclosure of charges or disqualifications. Based on the mapping exercise undertaken by the COAG National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p>
NT	Hours per licensee	0.33 hours (20 minutes)	<p>Assumption based on the requirement to provide 'character references'. It is assumed that this requirement would be met by providing two references</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p> <p>NT Plumbers and Drainers Licensing Board – Application forms</p>

Table 4.95: Removal of personal probity for tradesperson registrations

Assumptions	Unit	Value	Source
Personal probity requirements			
NSW	Hours per licensee	0.33 hours (20 minutes)	<p>Assumption based on the requirement to be a 'Fit and proper person'. It is assumed that this requirement would be met by providing two references or spending an equivalent time on making a declaration</p> <p>Fair Trading NSW, <i>Business Licensing Information Service</i>, http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/plumber/contractor_licence_-_plumbing_-_individual</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p>
WA	Hours per licensee	0.166 hours (10 minutes)	<p>Western Australia requires the disclosure of charges or disqualifications. Based on the mapping exercise undertaken by the National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p>
NT	Hours per licensee	0.33 hours (20 minutes)	<p>The Northern Territory requires two written references. Based on the mapping exercise undertaken by the National Licensing Taskforce, which identified the differences between state and territory licensing requirements and the requirements proposed under national licensing</p> <p>Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes)</p>

4.3.1.23 Removal of the requirement to license apprentices

Table 4.996: Number of current apprentices in the industry

Assumptions	Unit	Value	Source
Number of apprentice licence applications per annum			
WA	# apprentice licensees	616	Plumbers Licensing Board, <i>Licensed plumbers numbers</i> , www.plumbers.wa.gov.au/Content/Licensing/Plumbing_Contractors_Licence_A.html
SA	# apprentice licensees	526	Unpublished data provided by the National Licensing Taskforce, received May 2011 based on advice from regulators

Table 4.97: Fee for apprentice licence

Assumptions	Unit	Value	Source
Apprentice licence fee			
WA	\$ per licence	\$70	Government of Western Australia, Department of Commerce, Energy Safety, <i>Application for a 'Class G' gasfitting permit for apprentices and pre-apprentices restricted to work under supervision</i> , www.commerce.wa.gov.au/EnergySafety/PDF/Forms/R096%200711.pdf
SA	\$ per licence	\$0	There is currently no fee for apprentice licences in South Australia

4.3.1.24 Removal of licensing for non-agricultural urban irrigation work

Currently, non-agricultural urban irrigation is licensed in New South Wales, Queensland and Victoria. Under national licensing, a licence would no longer be required, and therefore those who undertake that work in those states would benefit from avoiding licensing costs. It is assumed that the fee and time cost for applying for this licence category is the same as the standard plumbing and gasfitting licence categories.

It is assumed that all of these licence holders only conduct non-agricultural urban irrigation work and do not do any other scope of work that would still require a licence under national licensing. If this is incorrect, the benefits in this report would be overstated.

Unfortunately, there is currently no available information on the number of current licences for non-agricultural urban irrigation in Queensland. Therefore, the impact on that state has not been quantified.

Table 4.98: Number of licences for non-agricultural urban irrigation work

Assumptions	Unit	Value	Source
Existing non-agricultural urban irrigation licences			
NSW	# of licences	680	Unpublished data provided by NSW regulator on 29 February 2012 Note: The proportions associated with total existing licensees across the three licence categories has been applied to the number of non-agricultural urban irrigation licensees for the purpose of this analysis
Vic	# of licences	75	Unpublished data provided by Victorian regulator received 23 February 2012 (licence numbers as at 30 June 2011) Note: The proportions associated with total existing licensees across the three licence categories has been applied to the number of non-agricultural urban irrigation licensees for the purpose of this analysis
Qld	# of licences	174	Unpublished data provided by Queensland on 31 May 2012 Queensland only licenses contractors for non-agricultural urban irrigation work

4.3.1.25 Introducing worker licences in Queensland

The number of expected worker licensees is only approximate, as data on the actual number is unknown. The licence fees and terms used in calculating the impact on these licensees are those currently set for (full) licence holders in Queensland.

Table 4.99: Number of workers required to be licensed in Queensland under national licensing

Assumptions	Unit	Value	Source
Number of worker licensees in Queensland			
Mechanical services	Number of licensees	4,000	Unpublished estimate provided by Queensland on 31 May 2012
Gasfitting Type B	Number of licensees	500	Unpublished estimate provided by Queensland on 31 May 2012

4.3.1.26 Introducing contractor licences under national licensing

The number of expected business contractor licensees is only approximate, as data on the actual number is unknown. The licence fees and terms used in calculating the impact on these licensees are those currently set for (full) licence holders in the relevant jurisdictions.

Table 4.100: Number of business contractor licensees under national licensing

Assumptions	Unit	Value	Source
Number of business contractor licensees expected under national licensing			
Vic	Number of licensees	2,915	Prorated from the number of (full) licence holders in Victoria, based on the proportion of contractor licensees that are businesses in New South Wales
NT	Number of licensees	239	Prorated from the number of (full) licence holders in the Northern Territory, based on the proportion of contractor licensees that are businesses in New South Wales

4.3.1.27 Providing evidence of skills maintenance

All applications for a licence in plumbing, draining or gasfitting classes in New South Wales and the Northern Territory must be accompanied by supporting statements from the applicant's supervisor verifying the applicant's experience in carrying out the work in accordance with relevant standards and codes. It is assumed that disclosing this information to the appropriate regulator takes 10 minutes per licensee.

Table 4.101: Time to generate proof/letter showing experience maintaining skills

Assumptions	Unit	Value	Source
Time to meet requirements			
NT	Hours per licensee	0.166 hours (10 minutes)	Based on a PricewaterhouseCoopers study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references ('Private Security Regulations 2005: Regulation Impact Statement', April 2005, page 29). In the absence of any other information, it has been assumed that one-third of this cost is attributable to obtaining one written reference (i.e. 10 minutes) Plumbers and Drainers Licensing Board, <i>Evidencing skills maintenance for plumbers and drainers</i> , www.plumberslicensing.nt.gov.au/__data/assets/pdf_file/0010/14221/pub_skillsmaint.pdf

5 Implementation

5.1 Implementation of national licensing

Administrative responsibility for national licensing would be undertaken by the National Occupational Licensing Authority (licensing authority), which has been established in Sydney. The licensing authority is a statutory authority, governed by a board of up to 10 members, including an independent chair, and reporting to a ministerial council. The role of the licensing authority is to develop consistent national policy for obtaining a licence and to administer the national system. In doing this, it must consult with industry stakeholders in relevant occupational areas and establish occupational licence advisory committees. During the implementation phase, the licensing authority would regularly consult with a jurisdictional reference group on issues that arise regarding the implementation of the national system and on progress with the development of licence policy.

Under the *Occupational Licensing National Law Act 2010* (National Law), the licensing authority would delegate its responsibility for the operation of licensing services to nominated regulators in each state or territory that has adopted the National Law. Service agreements would be used to establish consistent licence requirements and service delivery standards for national licensing arrangements across jurisdictions. Licence holders and applicants would therefore continue to interact with regulatory offices in their home jurisdiction in most instances, which will help minimise the costs of implementing national licensing.

National licensing would not encompass the standards and behaviour (conduct) of licensees once they have obtained a licence. These matters, together with compliance and enforcement, would remain the responsibility of states and territories. However, the National Law would provide for certain grounds for disciplinary action to be taken and for the full range of disciplinary action that can occur. Breaches of jurisdictional conduct requirements may also have an outcome on the licence. All disciplinary outcomes which affect a licence would be recorded on the national licensing database.

5.2 Transitional arrangements

5.2.1 Deeming of current licence holders

The Intergovernmental Agreement for a National Licensing System for Specified Occupations provides for deeming arrangements for current licence holders to transition to the national licensing scheme. Any licensee who is deemed into the scheme is considered to fulfil the skills-based requirements needed for continuing eligibility while they continue to hold that licence. Current jurisdictional licensees will be transitioned into the national licensing system based on the following deeming principles:

- No disadvantage – all current licence holders will be able to do tomorrow, under national licensing, what they are able to do today. The deeming process will authorise a licensee to do a similar scope of work under national licensing to that authorised under their current jurisdictional licence.
- Current licensees will not be required to undertake any additional training or testing to be eligible for the relevant national licence category.
- A jurisdiction will not be required to adopt a national licence category that is not currently regulated by that jurisdiction when national licensing commences, in accordance with clause 4.2(f) of the intergovernmental agreement.

- Some work currently requiring a licence will not be regulated work under national licensing and a licence will no longer be required for that work.
- Adoption of a 'best fit' approach – some licences will not have a direct equivalent and a current category may map to more than one category or a category plus an endorsement. Alternatively, some categories may have a scope of work that is significantly less than that proposed for a national licence and conditions or restrictions may be applied to achieve a best fit. It is necessary to apply restrictions and conditions to ensure licensees are not transitioned to licences that would allow them to undertake a wider scope of work than their current licences allow, as this could pose an unacceptable safety risk to themselves and the community.

Each jurisdiction has undertaken a process to map straightforward, like-to-like equivalences of jurisdictional licences to the relevant national licence category or categories. This mapping, which covers some 80 per cent of current jurisdictional licences, will be incorporated into the jurisdictional transitional legislation.

The exception to this is for those licensees that have conditions or directions applied as a result of disciplinary action; in these cases, the licence will be transitioned 'as is'.

Following is information on the deeming of jurisdictional licences under specific circumstances.

5.2.2 Administrative transactions that were initiated before national licensing begins

All applications for the issue, renewal or restoration of a licence lodged before the national licensing commencement date will continue to be assessed under the relevant jurisdictional licensing legislation in place immediately prior to the commencement of national licensing. The licence will then be transitioned to national licensing as outlined in 5.2.1.

5.2.3 Disciplinary and court processes and actions that were initiated before national licensing begins

All applications lodged in relation to disciplinary and court processes and actions, including internal reviews, before the national licensing commencement date will continue to be assessed under the relevant jurisdictional licensing legislation in place immediately prior to the commencement of national licensing. The decision will take effect as though it was made under the National Law. If a decision is made under the old law for the disciplinary action and an appeal within the given appeal period has not been made at the time when national licensing commences, the right to appeal will continue under the old law.

5.2.4 Transitioning suspended licensees

All licensees suspended under relevant jurisdictional licensing legislation will continue to remain suspended until the suspension expires and during the period of suspension will not be able to operate in any jurisdiction.

5.2.5 Transitioning disqualified licensees and cancelled licences

A person who currently has a cancelled licence, as a result of a disciplinary action, for a specific occupation and licence type in any jurisdiction but a valid licence in another jurisdiction, for the same category of licence, would not be transitioned to a national licensing system licence if the period of the cancellation has not expired or was made in the last two years. The valid licence, held for the same category of licence, in the secondary jurisdiction would also be considered disqualified or cancelled and the person would not be able to operate in any jurisdiction. Under the new law this person would be treated as an excluded person nationally until the cancellation or disqualification

period has expired. It is recognised that this may be taking away a person's right; however, this is a fundamental part of the design of the system which is aimed at protecting the public safety and the consumer.

5.2.6 Eligibility for those who initiated training before national licensing begins

An applicant who completes a qualification or course that was required immediately before the commencement of the *Occupational Licensing National Law Act 2010* has met the skill based eligibility requirements provided that, immediately before the commencement date, the applicant was enrolled in the course or program for the issue of a jurisdictional licence.

5.2.7 Eligibility for those who completed training before national licensing begins

An applicant who completes a qualification or course that was required in a jurisdiction immediately before the commencement of the National Law for a jurisdictional licence will be deemed to have met the skills-based eligibility requirement for a national licence for the period of three years from commencement of national licensing for that occupation.

A person holding a qualification not recognised under national licensing should seek advice from the licensing regulator in that jurisdiction about the possibility of obtaining a national licence. A person moving to a jurisdiction where a national licence will be required to undertake the type of work they do, and who does not hold a qualification, will need to contact the licensing authority for details on how to apply for the licence. Options will include seeking recognition of prior learning from a registered training organisation. The interim advisory committee proposed that a national skill and knowledge currency test should be developed and applied in these circumstances.

Question: In transitioning to national licensing, some qualifications that currently qualify applicants for a jurisdictional licence will not qualify an applicant for the equivalent national licence.

Do you agree that these qualifications, if started before the commencement of national licensing, should be deemed to satisfy the skills based eligibility requirements for the equivalent national licence (as is proposed under national licensing)?

Question: Further to the previous questions, it is proposed that an individual who completes such a qualification immediately before the commencement of national licensing will have three years to apply for a national licence. After this three year period, measured from the commencement of national licensing, these 'superseded' qualifications will no longer be deemed to satisfy the skills based eligibility requirements for a national licence.

Do you agree with this proposal?

5.2.8 Lapsed licences

A licence that has lapsed within the restoration period provided in current jurisdictional legislation preceding the commencement of the national licensing system will be restored under the old law and deemed to an equivalent licence under the National Law.

Question: If your licence lapsed before the commencement of national licensing (meaning you would not have transitioned to a national licence), the proposed grace period for applying for an equivalent national licence will be the same as the current restoration arrangements in the jurisdiction that issued your licence (if any).

Do you agree with this proposal?

Note: After the commencement of national licensing, the proposed grace period to restore a lapsed licence is three months. A licensee can only restore their licence if the restoration period has not expired.

5.2.9 Current trainees for a restricted licence

A person in training for a restricted licence that would have been granted under current jurisdictional legislation, but that will not exist under the national licensing system, will be eligible to apply for a licence with limitations on the scope of work that make it equivalent to the former jurisdictional restricted licence for a period of up to 12 months following completion of their training.

Certain restricted licence categories will be discontinued under national licensing. Do you agree that a grace period of 12 months should be provided in which an individual that qualified for a discontinued licence will be deemed eligible for an equivalent national licence (with limitations on the scope of work)?

Note: The grace period will be measured from completion of the outdated restricted licence qualification. The qualification must have been commenced before the start of national licensing.

