



Decision Regulation Impact Statement

Proposal for national licensing of the electrical occupations



The Council of Australian Governments' National Licensing Steering Committee has prepared this Decision Regulation Impact Statement, with assistance from PricewaterhouseCoopers. Its purpose is to inform a decision by the Standing Council for Federal Financial Relations on the approach to national licensing for the electrical occupations.

Copyright Notice

© Commonwealth of Australia 2013

PRINT ISBN 978-1-921916-04-5

PDF ISBN 978-1-921916-05-2

This work is licensed under a [Creative Commons Attribution 3.0 Australia licence](https://creativecommons.org/licenses/by/3.0/au/).



The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3 AU licence.

This is the second 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 Decision RIS is to present 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. This Decision RIS incorporates jurisdictional and stakeholder views on reform paths following a consultation process. Consultants were commissioned by the COAG National Licensing Taskforce to prepare the Decision 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.

Table of contents

| | |
|---|-------------|
| About this Decision Regulation Impact Statement | viii |
| Summary of options canvassed in this Decision Regulation Impact Statement | ix |
| National licensing | ix |
| Automatic mutual recognition | ix |
| Executive summary | x |
| Purpose of the Decision Regulation Impact Statement | x |
| The problem | x |
| Mutual Recognition | x |
| Government objectives for reform | xii |
| Electrical occupations are important to the economy | xii |
| Options considered | xiv |
| Option 1 – National licensing | xiv |
| Option 2 – Automatic mutual recognition | xiv |
| Option 3 – Status quo | xiv |
| National licensing – preferred option | xiv |
| Overview of the three options | xv |
| National licensing option | xv |
| Overview of alternative options to national licensing | xxxii |
| Automatic Mutual Recognition | xxxii |
| Status quo | xxxiii |
| 1 General policy context | 1 |
| 1.1 The Occupational Licensing National Law Act 2010 | 2 |
| 2 Options for reform | 3 |
| 2.1 Options considered | 3 |
| Option 1: National licensing | 3 |
| Option 2: Automatic mutual recognition | 3 |
| Option 3: Status quo | 3 |
| 2.2 Preferred option - requirements | 3 |
| 2.3 Option 1 – National licensing | 4 |
| 2.3.1 Conduct requirements | 5 |
| 2.4 Option 2 – Automatic mutual recognition | 5 |
| 2.5 Option 3 – Status quo | 8 |
| 3 Overview of the preferred option | 9 |
| 3.1 Proposed licence categories and regulated work | 9 |
| | iii |

| | | |
|----------|---|-----------|
| 3.1.1 | Electrician | 11 |
| 3.1.2 | Electrical fitter | 12 |
| 3.1.3 | Electrical line worker | 13 |
| 3.1.4 | Electrical cable jointer | 14 |
| 3.1.5 | Electrical contractor | 14 |
| 3.1.6 | Restricted electrical licences | 14 |
| 3.1.7 | Provisional licences | 16 |
| 3.2 | Nominees | 16 |
| 3.3 | Exemptions | 16 |
| 3.4 | Non-skills-based eligibility requirements | 17 |
| 3.4.1 | Relevant person | 17 |
| 3.4.2 | Personal probity eligibility requirements | 18 |
| 3.4.3 | Financial probity requirements | 20 |
| 3.5 | Qualification-based eligibility requirements | 21 |
| 3.5.1 | Proposed entry level qualifications for the electrical licences | 22 |
| 3.5.2 | Proposed qualifications and non-skill requirements for restricted electrical licences | 22 |
| 3.5.3 | Proposed qualifications for provisional licences | 24 |
| 3.6 | Experience | 24 |
| 3.7 | Age requirement | 24 |
| 3.8 | Skills maintenance (continuing professional development) | 24 |
| 3.9 | Licence periods | 25 |
| 3.10 | Licence fees | 25 |
| | Rationale for the proposed licensing elements | 26 |
| 3.11 | National licence categories | 26 |
| 3.11.1 | Endorsements | 38 |
| 3.11.2 | Exemptions | 38 |
| 3.11.3 | Nominees | 40 |
| 3.11.4 | Non-skills-based eligibility requirements | 42 |
| 3.11.5 | Qualification requirements | 45 |
| 3.11.6 | Experience | 46 |
| 3.11.7 | Cardiopulmonary Resuscitation (CPR) | 47 |
| 3.11.8 | Additional testing | 48 |
| 3.11.9 | Age requirement | 51 |
| 3.11.10 | Licence periods | 51 |
| 3.11.11 | Transitional arrangements | 52 |
| 4 | Impact analysis | 55 |
| 4.1 | Transition and implementation costs of a national licensing system | 55 |
| 4.1.1 | Cost to electrical licensees | 55 |

| | | |
|----------|---|-----------|
| 4.1.2 | Cost to business and households | 56 |
| 4.1.3 | Costs to government | 57 |
| 4.2 | Direct costs and benefits of national licensing | 60 |
| 4.2.1 | Labour mobility | 60 |
| 4.2.2 | Removal of multiple licences held across jurisdictions | 63 |
| 4.2.3 | Flexible licence periods | 64 |
| 4.2.4 | Reducing the costs of regulatory requirements | 66 |
| 4.2.5 | Costs imposed by new requirements | 71 |
| 4.2.6 | Business value-add | 72 |
| 4.2.7 | National Occupational Licensing Authority – ongoing operational costs | 73 |
| 4.2.8 | Potential changes in government revenue | 73 |
| 4.2.9 | Potential benefits to governments from simplified administrative arrangements | 74 |
| 4.2.10 | Other impacts that have not been quantified | 76 |
| 4.3 | Impact on consumer outcomes | 78 |
| 4.3.1 | Potential safety impacts | 78 |
| 4.3.2 | Consumer protection impacts | 78 |
| 4.4 | Comparing the impacts of national licensing on licensees | 79 |
| 4.5 | Wider economic impacts on the Australian economy | 80 |
| 4.5.1 | The shock to the model | 80 |
| 4.5.2 | Key results | 81 |
| 4.6 | Sensitivity testing of key assumptions | 84 |
| 4.6.1 | Labour mobility assumptions | 84 |
| 4.6.2 | Alternative licence periods | 84 |
| 4.6.3 | Net present value assumptions | 85 |
| 4.6.4 | Cost and benefits of the automatic mutual recognition option | 86 |
| | Automatic mutual recognition – unharmonised approach | 86 |
| 4.7 | Summary of the costs and benefits of national licensing by jurisdiction | 89 |
| | New South Wales | 90 |
| | Victoria | 91 |
| | Queensland | 92 |
| | Western Australia | 93 |
| | South Australia | 94 |
| | Tasmania | 95 |
| | Australian Capital Territory | 96 |
| | Northern Territory | 97 |
| 5 | Consultation | 98 |
| 5.1 | Public information sessions | 98 |
| 5.2 | National Occupational Licensing Authority | 102 |

