



CONSULTATION
REGULATION IMPACT STATEMENT

Proposal for national licensing
for
electrical 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 electrical occupations. Submissions to this RIS are invited by COB **26 August 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 the 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 system for the electrical occupations. The Consultation RIS also seeks stakeholder views on an automatic mutual recognition option.

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. The Consultation RIS will seek relevant information that will assist the government decision-making processes to identify the best option for a national approach to licensing electrical occupations.

This Consultation RIS follows the Council of Australian Governments (COAG)'s guidelines 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 26 August 2012. This date may be extended; please check the [national licensing website](http://www.nola.gov.au) (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

National licensing for electrical occupations across Australia has the potential to deliver significant ongoing net benefits (see Table S.1). Most benefits of national licensing go to business, workers and consumers. There are one-off costs, including costs to licensees and business to become aware of the proposed changes, and costs to government for the establishment of the National Occupational Licensing Authority and the public national licensing register and its supporting database. 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 may, in some cases, be passed on to licensees via increased fees. This Consultation Regulatory Impact Statement indicates that the benefits of the reform outweigh these costs.

In comparing the total benefits and costs across all stakeholders, it would take less than one year for the benefits of the reform to start exceeding the costs nationally, and the benefits of the reform would continue to be realised long after the initial 10 years presented in the costing analysis. Based on an indicative modelling exercise, a range of indicators show that these reforms are worthwhile, as can be seen in Table S.1.

Table S.1: Net benefits of reforms to national licensing for electrical occupations, by jurisdiction

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Ongoing net impact (\$m per annum)	2.34	5.03	7.27	2.27	4.20	0.40	0.09	0.40	22.01
Community (licensees, business, households)	3.01	5.48	7.70	3.14	4.42	0.50	0.22	0.43	24.90
Government	(0.67)	(0.45)	(0.42)	(0.87)	(0.22)	(0.10)	(0.13)	(0.03)	(2.89)
One-off transition costs (\$m)	(3.83)	(4.09)	(4.25)	(3.07)	(1.78)	(1.09)	(0.80)	(0.97)	(19.88)
Community (licensees, business, households)	(2.62)	(2.48)	(2.71)	(1.70)	(0.88)	(0.28)	(0.20)	(0.35)	(11.22)
Government	(1.21)	(1.61)	(1.54)	(1.37)	(0.90)	(0.81)	(0.60)	(0.62)	(8.67)
Total 10-year NPV (\$m)	11.33	28.75	43.35	11.86	25.72	1.63	(0.11)	1.76	124.29
– excluding NOLA	15.61	32.56	46.60	13.91	27.19	2.45	0.27	2.26	140.86
Benefit–cost ratio of the total 10-year NPV	2.33	3.54	5.91	1.97	8.86	1.99	0.93	2.38	3.56
Payback period (years)	1.64	0.81	0.58	1.36	0.42	2.69	8.62	2.39	0.90
Rate of return (annualised percentage)	61%	123%	171%	74%	236%	37%	12%	42%	111%

NPV = net present value; NOLA = National Occupational Licensing Authority

Note: The analysis does not account for changes in GST, payroll or other taxes. As some of the community benefits will be consumed as expenditure or enjoyed as higher wages, there will be an increase in GST and payroll revenues.

Automatic mutual recognition

An alternative to national licensing is automatic mutual recognition, which would enhance the ability for some labour to flow where it is most needed, with lower transitional costs than envisaged under national licensing. To fully quantify and assess the impacts under this option, further guidance from governments on option parameters and available data would be needed.

There is the potential for this option to capture other benefits that have been identified under national licensing. This would require jurisdictions to unilaterally amend their current licensing requirements in line with what has been proposed under 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 are not guaranteed. Furthermore, 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 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 draft legislative schema for the establishment of a national licensing system for the electrical 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 electrical occupational area with the 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 also 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 as the preferred option in the Consultation RIS. However, as previous consultations did not provide any cost-benefit analysis of an alternative automatic mutual recognition option, this 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; and
- the detailed proposal of how national licensing would be implemented, including seeking specific feedback on how this can be best achieved.

The executive summary provides a snapshot of the key features, rationale and costs and benefits for the following options:

- national licensing (preferred option)
- automatic mutual recognition.

The 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 the automatic recognition option, with quantification of impacts where possible. Implementation of the preferred national licensing option is discussed in Chapter 5. A summary of how the proposed arrangements compare with current jurisdictional licences is provided in Attachment B.

Stakeholder feedback

Stakeholder feedback is sought on the scope and scale of the proposed changes, examples of 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 electrical occupations. For details on how to comment on the Consultation RIS and the closing date for submissions, see Attachment A.

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 where 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 2013, and the second wave occupations are anticipated to commence in 2014. National licensing would have the capacity to extend to other licensed occupations over time and provide 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 the Intergovernmental Agreement signed in April 2009. Since then, arrangements to implement the national framework legislation National Law have been implemented 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 passage of the Bill following the consultation period. 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 public comment to also occur on these.

A copy of the National Law can be found on the [national licensing website](http://www.nola.gov.au) (www.nola.gov.au)

Electrical occupations are important to the economy

The electrical services industry is the largest of the building and construction contracting trades, accounting for about one-seventh of the gross product, revenue and employment in the construction trade services sector. Industry activities span all building, infrastructure and industrial markets. Services provided include the installation of new electrical, electronic, communications and industrial equipment; the installation of wiring and cabling; and the repair and maintenance of existing electrical equipment and fixtures.¹

An IBISWorld report from February 2012 anticipated that the industry would generate revenue totalling \$11.5 billion in 2011–12, including value added of \$5.75 billion or about 0.5 per cent of Australia's GDP.² The industry comprises many small-scale operators employing four to five people per establishment on average, including working proprietors and partners.

Based on information provided by jurisdictional regulators, there are over 230,000 electrical licensees across Australia, as shown in Table ES.1. Approximately 75 per cent of licences are issued in New South Wales, Victoria and Queensland.

1 IBISWorld 2012, [Electrical services in Australia: Market research report](#), Industry report E4232 2012, p. 5.

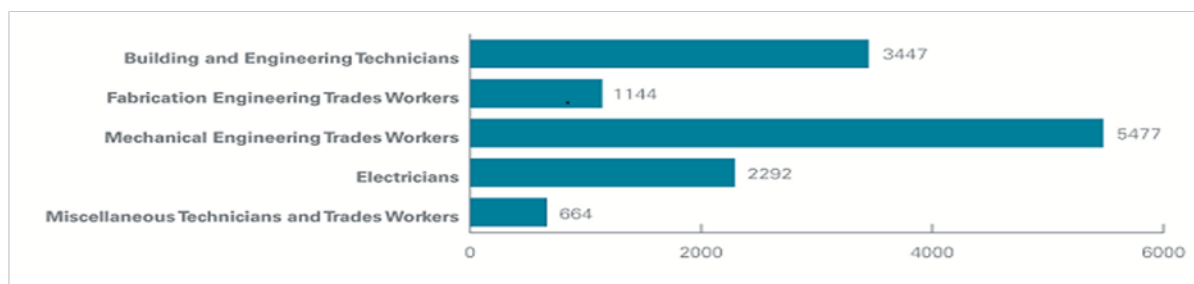
² Ibid

Table ES.1: Number of existing electrical licensees per jurisdiction and nationally, as of March 2012

Number of electrical licensees	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Total existing licensees	64,096	51,016	54,480	31,090	18,530	5,051	3,500	5,733	230,707
Percentage of national	27%	22%	23%	13%	8%	2%	1%	2%	100%

Note: These figures do not reflect the total electrical occupations' workforce for NSW, Vic, WA, Tas or the ACT, where some electrical occupations are not licensed (see Attachment G).

The industry is experiencing a sustained increase in demand for its services from the mining and resources sector. Skills Australia estimates that employment growth in mining operations will increase by 89,004 persons from 2010 to 2016, representing annual average growth in employment of 7.9 per cent over this period.³ Electricians are one of the top five fastest growing occupations in mining employment, as shown in Figure ES.1. In general, the electrical services industry is important as an input to other sectors, and the licensing of this industry is important to public and industry confidence.

Figure ES.1: Projections of employment growth in the top five fastest growing technicians and trade workers occupations in mining employment (less oil and gas), 2010 to 2016

Source: Skills Australia 2011, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

Fly-in, fly-out work arrangements are a rapidly growing area in the mining and resources sector. While fly-in, fly-out 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 and other sectors' skills needs are to be met without adverse impacts on the rest of the economy.⁴ It should be acknowledged, however, that labour shortages can also be due to overall skills shortages nationwide. Further information on the electrical industry is available in Attachment C.

Reform can benefit electrical occupations by overcoming current problems

Electrical 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 licence categories varies across jurisdictions. If electricians wish to work across multiple jurisdictions, they are required to obtain the relevant licence or licences through mutual recognition in each of those jurisdictions.

³ Skills Australia 2011, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

⁴ Skills Australia 2011, *Skills Australia submission to the House of Representatives Standing Committee on Regional Australia Inquiry into the experience of fly-in, fly-out and drive-in, drive-out workers in regional Australia*, p. 15.

Recent reforms to mutual recognition for a range of occupational licences, including electrical, 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 applying for mutual recognition and 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
- 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 unilaterally 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, individuals may 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 equivalency must be updated annually to remain current; therefore, maintaining those declarations incurs an administrative cost.

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’.⁵ The commission did, however, identify some problems with the day-to-day operation of mutual recognition. Those included the failure of some regulators applying mutual recognition correctly and the complications created by conditions and restrictions placed on licensees when they move across jurisdictions.

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 electrical 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 necessary for the regulation of electrical occupations. There are examples of:

- the scope of regulation being broader than may be necessary – for example, licensing work that may not need to be licensed, such as plug and cord work, which is only licensed in two jurisdictions
- the level of skill requirements being higher than may be necessary – for example, qualification requirements for contractors could be perceived as unnecessary

⁵ Productivity Commission 2003, *Evaluation of the mutual recognition schemes: research report*, p. 40.

- other requirements that are not consistent with the regulatory objective – for example, duplicate testing of qualified applicants that continues to occur in some jurisdictions, and unnecessary conditions imposed on existing licences.

The current approach, therefore, leads to:

- costs to electricians 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 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 a second jurisdiction, this involves both a time cost and the payment of additional licence fees. Subsequently, that person must also renew those licences, again involving time and payment of 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).⁶ 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 costs for regulatory activities undertaken by each of the states and territories, electrical licensees who are working in multiple jurisdictions pay those costs many times.

Time delays with mutual recognition processes

There are time delays associated with applying for mutual recognition and there can be delays processing some licence applications, such as contractor licences. These delays can impose costs on individuals and businesses. There is anecdotal evidence of a loss of productivity of one week. Often, contractor companies have to spend resources assisting workers to complete licensing documentation, as shown in the case study in Box ES.1.

⁶ The only exception to this arrangement is Queensland, which operates external licence recognition for electricians and electrical fitters.

Box ES.1: Case study of a company experiencing time delays due to processing of mutual recognition licences

The Downer Group is a large and diversified engineering company operating across Australia. It has a strong electrical contracting presence in Western Australia, with a wide range of major contracts in the WA resources and mining sectors. The current workforce in Western Australia is approximately 3,000; of these, about 1,500 are electricians who require a local licence.

There is a regular need for hiring new electricians. Downer recruitment staff aims to engage tradespersons from other states and territories (and New Zealand). On average, there is a one-week delay after new recruits arrive in Western Australia for them to get a local licence from the WA Office of EnergySafety, due to the requirement to show an existing (but not WA) valid licence as part of the application submission and payment and subsequent processing.

Downer recruitment staff has found it necessary to help recruits with the licence process, because newcomers to Western Australia do not know where to go to deal with the process efficiently.

In summary, Downer states that there will be a definite benefit to the company and a smoother movement of tradespeople once the single, national electrician's licence has been established.

Source: Text received from Mr Bob Hatherley, managing director of Downer Australia, March 2012 (supplied by the National Occupational Licensing Taskforce).

Inconsistent and unnecessary requirements

Some consistency has already been achieved for the licensing of electricians. This is the result of cooperative work undertaken by the National Uniform Electrical Licensing Advisory Council and Electrical Regulatory Authorities Council. Nevertheless, there are up to eight different approaches to setting licensing policy. A number of examples from the electrical occupations show inconsistent regulatory requirements across jurisdictions and areas of regulation that do not have a strong rationale (given stated regulatory objectives).

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 terms and licence structures commonly apply. These differences can impose costs on those businesses that operate in multiple jurisdictions, as shown in the case study in Box ES.2.

Box ES.2: Case study of an electrical contractor dealing with different eligibility requirements

Mr Chris Madson is the managing director of Stowe Australia, a large Sydney-based electrical contracting company established in 1910. Stowe Australia operates in all eastern states, Tasmania and the Northern Territory. It contracts for all types of electrical work and employs about 1,600 electricians.

The company is well established and has a fairly stable workforce; that is, there is not much movement of licensed personnel across borders. The difficulty that the company has experienced is with the requirement to hold a separate contractor licence in each of the jurisdictions where it operates.

Unfortunately, the requirements for eligibility to hold a contractor licence vary between jurisdictions, and this can affect whether a highly experienced electrician working at the management or senior supervisor level is accepted as a nominee for the company in the operating jurisdiction, without first having to undertake additional (compulsory) studies.

This issue has frustrated the company on more than one occasion. For example, Stowe Australia experienced problems in establishing the company's presence in two jurisdictions, where it took about a month to achieve an electrical contractor licence, after the company won contracts in those jurisdictions.

In summary, Stowe Australia believes that a single national licence for electrical contractors will be a real benefit to industry.

Source: Text received from Electrical Construction & Maintenance Pty Ltd, 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 the most 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 like 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 application fees and additional training and conditions still apply for electrical 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.

Natural disasters generally lead to temporary spikes in demand for skilled workers, as discussed in the case study in Box ES.3.

Box ES.3: Case study of the 2009 Victorian bushfires, which led to demand spikes in electrical work

Based on estimates published by the Victorian Bushfire Royal Commission and the Victorian Bushfire Reconstruction and Recovery Authority, the overall cost of reconstruction work after Black Saturday is estimated to be about \$1.3 billion.⁷

Based on the spike in demand for construction work that occurred during Building the Education Revolution period, the initiative's Implementation Taskforce estimated that the price premium on construction work could be up to 5 per cent.⁸ Assuming that 6.7 per cent of the construction work consisted of electrical work, the approximate value of electrical work after Black Saturday would have been \$87 million.⁹ Given that this reconstruction after the bushfires would have led to a spike in demand, if a price premium of 5 per cent is assumed, the potential benefit to consumers of enhanced labour mobility could have been up to a maximum of about \$4 million.

⁷ According to the Insurance Council of Australia, the reported claims were \$1.2 billion, of which \$1.008 billion (84 per cent) related to property or contents claims. This may underestimate the true extent of property losses, however, as it is estimated that 13 per cent of residential properties may have been without insurance cover. To account for this, the claims value could be multiplied by 1.13, leaving \$1.14 billion in damage. Adding to this \$76.7 million estimated by the Victorian Managed Insurance Agency for the loss and damage to public infrastructure, \$15 million worth of damage identified by Telstra to communications infrastructure and \$60.5 million for reconstruction and rebuilding spent under the rebuilding together plan, the total construction-related costs come to \$1.29 billion.

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 and authorised the establishment of a national licensing body that would develop policy and administer the national licensing system. The agreement specified 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 and issues associated with national licensing.

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 D for full membership.) The announcement of the chief executive officer is expected in 2012. 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 driver's licence model was not costed in the previous 2009 Decision Regulation Impact Statement, 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 a driver's licence model, referred to as automatic mutual recognition in this report (see Box ES.5), for further comment by industry stakeholders, government, consumers and the wider community.

Sources: Victorian Bushfire Royal Commission 2009, '[Vol. 1, Appendix A, Estimated costs of the fires](#)', *Final report*, Victoria; Victorian Bushfire Reconstruction and Recovery Authority 2009, '[Rebuilding together: a state wide plan for bushfire reconstruction and recovery](#)', Victoria.

8 Based on the cost premium applied to all costs in consideration of an accelerated design and construction program under the Building the Education Revolution initiative.

Australian Government 2011, '[Building the Education Revolution Implementation Taskforce: Final report](#)', Department of Education, Employment and Workplace Relations, p. 151.

9 IBISWorld estimates that the 'installation trade services' sector makes up 13.4 per cent of the construction industry. If it is assumed that 50 per cent of this sector is represented by electrical work, electrical work would represent 6.7 per cent of the construction industry. The assumption of 50 per cent seems reasonable given that 'the site preparation services industry and the electrical services industry were the two industries most heavily involved in the initial post-flood repair and reconstruction activity'

IBISWorld 2012, '[Construction: Market research report](#)', Industry report E 2012.

This Consultation RIS, therefore, examines two broad approaches.

National licensing

A national licensing system would provide a single policy approach to licence categories, regulated work and the eligibility requirements to obtain electrical licences. 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.

Automatic mutual recognition

Under an automatic mutual recognition approach to national licensing, each jurisdiction would continue to issue licences against existing jurisdictional categories and associated scopes of work, but the majority of these licences (where a licence equivalency has been declared) would be recognised by every other state and territory without the licensee having to reapply for a licence or pay an additional fee.

Under both of these options, electricians, for example, would need to comply with the conduct requirements in the jurisdiction that they work in, but they would be free to choose where they work with no further licensing once the initial licence was obtained.

No licensing

An option involving the removal of all licensing requirements for electricians has been ruled out on the basis of the likely adverse impact on 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 or under automatic mutual recognition, a number of redundant existing conditions have been identified.

A number of examples of inconsistent regulatory requirements for electrical occupations across jurisdictions and areas of regulation do not have a strong rationale for inclusion. The COAG National Licensing Steering Committee identified 10 key areas as imposing unnecessary requirements on licence holders. These are:

- the requirement to hold a restricted electrical licence (REL) for plug and cord work (currently in Queensland and the Northern Territory)
- 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
- licensing of apprentices (currently in Western Australia and South Australia. A registration system operates in the Northern Territory)
- contractor licences for REL holders (currently in New South Wales, Queensland and South Australia)
- tradesperson certificate/supervised licences (currently in New South Wales and Victoria)
- English language tests (currently in Queensland)
- experience requirements.

The rationale for these proposed 10 key areas of deregulation are discussed throughout Chapter 3. In addition to these key areas, there are a range of additional elements proposed for deregulation. These are presented in the context of the summary of existing and proposed licensing arrangements in Attachment B.

Further opportunities for deregulation

Licensing of certain categories of work

All jurisdictions currently license electricians, the disconnection and reconnection of electrical equipment (i.e. holders of 'RELS') and electrical contractors. Electrical fitters, cable jointers and lineworkers are not licensed in all jurisdictions.

This Consultation RIS seeks stakeholder views on:

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

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. Key features of national licensing are set out in Box ES.4.

Box ES.4: Key features of national licensing for the electrical 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 contactor (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 a rationalised approach to the licensing of disconnection and reconnection of (fixed) wired equipment (RELS).
- There would be no skill or business qualification requirement for a contractor licence.
- A range of unnecessary licence conditions would be removed.
- Personal and financial probity requirements would be made consistent.
- The process for skilled migrants to obtain licences 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 licences and licence categories

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

- electrician
- electrical fitter
- electrical lineworker

- electrical cable jointer
- restricted electrical with fault finding
- restricted electrical without fault finding
- provisional licences for overseas trained workers and electrical fitters seeking to move to an electrician’s licence
- contractor licences for all categories listed above, except for the RELs and the provisional licences. The contractor licences could be issued to an individual, individuals in a partnership, or a corporation.

A number of these proposed categories (electrical fitters, lineworkers and cable jointers) are regulated in all jurisdictions, albeit in different ways, e.g. through a restricted licence, a separate licence category or under an electricity safety management scheme. See Attachment E 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, one- or three-year licence periods are being proposed and would be available for all licence types.

Currently, licence periods across jurisdictions range from one to five years, as shown in Table ES.2. Licensees in states and territories with a set licence period of one year would gain a direct benefit from being able to choose to obtain a licence for three years under national licensing.

Table ES.2: Current licence period across each jurisdiction

Jurisdiction	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Contractor	1 or 3	5	1	1	1	1	1 or 3	1
Individual or non-contractor	3	5	5	5	3	3	3	5

It is acknowledged that licensees in states and territories with a five-year licence period would incur a cost from having to renew 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 three-year licence period. Given the variation in current licence periods, Chapter 4 also provides a costing comparison on a five-year and a 10-year 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 electrical occupations.

There will be a five-year transitional period to national licensing. During that time, licensees can work between 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. However, 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 to fund 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 that they will continue to differ across jurisdictions. It is proposed that licensees will pay their licence fee and renewals according to 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.

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 may, in some cases, be passed on to licensees via increased fees. This RIS indicates that the benefits of the reform outweigh these costs.

Some jurisdictions are required to recover costs through licensing 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.

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 coordinator of future policy consideration and reforms (beyond simple licence harmonisation), 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 licensing register and its supporting database. The key benefits associated with the licensing authority are not directly associated with licensing functions per se (see Figure ES.2), but rather flow from the enhanced regulatory oversight of the sector and nationally coordinated and streamlined policy development.

Specifically, the licensing authority would have responsibility for the national licensing legislation, but would delegate to the jurisdictional licensing agencies the operation of licensing services, e.g. 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 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.2: 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 unilaterally 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, nor is it clear how existing COAG arrangements would efficiently alleviate confusion and regulatory creep for licence categories that fall outside those considered equivalent). For those reasons, this model does not fully achieve harmonisation of licence eligibility requirements or facilitate future harmonisation of 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.

For the purpose of determining the impact of the option, Box ES.5 sets out the key features of automatic mutual recognition.

Box ES.5: Key features of automatic mutual recognition for the electrical 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 would create the automatic right to work across jurisdictions in specified licence categories, some of which would be prioritised, for example, where the scope of work is substantially the same and the work is licensed in all jurisdictions.
- Changes 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).
- 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 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 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 remain with existing jurisdictional regulators, there is no need to establish and fund a national licensing body.

This option could be enhanced by jurisdictions unilaterally agreeing to harmonise some licensing requirements.

Question: In view of the key features outlined in Boxes ES. 4 and ES.5 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 of the costs and benefits of national licensing and automatic mutual recognition are consistent and reflect the fact that both options reduce costs and unnecessary burdens on electrical licensees who wish to work across state and territory borders. At the same time, there are key differences that highlight the relative merits of each.

The costs and benefits of national licensing and automatic mutual recognition are assessed across four distinct categories:

- *Transition (or implementation) costs.* These are the costs that will be incurred by government (mainly relating to the proportional cost to the electrical occupations in terms of establishing

the licensing authority and the national register) and the cost to electrical 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 or to government as a result of the implementation of the options being assessed. This does not include any costs that are already incurred as part of licensing arrangements under the status quo.
- *Wider economic impacts.* These are the impacts that flow from reduced costs to industry and the community more broadly as well as the implications for the economy due to greater ease with which labour can move and the potential gains in terms of economic growth, employment and consumer outcomes.
- *Impact on consumer outcomes.* This impact refers to a potential change in the quality or quantity of services provided to consumers as a result of changes in regulation proposed in national licensing. This may include changes in safety outcomes, or changes in the availability of services for consumers.

Not all of these impacts can be easily quantified, for example, the improvements and gains expected to flow from the establishment of a national register for electrical occupations. In relation to the impacts that have been quantified, it is important to acknowledge that some estimates are based on scenarios or hypothetical assumptions so as to provide a guide or 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 automatic mutual 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 responsibility for the maintenance of a national licensing register. The benefits of these activities flow either as a consequence of future reform, the durability of reform, and the prospects for future reform, and not those set out in this RIS; or to consumers and regulators through the use of a register that, for the first time, would consolidate all licensing data and make part of that data accessible to the public and for future policy objectives.

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. The costs of establishing the licensing authority are nonetheless relevant to the proposed changes to licensing and have been included for that reason. 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 burden. 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 electricians. Both national licensing and automatic mutual recognition recognise that there will be benefits associated with:

- an enhanced ability to promote labour mobility and flows to where electrical occupations are most needed
- reduced administrative and financial costs in the form of duplicate fees for those that operate in multiple jurisdictions
- the potential for improved productivity where some licence restrictions are removed.

The proposed changes have been discussed and considered by the jurisdictions over a number of years. At one level it could be argued that many of the reforms could be made unilaterally by the relevant jurisdiction – for example, extending the duration of an electrical licence does not necessarily require a national agreement. To the extent that reform would be achieved unilaterally, the same impacts as set out below for national licensing would be expected, and the ongoing coordination and initial transition (or establishment) costs would be avoided, although a consolidated opportunity across jurisdictions for streamlining licences would be lost. Achieving the national licensing reform set out in this Consultation RIS, however, requires the dedicated effort of all jurisdictions, and hence, for the purposes of this analysis, the transition costs have been matched against the benefits to industry and households as a necessary ongoing cost for this and future reforms.

National licensing – costs and benefits

Table ES.3 sets out the impacts associated with national licensing as well as an estimate of the potential flow-through benefits associated with increased labour mobility¹⁰ and returns to business from national licensing.¹¹ 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 payback period is also included to highlight the length of time that will be needed for the benefits to offset the transition costs. This payback period is quite short, while the benefits are expected to be ongoing. A 10-year NPV is presented; however, the reform's effects could theoretically be considered over a longer time horizon, which would result in a larger net benefit (as the benefits are expected to continue beyond the 10-year time horizon provided for in this analysis).

Table ES.3: Summary of the jurisdictional net impacts of national licensing

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Ongoing net impact (\$m per annum)	2.34	5.03	7.27	2.27	4.20	0.40	0.09	0.40	22.01
Community (licensees, business, households)	3.01	5.48	7.70	3.14	4.42	0.50	0.22	0.43	24.90
Government ^a	(0.67)	(0.45)	(0.42)	(0.87)	(0.22)	(0.10)	(0.13)	(0.03)	(2.89)
One-off transition costs (\$m)	(3.83)	(4.09)	(4.25)	(3.07)	(1.78)	(1.09)	(0.80)	(0.97)	(19.88)
Community (licensees, business, households)	(2.62)	(2.48)	(2.71)	(1.70)	(0.88)	(0.28)	(0.20)	(0.35)	(11.22)
Government	(1.21)	(1.61)	(1.54)	(1.37)	(0.90)	(0.81)	(0.60)	(0.62)	(8.67)
Total 10-year NPV (\$m)	11.33	28.75	43.35	11.86	25.72	1.63	(0.11)	1.76	124.29
– excluding NOLA	15.61	32.56	46.60	13.91	27.19	2.45	0.27	2.26	140.86
Benefit–cost ratio of the total 10-year NPV	2.33	3.54	5.91	1.97	8.86	1.99	0.93	2.38	3.56
Payback period (years)	1.64	0.81	0.58	1.36	0.42	2.69	8.62	2.39	0.90

10 The analysis pro-rates for the electrical 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. For further information on these assumptions and estimates, see Chapter 4.

11 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 impacts for licensees.

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Rate of return (annualised percentage)	61%	123%	171%	74%	236%	37%	12%	42%	111%

NPV = net present value; NOLA = National Occupational Licensing Authority

Note: The analysis does not account for changes in GST, payroll or other taxes. As some of the community benefits will be consumed as expenditure or enjoyed as higher wages, there will be an increase in GST and payroll revenues.

- a The analysis does not account for changes in GST, payroll or other taxes. As some of the community benefits will be consumed as expenditure or enjoyed as higher wages, there will be an increase in GST and payroll revenues.

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. The tables highlight the differences across jurisdictions. Some regions will benefit more than others.

Table ES.4: Ongoing net impacts of national licensing, per year

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total ongoing	2.34	5.03	7.27	2.27	4.20	0.40	0.09	0.40	22.01
Direct impacts on licensees									
Removing the need to hold multiple licences	0.77	0.57	0.66	0.13	0.20	0.10	0.10	0.18	2.71
Consistent licence term of three years	–	(0.62)	0.53	(0.003)	0.47	0.11	–	0.02	0.51
Removing additional competency units	–	1.15	2.23	1.26	2.05	0.08	–	^a	6.78
Removal of plug and cord restricted electrical licence	–	–	0.19	–	–	–	–	0.003	0.19
Removal of personal probity for workers	0.01	0.01	–	–	–	0.003	–	–	0.03
Removal of duplicate testing in Victoria	–	1.55	–	–	–	–	–	–	1.55
Removal of licensing for apprentices	–	–	–	0.15	0.004	–	–	^a	0.15
Removing experience requirements	–	0.42	1.24	0.17	0.33	–	–	0.02	2.19
Introducing nominees	–	–	–	–	(0.002)	–	–	–	(0.00)
Introducing proof of need for restricted electrical licences	–	–	–	–	(0.01)	–	–	–	(0.01)
Broader impacts									
Labour mobility	2.20	1.75	1.87	1.07	0.63	0.17	0.12	0.20	8.00
Business value-add	0.03	0.64	0.98	0.37	0.75	0.03	0.003	0.01	2.81
Government impacts									
NOLA – operational (proportion attributable to electrical)	(0.46)	(0.35)	(0.29)	(0.15)	(0.11)	(0.03)	–	(0.01)	(1.40)
Removing the need to hold multiple licences – government	(0.21)	(0.10)	(0.14)	(0.73)	(0.11)	(0.06)	(0.13)	(0.01)	(1.49)

NOLA = National Occupational Licensing Authority

Note: Licensing authority – operational costs are based on the current and forecast licensing authority budget. There may be additional ongoing jurisdictional IT costs to feed data into, and receive updated data from, the national register.

- a The impact for the Northern Territory will be presented in the Decision RIS.

Table ES.5: One-off transition costs for national licensing

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Total transition	(3.83)	(4.09)	(4.25)	(3.07)	(1.78)	(1.09)	(0.80)	(0.97)	(19.88)
Direct impacts on licensees									
Time for licensees to understand reforms	(1.96)	(1.86)	(2.03)	(1.27)	(0.64)	(0.21)	(0.15)	(0.26)	(8.39)
Introducing nominees	–	–	–	–	(0.02)	–	–	–	(0.02)
Broader impacts									
Business value-add	(0.65)	(0.62)	(0.68)	(0.42)	(0.22)	(0.07)	(0.05)	(0.09)	(2.80)
Government impacts									
NOLA – set-up costs (proportion attributable to electrical)	(0.54)	(0.41)	(0.34)	(0.17)	(0.13)	(0.04)	–	(0.02)	(1.64)
National Licensing Register – jurisdictional implementation	(0.35)	(0.88)	(0.88)	(0.88)	(0.61)	(0.61)	(0.44)	(0.44)	(5.08)
Government communications	(0.33)	(0.33)	(0.33)	(0.33)	(0.16)	(0.16)	(0.16)	(0.16)	(1.95)

NOLA = National Occupational Licensing Authority

In addition to the quantified impacts outlined in these tables, there are other impacts that have not been quantified as part of this analysis. These are expected to be minor and a qualitative analysis of these can be found in Chapter 4.

To better contextualise the impacts set out in Tables ES.4 and E.5 the following section gives a high-level overview of the impacts for specific sectors and affected licence holders.

Impacts on licensees

The high-level descriptions for 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. For example, all licensees have the potential to benefit from reform, but it is for those licensees who currently work, or in the future will work, across multiple jurisdictions who will benefit most. The proposal to abolish the need for multiple licences will clearly benefit those who hold multiple licences and those who will now be encouraged to work in another jurisdiction.

Impacts on business and consumers

Those who employ or use electrical services will benefit from enhanced efficiency in electrical 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 electrical 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 electrical services is 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 report adapts the Productivity

Commission's estimates of the potential gain relating to mutual recognition. The report pro-rates that impact for electrical services, assuming a certain level of effectiveness for current mutual recognition arrangements (see footnote 10). 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.

There is a second and equally important benefit for business flowing from the changes. This benefit relates to the expectation that if reforms lead to more efficient electrical 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 and government, and training organisations.

The approach taken in this Consultation RIS is to assume a ratio between the benefits to labour selling electrical services and the benefits to the business or households 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. Electricians, for example, operating individually in the construction industry may have relatively little capital, comprising a vehicle and their toolkit. At the other extreme, some electrical occupations work in a very capital-intensive environment, such as the electricity supply sector, and in the manufacturing or mining sector. It is not clear whether the benefits accrue more to small operators or to electrical workers operating in the manufacturing or mining sector.

For the purpose of this Consultation RIS, the impacts (benefits and costs) to businesses and households that buy electrical 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.

Impacts on government

There are a number of expected impacts on government and regulators associated with the potential 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. Further offsetting savings could occur at the jurisdictional level, in the area of future policy development, which could be centralised through the licensing authority, although the extent to which these gains are realised will depend on a range of factors.

Second, the removal of various licensing requirements, licence categories, or licences will mean that fewer regulatory activities will be undertaken by each regulator. At the same time, the reduction in licence fees – due to people no longer holding multiple licences – will mean that less money is available for compliance activities. Current 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, simply abolishing the need for duplicative licensing should lead to lower government costs and resource needs.

While the modelling does not quantify the potential benefits associated with the national register, there are potential positives that could flow from its use. In particular, the 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, easing cost pressures

- help to prevent phoenix companies re-emerging across borders following a failure in compliance, easing cost pressures and compliance and boosting public confidence in the industry and regulatory system
- 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.¹² 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 the above inputs, national licensing for electrical occupations is expected (in the long run) to increase:

- annual GDP by approximately \$22 million
- annual investment in Australia by \$10 million
- Australia’s capital stock by \$12 million
- Australia’s international competitiveness due to lower production costs
- net exports
- business profits, particularly in the trade-exposed industries – businesses in manufacturing, mining and agriculture stand to benefit most
- national real wages by 0.002 per cent, resulting in an \$11 million increase in the amount workers receive each year
- consumption by \$18 million in a typical year.

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 electrical 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

¹² 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 for that reason the value of the economy-wide modelling is in terms of how it shows the relative implications for sectors of the economy.

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 unilaterally 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 that the initial benefits are not eroded.

To the extent that all of the changes under national licensing could be agreed on 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, nor is there any institutional forum in which the jurisdictions can easily coordinate future reforms and changes to licensing, conduct requirements and oversight of electrical occupations. In short, 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 that those reforms could risk being undone overtime if jurisdictions impose new conditions on, for example, electricians in their jurisdictions.

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.6 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 ES.6: 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 8.00
Removal of the need to hold multiple licences – community	Up to 2.71
Removal of the need to hold multiple licences – government	Up to (1.49)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Consistent licence term of three years	Up to 0.51
Removal of additional competency units	Up to 6.78
Removal of plug and cord restricted electrical licences	Up to 0.19
Removal of personal probity requirement for workers	Up to 0.03
Removal of duplicate testing in Victoria	Up to 1.55
Removal of licensing for apprentices	Up to 0.15
Removal of experience requirements	Up to 2.19
Introduction of nominees	Up to (0.002)
Introduction of proof of need for restricted electrical licences	Up to (0.01)
Business value-add	Up to 2.81
Transition impacts (\$ million)	
Time for licensees to understand reforms	Approx. or up to (8.39)
Business value-add	Approx. or up to (2.80)
Government communications	Approx. or up to (1.95)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Introduction of nominees	Up to (0.02)
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.7 compares the high-level impacts of national licensing and automatic mutual recognition.

Table ES.7: 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 skill 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.	Partial 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"> - There would be no mechanism to ensure durability of AMR arrangements. - Jurisdictions would need legislative change to remove agreed automatic mutual recognition arrangements. - Jurisdictions could change specific licensing requirements.

AMR = automatic mutual recognition

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 that operate across multiple jurisdictions could enjoy considerable benefits following 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 consideration of specific case studies and feedback from stakeholders on how the current and prospective licensing of electrical occupations affects business and consumers.

Specific questions on aspects of the proposals are included in this Consultation RIS, and a list of the questions is provided below. 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 electrical 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.

Please see Attachment A for information on how to make a submission.

Questions

Question	Page reference
Preferred Model	
<p>In view of the key features outlined in the Boxes ES.4 and ES.5 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 	xxi
National Licensing – only respond if this is your preferred model	
<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) 	xxxii
<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) 	xxxii

Question	Page reference
iv. Other (please specify)	
Automatic Mutual Recognition– only respond if this is your preferred model	
<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) 	xxxix
<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) 	xxxix
Status Quo– only respond if this is your preferred model	
<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 	xxxix

Question	Page reference
<ul style="list-style-type: none"> 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) 	
<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>	xxxii
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. Electrician ii. Electrical fitter iii. Electrical lineworker iv. Electrical cable jointer v. Restricted electrical with fault finding, with the following sub-categories: <ul style="list-style-type: none"> a. Refrigeration, air conditioning b. Electronics and communications c. Instrumentation vi. Restricted electrical without fault finding with the following sub-categories: <ul style="list-style-type: none"> a. Appliances (non-portable) b. Industrial/commercial equipment vii. Provision electrician viii. Provisional electrical fitter 	17

Question	Page reference
<ul style="list-style-type: none"> ix. Provisional electrical lineworker x. Provisional electrical cable joiner xi. Electrical contractor xii. Electrical fitter contractor xiii. Electrical lineworker contractor xiv. Electrical cable joiner contractor <p>If no to any of the above please specify</p>	
<p>Under national licensing, it is proposed that the regulated work for an electrician should include any linework and cable jointing work within a customer’s installation to the point of supply (as is currently the case in some jurisdictions). Do you agree with this proposal?</p>	21
<p>Under national licensing, it is proposed that an electrician will be able to perform the work of an electrical fitter without the need to hold an additional electrical fitter’s licence. Do you agree with this proposal?</p>	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. Electrician ii. Electrical fitter iii. Electrical lineworker iv. Electrical cable joiner v. Restricted electrical with fault finding, with the following sub-categories: <ul style="list-style-type: none"> a. Refrigeration, air conditioning b. Electronics and communications c. Instrumentation vi. Restricted electrical without fault finding with the following sub-categories: <ul style="list-style-type: none"> a. Appliances (non-portable) b. Industrial/commercial equipment vii. Provision electrician viii. Provisional electrical fitter 	29

Question	Page reference
ix. Provisional electrical lineworker x. Provisional electrical cable joiner xi. Electrical contractor xii. Electrical fitter contractor xiii. Electrical lineworker contractor xiv. Electrical cable joiner contractor If no to any of the above, please specify.	
Is there a sufficient rationale for including: <ul style="list-style-type: none"> <li data-bbox="316 757 938 824">i. A licence category based on the Victorian electrical inspector? <li data-bbox="316 857 1023 925">ii. A REL sub-category for portable appliances (plug and cord) up to 32 amps? <li data-bbox="316 958 868 992">iii. Any other licence category or sub-categories If yes to any of the above, please specify.	30 31 31
Do you anticipate any situations under national licensing where an endorsement will be required?	33
Do you agree the requirements proposed under national licensing for the holder of a contractor (business) licence to appoint a nominee are appropriate?	34
Do you agree the exemption regime proposed under national licensing is appropriate?	35
Do you agree the personal probity, including 'relevant person' requirements proposed under national licensing adequately address issues of consumer risk?	37
Do you agree the nature of electrical work does not warrant additional safeguards for considering serious criminal offences for personal probity requirements (as are currently in place in some jurisdictions)?	37
Do you agree the financial probity eligibility requirements proposed under national licensing adequately address issues of consumer risk?	38
Eligibility and Qualifications	
Under the proposed national licensing model, an English language test will not be included as an eligibility requirement for electrical occupations. Do you agree the proposal to not require an English language test is appropriate?	39
Are the proposed entry level qualifications as outlined in the RIS sufficient and appropriate for the proposed electrical licence categories, scopes of regulated	42

Question	Page reference
work and health and safety outcomes?	
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?	42
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 electrical workers to gain a contractor licence sooner than under the status quo. Do you agree with this proposal? Part B: If No, with reference to page 45 of the RIS, what is the appropriate level of training that contractors should complete to be eligible for a contractor's licence?	44
Under national licensing, it is proposed that Cardio Pulmonary Resuscitation (CPR) training will not be included as an eligibility requirement for electrical licences (CPR training is currently only required by Queensland). Do you agree with this proposal?	46
<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?	50
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?	54
<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?	69
Do you agree that the consolidation of REL categories under national licensing will deliver a benefit to licence holders and/or consumers?	69
<u>Licence Terms</u>	
What should the non-contractor licence term be under national licensing?	77
What should the contractor licence term be under national licensing?	77
<u>Transitional Arrangements</u>	

Question	Page reference
<p>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 a grace period of three years should be provided in which these qualifications are deemed to satisfy the skills based eligibility requirements for the equivalent national licence (as proposed under national licensing)?</p>	142
<p>Do you agree that a three year grace period, as proposed under national licensing, should be provided from the commencement of national licensing for acceptance of lapsed licences?</p>	142
<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 REL qualification. The qualification must have been commenced before the start of national licensing.</i></p>	143
<p>Are there any other issues that should be considered in developing a national licensing system?</p>	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 is one of 27 key areas for reform being overseen by the Business, Regulation and Competition Working Group, which is co-chaired by Commonwealth ministers and has state and territory representation through senior officials.

Many of the challenges facing the 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 across Australia, 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 manage 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 national register of licensees
- no legislative role for the Commonwealth in the establishment of the new system.