5.3 Notification

Prior to the commencement of national licensing for plumbing and gasfitting occupations, licensees would be advised by letter of the national licence they will hold following commencement of the system. Licensees will have the opportunity to discuss any concerns they may have with their proposed national licence. It should be noted that current state and territory licences will be considered national licences when licensing commences for that occupation.

5.3.1 Issuing of new national licence documentation

Under the option for national licensing, it is proposed that new national licence documents would be provided to licensees at the time of renewal (rather than on commencement of national licensing). However, some jurisdictions may have the capacity to issue new licence documents to all licensees on the commencement date of national licensing for that occupation. Licensees will be advised by their jurisdictional regulator as to when a national licence document will be made available.

Most licence holders will retain their existing licence document until its expiry date. On renewal, a national licence document would then be issued. It is proposed that licensees who have had changes to their licence category will be written to prior to the commencement of national licensing to confirm their licence category. Licensees would be issued with a national licence document at the commencement of national licensing. It is anticipated that licensees who wish to obtain a national licence before the renewal date should be able to do so; however, this may be subject to the capacity of each jurisdiction to provide this service.

A new national licence numbering scheme is proposed where a unique national licence number would be assigned to each licensee that transitions to national licensing and to each new licensee after the system commences. The national system would identify each entity once only in the licensing database. It is also proposed that an individual, persons in a partnership or company should be able to hold multiple occupational licence categories under this single national licence number.

The proposed national licensing register would have the capacity to search for a licensee's new national licence number and all previously generated licence numbers.

There will be a five year transitional period by which time all licensees would be required to use their national licence number for advertising, marketing and identification purposes, and a licensee's previous state or territory licence number/s, cards and certificates could no longer be used.

5.3.1.1 Format of licence documentation

A combination of cards and certificates are currently issued by the jurisdictions. It was observed that the quality of cards and certificates varies greatly between jurisdictions. Commonly for property licensees only a certificate is produced. Cards for the other occupations varied greatly, ranging from laminated cardboard to high-quality cards produced to a similar standard to a driver's licence with photographic identification.

The National Law allows for an approved form of a national licence. One option proposed is that the licensing authority or its delegates (existing jurisdictional regulators) would issue:

- a licence card (similar to a driver's licence in size and content) for identification purposes when engaging with members of the public, employers or regulators
- a licence certificate to corporate entities.

Currently most jurisdictions, for some of the occupations, can issue a licence card with a photo. For example, Victoria, Queensland and the Northern Territory issue licence cards with photos for the plumbing occupations only. South Australia and Tasmania issue them to all the trade occupations. However, under national licensing the licensing authority would set the minimum requirements for standard national licence documents and jurisdictions would be required to issue national licences that comply with the requirements.

Note that the inclusion of photo identification on an individual's licence card would probably increase the cost of a licence where it is not currently provided by state-based regulators. It is possible that the cost of a photo licence could be minimised with the economy of scale of all participating jurisdictions.

5.4 Communication strategy for national licensing

Consultation about national licensing has been ongoing with a range of stakeholders including state and territory governments, industry, employer and employee representatives and internal working groups.

As with any change to regulations, a communication awareness campaign will need to be undertaken to ensure licensees, consumers and other stakeholder are informed of changes that may affect them once the new system is implemented.

There should be two levels of an awareness campaign for national licensing; one at a jurisdictional level and one at a national level.

A jurisdictional campaign could include the following activities:

- direct communications (letters/emails)
- metropolitan and regional meetings with licensees
- website content and social media
- temporary call centre staffing
- public information campaign

- industry and public campaign management.

An estimate drawing on a Victorian campaign of a similar scale to that suggested above is approximately \$300,000 to \$350,000, and is based on approximately 22,000 licensees. The impact analysis contained in this Consultation Regulation Impact Statement includes a qualitative estimate of the communication costs for governments during the transition period.

At a national level, the licensing authority would assist with the communication process by ensuring consistency of messaging through the [licensing authority website](#), media releases and other media and social avenues. The licensing authority's board and the chief executive officer could be expected to consult with:

- ministers and governments
- business and industries
- other peak bodies, which would include employee and employer associations.

5.5 Review

The Ministerial Council will initiate an independent public review of the operation of the national licensing system, including the legislation establishing the system, in accordance with the guidelines established by the Office of Best Practice Regulation, not earlier than five years from the commencement of the national licensing system and every 10 years thereafter. The Ministerial Council will set the terms of reference for the review.

Attachment A – Submission process

The COAG National Licensing Steering Committee is seeking input from stakeholders and the wider public on the proposals outlined in this Consultation RIS. The Consultation RIS is subject to a minimum six-week consultation period, and the steering committee welcomes feedback on the proposed options for implementation and any other aspect of the document.

The closing date for submissions to this Consultation RIS is **21 September 2012**. The closing date may be extended; please check the [national licensing website](http://www.nola.gov.au) (www.nola.gov.au) for information.

How to provide a submission

Online survey feedback

An [online submission survey response is available](https://www.surveymonkey.com/s/National_Licensing_Plumbing_Gasfitting_RIS_Feedback) through the following link https://www.surveymonkey.com/s/National_Licensing_Plumbing_Gasfitting_RIS_Feedback, and this is the preferred option for providing submissions. The survey takes the user through a series of questions that have been drawn from the Consultation RIS. Each question includes a page reference to help direct the user to the relevant discussion in the RIS. The feedback received through this process will assist in shaping a national occupational licensing schema for the electrical occupations. Your time in providing a response is appreciated.

If you are unable to use the on-line submission survey, a paper based submission will be accepted using the template provided on the [national licensing website](http://www.nola.gov.au) (www.nola.gov.au). Paper submissions can be lodged as follows:

By email:

info@coagskillstaskforce.gov.au

By mail:

COAG National Licensing Taskforce
Department of Innovation, Industry, Science, Research and Tertiary Education
GPO Box 9839
16 Mort St
Canberra City ACT 2600

Stakeholders should indicate if their submission is confidential and/or clearly indicate sections that may contain confidential or sensitive information that is not for publication. With this exception, all submissions will be published on the website.

Attachment B – Key changes to existing jurisdictional licensing arrangements

New South Wales

There are some general differences that would apply to new individual worker's licence applicants when compared to current licensing arrangements, including:

- removal of personal probity checks, health and fitness checks, evidence of experience and age requirements
- removal of urban irrigation, which is now part of plumbing or exempt
- One fire protection licence would replace the two currently offered at all licence levels
- Two gasfitting licence categories replace the three currently available at the contractor level; however, at the full licence, one category is replaced by two
- removal of financial probity check for bankruptcy for tradespersons and licence holders
- variation to the number of Certificate IV units required at the full licence level.

In New South Wales a licence or registration is not currently issued for mechanical services plumbing, and under national licensing neither will be issued for this occupation.

Table B 1: Changes to existing licensing arrangements – New South Wales

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor – Plumbing work (includes sanitary)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Fit and proper • Experience. • Separate urban irrigation licence • Age requirement
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor Draining work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional three Certificate IV units of competency <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Fit and proper • Experience. • Age requirement
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>Plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor Gasfitting work</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Fit and proper • Experience. • Age requirement
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician’s licence etc.</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor Advanced Liquid Petroleum gasfitting work</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • One less Certificate IV unit of competency. • Health and Fitness check. • Fit and proper • Experience. • Age requirement

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor Water Plumbing – Fire Protection Systems</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional three Certificate IV units of competency <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Requirement for separate fire sprinkler systems licence. • Health and Fitness check. • Fit and proper • Fit and proper • Experience. • Age requirement
<p>Mechanical Services licence</p> <p>Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Plumber – tradesperson registration</p> <p>Certificate III in Plumbing or</p> <p>Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Tradesperson Certificate (includes sanitary) and Water Plumbing</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Experience. • Age requirement • financial probity check for bankruptcy
<p>Drainer – tradesperson registration</p> <p>Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or</p> <p>Certificate II in Drainage plus selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Tradesperson Certificate Draining work</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Experience. • Age requirement • financial probity check for bankruptcy
<p>General gasfitter – tradesperson registration</p> <p>Certificate III in Gas Fitting including selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Tradesperson Certificate Gasfitting work</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Experience. • Age requirement • financial probity check for bankruptcy

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Fire protection – tradesperson registration</p> <p>Certificate III</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Tradesperson Certificate Water Plumbing work – Fire Protection Systems</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Experience. • Age requirement • financial probity check for bankruptcy.
<p>Mechanical Services – tradesperson registration</p> <p>Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction.</p>
<p>Contractor (in any category)</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed Contractor in all relevant categories</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Age requirement • Reduced time requirement following bankruptcy.
<p>Provisional plumber (water and sanitary)</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing</p> <p>OR Certificate III in Plumbing (Mechanical Services)including the sanitary stream</p> <p>1 year duration</p>	<p>Substantially the same</p>
<p>Provisional drainer</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A</p> <p>1 year duration</p>	<p>Substantially the same</p>
<p>Provisional general gasfitter</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>1 year duration</p>	<p>Substantially the same</p>
<p>Plumber’s (disconnect/reconnect) licence</p> <p>Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Endorsed supervisor Water Plumbing work – Disconnect/Reconnect Electric Hot Water Heating Appliances</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Health and Fitness check. • Criminal history check • Fit and proper • Experience. • Age requirement

Victoria

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of personal probity checks, evidence of experience, additional testing requirements
- the introduction of a separate contractor level licence holders – currently licence holders can contract with the public
- non-agricultural irrigation would form part of plumbing or be exempt
- at the tradesperson level, removal of the option for the regulator to issue a provisional registration in a single category where an applicant has not met the qualification requirements other than those who have met the agreed OTSR standards
- fire sprinkler systems work would no longer be issued as a restricted form of fire protection
- the separate endorsement for backflow prevention would form part of the work of a fully licensed plumber.
- the endorsement for Type A gas conversion work would be removed and form part of general gasfitting
- separate registration for Gasfitting Type B would be removed
- removal of the endorsement for Type A gasfitting work restricted to servicing
- a large number of restricted licences and registrations would be removed
- incidental design work would no longer form part of plumbing and gasfitting work and construction is not included in the regulated work
- work involving subsoil drains, stormwater pits and retention tanks is not included in the national licensing regulated work
- ducting, medical gases and split system work would no longer be regulated work under mechanical services.

Table B.2: Changes to existing licensing arrangements – Victoria

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Water supply plumber and sanitary plumber (two licences)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor’s licence if choosing to contract. • Additional four Certificate IV units of competency (two of these currently issued as endorsements) • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Separate water and sanitary licences • Two endorsements now incorporated into plumber licence. • Mandatory testing • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. • Separate non-agricultural irrigation licence • No need to renew licence for 3 years (currently 1 year)
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Drainage licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor’s licence if choosing to contract. • Additional one Certificate IV unit of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. • No need to renew licence for 3 years (currently 1 year)
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gasfitting licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor’s licence if choosing to contract. • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Personal probity check. • Mandatory testing • Removal of some financial probity requirements if applicant does not choose to contract. • Removal of need for separate specialised licence for servicing Type A gas appliances. • No need to renew licence for 3 years (currently 1 year)

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician's licence etc.</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Type B Gasfitting work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor's licence if choosing to contract. • One less Certificate IV unit of competency • Removal of prerequisite registration • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing • Requirement to hold disconnect/reconnect licence • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. • No need to renew licence for 3 years (currently 1 year) <p><u>Current title:</u> Type B Gasfitting Advanced</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor's licence if choosing to contract. • One less Certificate IV unit of competency • Removal of prerequisite registration • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing where required. • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. <p>No need to renew licence for 3 years (currently 1 year)</p>
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Fire Protection licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor's licence if choosing to contract. • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. • Removal of restricted licence for fire sprinkler systems work • No need to renew licence for 3 years (currently 1 year)

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services licence</p> <p>Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Mechanical Services licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Must hold a contractor's licence if choosing to contract. • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing • Personal probity check. • Removal of some financial probity requirements if applicant does not choose to contract. • Removal of ducting and medical gases from regulated work. • No need to renew licence for 3 years (currently 1 year)
<p>Plumber – tradesperson registration</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Water supply registration and Sanitary registration (two registrations)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity check in relation to payment of fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Separate water and sanitary registration • Experience requirements. • Mandatory testing. • Personal probity check. • No need to renew licence for 3 years (currently 1 year)
<p>Drainer – tradesperson registration</p> <p>Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Drainage registration</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity check in relation to payment of fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • No need to renew licence for 3 years (currently 1 year)
<p>General gasfitter – tradesperson registration</p> <p>Certificate III in Gas Fitting including selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitting registration</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity check in relation to payment of fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • No need to renew licence for 3 years (previously 1 year)

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Fire protection – tradesperson registration</p> <p>Certificate III in Fire Protection</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Fire Protection registration</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity check in relation to payment of fines • New category of licensing <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Mandatory requirements. • Additional testing. • Personal probity check. . • No need to renew licence for 3 years (currently 1 year)
<p>Mechanical Services – tradesperson registration</p> <p>Certificate III in Plumbing (Mechanical Services)</p> <p>OR</p> <p>Certificate III in Plumbing including the mechanical services stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Mechanical Services registration</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity check in relation to payment of fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • No need to renew licence for 3 years (currently 1 year)
<p>Contractor (in any category)</p> <p>3 year licence duration</p>	<p>No contractor licence in this jurisdiction. Licence holders undertake contracting work.</p> <p><u>New requirement:</u></p> <ul style="list-style-type: none"> • Introduction of contractor licences
<p>Provisional plumber (water and sanitary)</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing</p> <p>OR</p> <p>Certificate III in Plumbing (Mechanical Services)</p> <p>1 year licence duration</p>	<p>Provisional licences will only be issue to offshore/onshore migrants. Current Victorian arrangement provide for the issuing of licences to local residents who have not met the qualification requirements to obtain a registration.</p>
<p>Provisional drainer</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A</p> <p>1 year licence duration</p>	<p>Provisional licences will only be issue to offshore/onshore migrants. Current Victorian arrangement provide for the issuing of licences to local residents who have not met the qualification requirements to obtain a registration.</p>
<p>Provisional general gasfitter</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting plus four selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>1 year licence duration</p>	<p>Provisional licences will only be issue to offshore/onshore migrants. Current Victorian arrangement provide for the issuing of licences to local residents who have not met the qualification requirements to obtain a registration.</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber's (disconnect/reconnect) licence</p> <p>Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Current title: Water Supply restricted to Domestic Hot Water Services</p> <p>New requirements:</p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p>Removed requirements:</p> <ul style="list-style-type: none"> • Experience requirements. • Mandatory testing. • Personal probity check. • Health and fitness check • Criminal history check • Removal of some financial probity requirements if applicant does not choose to contract. • No need to renew licence for 3 years (currently 1 year)