| | | |
|----------|--|------------|
| 5.3 | Submissions summary | 102 |
| 5.4 | Overview of selected stakeholder positions | 103 |
| 5.5 | Other issues | 104 |
| 5.5.1 | Conduct requirements | 104 |
| 6 | Conclusion and recommendation | 105 |
| 6.1 | Recommended option | 105 |
| 6.2 | Overview of the preferred national licensing model for the electrical occupations. | 106 |
| 6.2.1 | Licence categories for the electrical occupations | 106 |
| 6.2.2 | Regulated work, exclusions from the meaning of regulated work and associated definitions | 107 |
| 6.2.3 | Nominees | 113 |
| 6.2.4 | Exemptions | 113 |
| 6.2.5 | Non-skills-based eligibility requirements | 114 |
| 6.2.6 | Qualification eligibility requirements | 118 |
| 6.2.7 | Experience | 121 |
| 6.2.8 | Skills maintenance (continuing professional development) | 122 |
| 6.2.9 | Age requirement | 122 |
| 6.2.10 | Licence periods | 122 |
| 6.2.11 | Licence fees | 123 |
| 7 | Implementation | 124 |
| 7.1 | Implementation of national licensing | 124 |
| 7.2 | Key steps in implementation | 125 |
| 7.2.1 | Notification of national licence(s) | 125 |
| 7.2.2 | Issuing of new national licence documentation | 125 |
| 7.3 | Communication strategy for national licensing | 126 |
| 7.4 | Review | 127 |
| | Attachment A – Key changes to existing arrangements | 128 |
| | Attachment B – Overview of the electrical industry sector | 140 |
| | Electrical services industry | 140 |
| | The electricity supply industry | 142 |
| | Distribution | 142 |
| | Transmission | 143 |
| | Electricity generation | 143 |
| | Attachment C – List of submissions | 144 |
| | Attachment D – Current licensing arrangements | 163 |
| | Regulatory framework | 163 |
| | Overview of current licensing and eligibility requirements | 163 |

| | |
|---|------------|
| Electricians | 164 |
| Electrical fitters | 164 |
| Lineworkers and cable jointers | 164 |
| Electrical contractors | 164 |
| Restricted electrical licences (RELS) | 164 |
| Provisional licences | 164 |
| Current licence categories | 165 |
| Electrician | 165 |
| Electrical fitter | 165 |
| Electrical lineworkers | 165 |
| Electrical cable jointers | 166 |
| Electrical contractor | 166 |
| Current restricted electrical licences subcategories | 166 |
| Provisional licences | 168 |
| Attachment E – Policy development process | 169 |
| Attachment F – Risks associated with electrical work | 173 |
| Attachment G – Proposed electrical qualifications | 177 |
| Proposed qualifications for electrical licences | 177 |
| Proposed qualifications for electrical fitter licences | 177 |
| Proposed qualifications for electrical line worker licences | 178 |
| Proposed qualifications for electrical cable jointer licences | 178 |
| Proposed skill qualifications and non-skill requirements for restricted electrical licences | 178 |
| Evidence of a need | 179 |
| Verification of a trade or calling | 179 |
| Proposed qualifications for provisional electrical licences | 180 |
| Attachment H – Method and Calculations | 181 |
| Approach to the impact analysis – method and calculations | 181 |
| Calculations used in the cost–benefit analysis | 181 |
| Method underlying the computable general equilibrium modelling | 195 |
| Inputs and assumptions underlying the analysis | 199 |
| Attachment I – References | 231 |

About this Decision Regulation Impact Statement

The purpose of this Decision Regulation Impact Statement (RIS) is to recommend a preferred option for policy to underpin the establishment of a national licensing scheme for the electrical occupations. This follows stakeholder comment on the Consultation RIS.

The Decision RIS identifies the nature of the problem to be solved, and explains the rationale for selecting the model proposed and the elements that comprise the model. It will also assess the costs and benefits of the proposed model.

This Decision RIS follows the guidelines of the Council of Australian Governments (COAG) in the *Best practice regulation guide*. It has been approved for release by the Office of Best Practice Regulation.

PricewaterhouseCoopers was engaged by the COAG National Licensing Steering Committee to assist with the preparation of both the Consultation and the Decision RIS.

Summary of options canvassed in this Decision Regulation Impact

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 (NOLA) and the public national licensing register and its supporting database. There are also ongoing costs to maintain NOLA 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 Decision RIS 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

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) | 13.27 | 13.79 | 16.39 | 7.85 | 7.00 | 1.31 | 0.72 | 1.36 | 61.69 |
| Community (licensees, business, households) | 13.67 | 14.24 | 16.81 | 8.73 | 7.23 | 1.41 | 0.85 | 1.38 | 64.32 |
| Government | (0.41) | (0.45) | (0.42) | (0.87) | (0.22) | (0.10) | (0.13) | (0.03) | (2.63) |
| One-off transition costs (\$m) | (6.45) | (6.57) | (6.95) | (4.77) | (2.64) | (1.37) | (1.01) | (1.32) | (31.08) |
| Community (licensees, business, households) | (5.23) | (4.96) | (5.42) | (3.40) | (1.73) | (0.55) | (0.41) | (0.70) | (22.41) |
| Government | (1.21) | (1.61) | (1.54) | (1.37) | (0.90) | (0.81) | (0.60) | (0.62) | (8.67) |
| Total 10-year NPV (\$m) | 80.58 | 83.93 | 100.64 | 46.93 | 43.33 | 7.31 | 3.82 | 7.68 | 374.22 |
| – excluding NOLA | 84.87 | 87.74 | 103.89 | 48.97 | 44.80 | 8.13 | 4.20 | 8.19 | 390.78 |
| Cost–benefit ratio of the total 10-year NPV | 8.33 | 9.92 | 11.58 | 5.57 | 11.64 | 4.83 | 3.20 | 6.49 | 8.59 |
| Payback period (years) | 0.49 | 0.48 | 0.42 | 0.61 | 0.38 | 1.04 | 1.40 | 0.97 | 0.50 |
| Rate of return (annualised percentage) | 206% | 210% | 236% | 165% | 266% | 96% | 72% | 103% | 199% |

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

Automatic mutual recognition was canvassed as an alternative to national licensing in the Consultation RIS. Only 8 per cent of submissions expressed support for this alternative. While automatic mutual recognition may deliver some of the benefits of national licensing over the short term, there are additional benefits of national licensing which are likely to be realised over the longer term. Notwithstanding the cost–benefit analysis, there would also appear to be overall long-term qualitative benefits with national licensing. Consequently, automatic mutual recognition is not recommended for the electrical occupations.

Executive summary

Purpose of the Decision Regulation Impact Statement

This Decision RIS examines the impact of replacing the current diverse state and territory licensing of the electrical occupational area with a national licensing system. It also examines an automatic mutual recognition option. It considers the impact that both options would have on industry, consumers and government, and is informed by stakeholder feedback on the options proposed in the Consultation RIS. The Decision RIS also acknowledges that the status quo would be the default option.

The Decision RIS builds on previous policy examinations and consultation findings that were supportive of a national licensing system and which were subsequently endorsed by COAG through the signing of the Intergovernmental Agreement for a National Licensing System for Specified Occupations (Intergovernmental Agreement), passage of the *Occupational Licensing National Law Act 2010* (National Law), establishment of NOLA and appointment of the board. National licensing is considered as the preferred option in the Decision RIS.

This 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 can be found in Chapter 3. Chapter 3 also contains the stakeholder views and the rationale for each element of the proposed model. Chapter 4 contains the impact analysis of national licensing and in some cases automatic mutual recognition, with quantification of impacts where possible. Implementation of the preferred national licensing option is discussed in Chapter 7. A summary of how the proposed arrangements compare to current jurisdictional licences is provided at Attachment A.

The problem

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 widely across jurisdictions. Electricians wishing to work across multiple jurisdictions are required to obtain the relevant licence or licences in each of those jurisdictions through a process of mutual recognition. 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 around the country. An overview of the sector and current regulatory requirements is provided at Attachment A. The various approaches have led to licences being issued in different jurisdictions for the same occupational area, often with different parameters, eligibility requirements and scopes of regulated work. Different licence classifications, training requirements, licence periods and licence structures commonly apply. These inconsistencies impose costs on those businesses that operate in more than one jurisdiction.