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

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

The five occupational areas are:

- electrical
- plumbing and gasfitting
- property, including conveyancers and valuers
- refrigeration and air conditioning
- building and building-related occupations.

National licensing is a threshold reform; that is, it sets in place licensing eligibility requirements and the related disciplinary framework as the first step in developing a comprehensive national 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. A separate reform, which seeks to harmonise conduct requirements commencing with property occupations, is being undertaken, initially by the Legislative and Governance Forum on Consumer Affairs (formerly the Ministerial Council for

Consumer Affairs). The full benefits of a national licensing system would be realised if this further reform is undertaken.

1.1 *The Occupational Licensing National Law Act 2010*

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

The Bill 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 passage of the Bill following the consultation period. 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 will be required. The release of the draft Amendment Bill and draft regulations will coincide with the consultation period to allow 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. It 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 mechanisms 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 responses, 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 has been the Interim Advisory Committees established for each of the occupational areas. Each committee has an associated Regulator Working Group.

Members of the advisory committees represent a balance of expertise relevant to an occupational area across the fields of regulation, industry operations and practices (from both a union and employer perspective), safety, consumer advocacy, insurance (where relevant) and training. The Regulator Working Groups comprise regulator members from each relevant jurisdiction. Membership lists are in Attachment D.

The advisory committees developed policy advice over a period of 18 months. Most of the advice provided by the advisory committees has been incorporated into the steering committee policy advice for the drafting of the national licensing regulations and this Consultation RIS for the electrical 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 advisory committees. Such instances are discussed in Chapter 3.

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

2 Current regulatory approach

The electrical 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 New South Wales, South Australia, Tasmania and the Australian Capital Territory, the licensing is administered by government departments, which have responsibility for licensing a number of different occupations. In some cases the same regulator is responsible for licensing and electricity safety. In Victoria, Queensland, Western Australia and the Northern Territory, occupational licensing is undertaken by separate boards and/or regulators focused on energy safety.

All jurisdictions license electricians, workers who perform disconnection and reconnection of electrical equipment (i.e. holders of 'restricted electrical licences') and electrical contractors. Electrical fitters are regulated in all jurisdictions, albeit in different ways, i.e. through a restricted licence, a separate licence category or under an electricity safety management scheme. Cable jointers and lineworkers are not licensed in all jurisdictions. Table 2.1 outlines the current licensing arrangements for electrical licences being considered for national licensing across Australia.

Table 2.1: Current electrical licensing arrangements by jurisdiction

Licence category	NSW	Vic	Qld	SA	WA	Tas	ACT	NT
Electrical inspector		Y						
Electrician ^a	Y	Y	Y	Y	Y	Y	Y	Y
Electrical fitter	^b	Y	Y	Y ^c	Y	^d	^e	Y
Lineworker ^a	^f	^g	Y	Y ^c	^f	Y	^e	Y
Cable jointer	^f		Y	Y ^c	^f	Y	^e	Y
Restricted electrical licences to disconnect/reconnect fixed equipment ^a	Y	Y	Y	Y	Y	Y	Y	Y
Electrical contractor	Y	Y	Y	Y	Y	Y	Y	Y

Note: Y = yes and denotes licensing.

a The area of regulated work can vary across jurisdictions.

b Regulated through a REL.

c Can also be regulated under the scope of another licence.

d Operate under an Electrical Safety Management Scheme and/or are issued a REL.

e Electrical work outside the boundary of the electricity utility must be undertaken by a licensed electrician.

f An accreditation scheme operates whereby workers employed by a network operator are required to fulfil employer qualification requirements, and are not licensed.

g A non-mandatory registration system operates based on an industry–government agreement. These workers are not authorised to do electrical linework outside the distribution network.

Source: Provided by the jurisdictional licensing authorities.

Mutual recognition

Currently, occupational licence, registration or accreditation holders are able to work across jurisdictions under the Mutual Recognition Agreement, to which all states and territories are signatories. Under the *Mutual Recognition Act 1992*, occupational licence holders from one jurisdiction can apply to be

registered in a second jurisdiction on the basis of their existing licence and without further assessment of their skills. However, licence holders must still approach the regulator in each jurisdiction they wish to work in, prove they are licensed in another jurisdiction, and pay a fee to receive an equivalent licence for that jurisdiction.¹³ This process imposes financial costs and time delays, and may impede short-term interstate service provision.

Mutual recognition applies all licensed occupations, including the four occupations in the initial tranche of the national licensing reform (electrical, plumbing and gasfitting, property, and refrigeration and air conditioning). Other covered occupations include: builders and building-related occupations, conveyancers, valuers, driving instructors; pilot and escort vehicle drivers; maritime occupations; pest and weed controllers; gaming occupations; and pyrotechnicians. Mutual recognition does not apply to corporations or similar entities.

Ministerial declarations for the occupations mentioned above have been made under section 32 of the Mutual Recognition Act. These declarations contain matrices that describe occupational licence equivalents across all jurisdictions. An excerpt from the restricted electrical licences mutual recognition matrix contained in the Commonwealth of Australia *Gazette* 2007 is in Table 2.2. The table sets out the licence equivalence mapping of a Queensland REL (issued to eligible non-electricians for the disconnection and reconnection of electrical equipment) in the other jurisdictions. The codes contained in the cells are restrictions applied to grant equivalence, and an explanation of these can be found below Table 2.2. This example also 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 website also allows a licensee to search for the equivalent licence in another jurisdiction.

Table 2.2: Licence equivalence mapping of a Queensland REL in other jurisdictions

First Jurisdiction	Second Jurisdiction						
QLD	NSW	VIC	WA	SA	TAS	ACT	NT
Restricted Electrical Work Licence Electronics (NREL 1 - 6) / (NRE 1A,2A,3A,7A) (includes fault finding)	No Equivalent Declared	Disconnect / reconnect worker's licence - Class Description 8. Communication /computing equipment restricted to EE-14 Or Disconnect / reconnect worker's licence - Class Description 9. Laboratory/ scientific equipment restricted to EE-14	No Equivalent Declared	Restricted electrical worker registration – disconnect/ reconnect laboratory and scientific instruments restricted to CE-8, EE-14 Or Restricted electrical worker registration – disconnect/ reconnect communication and computing equipment restricted to CE-8, EE-14 Or Restricted electrical worker registration disconnect/ reconnect electronics equipment restricted to CE- 8, EE-14	Restricted Electrical Technicians Licence, Communications & Computing Equipment restricted to EE-14	No Equivalent Declared	Restricted Electrical Licence – Plug and Cord – disconnect / reconnect equipment restricted to PC-12, PC-13, FF-17

¹³ The only exception to this arrangement is Queensland, which operates an external licence recognition for electricians and electrical fitters.

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’.¹⁴ However, in both reports the commission identified problems with the day-to-day operation of mutual recognition, such as the equivalence of occupations, registrations coverage and the expertise of regulators.¹⁵ In regard to regulators not applying 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 2008, the Allen Consulting Group¹⁶ undertook a follow-up review of changes made following the Productivity Commission report. It found evidence that mutual recognition had reduced regulatory burdens on licensees and some evidence that mutual recognition had reduced barriers to mobility from licence differences. It also found a strong view in industry that labour shortages were due less to low mobility than to overall skills shortages nationwide. A bigger issue identified was the high cost of holding multiple licences, due to application and renewal fees. The review also identified a continuum of licensing models, from the current mutual recognition arrangements through to national licensing, including ‘enhanced mutual recognition’ (or ‘driver’s licence model’). A form of automatic recognition occurs in Queensland, where the Queensland Electrical Safety Office operates an external licence recognition process, which allows licensed electricians and electrical fitters from other jurisdictions to operate in Queensland without going through a mutual recognition process. However, despite this arrangement, the evidence shows that many interstate licensees still choose to apply for a Queensland licence. Furthermore, this approach has not removed the need for mutual recognition (along with its accompanying limitations) for other occupations.

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

15 Productivity Commission 2003, *Evaluation of the mutual recognition schemes: research report*, p. 59-62.

16 The Allen Consulting Group 2008, *Evaluation of COAG initiatives for full and effective mutual recognition*.

3 Options for reform

This Consultation Regulation Impact Statement (RIS) focuses on the policy options for national licensing identified through the policy development process. It does not discuss options for maintenance of 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 an approach to meeting some of the objectives of national licensing, it is essentially 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 approach represented by option 3 in 3.1.

3.1 Options for consideration

The options considered for the licensing of electrical occupations are as follows:

Option 1: Status quo – The status quo option would involve no change from current arrangements. The cost of this option would be the benefits forgone compared with each of the reform options.

Option 2: Automatic mutual recognition – This option proposes a ‘driver’s licence’ approach to national licensing whereby each jurisdiction would continue to issue licences under existing jurisdictional categories and associated scopes of regulated work. Those licences would have been declared equivalent, being recognised by every other state and territory without the licensee having to reapply for a licence or pay any additional fee. A limited disciplinary register would be established.

Option 3: National licensing – A national licensing system would provide a single policy approach to licence categories, regulated work and the eligibility requirements to obtain an electrical occupational 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 any additional fee. A national licensing register would be established.

An analysis of the three 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 wish to work in another state or states, and would need to apply for a licence and pay any additional fee in each state or territory in which they choose to operate.

This option would address neither current regulatory complexity nor the Council of Australian Governments (COAG) agreement for a national trade licensing system.

3.3 Automatic mutual recognition

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 to COAG. 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 a 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 its 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 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.

3.3.1.2 Limitations of the unharmonised driver's licence model

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 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 work for which they were initially licensed. 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 could increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes because the integrity of jurisdictional regulatory regimes could be undermined and the potential for jurisdiction shopping could increase. 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

In the harmonised drivers' 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. 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 driver's licences, minor differences exist relating to licence conditions (including age eligibility and driving restrictions, such as acceptable blood alcohol content levels, hours of driving experience, etc.) as well as some jurisdiction-specific road rules (such as restrictions on mobile phone use, restrictions for buses over level crossings, different U-turn rules, etc.). These differences equate to the conduct rules for occupational licensing. However, for electrical occupations, as an example, the current differences in eligibility requirements and scopes of 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 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 a driver's licence model, referred to as automatic mutual recognition (see Box E.S 5), 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 any applicable fee for an additional licence. In some circumstances, conditions, restrictions or endorsements may be applied to the licence in the second jurisdiction to achieve licence equivalence. Under a harmonised automatic mutual recognition approach, the holder of an occupational licence granted in one jurisdiction would be automatically 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 they do not carry out work they are not licensed or qualified 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, harmonising licence qualifications and scopes of 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)¹⁷. 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.

Jurisdictions would need to continue to cooperate on standardising requirements for the remaining categories for inclusion where practicable. This includes scopes of regulated work, qualifications and probity requirements. Its immediate applicability to electrical occupations is discussed at 3.3.6.

In instances where licence scopes would still differ across jurisdictions, jurisdictional regulators would need to provide clear information on permitted scopes of regulated work. 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. Licensees choosing to work in an additional jurisdiction would also still need to comply with any relevant jurisdiction-specific conduct and compliance requirements that apply to the work they intend to perform. For example, licensees may be required to familiarise themselves with jurisdiction-specific variations in electrical work, purchase and lodge compliance certificates with the regulator, 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 register of disciplinary actions to enable jurisdictional regulators to be aware of any pending actions, disciplinary actions underway, etc. To provide a level of transparency for consumers of the services or for compliance purposes, the requirements for a register (in terms of scope, build costs, etc.) would need to be considered and costed. A register containing only disciplinary actions would, however, fall short of the complete national register of licence holders proposed under national licensing.

3.3.3.2 Benefits compared with the status quo

In comparing this option with the status quo – automatic mutual recognition has the benefit of removing fees, time delays and other barriers that can arise in the current mutual recognition process.

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 and maintained. Compliance arrangements would need to be developed by regulators. There would also be costs associated with coordinating the management of the IT register. As with current mutual recognition arrangements, there would be a cost in maintaining equivalence of

¹⁷ 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.

licence tables and mechanisms to ensure consistency in licence categories. 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

There would continue to be instances where scopes of regulated work and other licence requirements differ across jurisdictions, and licensees would need to be aware of multiple jurisdictions' licence requirements. This would impose an additional cost to employers that choose to employ skilled labour from other jurisdictions or that operates across jurisdictions. Those employers would need to be aware of multiple jurisdictional requirements to understand what their employees are qualified to do (and any conditions or restrictions placed on licensees they employ), to ensure that they do not direct employees to work beyond the scope of their jurisdictional licence. This burden would not apply to employers who operate in a single jurisdiction and 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. However, differential 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 will have the appropriate licensing to perform that work in both their primary and any secondary jurisdictions, there will be differences in permitted scopes of work. It is the primary responsibility of the licensee to ensure that they are licensed to perform any work undertaken in secondary jurisdictions. Differences in scopes of regulated work could raise the risk of licensees working outside their scope of 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 scopes of regulated work.

3.3.5.2 Compliance difficulties

Automatic mutual recognition would require local regulators that 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 to voluntarily obtain a 'local' licence in secondary jurisdictions even if the legislative requirement to do so is removed.

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 register 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).¹⁸

In the absence of a central 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 National Occupational 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 unilaterally, 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 (i.e. the licensing authority budget).

The proposed system of automatic mutual recognition would be fragmented in its implementation if the current approach is taken, with 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.

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

18 Productivity Commission 2009, *Review of mutual recognition schemes, research report*, Canberra.

3.3.6 How automatic mutual recognition would work for electrical occupations

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

3.3.6.1 Electrician

In electrical occupations, the work of an electrician is broadly similar across jurisdictions. However, the scope of regulated work for some licence categories is not recognised on a like-for-like basis. There would, therefore, be issues in the implementation of automatic mutual recognition in some electrical 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 to do in their primary jurisdiction is what they would be qualified to do in secondary jurisdictions.

In six jurisdictions, the work performed by electricians is defined broadly as the carrying out of electrical wiring work in an electrical installation. In most jurisdictions this includes limited linework within a customer's installation. In South Australia, however, current holders of an electrician's licence can perform all electrical work, including linework and cable jointing in the broadest sense of this work, and including the work performed by lineworkers and cable jointers employed by network operators. In Queensland and the Northern Territory, an electrical mechanic can undertake some linework and cable jointing work to the extent that it relates to an installation and that specialised skills, knowledge or training are not required to undertake this work.

Under current mutual recognition arrangements, jurisdictions recognise each other's electrician's licences on a like-for-like basis, and do not apply restrictions. Existing variations in the scope of work of an electrician across jurisdictions would mean that those with an electrician's licence in some jurisdictions would also be qualified for lineworker and cable jointer licences in other jurisdictions. These anomalies would require regulators to provide consistent information to licensees wishing to work across borders.

3.3.6.2 Electrical fitter

Electrical fitters are regulated in all jurisdictions, albeit in different ways, i.e. through a restricted licence, a separate licence category or under an electricity safety management scheme. The scopes of work are broadly the same, although there will be individual differences in the regulated work whose resolution would benefit from harmonisation. However, there would appear to be no major impediment to the implementation of automatic mutual recognition for electrical fitters.

An automatic mutual recognition model does, however, have a number of outstanding scope-of-regulated-work issues that need to be resolved. These issues would require further work between jurisdictions, in particular on the following licence categories:

3.3.6.3 Lineworker – transmission, distribution and rail traction

As noted in relation to electricians above, linework in South Australia, and some linework in Queensland, currently falls within the scope of work of an electrician. Other jurisdictions (New South Wales, Victoria, Western Australia,) have accreditation or registration schemes for lineworkers. However, in practice, linework has evolved into a distinct occupation separate from that of an electrician. Most regulators report that in the labour market, while electricians have broad underpinning

knowledge to enable the performance of linework, they do not have all of the knowledge required, or the practical skills, to undertake linework. Accordingly, network operators across the country require lineworkers to undertake specialised training and do not normally employ an electrician to perform linework unless additional training has been undertaken. The current divergent definition of electrical linework would be an impediment to the implementation of full automatic mutual recognition for lineworkers without further cooperation between relevant jurisdictions on standardising requirements.

3.3.6.4 Cable joiner

As noted in relation to electricians above, for three of the four jurisdictions that license cable jointers (South Australia, the Northern Territory and limited linework in Queensland), cable jointing work currently falls within the scope of work of an electrician. As with electricians and lineworkers, the current divergent definition of electrical cable jointing work would be an impediment to the implementation of automatic mutual recognition for cable jointers in those licensing jurisdictions.

3.3.6.5 Restricted electrical licence holders

These licences are distinguishable from the above because they authorise the holder to perform only limited electrical work necessary for the performance of their main occupation. Accordingly, applicants must satisfy a needs test in all jurisdictions, except South Australia. Currently, RELs are issued inconsistently across jurisdictions. There are variations in the number and range of licences issued and in the scopes of work. The equivalence tables published on the [Australian Government’s Licence Recognition website](#) illustrate the restrictions that are currently applied by jurisdictions in order to achieve equivalence. These restrictions would be an impediment to the implementation of automatic mutual recognition for RELs. The restrictions could be reflected in automatic mutual recognition tables.

3.3.6.6 Contractor licences

Where contractor licences exist as separate licences, the regulated work generally enables the licensee to contract with the public. The automatic mutual recognition option could apply to an individual contractor who also holds the relevant worker licence, i.e. a licence to perform electrical work (electrician). The difficulties would arise when a business or corporation holds the contractor licence, and a nominee with the technical skills is required to sign off or supervise the electrical work. These types of contractor licences and the nominee requirement are not captured under mutual recognition. The contractor would be required to fulfil any jurisdictional requirements placed on a nominee. Currently, this can include additional testing and probity requirements in some jurisdictions.

Table 3.1 summarises the benefits and costs of the automatic mutual recognition model compared to the status quo.

Table 3.1: Identified benefits and costs of an automatic mutual recognition model for the electrical occupation area compared with the status quo

Nature of impact	Industry/licensees	Government	Consumers
Benefits	Removal of need to hold multiple jurisdictional licences Improved labour mobility Removal of need to pay additional fees to work in multiple jurisdictions Removal of unnecessary regulatory burden ^a (subject to jurisdictions agreeing to contingent harmonisation)	Reduced administrative effort and costs from not needing to issue licences to licensees from other jurisdictions Quick implementation of initial licence categories	Improved access to licensed tradespeople due to greater licence mobility

	measures)		
Costs	Possible increases in administrative burden for licensees and their employers operating across jurisdictions as it becomes less clear what work licensees are qualified to do ^b	Cost of establishing a register of disciplinary actions Minor transitional costs Less revenue from removal of need to hold multiple jurisdictional licences Potential increased compliance costs because regulators will have less idea of who is operating in their jurisdiction, and compliance officers will need to be aware of multiple jurisdictions' licence requirements to enforce licences Cost of future licence harmonisation activity Cost of developing a uniform approach to the notification process resulting from licensees moving across jurisdictions	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 Information on licence cards would differ across jurisdictions, resulting in potential uncertainty for consumers

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

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

3.4 National licensing

Under national licensing, 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. Licences would have the same title and authorise the same regulated work throughout the country. The only exception to this would be the small proportion of instances where the second jurisdiction licenses a category not licensed in a person's primary jurisdiction. National licensing would greatly assist responses to national emergencies by removing the need for any associated red tape.

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

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. A separate reform, which seeks to harmonise conduct requirements, commencing with property occupations, is being undertaken initially under the auspices of Legislative and Governance Forum on Consumer Affairs (formerly the Ministerial Council for Consumer Affairs). The full economic benefits of national licensing would be realised if conduct requirements are reformed to provide for national standards for behaviour. However, under national licensing, licensees would be responsible for meeting any jurisdictional requirements for operating in a particular jurisdiction. For example, the requirement to hold certain types of insurance would remain.

The following is an overview of the proposed national licensing model and has been informed by the policy development work undertaken by the Electrical Occupations Interim Advisory Committee and the COAG National Licensing Steering Committee.

3.4.1 Proposed categories of licence and regulated work

Regulated electrical work is currently identified by clearly stated licence categories that reflect the scope of work authorised under the licence.

A risk-based approach based on identified health and safety risks associated with this work was taken during the development of the national licence model for the electrical occupations. The Council of Australian Governments' best practice regulation principles were also considered during the policy development. An overview of the risks associated with electrical work can be found in Attachment F. The proposed categories of licences should be able to address both current and future industry environments. This objective, in conjunction with the core areas of work covered by the current licence categories, was taken into consideration in developing the following proposed licence categories:

- electrician
- electrical fitter
- electrical lineworker
- electrical cable jointer
- restricted electrical with fault finding, with the following subcategories:
 - refrigeration and air conditioning
 - electronics and communications
 - instrumentation
- restricted electrical without fault finding with the following subcategories:
 - appliances (non-portable)
 - industrial/commercial equipment
- provisional electrician
- provisional electrical fitter
- provisional electrical lineworker
- provisional electrical cable jointer
- electrical contractor
- electrical fitter contractor
- electrical lineworker contractor
- electrical cable jointer contractor

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

- i. Electrician
- ii. Electrical fitter
- iii. Electrical lineworker
- iv. Electrical cable jointer
- v. Restricted electrical with fault finding, with the following sub-categories:
 - a. Refrigeration, air conditioning
 - b. Electronics and communications
 - c. Instrumentation
- vi. Restricted electrical without fault finding with the following sub-categories:
 - a. Appliances (non-portable)
 - b. Industrial/commercial equipment
- vii. Provision electrician
- viii. Provisional electrical fitter
- ix. Provisional electrical lineworker
- x. Provisional electrical cable jointer
- xi. Electrical contractor
- xii. Electrical fitter contractor
- xiii. Electrical lineworker contractor
- xiv. Electrical cable jointer contractor

If no to any of the above please specify:

The following subsections provide a synopsis of the proposed licence categories and the relevant proposed regulated work.

3.4.1.1 Electrician

Table 3.2: Proposed licence category, proposed regulated work and associated definitions for an electrician

Licence category	Proposed regulated work and associated definitions
Electrician	<p>Electrical work means selecting, assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation from the point of supply of the electricity by the electricity entity to the customer’s installation; or verifying electrical installations under a prescribed standard.</p> <p>Electrical installation means electrical equipment, wiring, or associated fittings that are installed for conveying, controlling, measuring or using electricity.</p> <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire used for controlling, generating, supplying, transforming or transmitting electricity above extra low voltage.</p> <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple free d.c.</p>
<p>Electrical work does not include the following:</p> <ul style="list-style-type: none"> • assembling, making, modifying or repairing electrical equipment in a workplace if assembling, making, modifying or repairing electrical equipment is the principal manufacturing process of the workplace • building or installing ducts, conduits, troughs or channels for electrical wiring • work carried out on the propulsion system of an electric vehicle • replacing a component forming part of electrical equipment if the component is readily and safely able to be replaced, including, for example, replacing a bulb in a light fitting, replacing a fuse or testing the integrity of a safety switch by pressing the test button on the device • work carried out on portable electrical equipment not exceeding 32 amps, connected to, and extending or situated beyond, any electrical outlet socket • testing and tagging portable electrical equipment in accordance with a prescribed standard • installing electric fences for the purpose of controlling stock • erecting poles, towers and other structures to be used for the support of electrical equipment • mechanically mounting, positioning or securing electrical equipment, including, for example, a stove or hot water system • incidental work related to, and reasonably necessary for undertaking, work referred to in the proposed regulated electrical work and that does not involve directly contacting live electrical equipment – for example, a person providing non-technical assistance to a worker licensed to carry out the regulated work. 	

Rationale

The defining area of work of an electrician is the installation of electrical wiring systems within an electrical installation (as defined in AS/NZS 3000:2007).¹⁹ An ‘electrician’ is the only electrical occupation authorised to perform this work, and there is a consistent approach to the licensing of electricians in all jurisdictions. The consistent approach to the licensing requirements is the result of cooperative work undertaken by the National Uniform Electrical Licensing Advisory Council. This work culminated in jurisdictions agreeing to a uniform set of qualification requirements for licensed electricians based on 66 essential capabilities and a capstone assessment. The adoption of the title of ‘electrician’ currently used in some jurisdictions applies to the national licence. Electrical mechanic and electrical fitter/mechanic are the other titles used.

Boundaries are placed around the licence category by defining the regulated scope of work permitted by the licence, and these are safety and risk based. Regulated work means work that can be carried out by

¹⁹ Electrical Installations (known as the Australian/New Zealand Wiring Rules), AS/NZS 3000:2007.

a person licensed for the relevant category (i.e. the type of work permitted under that licence; for example, an electrician is licensed to *perform* regulated electrical work). The description of the regulated work developed by the advisory committee assisted with the development of the draft regulations.

In developing the legislative schema, the wording may differ from the advisory committee's advice. The description of regulated work must not have unintended consequences and must require a person working in a non-electrical occupation to hold a licence to undertake part of their work. An example is the use of the term 'design'. The advisory committee was of the view that design should be included in the regulated work as this activity can form part of the work of an electrician, even though it is not included in any current regulated work descriptions. However, a person designing a building plan whose plan indicates where power points and light fittings will be located could inadvertently be required to hold a licence to perform this work. Therefore, the regulated work does not contain the term 'design'.

Another proposed term not contained in the proposed regulated work is 'fault finding'. Fault finding is a fundamental activity performed by electricians, electrical fitters and some lineworkers in the course of their work. Additional research demonstrated that fault finding is encompassed in other listed regulated activities, such as testing and maintaining and that it is not necessary to separate out the activity.

The understanding of the intention of the regulated work of an electrician can also have implications for:

- the work that an electrician would be authorised to perform
- the deeming of a jurisdictional electrician's licence to a national licence(s)
- the compliance regimes for regulators.

Examination of current jurisdictional scopes of regulated work assisted with the policy description that informed the drafting of the regulated work. Even though the regulated work of an electrician is perceived to be the same across Australia, the different wording used in jurisdictional legislation appears to suggest that this may not necessarily be the case. Examples of jurisdictional regulations for electrical work follow:

- New South Wales – Electrical wiring work means the actual physical work of installing, repairing, altering, removing or adding to an electrical installation or the supervising of that work.²⁰
- Victoria – Electrical work means electrical connection work, electrical equipment work, electrical inspection work or electrical installation work.²¹
- Queensland – Subject to particular conditions or restrictions included in the licence, an electrical mechanic licence authorises the holder to perform all electrical work.

Examples of what the holder of an electrical mechanic licence may do include:

- installing or changing an electrical installation or electric line
- maintaining, repairing, or connecting to a source of electricity an item of electrical equipment.²²
- South Australia – Electrical work means the installation, alteration, repair or maintenance of an electrical installation, and includes work of a class prescribed by regulation.²³

²⁰ *Home Building Act 1989*.

²¹ *Electrical Safety Act 1998*.

²² *Electrical Safety Act 2002*.

- Tasmania – Meaning of ‘electrical work’

Electrical work is any one or more of the following:

- work on the installation, repair, alteration or removal of an electrical circuit or associated fittings, equipment or accessories
- work on an electrical installation
- work on the installation, repair, alteration or removal of electrical infrastructure including lines and wires for the generation, transmission or distribution of electricity and also including supporting and protective structures relating to any such equipment, lines or wires.²⁴

- Australian Capital Territory – (a) means the installation, replacement, augmentation, curtailing, maintenance, repair or alteration of the location of all, or part of, an electrical installation, other than porting and protective structures relating to any such equipment, lines or wires.²⁵

Jurisdictional views of the regulated work for an electrician

The advisory committee was unanimous in its agreement to the proposed regulated work shown in Table 3.2 for electricians; however, there were different assumptions about what the words actually meant, and these fell into two broad categories:

- The regulated work for electricians includes overhead linework and underground cabling undertaken within a customer’s installation, such as the connection between a residence and a power pole. In rural areas, this may involve quite extensive linework across several poles or via cables underground. However, work beyond the customer’s installation (upstream) is regarded as the linework that falls within the scope of a lineworker.
- In several jurisdictions an electrician can perform all electrical work, including linework beyond a customer’s installation. Some advisory committee members were of the view that while there is a distinction between an electrician’s work and linework or cable jointing work, it is understood that the proposed scope of regulated work permits an electrician to undertake this work.

Interpretation of electrical work for national licensing

It is being proposed that the regulated work for an electrician under national licensing should include any linework and cable jointing work within a customer’s installation to the point of supply, as is the case currently in some jurisdictions. For example, on a large rural property, the first point of supply (pole) is installed by a distribution lineworker; additional poles located on the property become the customer’s installation and can be installed by an electrician (based on the wiring rules’ definition of an installation). This is referred to in the electrical industry as *downstream work* and can be undertaken by an electrician. Work on what is referred to as *upstream* is from the distribution network to the point of supply and is undertaken by the distribution lineworker.

It was also considered that the proposed regulated work for an electrician could include limited aspects of linework and cable jointing work on a network, subject to the network operator’s authorisation. Network operators have mechanisms in place that cover risks associated with an electrician performing these aspects of linework or cable jointing work, such as only allowing electricians to do this work within

23 *Plumbers, Gas-fitters and Electricians Act 1995*.

24 *Occupational Licensing Act 2005*.

25 *Construction Occupations (Licensing) Act 2004*.

their skills and competency. There is also the Model Work Health and Safety Act 2011 and other jurisdictional occupational health and safety laws that stipulate that an employer is responsible for ensuring that relevant workers are competent to do electrical work.

The advisory committee was of the view that an electrician can perform the work of an electrical fitter without the need to hold an additional electrical fitter's licence based on the same fundamental training undertaken by both occupations.

Question: Under national licensing, it is proposed that the regulated work for an electrician should include any linework and cable jointing work within a customer's installation to the point of supply (as is currently the case in some jurisdictions). Do you agree with this proposal?

Question: Under national licensing, it is proposed that an electrician will be able to perform the work of an electrical fitter without the need to hold an additional electrical fitter's licence. Do you agree with this proposal?

3.4.1.2 Electrical fitter

Table 3.3: Proposed licence category, regulated work and associated definitions for an electrical fitter

Licence category	Proposed regulated work and associated definitions
Electrical fitter	<p>Electrical fitting work means assembling, making, modifying, or repairing electrical equipment.</p> <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire used for controlling, generating, supplying, transforming or transmitting electricity above extra low voltage.</p> <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple free d.c.</p>
<p>Electrical fitting work does not include:</p> <ul style="list-style-type: none"> • assembling, making, modifying or repairing electrical equipment in a workplace if assembling, making, modifying or repairing electrical equipment is the principal manufacturing process of the workplace; or • work carried out in or about a mine on high-voltage equipment. 	

Rationale

Electrical fitters are regulated in all jurisdictions, albeit in different ways. Victoria, Queensland, Western Australia and the Northern Territory have a separate licence category. South Australia regulates by way of a REL. New South Wales regulates the disconnect and reconnect work of an electrical fitter and issues a REL to cover this work. In the Australian Capital Territory, any electrical work outside the boundary of the electricity distribution company must be undertaken by a licensed electrician. In Tasmania electrical fitters operate under Electrical Safety Management Schemes and/or are issued a REL. New South Wales, Tasmania and the Australian Capital Territory do not currently license electrical fitters and will not be required to do so under national licensing. As mentioned above, an electrician performs the work of an electrical fitter without the need to hold an electrical fitter's licence.

The work of an electrical fitter can include the maintenance of high-voltage power systems, including circuit breakers and transformers. It can also encompass switching, inspection, and the diagnosing and rectification of faults. An electrical fitter's training can include assembling, repairing and maintaining electrical apparatus and associated circuits. There are specialisations in switchgear and control gear, plant maintenance and reliability, electrical machine repair and rail signalling. The majority of the advisory committee were of the view that the identified risks associated with this work warranted a separate licence category.

As with the electrician, examination of current jurisdictional scopes of regulated work for an electrical fitter assisted with the policy description that would inform the drafting of the regulated work regulation. The regulated work descriptions of an electrical fitter are diverse in the jurisdictions that currently license the work as a separate category; however, it appears that the actual work undertaken is similar. Examples of jurisdictional regulations follow:

- Queensland – Subject to particular conditions or restrictions included in the licence, an electrical fitter licence authorises the holder to perform all electrical equipment work.

An example of what the holder of an electrical fitter licence may do follows:

- electrical work, whether in a workshop or on site, of building, manufacturing, fitting, assembling, erecting, operating, testing or repairing electrical equipment.²⁶
- Western Australia – Electrical fitting work means the work of making, maintaining, repairing, altering, assembling, dismantling, connecting or testing electrical machines, electrical appliances, electrical instruments or other electrical equipment, and includes electrical installing work if that work is assembling, maintaining or altering the wiring between electrical components in plant or machinery.²⁷
- Northern Territory – Electrical fitter means a person who supervises or performs the actual electrical trade work, whether in a workshop or on site, of constructing, manufacturing, fitting, assembling, erecting, operating or repairing electrical articles.²⁸

3.4.1.3 Lineworker

Table 3.4: Proposed licence category, regulated work and associated definitions for an electrical lineworker

Licence category	Proposed regulated work and associated definitions
Electrical lineworker	<p>Electrical linework means assembling, erecting, installing, stringing, inspecting, maintaining, altering, repairing or replacing an electric line or associated equipment.</p> <p>Electric line means a wire or conductor used for transmitting, transforming or supplying electricity at a voltage greater than extra low voltage, but does not include the following:</p> <ul style="list-style-type: none"> • a wire or conductor directly used in converting electricity into another form of energy • a wire or conductor within the internal structure of a building. <p>Associated equipment means casings, coating, covering, tube, pipe, pillar, pole or tower, posts, frames, brackets or insulator that encloses, surrounds or supports an electrical line.</p> <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple free d.c.</p>
	<p>Electrical linework does not include the following:</p> <ul style="list-style-type: none"> • constructing overhead power lines that are not energised and are not at risk of energisation by induced voltage • laying, cutting or sealing underground cables that are part of the works of an electricity entity before the initial connection of the cables to an electricity source • building or installing ducts, conduits, troughs or channels for electrical distribution equipment • erecting structures for the support of electrical equipment where the electric line is not energised.

²⁶ *Electrical Safety Act 2002.*

²⁷ *Electricity Act 1945.*

²⁸ *Electrical Workers and Contractors Act 2008.*

Rationale

Lineworkers are currently licensed separately in Queensland, Tasmania and the Northern Territory. South Australia licenses through a REL. Only Queensland and South Australia license the area of rail traction linework. However, it appears that there is only a single lineworker category with the area of regulated work identified on the licence. New South Wales, Victoria, Western Australia and the Australian Capital Territory do not currently license and will not be required to do so under national licensing. In the Australian Capital Territory any electrical work outside the boundary of the electricity distribution company must be undertaken by a licensed electrician.

Linework is also regulated through other mechanisms. In addition to licensing, it appears that in all jurisdictions, except Queensland, electrical workers, which include lineworkers working on an electricity distribution network or rail entity, are subject to the operator's authorisation and most are covered under an exemption from licensing. It should be noted that the policy development process did not uncover any evidence of failure where licensing does not occur for lineworkers.

The work functions of lineworkers include the installation, maintenance and inspection of poles, structures and associated hardware used on poles, towers and structures. The work also encompasses the installation and maintenance of electrical equipment, conductors and cables used in the powerline industry. Work is performed outside and includes installing poles and structures and associated equipment, and stringing overhead lines and cables.²⁹

In regard to lineworker skills, Energy Networks Australia has developed a National Energy Skills Passport to promote a nationally consistent approach to the recording of skills for lineworkers working in the electricity supply industry. The passport complements a licence by recording the training that has been undertaken and thereby facilitates the movement of lineworkers between networks.

A single category of lineworker was considered by the advisory committee and rejected. The advisory committee proposed separate categories to cover distribution, transmission and rail traction work influenced by the three separate electrotechnology qualifications. However, further analysis of the contexts of linework suggests that there is a high level of commonality in lineworker work, and that the risks associated with lineworker functions can be addressed through a single licence category.

De-licensing of lineworkers

Following the policy development process, which identified a need for a licence category under national licensing, stakeholders may wish to consider a regulatory approach that proposes that where an activity needs to be licensed or registered, the lightest touch should be adopted. For example, a registration scheme operates in Victoria for lineworkers and is based on an industry–government agreement. Applicants for registration are required to provide evidence of their qualification, their network passport identification number and a copy of the distribution company authorisation, along with a letter of support from their employer. The applicant does not pay a fee. While the policy development process indicated that the four jurisdictions that currently license lineworkers wish to continue to do so, stakeholders views are sought on whether the type of registration scheme operating in Victoria could be applied under national licensing. Stakeholders may also wish to consider how compliance, disciplinary matters and contractors would be dealt with under a registration system.

²⁹ Based on the work descriptions contained in the UET09 Electricity Supply Industry Transmission, Distribution and Rail Sector Training Package.

3.4.1.4 Cable jointer

Table 3.5: Proposed licence category, regulated work and associated definitions for a cable jointer

Licence category	Proposed regulated work and associated definitions
Electrical cable jointer	<p>Electrical cable jointing work means installing, jointing, terminating, testing, servicing, maintaining, altering, repairing or replacing: electrical cables or conductors associated with underground distribution or transmission power lines or with public lighting; and associated equipment.</p> <p>Associated equipment means any apparatus or material that is or is to be connected to a cable or conductor. For example, an air breaker, switch or transformer connected to a cable or conductor.</p>
<p>Electrical cable jointing work does not include:</p> <ul style="list-style-type: none"> • laying, cutting or sealing underground cables that are part of the works of an electricity entity before the initial connection of the cables to an electricity source • recovering underground cables that are part of the electricity infrastructure of an electricity entity after disconnection from an electricity source. 	

Rationale

Cable jointers are currently licensed separately in Queensland, Tasmania and the Northern Territory. South Australia licenses by way of a REL. New South Wales, Victoria, Western Australia and the Australian Capital Territory do not currently license and will not be required to do so under national licensing. As with lineworkers, it appears that in all jurisdictions, except Queensland, cable jointers working on an electricity distribution network or rail entity are subject to the operator’s authorisation and are covered under an exemption from licensing.

Cable jointers work in a range of contexts. Typical work functions include the laying, installation and maintenance of de-energised low-voltage and high-voltage underground polymeric cables and the installation and maintenance of electrical equipment. Work is performed outside, installing underground cables and associated equipment for the distribution and rail industry. In some cases the work may be done ‘dead’ and in others it can be done in high-voltage installations. The training is covered in one qualification and a single licence category is proposed.

3.4.1.5 Restricted electrical licences

Table 3.6: Licence categories and proposed regulated work for restricted electrical licences

Licence category	Proposed regulated work, associated definitions and related equipment
Restricted electrical work with fault finding (refrigeration, air conditioning)	Restricted electrical work for refrigeration and air conditioning with fault finding means disconnecting and reconnecting refrigeration and air conditioning equipment at the point at which the equipment is connected to electrical wiring, including testing the equipment for safe operation and locating and rectifying faults in the equipment.
Restricted electrical work with fault finding (electronics and communications)	Restricted electrical work for electronic and communications equipment with fault finding means disconnecting and reconnecting electronic and communications equipment at the point at which the equipment is connected to electrical wiring, including testing the equipment for safe operation and locating and rectifying faults in the equipment. Examples of the types of equipment that apply to this licence category are: <ul style="list-style-type: none"> • electronic devices that operate above extra low voltage and are components of an audio, video, TV, computer or communication network • medical equipment that operates above extra low voltage • security systems that operate above extra low voltage • laboratory and scientific equipment that operates above extra low voltage. Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple free d.c.
Restricted electrical work with fault finding (instrumentation)	Restricted electrical work for instrumentation with fault finding means disconnecting and reconnecting instrumentation at the point at which the instrumentation is connected to electrical wiring, including testing the instrumentation for safe operation and locating and rectifying faults in the instrumentation. For example: <ul style="list-style-type: none"> • systems and devices that operate above extra low voltage and are used for measuring and controlling industrial or scientific processes.
Restricted electrical work without fault finding (non-portable appliances) ^a	Restricted electrical work for appliances (non-portable) without fault finding means disconnecting and reconnecting non-portable appliances at the point at which the appliance is connected to electrical wiring, including testing the appliance for safe operation at low voltage. Non-portable appliance means a fixed appliance or an appliance with a mass exceeding 18kg and not provided with a carry handle that is installed directly into a source of mains electrical power. Examples of the work this licence would apply to are: <ul style="list-style-type: none"> • fixed wired appliance repair work • mechanical fitter trade work • plumber and/or gasfitter work • micro sewerage treatment plant work.
Restricted electrical work without fault finding (industrial/commercial equipment)	Restricted electrical work for industrial or commercial equipment without fault finding means disconnecting and reconnecting industrial or commercial equipment at the point at which the equipment is connected to electrical wiring, including testing the equipment for safe operation. Examples of the equipment include: <ul style="list-style-type: none"> • equipment incorporating one or more devices or controls that use electric current and operate at low voltage • low voltage electric motors connected by fixed wiring, including for example petrol station pumps • fixed wired roller doors, security gates, security doors; irrigation systems and pumps • explosion protected equipment • plant equipment.

^a The advisory committee and the Regulator Working Group were not able to reach agreement on whether the proposed restricted electrical licence (REL) subcategory for non-portable appliances should be a REL category with fault finding and proposed that future research be commissioned. Servicing of appliances can involve fault finding; however, there were divergent views on where this type of work should sit in the REL model. Stakeholder feedback on this issue is sought.