Queensland

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of some personal probity checks, health & fitness checks, evidence of experience requirements
- removal of requirement to hold business competencies from nominees and contractors
- irrigation work will not be a separate licence category under national licensing; some components will be covered by plumbing work while others will be exempted work (no longer requiring a licence)
- the endorsement for solar hot water systems would be removed as it would be included in the work of other licence categories
- removal of regulation of on-site sewerage facility maintenance and separate endorsement on a drainer's licence
- removal of restricted Gas appliance servicing licence for Gas Type A (servicing, caravan servicing and restricted manufacturer appliance servicing work)
- removal of site supervisor's licence in ten categories
- the introduction of licensing for individuals carrying out Gas Type B work:
 - currently these licences (described as gas work authorisations) are issued to companies and individuals (with appropriate skills and qualifications) are authorized to carry out this work under the authority of that licence
 - companies carrying out complex Gas Type B work not provided for under the national licensing scheme will need to continue to hold the relevant Queensland authorisation
- the introduction of contractor licensing for all gas type B work. Currently, a contractor's licence is only required for gas work is 'building work' (for the purposes of the Queensland Building Services Authority Act 1991)

- potential removal of gas work licence (hydrocarbon refrigerants) – subject to stakeholder consultation. The may instead be licensed under the RAC licence
- the consolidation of a number of separate fire protection licences into a single licence (for water/plumbing based fire protection work)
- removal of the following restricted licences relating to fire protection:
 - Water plumber–fire protection (hydrants and hose reels)
 - Water plumber–fire protection (commercial and industrial)
 - Water plumber–fire protection (domestic and residential)
This work would be carried out under the Fire Protection licence or by way of an endorsement (hydrants and hose reels) on a plumber’s licence for hydrants and hose reels;
- removal of the following restricted plumbing licences and plumber’s licence endorsements relating to fire protection:
 - Fire protection– (domestic and residential)
 - Fire protection– (commercial and industrial).
This work would be carried out under the Fire Protection licence;
- Introduction of an plumber’s licence endorsement for fire hydrants and hose reels;
- merging of the following restricted licenses: Water plumber –gas and Water plumber– electrical into one restricted licence (restricted plumber (disconnect/reconnect) work)
- drainage work may no longer be carried out by unlicensed individuals under the supervision of a licensed drainer. Incidental work related to drainage work, such as the excavation or back filling of trenches will become unlicensed work (and need not be performed under supervision of a licensed drainer).

Table B.3: Changes to existing licensing arrangements – Queensland

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or</p> <p>Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumbers Licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional three Certificate IV units of competency • Financial probity checks in relation to payment of penalties or fines. <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Business competencies. • Experience. • Fit and proper • Reduced licence duration (from 5 to 3 years)
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or</p> <p>Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Drainer's licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency • Financial probity checks in relation to payment of penalties or fines. <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Business competencies. • Experience. • Fit and proper • Reduced licence duration (from 5 to 3 years)
	<p><u>Current title:</u> Plumbers and Drainers licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency • Financial probity checks in relation to payment of penalties or fines. <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Business competencies. • Experience. • Fit and proper • Reduced licence duration (from 5 to 3 years)
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Full Gas Work licence</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience (i.e. field experience forms for applicant not having completed an apprenticeship) • Removal of separate restricted licence for Gas Type A servicing • Removal of initial single year maximum licence duration for the newly licensed (including submission of gas compliance certificates). • Suitable person check <p>Licences initially issued for 1 year. On renewal, duration is 5 years.</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician's licence etc .</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>No equivalent.</p> <p>Gas work Type B work is regulated under an Authorisation, which may be issued to an individual or company. However, individuals carrying out Type B under a company authorisation are not required to personally hold a licence/authorisation.</p> <p>The Queensland Government is yet to make a decision regarding the introduction of new licenses. However, as this work is currently regulated via Authorisations, it is likely individuals carrying out this work in Queensland will need to personally hold the NOLS Gasfitter Type B Appliance Licence upon commencement of the system.</p> <p><u>New Requirements:</u></p> <ul style="list-style-type: none"> • Certificate III plus 5 additional Certificate IV units. • Financial probity check in relation to payment of penalties or fines <p><u>Removed Requirements:</u></p> <ul style="list-style-type: none"> • Regulator discretion to tailor eligibility requirements to the specific work undertaken under the relevant Authorisation. • Suitable Person
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber's licence endorsed Fire Protection Commercial and Industrial</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional four Certificate IV units of competency <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience. • Fit and proper <hr/> <p><u>Current title:</u> Plumber's licence endorsed Fire Protection Domestic and Residential</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional four Certificate IV units of competency • Financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Fit and proper
<p>Mechanical Services licence</p> <p>Certificate III in Plumbing (Mechanical Services)or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>3 year licence duration</p>	<p>In Queensland a licence is only required for contracting of mechanical services plumbing work (as part of a BSA air conditioning licence) and is not licensed at an occupational level.</p> <p>The Queensland Government is yet to make a decision regarding the introduction of new licenses.</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber – tradesperson registration</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Provisional Plumber</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Reduced licence duration (from 5 to 3 years)
<p>Drainer – tradesperson registration</p> <p>Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Provisional Drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two units at Certificate III level. • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Reduced licence duration (from 5 to 3 years)
<p>General gasfitter – tradesperson registration</p> <p>Certificate III in Gas Fitting including selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gas Work Licence interim</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience (Field experience form). • Licence currently issued 1-2 years only after which there is a requirement to move to a gas Work licence • Suitable person.
<p>Fire protection – tradesperson registration</p> <p>Certificate III in Fire Protection Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Restricted Water plumbers licence Fire Protection Commercial and Industrial</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • New category <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Removal of endorsement <hr/> <p><u>Current title:</u> Restricted water Plumbers licence Fire Protection Domestic and Residential</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • New category • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Removal of endorsement • Reduced licence duration (from 5 to 3 years)
<p>Mechanical Services – tradesperson registration</p> <p>Certificate III in Plumbing (Mechanical Services) OR Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>In Queensland a licence is only required for contracting of mechanical services plumbing work (as part of a BSA air conditioning licence) and is not licensed at an occupational level.</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Contractor (in any category) 3 year licence duration</p>	<p><u>Current title:</u> Trade Contractor's Licence – Plumbing and Drainage <u>New requirements:</u></p> <ul style="list-style-type: none"> • Increased licence duration (from 1 to 3 years) <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (including managerial course) • fit and proper test • experience • Insurance (will forms part of conduct requirements) • Restricted licence duration – 1 year <hr/> <p><u>Current title:</u> Trade Contractor's Licence – Drainage <u>New requirements:</u></p> <ul style="list-style-type: none"> • Increased licence duration (from 1 to 3 years) <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (including managerial course) • Annual financial capability checks • fit and proper test • experience • Insurance (now forms part of conduct requirements) • Restricted licence duration – 1 year <hr/> <p><u>Current title:</u> Trade Contractor's Licence – Gasfitting <u>New requirements:</u></p> <ul style="list-style-type: none"> • Increased licence duration (from 1 to 3 years) <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (including managerial course) • Annual financial capability checks • fit and proper test • experience • Insurance (now forms part of conduct requirements) • Restricted licence duration – 1 year
<p>Provisional plumber (water and sanitary) Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing OR Certificate III in Plumbing (Mechanical Services) 1 year licence duration</p>	<p>Substantially the same. <u>New requirements:</u></p> <ul style="list-style-type: none"> • 1 year time limit for provisional licence
<p>Provisional drainer Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A 1 year licence duration</p>	<p>Substantially the same <u>New requirements:</u></p> <ul style="list-style-type: none"> • 1 year time limit for provisional licence
<p>Provisional general gasfitter Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting plus four selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and three selected Certificate III units 1 year licence duration</p>	<p><u>New requirements:</u></p> <ul style="list-style-type: none"> • New licence • 1 year time limit for provisional licence

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber's (disconnect/reconnect) licence</p> <p>Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Current title: Water plumber – electrical (RWP-Electrical)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Financial probity checks in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Criminal history check • Reduced licence duration (from 5 to 3 years)

Western Australia

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of personal probity checks, health & fitness checks, evidence of experience requirements
- the introduction of a separate contractor level licence holders – currently licence holders can contract with the public
- removal of Gasfitter's apprenticeship permit as apprentices will be exempt from licensing
- removal of the gasfitting licence restricted to servicing
- minor plumbing work, such as changing tap washers, would be exempted under national licensing
- removal of separate authorisations at both Class G and Class I gasfitting where licensee wishes to supervise work.

In Western Australia a licence or registration is not currently issued for mechanical services or fire protection plumbing and under national licensing neither will be issued for these occupations in this jurisdiction.

Table B.4: Changes to existing licensing arrangements – Western Australia

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or</p> <p>Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumbing Contractor</p> <p><u>New requirements:</u> Additional one unit of competency</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Removal of business units • Fit and proper check • Experience
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or</p> <p>Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumbing Contractor</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Removal of business units • Fit and proper check • Experience
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Class G Gasfitting permit</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Probity check <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Fit and proper check
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician's licence etc</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Class I Gasfitting permit</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Fit and proper check • Experience
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the fire protection category in this jurisdiction</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services licence Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or tradesperson's registration plus selected Certificate IV units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Plumber – tradesperson registration Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Tradespersons Licence <u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Fit and proper person test. • Experience
<p>Drainer – tradesperson registration Certificate III or Certificate II in Drainage plus selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Tradesperson's (Drainage Plumbing) Licence <u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Fit and proper person test. • Experience
<p>General gasfitter – tradesperson registration Certificate III in Gas Fitting including selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gasfitting Permit – Class G (Type A appliances) <u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> – Fit and proper person test.
<p>Fire protection – tradesperson registration Certificate III in Fire Protection Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the fire protection category in this jurisdiction</p>
<p>Mechanical Services – tradesperson registration Certificate III in Plumbing (Mechanical Services) OR Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Contractor (in any category) 3 year licence duration</p>	<p><u>Current title:</u> Plumbing Contractor Licence_(water supply, sanitary and drainage) <u>New requirements:</u> None <u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience. • Skills qualifications <p><u>Current title:</u> Plumbing Contractor Licence_(water supply and sanitary) <u>New requirements:</u> None <u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience. • Skills qualifications <p><u>Current title:</u> Plumbing Contractor Licence_(water supply and drainage) <u>New requirements:</u> None <u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience. • Skills qualifications <p><u>Current title:</u> Plumbing Contractor Licence_(water supply) <u>New requirements:</u> None <u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience. • Skills qualifications <p><u>Current title:</u> Plumbing Contractor Licence_(drainage) New requirements: None Removed requirements:</p> <ul style="list-style-type: none"> • Experience. • Skills qualifications <p><u>Current title:</u> Plumbing Contractor Licence_(sanitary and drainage plumbing) New requirements: None Removed requirements:</p> <ul style="list-style-type: none"> • Experience. • Skills qualifications
<p>Provisional plumber (water and sanitary) Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing OR Certificate III in Plumbing (Mechanical Services) 1 year licence duration</p>	<p>Substantially the same.</p>
<p>Provisional drainer Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A 1 year licence duration</p>	<p>Substantially the same</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Provisional general gasfitter Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting or Certificate III in Plumbing including the Gas Services Stream 1 year licence duration</p>	<p>Substantially the same</p>
<p>Plumber's (disconnect/reconnect) licence Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Current title: Restricted plumbing permit. New requirements: None Removed requirements: <ul style="list-style-type: none"> • Criminal history check • Experience </p>

South Australia

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of very high number of conditioned or restricted licences and registrations and the ability to license 'in any other way'. As an example, there is no separate fire protection category but legislation permits the issuing of a plumbing licence limited to fire protection. Under national licensing, a separate category would exist for fire protection. Currently, licences exist which are restricted to a location or a company. No new licences will be issued in these areas
- removal of requirement for an apprentice to be licensed.

In South Australia a licence or registration is not currently issued for mechanical services plumbing and under national licensing neither will be issued for this occupation in this jurisdiction.