Mutual Recognition

The different approaches impose an increased regulatory burden on licensed workers despite the existence of mutual recognition arrangements since 1992. Under mutual recognition arrangements, a licensed person moving from one jurisdiction to another is entitled to a licence authorising the equivalent scope of work to that authorised by the issuing or home jurisdiction. However they must first apply for recognition of their existing licence and pay a fee. Once an application is lodged, they

are able to work to the scope of their existing licence(s), pending the decision of the 'second' jurisdiction regulator. Provided that the decision is to recognise that licence, they will be issued with the nearest equivalent licence, which may or may not have conditions imposed to achieve that equivalency. It is also sometimes necessary for the second jurisdiction to issue multiple licences to equal the scope of the first. If the licensed worker works across borders, they must renew multiple licences and pay the relevant fees. Mutual recognition does not apply to business licences unless they are held by a natural person (e.g. not a body corporate or similar). These arrangements have a negative impact on labour mobility.

Recent reforms to mutual recognition for the licensed electrical occupations, while beneficial in some respects, have not:

- removed the need for licence holders to apply for a new licence when they wish to work in a different state or territory.
- eliminated the cost to holders of multiple licences. These costs include licence fees and licence renewal, as well as costs associated with keeping up to date with various skills-based 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.
- harmonised licensing frameworks. Many existing licences are not readily comparable or transferable across jurisdictions and a number of endorsements or restrictions may be required to achieve equivalence across jurisdictions.
- 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. Furthermore, ministerial declarations of equivalency must be updated annually in order to remain current; therefore, maintaining those declarations incurs an administrative cost.

In addition to the burden of red tape on licensees from the very different approaches, governments must retain oversight of their own regulatory regime while maintaining an understanding of how other regimes work in order to recognise interstate licences. These multiple approaches could be perceived to be economically inefficient for a nation of just over 23 million people¹.

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 current approach, therefore, leads to:

- costs to electrical workers 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

¹ ABS Population Clock 7 April 2013

- 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.

Government objectives for reform

COAG has agreed to pursue wide-ranging regulatory reform to create a seamless national economy. This will enhance Australia's longer-term growth, through reducing costs incurred by business in complying with unnecessary and inconsistent regulation across jurisdictions and improve workforce participation. A key part of achieving this objective is to address the deficiencies in the current approach to licensing in Australia by developing a National Occupational Licensing System (national licensing) for certain occupational areas. Under this reform, national licences would be issued by NOLA through delegated agencies in the states and territories. This would allow licensees to operate in all Australian jurisdictions, without having to apply for another licence or pay an additional fee. This would increase labour mobility and improve the efficiency of regulation.

The national licensing system will involve certain occupational and associated business licensing in the following initial occupational areas and is to 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.

COAG has agreed that, under national licensing, the first wave of licences will be settled by 2013, with the second-wave occupations to follow. National licensing would have the capacity to extend to other licensed occupations over time and provide a platform on 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 for the national framework legislation (the 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 as a part of implementing national licensing arrangements. The Australian Capital Territory has reserved its right not to implement national licensing if the costs to the Territory outweigh the benefits.

A copy of the National Law can be found on the national licensing website at www.nola.gov.au.

The principles on which the work has been undertaken are based on COAG's Principles of Best Practice Regulation² and incorporated in the Intergovernmental Agreement. These state that licensing arrangements should be effective and proportional to that required for consumer protection, and worker and public health and safety, while ensuring economic efficiency and equity of access.

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

² Council of Australian Governments 2007, *Best practice regulation – A guide for ministerial councils and national standard setting bodies*.

industrial equipment; the installation of wiring and cabling; and the repair and maintenance of existing electrical equipment and fixtures.³

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.⁴ 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 72 per cent of licences are issued in New South Wales, Victoria and Queensland.

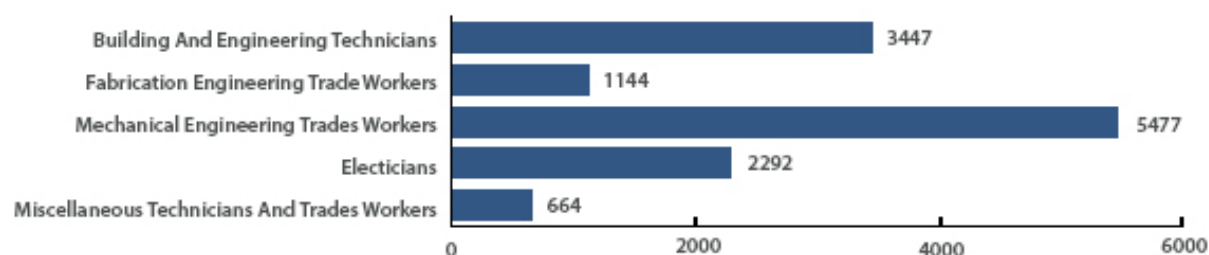
Table ES.1: Number of existing electrical licensees per jurisdiction and nationally, as at March 2012

| 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 | 233,496 |
| Percentage of national total | 27% | 22% | 23% | 13% | 8% | 2% | 1% | 2% | 100% |

Note: These figures do not reflect the total workforce of the electrical occupations for NSW, Vic, WA, Tas or the ACT, where some electrical occupations are not licensed (see Attachment D for an overview of current licensing arrangements).

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.⁵ 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

³ IBISWorld 2012, *Electrical services in Australia: Market research report*, Industry report E4232 2012, p. 5.

⁴ *ibid*

⁵ Skills Australia 2011, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

and other sectors' skills needs are to be met without adverse impacts on the rest of the economy.⁶ 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 at Attachment B.

Options considered

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

Option 1 – National licensing

Under this option:

- There would be a single policy approach to licence categories, scopes of regulated work and the eligibility requirements to obtain a 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.

Option 2 – Automatic mutual recognition

Under this option:

- Each jurisdiction would continue to issue licences against existing jurisdictional categories and associated scopes of work but with these licences being recognised by all states and territories without the licensee having to reapply for a licence or pay an additional fee. Recognition would be restricted to those licences where equivalency has been declared.
- Mutual recognition arrangements would be enhanced so that licensees would no longer have to apply for a licence in multiple jurisdictions. Licences would be recognised by every state and territory without the licensee having to reapply for a licence or pay an additional fee.
- There would be opportunity over time to move towards a 'harmonised set of categories' or for jurisdictions to deregulate areas identified as unnecessary.

Option 3 – Status quo

Under this option, there would be no changes to existing licensing and mutual recognition arrangements. This option has not been costed. The options above are costed relative to the status quo, not the cost of operating the reforms.

National licensing – preferred option

National licensing is the preferred option put forward in this Decision RIS. It represents the highest net benefit to the community, taking all impacts into account, when compared against the other options considered.

⁶ 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.

Overview of the three options

National licensing option

National licensing would achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and to understand the scope of the licences prospective employees may hold.

Under national licensing, licence requirements would be consistent in all jurisdictions and uniform licence categories would be issued. A national policy framework would apply overseen by NOLA, which would help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remained sustainable and that there was a forum in which to resolve jurisdictional differences. Table ES.1 below lists the key features of national licensing for the electrical occupations.

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 an agreed set of requirements operating throughout the country.

Table ES.1 below lists the key features of national licensing for the electrical occupations.

Box ES.1: 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 centralised licensing body, NOLA, 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 and body corporate)
 - skills-based and non-skills-based 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 NOLA under the National Law.
- 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 will 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 applicants will be able to choose between one year, three year and five year licence periods.
- 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 the principal place of residence for individual licence holders, and for bodies corporate it would be the principal place of business.
- Current requirements for annual mandatory continuing professional development would be removed in the jurisdictions where this applies.
- There would be no requirement for any retesting at licence renewal time. If the licence is not renewed within three months of its expiry a new licence application would be required and the current qualification requirements met.
- 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 (restricted electrical licences).
- There would be no skill or business qualification requirement for a contractor licence (contractors not holding a licence to undertake the technical work would need a nominee).
- 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.