The Decision RIS, informed by consultation outcomes, will confirm licensing requirements and scope of regulated work for servicing of appliances.

Rationale

The work authorised by a restricted electrical licence (REL) enables specified non-electricians to undertake the disconnection and reconnection of electrical equipment (and like-for-like replacement) where the work is incidental or ancillary to the main focus of the worker. The licences provide time and cost efficiencies because a licensed electrician is not required to perform this work. These types of licences are currently issued in all jurisdictions. It is proposed that these licences should continue under national licensing and that there should be five subcategories, which are linked to the type of equipment being worked on. Three subcategories would include fault finding (locating and repairing or replacing faults), and two subcategories would not. This represents a modest rationalisation of some jurisdictions’ existing REL categories.

As result of a risk assessment undertaken during the rationalisation of the REL subcategories, a small number of jurisdictional REL subcategories are being proposed for exclusion from the national licensing REL model. Table 3.7 lists the subcategories, along with the rationale for removal.

Table 3.7: Restricted electrical licence subcategories proposed for exclusion from national licensing

Subcategory	Rationale for removal
Pre-assembled neon signs	An electrician undertakes this work as the market and risk profile has changed. (Only issued in Qld, Tas and NT.)
High-voltage propulsion equipment	Only a small number of licences issued in Qld, WA and NT. Predominantly related to mine activities where there are other regulatory regimes in place for mine operations, such as approved safety management plans.
Plug and cord repair work	Only licensed in two jurisdictions (Qld and NT), and no risks were identified that supported a licensing intervention (see discussion at 3.4.2.2).

In considering which ancillary trades and callings would require which REL to perform the principal trade of their work, the policy development had regard for the following:

- the original purpose of RELs in allowing non-electrical qualified tradespeople to undertake electrical work in the course of their principal trade activities
- the need to reflect the requirements of contemporary markets and emerging technologies and practices
- the implications of any possible removal of RELs from current lists of trades and callings that currently have access to them
- the need to avoid a proliferation of RELs.

Through the application of the principles outlined above, a small number of trades and callings have not been included in the national licensing REL model. Table 3.8 lists these, along with the rationale for removal. A list of accepted trades and callings will need to be developed so that administrative staff carryout application processes consistently. The list will include but not be limited to the following:

- *Trades and callings that could apply for a REL with fault finding:* Refrigeration and air conditioning mechanics; communications, audio, video, TV, computer (and network) and security systems specialist technicians; scientific, laboratory and medical equipment specialist technicians; instrumentation/system/process control tradespersons/technicians.

- *Trades and callings that could apply for a REL without fault finding:* appliance service person; mechanical fitter; water plumber; gasfitter; micro sewerage treatment plant worker; armature winder; engineering tradesperson; sewing machine technician/mechanic; marine engineer/mechanic; textile technician/mechanic; and protection systems technician (may work in substations).

Section 3.4.8 and Attachment G contain a description of the eligibility criteria for the restricted electrical licence categories.

Table 3.8: Trades and callings proposed for exclusion from national licensing

Ancillary trade or calling	Rationale for deletion
Diesel fitter/mechanic (in relation to electrical equipment coupled to engines)	Under national licensing, the work performed by this trade or calling is not defined as regulated electrical work. (Disconnection of wiring from an alternator to an installation is the scope of work of an electrician.)
Fire detection systems (electrical) technician	The work is integral to an electrician's role and goes beyond disconnection and reconnection of the equipment.
Renewable energy technician	The work is integral to an electrician's role and goes beyond disconnection and reconnection of the equipment. Maintenance work would require an electrical fitter licence.
Type B gas appliance certifiers	No associated electrical work was identified for this role.

3.4.1.6 Contractor (business) licences

Table 3.9: Proposed licence categories and regulated work for electrical contractors

Contractor (business) licence category	Proposed regulated work
Electrical contractor	Enter into contracts to carry out electrical work.
Electrical fitter contractor	Enter into contracts to carry out electrical fitting work.
Electrical lineworker contractor	Enter into contracts to carry out electrical linework.
Electrical cable jointer contractor	Enter into contracts to carry out electrical cable jointing work.

Contractor (business) licences would allow an individual or a person in their capacity as a member of a partnership or a body corporate to contract with the public for regulated work. These licences are proposed for all categories except the RELs and provisional licences. Applicants would be required to meet personal and financial probity requirements.³⁰

A contractor licence would be linked to the regulated work and a technical nominee would be required when the licence is issued to a corporation, a person in a partnership, or an individual who does not hold the relevant licence. (Nominees are discussed in section 3.4.5.) The policy development process indicated that there is a trend to privatisation of electricity distribution utilities and that a range of electrical work is being contracted out to private companies. Therefore, a contractor licence is also being proposed for lineworkers and cable jointers.

In regard to electrical disconnection and reconnection work (RELs), the work a person is contracting for is considered to relate to the person's primary calling or trade, rather than the disconnection and

³⁰ Contractor licences for electrical fitters, electrical lineworkers and electrical cable jointers will only be issued in the jurisdictions that license these occupations.

reconnection of the equipment. For example, a refrigeration and air conditioning mechanic is contracting for the refrigeration and air conditioning aspect of their work, not the disconnection and reconnection of the equipment. Therefore, a contractor licence is not proposed for the restricted electrical licences (RELS)). It should be noted that some jurisdictions issue a contractor licence for REL applicants, such as refrigeration and air conditioning mechanics in South Australia, and this would no longer be a requirement under national licensing.

There was a view across all trade-based advisory committees that a single generic contractor licence could be issued across a range of occupations, allowing a business to contract for different kinds of work (e.g. electrical and plumbing). However, under a single generic licence model there would be no clarity for consumers and regulators on the scope of the regulated work allowed for the contractor. Streamlining could be achieved administratively by facilitating the granting of a contractor licence for more than one category where all eligibility requirements have been met in a single application. This is already the case in some jurisdictions.

3.4.1.7 Provisional licences

Table 3.10: Proposed licence categories and regulated work for provisional licences

Provisional licence category	Proposed regulated work
Provisional electrician	Electrical work carried out under the supervision of a person who is the holder of an electrician's licence
Provisional electrical fitter	Electrical fitting work carried out under the supervision of a person who is the holder of an electrical fitter's licence
Provisional electrical lineworker	Electrical linework carried out under supervision of a person who is the holder of an electrical lineworker's licence
Provisional electrical cable joiner	Electrical cable jointing work carried out under supervision of a person who is the holder of an electrical cable joiner's licence

A provisional licence authorises a licence holder to perform the regulated work for the category of licence under supervision. The licence would be issued to overseas trained applicants and electrical fitters wishing to become electricians and will allow them to perform the prescribed work under supervision. Provisional licences allow the holder to commence work pending completion of required training and will be time based for a period of 12 months. However, the Amendment Bill will allow an applicant to reapply for a provisional licence if the training could not be completed due to extenuating circumstances. If the required training has been completed, the applicant will be able to apply for an unsupervised licence. However, the licensing authority will not grant a provisional licence to an applicant on more than two occasions.

The rapid growth in the mining and resources sector is placing a high demand on skilled labour. Many companies are seeking skilled labour offshore to meet these demands.

As part of the 2006 COAG 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 commence 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 prior to immigration to Australia. The states and territories agreed to issue a provisional licence to those applicants who had 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.

It is therefore proposed that provisional licences should also be issued to migrant applicants and that the same qualification requirements (and gap training) should apply to persons assessed both offshore and onshore. Applicants for the following electrical occupations would be eligible for provisional

licences: electricians, electrical fitters, distribution lineworkers, transmission lineworkers, rail traction lineworkers, cable jointers and electrical fitters.

There is also a proposal to allow qualified electrical fitters who wish to become eligible for a provisional licence to work on installation wiring under supervision, while they complete the prescribed qualification for an electrician's licence and the on-the-job experience component. Evidence of an electrical fitter's licence or an electrical fitter qualification would be required, as well as evidence that training is underway.

A provisional licence is not proposed for the following:

- holders of the Australian Recognised Trade Certificate and other similar trade assessment certificates (see discussion at 3.4.8.4)
- apprentices and trainees under a contract of training and under the supervision of an employer
- a person applying for a restricted electrical licence (REL), because the training has been designed to be undertaken in a simulated environment, and focuses on the safety element of this work. However, some jurisdictions require a training permit while the relevant unit(s) of competency is (are) completed and training is done in the workplace under supervision.

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

- i. Electrician
- ii. Electrical fitter
- iii. Electrical lineworker
- iv. Electrical cable jointer
- v. Restricted electrical with fault finding, with the following sub-categories:
 - a. Refrigeration, air conditioning
 - b. Electronics and communications
 - c. Instrumentation
- vi. Restricted electrical without fault finding with the following sub-categories:
 - a. Appliances (non-portable)
 - b. Industrial/commercial equipment
- vii. Provision electrician
- viii. Provisional electrical fitter
- ix. Provisional electrical lineworker
- x. Provisional electrical cable jointer
- xi. Electrical contractor
- xii. Electrical fitter contractor
- xiii. Electrical lineworker contractor
- xiv. Electrical cable jointer contractor

If no to any of the above, please specify.

3.4.2 Consideration of other possible areas of regulated works

3.4.2.1 Electrical inspectors

An electrical inspector category was initially proposed when the licence policy development started, in order to accommodate the current electrical inspection regime in Victoria. However, the steering committee did not support the inclusion of this category in national licensing based on the COAG competition reforms that require examination, with a view to removing licensing that only exists in one or two jurisdictions.

Victoria requires a licensed electrical inspector to inspect and certify electrical installation work, prior to connection to the electricity supply. In the states and territories other than Victoria, while there are authorised electrical inspectors, they are not licensed as a separate category and they perform a range

of compliance functions not exclusively associated with the connection to electricity supply. Victoria is the only jurisdiction with a privatised inspection and certification regime. In all other jurisdictions, inspection work is performed by a licensed electrician. In the Australian Capital Territory, a licensed electrician can also self-certify; however, the majority of installations are certified by an electrical inspector. Inspectors in all jurisdictions except Victoria do not hold an electrical inspector's licence, and are employed by the government, and also undertake audits and compliance functions.

In response to the steering committee's view, the Victorian regulator advised that the licensed electrical inspector is central to the Victorian regulatory and compliance system. The inspector's regulated work includes the signing of a certificate of inspection within the certificate of electrical safety certifying that the prescribed electrical installation work has been carried out, or supervised, by the licensed electrician, and that it meets all the requirements of the legislation and regulations. The eligibility requirements include the holding of an electrician's licence and the completion of a practical examination in electrical inspection work conducted by Energy Safe Victoria or a body approved by Energy Safe Victoria; or that the person's qualifications, proficiency and experience in electrical installation work are at least of an equivalent standard.

The Victorian Government's view

The Victorian Government indicated its intention to retain an electrical inspector licence. It expressed strong concerns that the non-inclusion of electrical inspector in national licensing would represent a significant change to the status quo in Victoria – not just to licensing arrangements but to how the safety of the sector is regulated. Victoria maintains that the electrical inspector is fundamental to the safety outcomes for their consumers of electricity.

It should be noted if national licensing is to include a licence to accommodate the Victorian electrical inspector, the licence would only be recognised in Victoria and the person would not necessarily be authorised to perform the work or the work of authorised electrical inspectors in the other jurisdictions. Also, the eligibility requirements and regulated work would need to be developed. Consideration would also need to be given to the nomenclature of the licence given that most jurisdictions have an (authorised) electrical inspector.

Question: Is there a sufficient rationale for including a licence category based on the Victorian electrical inspector?

3.4.2.2 Restricted electrical licence – Plug and cord work

The majority of members of the advisory committee were of the view that licensing of plug and cord work was unnecessary.

The term 'plug and cord work' describes a narrow area of work done on portable electrical equipment (where connection to the electricity supply is through a plug and cord). This includes household items such as toasters, vacuum cleaners and fridges, as well as commercial plug-in equipment such as large commercial stoves. As this type of electrical equipment is designed to be easily disconnected from the electricity supply (i.e. by unplugging the equipment), the risk of electrocution from working on it is greatly minimised.

Compared to disconnecting and reconnecting and fault finding on fixed wired equipment, plug and cord work is low in complexity and risk. Workers can easily and safely identify and isolate electricity supply, and safety switches also provide added protection. Therefore, the level of risk associated with plug and cord work is much lower than restricted electrical work undertaken on fixed wire electrical installations.

Queensland view

The Queensland Advisory Committee representative argued strongly that plug and cord work should be included in the scope of national licensing. Queensland advised that equipment is not always easily disconnected and can be left energised. Live testing can be performed even though the equipment can be readily disconnected. There are also risks to consumers if repairs to these appliances are faulty.

Currently, only Queensland and the Northern Territory license plug and cord work with a restricted electrical licence (REL). In Queensland plug and cord work is also within the regulated work of a licensed electrical mechanic (electrician). There is a COAG competition reform that requires an examination, with a view to removing licensing that only exists in one or two jurisdictions.

The Queensland Electrical Safety Office provided data on plug and cord work, which indicates that for the 13-year period from 1997–1998 to 2009–2011, there were 79 electrical fatalities in Queensland. Seven of these fatalities involved unlicensed plug and cord work; this represents almost 10 per cent of all electrical fatalities in Queensland for this period.

In addition, further analysis of the data indicates the latest two plug and cord fatalities, which occurred in 2006–2007 and 2009–2010, were not caused by unlicensed workers. There has been a tendency for consumers to undertake ‘do-it-yourself’ plug and cord work, and this DIY approach has resulted in fatalities. Licensing of this work did not prevent such fatalities and it is submitted that it would not prevent such fatalities in the future.

The Western Australian Department of Commerce, Energy Safety Division reviewed all plug-and-cord-related electrical incidents for the period 1990 to 2006. This review identified that, of the 144 incidents during this time period:

- Two-thirds involved householders and could not be linked to the performance of restricted electrical work.
- Almost one-third involved fully qualified electricians.
- Only three involved REL licence holders, and two of the incidents were not attributable to them undertaking restricted electrical work.

Hence, only one incident occurred over this extensive period that could be attributed directly to restricted electrical plug and cord work, and on this basis, the Western Australian Government exempted plug and cord work from licensing.

Advice from regulators during the policy development is that the rate of fatalities and injuries from plug and cord work is decreasing over time. This would appear to be because the risk profile has shifted, as household appliances have become cheaper and are designed to be thrown away, rather than repaired. Increased use of safety switches has also had a beneficial effect.

Question: Is there a sufficient rationale for including a REL sub-category for portable appliances (plug and cord) up to 32 amps?

Question: Is there a sufficient rationale for including any other licence category or sub-categories?

3.4.3 Proposed national licensing model across Australia

Table 3.11 illustrates where national licensing will occur for particular occupations across Australia; this does not differ from the current licensing arrangements. It should be noted that under national licensing, jurisdictions that currently do not license 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 the part of the scope of the work is licensed in some way, a jurisdiction would be required to either pick up the category or deregulate. For example, South Australia does not currently issue an electrical fitter's licence but regulates the work with a restricted electrician's licence. South Australia would therefore issue an electrical fitter's licence under national licensing. The current licence categories offered by each jurisdiction are listed in Attachment E.

Table 3.11: Proposed national licence categories across Australia

Licence category	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Electrician	Y	Y	Y	Y	Y	Y	Y	Y
Electrical fitter		Y	Y	Y	Y			Y
Electrical lineworker			Y		Y	Y		Y
Electrical cable jointer			Y		Y	Y		Y
Restricted electrical – with fault finding	Y	Y	Y	Y	Y	Y	Y	Y
• refrigeration and air conditioning	Y	Y	Y	Y	Y	Y	Y	Y
• electronics and communications	Y	Y	Y	Y	Y	Y	Y	Y
• instrumentation	Y	Y	Y	Y	Y	Y	Y	Y
Restricted electrical – without fault finding	Y	Y	Y	Y	Y	Y	Y	Y
• appliances (non-portable)	Y	Y	Y	Y	Y	Y	Y	Y
• industrial/commercial equipment	Y	Y	Y	Y	Y	Y	Y	Y
Contactora	Y	Y	Y	Y	Y	Y	Y	Y
Provisional ^b	Y	Y	Y	Y	Y	Y	Y	Y
Electrical inspector		^c						

Note: Y = yes and denotes that licensing will occur in that jurisdiction.

- a Contactor licences would be available for the categories of (work) licences issued in that jurisdiction, i.e. a contractor licence for electrical linework would only be issued in the jurisdictions that license electrical lineworkers.
- b Provisional licences would be available for the categories of (work) licences issued in the relevant jurisdiction, i.e. a provisional licence for an electrical fitter would only be issued in the jurisdictions that license electrical fitters.
- c Electrical inspectors are currently licensed in Victoria only. This category is not proposed under national licensing; however, licensing of electrical inspectors will continue in Victoria under Victorian legislation.

A full comparative mapping of national licensing licence categories and licensing requirements against each of the current jurisdictional licence categories and licensing requirements can be viewed in Attachment B.

3.4.4 Endorsements

An endorsement on a licence allows a licensee to take on an additional scope of regulated work. Endorsements are dependent on a person holding an existing licence and are not intended as a stand-alone authorisation. The advisory committee did not identify any circumstances in which endorsements would be required as the proposed regulated work comprehensively covers the work associated with that licence category. There was also the view that national licensing offers the opportunity to

rationalise licence categories and that endorsements could lead to many permutations of licence categories, recreating the current complexity over time.

Question: Do you anticipate any situations under national licensing where an endorsement will be required?

3.4.5 Nominees

The *Occupational Licensing National Law Act 2010* (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 nominee should be a director or an employee and 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 3.12

Table 3.12: Contractor (business) licences and the applicable technical nominee

Contractor (business) licence	Technical nominee
Electrical contractor	Electrician
Electrical fitter contractor	Electrical fitter or electrician
Electrical lineworker contractor	Electrical lineworker
Electrical cable jointer contractor	Electrical cable jointer

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 substantial differences between jurisdictions on the current role of nominees, it was agreed that the role should not be defined in the national licensing legislation or regulations, 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. 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 after the situation occurs. The licensing authority would have the discretion to authorise a contractor licensee to operate for a set period with an interim nominee under prescribed conditions.

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

3.4.6 Exemptions

The National Law makes it an offence to undertake regulated work unless an individual or a business entity holds a licence or is exempt. An individual must not carry out, or enter into, a contract to carry out regulated work unless the individual:

- a) holds a licence to carry out the regulated work or
- b) is exempt under the National Law from the requirement to hold a licence to carry out the regulated work or
- c) is exempted by the licensing authority, in accordance with the national regulations, from the requirement to hold a licence to carry out the regulated work.

Table 3.13 describes the classes of persons identified by the policy development process as those who should be exempt from the requirement to hold a licence to carry out regulated work.

Table 3.13: Proposed exemptions

	Proposed exemption	Exempt from licence category
a	a person carrying out work under a contract of employment and training, or as a student, for the purposes of gaining qualifications necessary for obtaining a licence, and under the supervision of an individual who is licensed to carry out the regulated work	All
b	a holder of a prescribed licence and who, as part of carrying out 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	All contractors
c	the holder of an electrician's licence if carrying out electrical fitting work	Electrician
d	the holder of an electrical contractor licence to enter into contracts to carry out electrical fitting work	Electrical contractor

Rationale

Exemptions are only considered when the risk associated with doing this work is addressed in other ways. For example, apprentices are covered by a contract of training that assigns the responsibility for the apprentice's work to the supervisor or employer, and others in training for a licence outcome are covered when working under supervision of a relevant licensed person. The exemption allows for completion of required on-the-job training. Further development of the regulated work during the legislative drafting process has rendered some of the original proposed exemptions unnecessary.

The advisory committee proposed an exemption for persons carrying out electrical work relating to electricity infrastructure owned or operated by an electricity entity. Some jurisdictions currently address the risks associated with linework and cable jointing by regulatory requirements other than the licensing of workers. Several jurisdictions require the network operator to have an approved safety management plan in place, and others have utilities legislation that sets the boundaries of a network. There are also accreditation schemes to ensure the competency of workers. Some jurisdictions currently have some form of exemptions for people undertaking electrical work in the electricity supply industry, and this is captured under jurisdictional electrical safety legislation. The risks associated with doing this work are addressed in other ways, such as the distribution network operator taking responsibility for ensuring that the work is undertaken by appropriately qualified persons and therefore an exemption is not required.

The advisory committee originally proposed that there should be an exemption for (contract) work where no remuneration is involved, for example, work undertaken for an immediate family member.

However, further consideration of the need for this exemption indicates that there is no contract involved in these arrangements and in all cases the regulated electrical work would be undertaken by a person holding a licence. The risk in this situation is associated with performing the regulated work and this is addressed by the licensed worker; therefore an exemption is not required.

The advisory committee also originally proposed an exemption for engineers practising their profession. However, further analysis has indicated that an engineer should not be exempted from holding a licence.

It should be noted that some current jurisdictional exemptions were not considered necessary by the majority of advisory committee members, and these will no longer be valid once national licensing commences. Jurisdictions would need to conduct public awareness campaigns to ensure that people are aware of the changes that national licensing may bring.

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

3.4.7 Non-skill 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 electrical work are provided in Attachment F.

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 or requirements to hold insurance. The National Law provides for the non-skill eligibility criteria that include personal and financial probity requirements. Insurance, for example, is not an eligibility requirement under national licensing; however, contractors will need to ensure that they satisfy the necessary insurance requirement of the state or territory in which they work.

3.4.7.1 Relevant person

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 are 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 electrical occupations are all directors of a body corporate (as defined in the *Corporations Act 2001*), any other individual who is in effective control of the business of the body corporate, and each member of a partnership. A person in effective control of the business is someone who is regularly or usually in charge of the business, and has control or influence on how the business is managed.

3.4.7.2 Proposed personal probity eligibility requirements

The National Law provides for the personal probity requirements that may apply to a person or other relevant person for a body corporate. The legislation 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 electrical contractor (business) licences under national licensing and are shown in Table 3.14.

Table 3.14: Personal probity requirements

Type of applicant	Proposed personal probity requirement for contractor (business) licences
Individuals, Persons acting in their capacity as a member of a partnership Relevant persons for a body corporate or partnership	Matters relating to the criminal history of a person, who is an applicant, licensee, nominee or relevant person i.e. <ul style="list-style-type: none"> a) offences relating to dishonesty; b) Offences relating to misleading or deceptive conduct; c) Offences relating to a person’s obligations under a law relating to occupational health and safety. and 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: <ul style="list-style-type: none"> • failure to exercise powers with care and diligence • failure to exercise powers in good faith and for proper purposes • 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 given 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 be broad and include fit and proper checks for disqualified licences and criminal history checks. The application of these checks varies across jurisdictions. Under national licensing, personal probity requirements checks will apply to electrical contractor applicants and relevant persons in relation to the criminal history of the person. Checks can only be carried out 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.

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 performing electrical 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.

It was acknowledged that there could be a case for applying personal probity criteria in relation to the running 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 dishonesty offences, such 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 customers' 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 a 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 being proposed that personal probity checks will not be applied to an individual licensee who is not contracting (i.e. electrician, electrical fitter, lineworker, cable jointer and an applicant for a REL) as this does not have a 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 electrical work does not warrant additional safeguards for considering serious criminal offences for personal probity requirements (as are currently in place in some jurisdictions)?

Other non-skill requirements

Currently some jurisdictions require checks on or declarations about a person's health and fitness, and colour blindness, and whether the person is under guardianship orders. It is not proposed that these requirements form any part of national licensing eligibility requirements.

3.4.7.3 Proposed financial probity requirements

The National Law provides the financial probity requirements that a person must satisfy to be eligible for a licence. Financial probity 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 of 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 3.15.

Table 3.15: Financial probity requirements

Type of applicant	Category	Proposed financial probity requirement
Individual	<ul style="list-style-type: none"> • Electrician • Electrical fitter • Lineworker • Cable jointer • Restricted electrical licence applicant 	Failure to pay a penalty, fine or other amount ordered by a court or tribunal in relation to the occupation
Individual Persons acting in their capacity as a member of a partnership Relevant persons in a body corporate or a partnership Body corporate	Contractor	<p>A person who is bankrupt, insolvent, compounds with creditors, enters into a compromise or scheme of arrangement with creditors or otherwise applies to take the benefit of any law for the relief of bankrupt or insolvent debtors</p> <p>A person has within the last five years been a relevant person for a another person who, during that 5-year period, was bankrupt, insolvent, compounded with creditors or otherwise applied to take the benefit of any law for the relief of bankruptcy or insolvent debtors</p> <p>A relevant person that is a body corporate or a member of a partnership, a relevant person for the body corporate or partnership who 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</p> <p>A relevant person who fails to pay a penalty, fine or other amount ordered by a court or tribunal in relation to the occupation</p>

Rationale

The policy development process recommended a consistent approach whereby, to be eligible for a licence under national licensing, the applicant must meet requirements that relate to the failure to pay fines. This currently occurs in all jurisdictions, except the Northern Territory. An applicant for a contractor 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. (See Attachment B for a summary comparison of current and proposed arrangements.)

Question: Do you agree the financial probity eligibility requirements proposed under national licensing adequately address issues of consumer risk?

3.4.7.4 English language test

It is proposed that there be no requirement for an English language test for applicants for electrical occupations under national licensing. This approach is strongly opposed by Queensland.

Rationale

Currently, only Queensland stipulates language requirements as part of the eligibility requirements for electrical occupations.

In relation to migrants, skills assessments, both through Trades Recognition Australia and recognition of prior learning processes, are conducted in English, and 457 visa holders in the trades are required to have International English Language Testing System 5 English level. The policy development process found that English language competency is adequately tested and demonstrated through these migration processes. Requiring a further language test, therefore, is considered duplicative and unnecessary.

Further, all migrants, whether under the 457 visa or other visas including a ‘family reunion’ visa – are subject to skills assessments conducted through Trades Recognition Australia and other recognition of prior learning processes. All such assessments are conducted in English. In addition, all training included in the prescribed training packages is, of course, conducted and tested in English. Requiring further language tests to be administered or required by licensing agencies is therefore considered to be unnecessary duplication.

Queensland view

The Queensland regulator is of the view that there should be an English language test, given the potential safety risks should electrical workers be unable to communicate effectively in English or understand written warning signs and safety instructions. Queensland advises that there have been instances of persons found to be incompetent who have low-level English language skills. These licences were awarded under Trans-Tasman mutual recognition legislation, which prevents the application of a language or any other skill test.

To extend the requirement for English language testing nationally would increase the regulatory requirements in other jurisdictions. In addition, specifying language requirements may contravene state and territory and Commonwealth anti-discrimination legislation. Given that it appears that this issue is adequately addressed through other mechanisms, is only required in one jurisdiction, would significantly increase regulatory burden without evidence of risks, and is inconsistent with the requirements for all other first-tranche occupations, it is recommended that a language eligibility requirement not be included.

The advisory committee supported a need for evidence of language skills on a case-by-case basis, and noted that guidelines would need to be developed to ensure consistency on the circumstances in which the test would be applied.

Question: Under the proposed national licensing model, an English language test will not be included as an eligibility requirement for electrical occupations. Do you agree the proposal to not require an English language test is appropriate?

3.4.8 Skills-based eligibility requirements

The National Law specifies the qualifications, skills and knowledge 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 were:

- Australia’s national VET 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 VET Quality Framework, which includes the Australian Qualifications Framework together with the Standards for Registered Training Organisations, which enable 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 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, which 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'. In other words, requirements for competence in particular aspects of electrical 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 specific regulated work. Where competency requirements are not neatly encapsulated in a qualification or where a licence is for a licensing subset of regulated work, specific units of competency may be identified as a skills set.

3.4.8.1 Proposed qualification requirements for the electrical occupations

Based on the licence model identified for licence categories outlined in earlier, the skills-based eligibility requirements shown in Table 3.16 have been proposed for the electrical occupations. The full list of the qualifications is available in Attachment G.

Table 3.16: Proposed entry level qualifications for electrical occupations

Licence category	Qualification
Electrician	UEE11 Electrotechnology Training Package UEE30811 Certificate III in Electrotechnology Electrician
Electrical fitter	UEE11 Electrotechnology Training Package UEE30611 Certificate III in Electrical Machine Repair, including UEENEEA113A Mount and wire control panel equipment OR UEE30711 Certificate III in Switchgear and Control Gear OR UEE33011 Certificate III in Electrical Fitting OR MEM05 Metal and Engineering Training Package MEM30405 Certificate III in Engineering – Electrical/Electronic Trade (with specified units of competency to be completed)
Electrical lineworker	UET12 Transmission, Distribution and Rail Sector Training Package UET30612 Certificate III in ESI – Power Systems – Distribution Overhead OR UET30512 Certificate III in ESI – Power Systems – Transmission Overhead OR UET30712 Certificate III in ESI – Power Systems – Rail Traction
Electrical cable jointer	UET12 Transmission, Distribution and Rail Sector Training Package UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing
Contractor	There are no qualifications proposed for contractors in the electrical occupations.
Provisional electrician’s licence	<ul style="list-style-type: none"> • an offshore technical skills record, issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), for UEE30811 Certificate III in Electrotechnology Electrician OR • UEE30611 Certificate III in Electrical Machine Repair, including UEENEEA113A Mount and wire control panel equipment OR • UEE30711 Certificate III in Switchgear and Control Gear OR • UEE33011 Certificate III in Electrical Fitting; OR • MEM30405 Certificate III in Engineering—Electrical/Electronic Trade OR • holding a licence as an electrical fitter
Provisional electrical lineworker	An offshore technical skills record, issued by a registered training organisation approved under the Migration Regulations 1994, for UET30612 Certificate III in ESI – Power Systems – Distribution Overhead OR An offshore technical skills record , issued by a registered training organisation approved under the Migration Regulations 1994, for UET30512 Certificate III in ESI – Power Systems – Transmission Overhead OR An offshore technical skills record , issued by a registered training organisation approved under the Migration Regulations 1994, for UET30712 Certificate III in ESI – Power Systems – Rail Traction
Provisional electrical cable jointer	An offshore technical skills record , issued by a registered training organisation approved under the Migration Regulations 1994, for UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing

Rationale

The policy development process found that completion of an apprenticeship leading to a Certificate III qualification is generally considered to provide the level of competency required for licensing. Advisory committee members noted the importance of ensuring that training is properly delivered and assessed. The role of the Australian Skills Quality Authority is to ensure that this occurs. Additional testing of applicants who have already been found to be competent against the units in the relevant training

package represents duplication of effort by government and is inconsistent with COAG's position that regulators will recognise the VET qualification or statement of attainment as meeting all of the skill related eligibility requirements³¹ for gaining a licence in relevant regulated occupations.

Question: Are the proposed entry level qualifications as outlined in the RIS sufficient and appropriate for the proposed electrical licence categories, scopes of regulated work and health and safety outcomes?

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?

3.4.8.2 Possible alternate pathway for an electrician

The policy development process did not identify the MEM30405 Certificate III in Engineering – Electrical/Electronic Trade qualification as a pathway to an electrician's licence under national licensing, although it is proposed as a pathway for an electrical fitter. Manufacturing Skills Australia advised that it is amending the qualification to align it more closely with the proposed national licensing requirements for electrical electronic occupations. That amendment has received endorsement by the National Skills Standards Council. The qualification could be re-considered in the future as a pathway for an electrician's licence.

Apprentices who have commenced this pathway before the start of national licensing will be eligible for a licence under jurisdictional transitional arrangements.

3.4.8.3 Certificate III, Electrotechnology, Assembly and Servicing qualification

Following the finalisation of the policy development, Victoria advised that a Certificate III, Electrotechnology, Assembly and Servicing qualification should be included as a pathway for an electrical fitter. However, this is a superseded qualification and does not appear to be in current use. A person currently holding this qualification would seek advice from the licensing regulator in their jurisdiction about the possibility of obtaining a national licence. The advisory committee proposed that a national skill and knowledge currency test should be developed and applied in this type of circumstance.

3.4.8.4 Australian Recognised Trade Certificate pathway

The Australian Recognised Trade Certificate and other similar trade assessment certificates would not be a pathway to a licensing outcome for electricians, electrical fitters, lineworkers and cable jointers. The issuing of a certificate based on a trade skill assessment lacks the rigour of other skills-based pathways, such as completion of a competency-based qualification. Acceptance of this type of pathway, albeit for the granting of a provisional licence, would undermine the standards which are well established in some jurisdictions that base entry into the industry on a training package qualification. This view is based on the inherent dangers associated with undertaking electrical work.

3.4.8.5 Non-qualification requirement for a contractor licence

The majority of advisory committee members proposed qualification requirements for electrical contractors. However, the steering committee did not support this proposal and recommended that there be no qualification requirement for a contractor licence. The removal of the requirement for a

³¹ Skills-related eligibility requirements include those related to competency standards, qualifications and/or industry experience requirements.

contractor to undertake additional units of competency has an individual saving of an estimated \$2,255 (based on 40 hours at the assumed wage (Victorian proxy)). See Chapter 4 for further cost–benefit analysis.

Rationale

Currently Victoria, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory require between one and four additional units of competency for electrical contractors relating to business skills. At the outset of the policy development process, analysis was conducted on the risks associated with electrical work. The analysis suggested that the risks associated with undertaking this work relate to safety rather than business management.

Although views were expressed 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. A qualification requirement cannot be obtained by a business entity in itself, so an individual or a nominee may be subject to additional requirements beyond that of the technical skills required.

Based on the scarcity of information substantiating the need for business skills for electrical contractors and the absence of any requirement proposed by the other trade advisory committees, there is a strong case for not specifying additional qualification requirements for electrical contractors.

However, given the diversity of views on this issue, three other options are:

- One additional unit of occupational health and safety–based competency, e.g. UEENEEE0117A Implement and monitor occupational health and safety policies and procedures. The Queensland Government suggests that, while business acumen requirements are desirable, it is essential that electrical contractors be trained in safe work environment skills in order to meet their occupational health and safety obligations as an employer (i.e. skills not gained as an electrical licensee).
- Two units of competency from the UEE11 Electrotechnology Training Package, which focus on electrical safety, as proposed by some advisory committee members:
 - UEENEEG175A Develop compliance policies and plans to conduct an electrical contracting business
 - UEENEEE0117A Implement and monitor occupational health and safety policies and procedures.
- Seven units of competency from the UEE11 Electrotechnology Training Package as proposed by the majority of the advisory committee:
 - UEENECC001B Maintain documentation
 - UEENECC002B Source and purchase material/parts for installation or service jobs
 - UEENECC003B Provide quotations for installation or service jobs
 - UEENECC010B Deliver a service to customers
 - UEENEED101B Use basic computer applications relevant to an electrotechnology/utilities workplace
 - UEENEEG175A Develop compliance policies and plans to conduct an electrical contracting business
 - UEENEEE0117A Implement and monitor occupational health and safety policies and procedures.

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 electrical workers to gain a contractor licence sooner than under the status quo. Do you agree with this proposal?

Part B: If no, with reference to page 45 of the RIS, what is the appropriate level of training that contractors should complete to be eligible for a contractor's licence?

3.4.8.6 Proposed qualifications and non-skill requirements for restricted electrical licences

As outlined earlier, restricted electrical licences (RELs) enable non-electrical trades to undertake limited types of electrical work where that work is incidental or ancillary to the main focus of their work. It is proposed that an applicant for a REL must provide the following to the licensing authority:

- completion of training in an identified skill set that addresses the safety issues surrounding the work
- evidence of the (work) need for a REL to undertake the disconnection and reconnection of fixed electrical equipment
- verification of a trade or calling.

The rationale for each of these eligibility requirements follows. An applicant for a REL would also need to meet financial probity requirements in relation to payment of fines or penalties.

Skill set requirement

It is proposed that there should be two categories of RELs with five subcategories of RELs linked to the type of equipment being worked on. The training sector advised that the training is contextualised around these various equipment types. The licences primarily enable licensees to perform disconnection and reconnection of equipment from fixed electrical wiring and, in some cases, to undertake limited fault finding on this equipment where they have undergone sufficient electrical and safety training to undertake these functions safely. It is proposed that the two skill sets outlined in Table 3.17 would be appropriate as the skills-based training for the two categories of RELs; one contains fault finding and the other does not.

Table 3.17: Skill set requirements for restricted electrical licences

Category	Skill set
Restricted electrical licence with fault finding	<p>UEE11 Electrotechnology Training Package</p> <p>UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring and</p> <p>UEENEEP016A Locate and rectify faults in low-voltage appliances using set procedures</p> <p>OR</p> <p>MEM05 Metal and Engineering Training Package</p> <p>MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c. and</p> <p>MEM18046B Fault find/repair electrical equipment/components up to 1000 volts a.c./1500 volts d.c.</p>
Restricted electrical licence without fault finding	<p>UEE11 Electrotechnology Training Package</p> <p>UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring</p> <p>OR</p>

	<p>MEM05 Metal and Engineering Training Package</p> <p>MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c.</p>
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Need

The policy development process identified that, consistent with most current practice, RELs should only be issued to individuals who demonstrate their need to be able to perform the disconnection and reconnection of fixed wired equipment. Confirmation of the need to perform the work could be a written statement from the applicant’s current or prospective employer, or if the applicant is self-employed, a statutory declaration outlining the disconnect and reconnect work to be performed and the reasons why the disconnect and reconnect work is pertinent to their principal work.

To ensure that there is consistency in applying the criteria, guidelines, with clear parameters around the needs test, would need to be developed by the licensing authority to assist administrative staff.

Verification of trade or calling

The policy development process identified that an applicant for a REL should possess a relevant trade or calling and verification of a trade or calling should include:

- a Certificate III-level qualification in a trade or higher education qualification that directly relates to the work to be performed or
- verified or certified copies of an Australian Recognised Trades Certificate issued by Trades Recognition Australia identifying the trade or calling relevant to the endorsement category(s) for which the applicant is applying or
- verified or certified copies of a trade certificate issued by a state or territory registration or accreditation authority identifying the trade or calling relevant to the endorsement category for which the applicant is applying. Examples of a trade certificate are:
 - Certificate of Proficiency (New South Wales)
 - Certificate of Completion (Queensland)
- a current plumbing or gasfitting licence or
- satisfactory evidence that the applicant has completed a program of specialist product training which directly relates to the application for the authority to disconnect and reconnect electrical wiring work.

Should a REL licence holder stop working in an environment where disconnection and reconnection of fixed electrical equipment is integral to their work, the licence should be surrendered. It is proposed that currency of a need would also be required at renewal time.

Evidence of the (work) need for a REL is not currently required in South Australia; therefore, new applicants in that state would be required to produce that evidence when applying for a REL.

3.4.9 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.

During the policy development process, the majority of advisory committee members did not support skills maintenance as a licensing eligibility requirement, particularly for renewal of licences. While there was strong support for the concept of skills maintenance, it was recognised that the training required

would not always be aimed at addressing consumer risk and 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 costs to both practitioners and regulators if skills maintenance is compulsory.

As mentioned previously in this Consultation RIS, the regulation of the 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 changes to jurisdictional legislations or requirements.

3.4.10 Cardiopulmonary resuscitation requirement

The advisory committee proposed that there should be a requirement for cardiopulmonary resuscitation (CPR) training as part of the licence eligibility requirements and maintenance requirements. The steering committee, however, did not endorse this proposal.

Rationale

Currently, Queensland is the only jurisdiction that stipulates a CPR requirement for the licensing of electrical occupations. However, there are mechanisms in place that currently ensure that electrical workers are trained in this area (at least initially). For example, the proposed eligibility requirements for electrical occupations all include CPR training in the core occupational health and safety unit. This ensures that all electricians, electrical fitters, lineworkers and cable jointers are trained in CPR before they enter the industry.

It should be noted that the Australian Resuscitation Council guidelines recommend that refresher training should be completed at least annually and that certificates of attainment for competency in performing CPR are generally valid for only 12 months.

Queensland view

Queensland advises that an electrical safety hazard for electrical workers is exposure to live parts and that there is a risk of cardiac fibrillation deriving from electric shock. CPR is the only effective response to this type of electric shock, and therefore CPR training should be included in licence eligibility.

Question: Under national licensing, it is proposed that Cardio Pulmonary Resuscitation (CPR) training will not be included as an eligibility requirement for electrical licences (CPR training is currently only required by Queensland). Do you agree with this proposal?

3.5 Comparison of automatic mutual recognition and national licensing

3.5.1 Labour mobility

Automatic mutual recognition could achieve some of the same labour mobility benefits as national licensing, because it would enhance the ability for some labour to flow where electrical 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 harmonise and reduce the number of categories, there is not necessarily the mechanism or compulsion under automatic recognition to make such changes. Automatic 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 for a range of occupations. However, under national licensing, national legislation would apply to all jurisdictions that regulate a prescribed occupation.

3.5.5 Registers

A limited central register of disciplinary actions would be established to enable jurisdictional regulators to be aware of any pending actions or disciplinary actions underway would be made available under automatic recognition. Under the automatic mutual recognition model, 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 component that can only be 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 about the current status of licensees, 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 proposed national licensing 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 the creation of a national authority), would create much more 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 changes may be difficult and may 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 of harmonisation of skill and non-skill eligibility requirements. Priority could be given to applicable licence categories based on:

- the commonality of the licence category (or equivalent) across jurisdictions (e.g. electrician)
- 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 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 for overcoming 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, depending on the degree of future harmonisation efforts, some of 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.