Table B.5: Changes to existing licensing arrangements – South Australia

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Water Plumbing Work and PWR Sanitary Plumbing Work</p> <p><u>New requirements:</u> licence duration is normally 3 years however, if a worker licensee also holds a contractors licence they are renewed together for one year only. <u>Removed requirements:</u> None</p>
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Drainage Work</p> <ul style="list-style-type: none"> • two additional Common units (for the Three-tier Option 1 model) • licence duration is normally 3 years however, if a worker licensee also holds a contractors licence they are renewed together for one year only. <p>Removed requirements: None</p>
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> GWR Gasfitting Work</p> <p><u>New requirements:</u> None <u>Removed requirements:</u> None</p>
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician’s licence etc Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> GWR Limited to Type B Gasfitting work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • licence duration is normally 3 years however, if a worker licensee also holds a contractors licence they are renewed together for one year only. <p><u>Removed requirements:</u> None</p>
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson’s registration plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Limited to Fire Protection work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • 5 additional Certificate IV units; • licence duration is normally 3 years however, if a worker licensee also holds a contractors licence they are renewed together for one year only. <p><u>Removed requirements:</u> None</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services licence Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration plus selected Certificate IV units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Plumber – tradesperson registration Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Water Plumbing work under technical direction or PWR Sanitary work under technical direction <u>New requirements:</u> None <u>Removed requirements:</u> None</p>
<p>Drainer – tradesperson registration Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Drainage work under technical direction <u>New requirements:</u> None <u>Removed requirements:</u> None</p>
<p>General gasfitter – tradesperson registration Certificate III in Gas Fitting including selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> GWR Gasfitting work under technical direction <u>New requirements:</u> None <u>Removed requirements:</u> None</p>
<p>Fire protection – tradesperson registration Certificate III in Fire Protection Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> PWR Limited to Fire Protection work under technical direction <u>New requirements:</u> None <u>Removed requirements:</u> None</p>
<p>Mechanical Services – tradesperson registration Certificate III in Plumbing (Mechanical Services) OR Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Contractor (in any category) 3 year licence duration</p>	<p><u>Current title:</u> PCL – Contract for any plumbing work (e.g. sanitary, water, drainage, water and sanitary, water and drainage etc)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Contractors licence for three years. • Requirement for a nominee <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (business units) • Financial resources check <hr/> <p><u>Current title:</u> PCL Fire Protection work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Contractors licence for three years. • Requirement for a nominee <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (business units) • Financial resources check <hr/> <p><u>Current title:</u> GCL Contract for any Gasfitting work</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Contractors licence for three years. <p>Requirement for a nominee</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (business units) • Financial resources check <hr/> <p><u>Current title:</u> GCL – Contract limited to installation, servicing and commissioning of Type B gas appliances</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Contractors licence for three years. • Requirement for a nominee <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills qualifications (business units) • Financial resources check
<p>Provisional plumber (water and sanitary) Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional drainer Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional general gasfitter Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting or Certificate III in Plumbing including the Gas Services Stream 1 year licence duration</p>	<p>Substantially the same</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Restricted plumber (disconnect/reconnect) work licence</p> <p>Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Current title: PWR Limited to Disconnect/Reconnect</p> <ul style="list-style-type: none"> • New requirements: None • Removed requirements: None

Tasmania

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of personal probity checks, health & fitness checks, evidence of experience and mandatory skills maintenance requirements
- minor plumbing work, such as changing tap washers, would be exempted under national licensing
- the endorsement for solar hot water systems would be removed as it would be included in the work of other licence categories
- the separate licence for backflow prevention at the advanced level would be removed as it would form part of the work of a fully licensed plumber.

In Tasmania a separate licence or registration is not currently issued for fire protection plumbing and under national licensing Tasmania would decide whether to include the separate licence category.

Table B.6: Changes to existing licensing arrangements – Tasmania

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or</p> <p>Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner (certifier)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency (these units are currently available as separate endorsements) • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Separate endorsements for backflow prevention and thermostatic mixing valves • Compulsory professional development • Experience • Fit and proper • Health and fitness check
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or</p> <p>Certificate II in Drainage plus two selected Certificate III units</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner (certifier)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Compulsory professional development • Experience • Fit and proper
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter practitioner (Certifier)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Two less Certificate IV units of competency • Compulsory professional development • experience • Fit and proper • Health and fitness check
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician's licence etc</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter Type B Standard</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • One less Certificate IV unit of competency • Compulsory professional development • experience • Fit and proper • Health and fitness check

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed separately and Tasmania would choose whether to license this category.</p>
<p>Mechanical Services licence</p> <p>Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner (certifier)</p> <p>New requirements:</p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p>Removed requirements:</p> <ul style="list-style-type: none"> • Two less Certificate IV units of competency • Compulsory professional development • Experience • Fit and proper • Health and fitness check:
<p>Plumber – tradesperson registration</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirement:</u></p> <ul style="list-style-type: none"> • Compulsory professional development
<p>Drainer – tradesperson registration</p> <p>Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirement:</u></p> <ul style="list-style-type: none"> • Compulsory professional development
<p>General gasfitter – tradesperson registration</p> <p>Certificate III in Gas Fitting including selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream including selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter (provisional)</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirement:</u></p> <ul style="list-style-type: none"> • Compulsory professional development
<p>Fire protection – tradesperson registration</p> <p>Certificate III</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed separately and Tasmania would choose whether to license this category.</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services – tradesperson registration Certificate III in Plumbing (Mechanical Services) OR Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Plumber Practitioner Mechanical Services <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirement:</u> <ul style="list-style-type: none"> • Compulsory professional development </p>
<p>Contractor (in any category) 3 year licence duration</p>	<p><u>Current title:</u> Contractor licences – any category <u>New requirements:</u> None <u>Removed requirement:</u> <ul style="list-style-type: none"> • Compulsory professional development • insurance </p>
<p>Provisional plumber (water and sanitary) Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional drainer Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional general gasfitter Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting or Certificate III in Plumbing including the Gas Services Stream 1 year licence duration</p>	<p>Substantially the same</p>
<p>Plumber’s (disconnect/reconnect) licence Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed separately and Tasmania would choose whether to license this category.</p>

Australian Capital Territory

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines
- removal of personal probity checks, evidence of experience requirements
- addition of a separate fire protection licence would – this work is currently covered under the plumber's licence
- the separate endorsement for backflow prevention would be removed as it would form part of the work of a fully licensed plumber
- potential introduction of a separate contractor level licence for technically qualified individuals – currently licences are not issued in relation to the ability to contract and there are no restrictions on contracting.

In the ACT a licence or registration is not currently issued for mechanical services plumbing and a licence is not issued for Plumber's (disconnect/reconnect) licence; under national licensing these will not be issued for these occupations.

Table B.7: Changes to existing licensing arrangements – ACT

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Plumber licence</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Plumber – water supply plumber or Plumber – sanitary plumber</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional three Certificate IV units of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience
<p>Drainer licence</p> <p>Certificate III in Plumbing including CPCPSN3015A or Certificate II in Drainage plus two selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Drainer – Advanced Sanitary Drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gasfitter – Advanced</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional two Certificate IV units of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Additional testing • Separate licences for LPG (2)
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician’s licence etc . Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gas Type B Accreditation</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Additional testing
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson’s registration plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Plumber – Fire sprinkler fitter</p> <p><u>New requirements:</u> None</p> <p><u>Removed requirements:</u> None</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services licence Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration plus selected Certificate IV units Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Plumber – tradesperson registration Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Plumber – Journeyperson plumber <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirements:</u> None</p>
<p>Drainer – tradesperson registration Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or Certificate II in Drainage plus selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Drainer – Journeyperson drainer <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirements:</u> None <ul style="list-style-type: none"> • None </p>
<p>General gasfitter – tradesperson registration Certificate III in Gas Fitting and selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Gasfitter – General <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirements:</u> None <ul style="list-style-type: none"> • Additional testing </p> <p><u>Current title:</u> Gasfitter – Journeyperson gasfitter <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirements:</u> None <ul style="list-style-type: none"> • Additional testing </p>
<p>Fire protection – tradesperson registration Certificate III in Fire Protection Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p><u>Current title:</u> Plumber – Journeyperson – Fire sprinkler fitter <u>New requirements:</u> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <u>Removed requirements:</u> None</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Mechanical Services – tradesperson registration Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Contractor (in any category) 3 year licence duration</p>	<p><u>Current title:</u> Contractor Licence (issued only against full plumbing and gasfitting licences). <u>New requirements:</u> None <u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Financial resources • Insurance • experience
<p>Provisional plumber (water and sanitary) Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing OR Certificate III in Plumbing (Mechanical Services) 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional drainer Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A 1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional general gasfitter Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units 1 year licence duration</p>	<p>Substantially the same</p>
<p>Restricted plumber’s (disconnect/reconnect) licence Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services Financial probity checks in relation to payment of penalties or fines. Skills maintenance on an as needs basis when directed by the licensing authority 3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>

Northern Territory

There are some general differences that would apply to new individual workers licence applicants when compared to current licensing arrangements and these include:

- inclusion of financial probity checks for individual worker licences in relation to payment of penalties or fines

- removal of personal probity checks, health & fitness checks, evidence of experience and mandatory skills maintenance requirements
- the introduction of a separate contractor level licence holders – currently licence holders can contract with the public
- minor plumbing work, such as changing tap washers, would be exempted under national licensing
- removal of the requirement for a Provisional Gasfitting Certificate holder to obtain a full general gasfitter licence after one year.

In the NT a licence or registration is not currently issued for mechanical services plumbing, fire protection plumbing or for a Plumber – disconnect and reconnect; under national licensing these will not be issued for these occupations in this jurisdiction.

Table B.8: Changes to existing licensing arrangements – NT

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Water plumber licence</p> <p>Certificate III in Plumbing or Certificate III in Plumbing (Mechanical Services) including the sanitary stream plus selected Certificate IV units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Advanced Tradesman Licence – Plumber</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional one Certificate IV unit of competency • financial probity check in relation to payment of penalties or fines • criminal history check <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Separate water and sanitary licences • Experience • Health and fitness check • Skills maintenance (on renewal)
<p>Drainer licence</p> <p>Certificate III or Certificate II in Drainage plus selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Advanced Tradesman Licence – Drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional one Certificate IV unit of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Health and fitness check • Skills maintenance (on renewal) <hr/> <p><u>Current title:</u> Advanced Tradesman Licence – Plumber and Drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • Additional one Certificate IV unit of competency • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Health and fitness check • Skills maintenance (on renewal)
<p>General gasfitter licence</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter – Domestic /commercial</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Health and fitness check

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Gasfitter Type B appliances licence</p> <p>General gasfitter licence or qualifications to obtain it or Electrician's licence etc</p> <p>Plus selected Certificate IV unit</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter –Type B</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Experience • Health and fitness check
<p>Fire Protection licence</p> <p>Certificate III in Fire Protection or Fire protection tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the fire protection category in this jurisdiction</p>
<p>Mechanical Services licence</p> <p>Certificate III in Plumbing (Mechanical Services) or Certificate III in Plumbing including the mechanical services stream or Mechanical Services tradesperson's registration</p> <p>plus selected Certificate IV units</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Plumber – tradesperson registration</p> <p>Certificate III in Plumbing or</p> <p>Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Journeyman Registration – plumber</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills maintenance (on renewal)
<p>Drainer – tradesperson registration</p> <p>Certificate III in Plumbing including the drainage stream and the unit CPCPSN3015A or</p> <p>Certificate II in Drainage plus selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Journeyman Registration – drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills maintenance (on renewal) <hr/> <p><u>Current title:</u> Journeyman Registration – plumber and drainer</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Skills maintenance (on renewal)

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>General gasfitter – tradesperson registration</p> <p>Certificate III in Gas Fitting plus selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p><u>Current title:</u> Gasfitter – Provisional Gasfitting Certificate</p> <p><u>New requirements:</u></p> <ul style="list-style-type: none"> • financial probity check in relation to payment of penalties or fines <p><u>Removed requirements:</u></p> <ul style="list-style-type: none"> • Licence duration not restricted to 1 year. <p>Removed requirements: None</p>
<p>Fire protection – tradesperson registration</p> <p>Certificate III in Fire Protection</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the fire protection category in this jurisdiction</p>
<p>Mechanical Services – tradesperson registration</p> <p>Certificate III in Plumbing (Mechanical Services)</p> <p>OR</p> <p>Certificate III in Plumbing including the mechanical services stream</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>
<p>Contractor (in any category)</p> <p>3 year licence duration</p>	<p>No contractor licence in this jurisdiction. Licence holders are able to undertake contracting work.</p>
<p>Provisional plumber (water and sanitary)</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing</p> <p>or</p> <p>Certificate III in Plumbing (Mechanical Services)</p> <p>1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional drainer</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Plumbing including the Drainage Stream and the unit CPCPSN3015A</p> <p>1 year licence duration</p>	<p>Substantially the same</p>
<p>Provisional general gasfitter</p> <p>Offshore Technical Skills Record successfully assessed against Certificate III in Gas Fitting plus selected Certificate III units or</p> <p>Certificate III in Plumbing including the Gas Services Stream and selected Certificate III units</p> <p>1 year licence duration</p>	<p>Substantially the same</p>

Proposed national licence (occupational) categories, eligibility and other requirements	Changes to existing licence categories, eligibility and other requirements
<p>Restricted Plumber's (disconnect/reconnect) licence</p> <p>Completion of two units of competency from the Certificate III in Plumbing and one unit from Certificate IV Plumbing and Services</p> <p>Financial probity checks in relation to payment of penalties or fines.</p> <p>Skills maintenance on an as needs basis when directed by the licensing authority</p> <p>3 year licence duration</p>	<p>Not currently licensed and a national licence would not be issued for the mechanical services category in this jurisdiction</p>

Attachment C – National licensing policy development process

Membership of the Plumbing and Gasfitting Occupations Interim Advisory Committee, the Plumbing and Gasfitting Occupations Regulator Working Group and the COAG National Licensing Steering Committee is provided below.

The Interim Advisory Committee and Regulator Working Group met throughout 2010 and early 2011 to assist with the development of the first four elements of licensing policy for the national licensing system:

- licence categories, licence types and authorised scopes of work
- eligibility requirements (skilled and non-skilled)
- other licence characteristics (exemptions, conditions, restrictions and endorsements)
- transitional arrangements.

The objectives used in developing the licensing policy are taken from section 3 of the *Occupational Licensing National Law Act 2010*, as set out below:

The objectives of the national licensing system are as follows –

- (a) *to ensure that licences issued by the Licensing Authority allow licensees to operate in all participating jurisdictions;*
- (b) *to ensure that licensing arrangements are effective and proportionate to ensure consumer protection and worker and public health and safety while ensuring economic efficiency and equity of access;*
- (c) *to facilitate a consistent skill and knowledge base for licensed occupations;*
- (d) *to ensure effective coordination exists between the Licensing Authority and jurisdictional regulators*
- (e) *to promote national consistency in—*
 - (i) *licensing structures and policy across comparable occupations; and*
 - (ii) *regulation affecting the requirements relating to the conduct of licensees; and*
 - (iii) *the approach to disciplinary arrangements for licensees;*
- (f) *to provide flexibility to deal with issues specific to particular jurisdictions or occupations;*
- (g) *to provide the public with access to information about licensees.*

The policy development process, in addition to complying with COAG's *Principles of best practice regulation*, followed the principles set out in the Intergovernmental Agreement for a National Licensing System for Specified Occupations, which forms the basis for establishing national licensing:

- The system operates in a transparent, accountable, efficient, effective and fair manner.
- Regulation intervention in the form of licensing is only contemplated where risks arising from market failure or risks to public health and safety warrant corrective action and, of all feasible options, licensing provides the greatest net public benefit.