Summary of the preferred model

Under national licensing, a set of nationally uniform licence categories for the electrical occupations has been developed. Tables ES.2 – ES.4 below give an summary of the preferred model and proposed licence categories, associated regulated work and the eligibility requirements. Chapter 3 contains the full description of the proposed licensing model for the electrical occupations, which includes the exclusions from the meaning of regulated work, qualification requirements and personal and financial probity requirements for all licence categories, and classes of persons exempt from licensing.

Table ES.2: Overview of the preferred model for the electrical occupations

| Category | Regulated work | Qualification level | Personal and financial probity |
|------------------------|--|---------------------|--|
| Electrician | <p>Electrical work means</p> <p>(a) assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation; or</p> <p>(b) verifying electrical installations.</p> | Certificate III | <p>Personal probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11⁷ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law. <p>Financial probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. . |
| Electrical fitter | <p>Electrical fitting work means assembling, manufacturing, modifying, repairing, replacing, testing or verifying electrical equipment.</p> | Certificate III | <p>Personal probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11⁸ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law. <p>Financial probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Electrical line worker | <p>Electrical linework means assembling, erecting, installing, stringing, inspecting, maintaining, altering, repairing or replacing an</p> | Certificate III | <p>Personal probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has, within the previous |

⁷ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, s9 Offence for person to carry out regulated work unless licensed or exempt; s10 Offence to engage person to carry out regulated work unless licensed or exempt; and s11 Offence to advertise or offer to carry out regulated work unless licensed or exempt.*

⁸ *ibid*

| Category | Regulated work | Qualification level | Personal and financial probity |
|-------------------------|---|---------------------|--|
| | electric line or associated equipment. | | <p>5 years, been convicted of an offence under section 9, 10 or 11⁹ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law.</p> <p>Financial probity</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Electrical cable joiner | <p>Electrical cable jointing work means installing, jointing, terminating, testing, servicing, maintaining, altering, repairing or replacing:</p> <p>(a) electrical cables or electrical conductors</p> <p>(b) apparatus or material that is, or is to be, connected to electrical cables or electrical conductors referred to in paragraph (a) including, for example, an air breaker, switch or transformer.</p> | Certificate III | <p>Personal probity</p> <p>NOLA must have regard to:</p> <p>whether the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11¹⁰ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law.</p> <p>Financial:</p> <p>NOLA must have regard to:</p> <p>whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law.</p> |
| Electrical contractor | <p>Electrical contract work means entering into contracts to carry out one or more of the following:</p> <p>(a) electrical work</p> <p>(b) electrical fitting work</p> <p>(c) electrical line work.</p> <p>(d) electrical cable jointing work</p> | N/A | <p>For an individual</p> <p>Personal Probity:</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> The person's relevant criminal history in relation to: <ul style="list-style-type: none"> offences relating to dishonesty offences relating to misleading or deceptive conduct offences relating to a person's obligations under a law relating to occupational health and safety; and the person's business conduct; and whether the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11¹¹ of this Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law. |

⁹ ibid

¹⁰ ibid

¹¹ ibid

| Category | Regulated work | Qualification level | Personal and financial probity |
|----------|----------------|---------------------|---|
| | | | <p>For a person that is a body corporate or a member of a partnership</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • the relevant criminal history of each relevant person for the body corporate or member in relation to: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person's obligations under a law relating to occupational health and safety; and • the business conduct of a relevant person for the body corporate or member; and • whether a relevant person for the body corporate or member has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11¹² of this Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of this Law. <p>Financial probity:</p> <p>For an individual and a body corporate</p> <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • whether the person is bankrupt, insolvent, or has compounded 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; or • whether the person is has within the last 5 years been a relevant person for 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; or • whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law <p>For a person that is a body corporate or a member of a partnership</p> |

¹² Ibid

| Category | Regulated work | Qualification level | Personal and financial probity |
|----------|----------------|---------------------|--|
| | | | <p>NOLA must have regard to</p> <ul style="list-style-type: none"> whether a relevant person for the body corporate or member is bankrupt, or insolvent, or has compounded with creditors, entered into a compromise or scheme of arrangement with creditors or otherwise applied to take benefit of any law for the relief of bankrupt or insolvent debtors; or whether a relevant person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |

Table ES.3: Overview of the proposed model for restricted electrical licences

| Licence category | Regulated work | Qualification level | Probity |
|--|---|-------------------------|--|
| Restricted electrical work with fault finding (refrigeration, air-conditioning) | Restricted electrical work for refrigeration and air-conditioning with fault finding | Two units of competency | <p>NOLA must have regard to the following personal and financial probity requirements which will apply to all restricted electrical licences:</p> <p>Personal probity</p> <ul style="list-style-type: none"> Whether the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11¹³ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law. <p>Financial probity</p> <ul style="list-style-type: none"> Whether the person fails to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Restricted electrical work with fault finding (electronic and communications) | Restricted electrical work for electronic and communications equipment with fault finding | | |
| Restricted electrical work with fault finding (instrumentation) | Restricted electrical work for instrumentation with fault finding | | |
| Restricted electrical work without fault finding (non-portable appliances) | Restricted electrical work for appliances (non-portable) without fault finding | One unit of competency | |
| Restricted electrical work without fault finding (industrial/commercial equipment) | Restricted electrical work for industrial or commercial equipment without fault finding | | |

¹³ Ibid

Table ES.4: Overview of the preferred model for provisional electrical licences

| Category | Regulated work | Qualification level | Probity |
|---|---|--|--|
| Provisional electrician's licence | Electrical work carried out under the supervision of a person who is the holder of an electrician's licence | Offshore Technical Skills Record (OTSR) or Electrical fitter's licence | <p>NOLA must have regard to the following personal and financial probity requirements which will apply to all provisional licences.</p> <p>Personal probity</p> <ul style="list-style-type: none"> Whether the person or a relevant person for the person has, within the previous 5 years, been convicted of an offence under section 9, 10 or 11¹⁴ of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10 or 11 of the National Law. <p>Financial probity</p> <ul style="list-style-type: none"> Whether the person fails to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Provisional electrical fitter's licence | Electrical fitting work carried out under the supervision of a person who is the holder of an electrical fitter's licence | OTSR to be developed | |
| Provisional electrical line worker | Electrical linework carried out under supervision of a person who is the holder of an electrical line worker's licence | OTSR | |
| Provisional electrical cable jointer | Electrical cable jointing work carried out under supervision of a person who is the holder of an electrical cable jointer's licence | OTSR | |

Costs and benefits of national licensing

The costs and benefits of national licensing shown in the tables below are assessed across the following 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 NOLA 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 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.

¹⁴ Ibid

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 consumer protection 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 assumptions – for example, the estimate of the benefit to the economy as a whole flowing from greater labour mobility.

In estimating the costs and benefits of national licensing, it is important that impacts are matched to the specific costs and benefits. For example, under all of the options for national licensing, NOLA 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 will flow from future reforms, the durability of reform, and the prospects for future reform, and not just those set out in this Decision RIS.

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 NOLA 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, in coming to an overall net present value for the proposal. 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 electrical licensees. Both national licensing and automatic mutual recognition recognise that there will be benefits associated with:

- an enhanced ability to promote labour flows to locations 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 licensing restrictions are removed.

Table ES.5 sets out the impacts associated with national licensing as well as an estimate of the potential flow-through benefits associated with increased labour mobility¹⁵ and returns to business from national licensing.¹⁶ 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 net present value is presented; however, the

¹⁵ The analysis prorates 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 further information on these assumptions and estimates see Attachment F.

¹⁶ 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 the business benefit is assumed to be equal to one-third of the impacts for licensees.