The cost and benefits of both models have 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 the 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 options being considered in this Consultation Regulation Impact Statement (RIS). The information is set out as follows:

- 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 national licensing reform and for the first three years of its operation, several one-off costs would be incurred. For licensees, business and households, there is a time cost associated with understanding the new system of licensing and a small cost for existing licensees in South Australia from the introduction of nominees for contactor licences. For governments, there are costs associated with setting up the National Occupational Licensing Authority, implementing the national licensing register and communicating the changes to licensees and the wider community (i.e. businesses and households).

4.1.1.1 Cost to electrical 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 (in Question 51). Based on the assumption that there are just over 230,000 electrical licensees across the jurisdictions, the estimated transition costs to industry would be about \$8.39 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 \$7.84 million. The distribution of these costs across jurisdictions is shown in Table 4.1. New South Wales, Victoria and Queensland incur the highest costs in Australia. While this is partly driven by licence numbers, Queensland has the highest cost because their wage rate is higher than that of New South Wales and Victoria.

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)	1.96	1.86	2.03	1.27	0.64	0.21	0.15	0.26	8.39
10-year NPV as at 1 July 2012	1.83	1.74	1.90	1.19	0.60	0.19	0.14	0.25	7.84

NPV = net present value

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 licence holders would not 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* 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 section 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?

Introducing nominees in one jurisdiction

Under national licensing, when a contractor licence is issued to a body corporate, a sole trader (unincorporated business) or a partnership, the business will be required to nominate an existing licence holder as a nominee. This requirement addresses the issue of a business entity, in itself, being unable to possess skills and expertise.

South Australia is the only jurisdiction that does not currently have this requirement and will incur a cost from introducing this under national licensing. In the absence of other information, it is assumed that the time taken to nominate a licence holder as a nominee is the same as the estimate for the current time taken to apply for a licence (i.e. 30 minutes as per the Victorian RIS on the proposed Electricity Safety (Registration and Licensing) Regulations 2010).

The introduction of nominees in South Australia will lead to a transition cost for existing business licensees, as each business will initially need to lodge their nominee with the regulator when national licensing commences. Based on the time estimate of 30 minutes and there being 855 company licensees in South Australia, the transition cost to existing licensees is expected to be about \$20,000, incurred in the first year of operation. This represents about \$17,000 NPV over 10 years as at 1 July 2012. For further information on the assumptions underlying these estimates, see section 4.3.

It is estimated that the South Australian regulator will also incur costs associated with introducing nominees for company licences due to the time taken to assess nominee forms and record information. At this stage, the cost to the regulator has not been included in the cost–benefit analysis; however, information is sought about the time needed to process each nominee form.

4.1.1.2 Cost to business and households

Business value-add lost

Given that licensees must spend additional time to transition to national licensing (as per the two impacts outlined above), 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 electrical services, business too will experience a one-off reduction in their profits, or their value-add from electrical 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 household buying electrical 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).³² 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

³² Australian Bureau of Statistics 2011, *Australian system of national accounts 2010-11*, Cat. no. 5204.0, ABS, Canberra.

whether this is an appropriate assumption so that a more informed assumption can be used in the Decision RIS.

It is estimated that there would be a transition cost (to business and households) of \$2.80 million, or \$2.62 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)	0.65	0.62	0.68	0.42	0.22	0.07	0.05	0.09	2.80
10-year NPV as at 1 July 2012	0.61	0.58	0.63	0.40	0.21	0.06	0.05	0.08	2.62

NPV = net present value

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.

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 electrical occupations. Costs for this Consultation RIS, therefore, reflect this fact, and attribute a proportion of licence authority costs.

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 electrical occupations, national licensing costs have been estimated according to the following assumptions:

- of the 50 per cent of costs are attributed to first-stage occupations, 35 per cent of these costs allocated to electrical occupations.

For more detail on these assumptions, see section 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 have been agreed for this period. The costs of the licence 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 licence authority provided by the Council of Australian Governments (COAG) National Licensing Taskforce shows that transition costs over 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 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 over three years, 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

NPV = net present value

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

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

Under national licensing, a public national licensing register would be established, providing a cross-jurisdictional summary of all the licences issued under national licensing. This would enable the public and jurisdictional regulators to electronically search for licensed entities and the individuals associated with national licences. The register would be the responsibility of the licensing authority, with all jurisdictional regulators providing information to the licensing authority's central database.

Initially, the register would include all first-stage occupational areas (electrical, plumbing and gasfitting, property and refrigeration, and air conditioning) in each jurisdiction, with the intention that all subsequent occupations also be included. It therefore assumed that this initial investment in the register for the four occupational areas would have subsequent value for any other occupations that transition to national licensing in the future.

The intention of including the 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 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 national licensing register. 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 cost estimates has been used, and will be tested further during the consultation phase.

These costs are estimated to be between \$2.5 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 NSW Government Licensing Service). Given that the 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 electrical occupations.

The cost for 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 Technical Appendix of this Consultation Regulation Impact Statement.

Table 4.5: National licensing register transition costs – total costs and the cost attributable to electrical occupations under the first stage of reforms

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^a
Total costs to government of transitioning to the national licensing register (time and upgrade costs – undiscounted)	2	5	5	5	3.5	3.5	2.5	2.5	29
Total costs attributable to electrical 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 electrical 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 section 4.3.

Government communications

Regulators in each state and territory are expected to develop and implement a communications strategy that seeks to inform various stakeholders of the changes to licensing of electrical occupations. Relevant stakeholders include licence holders, industry associations, training providers, other government agencies with relevant responsibilities and consumer groups. Most regulators would already be conducting 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 communications with stakeholders before the new licensing arrangements started.

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

NPV = net present value

For further information on the assumptions underlying these estimates, see section 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 (i.e. licensees, business, households and government). For this 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 for short-term or on 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 border towns or regions.

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 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 across 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 (i.e. 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 electrical services to represent about 2 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 \$8 million per annum. For more detail on these assumptions, see 4.3.1.25.

Using this estimate as an indication of the potential benefit under national licensing, the benefit from improved labour mobility under national licensing would be \$8 million per annum or \$52.51 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 section 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	2.20	1.75	1.87	1.07	0.63	0.17	0.12	0.20	8.00
10-year NPV as at 1 July 2012	14.42	11.47	12.25	6.99	4.17	1.14	0.79	1.29	52.51

NPV = net present value

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 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 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 relocating, as long as that licence holder holds 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 picks 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 that may also hold a licence in another jurisdiction

Percentage	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
% of existing licence holders	4%	6%	6%/7% ^a	23%	6%	12%	33%	10%

Note: The figures in this table represent the percentage of licensees that operate and are licensed in that jurisdiction, but reside in another jurisdiction.

a Six per cent applies to contractor licences and 7 per cent applies to worker licences (as provided by the Queensland regulator on 15 January 2012).

The reduction in costs 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 proportions of licence holders estimated as currently being required to hold more than one licence under current arrangements
- data on electrical 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 average time to apply for a licence is assumed to be higher under mutual recognition. See section 4.2 and section 4.3 for more detail on the approach to calculating this benefit and the underlying assumptions.

Using this approach, it is estimated that the total cost of holding multiple licences is about \$2.71 million per annum or \$17.70 million NPV over 10 years as at 1 July 2012. These costs would not be incurred under a national licensing approach, and therefore they are a key benefit of the national licensing option (as licence holders would no longer incur these costs). 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 section 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	0.77	0.57	0.66	0.13	0.20	0.10	0.10	0.18	2.71
10-year NPV as at 1 July 2012	5.06	3.74	4.30	0.86	1.30	0.66	0.63	1.16	17.70

NPV = net present value

The impact on government

While removing the requirement for holding 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 \$1.39 million per annum annualised (across 10 years) or \$9.09 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	0.21	0.10	0.14	0.73	0.11	0.06	0.13	0.01	1.49
10-year NPV as at 1 July 2012	1.35	0.65	0.89	4.75	0.75	0.42	0.82	0.08	9.71

NPV = net present value

4.1.2.3 Consistent licence period of a proposed three years

Under current jurisdictional licensing arrangements, each state and territory has different licence periods, ranging from one year to five years. The current licence period for each jurisdiction are shown in Table 4.11.

Table 4.11: Current licence terms across each jurisdiction

Jurisdiction	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Contractor	1 or 3	5	1	1	1	1	1 or 3	1
Individual or non-contractor	3	5	5	5	3	3	3	5

In moving to a standard three-year licence period under national licensing for all licence types (contractor and non-contractor), licensees in states and territories with a shorter licence period (i.e. 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.³³ Similarly, regulators would save time because they would process these licence applications less often.

Licensees in states and territories with a longer licence period (i.e. 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.

Note that where licensees have the option to apply for a licence with a one-year period, it is assumed that they will also opt for a one-year licence under national licensing. Hence, there would be no impact on these licensees.

³³ This analysis is not suggesting that renewal fees themselves will be reduced on a per renewal basis, but that over a 10-year period the total amount paid in licence fees will be lower under a three-year licence term compared with a 1-year. This is because the licence holder is not incurring the application cost component of the fee as frequently.

Given that licence fees typically recover variable costs (i.e. application processing activities) and fixed-cost activities, the licence fee under a three-year licence would need to be adjusted to allow regulators to still recover for fixed costs. Given this, only the application processing component of the fee would be saved (or paid more often) by licensees (which is estimated as \$59 in New South Wales and 42 per cent of licence fees in other jurisdictions).³⁴

Based on the average licence shown in Table 4.11 and based on the time and processing fees involved in renewal, the overall all national impact on licensees of moving to a three-year licence period is estimated to be a benefit of \$0.51 million per annum annualised (over 10 years) or \$3.31 million NPV over 10 years. The distribution of this benefit across states and territories is provided in Table 4.12. In this table, costs are indicated in brackets. This table shows the net impact across all licensees.

There would be no impact in the Australian Capital Territory and New South Wales, as their licence period is already three years. Where licensees in these jurisdictions choose to apply for a one-year licence, they will continue to have this right under national licensing and are therefore not affected. Victoria and Western Australia would incur a cost because some or all of their licensees currently have a five-year licence period. While Queensland and the Northern Territory also have a five-year licence period for workers, the benefit to contractors of increasing the period from one year to three outweighs the cost to workers.

Given the variation in current licence periods across jurisdictions and the large impact of changing the licence period, the impact of three alternative licence periods (5-year, 10-year and a perpetual) is assessed in 4.1.6.1.

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

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing impact	–	(0.62)	0.53	(0.003)	0.47	0.11	–	0.02	0.51
10-year NPV as at 1 July 2012	–	4.03	3.44	0.02	3.06	0.75	–	0.12	3.31

NPV = net present value

4.1.2.4 Reducing the costs of regulatory requirements

Removing additional competency units for contractors

Victoria, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory currently require between one and four additional units of competency for electrical contractors, which relate to business or technical skills. National licensing is proposing removal of these skill requirements, thereby reducing training costs for contractors. (New South Wales and the Australian Capital Territory do not currently require any business or skills training for contractor licences.) This change from the base case is estimated to save licensees \$6.05 million per annum or \$39.53 million NPV over 10 years as at 1 July 2012. This estimate is based on the avoided cost of undertaking these business and technical competency units, including time cost and fees.

These savings assume that if these units of competency are no longer compulsory for licensing purposes, they would not be undertaken voluntarily by any licensees. To the extent that licensees who voluntarily

34 PricewaterhouseCoopers 2009, *National Occupational Licensing System: estimating financial impacts – 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 electrical occupations. Estimate percentage based on licence processing cost as a proportion of fee revenue.

choose to undertake training even under national licensing (e.g. for the purposes of up skilling), the savings are likely to be overestimated.

The distribution of these benefits across states and territories is provided in Table 4.13. These results are driven by the differences in time to complete the various units rather than simply by the number of licensees affected.

Table 4.13: Avoided costs due to the removal of business and technical competency units for contractors

\$ million	Vic	Qld	WA	SA	Tas	Total
Annualised ongoing benefit	1.15	1.78	1.00	2.05	0.08	6.05
10-year NPV as at 1 July 2012	7.52	11.61	6.50	13.39	0.52	39.53

NPV = net present value

* Impacts for the Northern Territory will be included in the Decision RIS.

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

Contractors in the Northern Territory are also subject to additional business-related competency requirements to obtain a licence. For this Consultation RIS, the impact in the Northern Territory has not been quantified due to insufficient information. However, based on licence numbers, the approximate magnitude of the impact is likely to be similar or smaller than that of Tasmania and is therefore unlikely to have a material impact on the analysis.

Impact on construction industry more broadly

In certain jurisdictions, subsidies are provided by industry bodies to pay in part for the competency units that are required for a contractor licence. The industry bodies that provide these subsidies fund them through industry training levies applied to building and construction projects. The industry would therefore gain from no longer funding these subsidies. This is expected to lead to a saving of \$0.73 million per annum or \$4.74 million NPV over 10 years. This benefit has only been identified in Queensland and Western Australia, as shown in Table 4.14.

Table 4.14: Benefit to industry from no longer funding subsidies

\$ million	Qld	WA	Total
Annualised ongoing benefit	0.46	0.27	0.73
10-year NPV as at 1 July 2012	2.98	1.76	4.74

NPV = net present value

Information is sought on whether this benefit applies to other jurisdictions and if so, the value of the subsidies that are available.

Note that while discussion of the impact on licensees and the industry more broadly is separated in this section, the impact from removing competency units is reported as a single impact in the executive summary. This single impact is simply the sum of the impacts shown in Table 4.13 and Table 4.14.

National licensing is proposing that the restricted electrical plug and cord work should not be a licensed activity. It is, however, currently licensed in Queensland and the Northern Territory. Removing this REL subcategory would save licensees \$0.19 million per annum or \$1.23 million NPV over 10 years as at

1 July 2012, primarily in Queensland where there are currently 2,525 licences³⁵ in this category (compared with 60 in the Northern Territory). The distribution of benefits is shown in Table 4.15.

Table 4.15: Avoided costs for licensees due to the removal of the restricted electrical licence for plug and cord work

\$ million	Qld	NT	Total
Annualised ongoing cost	0.19	0.003	0.19
10-year NPV as at 1 July 2012	1.22	0.018	1.23

NPV = net present value

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

Removal of personal probity for workers (non-contractors)

Under national licensing, personal probity requirements would no longer be required for all non-contractor licences. In jurisdictions that currently impose personal probity checks for individual licence applicants, there is a potential benefit to those licensees from this change, where they currently incur costs associated with probity checks. This is particularly relevant in New South Wales, Victoria and Tasmania.

In Tasmania, along with a criminal history check, an individual applicant must prove that they are a 'fit and proper' person and this can be proved by providing two written reference statements'. It is estimated that this imposes a time cost of about 20 minutes for each applicant.³⁶

In Victoria and New South Wales, an individual applicant must disclose whether they have been previously disqualified from holding a licence or been involved in any offence involving fraud, dishonesty, drug trafficking or violence. It is estimated that this would impose a time cost of about 10 minutes for each applicant.³⁷

These time costs would be saved under national licensing by new licence holders applying for an individual licence in these jurisdictions. Based on the hourly wage rates assumed in this Consultation RIS and the time estimates above, removing this requirement would save licensees about \$0.03 million per annum or \$0.17 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.16.

Table 4.16: Benefit to licensees from the removal of personal probity requirements for workers

\$ million	NSW	Vic	Tas	National
Annualised ongoing cost	0.01	0.01	0.003	0.03
10-year NPV as at 1 July 2012	0.06	0.09	0.02	0.17

NPV = net present value

³⁵ The Queensland regulator has advised that 2,195 electrical worker licences and 330 contractor licences would be removed due to the removal of the restricted electrical licence for plug and cord work.

³⁶ It is assumed that 30 minutes will be required for an applicant to obtain a passport photo and two written references (Department of Justice 2005, *Private security regulations 2005: regulatory impact statement*, Victoria, p 29). In the absence of any other information, we have assumed that two-thirds of this cost is attributable to obtaining two written references (i.e. 20 minutes).

³⁷ 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.

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

It is estimated that the jurisdictional regulators will also benefit from removing probity requirements for non-contractor licences 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 because of removing personal probity.

Removal of duplicate testing in Victoria

Under current arrangements, jurisdictions can require applicants for a licence to complete additional testing prior to granting a licence. In the electrical occupations, the relevant case of such testing occurs in Victoria. When applying for an electrician’s licence in Victoria, the Victorian regulator (Energy Safe Victoria) currently can require applicants, on completion of the qualification, to undergo a Licensed Electrician Assessment conducted by an independent body approved by the regulator. The Licensed Electrician Assessment is a combination of three separate assessments, including:

- the Safe Working Practice for Electricians Assessment
- the Licensed Electrician Theory Assessment
- the Licensed Electrician Practical Assessment.

About 15 per cent of licensees would also be required to complete the Licensed Electrician Assessment Review.

These assessments are in addition to Certificate III qualification requirements. Under national licensing, these tests would no longer be applied, and therefore a percentage of new applicants and mutual recognition applicants would benefit from having costs associated with these tests removed. The avoided costs include the fees for each test and the time required to complete the tests. The savings to licence holders in Victoria of this change is estimated to be \$1.55 million per annum or \$10.12 million NPV over 10 years. For further information on the calculations and assumptions underlying these estimates, see section 4.2 and section 4.3.

In other jurisdictions, completion of the relevant Certificate III completes licensing requirements. Forms of duplicate testing also occur in other jurisdictions; for example, in South Australia ‘assisted’ application interviews can occur.

Removal of licensing for apprentices

Under national licensing, apprentices in South Australia and Western Australia will no longer require a licence, resulting in a saving for apprentices in these jurisdictions. 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 \$0.15 million per annum or \$0.99 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.17.

Table 4.17: Benefit to licensees from the removal of apprentice licensing

\$ million	WA	SA	National
Annualised ongoing cost	0.15	0.004	0.15
10-year NPV as at 1 July 2012	0.96	0.02	0.99

NPV = net present value

Apprentices in the Northern Territory are also subject to registration, currently around 663 registrations. However, for this Consultation RIS, the impact in the Northern Territory has not been quantified and will

be presented in the Decision RIS. Based on licence numbers, the approximate magnitude of the impact is likely to be smaller than that of South Australia and is therefore unlikely to have a material impact on the analysis.

Removing experience requirements

Currently, in all jurisdictions except New South Wales, Tasmania and the Australian Capital Territory,³⁸ it is a licensing requirement that electrical contractors have a specified level of experience. This means that licensed electrical workers who wish to obtain a contractor licence must have a level of experience in the industry before being granted a contractor licence (generally between one and six years, depending on the jurisdiction). An electrical contractor is able to contract with the public and employ other licensed electricians to perform the regulated work.

Under national licensing, experience requirements would be removed and licensed electrical workers could obtain a contractor licence sooner if they wish to do so.

The direct benefit to licence holders of removing experience requirements could be measured, for example, by the wage difference between licensed electricians and electrical contractors. This is the value that licensed electricians would gain by progressing to an electrical contractor earlier. Although data on wages in this industry is limited, at least one source suggests that there is a wage differential between licensed electricians and electrical contractors of approximately \$10.50 per hour.³⁹ Note, however, that this benefit would only be realised by licensed electricians who otherwise would not progress to an electrical contractor 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 \$10.50 per hour, if only 50 cents is assumed to be attributable to experience requirements and assuming contractors are currently missing out on this for at least one year, the estimated impact would be \$2.19 million per annum or \$14.30 million NPV over 10 years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.18.

Table 4.18: Benefit to contractor licensees from the removal of experience requirements

\$ million	Vic	Qld	WA	SA	NT	National
Annualised ongoing cost	0.42	1.24	0.17	0.33	0.02	2.19
10-year NPV as at 1 July 2012	2.76	8.13	1.08	2.16	0.16	14.30

NPV = net present value

These estimates are produced on the basis that licensees who can become contractors more quickly as a result of these reforms would continue to provide electrical services before and after the change. In addition, it is assumed that any time spent dealing with contractors prior to the change would be matched by time spent as a contractor after the change. On the basis of these assumptions, it is not anticipated that removal of the experience requirement would, by itself, lead to higher wages for electrical workers.

³⁸ 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. The ACT has also advised that there are no experience requirements for contractors in the ACT.

³⁹ PayScale Australia, www.payscale.com. Based on data generated from the site after submitting a variety of inputs for the electrical worker and contractor occupations.

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 earned as a result.

Removing the experience requirements for electrical contractors may also positively affect the industry as more contractors would enter the market and could potentially reduce skills shortages in the industry by training and employing more electricians. Electricians are on Australia's Skilled Occupation List for 2011, which lists occupations with skills gaps that could be filled by skilled migration. This means that the Australian Government has identified this occupation as needing additional labour resources due to skills shortages or gaps. The 2010 report on Australia's skills shortages, prepared by the Department of Education, Employment and Workplace Relations, suggests that skills shortages may be present. In the electrotechnology and telecommunications trades, both the proportion of vacancies filled and the number of suitable applicants per vacancy fell in 2010 compared with 2009.⁴⁰

Removing experience requirements would make it easier for contractors to enter the market. If this leads to an increase the number of electrical contractors, it could reduce these skills shortages by expanding training and employment opportunities.

4.1.2.5 Costs imposed by new requirements

Introducing nominees in one jurisdiction

As outlined in 4.1.1, under national licensing, when a contractor licence is issued to a body corporate or a person in a partnership, the business would be required to nominate an existing licence holder as a nominee. South Australia is the only jurisdiction that does not currently have this requirement and will incur a cost from introducing this under national licensing.

While a transition cost is incurred for existing licensees, the introduction of nominees in South Australia will also lead to an ongoing cost as all new business licensees will be required to lodge a nominee with the regulator when first applying for their licence. Based on the time estimate of 30 minutes, the ongoing cost to licensees is expected to be about \$2,000 per annum or \$30,000 NPV over 10 years as at 1 July 2012. For further information on the assumptions underlying these estimates, see section 4.3.

It is estimated that the South Australian regulator will also incur ongoing costs associated with introducing nominees for new company licences due to the time taken to assess nominee forms and record information. At this stage, this cost has not been included in the cost–benefit analysis; however, information is sought about the time needed to process each nominee form.

Introducing proof of need for restricted electrical licences

Under national licensing, restricted electrical licence (REL) applicants must prove that the REL to disconnect and reconnect fixed equipment supplements their primary occupation before being granted the REL. South Australia is the only jurisdiction that does not currently have this requirement.

The method by which applicants can prove this requirement varies across the jurisdictions. Victoria requires a detailed letter from the applicant's employer clearly stating and justifying the requirement for a REL in order to perform restricted electrical work that is incidental to the applicant's primary

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

function.⁴¹ In the absence of other information, it is assumed that this task takes one hour to complete. Feedback is sought of the reasonableness of this assumption.

Based on the number of RELs and the time cost of one hour, the estimated impact of introducing this requirement in South Australia is \$0.01 million per annum or \$0.05 million NPV over 10 years as at 1 July 2012.

It is estimated that the South Australian regulator will also incur costs associated with introducing this requirement due to the time required to consider this additional issue during licence processing. At this stage, the cost to the regulator has not been included in the cost–benefit analysis; however, information is sought about the time needed to consider this information in processing each REL application.

4.1.2.6 Business value-add

Part of the benefit of these reforms accrues to labour that is selling electrician services. For example, lower compliance costs allow electricians to work more; 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 electrical services. That could be a business, such as a construction company, manufacturer or mining company. A larger quantity of lower cost electrical services allows the sector to undertake more work at a cheaper price and earn higher profits. However, it could also be a household that purchases an electrician's services. For example, after natural disasters like floods and bushfires, there is a lot of repair work that needs to be done. Therefore, households can benefit directly from access to more and cheaper services.

Valuing the benefits to workers is easier than valuing benefits to business and households. The approach taken in this Consultation RIS is to assume a ratio between the benefits to labour selling electrical 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. That ratio is difficult to determine with precision because of different circumstances. Electricians operating individually in the construction industry may have relatively little capital, comprising a vehicle and their toolkit. At the other extreme, some electrical workers operate in a very capital-intensive environment, such as electricity generation and distribution, and for manufacturing or mining companies. It is not clear whether the benefits accrue more to small operators working across interstate borders or to electrical workers operating interstate in the mining sector.

For the purpose of this Consultation RIS, the benefits to the business and household buying electrical services are assumed to be one-third of the direct benefit to labour, 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).⁴² 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 Decision RIS.

The net efficiency benefits (i.e. time-based impacts only) to licensees on an ongoing basis under national licensing are estimated to be \$8.42 million in net terms per annum. This translates into a net benefit to business of \$2.81 million per annum or \$18.32 million NPV over 10 years. The distribution of benefits across jurisdictions is shown in Table 4.19.

41 Energy Safe Victoria, *Restricted electrical workers licence*, www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Restricted-Electrical-Workers-Licence.

42 Australian Bureau of Statistics 2011, *Australian system of national accounts 2010–11*, Cat. no. 5204.0, ABS, Canberra.

Table 4.19: Business value-add – ongoing net benefit to business

\$ million	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
Annualised ongoing benefit	0.03	0.64	0.98	0.37	0.75	0.03	0.003	0.01	2.81
10-year NPV as at 1 July 2012	0.18	4.16	6.41	2.41	4.87	0.20	0.02	0.08	18.32

NPV = net present value

4.1.2.7 National Occupational Licensing Authority – ongoing operational costs

As outlined in 4.1.1.3 on transition 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 and legislation for obtaining a licence and to 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 meetings.

The licensing authority will be used for several stages of national licensing and its cost has therefore been discounted to account for this. Based on the detailed budget of the licensing authority provided by the COAG National Licensing Taskforce, the ongoing costs are estimated at \$1.4 million per annum or \$9.21 million NPV over 10 years as at 1 July 2012.

The transition and operating costs of the licensing authority have been budgeted for 2011–12 to 2014–15, and the contributions from each jurisdiction have been agreed for this period. The costs of the licensing authority have been allocated across jurisdictions according to these agreed contributions by governments. Table 4.20 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 4.20: 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	3.02	2.31	1.89	0.97	0.71	0.22	–	0.09	9.21

NPV = net present value

4.1.2.8 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. We note, however, that some jurisdictions (i.e. Western Australia) believe that savings from reduced licence processing will be offset by other costs associated with the reforms.

A similar approach has been taken to assessing the impact on training providers. Where changes are made to training requirements (such as the removal of certain competency units for contractors), training providers would receive less fee revenue – but they would no longer incur the cost of running those courses, leading to a zero net impact.

There is only one change (or impact) where the reduction in revenue for government is assumed not to equal the savings from changes in licensing activities, leading to a net cost or benefit to government.

This is the removal of multiple licences held across jurisdictions. The impact for government in this case has been discussed in 4.1.2.2

4.1.2.9 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 proposed national licensing approach.

As set out in Chapter 3, the proposed approach to national licensing 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 licence 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 state and territory regulators to retain policy input, thereby removing the potential to reduce resources allocated to policy
- the need for staff to update the national licensing 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 at the jurisdictional level (essentially a difficulty in achieving economies of scale).

These arguments reflect current views among regulatory agencies that their role (and therefore their resource requirements) is unlikely to change significantly 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. 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 is exempt from contributing to licensing authority costs).

This Consultation RIS considers three 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 licensing policy functions.

Streamlining policy functions

Under a national licensing approach, the licensing authority would be responsible for developing national licensing 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 their resources currently allocated 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.⁴³ The analysis considered the total full-time equivalent resource requirement for regulators across seven occupations,⁴⁴ 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 that:

- there would be a potential saving of \$16.2 million annually across all seven occupations
- for electrical occupations, this would equate to a NPV saving of \$19.7 million over 10 years.

These estimates are a useful indication of the potential scale of savings that could be realised. However, agencies doubt the likelihood that these savings could be fully realised 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 the licensing authority (as compared with 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 a full-time employee 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 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 equivalency in licences, thereby improving the effectiveness of outcomes from mutual recognition applications. 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 schedules of occupations and their relevant conditions.

Those agencies that make decisions based on the ministerial declarations (i.e. state and territory regulators) must ensure that their staff understand how to use them, and that they are updated with changes to the licence equivalency tables contained within the declarations.

Under national licensing, fewer resources would be required to maintain ministerial declarations and updating the information contained in the declarations. This results 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, and 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.

43 PricewaterhouseCoopers 2009, *National Occupational Licensing System: estimating financial impacts – final report*, p 24.

44 Occupations assessed were building occupations; electrical; plumbing and gas fitting; refrigeration and air-conditioning mechanics; land transport, both passenger and dangerous goods; and property and maritime.

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, and the inclusion of a national licensing register, 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 recognition of occupational licences from New Zealand under the Trans-Tasman Mutual Recognition Arrangement would continue.

4.1.2.10 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 transferable to another jurisdiction, and 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. Electrical occupations are one of four first-stage occupational areas being considered for national licensing. There are further reforms proposed in second-stage occupational areas, which include builders and building-related occupations. The proposed harmonisation of conduct requirements is 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.) These reforms are linked in terms of providing a complete reform of licensing requirements.

Removal of English language testing

Currently, only Queensland stipulates language requirements as part of the eligibility requirements for electrical occupations. Under national licensing, this requirement would be removed. It is assumed that the cost of this requirement is marginal and would only affect prospective licensees in Queensland. This impact has not been quantified for the Consultation RIS given the marginal impact of the change.

Question: Are there any other forms of testing currently required by state and territory governments that should be included in the calculations?

Removal of subcategories of restricted electrical licences

Under national licensing there are five restricted electrical licence (REL) subcategories as set out in Table 4.21. This represents a reduction from the current eleven subcategories in some jurisdictions.

Table 4.21: Restricted electrical licences under national licensing – categories and subcategories

Licence category	Subcategory
Restricted electrical work with fault finding	Refrigeration, air conditioning
	Electronics and communications
	Instrumentation
Restricted electrical work without fault finding	Non-portable appliances
	Industrial/commercial equipment

The extent to which this change would deliver a direct benefit to licence holders is complex, given the following factors:

- Some of the change in RELs would not remove the need for a particular scope of work to require an REL, but would broaden the scope of particular REL categories (i.e. the reduction of 72 categories into five would mean that a category may have a broader scope of prescribed work, but not a reduced number of licensees).
- In some jurisdictions, the additional cost of an REL, once one has been purchased, could be either discounted or zero. Therefore, if a licence holder replaces, for example, three RELs with one, the financial saving may be minimal or zero.

Based on these points, regulators have advised that this consolidation would have little or no material benefit to licensees.

There are potential administrative benefits to governments through this change, however, given that regulators would be administering a simpler system with fewer categories of licence. There is currently no data on the extent of these potential savings, though this would be tested further in consultations.

Question: Do you agree that the consolidation of REL categories under national licensing will deliver a benefit to licence holders and/or consumers?

4.1.3 Impact on consumer outcomes

Under national licensing it is proposed that a number of current requirements for licensing be removed, on the basis that they represent an unnecessary regulatory burden for licence holders. Several of these requirements have the potential to affect outcomes for consumers, namely:

- changes to licence terms
- proposed changes in experience requirements
- proposed removal of business competency units for contractors.

The following sections assess the potential impact of such changes on safety and consumer protection outcomes.

4.1.3.1 Potential safety impacts

Attachment F of this Consultation RIS provides a detailed analysis of the risks associated with electrical work. This research indicates that in the five years between 2003–04 and 2007–08 (the most recent data available), there were an average of 19 fatal electrical accidents in Australia, which occurred due to a broad range of problems; only a subset were attributable to the actions of licensed workers in the electrical occupations. 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 is on the greatest potential impact on consumers).

An assessment of the potential risks associated with electrical work, and the proposed changes in the licensing arrangements, finds a weak correlation between risks to consumers and the proposals. Several changes are administrative in nature and do not alter the coverage of licensing across the industry (i.e. they do not remove a person from licensing altogether). The removal of experience requirements for electrical contractors does not fundamentally change the scope of work for those persons licensed under these arrangements, and therefore would not be expected to have a significant impact on consumer safety.

The establishment of the national licensing register would provide more consistent information for consumers across the country as well as enhanced quality of publicly available data.

4.1.3.2 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 substandard work, where an individual or business fails to deliver services that consumers have purchased, or where an individual or a business experience financial difficulties that affect consumers).

The key areas of reform where consumer protection may be affected are:

- changes in licence terms, which may have an influence on compliance and enforcement actions by regulators (to the extent that a change to a longer term made it more difficult to monitor the conduct of licence holders)
- removal of requirements for business competency units.

Changes to licence terms 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. Across the entire licence period, whatever its 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.

4.1.4 Comparing the impacts of national licensing on licensees

Of the impacts that have been quantified in this analysis, there are two impacts that 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 4.22 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 section 4.3.

Table 4.22: Comparison of the impacts of national licensing on licensees working in a single jurisdiction versus licensees working across more than one jurisdiction

\$ million	NSW	Vic	Qld	WA	SA	ACT	NT	Tas	Total
Impacts on those who currently operate in only one jurisdiction									
Ongoing impact per annum	(0.38)	2.59	4.43	1.71	3.17	0.002	0.03	0.16	11.72
Transition cost	(3.48)	(3.78)	(3.88)	(2.95)	(1.63)	(0.62)	(0.76)	(0.93)	(18.02)
Impacts on those who operate in more than one jurisdiction									
Ongoing impact per annum	2.72	2.43	2.84	0.56	1.03	0.09	0.37	0.24	10.29
Transition cost	(0.35)	(0.31)	(0.37)	(0.12)	(0.15)	(0.18)	(0.21)	(0.16)	(1.86)
Total impact									
Ongoing impact per annum	2.34	5.03	7.27	2.27	4.20	0.09	0.40	0.40	22.01
Transition cost	(3.83)	(4.09)	(4.25)	(3.07)	(1.78)	(0.80)	(0.97)	(1.09)	(19.88)

4.1.5 Wider economic impacts on the Australian economy

For this Consultation RIS, computable general equilibrium (CGE) modelling was undertaken to quantify the potential economy-wide (or flow-on) effects of an increase in efficiency that is predicted to result from the introduction of national licensing for electricians in Australia. This includes the potential impact of improvements in labour mobility, which allows resources to be more efficiently allocated across the economy.⁴⁵

⁴⁵ 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

The purpose of using a CGE model for this analysis is to demonstrate the potential economy-wide impacts of the national reform to regulation of electricians. 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 policy⁴⁶
- climate change policies, including emissions trading and a carbon tax⁴⁷
- the COAG national reform agenda⁴⁸
- tariff reforms.

CGE modelling can provide insights into the economic impacts of reforms that an analysis of the direct costs and benefits cannot. Direct measures are valuable because they can 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 picture of how reforms have impacts right across the economy, including for those sectors not directly affected by the reforms.

4.1.5.1 The shock to the model

Under national licensing requirements, barriers to entry for the electrical occupations in each jurisdiction are expected to be reduced through, for example, reduction in costs for licensing and an increase in the readiness to work between jurisdictions. This is translated as:

- an increase in efficiency of labour in electrical services
- an increase in efficiency of capital in electrical services
- reduction in multiple licences fees electricians pay to government.

In addition, the reform will 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. Only the ongoing costs and benefits from the analysis have been modelled.

4.1.5.2 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 in the light

current CGE modelling exercise. This input takes the form of a shock to labour efficiency and is pro-rated for the size of national occupational reforms for electrical occupations (as discussed in 4.3.1.25.)

46 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*.

47 This includes the modelling of various carbon tax and emissions trading scenarios conducted by the Department of the 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.

48 As reported in Productivity Commission 2010, *Impacts and benefits of COAG reforms: reporting framework – research report*, Canberra.

of how the direct impacts flow through the economy and lead to broader benefits even in those areas of the economy that are not directly affected 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 electrical services component of the construction and manufacturing 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 improvement in competitiveness in the labour market for electrical services decreases the cost to production in the construction and manufacturing industry. In the CGE framework, this is passed on to users of construction and manufacturing 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-on 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 and manufacturing industry. In the CGE framework, this is passed on to users of construction and manufacturing services in the form of decreased prices.

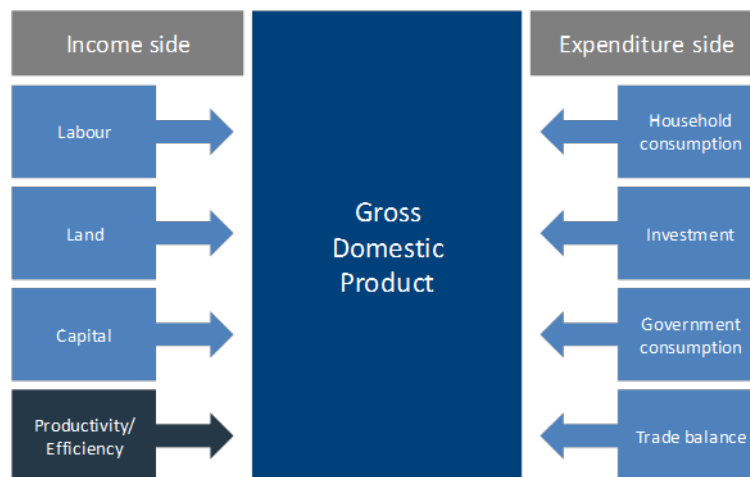
In turn, other industries in the economy experience positive flow-on effects, resulting from a decrease in the cost of production, and hence prices, across many industries in the Australian economy.

The impacts of a decrease in fees paid by licensees

A decrease in the fees that electricians pay to government results in an increase in the post-tax income for the electrical 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).

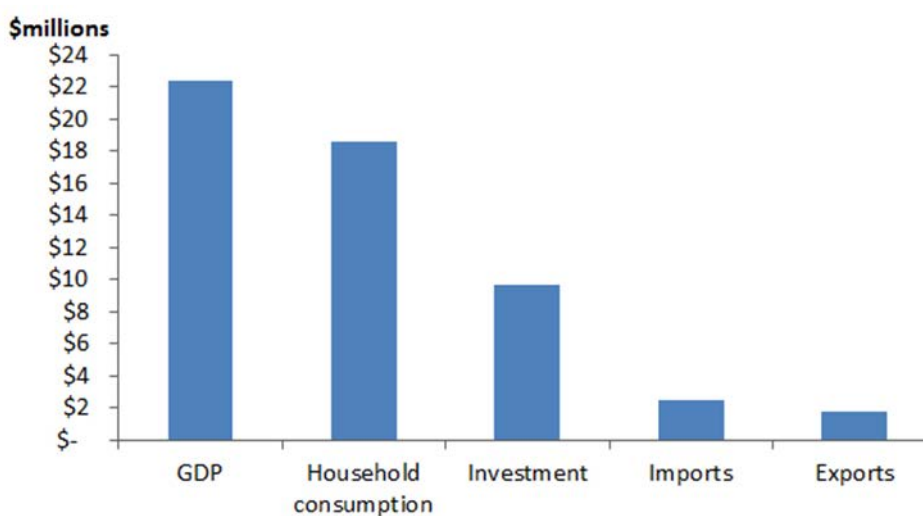
Figure 4.2: Expenditure and income sides of GDP

The modelling shows that national licensing for electrical occupations is likely to increase GDP in a typical year by approximately \$22 million.

The raise in income drives an increase in consumption, which is a proxy of welfare, of \$18 million in a typical year. The increase in consumption is driven by an increase in household consumption. Federal government consumption increases; however, this is offset by a decrease in state government consumption. The harmonisation of licences induces an increase in investment in Australia, increasing by \$10 million in a typical year. This additional investment leads to an increase in the capital stock in Australia of \$12 million.

The harmonisation of the electrical 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 by \$2 million in a typical year. While imports become relatively more expensive than domestically produced goods and services, increases in investment and household consumption boosts demand for imports, resulting in an increase in imports of \$2 million in a typical year.

These key macroeconomic results are summarised in Figure 4.3.

Figure 4.3: Key macroeconomic results, \$million for a typical year

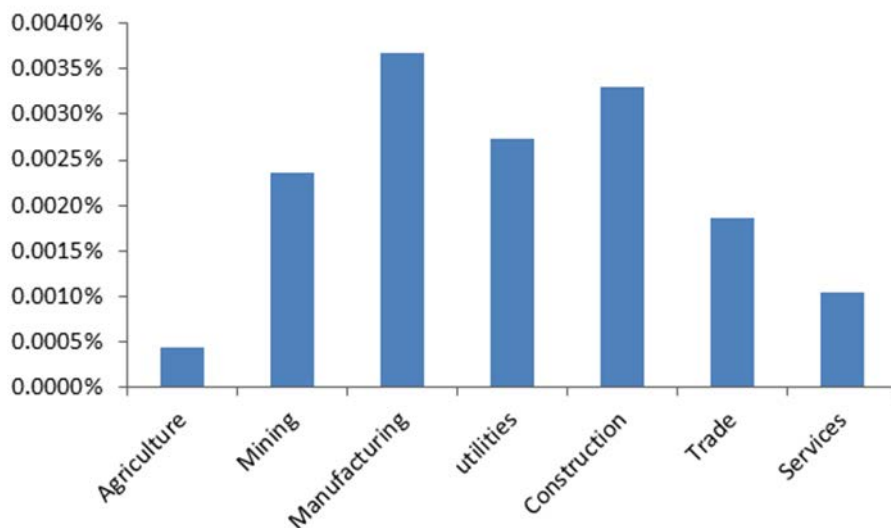
Source: Monash Multi-Region Forecasting Model and PricewaterhouseCoopers

Industry results

The industries that benefit under the modelled scenario are those that face lower costs of production (due to the reduction in prices in the construction and manufacturing industry), together with those that are positively affected by the improvement in the terms of trade (that is, export-intensive industries).