- Licensing arrangements do not duplicate legislative protections contained under other laws, in particular, competition law, consumer protection law or occupational health and safety law.
- Licensing arrangements only include requirements needed to address identified consumer protection risks arising from market failure and/or worker and public health and safety risks without imposing unnecessary costs on consumers and business or substantially lessening competition.
- Licensing eligibility requirements are expressed in objective not subjective terms.
- The system will not require the extension of licensing to sub-groups of a broad occupational group that are not currently licensed in particular jurisdictions.
- Licensing arrangements are subject to an initial review five years after commencement and subsequently at a frequency no less than every 10 years.

As part of the National Occupational Licensing Authority's communications strategy, following each meeting, communiqués outlining the progress of work were made available on the [national licensing website](#).

Table C.1: Membership of the Plumbing and Gasfitting Occupations Interim Advisory Committee

Name	Organisation
Dr David Cousins – Chair	Member of the national licensing Expert Working Group
Mr John Furbank	Consumers' Federation of Australia
Mr Doug McClusky	Plumbers Union Australian Council of Trade Unions
Mr Earl Setches	Plumbers Union Australian Council of Trade Unions
Mr Steve Reynolds	LPG Australia
Mr Ken Gardner	Master Plumbers and Mechanical Services Association of Australia
Mr Paul Naylor JP, MAICD	Master Plumbers Association of NSW
Mr Stephen Movley Hon. FIPA MAHSCA	The Institute of Plumbing Australia
Mr Ian Johnston	SA Consumer and Business Services
Mr Alan Humphreys	Tas – Department of Justice
Mr Shayne La Combre	Vic – Plumbing Industry Commission
Mr Stephen Matheson	Qld – Department of Natural Resources and Mines
Mr David Magee	Construction and Property Services Industry Skills Council
Ms Carmel Coates (observer)	National Fire Industry Association

Table C.2: Membership of the Plumbing and Gasfitting Occupations Regulator Working Group

Name	Organisation
Dr David Cousins – Chair	
Ms Regina Haertsch	National Reforms, NSW Fair Trading Department of Finance and Services
Mr Shayne La Combre	Vic – Plumbing Industry Commission
Mr Chris Boyle	Queensland Building Services Authority
Mr Chris Harris	Qld Building Codes
Mr Stephen Matheson	Qld – Department of Natural Resources and Mines
Mr Phil Payne	Plumbers Licensing Board, WA
Mr David Allan	Energy Safety Division Department of Commerce, WA
Mr Ian Johnston	SA Consumer and Business Services
Mr Alan Humphreys	Tas – Department of Justice
Mr David Middlemiss	ACT Environment and Sustainable Development Directorate
Mr Armando Padovan	Department of Lands and Planning NT

Table C.3: Membership of the COAG National Licensing Steering Committee

Jurisdiction	Member	Department
Commonwealth	Chair – Mr Robert Griew	Department of Innovation, Industry, Science, Research and Tertiary Education
NSW – joint	Dr Meg Montgomery	Department of Premier and Cabinet
	Mr Scott Wheeler	Department of New South Wales Treasury
VIC	Mr Sam Abusah	Department of Treasury and Finance
QLD	Ms Katrina Martin	Queensland Treasury
WA	Mr Alistair Jones	Department of Treasury and Finance
SA	Mr Stephen Campbell	Department of the Premier and Cabinet
TAS	Ms Kerrie Crowder	Department of Justice
ACT	Mr Brett Wilesmith	ACT Treasury
NT – joint	Mr Robert Bradshaw	NT Department of Justice
	Mr Armando Padovan	Department of Lands and Planning

Table C.4: Membership of the National Occupational Licensing Authority Board

Chair
Ms Elizabeth Crouch
Board members
Mrs Wendy Machin
Mr Graham Anderson
Mr Albert Koenig
Mr John Sutton
Ms Miranda Douglas-Crane
Mr Tony Arnel
Ms Anne Gale
Mr David Ford

Attachment D – Overview of the plumbing and gasfitting sector and existing licence requirements

Overview of the plumbing and gasfitting sector

The plumbing and gasfitting industry in Australia is a specialist occupation within the building industry. In 2011–12, the industry generated revenue totalling \$8.3 billion, with value-added of \$4.15 billion or approximately 0.4 per cent of Australia's GDP.⁵⁶ The industry derives approximately 66% of its revenue from installation and maintenance work in the residential building market.⁵⁷

In general terms, plumbing work includes the installation, repair and maintenance of plumbing systems relating to the supply of clean water and removal of wastewater, the removal of effluent, and the pipes, fittings, fixtures, connections and valves necessary for the system. Gasfitting work is the installation, replacement, repair, alteration, servicing or testing of a gas system downstream of the gas supply point.

Plumbers and gasfitters perform a number of specialised and generic tasks, including:

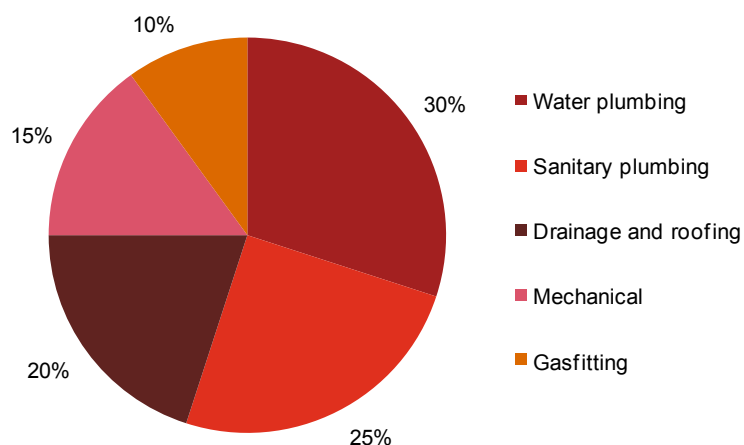
- water (supply) plumbing work
- sanitary plumbing
- drainage work
- fire protection
- urban irrigation
- mechanical services
- roof plumbing
- gasfitting
- LPG gasfitting

Although most qualified plumbers possess the basic set of skills necessary to complete most jobs, sectors of the industry have specialised in different areas. The main product and services segmentation is represented in Figure C.1. The market for plumbing and gasfitting services is not overly segmented, but generally the key service areas are water, sanitary plumbing and gas fitting. This is reflected in the Plumbing and Gasfitting Certificate III qualification, which requires a participant to do a minimum of four streams of which two streams (water and sanitary streams) are compulsory and two streams are electives. Gasfitting is considered sufficiently different that the training package includes a separate qualification.

⁵⁶ IBISWorld 2012, *Plumbing services in Australia*, Industry Report E4231.

⁵⁷ IBISWorld 2012, *Plumbing services in Australia*, Industry Report E4231.

Figure D.1: Products and services segmentation in Australia's plumbing and gasfitting industry (2011)



Source: IBISWorld 2012, *Industry Report E4231: Plumbing services in Australia*.

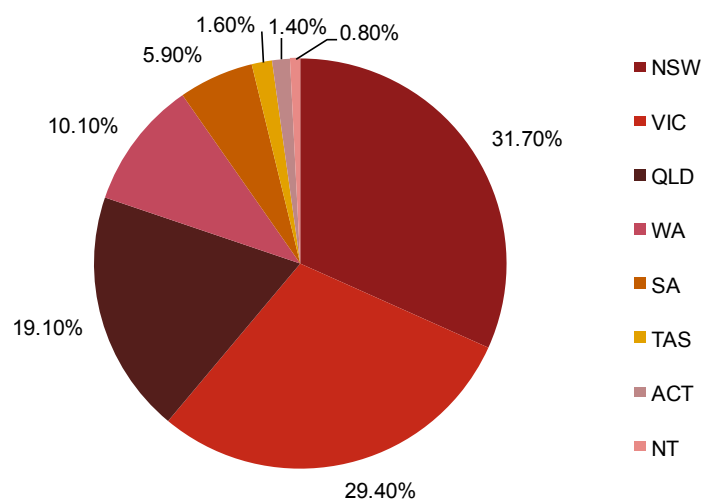
The industry is dominated by a number of small-scale operators who usually operate in a distinct geographic area, with only 4 per cent of the industry's employers having a workforce exceeding 20 employees. Given the large number of small operators, the distribution of those in the industry corresponds closely with the distribution of the national population and economic activity. The segmentation of the market by business location is shown in Figure D.2. The exception to this is Victoria, whose share of industry establishments significantly exceeds the state's share of national GDP (25% to 26% annually). Victoria has recently experienced a large number of single dwelling constructions and has a higher dependence on gas as opposed to electricity compared to other states.

According to one report from IBISWorld, the industry is experiencing labour shortages, with a high attrition due to older tradespeople leaving the industry and apprenticeship numbers affected by the cyclical nature of the building industry. Skills shortages impose a significant restraint on industry activity in times of strong demand. Contractors can be limited in their ability to take up business opportunities due to the lack of more specialised tradespeople with the basic plumber's licence focusing on relatively narrow segments of the industry.

Fly-in and fly-out work arrangements are a rapidly growing area particularly in the mining and resources sector. Skills Australia suggests that employment growth in mining operations will increase by 89,004 persons from 2010 to 2016, with annual average growth in employment in mining operations of 7.9 per cent over this period.⁵⁸ Plumbers feature as one of these growth employment areas. Plumbers were identified as one of only two construction trades in skills shortage at September 2011 in a Department of Education, Employment and Workplace Relations report on the construction trades (ISSN 1839-8553), which also notes that a shortage of plumbers had been evident for 'nine of the past ten years'.

⁵⁸ Skills Australia, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

Figure D.2: Market segmentation by business location for the Australian plumbing and gasfitting industry



Source: IBISWorld 2012, *Industry Report E4231: Plumbing services in Australia*.

Regulatory framework

The occupational licensing of plumbers and gasfitters is typically undertaken by small dedicated licensing boards, or larger generic regulators responsible for the occupational licensing of a number of occupations. A list of the relevant regulators for each jurisdiction is shown in D.1.

Table D.1: State and territory regulators of plumbing and gasfitting

State or territory	Regulator
NSW	NSW Fair Trading, Department of Finance and Services
Vic	Plumbing Industry Commission
Qld	Plumbing Industry Council (occupational licensing of plumbers and drainers, restricted or endorsed plumbing work related to fire protection) Petroleum and Gas Inspectorate, Department of Natural Resources and Mines (occupational licensing of gasfitters) Queensland Building Services Authority (trade contractor licensing of plumbers, drainers and gasfitters and non-plumbing-related fire protection work in buildings)
SA	Consumer and Business Services
WA	Energy Safety (Gasfitting) Plumbers Licensing Board
Tas	Workplace Standards
ACT	Planning and Land Authority
NT	Plumbers and Drainers Licensing Board (plumbers and drainers) NT Worksafe (gasfitters)

- In Queensland the responsibility for the occupational licensing of plumbers, drainers and gasfitters is handled by two separate agencies. The Plumbing Industry Council is responsible for setting licence policy and issuing occupational licences for plumbers and drainers and plumbing-related fire protection, while gasfitters licences are administered by the Petroleum and Gas Inspectorate, Department of Natural Resources and Mines. However, if plumbers, gasfitters and non-plumbing-related fire protection wish to contract with the public, they are required to

obtain a contractor licence from the Queensland Building Service Authority. The Petroleum and Gas Inspectorate, Department of Natural Resources and Mines receives revenue from audits and inspections of gasfitters' work, in addition to revenue received from licence fees.

- In Victoria, the Plumbing Industry Commission is responsible for issuing licences which authorise plumbers to undertake and certify plumbing work.
- In the Northern Territory and Western Australia, the occupational licensing of plumbers is undertaken by a separate board, with the responsibility for the licensing of gasfitters resting with a separate regulator.
- In Western Australia and Queensland, responsibility for licensing of gasfitters rests with dedicated energy safety agencies.
- In the Australian Capital Territory, New South Wales, South Australia and Tasmania, occupational licensing of plumbers and gasfitters is undertaken by generic regulators, who have responsibility for the licensing of a range of occupations which typically includes other classes of trade contractor.

Overview of current licensing and eligibility requirements

Plumbing and gasfitting occupations are licensed differently across the jurisdictions. For the purpose of comparing licensing regimes, 10 separate licence categories have been identified. Each of these is considered in turn below.

Plumbing work

Currently all jurisdictions, other than Victoria and Tasmania, licence a category of plumbing work, which at a minimum includes water supply and sanitary plumbing work. All jurisdictions that licence this category at the tradesperson registration (supervised) licence level, except Western Australia, require completion of a Certificate III in Plumbing as the qualification requirement. However, the streams that must be completed vary according to the scope of the work covered by the licence. At a minimum the water and sanitary streams are required. In addition, Queensland requires additional units of competency, South Australia requires completion of the drainage stream, and the Australian Capital Territory requires completion of the drainage and gas streams. In Western Australia, the minimum qualification requirement for a supervised licence is a Certificate IV level qualification. In some jurisdictions the qualification requirement is expressed as completion of an apprenticeship (Queensland, Western Australia, New South Wales and the Australian Capital Territory). Some jurisdictions have additional requirements such as an experience requirement (New South Wales and Western Australia).

Of the jurisdictions that provide for a tradesperson registration (supervised) licence in the category of plumbing work, all also issue an unsupervised/full (certifier/qualified supervisor) licence and/or a contractor licence. The qualification requirements for an unsupervised (full) level licence and a contractor who is qualified to do the work are the completion of certain units of competency at the Certificate IV level from the CPC08 or BCP03 training packages. Queensland and South Australia also require the completion of business units.