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

Table ES.5: Summary of the jurisdictional net impacts of national licensing for electrical occupations

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Ongoing net impact (\$m per annum) | 13.27 | 13.79 | 16.39 | 7.85 | 7.00 | 1.31 | 0.72 | 1.36 | 61.69 |
| Community (licensees, business, households) | 13.67 | 14.24 | 16.81 | 8.73 | 7.23 | 1.41 | 0.85 | 1.38 | 64.32 |
| Government ^a | (0.41) | (0.45) | (0.42) | (0.87) | (0.22) | (0.10) | (0.13) | (0.03) | (2.63) |
| One-off transition costs (\$m) | (6.45) | (6.57) | (6.95) | (4.77) | (2.64) | (1.37) | (1.01) | (1.32) | (31.08) |
| Community (licensees, business, households) | (5.23) | (4.96) | (5.42) | (3.40) | (1.73) | (0.55) | (0.41) | (0.70) | (22.41) |
| Government | (1.21) | (1.61) | (1.54) | (1.37) | (0.90) | (0.81) | (0.60) | (0.62) | (8.67) |
| Total 10-year NPV (\$m) | 80.58 | 83.93 | 100.64 | 46.93 | 43.33 | 7.31 | 3.82 | 7.68 | 374.22 |
| – excluding NOLA | 84.87 | 87.74 | 103.89 | 48.97 | 44.80 | 8.13 | 4.20 | 8.19 | 390.78 |
| Cost–benefit ratio of the total 10-year NPV | 8.33 | 9.92 | 11.58 | 5.57 | 11.64 | 4.83 | 3.20 | 6.49 | 8.59 |
| Payback period (years) | 0.49 | 0.48 | 0.42 | 0.61 | 0.38 | 1.04 | 1.40 | 0.97 | 0.50 |
| Rate of return (annualised percentage) | 206% | 210% | 236% | 165% | 266% | 96% | 72% | 103% | 199% |

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

^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.6 and ES.7 below provide a further breakdown of the aggregates above in order to clarify 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.6: Ongoing net impacts of national licensing, per year

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|--|--------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| Total ongoing | 13.27 | 13.79 | 16.39 | 7.85 | 7.00 | 1.31 | 0.72 | 1.36 | 61.69 |
| 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 |
| Maximum licence term of five years | 0.67 | - | 0.93 | 0.617 | 0.75 | 0.21 | 0.07 | 0.05 | 3.31 |
| 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 | - | - | - | 0.02 | 1.86 |
| Introducing nominees | - | - | - | - | (0.002) | - | - | - | (0.002) |
| Introducing proof of need for restricted electrical licences | - | - | - | - | (0.01) | - | - | - | (0.01) |
| Broader impacts | | | | | | | | | |
| Labour mobility ¹⁷ | 12.40 | 9.87 | 10.54 | 6.01 | 3.58 | 0.98 | 0.68 | 1.11 | 45.16 |
| Business value-add ¹⁸ | 0.08 | 0.66 | 1.02 | 0.39 | 0.65 | 0.03 | 0.01 | 0.02 | 2.85 |
| 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

^a For this Decision RIS, the impact in the Northern Territory has not been quantified due. See Chapter 4 for further information.

¹⁷ The benefit from improved labour mobility is difficult to quantify. To provide an indication of the potential benefit, this RIS draws on the work undertaken in this area by the Productivity Commission. While their analysis is not specific to the impacts of national licensing, it does provide one possible scenario to indicate the potential impacts from an increase in the mobility of labour. Given that the benefits from labour mobility under national licensing are expected to be positive, the Productivity Commission's work has been used as a proxy for the impact under national licensing to demonstrate the potential benefit that may result.

¹⁸ 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.

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

Table ES.7: One-off transition costs for national licensing

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Total transition | (6.45) | (6.57) | (6.95) | (4.77) | (2.64) | (1.37) | (1.01) | (1.32) | (31.08) |
| Direct impacts on licensees | | | | | | | | | |
| Time for licensees to understand reforms | (3.93) | (3.72) | (4.06) | (2.55) | (1.28) | (0.42) | (0.31) | (0.53) | (16.79) |
| Introducing nominees | – | – | – | – | (0.02) | – | – | – | (0.02) |
| 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) |
| Broader impacts | | | | | | | | | |
| Business value-add | (1.31) | (1.24) | (1.35) | (0.85) | (0.43) | (0.14) | (0.10) | (0.18) | (5.60) |

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.6 and ES.7 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.6 and ES.7 above 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. Notwithstanding the fact that Queensland currently permits holders of an ‘external licence’ to work in Queensland, 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.

Contractor licensees in Victoria, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory will benefit from the removal of any additional competency units requirement.

In relation to moving to a consistent approach where licensees have a choice of licence periods of one, three or five years, licensees in all jurisdictions would benefit.

There will be transitional costs for licensees, which relate to the extra time licensees will need to dedicate to understanding the proposed changes. These costs are proportional to the number of

licensees in any one jurisdiction. It should be noted that for many licence holders the introduction will have limited impact as existing licensees will be transitioned to the new arrangements on a no disadvantage basis. This is discussed in Chapter 7.

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. Businesses, individuals and consumers will benefit from national consistency in licence categories and scopes of work. Enhanced labour mobility will lead to better allocation of resources – in this case electrical licensees. Consumer safety has been central to the policy development process, and identified risks are appropriately managed with the preferred model. Consumers will benefit from the establishment of a national register of licence holders. The impact of improved labour mobility will be positive for all businesses but the scale will vary across small businesses, and single and multi-state businesses. How much this benefits licensees, business, consumers and the economy more broadly will depend on the extent to which the wages and the cost of electrical services are unnecessarily high (or low) in one jurisdiction due specifically to the limitations of mutual recognition and the current licensing systems in each state or territory.

There may be a range of factors that could lead to such a distortion, including a mining boom, the need for short-term construction after a natural disaster, population or demographic shifts and so on.

There is also an 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. Likewise, consumers will benefit from more efficient electrical services.

Impacts on government

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

First, the jurisdictions are contributing their proportional share for the establishment and ongoing costs of NOLA 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 NOLA, although the extent to which these gains are realised will depend on a range of factors.

Second, where the removal of various licensing requirements, licence categories, or licences occurs there are likely to be fewer regulatory activities undertaken by most regulators. At the same time, the reduction in licence fees – due to people no longer holding multiple licences – will mean that less money 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 NOLA 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 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 (MMRF).¹⁹ The key inputs are efficiency gains to licensees, fee reductions to licensees and flow-through value-add to businesses.²⁰ The MMRF model is useful for assessing the wider economic impacts, as a supplementary source of information for decision makers on this particular point, but it is not an input to the central cost–benefit analysis used to assess the regulatory options.

Based on the above inputs, national licensing for electrical occupations is expected 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.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted.

Impact on fees

Licence fees will continue to be set in jurisdictional legislation. It is proposed that licensees will pay their licence fee and renewals in their primary jurisdiction. A licensee’s primary jurisdiction would be determined by the principal place of residence for individual licence holders and for bodies corporate it will be determined by their principal place of business.

¹⁹ Monash Multi-Regional Forecasting Model 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.

²⁰ 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.

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

Jurisdictions collectively received facilitation payments from the Commonwealth Government of \$100 million in 2008–09 to progress the 27 deregulation priority reforms for a seamless national economy, including national licensing. 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 NOLA and the national licensing register. How these costs will be covered is a matter for individual jurisdictions to determine and they may, in some cases, be passed on to licensees through increased fees. This Decision RIS indicates that the benefits of the reform outweigh these costs.

Licence periods

The National Law provides that a licence may be granted for a period of up to five years. Following consultation with jurisdictions, it is proposed that all licence applicants will be able to choose between one, three or five year licence periods, except for provisional licensees, which are only permitted a licence period of one year.