Figure 4.4 illustrates the impact on key sectors in the economy. The manufacturing and construction sector benefits most from the proposed reforms. This is driven by the direct impact the reform has on these industries.

Figure 4.4: Key industry results (percentage increase)



4.1.6 Sensitivity testing of key assumptions

Sensitivity analysis on 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 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.⁴⁹

4.1.6.1 Alternative licence periods

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 longer licence period of five years
- a longer licence period of 10 years
- a perpetual licence, meaning there is no defined period to the licence and it never needs to be renewed.

⁴⁹ Australian Government 2010, *Best practice regulation handbook*, Office of Best Practice Regulation, Canberra.

Under a 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. Where the licence period is already five years, there would be no impact of a five-year licence period nationally. The highest licence period currently set by states and territories 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 affected by a change to the licence period, Table 4.23 shows the overall quantified net impact under each licence term assessed.

Table 4.23: Net overall impact of national licensing under various licence periods

Total NPV over 10 years (\$ million)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National
3-year licence period	11.33	28.75	43.35	11.86	25.72	1.63	(0.11)	1.76	124.29
5-year licence period	16.08	32.96	46.26	16.04	27.65	2.29	0.36	2.02	143.67
10-year licence period	19.64	36.11	48.45	19.18	29.11	2.78	0.71	2.22	158.20
Perpetual Licence	23.20	39.27	50.64	22.31	30.56	3.28	1.06	2.42	172.73

NPV = net present value

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 to be able to undertake their 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 Question 25: fragmented, the extent to which information changes is high and/or there is systemic risk in the industry.
- *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 continuous 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 is 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 systematic 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 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 licence term be under national licensing?

4.1.6.2 Net present value assumptions

Discount rate

Sensitivity analysis was undertaken on the 7 per cent discount rate used to calculate NPV figures in this Consultation RIS. Table 4.24 highlights the impact that alternative discount rates specifically (3 per cent and 10 per cent) have on the total cost estimates for the proposed option.

Table 4.24: Alternative discount rates for the proposed option

National NPV over 10 years (\$ million)	7%	3%	10%
National licensing (3-year licence term)	124.29	161.43	103.28

NPV = net present value

Net present value operating period

Sensitivity analysis was undertaken on the operating period used to calculate NPV figures in this Consultation RIS. Table 4.25 highlights the impact that increasing the operating period (specifically, from 10 years to 15 and 20 years) has on the total cost estimates for the proposed option.

Table 4.25: Alternative net present value operating period for the proposed option

NPV over 10 years (\$ million)	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
10-year operating period	11.33	28.75	43.35	11.86	25.72	1.63	(0.11)	1.76	124.29
15-year operating period	15.98	39.05	58.31	16.47	34.42	2.46	0.07	2.58	169.32
20-year operating period	19.33	46.65	69.39	19.85	40.88	3.07	0.19	3.18	202.54

NPV = net present value

Note: A real discount rate of 7 per cent has been used.

The results in Table 4.25 highlight the impact that different assumptions about the operating period can have on the estimated costs and benefits of the proposed option. In this case, increasing the operating period has a positive effect on the NPV estimate as the majority of costs are short term (i.e. transitional), while the majority of benefits are long term. This also demonstrates that the Australian Capital Territory's break-even point is around 15 years, meaning if the reforms are considered over 15 years or beyond, the overall net direct impact on the Australian Capital Territory is positive.

4.1.7 Cost and benefits of the automatic mutual recognition option

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 electrical 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 therefore 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 unilaterally 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, nor is there any institutional forum in which the jurisdictions can easily coordinate future reforms and changes to licensing, conduct requirement, and oversight of electrical occupations. In short, 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.

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.

Table 4.26 shows some of the potential impacts under national licensing that could also occur under automatic mutual recognition. This 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 4.26: 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 8.00
Removal of the need to hold multiple licences – community	Up to 2.71
Removal of the need to hold multiple licences – government	Up to (1.49)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Consistent licence term of three years	Up to 0.51
Removing additional competency units	Up to 6.78
Removal of plug and cord restricted electrical licence	Up to 0.19
Removal of personal probity requirement for workers	Up to 0.03
Removal of duplicate testing in Victoria	Up to 1.55
Removal of licensing for apprentices	Up to 0.15
Removal of experience requirements	Up to 2.19
Introduction of nominees	Up to (0.002)
Introduction of proof of need for RELS	Up to (0.01)
Business value-add	Up to 2.81
Transition impacts (\$ million)	
Time for licensees to understand reforms	Approx. or Up to (8.39)
Business value-add	Approx. or Up to (2.80)
Government communications	Approx. or Up to (1.95)
Impacts that would occur for those holding equivalent licences <i>only if all jurisdictions agreed to harmonise these requirements</i>	
Introduction of nominees	Up to (0.02)
Other potential impacts not yet quantified	
Impacts on government compliance costs	Not quantified
Costs and benefits of a register of disciplinary actions	Not quantified

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:

- the proportion of current licensees that are working under licences that have an equivalent licence in another jurisdiction (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.

4.1.8 Summary of the costs and benefits by jurisdiction

The costs and benefits for each jurisdiction in terms of NPV over 10 years (as at 1 July 2012) are summarised in tables 4.27 to 4.34. Note that costs are represented in brackets.

New South Wales

Table 4.27: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
Transitional impacts	(3.58)
Time for licensees to understand reforms	(1.83)
Business value-add	(0.61)
National Occupational Licensing Authority – set-up costs	(0.53)
National licensing register – jurisdictional implementation	(0.31)
Government communications	(0.30)
Ongoing impacts	14.91
Labour mobility	14.42
Removal of the need to hold multiple licences – community	5.06
Removal of the need to hold multiple licences – government	(1.35)
Removal of personal probity requirement for workers	0.06
Business value-add	0.18
National Occupational Licensing Authority – operational	(3.45)

Victoria

Table 4.28: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(3.79)
Time for licensees to understand reforms	(1.74)
Business value-add	(0.58)
National Occupational Licensing Authority – set-up costs	(0.40)
National licensing register – jurisdictional implementation	(0.76)
Government communications	(0.30)
Ongoing impacts	32.54
Labour mobility	11.47
Removal of the need to hold multiple licences – community	3.74
Removal of the need to hold multiple licences – government	(0.65)
Consistent licence term of three years	(4.03)
Removal of additional competency units	7.52
Removal of personal probity requirement for workers	0.09
Removal of duplicate testing	10.12
Removal of experience requirements	2.76
Business value-add	4.16
National Occupational Licensing Authority – operational	(2.64)

Queensland

Table 4.29: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(3.93)
Time for licensees to understand reforms	(1.90)
Business value-add	(0.63)
National Occupational Licensing Authority – set-up costs	(0.33)
National licensing register – jurisdictional implementation	(0.76)
Government communications	(0.30)
Ongoing impacts	47.28
Labour mobility	12.25
Removal of the need to hold multiple licences – community	4.30
Removal of the need to hold multiple licences – government	(0.89)
Consistent licence term of three years	3.44
Removal of additional competency units	14.59
Removal of plug and cord restricted electrical licence	1.22
Removal of experience requirements	8.13
Business value-add	6.41
National Occupational Licensing Authority – operational	(2.16)

Western Australia

Table 4.30: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(2.83)
Time for licensees to understand reforms	(1.19)
Business value-add	(0.40)
National Occupational Licensing Authority – set-up costs	(0.17)
National licensing register – jurisdictional implementation	(0.76)
Government communications	(0.30)
Ongoing impacts	14.69
Labour mobility	6.99
Removal of the need to hold multiple licences – community	0.86
Removal of the need to hold multiple licences – government	(4.75)
Consistent licence term of three years	(0.02)
Removal of additional competency units	8.26
Removal of licensing for apprentices	0.96
Removal of experience requirements	1.08
Business value-add	2.41
National Occupational Licensing Authority – operational	(1.11)

South Australia

Table 4.31: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(1.63)
Time for licensees to understand reforms	(0.60)
Introduction of nominees	(0.02)
Business value-add	(0.21)
National Occupational Licensing Authority – set-up costs	(0.12)
National licensing register – jurisdictional implementation	(0.53)
Government communications	(0.15)
Ongoing impacts	27.35
Labour mobility	4.17
Removal of the need to hold multiple licences – community	1.30
Removal of the need to hold multiple licences – government	(0.75)
Consistent licence term of three years	3.06
Removal of additional competency units	13.39
Removal of licensing for apprentices	0.025
Removal of experience requirements	2.16
Introduction of nominees	(0.010)
Introduction of proof of need for restricted electrical licences	(0.05)
Business value-add	4.87
National Occupational Licensing Authority – operational	(0.81)

Tasmania

Table 4.32: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(0.98)
Time for licensees to understand reforms	(0.19)
Business value-add	(0.06)
National Occupational Licensing Authority – set-up costs	(0.04)
National licensing register – jurisdictional implementation	(0.53)
Government communications	(0.15)
Ongoing impacts	2.62
Labour mobility	1.14
Removal of the need to hold multiple licences – community	0.66
Removal of the need to hold multiple licences – government	(0.42)
Consistent licence term of three years	0.75
Removal of additional competency units	0.52
Removal of personal probity requirement for workers	0.021
Business value-add	0.20
National Occupational Licensing Authority – operational	(0.25)

Australian Capital Territory

Table 4.33: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
Transitional impacts	(0.72)
Time for licensees to understand reforms	(0.14)
Business value-add	(0.05)
National licensing register – jurisdictional implementation	(0.38)
Government communications	(0.15)
Ongoing impacts	0.61
Labour mobility	0.79
Removal of the need to hold multiple licences – community	0.63
Removal of the need to hold multiple licences – government	(0.82)
Business value-add	0.02

Northern Territory

Table 4.34: Costs and benefits in terms of net present value over 10 years

Net present value 10 years (\$million)	
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Transitional impacts	(0.88)
Time for licensees to understand reforms	(0.25)
Business value-add	(0.08)
National Occupational Licensing Authority – set-up costs	(0.02)
National licensing register – jurisdictional implementation	(0.38)
Government communications	(0.15)
Ongoing impacts	2.64
Labour mobility	1.29
Removal of the need to hold multiple licences – community	1.16
Removal of the need to hold multiple licences – government	(0.08)
Business value-add	0.12
Removal of plug and cord restricted electrical licences	0.018
Removal of experience requirements	0.16
Business value-add	0.08
National Occupational Licensing Authority– operational	(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 was 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 section 4.3.

4.2.1.1 The status quo

The ‘status quo’ option 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 the problems identified in Chapter 2 - Current Regulatory Approach.

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.

This linkage between the status quo costs and problem analysis make intuitive sense because the status quo assumes that no specific action is taken by governments to address problems with current arrangements; therefore, the costs of maintaining the status quo are those associated with the problem.

It is therefore not necessary to repeat that analysis fully here, though 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 that are not necessary to meet the regulatory objective (such as duplicate testing, particular skill- and non-skill-related requirements in licence conditions)
- 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 (i.e. due to industry growth, or transition versus ongoing impacts).

Because 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 section may not be exactly equal to the numbers quoted elsewhere in this report.

4.2.1.3 Number of licence holders affected by national licensing

Many of the calculations in this section refer to the number of licensees. When calculating the impacts in Queensland, however, the number of licences have been used and referred to. Given that certain licence holders would need to hold, apply and pay for two licences in that state, Queensland has advised that the most appropriate data for this analysis is the number of licences in Queensland. Although this ‘dual licence’ is required in other jurisdictions, Queensland has advised that an applicant in their jurisdiction must apply and pay for both licences separately.

Note also that for other jurisdictions the number of licensees is based on the number of licences where data on licensees is unavailable. (See 4.3.1.6 for further details.)

4.2.1.4 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 in Table 4.35.

Table 4.35: First 10 years of the factors

Year	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Factor	1.0000	1.0095	1.0191	1.0288	1.0385	1.0484	1.0584	1.0684	1.0786	1.0888

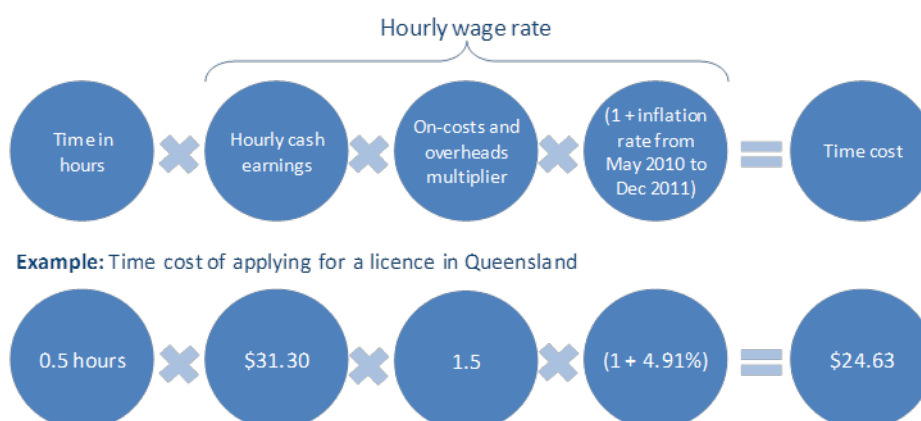
Incorporating this factor as an input allows a calculation to account for industry growth in licensees over time. The calculation for the value of a factor in any one year (other than the base year, which is equal to 1) is the value of the factor in the previous year multiplied by $(1 + 0.0095)$, as the net industry growth rate for the electrical industry is assumed to be 0.95 per cent. See the tables in section 4.3 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 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 that provided data as at June 2009. Where data was not available from this paper, data collected by PricewaterhouseCoopers 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 detail has not been included in the analysis as it is not expected to affect the results of the cost–benefit analysis.

4.2.1.5 What is ‘time cost’?

The ‘time cost’ is used in many of the calculations outlined in this section. 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 4.5.

Figure 4.5: How time cost is calculated

4.2.1.6 Calculating the net present value

The equations outlined throughout section 4.2 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.

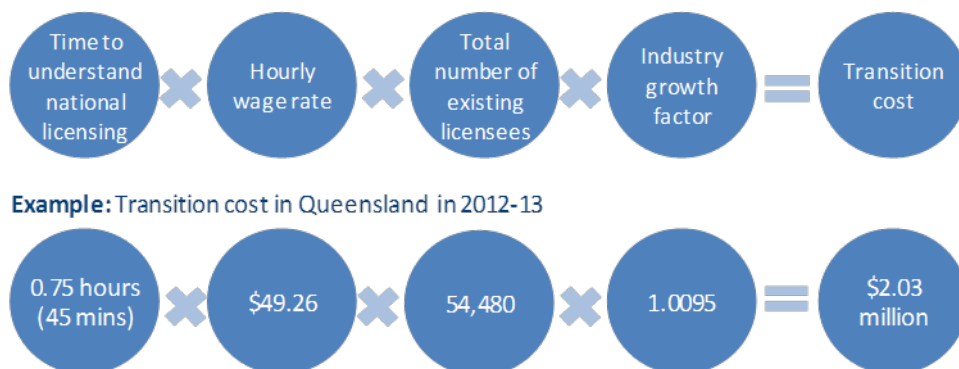
4.2.1.7 Calculating the transition and ongoing costs

In addition to presenting impacts as a 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 taken to gain an annualised ongoing impact per annum.

4.2.1.8 Estimating transition costs to licence holders from a change to national licensing

The equation used to calculate the yearly transition cost is in Figure 4.6. 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 4.6: How yearly transition costs are calculated



4.2.1.9 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 communications costs that were incurred when they made changes to the property industry in their 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, we 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).

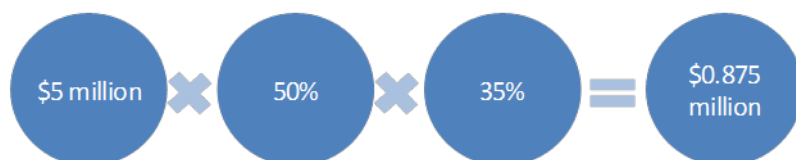
This cost is assumed to be transitional and is only incurred in the year before national licensing is implemented, 2012–13. The cost in all other years is assumed to be \$0. The direct cost to government assumed in 2012–13 for each jurisdiction can be found in table 4.53. No further calculations have been done to adjust these figures.

4.2.1.10 Cost to governments of the transition to a national 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 in Figure 4.7. The impact in all other years is assumed to be \$0.

Figure 4.7: How costs of the national licensing register for 2012–13 are calculated

Example: Cost of implementing the National Licensing Register in Queensland in 2013-14



4.2.1.11 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 National Occupational 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 additional transition costs incorporated into the budget. The transition cost incurred during 2011–12 is assumed to be incurred at the end of the period (consistent with the general approach to the timing of impacts) and hence is not discounted. The ongoing costs are assumed to begin in year 2012–13 and continue into the future. The transition costs in 2012–13 and 2013–14 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 in figures 4.8 and 4.9. Note that when calculating the impact in year 1 (2011–12), the budget in year 4 is not subtracted because 100 per cent of the budget in 2011–12 is assumed to be a transition cost.

In the calculation of these costs, the overall licensing authority budget has been apportioned to the electrical occupation on the basis of the following PricewaterhouseCoopers assumptions based on advice from the COAG National Licensing Taskforce:

- a percentage of the total budget that can be attributed to first-stage occupations (the first four occupations being considered for reform), assumed to be 50 per cent
- a percentage of total budget that can be attributed to electrical occupations specifically (within this first-stage 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 COAG National Licensing Steering Committee). These same proportions have been used to attribute uncommitted funds in the first year of operation (which is included in the first year overall licensing authority budget).

Figure 4.8: How to calculate the transition cost of the licensing authority (first three years only)

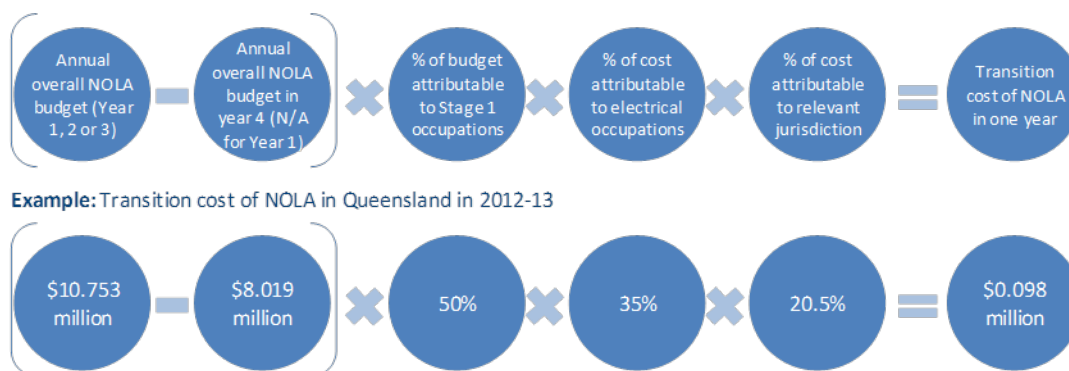
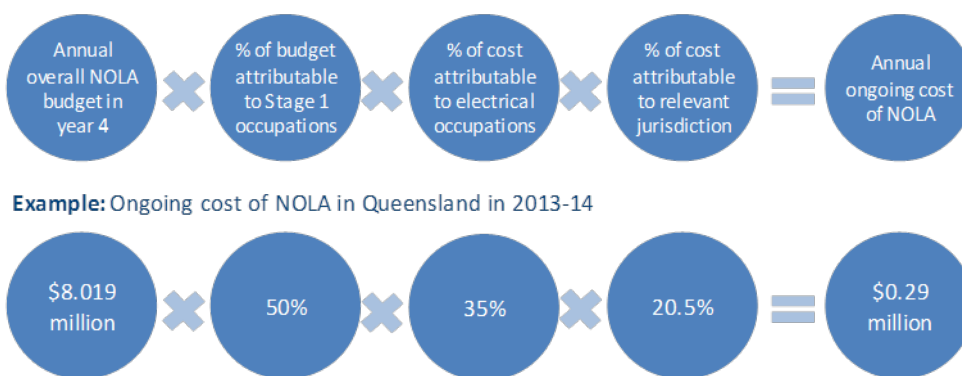


Figure 4.9: How to calculate the ongoing cost of the licensing authority



4.2.1.12 Removing the need to hold multiple licences across jurisdictions

When a licence is no longer needed, 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) will be affected. The equation used to calculate the yearly avoided cost from no longer needing to hold multiple licences in each jurisdiction is shown in Figure 4.10. This impact is calculated separately for contractors versus workers to account for the fact that different licence terms and fees apply to these licensees.

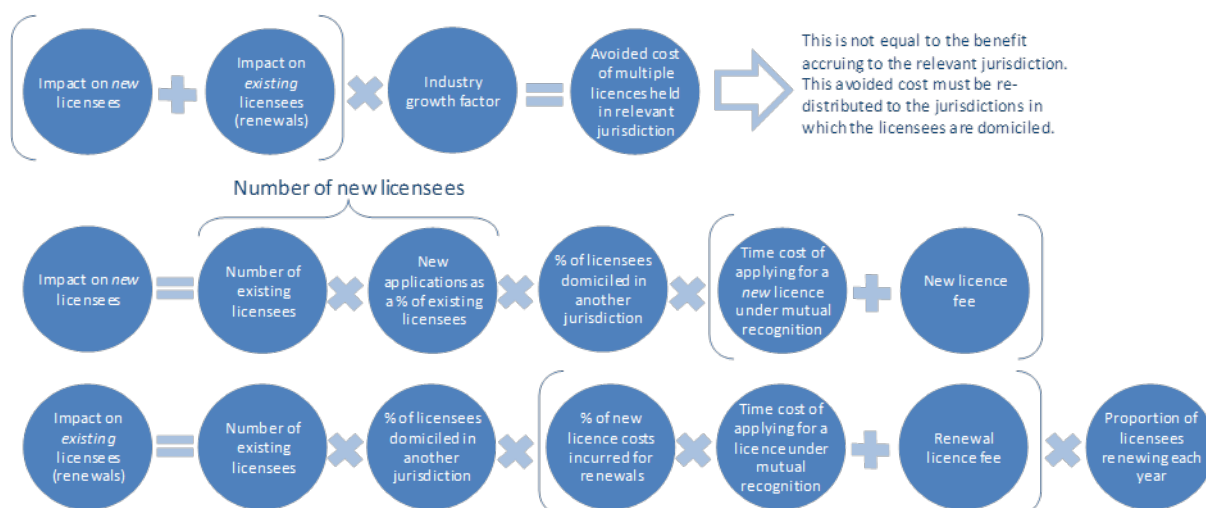
In terms of the time cost to obtain a mutual recognition licence, South Australia indicated that it would typically take less time for a licensee to obtain such a licence compared with the time that would be taken if the licensee resided in South Australia. On the other hand, case studies provided by – and discussions with – the COAG 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. For that reason, this analysis has assumed that mutual recognition is more arduous in the following ways:

- When first applying for a licence in another jurisdiction, the time cost would increase from 0.5 hours (the time taken to apply for a licence in your own jurisdiction – see 4.3.1.8 for source) to two hours, reflecting additional search costs and potential delays imposed on licensees or businesses that are hiring the individual in the other jurisdiction.
- When 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 0.5 hours).

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 hours 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 30 minutes 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 4.10: How to calculate the impact of removing multiple licences

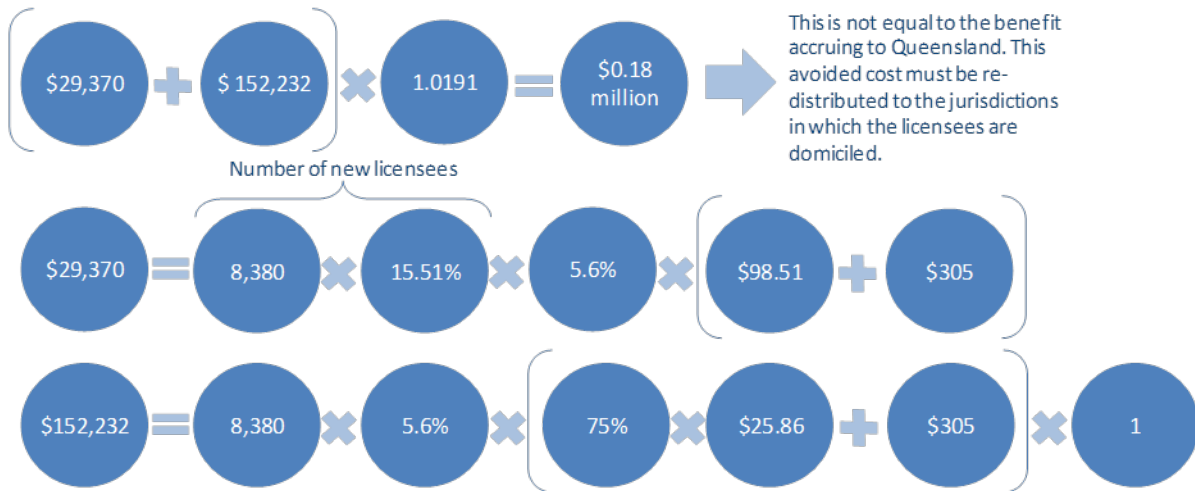


The avoided cost calculated as above is not attributable to the jurisdiction for which it is calculated. This avoided cost accrues to the jurisdiction in which the licence holders are domiciled, not the jurisdiction in which they hold the additional licence. For example, where a worker who lives in New South Wales currently holds a New South Wales and a Queensland licence, under national licensing they would no longer be required to hold a Queensland licence to work in Queensland. The savings 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, this benefit has been distributed according to the percentage distributions shown in Table 4.61. For that reason, the benefit accruing to any one jurisdiction is actually the sum product of the avoided costs for each jurisdiction (calculated as in Figure 4.10) and the percentage of multiple licences in each jurisdiction accruing to licensees domiciled in the relevant jurisdiction (i.e. the relevant jurisdiction's column in Table 4.61). An example of the calculation shown in Figure 4.10 is provided in Figure 4.11, which shows the avoided cost before it is redistributed and hence does not represent the actual benefit to Queensland.

Figure 4.11: Example of how to calculate the impact of removing multiple licences

Example: Avoided cost from avoiding the need to hold multiple licences for contractors in Queensland in 2013-14



4.2.1.13 Continuing compliance activity on reduced revenue

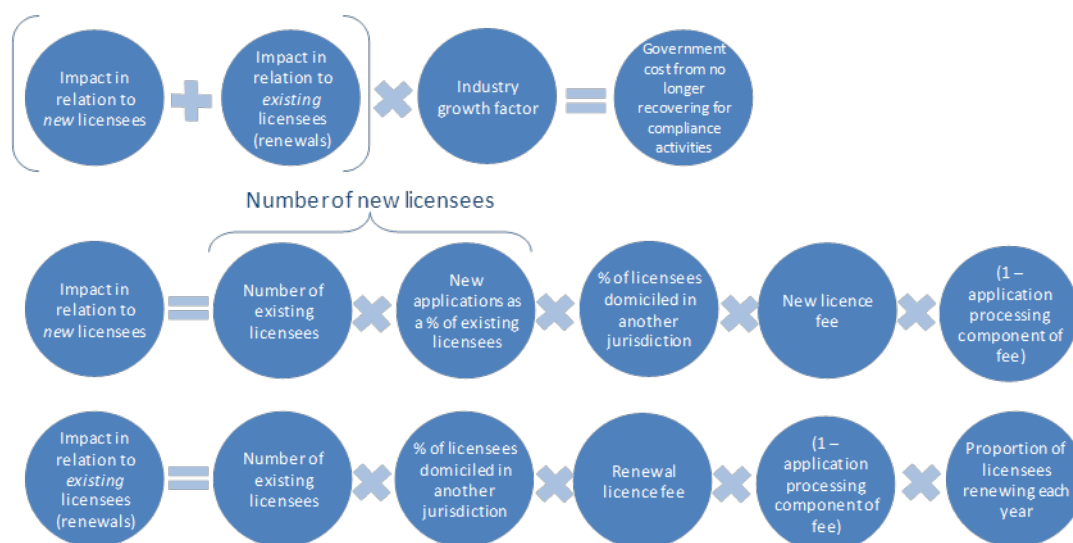
The savings that are enjoyed by licensees in the electrical industry who no longer have to hold multiple licences have been accounted for by the reduction of fees and effort for applying for those licences.

Advice from jurisdictions is that a proportion of those fees are raised to cover compliance activities that currently occur. To ensure that existing compliance activities can continue in the context of a single licensing system, resources will need to be available to the regulators for each jurisdiction to continue to oversight electricians who are licensed elsewhere but work in each relevant jurisdiction.

The following estimate accounts for this based on the efficiency saving that is used throughout this analysis of 42 per cent (which represents the application processing component of licence fees), leaving a 58 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 for New South Wales, the application processing component of licence fees is estimated based on dollar figures provided by the regulator, rather than the percentage outlined above. For detail on these estimates, see section 4.3.

The equation used to calculate the yearly impact on government is shown in Figure 4.12. This equation is based on the equation for calculating the 'benefit to licence holders through reduced costs of holding multiple licences'. Given that licence terms and fees differ between contractors and non-contractors, this impact is calculated separately for the impact relating to contractors versus workers. 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.

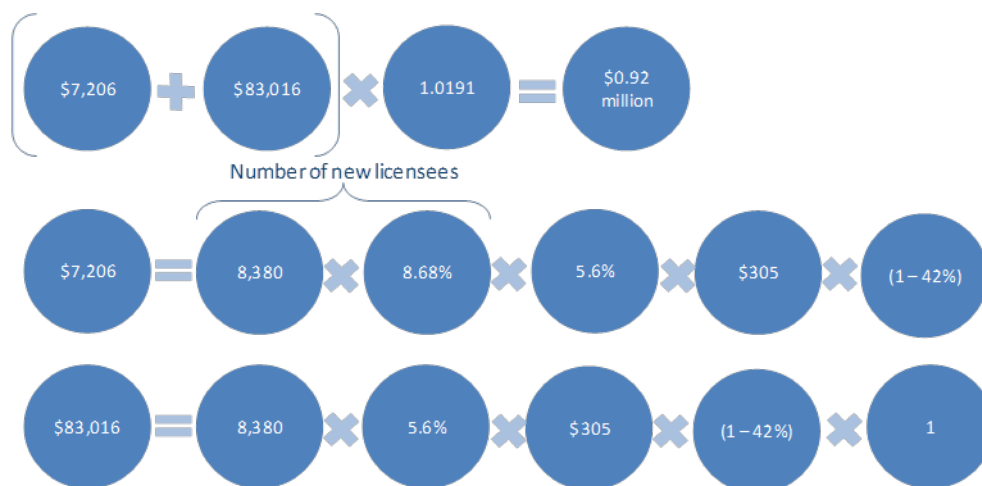
Figure 4.12: How to calculate the cost to government from continued compliance activity for multiple licence holders



The calculation in Figure 4.13 provides an example for the cost to government of financing the continuation of current compliance activities for multiple licence holders in Queensland in relation to the contractor licensees.

Figure 4.13: Example of the cost to government of continued compliance activity

Example: Cost to government of financing the continuation of current compliance activities for multiple licence holders in Queensland in relation to the contractors in 2013-14

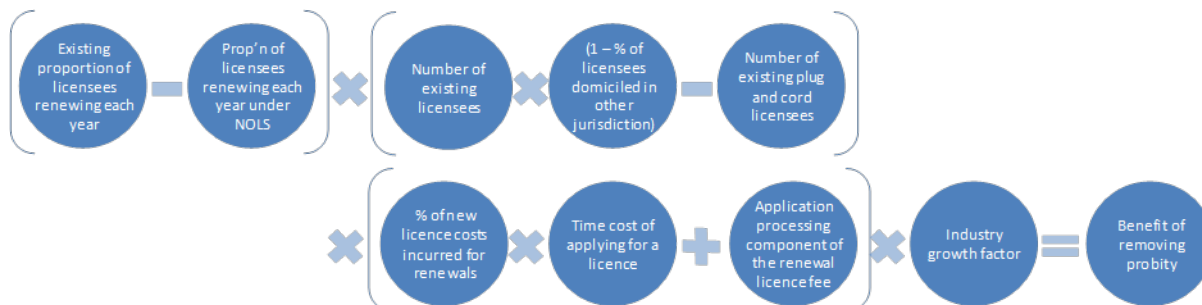


4.2.1.14 Benefit from consistent licence term of three years across all jurisdictions

This impact only applies to the renewal of licences and only the application processing component of the fee would be saved (or paid more often) in those jurisdictions with a licence term shorter (or longer) than three years. This component is \$59 in New South Wales and in other jurisdictions is calculated as 42 per cent of the renewal licence fee in the relevant jurisdiction based on a survey of regulators conducted in 2009 relating to electrical licences (see Table 4.44 for more details). Some jurisdictions have suggested that the fixed component of the licence fees may increase, and due to the uncertainty surrounding this information, this has not been accounted for in the analysis.

The equation for calculating the yearly impact from a consistent licence term is shown in Figure 4.14. Given that licence terms and fees differ between contractors and non-contractors, this impact is calculated separately for contractors versus workers. 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 4.14: How to calculate the impact of a consistent licence period



4.2.1.15 Saving to government from no longer processing licences where recovered through fees

This saving only applies in New South Wales in relation to the renewal of 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 renewing non-contractor licences, there is still an efficiency saving for government regulators in New South Wales because they 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 New South Wales’s processing fee component for contractor licences, which is \$59. For more detail on this assumption, see Table 4.43, which relates to renewal licence fees for worker licences.

This saving to government is relevant for the impact of removing multiple licences held across jurisdictions. The equation for calculating the government saving is outlined in figures 4.15 and 4.116. In this equation, the number of worker licensees (non-contractors) is calculated as the number of total licensees minus the number of contractor licensees. The proportion of licensees renewing each year is equal to 1 divided by the licence term, as it is assumed that licence renewals are distributed evenly over time across the industry.

Figure 4.15: Calculating the government impact in NSW from the removal of multiple licences

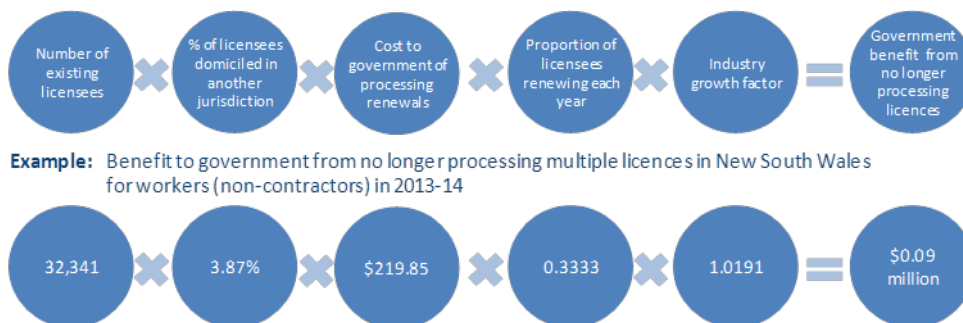
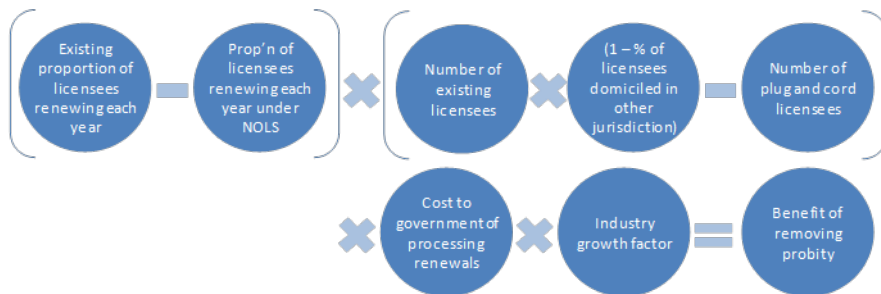
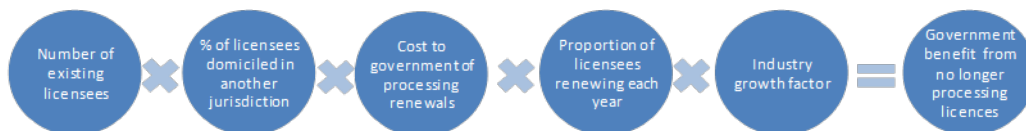


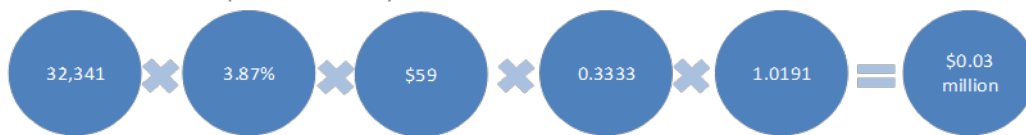
Figure 4.16: Calculating the government impact in NSW from a consistent licence term



Example: Benefit of increasing the licence period to five years in New South Wales for workers (non-contractors) in 2013-14



Example: Benefit to government from no longer processing multiple licences in New South Wales for workers (non-contractors) in 2013-14



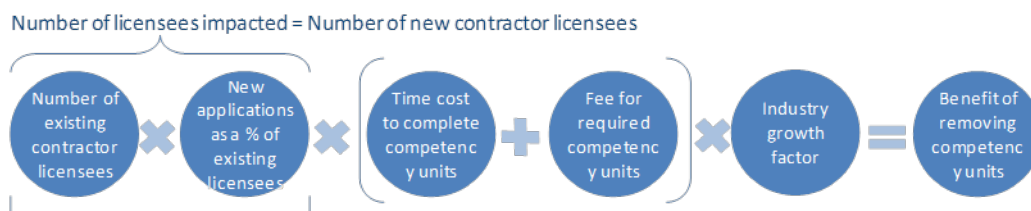
4.2.1.16 Removal of additional business and technical competency units for contractors

Benefit to industry

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 benefit is shown in Figure 4.17. As each jurisdiction requires a differing number of units and the fees and time commitment required for each unit varies, the calculation for the time and fee cost is slightly different for each jurisdiction. Note that the benefit to industry from no longer paying fees for additional business and technical competency units represents a transfer from the training sector.

Figure 4.17: How to calculate the benefit of removing competency units



Note that the Queensland regulator has indicated that the number of licenses impacted in QLD is about 30% of new contractor licensees. The number of licenses in QLD is therefore multiplied by 30%.

Example: Benefit from removing competency units for contractors in Queensland in 2013-14



Each competency unit required in Queensland has the same time commitment of 40 hours. Hence, the time cost of undertaking a competency unit is 40 hours multiplied by the wage rate of \$49.26 multiplied by the number of units required – two. Based on information provided by Term Training and Construction Skills Queensland, the fees payable by licensees after receiving the subsidy for the two units total \$345. See section 4.3 for more details on the assumptions underlying this calculation.

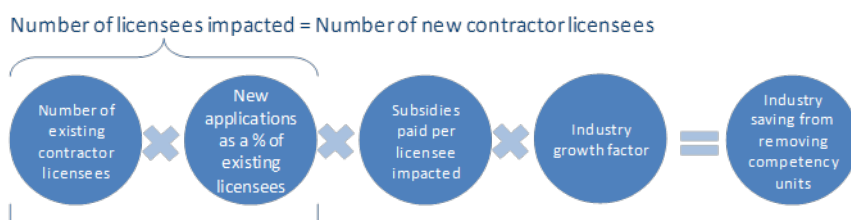
It is assumed that as completing these competency units is ancillary to employment, the cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

Where publically available, government subsidies received by licensees who complete these competency units have been identified in the analysis (as referenced in Table 4.74).

Savings for the construction industry more broadly

In certain jurisdictions, subsidies are provided by industry bodies to pay in part for the competency units that are required for a contractor licence. The industry bodies that provide these subsidies fund them through industry training levies applied to building and construction projects. These subsidies have been removed from the fee that is 'saved' in the benefit to licensees (as the licensees themselves do not incur that proportion of the fee), and is instead reflected as a cost saving to the industry more broadly (which would no longer need to fund a proportion of the training that is provided). Note that the subsidies can be found in Table 4.74. The equation used to estimate the yearly impact on the industry is shown in Figure 4.18.

Figure 4.18: How to calculate the savings to industry from removing competency units and therefore subsidies



Note that the Queensland regulator has indicated that the number of licensees impacted in QLD is about 30% of new contractor licensees. The number of licensees in QLD is therefore multiplied by 30%.