Water (supply) plumbing work

All jurisdictions other than Queensland, the Northern Territory and the Australian Capital Territory offer a separate licence in the category of water supply at the equivalent of the supervised/tradesperson level. In some cases the licence is issued as a restricted licence (South Australia and Western Australia). In New South Wales, Victoria and Tasmania, the qualification requirement at this level is a Certificate III. In these cases New South Wales and Tasmania use the

training package according to the rules of what is a core unit and what is mandatory (that is, electives remain elective), while Victoria lists units of competency that must be completed (that is, certain elective units are made mandatory).

All jurisdictions that provide for a water supply licence have an unsupervised/full (certifier/qualified supervisor) and/or contractor level. In addition, the Australian Capital Territory, which does not offer a water supply licence at the supervised level, does offer one at unsupervised (full) and contractor level. As is the case for the tradesperson registration (supervised) level, South Australia and Western Australia issue this licence as a restricted plumbing work licence. New South Wales, Victoria, Tasmania and the Australian Capital Territory require an applicant to be eligible for the tradesperson registration (equivalent of supervised) licence (in the case of the Australian Capital Territory, tradesperson plumbing work licence) as well as having some additional Certificate IV competencies from the CPC08 or BCP03 training packages. South Australia, Tasmania and Victoria also require competency in a business unit from the BSB07 training package.

Sanitary plumbing

Sanitary plumbing is only separately licensed in Victoria, South Australia, Western Australia and Tasmania. In South Australia and Western Australia, it is issued as a restricted plumbing work licence. At the tradesperson registration level, both Victoria and Tasmania require a Certificate III in Plumbing and additional Certificate IV competencies at the unsupervised/(full) and contractor level. Both also require completion of an apprenticeship or, for Victoria, a specified period of relevant employment.

Drainage work

Drainage work is licensed in all jurisdictions. South Australia and Western Australia issue this licence as a restricted plumbing work licence. In all the other jurisdictions the required qualification is the Certificate III in Plumbing or the Certificate II in Draining. For those completing the Certificate III in Plumbing, some jurisdictions specify that the draining stream must be included.

Fire protection

Fire protection work is only separately licensed in New South Wales, Victoria and Queensland.

In Queensland, fire protection is regulated by the Queensland Building Services Authority under various building contractor licences. The prescribed qualification for these licences is the Certificate IV in Fire Systems Compliance (Hydrants, Sprinklers and Pump-Sets), which is a Queensland specific state accredited course, rather than a qualification from the CPC08 or BCP03 training packages.

At the tradesperson registration (or supervised) level in both New South Wales and Victoria, the Certificate III in Plumbing is required, including set units of competency in fire protection. In addition, New South Wales accepts the Certificate III in Fire Protection. Completion of a relevant apprenticeship is a pathway to a licence in both jurisdictions. At the contractor level (New South Wales) or unsupervised/(full) licence level (Victoria), both jurisdictions require the applicant to be eligible for a tradesperson licence as well as having additional Certificate IV competencies from the CPC08 training package. Victoria also requires one unit in business competencies from the BSB07 training package.

Mechanical services

Mechanical services work is licensed in Victoria, Tasmania and Queensland. In Queensland this work is licensed as refrigeration, air-conditioning and mechanical services and is not considered as plumbing work. Licensing is offered at the contractor level only. At the tradesperson registration (equivalent of supervised) level, Tasmania requires the Certificate III in Plumbing (Mechanical

Services), while Victoria requires the Certificate III in Plumbing and lists certain units of competency that must be achieved. Both Victoria and Tasmania require the completion of an apprenticeship or, for Victoria, a specified period of relevant employment. At the unsupervised/(full) licence or contractor level, both Victoria and Tasmania require additional Certificate IV competencies to achieve a licensing outcome.

Gasfitting

Gasfitting work is licensed in all jurisdictions. However, in Queensland, Western Australia, the Australian Capital Territory and the Northern Territory gasfitting is regulated separately from plumbing work.

At the tradesperson registration (supervised) level, the Certificate III in Plumbing (including the gas stream) and Certificate III in Gas Fitting are used as a pathway in all jurisdictions other than Victoria, the Australian Capital Territory and Tasmania. Tasmania does not issue a unsupervised/(full) licence. Where gasfitting is licensed as part of a plumbing licence (Victoria, and Tasmania), an apprenticeship is required to be completed. In Victoria, a specified period of relevant employment experience is also accepted. To be licensed at the qualified supervisor or contractor level (depending on the term used) all jurisdictions other than Western Australia require the completion of additional competencies from the Certificate IV in Plumbing and Services training package. New South Wales, Queensland, Tasmania and the Australian Capital Territory also have an additional experience requirement. In Victoria there are no qualification requirements for the Type A licence as such, but there is a requirement to successfully complete a competency examination.

In Queensland the Gas Work Licence covers the scope of Type A gas work. It requires completion of a Certificate III in Plumbing or Certificate III in Gasfitting. For a full licence extra Certificate IV competencies are also required. To contract with the public it is necessary to obtain a licence from the Queensland Building Services Authority.

In two jurisdictions, Western Australia and Queensland, a Certificate II in Gas Fitting can be used as a pathway to a gas licence.

Victoria issues a restricted licence which covers Type A appliances and two specialised classes of licence for Type A servicing and Type A conversion work.

In New South Wales, to be granted a Type A licence an applicant must be eligible for a gasfitting licence, have additional Certificate IV competencies and have an additional two years' experience.

Gasfitting Type B

Licensing of Type B gasfitting varies across jurisdictions. In New South Wales, to be granted a Type B licence an applicant must be eligible for a gasfitting licence, have additional Certificate IV competencies and have an additional two years' experience. In Queensland, Type B gas is regulated under an authorisation rather than a licence.

In Victoria to hold the Type B licence, a Type B registration is required, plus the holding of a gasfitting licence, the holding of a disconnect/reconnect licence and completion of a competency examination. The Type B registration requires the holding of a gasfitting registration, the holding of a disconnect/reconnect licence, completion of a competency examination and employment for two years in Type B gasfitting work.

Attachment E – Risks associated with plumbing and gasfitting work

Generally the regulation of the plumbing and gasfitting industry in Australia has evolved as a way of protecting the health and safety of consumers and the general public. The chief problem arising from plumbing work is that failure in specified work processes has the potential to contaminate potable water, with impacts ranging from infection to death. Other problems arise where inadequate work processes can lead to personal injury, property damage or environmental damage. The World Health Organization indicates that:

preventable diseases related to water and sanitation claim the lives of about 3.1 million people a year, most of them children less than five years old. Of these, about 1.6 million people die from diarrhoeal diseases associated with lack of safe drinking-water and adequate sanitation.⁵⁹

In general terms, plumbing work includes the installation, repair and maintenance of plumbing systems relating to the supply of clean water and removal of wastewater and the pipes, fittings, fixtures, connections and valves necessary for the system. This covers a variety of activities, including water supply work, sanitary work, drainage work and work associated with installing irrigation, fire protection and air conditioning ducting systems.

The risks associated with undertaking plumbing and gasfitting work have been addressed by government intervening in a number of ways, including through occupational licensing, occupational health and safety regulation and standards and codes for undertaking work.

For example, government agencies are responsible for providing systems of management of mains water and sewerage; clear standards have been established for undertaking plumbing and gasfitting work with mechanisms to ensure compliance; and those undertaking plumbing and gasfitting work are required to complete technical training and be licensed or registered.

One of the main problems identified by the World Health Organization in the work undertaken by a plumber is the risk of contamination by cross connections. This risk is described as follows:

Inside many properties there are, in effect, two distinct systems of pipes, one conveying drinking-water and the other wastewater. These pipes, internal and external to the building, together with the fittings themselves, are the plumbing systems of the property. The two systems of pipes pass underground to reach the building, and they come close together at sanitary fittings and fixtures such as water closets, sinks or baths. The proximity of the drinking-water supply and waste disposal systems means that there is a risk that liquid waste might contaminate the drinking-water supply system. The minimization of this risk is one of the prime objectives of a well-designed and properly built plumbing system. The ill effects of a cross-connection may not be confined to the premises concerned, but may be transferred to the mains supply system to which the plumbing is connected. In these cases, the health of a whole community may be threatened.⁶⁰

Working with gas brings risk of injury and death and damage to property associated with fire, explosion or toxic substances. This is the case whether the gas is piped natural gas or individually connected liquefied petroleum gas. The Regulation Impact Statement for the Victorian Gas Safety (Gas Installation) Regulations 2008 indicates that:

[w]hile convenient, gas is also a potentially hazardous fuel, with dangers from:

- Fire or explosion from ignition of leaking gas;

⁵⁹ World Health Organization and World Plumbing Council 2006, *Health aspects of plumbing*, World Health Organization and World Plumbing Council, Switzerland, p. 7.

⁶⁰ *Ibid.*, p. 4.

- Fire from unacceptably high levels of heat transfer from an appliance to adjacent structures or objects;
- Unsafe atmospheres in working or living spaces, due to either inadequate oxygen provision or the build up of toxic combustion products (especially nitrogen dioxide or carbon monoxide).⁶¹

The potential hazards that give rise to these risks:

are heightened if gas appliances and installations suffer from defective design, inadequate standards, defective materials, insufficient installation competency, improper operation and/or inadequate maintenance.⁶²

Based on currently available research, tables E.1 and E.2 summarise the apparent range of risks associated with plumbing and gasfitting work.

Table E.1: Risks associated with plumbing work

Risk	Description	Risk nature
Poisoning/ asphyxiation/ personal injury	Leaking pipes, poor maintenance work on appliances, sub-standard materials or products or incorrect installation can lead to fires and explosions. This is a public and private health and safety risk. Incorrect installation of hot water systems can result in scalds and burns to those who use the hot water supply. Incorrect installation or maintenance of a fire protection system can partially or wholly reduce its effectiveness. This in turn can raise significant risks to life for those who own or use buildings fitted with fire protection systems.	Health and safety
Bacterial infection	Poor drainage systems can result in stagnant water that is unable to drain; this can contribute to bacterial infections, resulting in serious health problems and even death.	Health and safety
Foul smells	Poorly designed or maintained sanitary systems can cause a loss of water seals in traps. If this occurs foul smells from the sanitary system can enter the house/building. This causes inconvenience to occupants, and may also present a public health and safety risk.	Consumer protection Health and safety
Property and other asset damage	Leaking pipes, poor maintenance work on appliances, substandard materials or products or incorrect installation can lead to fires and explosions. This can result in property damage. Failure to provide adequate systems to drain water from the roof can result in leaking or flooding, resulting in damage to structures and fixtures. Incorrect installation or maintenance of a fire protection system can partially or wholly reduce its effectiveness. This in turn can raise significant risks to property for those who own or use buildings fitted with fire protection systems.	Consumer protection
Raw sewerage spills	Raw sewage spills can result from: <ul style="list-style-type: none"> • defective plumbing products and incorrect installation, leading to pipes blocking or leaking or system overflows (i.e. surcharge gullies) • poorly designed and installed sanitary or drainage fixtures, which can lead to blocked toilets • incorrect connection of drainage systems, particularly in relation to sewage systems Raw sewage spills can lead to the spread of disease and contamination of the environment.	Health and safety Environment

61 Regulatory Impact Statement: Proposed Gas Safety (Gas Installation) Regulations 2008, prepared for Energy Safe Victoria by Milbur Consulting Ltd, 2008.

62 Ibid.

Risk	Description	Risk nature
Water supply contamination	<p>Water supply contamination may arise from incorrect installation, e.g. incorrect backflow prevention, incorrect cross-connections (e.g. water supply and recycled water), poor installation of roof drainage systems or the use of inappropriate roof materials (for example, lead flashings).</p> <p>Incorrect connection of drainage systems, particularly in relation to sewage systems, can lead to contamination of drinkable water.</p> <p>The use of unsafe water sources for irrigation purposes presents a major health and safety risk, particularly if the irrigation system is used on fruit and vegetables, which can become contaminated by the water used.</p>	Health and safety Environment
Water wastage	<p>Water wastage can arise from:</p> <ul style="list-style-type: none"> poor design or installation that can cause bursting pipes or, for example, if the hot water system supplying a building is placed too far away from where the water is required, the hot water must travel an unnecessary distance, causing a loss of water while waiting for the hot water to arrive. poor understanding by the people designing and installing irrigations systems of soil and plant relationships. inappropriate testing practices – for example, plumbers are required to test drains for soundness and blockages after materials are installed. This is most commonly done by running water through the drain. This can waste approximately 150 litres of water each time a drain is tested; however, there are effective alternatives to using water that can be used to test drains. These include pumping up the drain with air pressure or using recycled water. 	Consumer protection Environment

Note: Adapted from Victorian Plumbing Industry Commission 2008, Regulatory Impact Statement: Proposed Plumbing Regulations 2008, Department of Planning and Community Development.

Table E.2: Risks associated with gasfitting work

Risk	Description	Risk nature
Asphyxiation/ poisoning/ respiratory illness	<p>Appliances using gas require adequate ventilation air for correct combustion and in some cases a suitable flue to remove the products of combustion. (In all cases, all appliances require adequate ventilation.)</p> <p>A gas leak, inadequate ventilation or an ineffective flue can result in serious health problems, such as carbon monoxide poisoning and/or death. As gas is mostly made up of methane, which is an asphyxiant; leaks and poor ventilation may result in death from asphyxiation.</p> <p>Leaking gas or combustion of by-product gases can exacerbate pre-existing medical conditions such as cardiovascular diseases and respiratory illnesses.</p>	Health and safety
Personal injury	Leaking gas or incomplete combustion arising from poorly maintained or incorrectly installed appliances can result in serious burns and/or death.	Health and safety
Property and other asset damage	Leaking pipes, poor maintenance work on appliances, substandard materials or products, use of unapproved appliances or incorrect installation can lead to fires and explosions, resulting in public and private property damage.	Consumer protection
Energy inefficiency	Inefficient use of energy can have a serious impact on the environment. Energy inefficiency can arise from the use of unapproved energy inefficient products or poor design of gas installation systems.	Environment

Note: Adapted from Victorian Plumbing Industry Commission 2008, Regulatory Impact Statement: Proposed Plumbing Regulations 2008, Department of Planning and Community Development.