The periods for which a licence is offered can impact on costs, for example, longer licence periods require fewer applications and therefore less regulatory effort than shorter ones. However, longer licence periods can increase risks to consumers arising from renewal probity checks not occurring within reasonable timeframes and the licence register containing out-dated licensee data.

While the most benefit could be obtained, theoretically, by increasing the licence term to a ten year period, or by making a licence permanently valid, in practice a regular renewal period has a number of benefits, although they are not easily quantifiable. These include ensuring the contact details for each licensee are kept up to date, which is essential for compliance practices, providing the regulator with the opportunity to remove records for those no longer holding a licence, so that number of licensees can be monitored and allowing for periodic checks on the currency of requirements such as personal and/or financial probity. It provides a set point at which licensees can be provided with information on changed requirements or standards, which may necessitate professional development or other activity and it provides a revenue stream to reimburse regulator activity.

Although a 10 year licence period and a perpetual licence have benefits of \$5.42 million and \$7.53 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a more regular renewal period mean that, on balance, a choice of 1, 3, or 5 years is the preferred longer licence period option.

For the purposes of illustrating an estimate of the direct benefit for the licence period, the benefit associated with the 5 year term is presented as it provides the highest potential quantified benefit of the licence periods in the preferred option. However, the flexibility in licence terms will provide licensees the option to choose the period which maximises the benefit in their individual circumstances. The net quantifiable benefit of the 5 year period is \$3.31 million (annualised ongoing impact).

Currently, licence periods across jurisdictions range from one to five years, as shown in Table ES.8. 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 or five years under national licensing. Similarly, licensees in states and territories with a set licence period of three years would gain a direct benefit from being able to choose to obtain a licence for five years.

Table ES.8: 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 | 1 or 3 | 5 |

Chapter 3 provides a discussion on the proposed licence periods, and Chapter 4 provides an analysis of the maximum five year licence period.

Chapter 4 compares the impacts of a three year, ten year and perpetual licence period to illustrate the potential impacts of alternative licence periods. The proposed licence periods would apply to the full range of occupations captured under national licensing, not just the electrical occupations.

It is acknowledged that licensees in states and territories with a three year licence period would incur a cost if all licensees chose to renew their licence every year. Similarly, regulators would spend more time in processing these licence applications more often.

There will be an agreed transitional period yet to be determined, during which licensees can use either a jurisdictional or national licence number. Licensees will not be required to obtain a national licence card or documentation prior to the expiry of their current licence.

Responsibilities of the national authority and jurisdictional regulators

Under the national licensing option, NOLA 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 of NOLA for licensing functions);
- pursuing ongoing reform of licences, including to decrease regulatory burden as technology and industry practices change over time;
- reviewing occupational licensing policy over time;
- 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 NOLA are not directly associated with licensing functions per se (see Figure ES.2), but rather flow over the long term from the enhanced regulatory oversight of the sector and nationally coordinated and streamlined policy development, unlike automatic mutual recognition, which if successfully implemented would still carry a high risk of unravelling over time.

Specifically, NOLA would have responsibility for implementing the national licensing legislation, but, as stipulated in the Intergovernmental Agreement between the states and territories, would delegate to the jurisdictional licensing agencies the operation of licensing services, such as 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 NOLA. Service agreements between NOLA and the jurisdictional licensing agencies would be used to establish consistent service delivery standards across Australia.

Figure ES.2: Responsibilities of NOLA and the delegated jurisdictional regulators



Consultation process and outcomes

A Consultation RIS outlining policy proposals for the establishment of a national licensing system for the electrical occupations was released on 15 July 2012 and published on the www.nola.gov.au website. Approximately 2,000 stakeholders across all national licensing occupations who had previously indicated interest in the reform were directly notified of the release of the RIS.

Public information sessions concerning the RIS were held in every state and territory between 31 August and 25 September 2012. These sessions were promoted through emails to those registered to receive information on the reforms and advertised in key major metropolitan newspapers, and through the NOLA website. A total of 333 people attended the information sessions. Draft legislation for the reforms was also made publicly available at this time.

Comments on the RIS and draft legislation closed 12 October 2012. In relation to the electrical occupations 1,106 submissions were received. Submissions were received in a number of ways; electronic survey responses, use of the hard copy template²¹ and other submissions that focused on particular elements of the proposed model. Approximately a quarter of all submissions were received through the electronic on-line survey, while the remainder were hard copy submissions, with most of these being template submissions. A list of those providing submissions can be found at Attachment C.

Stakeholder feedback on the Consultation RIS expressed support for the concept of national licensing in 85 per cent of submissions. Automatic mutual recognition was supported in only 8 per cent of submissions. Supporters of national licensing cited increased labour mobility, harmonisation of licence categories, scopes of work and qualification and ease of understanding as being most important. Chapter 5 includes a full overview of the consultation period.

²¹ Templates have been recognised by the use of very similar or identical submission structure and language, included with multiple submission in a single envelope, or email correspondence from a peak body attached to the submission which encourages a response.

Strong views, however, were expressed in the public consultations and submissions on a number of elements of the model proposed in the Consultation RIS. These included:

- **support for three categories of line worker licence** - While there is some commonality in line worker work across the three specialisations, key stakeholders have consistently indicated a strong preference for three separate categories of linework licence rather than a single licence. However, no supporting evidence has been put forward in support of this preference for three distinct categories and the jurisdictions that do regulate do so through a single category. See section 3.11 for a full discussion.
- **support for inclusion of a plug and cord licence** - Plug and cord work is currently regulated in Queensland and the Northern Territory only. There were strong views presented that plug and cord work should be regulated nationally, or at the very least, continue to be regulated in Queensland and the Northern Territory. While on the one hand, it appears that plug and cord work may be a diminishing area of work, due to the tendency to replace rather than repair some portable appliances, it is argued, nevertheless, that people undertaking this work are at risk of electrocution. The limited data available suggests that injury and death as a result of this work is often associated with people performing the work at home. Licensing would not necessarily address this circumstance, but it is argued by stakeholders that licensing acts as an important disincentive to non-licence holders.

Removing this restricted electrical licence subcategory would save licensees, primarily in Queensland \$0.19 million per annum or \$1.23 million NPV over ten years as at 1 July 2012, primarily in Queensland. See section 3.11 for a full discussion.

- **the need for a higher level of qualification for electrical contractors** - Around 40 per cent of those responding through the electronic survey agreed with the proposal in the Consultation RIS that there be no skills-based requirements applied to electrical contractors. However a significant number disagreed and expressed a strong view that there should be specific qualifications for electrical contractors and that completion of up to seven units of competency would be appropriate.

Industry's desire for contractors to complete seven units of competency would, however, represent a significant increase in existing qualifications requirements across jurisdictions, which currently range from one to four units. The national cost would be \$26.04 million per annum or \$170.75 million net present value over ten years. See section 3.11.5 for a full discussion.

- **the proposed exclusion of some types of work** - The exclusions from electrical work describe the situations where a non-electrical worker can perform work which is conducted in close proximity to electrical workers but is not in itself electrical work – although it may also be performed by electrical workers.

The proposed exclusions from electrical work in the Consultation RIS attracted a great deal of attention during the public consultations and in the submissions lodged by key stakeholders.

The meeting of the interim OLAC, in October 2012, which included representation from key stakeholders subsequently examined the wording and recommended substantial changes to the exclusions. These have been considered and where appropriate included in the electrician's regulated work described in section 3.1.1. See section 3.11 for a full discussion.

- **the proposed categories of restricted electrical licences** – 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.

While there was support for the five categories of restricted electrical licence and associated scopes of work proposed in the Consultation RIS, there were some strong views supporting that RELs should not allow installing or altering fixed electrical wiring or locating and rectifying faults in the equipment, and that the legislation should make this clear. The proposed definitions of the five REL categories have been amended to reflect stakeholder concerns. This includes specific reference to the fact that none of the licences permit the holder to undertake electrical work.