Example: Industry saving from removing competency units for contractors in Queensland in 2013-14



4.2.1.17 Cost of introducing nominees for company or business licensees

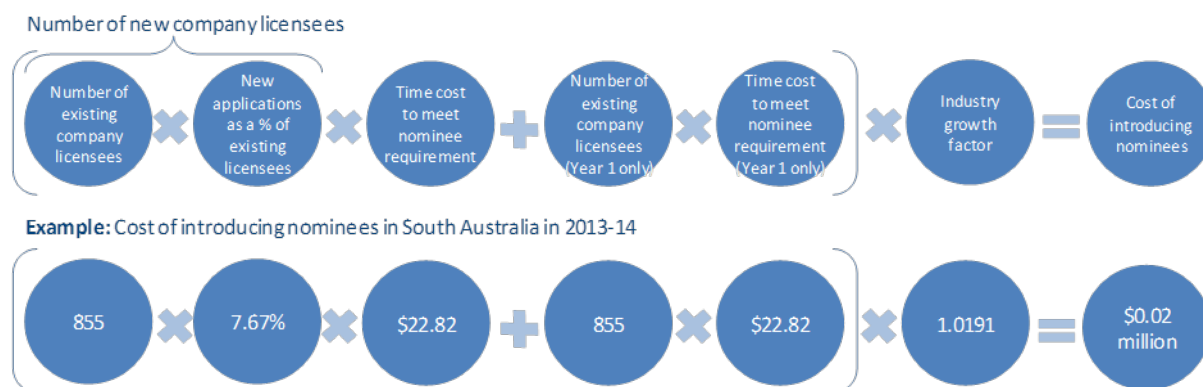
South Australia is the only jurisdiction affected by this impact, as all other jurisdictions already require some form of nominees under their current licensing system. It is assumed that the cost of meeting the nominee requirements is only incurred when first applying for a licence. Upon renewal, it is assumed that no further costs would be incurred in relation to the nominee as they have already been identified and registered. An ongoing cost would be incurred if a change to the nominee is required due to staff turnover or other reason and the regulator needs to be informed. This cost has not been factored into this analysis as it would depend heavily on individual business circumstances and is hard to predict. It is not expected that this would be a material impact; however, further consideration could be given to this point if data was available.

While the cost of introducing nominees in South Australia is only incurred upon first applying for a licence, all existing licensees would need to meet the requirements of having a nominee upon the introduction of national licensing. In this analysis, this is accounted for in the first year of operation, meaning the calculation is slightly different in the first year.

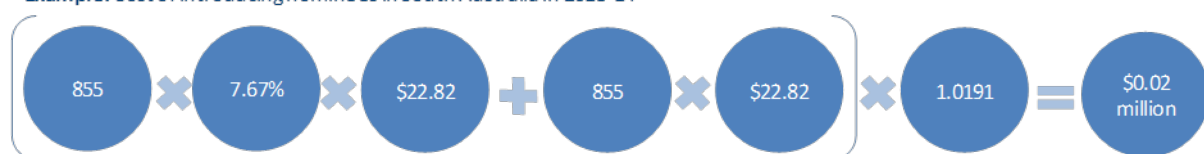
The equation for calculating the yearly impact in South Australia is shown in Figure 4.19. In this calculation, the time cost to meet the nominee requirements is calculated as 30 minutes multiplied by a wage rate of \$45.64.

Note that the transition cost is calculated by including the 'year 1 only' factors in the brackets. The ongoing costs are calculated by removing the 'year 1 only' factors from the brackets.

Figure 4.19: How to calculate the cost of introducing nominees



Example: Cost of introducing nominees in South Australia in 2013-14



4.2.1.18 Removing the requirement to hold a licence for plug and cord work

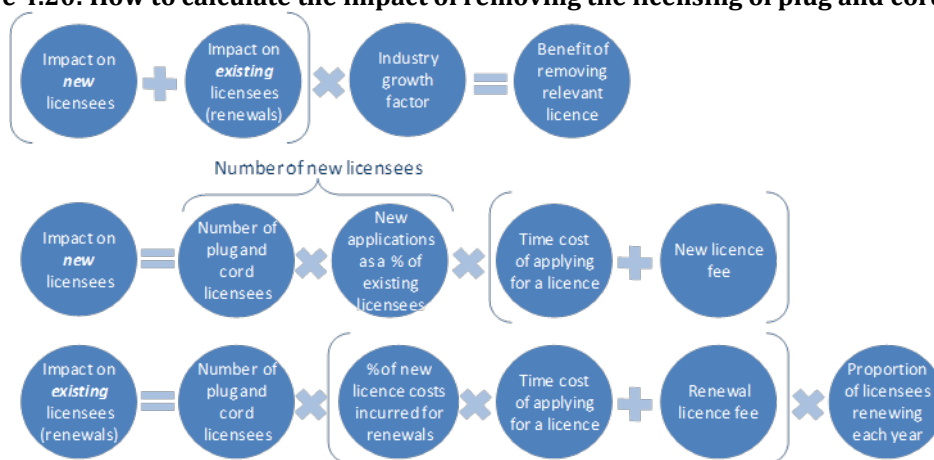
When a particular scope of work is no longer licensed, there will be an impact on both new licensees (as they will no longer need to gain a licence) and existing licensees (as they will no longer need to renew their existing licence). This is reflected in the equation for calculating the yearly impact, shown in Figure 4.20. In relation to this calculation, there are two additional steps to consider:

The time cost of applying for a licence is estimated at 30 minutes 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.

Given that licence terms and fees differ between contractors and workers, this impact is calculated separately for contractors versus workers.

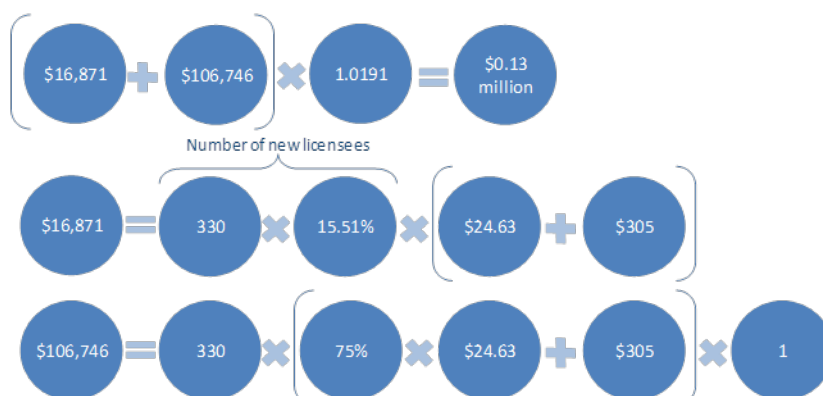
Figure 4.20: How to calculate the impact of removing the licensing of plug and cord work



The following calculation provides an example for the benefit from removing the REL for plug and cord work for contractors.

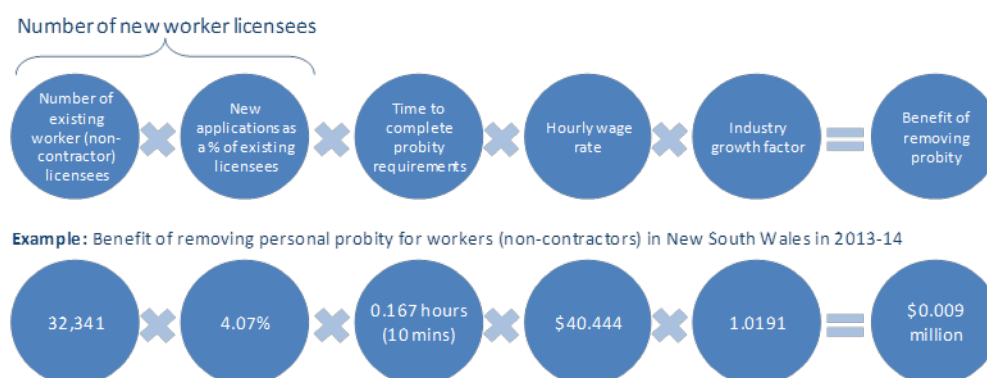
Figure 4.21: Example of how to calculate the impact of removing the licensing of plug and cord work

Example: Benefit from removing licensing of plug and cord for contractors in Queensland in 2013-14



4.2.1.19 Savings from removing the personal probity requirement

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 4.22. The number of non-contractor licensees is calculated as the difference between the number of total licensees and the number of contractor licensees.

Figure 4.22: How to calculate the impact of removing personal probity

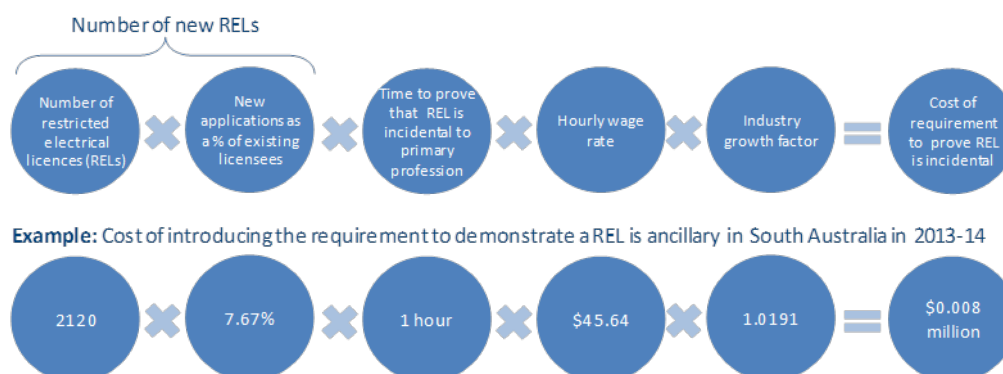
4.2.1.20 Benefit of removal of state and territory-based testing (duplicate testing)

This impact only applies to new licence holders, as the additional tests must be sat by licensees when they first apply for a licence. The equation used to calculate the yearly impact is shown in Figure 4.23. This impact is only applicable in Victoria. The time cost used in the equation is calculated as 5.67 hours (5 hours and 40 minutes) multiplied by the wage rate in the relevant jurisdiction – \$48.15 in Victoria.

Figure 4.23: How to calculate the benefit of removing duplicate testing

4.2.1.21 Cost of introducing the requirement to prove that a REL is ancillary

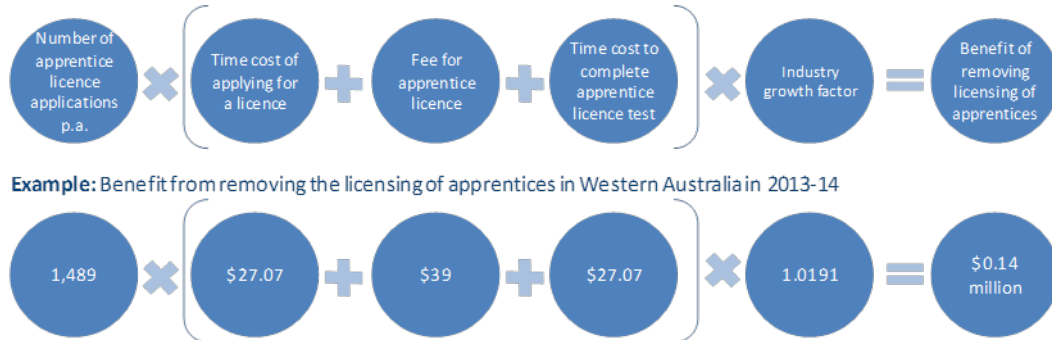
South Australia is the only jurisdiction affected by this impact, as all other jurisdictions currently require applicants to demonstrate that a REL is ancillary under their current licensing legislation. This requirement will only affect new licensees as the requirement is imposed upon first applying for a licence and not upon renewal. The equation used to calculate the yearly impact is shown Figure 4.24.

Figure 4.24: How to calculate the cost of introducing the requirement to demonstrate a REL is ancillary

4.2.1.22 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 fee saved from no longer having to apply for the licence, as well as avoided costs from no longer having to complete any additional tests placed on apprentices as part of the licensing process (applicable in Western Australia only). The equation to calculate the yearly impact is shown in Figure 4.25. The time cost assumptions in this equation are calculated as 30 minutes multiplied by the wage rate in the relevant jurisdiction.

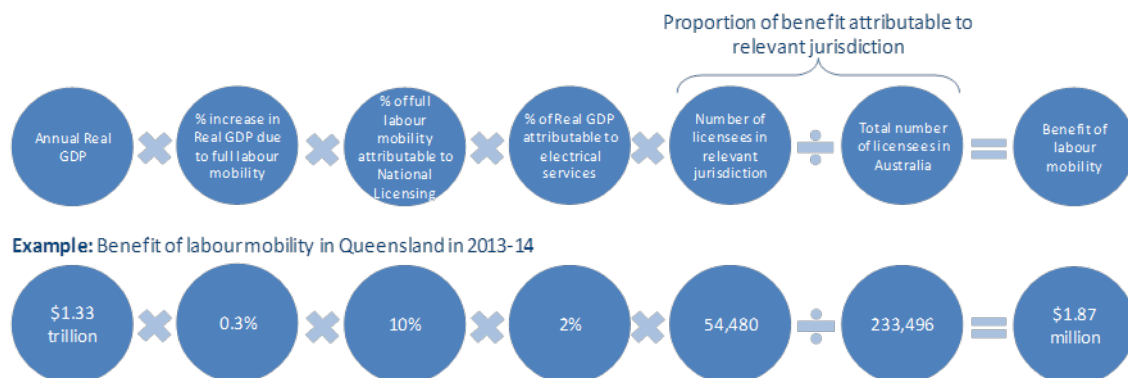
Figure 4.25: How to calculate the benefit of removing the licensing of apprentices



4.2.1.23 Labour mobility

The equation for calculating the estimated impact of labour mobility is shown in Figure 4.26.

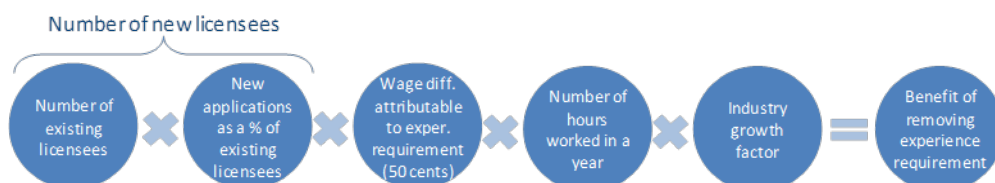
Figure 4.26: How to calculate the labour mobility impact



4.2.1.24 Removing experience requirements

This impact applies to contractors only. The equation used to calculate the yearly impact is shown in Figure 4.27.

Figure 4.27: How to calculate the impact from removing experience requirements



4.2.1.25 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:

- removing competency units for contractors
- removing licensing of plug and cord
- removing probity requirements
- removing duplicate testing
- removing the licensing of apprentices
- having a consistent licence period
- removing multiple licences across jurisdictions
- removing experience requirements
- introducing nominees
- introducing proof of need for a REL.

The one-off efficiency cost to labour includes the time component (not including fees) of the following impacts:

- time to understand national licensing
- introduction of nominees.

4.2.2 Method underlying the computable general equilibrium modelling

4.2.2.1 Overview of computable general equilibrium modelling

As part of this regulatory impact statement, PricewaterhouseCoopers has undertaken computable general equilibrium (CGE) modelling to quantify potential economy-wide effects of an efficiency change that may result from the proposed policy change. This type of 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 computable general equilibrium model?

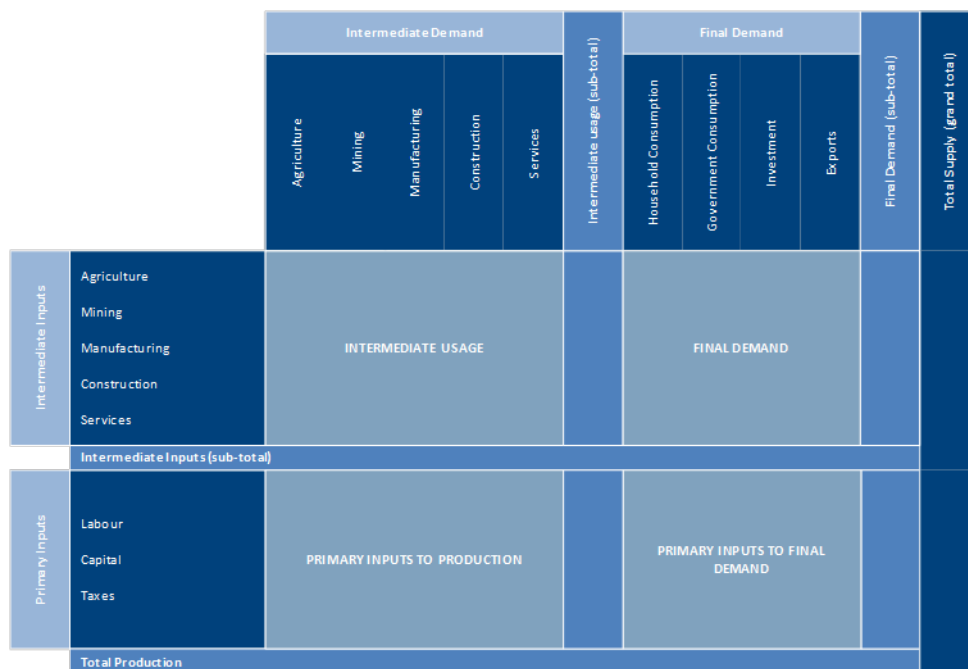
A CGE model is a mathematical model of an economy that is capable of capturing economy-wide impacts and intersectoral reallocation of resources that may result from a shock to the economy. CGE models are generally designed for quantitative analysis of:

- resource allocation issues
- changes in technical efficiency
- government tax or issues related to 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 total of the inputs to each industry is equal to 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.⁵⁰ Figure 4.28 provides a representation of a CGE model.

Figure 4.28: Diagrammatic representation of the core of a computable general equilibrium model



A CGE model pushes forward the base I–O table through time by utilising a set of equations that capture neoclassical microeconomic theory⁵¹ to determine behaviour of economic agents when they are faced with changes in key economic variables (especially relative prices). The equations are solved simultaneously, where 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 because 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; in addition, it is used by the Department of the Treasury when assessing policy decision such as the carbon price mechanism.

It is important to recognise key limitations to this modelling when assessing the results. The results are not intended to be definitive forecasts or precise point estimates of key economic indicators resulting

⁵⁰ More information on I–O tables can be found at Australian Bureau of Statistics, ‘Australian National Accounts: Concepts, Sources and Methods, 2000’, cat. 5216.0

⁵¹ For example, households maximise utility subject to a budget constraint while industries minimise costs subject to production functions.

from the proposed reforms. 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, it is not possible to directly compare the results of the impact analysis with those of the scenario modelled in MMRF (i.e. an increase in efficiency).

The key limitations to this modelling approach include:

- The model has an inadequate occupation dimension. The model has been run as an efficiency shock to the construction industry, as opposed to targeting the electrical profession directly. This is largely due to the lack of occupational detail in MMRF. In addition this modelling exercise does not allow for movement between occupations.
- While the efficiency gain has been scaled down to account for the proportion of electrical employment for total employment in the construction industry, this approach assumes that the penetration of electrical 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
- the way that 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.⁵²

⁵² For example, in assessing the impact of a policy change, dynamic CGE 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

4.2.2.2 The shock to the model

The scenario modelled for the Consultation Regulation Impact Statement

Under national licensing requirements, barriers to entry to the electrical 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 electrical services
- an increase in efficiency of capital in electrical services
- reduction in multiple licences fees that electricians pay to government.

In addition, the reform will 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. As stated above, only the ongoing costs and benefits have been modelled.

Calculating an increase in efficiency of labour in electrical services

To calculate the labour efficiency shock, we have taken the net result from the direct model of time saved for electricians as a result of the reform (that is, the time and effort to obtain multiple licences for those working across jurisdictions) – plus the benefit that has been assumed in the cost–benefit analysis in terms of enhanced labour mobility – and turned it into an efficiency shock. To convert the time saved into an efficiency shock, we have assumed that there will be a decrease in labour cost equal to the monetary cost of the time saved, while revenue for the electrical industry will remain unchanged. The cost and revenue data for the analysis has been drawn from an IBISWorld report on Electrical Services in Australia.⁵³ The CGE model does not explicitly contain an electrical industry; rather, the electrical industry is consumed by a variety of industries, the majority being in construction and manufacturing. Therefore, to translate a labour efficiency gain in the electrical industry into the construction and manufacturing industry, 2006 industry employment census data was used to estimate the proportion of the construction and manufacturing industry that can be attributed to the electrical industry. The electrical efficiency shock was then scaled appropriately to be applied to the construction and manufacturing industry in the CGE model. The CGE modelling then uses the calculated efficiency gains to estimate what the broader economic impact would be on the Australian economy.

The modelling assumes that the electricians would use time saved to undertake more work rather than take more leisure time.⁵⁴

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 (see above) A discussion of the calculation of the business value-add is outlined above.

modeller is required to develop a view of what the economy may look like over the projection period and impose that on the model.

53 IBIS World 2012, *Electrical services in Australia: Market research report*, Industry report E4232 2012, p 5.

54 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 because it only considers market impacts.

Calculating a decrease in government fees

The cost saved by electricians as a result of a reduction in fees paid (licence fees paid to government and fees paid for education or training requirements) has been modelled as a cost saved to electricians. This has been calculated by decreasing the proportion of fees paid to government.⁵⁵

Calculating changes to government expenditures

The change in state and territory government expenditures is dependent on the amount the government saves through the reduced processing cost and the ongoing cost of the licensing authority. The CGE modelling of this is dependent on each state and territory's net position.⁵⁶

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 Consultation RIS. 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 supporting the relevant table or in the table itself.

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.⁵⁷

Table 4.36: Discount rate and sensitivities

Assumption	Unit	Value	Source
Discount rate			
Real discount rate	% per annum	Headline: 7% Sensitivity: 3%, 10%	Australian Government, <i>Best practice regulation handbook</i> , Canberra, 2010, page 66.

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'.⁵⁸ Accordingly an evaluation period of 10 years has been used, with sensitivity testing using 15 and 20 years.

⁵⁵ Amount paid to government has been based on the ABS 2005/06 input–output table. The total fee has been inflated to 2011 dollars as the cost saved according to the cost–benefit analysis is in 2011 dollars.

⁵⁶ The amount of public services consumed by each of the state and territory governments has been based on the ABS 2005/06 input–output tables and inflated to 2011 dollars. It has been assumed that government will consume less administrative services as a result of the reform (as informed by the cost–benefit analysis results of decrease in expenditure on licensing) but will also face additional costs associated with the licensing authority and the national licensing register.

⁵⁷ Australian Government 2010, *Best practice regulation handbook*, Office of Best Practice Regulation, Canberra, p. 66.

⁵⁸ Ibid.

COAG has agreed that phase 1 of the national licensing will commence in 2013.⁵⁹

PricewaterhouseCoopers has been advised that the operating start date in Western Australia is uncertain and will consider its position following the consultation period. This has not been reflected in the cost–benefit analysis.

Table 4.37: Timing of analysis

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	PricewaterhouseCoopers assumption based on advice in the <i>Best practice regulation handbook</i> ^a

Source: Australian Government 2010, *Best practice regulation handbook*, Canberra, p. 63.

4.3.1.3 Wage rate

A jurisdiction-specific wage rate has been used in the model, based on data available from the Australian Bureau of Statistics relating to ‘Employee Earnings and Hours’.⁶⁰

Hourly cash earnings

The figure for hourly cash earnings for electricians 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 341, electricians design, assemble, install, test, commission, diagnose, maintain and repair electrical networks, systems, circuits, equipment, components, appliances and facilities for industrial, commercial and domestic purposes; and service and repair lifts, escalators and related equipment. ANZSCO suggests that an indicative skills 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.⁶¹ It is acknowledged that these wage rates are likely to overestimate the wage rate for apprentices.

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.⁶²

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).

⁵⁹ Phase 1 of national licensing includes the following occupational areas: electrical, plumbing, property, and air-conditioning and refrigeration mechanics.

⁶⁰ Australian Bureau of Statistics 2011a, [Employee earnings and hours, Australia](#), Cat. no. 6306.0, ABS, Canberra.

⁶¹ Australian Bureau of Statistics 2009, [ANZSCO - Australian and New Zealand Standard Classification of Occupations](#), Cat. no. 1220.0, ABS, Canberra.

⁶² Australian Bureau of Statistics 2011a, [Employee earnings and hours, Australia](#), Cat. no. 6306.0, ABS, Canberra.

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’ industry, which includes:

- employee earnings
- superannuation
- payroll tax
- workers’ compensation
- fringe benefits tax.⁶³

In the absence of any other information, the Victorian Competition and Efficiency Commission guidance note suggests that an overheads multiplier of 1.5 is appropriate.⁶⁴ The Victorian Competition and Efficiency Commission 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 electricians.

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 December 2011 was used based on data from the Australian Bureau of Statistics (Catalogue 6401.0).⁶⁵ Please note that the national CPI figures have been used (December 2011 was the most recent CPI figure available at the time of writing this Consultation RIS).

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 December 2011.

63 Australian Bureau of Statistics 2003, [Labour costs Australia](#), Cat. no. 6348, ABS, Canberra,

64 Victorian Competition and Efficiency Commission 2007, [Suggested default methodology and values for staff time in BIA/RIS analysis](#), Melbourne,

65 March 2010 and December 2011 are the closest dates to May 2010 and March 2012 respectively.

Table 4.38: Wage rate assumptions

Assumption	Unit	Value	Source
Hourly cash earnings			
NSW	\$ per hour	\$25.70	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 341 'Electricians', Table 1B, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
Vic	\$ per hour	\$30.60	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 341 'Electricians', Table 1C, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
Qld	\$ per hour	\$31.30	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 341 'Electricians', Table 1D, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
WA	\$ per hour	\$34.40	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 341 'Electricians', Table 1F, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
SA	\$ per hour	\$29.00	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 341 'Electricians', Table 1E, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
Tas	\$ 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 341 'Electricians', Table 1G, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
ACT	\$ per hour	\$36.60	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 341 'Electricians', Table 1I, www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0/ Note: Based on 'ordinary time per person' (excluding overtime)
NT	\$ per hour	\$38.70	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 341 'Electricians', 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	PwC assumption based on Australian Bureau of Statistics 'Labour Cost Survey' data and guidance material from the Victorian Competition and Efficiency Commission.
Inflation rate (May 2010 to December 2011)			
Inflation rate	%	4.91%	Australian Bureau of Statistics, <i>Catalogue 6401.0 – Consumer Price Index, Australia, December 2011</i> , www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6401.0Dec%202011?OpenDocument Note: Inflation index from March 2010 (index number of 171.0) to December 2011 (index number of 179.4).

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' takes into consideration only the number of new entrants in the industry. Queensland and South Australia have provided specific data on the number of applicants in a given year. Where this information has not been provided, a national figure based on data from the Australian Bureau of Statistics 'labour mobility survey' has been used. Table 4.39 provides the net industry growth assumption for each jurisdiction.

Table 4.39: Industry growth rates (employment)

Assumptions	Unit	Value	Source
Net industry growth – National			
Electrical – total	% p.a.	0.95%	IBISWorld Industry Report E4232 Electrical Services in Australia – February 2012 – Annual change in Employment – 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)			
NSW	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.
Vic	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.
Qld	% p.a.	Contractors: 15.51%	Unpublished data, provided by Queensland regulator received 5 March 2012. Based on the number of applications received for electrical worker licences per annum – the number of applications (1,300) as a proportion of contractor licensees in Queensland.
	% p.a.	Workers: 8.68%	Unpublished data, provided by Queensland regulator received 5 March 2012. Based on the number of applications received for electrical worker licences per annum – the number of applications (4,000) as a proportion of worker licensees in Queensland.
WA	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.
SA	% p.a.	7.67%	Unpublished data, provided by SA regulator received 7 March 2012. Based on the number of applications received for electrical contractor licences per annum – the number of applications (346 in 2010/11) as a proportion of contractor licensees. It is assumed that this percentage is representative of the number of new contractor and worker applications.
Tas	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.
ACT	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.
NT	% p.a.	4.07%	Australian Bureau of Statistics ‘Labour mobility’, February 2010, catalogue 6209.0, Table 7, page 23, for the electricity, gas, water and waste services industry. 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 that industry during that time.

4.3.1.5 Licence fees

The licence fees presented in Table 4.40 are the current fees under the existing jurisdiction-based licensing schemes.

Table 4.40: Licence fees – contractor licence

Assumption	Unit	Value	Source
Cost of licence fee – contractor (new licence fee)			
NSW	\$ per licensee	\$583.11	Based on data received from NSW regulator on 29 February 2012 Note: weighted average fee of individual contractor licence (\$521 for 25,900 licensees), partnership contractor licence (\$756 for 1,232 licensees) and corporation contractor licence (\$885 for 4,623 licensees).
Vic	\$ per licensee	\$529.10	Energy Safe Victoria, 2011, <i>Licensing and registration</i> , www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Registered-Electrical-Contractors-REC
Qld	\$ per licensee	\$305	Based on data provided by Queensland regulator (attachment regarding licence fees and renewal periods) received 6 March 2012
WA	\$ per licensee	\$496	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/EnergySafety/PDF/Forms/R013_0711.pdf Note: based on \$418 + \$78 (application fee)
SA	\$ per licensee	\$508.86	Based on data provided by South Australian regulator in comments received in January 2012. Based on the weighted average of a new licence fee for individual contractor licence (\$481 for 3,656 licensees) and company contractor licence (\$628 for 855).
Tas	\$ per licensee	\$462	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7419
ACT	\$ per licensee	\$650	ACT Planning and Land authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au Note: \$200 application fee is payable upon first applying for a licence, and then a further \$450 is payable to obtain the licence.
NT	\$ per licensee	\$215	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/docs/form04.pdf

Table 4.41: Licence fees – worker licence (non-contractor)

Assumption	Unit	Value	Source
Cost of licence fee – worker (new licence fee)			
NSW	\$ per licensee	\$192.69	Based on data provided by NSW regulator received on 29 February 2012 Note: weighted average fee of qualified supervisor certificate (\$193 for 32,226 licensees) and tradespersons certificate (\$107 for 115 licensees).
Vic	\$ per licensee	\$339.70	Energy Safe Victoria, 2011, Licensing and registration, www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Electricians-Licence
Qld	\$ per licensee	\$64	Based on data provided by Queensland regulator (attachment regarding licence fees and renewal periods) received 6 March 2012
WA	\$ per licensee	\$389	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/energysafety/PDF/Forms/R016_0711.pdf Note: based on cost to obtain an electrician’s licence upon completion of an apprenticeship (\$39 application fee + \$350 registration fee)
SA	\$ per licensee	\$388	Based on data provided by South Australian regulator in comments received January 2012. Based on an individual worker licence
Tas	\$ per licensee	\$294	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=6063
ACT	\$ per licensee	\$650	ACT Planning and Land authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au Note: \$200 application fee is payable upon first applying for a licence, and then a further \$450 is payable to obtain the licence.
NT	\$ per licensee	\$50	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/documents/Form01.pdf

Table 4.42: Renewal licence fees – contractor licence

Assumption	Unit	Value	Source
Cost of renewal licence fee – contractor			
NSW	\$ per licensee	\$523.45	Based on data provided by NSW regulator received on 29 February 2012 Note: weighted average fee of individual contractor licence (\$462 for 25,900 licensees), partnership contractor licence (\$695 for 1,232 licensees) and corporation contractor licence (\$822 for 4,623 licensees).
Vic	\$ per licensee	\$254.10	Energy Safe Victoria, 2011, <i>Licensing and registration</i> , www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Registered-Electrical-Contractors-REC Note: based on five year registration
Qld	\$ per licensee	\$305	Based on data provided by Queensland regulator (attachment regarding licence fees and renewal periods) received 6 March 2012 (for 1 year licence)
WA	\$ per licensee	\$496	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/EnergySafety/PDF/Forms/R013_0711.pdf Note: based on \$78 application fee + \$418 registration fee
SA	\$ per licensee	\$335.86	Based on data provided by South Australian regulator in comments received January 2012. Based on the weighted average of a new licence fee for individual contractor licence (\$308 for 3,656 licensees) and company contractor licence (\$455 for 855).
Tas	\$ per licensee	\$462	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7419
ACT	\$ per licensee	\$450	ACT Planning and Land authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au Note: \$450 is payable upon renewal
NT	\$ per licensee	\$215	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/documents/Form04.pdf

Table 4.43: Renewal licence fees – worker licence (non-contractor)

Assumption	Unit	Value	Source
Cost of renewal licence fee – worker			
NSW	\$ per licensee	\$0	Based on data provided by NSW regulator received 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 non-contractor licences. Despite this, a cost to government of processing renewals of \$59 (Based on data provided by NSW regulator received on 29 February 2012 has been assumed for the purposes of calculating government savings. This cost would cover activities such as sending renewal notices to licensees.
Vic	\$ per licensee	\$169.80	Energy Safe Victoria, 2011, <i>Licensing and registration</i> , www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Electricians-Licence Based on 5 year renewal period
Qld	\$ per licensee	\$64	Based on data provided by Queensland regulator (attachment regarding licence fees and renewal periods) received 6 March 2012 Based on 5 year renewal period
WA	\$ per licensee	\$389	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/energysafety/PDF/Forms/R016_0711.pdf Note: based on cost to obtain an electrician’s licence upon completion of an apprenticeship (\$39 application fee + \$350 registration fee)
SA	\$ per licensee	\$215	Based on data provided by South Australian regulator in comments received January 2012. Note: based on individual worker renewal fee
Tas	\$ per licensee	\$294	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7420
ACT	\$ per licensee	\$450	ACT Planning and Land authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au Note: \$450 is payable upon renewal
NT	\$ per licensee	\$50	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/documents/Form01.pdf

Processing component of licence fees

Table 4.44: Processing application component of renewal licence fees – worker and contractor licence

Assumption	Unit	Value	Source
Processing application component of renewal licence fees – worker and contractor licence			
All jurisdictions other than NSW	%	42%	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 electrical occupations). Estimate percentage based on licence processing cost as a proportion of fee revenue.
NSW	\$	\$59	Based on data provided by NSW regulator received 29 February 2012. Based on 'processing component' of renewal fees.
Processing application component of new licence fees			
NSW contractors	\$	\$130.48	Based on data provided by NSW regulator received 29 February 2012. Based on 'processing component' of new contractor fees – weighted average across individuals, partnerships and corporations.
NSW workers	\$	\$74.94	Based on data provided by NSW regulator received 29 February 2012. Based on 'processing component' of new contractor fees – weighted average across qualified supervisor certificate and tradespersons certificate.

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.

Note that where licences has been used as a proxy (i.e. in the Australian Capital Territory), this may overstate the impacts because the number of licences may include businesses and hence not be representative of the number of natural persons genuinely employed in the industry.

In Queensland an applicant for a sole trader contractor licence is required to hold an occupational licence as well as a contractor licence. This means that 2,560 sole trader contractor licensees each apply, pay and hold two licences (a contractor licence and an occupational licence). In addition, the requirement for a partnership or corporation to obtain a contractor licence is that a current occupational licence must be held by either an employee, member of the partnership or executive officer. Due to these specific circumstances, Queensland has advised that the most appropriate data for this analysis is the *number of licences* in Queensland.

Table 4.45: Contractor licensees (or licences)

Assumption	Unit	Value	Source
Total existing licensees – contractor			
NSW	# licensees	31,755	Unpublished data provided by NSW regulator 29 February 2012 Note: includes the number of individual, partnership and company contractor licensees
Vic	# licensees	10,857	Unpublished data provided by Victorian regulator received 25 January 2012
Qld	# licences	8,380	Unpublished data provided by Queensland regulator, received 20 March 2012
WA	# licensees	4,263	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011.
SA	# licensees	4,511	Unpublished data provided by SA regulator received 20 March 2012
Tas	# licensees	862	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011.
ACT	# licences	2,922 ^a (individuals)+ 342 (companies)	Unpublished data provided by the COAG National Licensing Taskforce, received May 2011.
NT	# licensees	635	Unpublished data provided by the NT regulator 07 May 2012

^a Note: Individuals do not require a contractor licence in the ACT to contract for work. Contractor licences are only issued to companies and partnerships.

Table 4.46: Total existing licensees (or licences) – contractors and workers

Assumption	Unit	Value	Source
Total existing licensees – worker (non-contractor)			
NSW	# licensees	64,096	Unpublished data provided by NSW regulator, 29 February 2012 Note: includes individual contractor, partnership contractor, company contractor, qualified supervisor certificate and tradesperson certificate licensees
Vic	# licensees	51,016	Unpublished data provided by Victorian regulator received 25 January 2012
Qld	# licences	54,480	Unpublished data provided by Queensland regulator received 20 March 2012
WA	# licensees	31,090	Unpublished data provided by the COAG National Licensing Taskforce received May 2011.
SA	# licensees	18,530	Unpublished data provided by SA regulator received 20 March 2012
Tas	# licensees	5,051	Unpublished data provided by the COAG National Licensing Taskforce received May 2011.
ACT	# licences	3,500	Unpublished data provided by ACT regulator received 11 April 2012
NT	# licensees	5,733	Unpublished data provided by the NT regulator 07 May 2012

4.3.1.7 Frequency of renewal of licence

For jurisdictions with the option of a one- or three-year licence term, there is no impact from the move to a consistent licence term under national licensing of one or three years. There are, however, a number of other calculations in this cost–benefit analysis that are somewhat affected by the frequency of licence renewal. In these instances, for simplicity, the assumption is that renewals generally occur every three years in jurisdictions that offer licensees a choice of term up to three years. For example, in NSW 28 per cent of licensees choose to apply for a one year licence as opposed to a three year licence. This level of detail has not been incorporated into this analysis.

Table 4.47: Current frequency of renewal – contractor

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. 'licence term')			
NSW	years	3 with the option of 1 year	NSW Fair Trading, 2011, <i>Business Licence Information Service</i> , http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/electrician/contractor_licence_-_electrical_-_individual
Vic	years	5	Energy Safe Victoria, 2011, <i>Licensing and registration</i> , www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Electricians-Licence
Qld	years	1	Based on data provided by Queensland regulator received December 2011
WA	years	1	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/EnergySafety/PDF/Forms/R013_0711.pdf
SA	years	1	Government of South Australia, 2011, <i>Licensing and Regulation- Occupations and Trades</i> , www.sa.gov.au/subject/Business%2C+industry+and+trade/Licensing+and+regulation/Licensing/Occupations+and+trades/Plumbers%2C+gas+fitters+and+electricians#fees
Tas	years	1	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7419
ACT	years	3 with the option of 1 year	ACT Planning and Land Authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au
NT	years	1	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/documents/Form04.pdf Note: 1 year licence for contractor 'terms of licence'

Table 4.48: Current frequency of renewal –non-contractor licences

Assumption	Unit	Value	Source
Current frequency of renewal (i.e. 'licence term')			
NSW	years	3 with the option of 1 year	NSW Fair Trading, 2011, <i>Business Licence Information Service</i> , http://blis.fairtrading.nsw.gov.au/licence_data/construction/general_construction/building_construction/house_construction/electrician/contractor_licence_-_electrical_-_individual
Vic	years	5	Energy Safe Victoria, 2011, <i>Licensing and registration</i> , www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Electricians-Licence
Qld	years	5	Based on data provided by Queensland regulator received December 2011
WA	years	5	WA Department of Commerce, 2011, <i>Licensing of electrical workers and electrical contractors</i> , www.commerce.wa.gov.au/EnergySafety/PDF/Forms/R013_0711.pdf
SA	years	3	Government of South Australia, 2011, <i>Licensing and Regulation- Occupations and Trades</i> , www.sa.gov.au/subject/Business%2C+industry+and+trade/Licensing+and+regulation/Licensing/Occupations+and+trades/Plumbers%2C+gas+fitters+and+electricians#fees
Tas	years	3	Department of Economic Development, Tourism and the Arts, <i>Business Licences Information Service, 2012</i> , www.blis.tas.gov.au/BLIS/prod/licence?licence=7420
ACT	years	3 with the option of 1 year	ACT Planning and Land Authority, 2011, <i>Fees and Charges 2010-2011</i> , www.actpla.act.gov.au
NT	years	5	NT Electrical Workers and Contractors Licensing Board, 2011, <i>Electrical Contractors Licence</i> , www.electricallicensing.nt.gov.au/licensing_forms/documents/Form01.pdf Note: 5 year licence for workers, see 'general information'

4.3.1.8 Time cost of applying for a licence

It is assumed that it takes 30 minutes for a licence applicant to apply for an electrical licence (either worker or contractor). There is little information on the time cost of applying for a licence relating specifically to the electrical occupations. An estimate has been sourced from the Victorian Regulatory Impact Statement on the proposed Electricity Safety (Registration and Licensing) Regulations 2010 – it is assumed that this estimate holds for all other jurisdictions.

The South Australian regulator has commented that this estimate would overestimate the costs of applying for a licence. In the absence of any other information, 30 minutes per licence is assumed to be a reasonable estimate.

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 in 4.3.1.14.

Table 4.49: Time cost of applying for an electrical licence (worker and contractor)

Assumptions	Unit	Value	Source
Time cost of applying for a licence – all licences except those under mutual recognition			
All jurisdictions	Hours per licence	0.5 hours	Energy Safe Victoria, <i>Victorian Regulatory Impact Statement on the proposed Electricity Safety (Registration and Licensing) Regulations 2010</i> , page 84. ‘Time cost imposed by proposed Regulations – completion of an application [for an electrical licence]’ is 30 minutes per licence

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 in Tables 4.50 to 4.51 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 27 minutes (90 per cent of 30 minutes) to renew a licence.

These percentages also apply under mutual recognition; however, further assumptions apply under mutual recognition and are outlined in 4.3.1.14.

Table 4.50: 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	%	75%	Based on contractor licence fee differential between new and renewal licences
Qld	%	75%	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.
WA	%	75%	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.
SA	%	56%	Based on contractor licence fee differential between new and renewal licences
Tas	%	75%	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 contractor licence fee differential between new and renewal licences
NT	%	75%	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.