By and large, however, Australia appears to perform well in the area of gas safety. As can be seen in Table E.3, during the period 1997–98 to 2001–02, Australian jurisdictions and Australia as a whole had a relatively low rate of gas-related fatalities. Australia (0.32) was ahead of most of the world, second only to Japan (0.25), and well below the world proxy (1.75). It should be acknowledged that the study cited dates from 2001–02.

Table E.3: Fatal accident frequency rate, 1997–98 to 2001–02

Jurisdiction	Population exposed to gas accident in 2000 (million)	Average deaths per year	Estimated FAFR x10 ⁻⁶
NSW	3.593	0	N/A
Vic	4.822	1.6	0.33
Qld	1.431	0	N/A
WA	1.332	.2	0.15
SA	1.071	.8	0.75
Tas	0.157	0	N/A
ACT	0.104	0	N/A
NT	0.065	0	N/A
Australia	11.910	2	0.32
United Kingdom	50.300	36	0.69
USA	155.700	426	4.43
Canada	30.500	26	0.81
Japan	68.880	5	0.25
South Korea	20.420	31	1.54
Netherlands	14.950	6	0.37
France	45.158	59	1.32
Denmark	2.600	3	1.15
Italy	50.512	64	1.28
China	22.500	173	7.69
Finland	1.900	2	1.05
New Zealand	1.863	1.6	1.55
World proxy	477.193	834.6	1.75

FAFR = fatal accident frequency rate

Note: The fatal accident frequency rate equates to the average number of fatalities / number of people at risk in gas supply households or area in the year 2000. The world proxy fatal accident frequency rate is derived by dividing the exposed population by number of fatalities.

Source: Watt, G 2004, *Overseas and Australian statistics and benchmarks for customer gas safety incidents*, Glenergy Services.

While this analysis focuses on gas safety outcomes, it is important to note that plumbing work also carries potential safety risks for the general public. While data has not been provided here, stakeholders are encouraged to provide evidence that demonstrates the levels of safety risk in relation to plumbing work in Australia.

Attachment F – Proposed plumbing and gasfitting qualification requirements under three-tier model

Sub-option 1

Table F.1: Tradesperson registration

Licence category	Qualification
Plumber	Completion of CPC32411 Certificate III in Plumbing OR CPC32511 Certificate III in Plumbing (Mechanical Services) including the sanitary stream
Drainer	Completion of CPC32411 Certificate III in Plumbing including the Drainage Stream and the unit of competency CPCPSN3015A Install pre-treatment facilities OR CPC20711 Certificate II in Drainage including the following units of competency: CPCPSN3015A Install pre-treatment facilities; and CPCPDR3011A Plan layout of a residential sanitary drainage system
General gasfitter	Completion of CPC32711 Certificate III in Gas Fitting including the follow elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPCM3012A Weld plastic pipe using fusion method • CPCPCM3013A Fabricate and install non-ferrous pressure piping • CPCPMS3011A Fabricate and install steel pressure piping OR CPC32411 Certificate III in Plumbing including the Gas Services Stream and the following elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPGS3022A Maintain Type A gas appliances • CPCPMS3011A Fabricate and install steel pressure piping
Fire Protection	Completion of CPC32811 Certificate III in Fire Protection
Mechanical Services	CPC32511 Certificate III in Plumbing (Mechanical Services) OR CPC32411 Certificate III in Plumbing including the mechanical services stream

Table F.2: Endorsed licence (tradesperson registration)

Licence category	Qualification
Plumber tradespersons registration – commissioning and maintenance of thermostatic mixing valves	Plumber tradesperson registration licence plus Completion of CPCPWT4013A Commission and maintain heated water temperature control devices from CPC40911 Certificate IV in Plumbing and Services
Plumber tradespersons registration – commissioning and maintenance of backflow prevention devices	Plumber tradesperson registration licence plus Completion of CPCPWT4012A Commission and maintain backflow prevention devices from CPC40911 Certificate IV in Plumbing and Services

Table F.3: (Full) licence level

Licence category	Qualification
Plumber	<p>Hold a licence as a plumber (tradesperson registration) OR completion of either CPC32411 Certificate III in Plumbing OR CPC32511 Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CCCCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks <p>Plumbing and services – Operations stream electives</p> <ul style="list-style-type: none"> • CPCPWT4011A Design and size heated and cold water services and systems • CPCPWT4012A Commission and maintain backflow prevention devices • CPCPWT4013A Commission and maintain heated water temperature control devices <p>Plumbing and services – Operations stream core</p> <ul style="list-style-type: none"> • CPCPSN4011A Design and size sanitary plumbing systems
Drainer	<p>Hold a licence as a drainer (tradesperson registration) OR completion of either CPC32411 Certificate III in Plumbing including the Drainage Stream and the unit of competency CPCPSN3015A Install pre-treatment facilities OR CPC20711 Certificate II in Drainage including the following units of competency:</p> <ul style="list-style-type: none"> • CPCPSN3015A Install pre-treatment facilities; and • CPCPDR3011A Plan layout of a residential sanitary drainage system <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CCCCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks <p>Plumbing and services – Operation stream core</p> <ul style="list-style-type: none"> • CPCPDR4011A Design and size sanitary drainage systems • CPCPDR4012A Design and size stormwater drainage systems • CPCPDR4013A Design and size domestic treatment plant disposal systems

Licence category	Qualification
General gasfitter	<p>Hold a licence as a general gasfitter (tradesperson registration) or completion of CPC32711 Certificate III in Gas Fitting including the follow elective units of competency:</p> <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPCM3012A Weld plastic pipe using fusion method • CPCPCM3013A Fabricate and install non-ferrous pressure piping • CPCPMS3011A Fabricate and install steel pressure piping <p>OR</p> <p>CPC32411 Certificate III in Plumbing including the Gas Services Stream and the following elective units of competency:</p> <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPGS3022A Maintain Type A gas appliances • CPCPMS3011A Fabricate and install steel pressure piping <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work <p>Plumbing and services – Operations stream electives:</p> <ul style="list-style-type: none"> • CPCPGS4011A Design and size consumer gas installations • CPCPGS4012A Service Type A gas appliances
Gasfitter type B appliances	<p>Hold a licence as a General gasfitter or the qualifications required to obtain a General gasfitter licence;</p> <p>PLUS</p> <p>Completion of the unit of competency CPCPGS4003A Install, commission and service Type B gas appliances</p>
Fire Protection	<p>Hold a licence to do fire protection work (tradesperson registration) or completion of CPC32811 Certificate III in Fire Protection</p> <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CPCBC4012A Read and interpret plans and specifications • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work • BSBOHS403B Identify hazards and assess OHS risks <p>Fire services stream electives:</p> <ul style="list-style-type: none"> • CPCPFS4014A Design residential and domestic fire sprinkler systems
Mechanical Services	<p>Hold a licence to do mechanical services work (tradesperson registration) or completion of CPC32511 Certificate III in Plumbing (Mechanical Services)</p> <p>OR</p> <p>CPC32411 Certificate III in Plumbing including the mechanical services stream</p> <p>PLUS</p> <ul style="list-style-type: none"> • CPCPMS4011A Design, size and layout heating and cooling systems • CPCPCM4001A Carry out work based risk control process • CPCPCM4002A Estimate and cost work • BSBSMB401A Establish legal and risk management requirements of small business^a

Licence category	Qualification
Restricted Plumber's (disconnect/reconnect) licence	<p>Completion of the following units of competency from CPC32411 Certificate III in Plumbing:</p> <ul style="list-style-type: none"> • CPCPCM2026A Use plumbing hand and power tools • CPCPWT3013A Install and commission water heating systems <p>PLUS</p> <p>the following units of competency from CPC40911 Certificate IV in Plumbing and Services:</p> <ul style="list-style-type: none"> • CPCPWT4013A Commission and maintain heated water temperature control devices

a There were divergent views on whether all four, some or none of the Certificate IV units of competency should be required for the mechanical services licence.

Table F.4: Endorsements

Licence category	Qualification
Plumber licence– testing and maintaining hydrants and hose reels	Plumber licence including or in addition to: Completion of CPCPFS3018A Test and maintain fire hydrant and hose reel installations

Table F.5: Provisional licence level

Licence category	Qualification
Provisional Plumber	<p>offshore technical skills record: an Offshore Technical Skills Record (OTSR) is a document issued by a Registered Training Organisation after a successful assessment against CPC32411 Certificate III in Plumbing</p> <p>OR</p> <p>CPC32511 Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p>
Provisional Drainer	<p>offshore technical skills record: an Offshore Technical Skills Record (OTSR) is a document issued by a Registered Training Organisation after a successful assessment against CPC32411 Certificate III in Plumbing including the Drainage Stream and the unit of competency CPCPSN3015A Install pre-treatment facilities.</p>
Provisional general gasfitter	<p>offshore technical skills record: an Offshore Technical Skills Record (OTSR) is a document issued by a Registered Training Organisation after a successful assessment against CPC32711 Certificate III in Gas Fitting including the follow elective units of competency:</p> <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPCM3012A Weld plastic pipe using fusion method • CPCPCM3013A Fabricate and install non-ferrous pressure piping • CPCPMS3011A Fabricate and install steel pressure piping <p>OR</p> <p>CPC32411 Certificate III in Plumbing including the Gas Services Stream and the following elective units of competency:</p> <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPGS3022A Maintain Type A gas appliances • CPCPMS3011A Fabricate and install steel pressure piping.

Sub-option 2

As above, but with the (full) licence level requirements as follows:

Table F.6: (Full) licence level

Licence category	Qualification
Plumber	<p>Hold a licence as a plumber (tradesperson registration) OR completion of either CPC32411 Certificate III in Plumbing OR CPC32511 Certificate III in Plumbing (Mechanical Services) including the sanitary stream</p> <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work <p>Plumbing and services – Operations stream elective</p> <ul style="list-style-type: none"> • CPCPWT4011A Design and size heated and cold water services and systems • CPCPSN4011A Design and size sanitary plumbing systems
Drainer	<p>Hold a licence as a drainer (tradesperson registration) OR completion of either CPC32411 Certificate III in Plumbing including the Drainage Stream and the unit of competency CPCPSN3015A Install pre-treatment facilities OR CPC20711 Certificate II in Drainage including the following units of competency:</p> <ul style="list-style-type: none"> • CPCPSN3015A Install pre-treatment facilities; and • CPCPDR3011A Plan layout of a residential sanitary drainage system <p>PLUS</p> <p>Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services:</p> <p>Common compulsory units:</p> <ul style="list-style-type: none"> • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work <p>Plumbing and services – Operation stream core</p> <ul style="list-style-type: none"> • CPCPDR4011A Design and size sanitary drainage systems • CPCPDR4012A Design and size stormwater drainage systems • CPCPDR4013A Design and size domestic treatment plant disposal systems

Licence category	Qualification
General gasfitter	Hold a licence as a general gasfitter (tradesperson registration) or completion of CPC32711 Certificate III in Gas Fitting including the follow elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPCM3012A Weld plastic pipe using fusion method • CPCPCM3013A Fabricate and install non-ferrous pressure piping • CPCPMS3011A Fabricate and install steel pressure piping OR CPC32411 Certificate III in Plumbing including the Gas Services Stream and the following elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPGS3022A Maintain Type A gas appliances • CPCPMS3011A Fabricate and install steel pressure piping PLUS Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services: Common compulsory units: <ul style="list-style-type: none"> • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work Plumbing and services – Operations stream electives: <ul style="list-style-type: none"> • CPCPGS4011A Design and size consumer gas installations • CPCPGS4012A Service Type A gas appliances
Gasfitter type B appliances	Hold a licence as a General gasfitter or the qualifications required to obtain a General gasfitter licence; PLUS Completion of the unit of competency CPCPGS4003A Install, commission and service Type B gas appliances
Fire Protection	Hold a licence to do fire protection work (tradesperson registration) or completion of CPC32811 Certificate III in Fire Protection PLUS Completion of the following units of competency from CPC40911 Certificate IV in Plumbing and Services: Common compulsory units: <ul style="list-style-type: none"> • CPCPCM4001A Carry out work based risk control processes • CPCPCM4002A Estimate and cost work
Mechanical Services	CPC32511 Certificate III in Plumbing (Mechanical Services) OR CPC32411 Certificate III in Plumbing including the mechanical services stream OR a tradesperson registration mechanical services licence PLUS <ul style="list-style-type: none"> • CPCPMS4011A Design, size and layout heating and cooling systems • CPCPCM4001A Carry out work based risk control process • CPCPCM4002A Estimate and cost work^a
Restricted Plumber's (disconnect/reconnect) licence	Completion of the following units of competency from CPC32411 Certificate III in Plumbing: <ul style="list-style-type: none"> • CPCPCM2026A Use plumbing hand and power tools • CPCPWT3013A Install and commission water heating systems PLUS the following units of competency from CPC40911 Certificate IV in Plumbing and Services: <ul style="list-style-type: none"> • CPCPWT4013A Commission and maintain heated water temperature control devices

a There were divergent views on whether all four, some or none of the Certificate IV units of competency should be required for the mechanical services licence.

Table F.7: Endorsements

Licence category	Qualification
Plumber licence – testing and maintaining hydrants and hose reels	Plumber licence including or in addition to: Completion of CPCPFS3018A Test and maintain fire hydrant and hose reel installations
Plumber licence – commissioning and maintenance of thermostatic mixing valves	Plumber licence plus: Completion of CPCPWT4013A Commission and maintain heated water temperature control devices from CPC40911 Certificate IV in Plumbing and Services
Plumber licence– commissioning and maintenance of backflow prevention devices	Plumber licence plus: Completion of CPCPWT4012A Commission and maintain backflow prevention devices from CPC40911 Certificate IV in Plumbing and Services
Plumber tradespersons registration – testing and maintaining hydrants and hose reels	Plumber tradespersons registration including or in addition to: Completion of CPCPFS3018A Test and maintain fire hydrant and hose reel installations
Plumber tradespersons registration – commissioning and maintenance of thermostatic mixing valves	Plumber tradespersons registration plus: Completion of CPCPWT4013A Commission and maintain heated water temperature control devices from CPC40911 Certificate IV in Plumbing and Services
Plumber tradespersons registration – commissioning and maintenance of backflow prevention devices	Plumber tradespersons registration plus: Completion of CPCPWT4012A Commission and maintain backflow prevention devices from CPC40911 Certificate IV in Plumbing and Services

Comparison of Certificate IV – current and three-tier approaches

The following table provides a comparison of the Certificate IV units required both currently, and in each of the Three-tier sub-options under national licensing, for the equivalent of a (full) licence. Under current arrangements, jurisdictions may call this a plumber’s or gasfitter’s licence, plumbing or gasfitting contractor licence, plumbing or gasfitting certifier licence, or similar, depending on the area of activity. In all cases, these requirements are in addition to the relevant Certificate III qualification or equivalent which forms the entry qualification.