There has also been strong support for the parameters for the “needs” test to have greater definition to ensure consistency in the provision of licences. In addition, the ETU does not support the proposed RELs until the proposed ‘list of trades and callings’ has been developed, so that administrative staff can carry out the application process consistently.

A small number of submissions support a restricted electrical licence for a range of occupations that have not been included. See section 3.11 for a full discussion.

- **the need to include cardiopulmonary resuscitation training** –Many stakeholders indicated that CPR should be a requirement for national licensing and that licence holders should have a certificate of currency for CPR in order to be eligible for renewal. There was also consistent support during the stakeholder consultations for the inclusion of CPR. The introduction of compulsory CPR would place a significant additional burden on the seven jurisdictions that do not currently impose this requirement. Other mechanisms, such as occupational health and safety requirements and coverage in the training package already exist to address this issue. See section 3.11.7 for a full discussion.

These issues, and others raised in submissions, are discussed in Chapter 3.

Overview of alternative options to national licensing

Two alternative options to national licensing were noted in the Consultation RIS: automatic mutual recognition and the status quo, and are discussed below.

Automatic Mutual Recognition

The 2009 *Decision Regulation Impact Statement on the National Licensing System for Specific Occupations* outlined two possible approaches to an automatic mutual recognition (driver’s licence model) – unharmonised and harmonised. In the first, licences would remain unharmonised; that is, qualifications, non-skills and administrative requirements would not be harmonised, and each jurisdiction would continue to implement their existing arrangements. A licensee able to perform the work regulated in one jurisdiction would be able to perform that work in any other jurisdiction without an additional licence. In the second, jurisdictions would seek to harmonise the aspects of licensing so that requirements across the country are the same.

Automatic mutual recognition would provide some benefits but is highly unlikely to deliver the same level of benefits as national licensing. As highlighted in this RIS, the current licensing arrangements across the states and territories are not harmonised and vary in terms of licence categories, qualification requirements, and scopes of work. These variations between jurisdictions result in the restriction of workforce mobility, particularly in regional areas close to state borders, and add increased costs to business and ultimately consumers.

Under either model, an occupational licence issued by any jurisdiction would be valid in any state or territory in Australia, therefore improved national labour mobility would be achieved and the regulatory burden could be expected to be reduced. State and territory autonomy would be maintained and transition and implementation costs would be minimised. Jurisdictions would retain

the legislative power to vary licensing requirements to meet circumstances arising in particular states over time.

The unharmonised approach would effectively 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 every jurisdiction's licence categories in order to properly monitor work and comply with jurisdictional requirements. Employers would also need to understand the difference licence types as, at present, mutual recognition processes ensure that licences issued in other jurisdictions are assessed and a 'local' licence issued so that the scope of work authorised is readily understood. The unharmonised option has the potential to increase consumer confusion, undermine the integrity of jurisdictional regulatory regimes and increase the potential for jurisdiction shopping.

Under the harmonised licence model, national mechanisms would be needed to coordinate the establishment and maintenance of the arrangements and resolve different jurisdictional views. A number of examples of past attempts to harmonise regimes have failed. Some advocates for harmonised licences have suggested that only those licences with clear equivalence could be harmonised, with others left unharmonised. For licences where no equivalence had been agreed, current mutual recognition requirements would need to continue. Such a two-tier approach would increase regulatory complexity. Difficulties are envisaged in maintaining consistency in legislative provisions without a common legislative basis. Costs would still be incurred in relation to policy development and legislative changes.

Under a harmonised automatic mutual recognition system, it is anticipated there would be a greater likelihood of resistance to reforms and therefore fewer opportunities to streamline and rationalise licensing frameworks compared with a single national licensing system which has an independent licensing authority in place whose role it is to develop and implement licensing reforms.

Difficulties are also envisaged in maintaining consistency in legislative provisions in a harmonised system without a common legislative basis. While the governance costs arising from automatic mutual recognition are less obvious than those from national licensing, they are still present and need to be considered.

Either model of automatic mutual recognition has the potential to provide for enhanced labour mobility, with lower immediate transition costs. However, the complexities of operating such a system mean that it is unlikely to achieve the same level of harmonisation and deregulation as national licensing. This would mean that the benefits would be lower. Implementation would be complex and would require close and ongoing cooperation and coordination at all levels of policy development, regulation setting and compliance.

Automatic mutual recognition would give rise to a more complex, less transparent, higher risk environment with less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time. Many of these costs would fall on businesses as they try to operate within an extremely complex regulatory environment.

It is estimated that neither model would provide the same level of benefit as national licensing. Automatic mutual recognition is therefore not the preferred option.

Further discussion of stakeholder views on automatic mutual recognition are outlined in Chapter 2. An assessment of the possible impacts is included in Chapter 4.

Status quo

Under the status quo option, the states would continue to operate their own quite different licensing systems. Licensed workers would continue to be subject to the *Mutual Recognition Act 1992* when they wished to work in one or more other jurisdictions, and would need to apply for a

licence and pay an additional fee in each state or territory in which they choose to operate, if the occupation is licensed in the jurisdictions. This option would not address current regulatory complexities, duplication across jurisdictions or impediments to a seamless national economy. As COAG had already requested the development of a national licensing system, the status quo could not be the preferred option unless other options delivered a net cost, when all impacts were assessed. This is not the case. The status quo is therefore simply used to measure the costs and benefits of the other options presented.

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.

Many of the challenges facing the economy can only be addressed through more coordinated regulatory arrangements. 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. National licensing is one of 27 key areas for regulatory reform agreed in 2008, the majority of which have now been implemented. Implementation of the remaining reforms, including national licensing, is being overseen by the Business Advisory Forum Taskforce, which is composed of senior state and territory officials.

There is no consistent national licensing approach of work categories or occupations in Australia. Each state and territory uses a separate licensing approach, with different licence categories, scope of regulated work and eligibility requirements. This hinders labour mobility across Australia and increases the regulatory burden for licensees and government. Attachment D contains an overview of the current regulatory approach.

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 and former licensees
- no legislative role for the Commonwealth in the establishment of the new system.

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

- at least one critical area of the occupation licensed across all jurisdictions
- all have been subject to the work on achieving full and effective mutual recognition
- 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 four occupational areas are:

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

The development of a national licensing system was endorsed by the states and territories in April 2009 by the signing of the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement).

The implementation strategy of the 2009 decision foreshadowed further research and consultation to inform more detailed arrangements regarding the implementation of national licensing for each of the occupations identified. Policy development work was undertaken from 2009–11 and culminated in a number of options for national licensing, which were included in a Consultation RIS for each of the occupations identified and released for public comment between July and August 2012.

The objective of this Decision RIS is to consider feedback received on the options proposed in the Consultation RIS and any further information that has come to light, and to recommend a preferred national licensing option, which provides the highest net benefit to the community, taking into account all the impacts.

National licensing is a threshold reform. 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.

Details on the policy development process undertaken, together with the objectives and principles which underpinned the work, and the advisory mechanisms used, are provided at Attachment C.

A separate reform, which seeks to harmonise conduct requirements commencing with property occupations, is being considered 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* (the 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 Western Australia 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 based on agreement of a preferred model in the Decision RIS.

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 at www.nola.gov.au.

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 coincided with the release of the Consultation RIS and public comment was sought on the package.

2 Options for reform

This chapter provides a brief overview of the options considered for a national licence for electrical occupations and the reasons leading to the recommendation of the preferred option. A detailed description of key elements of the rationale on which the selected elements are based is provided at Chapter 3.

2.1 Options considered

The following options were considered for electrical occupations:

Option 1: 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. The only exception to this would be the small proportion of instances where the second jurisdiction licenses a category not licensed in the person's primary jurisdiction. A national licensing register would be established.