Table 4.51: Percentage of new licence costs incurred on renewal – non-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. As the worker renewal licence fee is \$0, the contractor licence renewal/new differential has been applied for illustrative purposes.
Vic	%	32%	Based on worker licence fee differential between new and renewal licences
Qld	%	62%	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.
WA	%	62%	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.
SA	%	55%	Based on worker licence fee differential between new and renewal licences
Tas	%	62%	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 worker licence fee differential between new and renewal licences
NT	%	62%	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.

4.3.1.10 Transition costs for industry

Under national licensing, transitional costs would be imposed on industry. Specifically, licensees would need to understand the changes and how they are affected. Time costs would be incurred either by reading material or 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 RIS. It is assumed that this cost is incurred before the implementation of the National Occupational Licensing System, in 2012–13. This estimate will be further tested with industry during consultations.

Table 4.52: Industry transition cost

Assumption	Unit	Value	Source
Industry transition costs (time to understand national licensing)			
Time	Hours per licensee	0.75 hours	PwC assumption, 45 minutes per licensee

4.3.1.11 Government communications costs

It is assumed that regulators will incur communications costs associated with the new national licensing framework. Consumer Affairs Victoria recently undertook a communications exercise with state-based changes to real estate regulations. This communications 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 communications 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 4.53: One-off communications costs

Assumptions	Unit	Value	Source
One-off communications costs			
NSW	\$ per jurisdiction	\$325,000	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Vic	\$ per jurisdiction	\$325,000	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Qld	\$ per jurisdiction	\$325,000	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
WA	\$ per jurisdiction	\$325,000	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
SA	\$ per jurisdiction	\$162,500	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
Tas	\$ per jurisdiction	\$162,500	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
ACT	\$ per jurisdiction	\$162,500	PwC assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012
NT	\$ per jurisdiction	\$162,500	PwC 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 administrative systems incurred by each jurisdiction in order for them 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 COAG National Licensing Taskforce, these estimates were reduced to ensure that 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 band assumed for small jurisdictions. These costs have been apportioned to each occupation under national licensing. For example, electrical 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 their estimated costs will be \$2 million due to the new system being based on the NSW Government Licensing Service.

Table 4.54: Implementation cost of the national licensing register

Assumption	Unit	Value	Source
Implementation cost of the National Licensing Register			
NSW	\$ per jurisdiction	\$2 million	PwC assumption based on unpublished data provided by COAG National Licensing Taskforce, 'COAG NLS Taskforce analysis for the estimated costs to implement the national licensing register (NLR) – July 2011' NSW estimate provided by NSW regulator 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 the national licensing register			
Stage 1	%	50%	Assumption based on discussions with COAG 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 COAG National Licensing Taskforce. Stage 2 includes second tranche of occupations – Building occupations.
Stage 3	%	20%	Assumption based on discussions with COAG National Licensing Taskforce. Stage 3 includes possible changes to conduct requirements.

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. Note that the costs in 2011–12 and 2012–13 have been adjusted based on a revised draft budget produced in May 2012.

The costs to government of establishing the licensing authority will be apportioned to each occupation under national licensing (including the first and second tranche 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 possible future conduct reforms).

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 represented in the licensing authority's 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
- national licensing register costs associated with the implementation of the licensing authority
- meeting costs.

Table 4.55: Government operating costs associated with the licensing authority

Assumption	Unit	Value	Source
Total costs to government^a (annual overall NOLA budget)			
Total cost 2011–12	\$ p.a.	\$6,633,724	The cost in 2011–12 is assumed to be a transition cost. Revised draft NOLA Budget 2011–12 and 2012–13 as at 3 May 2012. Unpublished, provided by COAG National Licensing Taskforce, 8 May 2012. Based on the revised budget value for 2011–12.
Total cost 2012–13	\$ p.a.	\$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 NOLA Budget 2011–12 and 2012–13 as at 3 May 2012 (unpublished, provided by COAG National Licensing Taskforce, 8 May 2012) and the NOLA 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 estimated budget for 2013–14 in the NOLA Budget 2012–15 (\$8,412,485), with the addition of the NOLA Establishment cost estimated in the revised draft NOLA Budget 2011–12 and 2012–13 (\$2,340,038).
Total cost 2013–14	\$ p.a.	\$8,031,010	This includes transition costs of \$12,029 and ongoing costs of \$8,018,981. NOLA 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)	\$ p.a.	\$8,018,981	NOLA 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 2014–15.
Assumed split of Government costs by stages of NOLS			
Stage 1	%	50%	Assumption based on discussions with COAG National Licensing Taskforce Stage 1 includes first tranche of occupations – Property, Plumbing, Electrical and Refrigeration and Air conditioning mechanics
Stage 2	%	30%	Assumption based on discussions with COAG National Licensing Taskforce Stage 2 includes second tranche of occupations – Building occupations
Stage 3	%	20%	Assumption based on discussions with COAG National Licensing Taskforce Stage 3 includes changes to conduct requirements
Assumed split by occupation (for Licensing Authority costs to Government)			
Property	%	28%	PwC assumption based on advice from COAG National Licensing Taskforce
Electrical	%	35%	
Plumbing	%	35%	
Air-conditioning	%	2%	

Note: Note that the model calculations strip out the indexation assumptions beyond 2012 as results are presented in 2012 dollars real).

Table 4.56: 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 COAG National Licensing Taskforce, 'National Occupational Licensing Authority Budget 2011–12 to 2014–15'.
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 COAG National Licensing Taskforce suggest that in some cases the time to obtain a mutual recognition can 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. For that reason, this analysis assumed that obtaining a mutual recognition takes four times longer than obtaining a licence for those residing in a jurisdiction.

Table 4.57: Time cost associated with obtaining mutual recognition licence

Assumptions	Unit	Value	Source
Time cost to apply for a new licence under mutual recognition			
Electrical	Hours per licence	2 hours	PwC assumption based on information provided by the COAG National Licensing Taskforce and from jurisdictional regulators

South Australia and the Australian Capital Territory have indicated that it would typically take less time for a licensee to renew such a licence compared with the time that would be taken if the licensee resided in their own jurisdiction. However, case studies provided by – and discussions with – the COAG National Licensing Taskforce suggest that licence applications are more onerous under mutual recognition, including for renewals. For that reason, 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 of 30 minutes – see Table 4.49).

Table 4.58: Additional time cost upon renewal due to mutual recognition

Assumptions	Unit	Value	Source
Additional time cost due to mutual recognition (renewal only)			
Electrical	% per licence	5%	PwC assumption based on information provided by the COAG National Licensing Taskforce and from jurisdictional regulators

South Australia has advised that the application fee paid under ‘mutual recognition’ is 50 per cent less than the full licence application fee.⁶⁶ This has been incorporated into the analysis of the impacts on South Australia.

Table 4.59: Application fee under mutual recognition

Assumptions	Unit	Value	Source
Application fee for mutual recognition licences			
SA	\$ per licensee	\$86.50	The South Australian regulator has advised that ‘application fee’ payable upon first applying for a licence under mutual recognition is half of the application fee payable upon a full licence. Office of Consumer and Business Services, ‘Fees for plumber, gas fitters and electricians, application fee of \$173, www.ocba.sa.gov.au/licensing/plumbers/pge_fees.html

4.3.1.15 Removal of requirement to hold multiple licences across jurisdictions

Table 4.60: Percentage of licensees domiciled in another jurisdiction

Percentage of licensees domiciled in another jurisdiction			
NSW	%	3.87%	Unpublished data provided by the COAG National Licensing Taskforce, 27 July 2011
Vic	%	6%	Unpublished data provided by Victoria received January 2012
Qld	%	Contractor – 5.6% Worker – 6.65%	Unpublished data provided by Queensland, received January 2012
WA	%	23%	Unpublished data provided by the COAG National Licensing Taskforce
SA	%	6.21%	Unpublished data provided by the COAG National Licensing Taskforce
Tas	%	11.84%	Unpublished data provided by the COAG National Licensing Taskforce
ACT	%	33.14%	Unpublished data provided by the COAG National Licensing Taskforce
NT	%	9.69%	Unpublished data provided by the COAG National Licensing Taskforce

Given that the exact distribution of multiple licence holders across distributions is unknown, migration flows from 2010–11 have been used as a proxy.⁶⁷

66 Consumer and Business Affairs 2011, [Fees for plumbers, gas fitters and electricians](#), South Australia.

67 The percentages have been calculated based on migration numbers provided in Australian Bureau of Statistics June 2011, *Australian demographic statistics*, cat. 3101.0, Table 19 – Interstate migration 2010–11.

Table 4.61: Estimated distribution of licence holders that hold a licence, domiciled in another jurisdiction (based on ABS data as a proxy)

		Jurisdiction in which licence holders are domiciled								Total
		NSW	VIC	QLD	WA	SA	TAS	ACT	NT	
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 Removal of restricted electrical licence for plug and cord work

Table 4.62: Removal of restricted electrical licence for plug and cord – contractors

Assumption	Unit	Value	Source
Licences impacted by removing plug and cord			
Qld	# licences	330	Unpublished data provided by Queensland regulator received 15 January 2012
NT	# licensees	7	Unpublished data provided by the COAG National Licensing Taskforce on 25 May 2012 Based on a total of 60 RELS – distributed between contractors and workers based on licence numbers (contractor licence proportion of 20%)

Table 4.63: Removal of restricted electrical licence for plug and cord – workers

Assumption	Unit	Value	Source
Licences impacted by removing plug and cord			
Qld	# licence	2,195	Unpublished data provided by Queensland regulator received 15 January 2012
NT	# licensees	53	Unpublished data provided by the COAG National Licensing Taskforce on 25 May 2012 Based on a total of 60 RELS – distributed between contractors and workers based on licence numbers (worker licence proportion of 80%)

4.3.1.17 Removal of duplicate testing in Victoria

The cost to applicants of travelling to complete these tests has not been included in these estimates due to the uncertainty surrounding this cost.

Table 4.64: Removal of duplicate testing requirements in Victoria for workers and contractors

Assumptions	Unit	Value	Source
Safe Working Practice for Electricians Assessments			
Time to sit test	Hours per licensee	0.667	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Fee for test	\$ per licensee	\$130	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Licensed Electrician Assessment (Theory component)			
Time to sit test	Hours per licensee	2 hours	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Fee for test	\$ per licensee	\$85	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Licensed Electrician Assessment (Practical component)			
Time to sit test	Hours per licensee	3 hours	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Fee for test	\$ per licensee	\$195	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top

Note: It is assumed all applicants must complete all three assessments.

Victoria advised that only a proportion of licensees are required to undertake the Licensed Electrician Assessment Review.

Table 4.65: Removal of duplicate testing requirements in Victoria – the Licensed Electrician Assessment

Assumptions	Unit	Value	Source
Licensed Electrician Assessment Review			
Paper review	\$ per licensee	\$50	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Face-to-face review	\$ per licensee	\$75	EPIC Industry Training Board, 2012, <i>Licensed electricians assessment</i> , www.epicitb.com/index.php?page=lea#top
Proportion of licensees required to undertake Licensed Electrician Assessment Review	% of licensees	15%	Information provided by Victorian regulator 16 March 2012

4.3.1.18 Removal of personal probity requirement for non-contractors

Table 4.66: Removal of personal probity requirement for non-contractors

Assumption	Unit	Value	Source
Removal of personal probity requirement for non-contractors (time to complete probity requirements)			
NSW	Hours per licensee	0.166 hours	PwC assumption – 10 minutes to disclose information 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.
Vic	Hours per licensee	0.166 hours	PwC assumption – 10 minutes to disclose information in order to meet the declaration required by the <i>Electrical Safety Act 1998</i> 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.
Tas	Hours per licensee	0.333 hours	PwC assumption – 20 minutes to disclose information (provide 2 written references) Based on a previous study, it is estimated that 30 minutes is required for an applicant to obtain a passport photo and two written references (PwC, Department of Justice 2005, <i>Private security regulations 2005: regulatory impact statement</i> , Victoria, p 29). In the absence of any other information, we have assumed that two-thirds of this cost is attributable to obtaining 2 written references (i.e. 20 minutes).

4.3.1.19 Removal of the requirement to licence apprentices

Currently South Australia and Western Australia are the only jurisdictions that require apprentices to be licensed. Apprentices are not subject to licensing requirements per se in the Northern Territory; the Licensing Board keeps a register of apprentices. Under national licensing, this requirement will be removed.

Table 4.67: Number of new apprentices in the industry

Assumptions	Unit	Value	Source
Number of apprentice licence applications per annum			
SA	# of new licensees p.a.	156.8	Based on the number of existing licensees that have apprentice conditions (2,045) multiplied by the 'number of new applicants as proportion of existing licensees' to gain the number of applications per annum (7.67%). The number of existing apprentice licensees is based on unpublished information provided by the South Australian regulator received 21 March 2012.
WA	# of new licensees p.a.	1,489	Unpublished information provided by Western Australia received 19 March 2012 (number of new applications in 2011)

Table 4.68: Fee for apprentice licence

Assumptions	Unit	Value	Source
Apprentice licence fee			
SA	\$ per licensee	\$0	No fee for apprentices, based on advice from South Australian regulator received 21 March 2012
WA	\$ per licensee	\$39	Government of Western Australia, Department of Commerce, Energy Safety, Application form for an Electrician’s Training Licence, www.commerce.wa.gov.au/energysafety/PDF/Forms/R020%200711.pdf

Table 4.69: Additional testing for apprentices – time value

Assumptions	Unit	Value	Source
Additional testing for apprentices – time to complete			
SA	Hours per licensee	0.0	No additional testing is required in South Australia.
WA	Hours per licensee	0.5 hours	Apprentices in Western Australia must complete a specific online apprentice test when applying for an apprentice licence. In the absence of other information, it is estimated that it takes 30 minutes to undertake this written test. There would be no travel time incurred, as the test is provided online and applicants print it, fill it in and send it with their licence application. Government of Western Australia, Department of Commerce, <i>EnergySafety, Application form for an Electrician’s Training Licence</i> , www.commerce.wa.gov.au/energysafety/PDF/Forms/R020%200711.pdf

4.3.1.20 Requirement to nominate a licence holder as a ‘nominee’

Under national licensing a body corporate or an individual that does not hold the relevant technical skills and that applies for a contractor licence will be required to nominate a nominee. A nominee is 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.

South Australia is the only jurisdiction that does not currently have this requirement and will incur a cost under national licensing. In the absence of other information, it is assumed that the time taken to nominate a licence holder as a nominee is the same as the time taken to apply for a licence.

Table 4.70: Number of company licences in South Australia affected by the new requirement to have a nominee

Assumptions	Unit	Value	Source
Number of existing company licensees impacted by the requirement to have a nominee			
SA	# of licensees	855	Unpublished data provided by SA regulator received 20 March 2012

Table 4.71: Time cost to meet nominee requirement

Assumptions	Unit	Value	Source
Time cost to meet nominee requirement			
SA	Hours per nominee	0.5 hours	Energy Safe Victoria, <i>Victorian Regulatory Impact Statement on the proposed Electricity Safety (Registration and Licensing) Regulations 2010</i> , page 84. ‘Time cost imposed by proposed Regulations – completion of an application [for an electrical licence]’ is 30 minutes per licence.

4.3.1.21 Restricted electrical licences – requirement to prove supplementary to primary occupation

Under national licensing, restricted electrical licence (REL) applicants must prove that the licence is incidental to their primary occupations before being granted one. South Australia is the only jurisdiction that does not currently have this requirement.

The method by which applicants can prove this requirement varies across the jurisdictions. For example, Victoria requires a detailed letter from the applicant's employer clearly stating and justifying the requirement for a REL in order to perform electrical work that is incidental to the applicant's primary function.⁶⁸ In the absence of other information, it is assumed that this task takes one hour to complete.

Table 4.72: Number of restricted electrical licensees in South Australia

Assumptions	Unit	Value	Source
Number of restricted electrical licensees			
SA	# of licensees	2,120	Unpublished data provided by the COAG National Licensing Taskforce on 25 May 2012

Table 4.73: Time cost of proving that a restricted electrical licence is incidental to the applicant's primary profession

Assumptions	Unit	Value	Source
Time cost of proving that a restricted electrical licence is incidental to the applicant's primary profession			
SA	Hours per licensee	1 hour	PwC assumption based on the current requirement in Victoria (see above).

4.3.1.22 Removal of additional competency units

Victoria, Queensland, Western Australia, South Australia and Tasmania currently require additional units of competency for electrical contractors relating to business or technical skills (as listed in Table 4.74). The Northern Territory also requires business training, but this not included in the assumptions. National licensing is proposing removal of these skill requirements, thereby reducing training costs for contractors. This estimate is based on the avoided cost of undertaking these business and technical competency units, including time cost and fees.

The time cost and fees associated with these additional units have been sourced from the websites of a few randomly selected training providers (in each jurisdiction, as referenced in Table 4.74 and 4.75).

Queensland has advised that only 30 per cent of new contractors are required to undertake the additional business and technical competency units in their jurisdiction. It is assumed that all new contractors must complete the associated units in other jurisdictions.

These savings assume that if these units of competency are no longer compulsory for licensing purposes, they would not be undertaken voluntarily by any licensees. To the extent that licensees who would have undertaken these units as part of their contractor licence application process decide to complete them even once they are no longer mandated (e.g. for the purposes of upskilling), the savings are likely to be overestimated.

The cost to applicants of travelling to and from the relevant training provider to complete the relevant competency units has not been included in these estimates due to the uncertainty surrounding this cost.

⁶⁸ See www.esv.vic.gov.au/Electricity-Professionals/Licensing-and-registration/Restricted-Electrical-Workers-Licence.

Table 4.74: Removal of additional competency units for contractors – fee value

Assumption	Unit	Value	Source
Removal of competency units – fee			
Vic	\$ per unit	\$521.70	<p>Average of the following units offered by 3 different training providers in Victoria:</p> <ol style="list-style-type: none"> 1. Electrical Contractor Registration Course Part B Commercial, RMIT University, (fee of \$470), www.shortcourses.rmit.edu.au/keysearch.php?show_public_course=1&select_course_type_code=S130017&cbs=76170fbb617c649c6ce1336364a5d3b2 2. Registered Electrical Contractors Course (ETF13), Box Hill Institute, (fee of \$520), www.bhtafe.edu.au/courses/shortcourses/Pages/ETF13.aspx 3. Electrical Contractors Registration (21767VIC) GippsTAFE(fee of \$575), www.gippstafe.vic.edu.au/courses/gippstafe_courses/online_courses/electrical_contractors_registration
Qld	\$ per 'Qualified technical person' unit [UEENEEG005]	\$795	<p>Full fee of \$795: Construction Skills Queensland – Term Training, 2012, <i>UEENEEG005– Verify compliance and functionality of general electrical installation</i>, www.termtraining.com.au/G005.html</p> <p>Note: there is a subsidy of \$600 for this unit – Construction Skills Queensland, 2012, <i>Funding and Support – Electrotechnology 2011/12 – Which qualifications are available for 2011/12 funding?</i>, http://csq.org.au/funding-support/workers/post-trade-training-funding/electrotechnology-201112</p>
	\$ per 'Qualified business person' unit [UEENEEG075]	\$650	<p>Full fee of \$650: Construction Skills Queensland – Term Training, 2012, <i>UEENEEG075- Develop plans and compliance policies to conduct a contracting business</i>, www.termtraining.com.au/UEENEEG075.html</p> <p>Note: there is a subsidy of \$500 for this unit – Construction Skills Queensland, <i>Funding and Support – Electrotechnology 2011/12 – Which qualifications are available for 2011/12 funding?</i>, http://csq.org.au/funding-support/workers/post-trade-training-funding/electrotechnology-201112</p>
WA	\$ per unit	\$562.50	<p>Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program', www.combinedskills.com.au/electrical_contractors_training_program_by_csta_wa.html</p> <p>Note: Given that licensees must complete all four units, it is assumed that they would apply for all four units together as one course. Therefore, the per unit cost is calculated as the total cost of all modules divided by four. If some individuals are unable to complete all four units as one course, the cost would be higher, as a discount is received for completing all units/modules as a full course.</p> <p>Note: there is a subsidy of \$365 per unit if all four units are completed together as one course.</p>
SA	\$ per 'Plan Small Business Finances' unit [BSBSMB402A]	\$250	Open Universities Australia, <i>Plan Small Business Finances – TAFESA</i> , www.open.edu.au/public/courses/business/tafesa-plan-small-business-finances--bsbsmb402a-2012
	\$ per 'Legal Issues' unit [BSBSMB40aA]	\$300	Open Universities Australia, Legal Issues – TAFESA .
Tas	\$ per unit	\$269	Average of per unit fees in other jurisdictions

Table 4.75: Removal of additional competency units – time value

Assumption	Unit	Value	Source
Removal of additional competency units – time			
Vic	Hours per unit	40 hours	Electrical Contractor Registration Course Part B Commercial (Mod EA102) – RMIT University, ' Short and single courses – timetable of sessions '. Registered Electrical Contractors Course (ETF13) – Box Hill Institute, ' Short courses ', 10 sessions running from 5:30 to 9:30pm. Electrical Contractors Registration (21767VIC) – GippsTAFE, ' Electrical Contractors Registration '.
Qld	Hours per unit	40 hours	Term Training, 'UEENEEG005– Verify compliance and functionality of general electrical installations', www.termtraining.com.au/G005.html Term Training, 'UEENEEG075- Develop plans and compliance policies to conduct a contracting business', www.termtraining.com.au/UEENEEG075.html
WA	Hours per 'Establishing a contracting business' unit [EA102]	42.5 hours	Based on one week (Monday to Friday) 7:30am to 4pm – Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program', www.combinedskills.com.au/electrical_contractors_training_program_by_csta_wa.html
	Hours per 'Operation (Electrical) Legislative Requirements' unit [EA103A]	8.5	Based on one day 7:30am to 4pm – Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program', www.combinedskills.com.au/electrical_contractors_training_program_by_csta_wa.html
	Hours per 'General Legislative Requirements' unit [EA103B]	8.5	Based on one day 7:30am to 4pm – Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program', www.combinedskills.com.au/electrical_contractors_training_program_by_csta_wa.html
	Hours per 'Electrical Requirements' unit [EA106 (WAE100)]	25.5	Based on three days 7:30am to 4pm – Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program', www.combinedskills.com.au/electrical_contractors_training_program_by_csta_wa.html
SA	Hours per 'Plan Small Business Finances' unit [BSBSMB402A]	50 hours	Open Universities Australia, 'Plan Small Business Finances, TAFESA, www.open.edu.au/public/courses/business/tafesa-plan-small-business-finances--bsbsmb402a-2012
	Hours per 'Legal Issues' unit [BSBSMB40aA]	60 hours	Open Universities Australia, 'Legal Issues', TAFESA, www.open.edu.au/public/courses/business/tafesa-legal-issues--bsbsmb401a-2012
TAS	Hours per unit	34.38	Average of all units in other jurisdictions, as information from Tasmania was not publically available

Table 4.76: Removal of additional competency units – number of units

Assumption	Unit	Value	Source
Number of competency units removed for contractor licences			
Vic	Units per licensee	1	Data provided by the COAG National Licensing Taskforce, received 23 May 2011
Qld	Units per licensee	2	Data provided by the Queensland regulator received 15 January 2012
WA	Units per licensee	4	Data provided by the COAG National Licensing Taskforce, received 23 May 2011
SA	Units per licensee	2	Data provided by the COAG National Licensing Taskforce, received 23 May 2011
Tas	Units per licensee	1	Data provided by the COAG National Licensing Taskforce, received 23 May 2011

4.3.1.23 Experience requirements

Under national licensing, experience requirements for contractors in all jurisdictions except New South Wales, the Australian Capital Territory and Tasmania would be removed and licensed electricians could obtain a contractor licence sooner if they wish to do so. The direct benefit to licence holders of removing experience requirements could be measured by the wage difference between licensed electricians and electrical contractors. It is assumed that this is the value that licensed electricians would gain by progressing to electrical contractor sooner. The wage differential between workers and contractors 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 requirement for contractors in each jurisdiction ranges from one to six years. To provide an indicative estimate of the potential benefit, we have assumed a conservative estimate of one year for all jurisdictions.

Table 4.77 Removal of experience requirement for contractors

Assumption	Unit	Value	Source
Assumed wage differential between contractors and workers attributable to experience requirement			
All jurisdictions (except New South Wales, the Australian Capital Territory and Tasmania)	\$ per licensee	\$0.50 per hour	PwC assumption based on various sources
Years of experience required			
All jurisdictions (except New South Wales and Tasmania)	Years per licensee	1 year	PwC assumption based on various sources

4.3.1.24 Business value-add (capital efficiency)

This benefit relates to the expectation that if reforms lead to more efficient electrical 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 Consultation RIS is to assume a ratio between the benefits to labour that sells electrical services and the benefits to consumers 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 electrician services is assumed to be one-third of the direct impact to licensees, as shown in Table 4.78.

Table 4.78: Capital efficiency as a proportion of estimated labour efficiency

Assumption	Unit	Value	Source
Capital efficiency as a proportion of estimated labour efficiency			
All jurisdictions	%	30%	PwC assumption based on Australian Bureau of Statistics 2011, <i>Australian System of National Accounts 2010-11</i> , Cat. No. 5204.0, ABS, Canberra.

4.3.1.25 Improved labour mobility

To provide an indication of the potential benefit due to an increase 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 in Tables 4.79 – 4.81 have been used to calculate an indicative estimate.

Table 4.79: 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> , Canberra, 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 Commonwealth Treasury, the Office of Best Practice Regulation and PwC. 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 4.80: Real GDP

Assumption	Unit	Value	Source
Real GDP			
National Real GDP in 2011	\$	\$1.336 trillion	Australian Bureau of Statistics, Catalogue No. 5206.0 – Australian National Accounts: National Income, Expenditure and Product Gross Domestic Product, (Chain Volume Measures), Dec 2011, www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5206.0Dec%202011?OpenDocument

Table 4.81: The electrical services industry as a proportion of real GDP

Assumption	Unit	Value	Source
Proportion of real GDP attributable to the electrical services industry			
National	%	2%	<p>This percentage is based on the number of electrical licensees as a proportion of the total number of persons employed in Australia. Total employed persons as at March 2012 was 11.5 million and there are 230,707 electrical licensees (see licence numbers above).</p> <p>Total employed persons: Australian Bureau of Statistics, <i>Catalogue No. 6202 – Labour Force, Australia (Labour force status by sex)</i>, March 2012.</p> <p>The benefit of perfect labour mobility estimated by the Productivity Commission was estimated for ‘registered workers’. Therefore, it may be more accurate to take electrical services as a proportion of registered workers, which would lead to a higher estimate than 2%. However, to be conservative an estimate of 2% was agreed to in discussions between Commonwealth Treasury, the Office of Best Practice Regulation and PwC.</p>

5 Implementation

5.1 Implementation of national licensing

Administrative responsibility for national licensing would be undertaken by the National Occupational Licensing Authority, which would be established in Sydney. The licensing authority would be a statutory authority, governed by a board of up to 10 members, including an independent chair. The board would report to a Ministerial Council. 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 industry stakeholders and governments 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 about 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 would 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, 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 that affect a licence would be recorded on the national licensing register.

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 that licensees are not transitioned to licences that would allow them to undertake a wider scope of work than their current licences allows, 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 the national licensing. The licence will then be transitioned to a national licence 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. During the period of suspension, affected licensees would 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. Any valid licence, held for the same category of licence, in a 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 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 National Law, provided that immediately before the commencement date the applicant was enrolled in the course or program for the issue of a jurisdictional licence, has met the skills-based eligibility requirements.

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 their 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 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 a grace period of three years should be provided in which these qualifications are deemed to satisfy the skills based eligibility requirements for the equivalent national licence (as proposed under national licensing)?

5.2.8 Restoration of a licence that has lapsed

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.

The advisory committee proposed that the grace period for acceptance of lapsed licences should be up to three years (without any further testing). Licensees whose licences have lapsed for a period greater than three years will be required to undertake a nationally agreed test that covers currency of knowledge and skills.

Licensees who have been deemed under national licensing will need to reapply for a national licence, which would require the applicant to satisfy the national licensing eligibility criteria, which in some instances, including restricted licences, may be higher than their existing qualifications.

Question: Do you agree that a three year grace period, as proposed under national licensing, should be provided from the commencement of national licensing for acceptance of lapsed licences?

5.2.9 Currently in training for a restricted licence

A person in training for a restricted licence that would have been granted under current jurisdictional legislation but will not exist under national licensing system will be eligible for a period of up to 12 months after completion of training, to apply for a licence with limitations on the scope of regulated work, which would make it equivalent to the former jurisdictional restricted licence.

Question: 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 REL qualification. The qualification must have been commenced before the start of national licensing.

5.3 Notification

Prior to the commencement of national licensing for electrical occupations, licensees will be advised by letter of the national licence they will hold following commencement. 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 a national licence 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 documentations 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. 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 transition 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, 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 electrical licensees, a card is produced. Cards for the other occupations vary greatly, ranging from laminated cardboard to high-quality cards produced to a similar standard to a driver's licence with photo identification.

The National Law allows for an approved form of a national licence. One option proposed 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 the licensee engages 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 plumbing occupations only. South Australia and Tasmania issue these 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 Communications 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 communications campaign will need to be undertaken to ensure that 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 in Chapter 4 includes a qualitative estimate of the communications costs for governments during the transition period.

At a national level, the licensing authority would assist with the communications process by ensuring consistency of messaging through its [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 bodies
- other peak bodies, which would include employee 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 ten 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 26 August 2012. The closing date may be extended; please check the [national licensing website \(www.nola.gov.au\)](http://www.nola.gov.au) for information.

How to provide a submission

Online survey feedback

[An online submission survey is available](#) 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](#). Paper submissions can be lodged as follows:

By email to [the COAG Skills Taskforce \(info@coagskillstaskforce.gov.au\)](mailto:info@coagskillstaskforce.gov.au).

By mail:

COAG National Licensing Taskforce
Department of Industry, Innovation, 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 arrangements

The Table B.1 compares the current state and territory licensing eligibility arrangements and the proposed national licensing eligibility arrangements. A tick indicates a licensed activity, a blank cell means not required or licensed and a shaded cell denotes a licence category.

Table B.1: Key changes to existing arrangements

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
Apprentice licensing/registration or training permit (allows apprentices and trainees to perform electrical work under supervision)			✓	✓	✓			✓ ¹		Not requiring these licences reduces regulation in four jurisdiction 1: Apprentices are not subject to licensing requirements per se in the NT but the Licensing Board keeps a register of apprentices
Tradesperson certificate/supervised licences	✓	✓								Not requiring these licences reduces regulation in two jurisdictions
Plug and cord restricted electrical licences (RELs)			✓					✓		Not requiring this licence reduces regulation in two jurisdictions
High-voltage propulsion equipment restricted electrical licences			✓					✓		Not requiring this licence reduces regulation in two jurisdictions
Electrical Inspector licence (certification of electrical installation prior to connection to electricity supply)		✓								Victoria has advised that the inspector will continue to be licensed under separate Victorian legislation should it not be included in national licensing.
Occupier's licence/In-house electrical installing work licence		✓			✓					Not requiring these licences reduces regulation in two jurisdictions

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
Contractor licences for REL holders	✓		✓	✓						Not requiring these licences reduces regulation in three jurisdictions
Electrical contractor licence category (allows a person or business to contract with the public for electrical work)⁶⁹	✓	✓	✓	✓	✓	✓	✓	✓	✓	<p>There is overall reduction in regulation for electrical contractors through:</p> <ul style="list-style-type: none"> • drastic reductions of conditioned licences has occurred in some jurisdictions • no mutual recognition processes reduces regulation and administrative burdens • no business skills training reduces regulation in 5 jurisdictions • no evidence of experience reduces regulation in 6 jurisdictions • no insurance requirement reduces regulation in 6 jurisdictions • no health checks (includes colour blindness, mental capacity) reduces regulation in 5 jurisdictions; • a 3-year licence duration reduces regulation in 2 jurisdictions and increase this in 2 • a nominee requirement will increase regulation only in SA • there will be an increase in regulation in the ACT for individual electrical contractor licences not currently required to apply for an additional
Primary jurisdiction check									✓	
Business & safety training requirements		✓	✓	✓	✓	✓		✓		
Financial probity checks										
• payment of fines or penalties	✓	✓	✓	✓	✓	✓	✓		✓	
• bankruptcy/insolvency checks	✓	✓	✓						✓	
• undischarged bankruptcy period	3 yrs		5 yrs	5 yrs			3 yrs	3 yrs	5 yrs	
• provisions of financial statements or evidence of financial status			✓	✓						
Personal probity checks										
• criminal history check (or declaration)	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Other requirements										

⁶⁹ Contractor licences will be available for occupational (work) licences in the jurisdictions that issue the relevant licence; this excludes restricted electrical licences and provisional licences.

Consultation Regulation Impact Statement – Electrical occupations

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
• fitness or health check					✓	✓		✓		licence category to carry on a business or contract with the public. The ACT has not determined whether additional contractor licences will be required <ul style="list-style-type: none"> • there will be an increase in regulation in all jurisdictions from requiring a primary jurisdiction check • increase in jurisdictions that only require a self-declaration for criminal history (ACT).
• mental capacity	✓									
• evidence of experience (requirement for X years work experience)		✓	✓	✓	✓		✓	✓		
• age requirement (minimum age)	✓	✓								
• insurance requirement (professional indemnity insurance)		✓	✓		✓	✓	✓	✓		
• nominee (technically skilled person employed by business)	✓	✓	✓		✓	✓	✓	✓	✓	
• licence duration	3 yrs	5 yrs	1 yr	1 yr	5 yrs	3 yrs	Up to 3 yrs	3 yr	3 yrs	
Electrician	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Qualification – Certificate III	✓	✓	✓	✓	✓	✓	✓	✓	✓	There is overall reduction in regulation for electricians through: <ul style="list-style-type: none"> • drastic reductions of conditioned licences has occurred in most jurisdictions • no mutual recognition processes reduces regulation and administrative burdens • no probity check (disqualification of licence) reduces regulation in all jurisdictions • no criminal history checks reduces regulation in 7 jurisdictions • no health checks (includes colour blindness, mental capacity) reduces regulation in 5 jurisdictions
Financial probity checks										
• payment of fines or penalties				✓				✓	✓	
• bankruptcy/insolvency checks	✓									
• adequate resource checks							✓			
Personal probity checks										
• general probity check (disqualification of licence)	✓	✓	✓	✓	✓	✓	✓	✓	✓ (declaration on application form)	

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
<ul style="list-style-type: none"> criminal history check 	✓	✓		✓	✓	✓	✓	✓		<ul style="list-style-type: none"> no experience requirement reduces regulation in 7 jurisdictions no mandatory or annual skills maintenance reduces regulation in 7 jurisdictions inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in 5 jurisdictions – but some checks are already done administratively 3-year licence duration increases regulatory burden in 4 jurisdictions.
Other requirements										
<ul style="list-style-type: none"> fitness or health check 		✓			✓	✓		✓		
<ul style="list-style-type: none"> mental capacity 	✓									
<ul style="list-style-type: none"> colour blindness 						✓		✓		
<ul style="list-style-type: none"> evidence of experience (requirement for X years work experience) 	✓	✓	✓	✓		✓		✓		
<ul style="list-style-type: none"> age requirement (minimum age) 	✓									
<ul style="list-style-type: none"> English language test 			✓							
<ul style="list-style-type: none"> insurance requirement (professional indemnity insurance) 		✓								
<ul style="list-style-type: none"> mandatory skills maintenance requirements 		✓	✓	✓	✓	✓		✓		
<ul style="list-style-type: none"> cardiopulmonary resuscitation 			✓							
<ul style="list-style-type: none"> additional testing 		✓								
Licence duration	3 yrs	5 yrs	5 yrs	3 yrs	5 yrs	3 yrs	Up to 3 yrs	5 yrs	3 yrs	
Electrical fitter	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	<p>There is overall reduction in regulation for electrical fitters through;</p> <ul style="list-style-type: none"> drastic reductions of conditioned licences has occurred in most jurisdictions; no mutual recognition processes reduces
Qualification – Certificate III		✓	✓	✓	✓			✓	✓	
Financial probity checks										
<ul style="list-style-type: none"> payment of fines or penalties 				✓				✓	✓	

Consultation Regulation Impact Statement – Electrical occupations

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>	
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT			
Personal probity checks											regulation and administrative burdens; <ul style="list-style-type: none"> no criminal history checks reduces regulation in 4 jurisdictions; no health checks (includes colour blindness) reduces regulation in 3 jurisdictions; no experience requirement reduces regulation in 5 jurisdictions; no mandatory or annual skills maintenance reduces regulation in 5 jurisdictions; inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in 2 jurisdictions – but some checks are already done administratively; 3 year licence duration increases regulatory burden in 4 jurisdictions.
<ul style="list-style-type: none"> criminal history check 		✓		✓	✓			✓			
Other requirements											
<ul style="list-style-type: none"> fitness or health check 		✓			✓			✓			
<ul style="list-style-type: none"> colour blindness 								✓			
<ul style="list-style-type: none"> evidence of experience (requirement for X years work experience) 		✓	✓	✓	✓			✓			
<ul style="list-style-type: none"> English language test 			✓								
<ul style="list-style-type: none"> insurance requirement (professional indemnity insurance) 		✓									
<ul style="list-style-type: none"> mandatory skills maintenance requirements 		✓	✓	✓	✓			✓			
<ul style="list-style-type: none"> cardiopulmonary resuscitation 			✓								
Licence duration		5 yrs	5 yrs	3 yrs	5 yrs			5 yrs	3 yrs		
Electrical lineworker	N/A	N/A	✓	✓	N/A	✓	N/A	✓	✓	There is overall reduction in regulation for lineworkers through; <ul style="list-style-type: none"> drastic reductions of conditioned licences has occurred in most jurisdictions; no mutual recognition processes reduces regulation and administrative burdens; a single lineworker licence will reduce the administrative burden in the jurisdictions that license the type of linework through a work area 	
Qualification – Certificate III			✓	✓		✓		✓	✓		
Financial probity checks											
<ul style="list-style-type: none"> payment of fines or penalties 				✓				✓	✓		
Personal probity checks											
<ul style="list-style-type: none"> criminal history check 				✓		✓		✓			
Other requirements											

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
• fitness or health check						✓		✓		<p>endorsement (e.g. distribution, transmission or rail traction). Other mechanisms are in place to ensure that the lineworker is trained appropriately for the area of work. For example network operators require specialist training;</p> <ul style="list-style-type: none"> • no criminal history checks reduces regulation in 3 jurisdictions; • no health checks (includes colour blindness) reduces regulation in 2 jurisdictions; • no experience requirement reduces regulation in 4 jurisdictions; • no mandatory or annual skills maintenance reduces regulation in 4 jurisdictions; • inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in 2 jurisdictions – but some checks are already done administratively.
• colour blindness						✓		✓		
• evidence of experience (requirement for X years work experience)			✓	✓		✓		✓		
• English language test			✓							
• mandatory skills maintenance requirements			✓	✓		✓		✓		
• cardiopulmonary resuscitation			✓							
Licence duration			5 yrs	3 yrs		3 yrs		5 yrs	3 yrs	
Electrical cable jointer	N/A	N/A	✓	✓	N/A	✓	N/A	✓	✓	<p>There is overall reduction in regulation for electrical cable jointers through;</p> <ul style="list-style-type: none"> • drastic reductions of conditioned licences has occurred in most jurisdictions; • no mutual recognition processes reduces regulation and administrative burdens; • removal of criminal history checks reduces regulation in 3 jurisdictions; • no experience requirement reduces regulation in 4 jurisdictions; • removal of health checks (includes colour blindness) reduces regulation in 2 jurisdictions;
Qualification – Certificate III			✓	✓		✓		✓	✓	
Financial probity checks										
• payment of fines or penalties				✓				✓	✓	
Personal probity checks										
• criminal history check				✓		✓		✓		
Other requirements										
• fitness or health check						✓		✓		
• colour blindness						✓		✓		

Consultation Regulation Impact Statement – Electrical occupations

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
<ul style="list-style-type: none"> evidence of experience (requirement for X years work experience) 			✓	✓		✓		✓		<ul style="list-style-type: none"> inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in 2 jurisdictions – but some checks are already done administratively.
<ul style="list-style-type: none"> English language test 			✓							
<ul style="list-style-type: none"> mandatory skills maintenance requirements 			✓	✓		✓		✓		
<ul style="list-style-type: none"> cardiopulmonary resuscitation 			✓							
Licence duration			5 yrs	3 yrs		3 yrs		5 yrs	3 yrs	
Restricted electrical licence – issued with or without fault-finding (allows non-electricians to disconnect and reconnect fixed equipment (to repair or replace))	✓	✓	✓	✓	✓	✓	✓	✓	✓	<p>There is overall reduction in regulation for restricted electrical licences through;</p> <ul style="list-style-type: none"> drastic reductions in conditioned restricted electrical licences has occurred in most jurisdictions; no mutual recognition processes reduces regulation and administrative burdens; rationalisation of RELs provides a regulatory and administrative benefit in most jurisdictions, especially in Vic, QLD, Tas & NT where the number is reduced from 11 to 5; no criminal history checks reduces regulation in 7 jurisdictions; no health checks (includes colour blindness, mental capacity) reduces regulation in 5 jurisdictions; no experience requirement reduces regulation in all jurisdictions; inclusion of financial probity checks (in relation
Number of REL subcategories	6	11	11	7	7	11	5	11	5	
Qualification – skills set	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Evidence of trade or calling	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Evidence that REL is ‘needed’ to perform main occupation	✓	✓	✓		✓	✓	✓	✓	✓	
Financial probity checks										
<ul style="list-style-type: none"> payment of fines or penalties 			✓	✓	✓	✓		✓	✓	
<ul style="list-style-type: none"> bankruptcy/insolvency checks 	✓									
Personal probity checks										
<ul style="list-style-type: none"> criminal history check (or declaration) 				✓			✓	✓		
Other requirements										

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
• fitness or health check		✓			✓	✓				to payment of fines and penalties) may increase regulation in 5 jurisdictions
• mental capacity	✓									
• colour blindness						✓		✓		
• evidence of experience (requirement for X years work experience)	✓	✓	✓	✓	✓	✓	✓	✓		
• age requirement (minimum age)	✓									
• insurance requirement (professional indemnity insurance)	✓	✓								
• mandatory skills maintenance requirements		✓	✓	✓	✓	✓		✓		
• cardiopulmonary resuscitation			✓							
Licence duration	3 yrs	5 yrs	5 yrs	3 yrs	5 yrs	3 yrs	Max 3 yrs	5 yrs	3 yrs	
Provisional licences⁷⁰	✓	✓	✓	✓	✓	✓	✓	✓	✓	There is overall reduction in regulation for provisional licences through; <ul style="list-style-type: none"> streamlined processes will assist the skilled migration demand; no mutual recognition processes reduces regulation and administrative burdens; provisional licences will enable electrical fitters complete on the job training while up-skilling to
Qualification										
Offshore Technical Skills Record	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Other qualification							✓			
Electrical fitters licence		✓							✓	
Financial probity checks										

⁷⁰ A range of provisional licences is proposed under national licensing and will be available in the jurisdictions that currently license the occupation.