Plumber

Note: Commission and maintain backflow prevention devices and Commission and maintain heated water temperature control devices are proposed to be available as endorsements on a tradesperson registration. Existing licence holders with these units will be transitioned with the endorsement, as appropriate.

Table F.8: New South Wales: Plumbing work (including sanitary and water plumbing)

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Commission and maintain backflow prevention devices CPCPWT4012A	X	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	X	✓	X
CPCPSN4011A Design and size sanitary plumbing systems	✓	✓	✓
CPCPDR4011A Design and size sanitary drainage systems (NSW only)	✓	X	X
CPCPDR4012A Design and size stormwater drainage systems (NSW only)	✓	X	X
CPCPDR4013A Design and size domestic treatment plant disposal systems (NSW only)	✓	X	X

Table F.9: Victoria: Plumber – Water Supply Plumber and Sanitary Plumber

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A (Req'd for both water and sanitary)	X	✓	X
Carry out work-based risk control processes CPCPCM4001A Req'd for both water and sanitary)	✓	✓	✓
Estimate and cost work CPCPCM4002A Req'd for both water and sanitary)	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓)	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	X (but is available as endorsement)	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	X	✓	X
BSBSMB401A – Establish legal and risk management requirements of small business (Vic,Qld, WA, SA, NT (Req'd for both water and sanitary)	✓	X	X
Design and size sanitary plumbing systems CPCPSN4011A (Req'd sanitary only)	✓	✓	✓

Table F.10: Queensland – Plumber's Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	X	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	X	✓	X
BSBSMB401A – Establish legal and risk management requirements of small business (Vic,Qld, WA, SA, NT)	✓	X	X
Design and size sanitary plumbing systems CPCPSN4011A	✓	✓	✓

Table F.11: Western Australia – Plumbing Contractor’s Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	✓	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	✓	✓	X
BSBSMB401A – Establish legal and risk management requirements of small business (Vic,Qld, WA, SA, NT)	✓	X	X
Design and size sanitary plumbing systems CPCPSN4011A	✓	✓	✓

Table F.12: South Australia – Plumbing Contractor Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	✓	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	✓	✓	X
Undertake financial planning/Plan small business finances. BSBSBM402A/BSBSMB402A – Or Manage finances/Manage small business finances BSBSBM406A/BSBSMB406A	✓	X	X
Apply legal requirements to building and construction projects; BCGBC4009A/CPCBC4009A Or Establish business & legal requirements/Establish legal and risk management requirements of small business; BSBSBM401A/BSBSMB401A (Vic,Qld, WA, SA, NT)	✓	X	X
Design and size sanitary plumbing systems CPCPSN4011A	✓	✓	✓

Table F.13: Tasmania – Plumbing Practitioner – Certifier Water Plumber and Plumbing Practitioner – Sanitary Plumbing

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A (Req'd for both water and sanitary)	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A (Req'd for both water and sanitary)	✓	✓	✓
Estimate and cost work CPCPCM4002A (Req'd for both water and sanitary)	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B (Req'd for both water and sanitary)	✓	✓	X
Design and size heated and cold water services and systems CPCPWT4011A (Req'd for water)	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	X (but is available as	✓	X

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
	endorsement)		
Commission and maintain heated water temperature control devices CPCPWT4013A	X (but is available as endorsement)	✓	X
Design and size sanitary plumbing systems CPCPSN4011A (Req'd for sanitary)	✓	✓	✓

Table F.14: Australian Capital Territory – Plumber's Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	X	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	X	✓	X
Design and size sanitary plumbing systems CPCPSN4011A (Req'd for sanitary)	✓	✓	✓

Table F.15: Northern Territory – Advanced Tradesman – Plumber or Plumber/Drainer Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size heated and cold water services and systems CPCPWT4011A	✓	✓	✓
Commission and maintain backflow prevention devices CPCPWT4012A	✓	✓	X
Commission and maintain heated water temperature control devices CPCPWT4013A	✓	✓	X
BSBSBM401A Establish Business and Legal Requirements of Small Business (Vic,Qld, WA, SA, NT)	✓	X	X
Design and size sanitary plumbing systems CPCPSN4011A (Req'd for sanitary)	✓	✓	✓

Drainer

Table F.16: New South Wales – Drainage work

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓

Table F.17: Victoria – Drainage

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓
BSBSMB401A – Establish legal and risk management requirements of small business (Vic, Qld, SA and NT)	✓	X	X

Table F.18: Queensland – Drainer Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	X	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓
BSBSMB401A – Establish legal and risk management requirements of small business (Vic, Qld, SA and NT)	✓	X	X

Table F.19: Western Australia – Plumbing Contractor’s (Drainage Plumbing) Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	X	X	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	X	✓

Table F.20: South Australia – Drainage Plumber Contractor Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓
Undertake financial planning/Plan small business finances. BSBSBM402A/BSBSMB402A – Or Manage finances/Manage small business finances BSBSBM406A/BSBSMB406A	✓	X	X
Apply legal requirements to building and construction projects; BCGBC4009A/CPCBC4009A Or Establish business & legal requirements/Establish legal and risk management requirements of small business; BSBSBM401A/BSBSMB401A (Vic, Qld, SA and NT))	✓	X	X

Table F.21: Tasmania – Plumber Practitioner Drainer

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	✓	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓

Table F.22: Australian Capital Territory – Advanced Sanitary Drainer

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓

Table F.23: Northern Territory – Advanced Tradesman – Drainer or Plumber and Drainer

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design and size sanitary drainage systems CPCPDR4011A	✓	✓	✓
Design and size stormwater drainage systems CPCPDR4012A	✓	✓	✓
Design and size domestic treatment plant disposal systems CPCPDR4013A	✓	✓	✓
Establish legal and risk management requirements of small business BSBSMB401A (Vic, Qld, SA and NT)	✓	X	X

Fire protection

Table F.24: New South Wales – Fire Protection

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	✓	✓	X
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design residential and domestic fire sprinkler systems CPCPRF4011A	X	✓	X
Design and size heated and cold water CPCPWT4011A	✓	X	X

Table F.25: Victoria – Fire Protection

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design residential and domestic fire sprinkler systems CPCPRF4011A	✓	✓	X
Commission and maintain special fire suppression systems CPCPFS4012A	✓	X	X
Establish legal and risk management requirements of small business BSBSMB401A (Vic only, noting that work is undertaken and unit is required for Building Work Contractor in SA)	✓	X	X

Table F.26: Queensland – contractor licence Fire Protection

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Read and Interpret Plans and specifications CPCBC4012A	X	✓	X
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Identify hazards and assess OHS risks BSBOHS403B	X	✓	X
Design residential and domestic fire sprinkler systems CPCPRF4011A	✓	✓	X

General Gasfitter

Table F.27: New South Wales – General Gasfitter

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	X	✓	✓
Read and Interpret Plans and specifications CPCBC4012A	✓	X	X

Table F.28: Victoria – Gasfitting

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	X (but is available as specialised licence/endorsement)	✓	✓
Establish legal and risk management requirements of small business BSBSMB401A	✓	X	X

Table F.29: Queensland – Full Gas Work Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A or equivalent	✓	✓	✓

Table F.30: Western Australia – Gasfitter

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	✓	✓	✓

Table F.31: South Australia – Gasfitting Contractor Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	✓	✓	✓
Undertake financial planning/Plan small business finances. BSBSBM402A/BSBSMB402A – Or Manage finances/Manage small business finances BSBSBM406A/BSBSMB406A	✓	X	X
Apply legal requirements to building and construction projects; BCGBC4009A/CPCBC4009A Or Establish business & legal requirements/Establish legal and risk management requirements of small business; BSBSBM401A/BSBSMB401A	✓	X	X

Table F.32: Tasmania – Gasfitter Practitioner

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	✓	✓	✓
Read and Interpret Plans and specifications CPCBC4012A	✓	X	X
Identify hazards/OHS risks BSBOHS403B	✓	X	X

Table F.33: Australian Capital Territory – Advanced Gasfitter

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Design and size consumer gas installations CPCPGS4011A	✓	✓	✓
Service Type A gas appliances CPCPGS4012A	X	✓	✓

Table F.34: Northern Territory – Gasfitter – Domestic/Commercial

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Carry out work-based risk control processes CPCPCM4001A	X	✓	✓
Estimate and cost work CPCPCM4002A	X	✓	✓
Design and size consumer gas installations CPCPGS4011A	X	✓	✓
Service Type A gas appliances CPCPGS4012A	X	✓	✓

Gasfitter Type B

Table F.35: New South Wales – Advanced LPG Gasfitting

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Install, commission and service Type B gas appliances CPCPGS4003A	X	✓	✓
Read and Interpret Plans and specifications CPCBC4012A	✓	X	X
Design and size consumer gas installations CPCPGS4011A	✓	X	X

Table F.36: Victoria – Type B Gasfitting

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Install, commission and service Type B gas appliances CPCPGS4003A	✓	✓	✓
Carry out work-based risk control processes CPCPCM4001A	✓	X	X
Estimate and cost work CPCPCM4002A	✓	X	X
Establish legal and risk management requirements of small business BSBSMB401A	✓	X	X

Table F.37: Queensland – Gas Work Authorisation

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Install, commission and service Type B gas appliances CPCPGS4003A	✓	✓	✓

Table F.38: South Australia – Install, Commission and service Type B gas appliances

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Install, commission and service Type B gas appliances CPCPGS4003A	✓	✓	✓

Table F.39: Tasmania – Gasfitter Type B Level 3 Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Install, commission and service Type B gas CPCPGS4003A	✓	✓	✓
Design Industrial Gas Systems CPCPPS5001A	✓	X	X

Mechanical services

Table F.40: Victoria – Mechanical Services Licence

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Design, size and layout heating and cooling systems CPCPMS4011A	✓	✓	✓
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Establish legal and risk management requirements of small business BSBSMB401A	✓	✓	X

Table F.41: Tasmania – Plumber Practitioner Mechanical Services Plumbing

Cert IV Unit of competency	Current	NOLS sub-option 1	NOLS sub-option 2
Design, size and layout heating and cooling systems CPCPMS4011A	✓	✓	✓
Carry out work-based risk control processes CPCPCM4001A	✓	✓	✓
Estimate and cost work CPCPCM4002A	✓	✓	✓
Establish legal and risk management requirements of small business BSBSMB401A	X	✓	X
Read and Interpret Plans and specifications CPCBC4012A	✓	X	X
Identify hazards/OHS risks BSBOHS403B	✓	X	X
Commission Air and Water systems CPCPMS4002A	✓	X	X

Attachment G – Proposed plumbing and gasfitting qualification requirements under two-tier model

Table G.1: Unsupervised licence level

Licence category	Qualification
Plumber	Completion of CPC32411 Certificate III in Plumbing OR CPC32511 Certificate III in Plumbing (Mechanical Services)
Drainer	Completion of CPC32411 Certificate III in Plumbing including the Drainage Stream and the unit of competency CPCPSN3015A Install pre-treatment facilities OR CPC20711 Certificate II in Drainage including the following units of competency: CPCPSN3015A Install pre-treatment facilities CPCPDR3011A Plan layout of a residential sanitary drainage system
General gasfitter	Completion of CPC32711 Certificate III in Gas Fitting including the follow elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPCM3012A Weld plastic pipe using fusion method • CPCPCM3013A Fabricate and install non-ferrous pressure piping • CPCPMS3011A Fabricate and install steel pressure piping OR CPC32411 Certificate III in Plumbing including the Gas Services Stream and the following elective units of competency: <ul style="list-style-type: none"> • CPCPCM2029A Cut using oxy-LPG-acetylene equipment • CPCPGS3022A Maintain Type A gas appliances • CPCPMS3011A Fabricate and install steel pressure piping
Gasfitter type B appliances	Hold a licence as a General gasfitter or the qualifications required to obtain a General gasfitter licence; PLUS Completion of the unit of competency CPCPGS4003A Install, commission and service Type B gas appliances
Mechanical Services	CPC32511 Certificate III in Plumbing (Mechanical Services) OR CPC32411 Certificate III in Plumbing including the mechanical services stream
Fire Protection	Completion of CPC32811 Certificate III in Fire Protection
Plumber's (disconnect/reconnect) licence	Completion of the following units of competency from CPC32411 Certificate III in Plumbing: <ul style="list-style-type: none"> • CPCPCM2026A Use plumbing hand and power tools • CPCPWT3013A Install and commission water heating systems PLUS the following units of competency from CPC40911 Certificate IV in Plumbing and Services: <ul style="list-style-type: none"> • CPCPWT4013A Commission and maintain heated water temperature control devices

Table G.2: Endorsements

Licence category	Qualification
Plumber licence– testing and maintaining hydrants and hose reels	Plumber licence including or in addition to: Completion of CPCPFS3018A Test and maintain fire hydrant and hose reel installations
Plumber licence – commissioning and maintenance of thermostatic mixing valves	Plumber licence plus Completion of CPCPWT4013A Commission and maintain heated water temperature control devices from CPC40911 Certificate IV in Plumbing and Services
Plumber licence– commissioning and maintenance of backflow prevention devices	Plumber licence plus Completion of CPCPWT4012A Commission and maintain backflow prevention devices from CPC40911 Certificate IV in Plumbing and Services

Attachment H – References

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