Consultation Regulation Impact Statement – Electrical occupations

License category (shaded) and eligibility requirements <i>Licence and requirements categories (purpose of some licences or an explanation of some requirements is shown in brackets)</i>	Current situation <i>Existing licensing requirements applying in each of the jurisdictions</i> (✓ indicates a licensed activity; blank cell means not required or licensed; shaded area denotes a licence category)								National licensing	Summary of impact <i>Impact of moving from current situation to national licensing</i>
	NSW	VIC	QLD	SA	WA	TAS	ACT	NT		
<ul style="list-style-type: none"> payment of fines or penalties 				✓					✓	an electrician; <ul style="list-style-type: none"> no health checks (includes colour blindness, mental capacity) reduces regulation in 5 jurisdictions; inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in 5 jurisdictions. 1 – an assessment test is applied if training is done before 2000
<ul style="list-style-type: none"> bankruptcy/insolvency checks 	✓									
Personal probity checks										
<ul style="list-style-type: none"> general probity check (disqualification of licence) 	✓	✓	✓	✓	✓	✓	✓	✓	Declaration on application form	
<ul style="list-style-type: none"> criminal history check 	✓	✓		✓	✓	✓	✓	✓		
Other requirements										
<ul style="list-style-type: none"> fitness or health check 		✓			✓	✓		✓		
<ul style="list-style-type: none"> mental capacity 	✓									
<ul style="list-style-type: none"> colour blindness 						✓		✓		
<ul style="list-style-type: none"> age requirement (minimum age) 	✓									
<ul style="list-style-type: none"> English language test 			✓							
<ul style="list-style-type: none"> mandatory skills maintenance requirements 		✓	✓	✓	✓	✓		✓		
<ul style="list-style-type: none"> cardiopulmonary resuscitation 			✓							
<ul style="list-style-type: none"> additional testing 		✓ ¹								
Licence duration	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr	

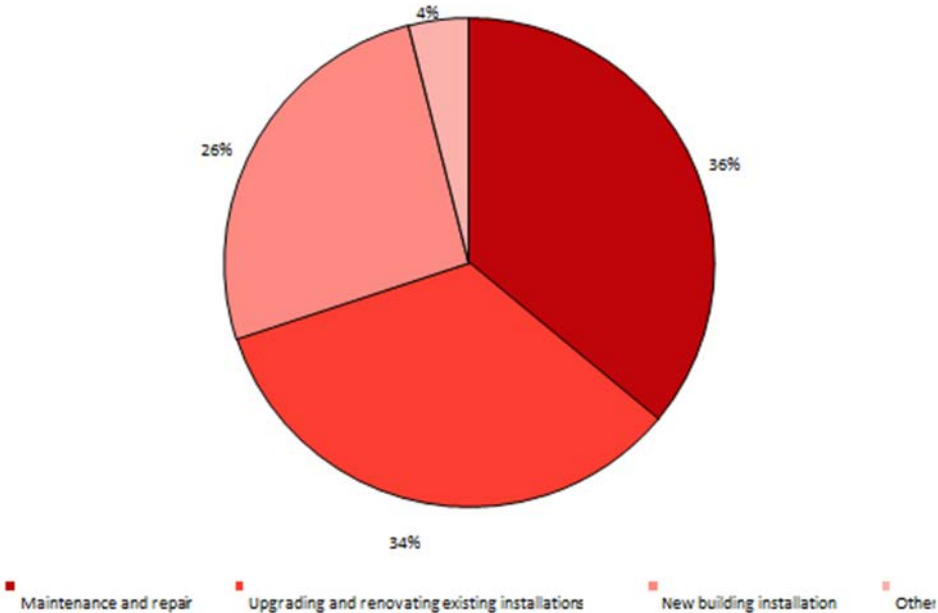
Attachment C – Overview of the electrical industry sector

Electrical services industry

The electrical services industry is the largest contracting trade of the building and construction sector. The industry is expected to generate revenue totalling \$11.5 billion in 2011–12, a 2.2 per cent rise from the previous year, including value added of \$5.75 billion or about 0.5 per cent of Australia’s GDP. The industry’s medium- to long-term performance has been boosted by work resulting from the emergence of new technologies, particularly broadband communications cabling. The industry comprises many small-scale operators employing four to five people per establishment on average, including working proprietors and partners. The industry is forecast to record cyclical growth averaging 3 per cent per annum over the next five years to reach \$13.4 billion in 2016–17, just behind the pace of GDP growth (3.2 per cent per annum), supported by the solid cyclical expansion in the downstream building markets and the continued spread of electrical and electronic technology.⁷¹

Those in the electrical services industry provide a range of services, including the maintenance, installation, renovation, upgrade and repair of basic electrical circuitry. This also includes work related to transmission lines, distribution networks, rail traction and cable jointing. The three key services provided by the industry are the maintenance and installation of basic electrical circuitry, upgrading and renovating of existing installations and new building installations, as indicated in Figure C.1.

Figure C.1: Product and services segmentation (2011)



71 IBISWorld 2012a, [Electrical services in Australia: Market research report](#), Industry report E4232 2012, p 5.

Source: IBIS World Industry Report E4232: Electrical Services in Australia, February 2011.

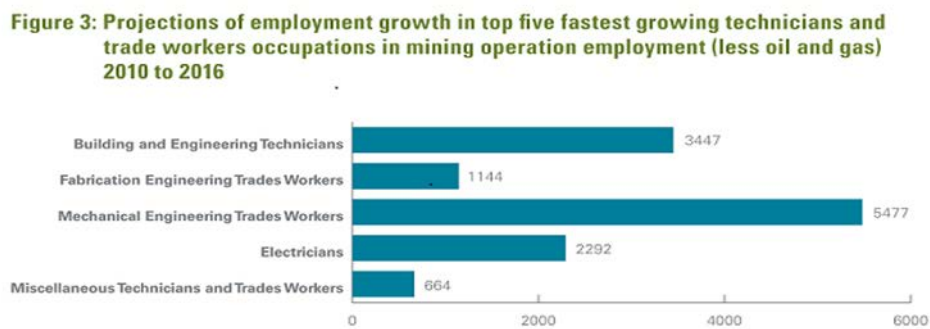
The industry is subject to key external drivers, for example there is increased demand for inspections of existing electrical installations and additional rewiring and reconstruction activity when buildings and infrastructure are damaged through natural disasters such as Victoria’s Black Saturday bushfires (2009) and the recent Queensland floods (2011).⁷² Electrical workers are also being sought in the rapid growth area of fly-in, fly-out (FIFO) work arrangements in such areas as the mining and resources sector:⁷³

FIFO is a cost-effective way to address skills shortages and meet workforce needs to increase efficiency. 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.⁷⁴

Electricians feature as one of these escalating employment areas, as shown in at Figure C.2. These arrangements will benefit as a result of the increase labour mobility flowing from national licensing.

Western Australia has indicated that this type of arrangement accounts for nearly 25 per cent of issued licences. Electrical workers need to apply for recognition of their current licence if they reside in another state or territory.

Figure C.2: Skills Australia employment projections for occupations in mining operations⁷⁵



An emerging trend has been the marketing of electrical repair and installation services by regional providers of electricity, gas and water. In the future, organisations marketing electrical contracting services may emerge as key players in the industry. Also likely is the emergence of more large-scale contractors providing multidisciplinary facilities management services (i.e. maintenance of plumbing, electrical, mechanical and air conditioning assets). This development would correspond with trends in the United States and the United Kingdom, where facility management firms contract across all market segments and enter into long-term arrangements, with large-scale commercial and industrial clients to deliver services across regional and national markets.⁷⁶

Figure C.3 shows the allocation of businesses in the electrical services industry across Australia. This corresponds with the general distribution of population and economic activity.

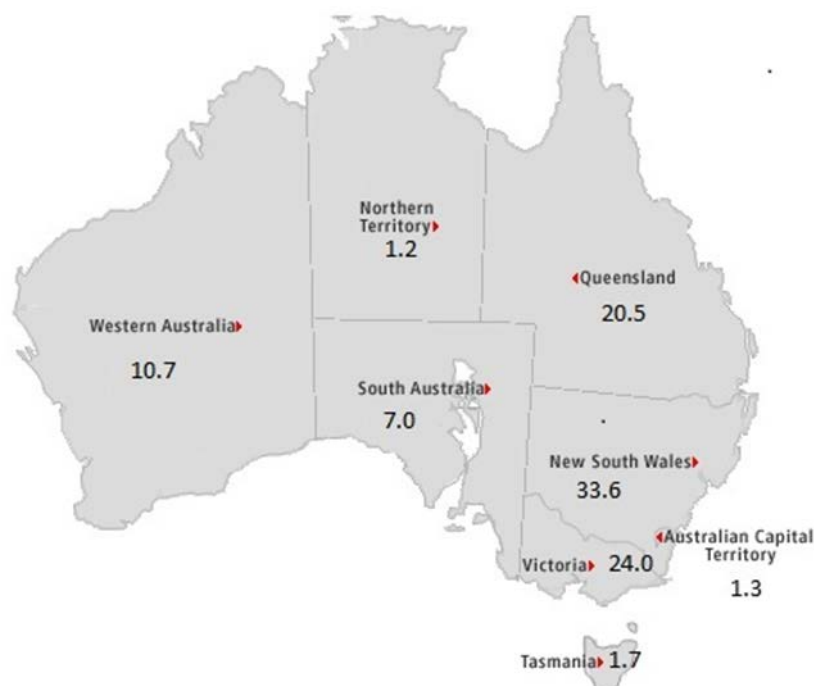
72 Skills Australia 2011, *Skills Australia submission to the House of Representatives Standing Committee on Regional Australia: Inquiry into the experience of fly-in, fly-out (FIFO) and drive-in, drive-out (DIDO) workers in regional Australia*, p 15. The findings will be available in 2012.

73 IBISWorld Industry report E4232 2011, *Electrical services in Australia*, p 5.

74 Skills Australia, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

75 Ibid.

76 IBISWorld Industry report E4232 2011, *Electrical services in Australia*, p 13.

Figure C.3: Electrical services industry business locations

Source: IBIS World Industry Report E4232: Electrical Services in Australia, February 2012

The electricity supply industry

Distribution

Electricity distribution is the most labour intensive of the electricity industries (which comprise generation, transmission and distribution). This industry is expected to employ 29,613 people and pay wages amounting to \$3.0 billion in 2011–12. There are 26 enterprises involved in distributing or retailing electricity.⁷⁷ Electricity distribution involves operating low-voltage power supply systems (consisting of lines, poles, meters and wires).⁷⁸

The industry has a well-established product and a number of well-known industry players. Demand for electricity tends to broadly follow trends in overall economic performance. However, the industry is also undergoing substantial structural change, as competitive reforms are both implemented and extended. Changes have included the splitting of vertically integrated, state government–owned electricity monopolies. These businesses have been restructured in terms of function (generation, transmission and distribution) and, in the case of distributors and retailers, regional coverage. Distributors and retailers have also become able to compete for customers outside their traditional or allocated areas. In addition, some distributors and retailers owned by state governments have been privatised.⁷⁹

Both electricity retailers and distributors make use of contract workers as well as employees. Contractors and employees perform a range of tasks, including distribution line maintenance and meter reading.⁸⁰

⁷⁷ IBISWorld 2012, *Electricity transmission in Australia: Market research report*, D3612, p 5.

⁷⁸ Ibid, p. 3.

⁷⁹ Ibid, p. 11.

⁸⁰ Ibid., p. 16.

Transmission

The primary activity of the electricity transmission industry is the bulk transfer of electrical power at high voltages (11 kilovolts or above) from a generator to substations near populated areas. The activities associated with this work include high-voltage electricity transmission, substation operation and transmission of electricity to distribution networks. The industry operates the high-voltage electricity network, linking electricity generators to the distributors that operate the low-voltage electricity supply system. Electricity transmission is a capital-intensive activity and the industry employs only 2,962 people, paying \$313.9 million in wages in 2011–12. Only a small number of firms are involved in electricity transmission, and they have an average of two establishments each. The number of firms involved in the industry has remained static since 2006–07, and is expected to be unchanged through 2016–17. Over the next five years, industry revenue is expected to grow 3.1 per cent per year, to \$3.69 billion in 2016–17.⁸¹

Regulation of the electricity transmission industry is tight, due to its importance to the overall economy.

The Australian Energy Regulator (established in July 2005) implements and enforces the rules set down by the Australian Energy Market Commission (AEMC). The commission was established to undertake rule making and market development in the national electricity market. It is responsible for administering and publishing the National Electricity Rules; the rule-making process under the National Electricity Law; making determinations on proposed rules; undertaking reviews on its own initiative or as directed by the Ministerial Council on Energy; and providing policy advice to the Ministerial Council on Energy in relation to the national electricity market.⁸²

Electricity generation

Companies in this industry generate electricity from a variety of energy sources. The electricity generated is transported to end users by electricity transmission and distribution systems. Industry activities also include the following forms of electric power generation: hydro-electric, fossil fuel, solar, tidal, gas, wind and coal.⁸³

81 IBISWorld 2012, *Electricity transmission in Australia: Market research report*, D3612, p 5.

82 Ibid., p. 25.

83 IBISWorld 2012, *Electricity generation in Australia: Market research report*, D3611.

Attachment D– National licensing policy development process

Details of the membership of the Electrical Occupations Interim Advisory Committee (Advisory Committee), Electrical Occupations Regulator Working Group (Regulator Working Group), Council of Australian Governments National Licensing Steering Committee (the Steering Committee), and the National Occupational Licensing Authority Board are provided in tables D.1–4.

The Advisory Committee and the Regulator Working Group met throughout 2010 and early 2011 to assist with the development of the following elements of licensing policy:

- licence categories, licence types and prescribed 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:

- (a) The system operates in a transparent, accountable, efficient, effective and fair manner;
- (b) Regulatory 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;
- (c) Licensing arrangements do not duplicate legislative protections contained under other laws, in particular, competition law, consumer protection law or occupational health and safety law;

- (d) 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;
- (e) Licensing eligibility requirements are expressed in objective not subjective terms;
- (f) 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; and
- (g) 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 are made available on the [national licensing website](#).

Table D.1: Membership of the Electrical Occupations Interim Advisory Committee

Name	Organisation
Mr John Ramsay – Chair	Member of the national licensing Expert Working Group
Mr John Ingram	Australian Council of Trade Unions
Mr Peter Tighe	Australian Council of Trade Unions
Mr Brian Kerwood	Australian Industry Group
Mr Rado Starec	Consumers' Federation of Australia
Mr Don Saunders	EnergySafety Division Department of Commerce, Western Australia
Mr Rod Cruice	Electrical Safety Office Department of Justice & Attorney General, Queensland
Mr Adam Beel	Energy Networks Association
Mr Neil Fraser	Energy SafeVictoria, Victoria
Mr Malcolm Richards	Master Electricians Australia
Mr James Tinslay	National Electrical and Communications Association
Mr Robert Faunt	Office of Technical Regulator, South Australia
Mr Bob Taylor	Electro Comms and Energy Utilities Industry Skills Council (EE-Oz)

Table D.2: Membership of the Electrical Occupations Regulator Working Group

Name	Department/agency
Mr John Ramsay	Member of the national licensing Expert Working Group
Ms Regina Haertsch	National Reforms, NSW Fair Trading Department of Finance and Services
Ms Kelly Stalker	Energy Safe Victoria
Mr Rod Cruice	Electrical Safety Office Department of Justice & Attorney General, Queensland
Mr Don Saunders Alternate: Mr Saj Khan	EnergySafety Division Department of Commerce, Western Australia
Mr Robert Faunt	Office of the Technical Regulator, South Australia
Mr Phillip Gaertner	Consumer and Business Services Division of the Attorney-General's Department, South Australia
Mr Craig Simmons	Environment and Sustainable Development Directorate, Australian Capital Territory
Mr Robert Steedman	Department of Justice Workplace Standards Tasmania
Ms Nicky D'Antoine	Department of Lands and Planning, Northern Territory
Mr John Sickels (observer)	Department of Building and Housing, New Zealand

Table D.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 D.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 E – Overview of existing requirements and licence categories

Regulatory framework

The occupational licensing of electrical workers is undertaken by a variety of agencies across the states and territories. In New South Wales, South Australia, Tasmania and the Australian Capital Territory, the licensing of electrical workers rests with generic regulators, who have responsibility for licensing a number of different occupations. In Victoria, Queensland, Western Australia and the Northern Territory, occupational licensing is undertaken by separate boards or regulators focused on energy safety.

Table E1 shows the agency responsible for the licensing of electrical occupations in each state and territory.

Table E.1: State and territory regulators of electrical occupations

Jurisdiction	Regulator
NSW	NSW Fair Trading (Department of Finance and Services)
VIC	Energy Safe Victoria
QLD	Electrical Safety Office (Department of Justice & Attorney-General)
WA	EnergySafety Division (Department of Commerce)
SA	Consumer and Business Services Division of the Attorney-General's Department
TAS	Workplace Standards (Department of Justice)
ACT	Environment and Sustainable Development Directorate
NT	Department of Lands and Planning

Overview of current licensing and eligibility requirements

In broad terms, there are three different types of electrical licences currently issued by the states and territories:

- Electrical workers' licences are occupational licences issued to people with the necessary qualifications or skills to undertake the prescribed electrical work.
- Electrical contractors' licences are issued to licensed individuals, partnerships or corporations who wish to enter into trade contracts for electrical services with the public, other businesses, the government or any other entity. The applicant(s) must meet personal and financial probity requirements and, in the case of corporations or partnerships, there must be a licensed technical nominee.
- Disconnect and reconnect restricted licences are issued to non-electricians, primarily to enable the disconnection and reconnection of equipment attached to fixed electrical wiring and, in some cases, to undertake limited fault finding on this equipment where they have undergone sufficient electrical and safety training to undertake these functions safely.

Apprentices, trainees and supervised employees are required to be registered in some jurisdictions. Licence terms range from one year to five years across jurisdictions. Current licensing of electrical work may be characterised as covering six main areas, which are considered below:

Electrician

Electricians are currently licensed in all jurisdictions, and there is a consistent approach to the licensing of electricians to do work associated with electrical installation mainly relating to wiring work. The consistent approach is the result of cooperative work undertaken by the National Uniform Electrical Licensing Advisory Council. This work has culminated in all jurisdictions agreeing to a uniform set of qualification requirements for licensed electricians based on 66 essential capabilities and a capstone assessment. The adoption of a single title, 'electrician', has been adopted in some jurisdictions to replace the previous titles 'electrical mechanic' and 'electrical mechanic/fitter'. Table E.2 lists the current titles used in each state and territories for an electrician.

Electrical contractors

Electrical contractors are regulated in all jurisdictions but different approaches are taken to how this is done. For example; New South Wales and the Australian Capital Territory do not require any business training for licensing purposes, whereas other jurisdictions require between one and four units of competency. In South Australia, a body corporate contractor is not required to identify a technical nominee.

Electrical fitters

Electrical fitters are licensed in Victoria, Queensland, Western Australia and the Northern Territory. South Australia regulates this scope of work under a general electrician's licence (other than registrations granted under the mutual recognition principles). New South Wales and Tasmania regulate through a restricted licence or under an electricity safety management scheme. The Australian Capital Territory does not issue a licence and any work outside the boundary of the electricity utility and within the scope of electrical work must be undertaken by an unrestricted electrician. Table E.3 shows the current licensing arrangements for electrical fitters.

Lineworkers and cable jointers

Lineworkers and cable jointers are not licensed in all jurisdictions. The approach taken to the licensing of electrical network personnel (lineworkers and cable jointers) varies across jurisdictions. Queensland, Tasmania and the Northern Territory have clearly identifiable licences for lineworkers and cable jointers, while South Australia regulates this scope of work under a general electrician's licence, as well as separate categories. New South Wales and Western Australia operate an accreditation scheme whereby workers employed by a network operator are required to fulfil an employer's qualification requirements, and are not licensed. Victoria has a non-mandatory system of registration for lineworkers. In the Australian Capital Territory, all electrical work outside the boundary of the licensed electricity utility must be undertaken by a licensed electrician. Table E.4 and Table E.5 show the current licensing arrangements for lineworkers and cable jointers respectively.

Disconnect and reconnect restricted licences

While all jurisdictions have REL categories for the disconnection and reconnection of fixed equipment, the subcategories used vary between jurisdictions. See Table E.6 for a full list of the subcategories.

Current licence categories

Electrician

Electricians are currently licensed in all jurisdictions; however, the title of the licence varies, as shown in Table E.2.

Table E.2 Current licence titles by jurisdiction – electricians

Jurisdiction	Licence title
New South Wales	Qualified Supervisor Certificate – Electrical
Victoria	Electrician’s Licence
Queensland	Electrical Mechanic Licence OR Electrical Fitter Mechanic Licence
Western Australia	Electrician’s Licence
South Australia	Electrical Workers Registration – Any Electrical Work
Tasmania	Electrical Technicians/ Electrician’s Licence
Australian Capital Territory	Unrestricted Electrician Licence
Northern Territory	Electrical Workers Licence – Endorsed Electrical Mechanics OR Electrical Workers Licence – Endorsed Electrical Mechanics and Fitter

Electrical fitter

Table E.3: Current licensing arrangements by jurisdiction for electrical fitters

	NSW ^c	VIC ^a	QLD ^a	WA ^a	SA ^b	TAS ^e	ACT ^d	NT ^a
Electrical Fitter	N	Y	Y	Y	Y	N	N	Y

- a Victoria (switch gear only⁸⁴), Queensland, Western Australia and the Northern Territory license as a separate category;
- b South Australia regulates this scope of work under a general electrician’s licence (other than registrations granted under the mutual recognition principles). Those that wish to perform electrical fitting work are required to complete the qualification to be granted a full electrician’s licence that allows them to do electrical fitting work.
- c New South Wales issues a REL for disconnect and reconnect work.
- d The Australian Capital Territory does not issue a licence and any work outside the boundary of the electricity utility and within the scope of electrical work must be undertaken by an unrestricted electrician.
- e Tasmania does not issue an electrical fitters licence; fitters operate under an Electrical Safety Management Scheme and/or are issued a REL.

⁸⁴ Switch gear reference page 2 Victorian Regulation Impact Statement 2009

Electrical lineworkers

Table E.4: Current licensing arrangements by jurisdiction – lineworkers

	NSW ^c	VIC ^d	QLD ^a	WA ^c	SA ^b	TAS ^a	ACT ^e	NT ^a
Electrical transmission lineworker	N	N	Y	N	Y	Y	N	Y
Electrical distribution lineworker	N	N	Y	N	Y	Y	N	y
Electrical rail traction lineworker	N	N	Y	N	y	N	N	N

- a Queensland, Tasmania and Northern Territory have clearly identifiable licences for lineworkers;
- b South Australia regulates this scope of work under a general electrician’s licence, as well as a separate category.
- c New South Wales and Western Australia operate accreditation schemes whereby workers employed by a network operator are required to fulfil employer qualification requirements, and are not licensed.
- d Victoria has a non-mandatory system of registration for lineworkers based on an industry/government agreement. These workers are not authorised to do electrical work outside the distribution network.
- e In the Australian Capital Territory all linework outside the boundary of the electricity utility must be undertaken by a licensed electrician.

Electrical cable jointers

Table E.5: Current licensing arrangements by jurisdiction – cable jointer

	NSW ^c	VIC ^d	QLD ^a	WA ^c	SA ^b	TAS ^a	ACT ^e	NT ^a
Electrical cable jointer	N	N	Y	N	Y	Y	N	Y

- a As with lineworkers, Queensland, Tasmania and Northern Territory have clearly identifiable licences for cable jointers.
- b South Australia regulates this scope of work under a general electrician’s licence, as well as separate categories.
- c New South Wales and Western Australia operate accreditation schemes whereby workers employed by a network operator are required to fulfil qualification requirements.
- d Victoria does not currently require licensing of people undertaking this work.
- e In the Australian Capital Territory, all cable jointing work outside the boundary of the electricity utility must be undertaken by a licensed electrician.

Current restricted electrical licences subcategories

Table E.6: Current restricted electrical licences – jurisdiction-specific subcategories

Jurisdiction	List of subcategories	
New South Wales	Appliances Motors Electric hot water heaters Refrigeration and air conditioning equipment: Air conditioning work – associated electrical work endorsement Refrigeration work – associated electrical work endorsement	
Victoria	Air conditioning & refrigeration Instrumentation Electronics Water heaters Electrical appliances Pre-assembled neon signs	Composite equipment Control devices Gas appliances Motors Hazardous area equipment
Queensland	Refrigeration and air conditioning Instrumentation/ process control Electrotechnology systems assembly and servicing Non-qualified assembly and servicing Plumbing/gas: Trade qualified plumber Plumbing/gas: Gas work	Electric motors. Trade-qualified Electric motors. Non trade-qualified Electronics Composite equipment High-voltage electric propulsion
Western Australia	Domestic appliances (includes stoves) Disconnect & reconnect Disconnect & reconnect plus appliances Plumbing worker	Plumbing & gasfitting worker Refrigeration & air conditioning mechanic Instrument process control technician
South Australia	Refrigeration and air conditioning Instrumentation and process control Disconnect/reconnect electric hot water heaters Disconnect/reconnect industrial equipment	Disconnect/ reconnect – commercial equipment Communications and computing equipment Disconnect/reconnect electronics equipment
Tasmania	Refrigeration and air conditioning Provisional refrigeration and air conditioning Instrumentation Electronics Water heaters Pre-assembled neon signs	Composite equipment Control devices Gas appliances Motors Explosion protection equipment
Australian Capital Territory	Electrotechnology systems and servicing electrical fitting licence Electrotechnology systems mechanical fitting licence Electrotechnology systems plumbing and gasfitting licence Electro-technology systems refrigeration and air conditioning licence Electro-technology systems type B gas appliances licence	
Northern Territory	Refrigeration and air-conditioning equipment Instrumentation and control equipment Specialised commercial/industrial equipment Pre-assembled neon signs Water plumbing Gas equipment	Self-propelled high-voltage earth-moving equipment Domestic appliances and equipment Disconnection and reconnection (basic) Plug and cord connected equipment Explosion protection equipment

Attachment F – Risks associated with electrical work

The principal risk arising from electrical work is that failure in specified work processes, such as faulty installation or maintenance, has the potential to cause injury or death to workers, consumers and the public, as well as property damage. The current regulation of the electricity industry in Australia has evolved as a way of protecting the health and safety of consumers, workers and the general public. Electricity has become an essential and familiar part of modern life. However, it is inherently hazardous and working with this invisible and lethal energy source brings risk of injury and death associated with electric shock.⁸⁵ This is the fundamental risk associated with the electrical occupational area.

The risks associated with undertaking electrical work have been addressed by government intervention in a number of forms, including occupational licensing, occupational health and safety regulation, and standards and codes for undertaking work. For example, licensing ensures that those working with electricity have sufficient skills and knowledge to work safely in respect of themselves, other workers, consumers and the general public. Another example is where governments set the standards for the products that may be installed.

The potential electrical hazards that give rise to this risk include:

- defective or incorrect wiring
- touching metal (or other) objects that had become energised through contact with live electrical circuits/parts
- working live unnecessarily or without taking safety precautions.

Other areas of risk identified during the development of the licensing policy framework that support the need for regulation are as follows:

- the risk of faulty or inappropriate installations and design that result in property damage or personal injury to the public, workers and consumers
- the risk of bad workmanship that poses a danger to the public, other workers and consumers
- risks of contractors not adhering to and enforcing safety standards
- risks associated with transmission and distribution that may arise from the different regulatory schemes in the various jurisdictions
- risks arising from working around high-voltage work or in hazardous areas e.g. working around explosive atmospheres, wheat silos, mines, and so on
- risks to consumers arising from their inability to distinguish what is safe.

Exposure to electricity can result in a range of injuries such as:

injuries of the cardiovascular system (for example, rhythm disturbances), cutaneous (skin) injuries and burns, nervous system disruption, respiratory arrest, as well as head injuries, fractures and dislocations (caused by being 'thrown' or 'knocked down' due to the severe muscle contractions induced by the current).⁸⁶

⁸⁵ The exception to this is extra low voltage d.c. systems, where the risks to health and safety are significantly reduced. This paper deals with the risks arising from normal a.c. distribution and transmission of electricity throughout Australia.

⁸⁶ Harrison J & Pointer S 2007, *Electrical injury and death*, Flinders University, South Australia, p 7.

Research indicates that the majority of electrical injuries in adults tend to occur within a work environment. The findings of a study undertaken in 2007 indicate that:

adults, 25–64 years, were more likely to be injured in the work environment (29%) with 5% injured in a trade and service area and 24% in an industrial and construction area. Gender differences were also evident with females (50%) more likely to be injured in the home than males (19%), and males (28%) more likely to be injured in industrial and construction locations than females (9%).⁸⁷

The findings of the Pointer & Harrison study are supported by data on electrical fatalities in Australia and New Zealand collected by the Electrical Regulatory Authorities Council (ERAC). Accident statistics produced by ERAC indicate that between 1993 and 2008 the number of electrical deaths has fluctuated, with the seven deaths recorded in Australia for 2007–08 being the lowest on record.⁸⁸ According to ERAC statistics in recent times, less than half of these deaths are related to consumer installations or equipment. Further, ERAC has observed that:

[for the 2007–08 financial year] Of the people who were electrocuted, 67% were either non-electrical workers or general public. Of the people who were electrocuted, 75% were workplace accidents.⁸⁹

Table F.1 illustrates ERAC statistics on the number of electrical fatalities in Australia. Table F.2 illustrates the number of electrical fatalities that directly relate to consumer installations or equipment (Table F.2 also includes the fatalities involving electricity supply networks).

Table F.1: Number of fatal electrical accidents in Australia, 1993–2008

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
1993	16	5	12	6	3	3	3	1	49
1994	23	6	11	4	1	1	1	2	49
1995	13	8	7	8	2	2	0	1	41
1995–96	13	10	9	6	2	4	0	0	44
1996–97	9	8	20	5	2	0	0	2	46
1997–98	17	4	11	3	2	1	0	0	38
1998–99	9	7	11	5	3	0	0	2	37
1999–2000	11	8	10	6	0	0	0	0	35
2000–01	9	5	10	4	7	0	0	2	37
2001–02	3	1	3	2	2	3	1	1	16
2002–03	13	0	1	7	1	4	1	0	27
2003–04	10	1	2	3	1	0	0	1	18
2004–05	11	1	8	4	1	1	0	2	28
2005–06	6	6	3	3	0	0	0	3	21
2006–07	3	2	6	5	1	2	0	1	20
2007–08	0	1	5	1	0	0	0	0	7

⁸⁷ Ibid., p. 7.

⁸⁸ Electrical Regulatory Authorities Council, *Electrical incident data Australia and New Zealand 2007–08*, p 2.

⁸⁹ Ibid.

Table F.2: Number of fatal electrical accidents relating to consumer installations or equipment, 2005–06 to 2007–08

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
2005–06	2	1	3	0	0	0	0	1	7
2006–07	3	2	2	1	0	0	0	0	8
2007–08	0	0	3	0	0	0	0	0	3

The Electrical Regulatory Authorities Council indicates that:

[the statistics from 2001–02 to 2007–08]show that most electrical deaths associated with electricity networks are as a result of working on or near energised overhead conductors: 93.4% of electrical deaths associated with electricity supply networks involved overhead conductors (out of 65 deaths involving the electricity supply networks over the last 7 year period, 61 were due to contact with energised overhead conductors).⁹⁰

The seriousness and prevalence of the problem in the absence of the current regulatory frameworks imposed by jurisdictions is difficult to quantify, primarily due to the high level of efficacy of those frameworks. In this respect, the Pointer & Harrison study concluded that:

the relatively small number of cases of serious injury due to contact with electricity, despite its lethal potential and the nearly ubiquitous provision of mains supply to Australian homes and workplaces, provides a basis for thinking that current preventative measures are largely successful.⁹¹

Nevertheless, the cost of injuries and deaths caused by electricity are significant. The Victorian Regulatory Impact Statement for the Electricity Safety (Installations) (Amendment) Regulations 2000 indicates that:

Whilst it is difficult to quantify the additional cost brought about by total deregulation, a 20% increase in fatalities and electrical incidents in this environment would carry a cost of \$0.36 million (20% x \$1.8 million) and \$1.04 (20% x \$5.2 Million) to the community.⁹²

The importance of regulatory controls in addressing the health and safety risks associated with electrical work was highlighted by the then Office of the Chief Electrical Inspector (OCEI):

The safe delivery and use of electricity to the community is of paramount importance to the OCEI. The requirement to maximise safety outcomes encompasses the total electricity industry.

To achieve this outcome requires a combination of detailed technical standards and the use of suitably qualified people to minimise community risk while maintaining safety outcomes in relation to the performance of electrical installation work. The requirement for licensed electrical workers and registered electrical contractors within the industry performing such work to be suitably qualified by way of stringent licensing and registration processes is essential.

The nature of electricity demands this level of control given that the community cannot be expected to have the skill sets required to understand the technical complexities of the product and the occupational hazards which may be faced in this environment.⁹³

90 Ibid., p. 3.

91 Harrison J & Pointer S 2007, *Electrical injury and death*, Flinders University, South Australia, p 7.

92 Office of the Chief Electrical Inspector 2000, *Regulatory Impact Statement for the Electricity Safety (Installations), (Amendment) Regulations 2000*, Energy Safe Victoria, Victoria.

93 Ibid.

Attachment G – Proposed electrical qualification requirements

Tables G1 – G6 list the qualifications, and where relevant the associated mandatory units of competency, being proposed for the licensing eligibility requirement for the proposed licence categories under national licensing.

Table G.1: Proposed qualification requirements for electricians

Licence category	Training package	Qualification
Electrician	UEE11 Electrotechnology Training Package	UEE30811 Certificate III in Electrotechnology Electrician

Table G.2: Proposed qualification requirements for electrical fitters

Licence category	Training package	Qualification
Electrical fitter	UEE11 Electrotechnology Training Package	UEE30611 Certificate III in Electrical Machine Repair <i>or</i>
	UEE11 Electrotechnology Training Package	UEE30711 Certificate III in Switchgear and Control Gear <i>or</i>
	UEE11 Electrotechnology Training Package	UEE33011 Certificate III in Electrical Fitting <i>or</i>
	MEM05 Metal and Engineering Training Package	MEM30405 Certificate III in Engineering – Electrical/Electronic Trade that includes the following elective units of competency along with completion of the core units: Group A – Electrical/Electronic Trade stream units MEM05001B Perform manual soldering/desoldering – electrical/electronic components MEM05002B Perform high reliability soldering and desoldering MEM05003B Perform soft soldering MEM05006B Perform brazing and/or silver soldering MEM09002B Interpret technical drawing MEM10002B Terminate and connect electrical wiring MEM12002B Perform electrical/electronic measurement MEM12004B Perform precision electrical/electronic measurement MEM18001C Use hand tools MEM18002B Use power tools/hand held operations MEM18045B Fault find/repair electrical equipment/components up to 250 volts single phase supply MEM18046B Fault find/repair electrical equipment/components up to 1000 volts a.c./1500 volts d.c. MEM18055B Dismantle, replace and assemble engineering components MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c. MEM18050C Disconnect/reconnect fixed wired equipment over 1000 volts a.c./1500 volts d.c.

		Group B – Trade Specialisation units MEM05004C Perform routine oxy acetylene welding MEM05005B Carry out mechanical cutting MEM05007C Perform manual heating and thermal cutting MEM05012C Perform routine manual metal arc welding MEM07005C Perform general machining
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Table G.3: Proposed qualification requirements for electrical lineworkers

Licence category	Training package	Qualification
Electrical lineworker	UET09 Transmission, Distribution and Rail Sector Training Package	UET30512 Certificate III in ESI – Power Systems – Transmission Overhead <i>or</i>
		UET30612 Certificate III in ESI – Power Systems – Distribution Overhead <i>or</i>
		UET30712 Certificate III in ESI – Rail Traction

Table G.4: Proposed qualification requirements for electrical lineworkers

Licence category	Training package	Qualification
Electrical cable joiner	UET09 Transmission, Distribution and Rail Sector Training Package	UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing

Proposed skill qualifications and non-skill requirements for restricted electrical licences

It is proposed that an applicant for a restricted electrical licence (REL) must provide the following:

- completion of a skill set that addresses the safety issues surrounding the work as shown in Table G.5
- evidence of the need for a REL to undertake the disconnection and reconnection of fixed electrical equipment
- verification of a trade or calling.

Table G.5: proposed skill set requirements for restricted electrical licences

Category	Proposed skill set
Restricted electrical licence with fault finding	UEE11 Electrotechnology Training Package UEENEEP010A Disconnect/reconnect appliances connected to low voltage installation wiring; and UEENEEP016A Locate and rectify faults in low voltage appliances using set procedures OR MEM05 Metal and Engineering Training Package MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c.; and MEM18046B Fault find/repair electrical equipment/components up to 1000 volts a.c./1500 volts d.c.
Restricted electrical licence without fault finding	UEE11 Electrotechnology Training Package UEENEEP010A Disconnect/reconnect appliances connected to low voltage installation wiring OR MEM05 Metal and Engineering Training Package MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c.

Evidence of a need

Confirmation of the need to perform the work would be a written statement from the applicant’s current or prospective employer or if the applicant is self-employed a statutory declaration outlining the disconnect and reconnect work to be performed and the reasons why the disconnect and reconnect work is pertinent to their principle work.

Verification of a trade or calling will include:

- A Certificate III level qualification in a trade or higher education qualification that directly relates to the work to be performed; or
- Verified or certified copies of a Australian Recognised Trades Certificate issued by Trades Recognition Australia identifying the trade or calling relevant to the endorsement category(s) for which the applicant is applying; or
- Verified or certified copies of a trade certificate issued by a state or territory registration or accreditation authority identifying the trade or calling relevant to the endorsement category for which the applicant is applying. Examples of a trade certificate are:
 - Certificate of Proficiency (NSW)
 - Certificate of Completion (Queensland)
 - A current plumbing or gasfitting licence; or
 - Satisfactory evidence that the applicant has completed a program of specialist product training which directly relates to the application for the authority to disconnect and reconnect electrical wiring work.

Proposed qualifications for provisional electrical licences

Table G.6: Proposed qualifications for the provisional licences

Licence category	Proposed qualification
Provisional electrician’s licence	<ul style="list-style-type: none"> • An offshore technical skills record, issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), for UEE30811 Certificate III in Electrotechnology Electrician; • UEE30611 Certificate III in Electrical Machine Repair, including UEENEEA113A Mount and wire control panel equipment; OR • UEE30711 Certificate III in Switchgear and Control Gear; OR • MEM30405 Certificate III in Engineering—Electrical/Electronic Trade; OR • holding a licence as an electrical fitter
Provisional electrical lineworker	An offshore technical skills record, issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), for UET30612 Certificate III in ESI – Power Systems – Distribution Overhead; OR
	An offshore technical skills record , issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), for UET30512 Certificate III in ESI – Power Systems – Transmission Overhead; OR
	An offshore technical skills record , issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), UET30712 Certificate III in ESI – Power Systems – Rail Traction
Provisional cable jointer	An offshore technical skills record, issued by a registered training organisation approved under the Migration Regulations 1994 (Commonwealth), for UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing

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