Option 2: Automatic mutual recognition

This option proposes a 'driver's licence' approach to national licensing whereby each jurisdiction would continue to issue licences either under existing jurisdictional categories and associated scopes of regulated work, or under a harmonised set of licence categories and regulated work which have been declared equivalent, following agreement by the states and territories. In both cases, licences would be recognised by every other state and territory without the licensee having to reapply for a licence or pay an additional fee.

Option 3: Status quo

This option would involve no change from current arrangements.

Previous consultation findings were supportive of a national licensing system. This approach was subsequently endorsed by COAG through the signing of the Intergovernmental Agreement for a National Licensing System for Specified Occupations (the Intergovernmental Agreement) and passage of the *Occupational Licensing National Law Act 2010* (the National Law). Following further consultation arising from the release of the Consultation RIS in 2012, national licensing remains the preferred option, compared with automatic mutual recognition and the status quo. This is supported by the cost-benefit analysis undertaken concerning the different approaches proposed.

2.2 Preferred option - requirements

The *COAG Best Practice Regulation Guide*²² requires that the RIS should provide a clear statement as to which is the preferred option and why. The RIS should demonstrate that:

- the benefits of the proposal to the community outweigh the costs
- the preferred option has the greatest net benefit for the community, taking into account all the impacts.

²² *Council of Australian Governments (COAG) 2007, Best Practice Regulation: A Guide for Ministerial Councils and National Standard Setting Bodies, Canberra.*

In considering the status quo, the Consultation RIS did not discuss options for maintenance of the existing jurisdictional arrangements per se but considered a 'base case' (status quo) for assessing the impact, both quantitative and qualitative, of the introduction of national licensing.

Automatic mutual recognition meets some of the objectives of national licensing, however, it is essentially a hybrid of the status quo and national licensing and does not easily enable or embody a consistent national approach to standard setting and policy.

A total of 1,106 submissions were received on the Consultation RIS. Submissions were received in a number of ways: electronic survey responses, use of the hard copy template and other submissions that focused on particular elements of the proposed model. Stakeholders expressed support for the concept of national licensing in 85 per cent of submissions. Automatic mutual recognition was favoured in around 8 per cent of submissions.

2.3 Option 1 – National licensing

National licensing is the preferred option for electrical occupations. National licensing would achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and understand the scope of the licences prospective employees may hold.

Under national licensing, licence requirements would be consistent in all jurisdictions and uniform licence categories would be issued. A national policy framework would apply overseen by a national occupational licensing authority, which would help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remained sustainable and that there was a forum in which to resolve jurisdictional differences.

Key features of national licensing for the electrical occupations include:

- 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, the National Occupational Licensing Authority (NOLA), 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 and body corporates)
 - 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 NOLA, under the National Law.
- Licence applicants will be able to choose between one year, three year and five year licence periods.

- Current requirements for annual mandatory continuing professional development would be removed in the jurisdictions where they apply. Skills maintenance would be prescribed on an as needs basis.
- There would be no requirement for retesting at licence renewal time. If the licence is not renewed within three months of its expiry a new licence application would be required and the current qualification requirements need to be met.
- There would be standard qualification and eligibility requirements across all jurisdictions and there would be no additional experience requirements for obtaining a licence.
- There would be no skill or business qualification requirement for a contractor's licence (contractors not holding a licence to undertake the technical work would need a nominee).
- Personal and financial probity requirements would be made consistent.

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.

Chapter 3 contains the full description of the proposed national licensing model for the electrical occupations, which includes the qualification requirements, personal and financial probity requirements and classes of persons exempt from licensing. The proposed model has been informed by the policy development work undertaken by the Electrical Occupation Interim Advisory Committee (IAC), the COAG National Licensing Steering Committee (the Steering Committee), the Interim Electrical Occupational Licensing Advisory Committee and stakeholder feedback from the consultation process. Attachment E contains member lists for the Steering Committee and the IAC.

Chapter 4 sets out the impacts associated with national licensing as well as an estimate of the potential flow-through benefits associated with increased labour mobility and returns to business from national licensing. 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 ten-year net present value is \$377.1 million, however, the reform's effects could theoretically be considered over a longer time period, which would result in a larger net benefit (as the benefits are expected to continue beyond the ten-year time period provided for in this analysis).

2.3.1 Conduct requirements

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 considered under the auspices of the 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 will be responsible for meeting any jurisdictional requirements for operating in a particular jurisdiction.

2.4 Option 2 – Automatic mutual recognition

Automatic mutual recognition was included as an option in the Consultation RIS. It had been previously discounted in the 2009 Decision RIS but was not costed at that time. The model addresses the issues of labour mobility and the regulatory burden associated with licensees operating across jurisdictions and would incur lower transitional costs than a national licensing system. It was therefore deemed appropriate to reconsider it in comparison with national licensing.

Existing mutual recognition arrangements

Under existing mutual recognition arrangements, a licence holder who wishes to work in another jurisdiction must make an application, demonstrate that they hold a valid licence and pay an additional fee for an additional, 'equivalent' licence to be issued in the second jurisdiction. In some circumstances, conditions, restrictions or endorsements would need to be applied to the licence in the second jurisdiction to achieve licence equivalence. Work to achieve ministerial declarations of equivalence for the four initial occupational areas being considered for national licensing was undertaken over the period 2006–08 and details can be found at www.licencerecognition.gov.au. The *Mutual Recognition Act 1992* only relates to individual occupational licences and not to business entities that are not individuals.

Automatic mutual recognition – unharmonised approach

Under an automatic mutual recognition approach, the licence holder would automatically be allowed to perform the scope of licensed work authorised by their jurisdiction-based licence across all jurisdictions regulating that work, without applying for an additional licence or paying an additional fee. The regulated work and licence type would be whatever jurisdictions determine – it would not be harmonised or made consistent in any way. It would become the responsibility of the regulator and employers to understand the licensed work authorised by a licence issued by any jurisdiction as, unlike under existing mutual recognition arrangements, the licence would not be 'translated' into the regulatory terms of the jurisdiction of operation. In addition to the different types of standard licences, licensees with conditions or restrictions imposed for disciplinary reasons could move between jurisdictions and these variations may not be apparent from the licence card. It could therefore be expected that compliance monitoring would be substantially more difficult for regulators in this environment.

A licensee would need to ensure they did not carry out work for which they were not authorised. The differences in licence types and associated regulated work could raise the risk of licensees working outside their scope of work in second jurisdictions, potentially affecting consumer protection and health and safety.

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. However, 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. The different historical approaches to electrical licensing mean that the various types of regulated work are significantly more varied in different jurisdictions than driving practices.

The 2009 Decision RIS noted that, on examination, an unharmonised approach would not address issues of consistency or transparency, would increase the level of complexity for individuals and businesses (in understanding jurisdictional licensing and conduct differences) and has the potential to increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes by undermining the integrity of jurisdictional regulatory regimes and increasing the potential for jurisdiction shopping. It indicated that there was a significant risk that regulators would lose confidence in the arrangements over time.

Automatic mutual recognition – harmonised approach

To manage regulatory differences, jurisdictions could agree to harmonise some licensing requirements under this option, particularly those where equivalence is more easily determined, or based on updated ministerial declarations of equivalence or the work of national licensing.

A harmonised approach, in the absence of a national coordinating mechanism or body would, however, be extremely difficult to achieve, time-consuming and hard to maintain over time as there

would be no process to resolve differing jurisdictional views. The cost of existing mutual recognition administration is low as there is no central governance, however the resultant minimal coordination and resourcing has led to a poor level of knowledge of the *Mutual Recognition Act 1992* amongst both regulators and licensees. The Productivity Commission recognised this issue and, in 2009, recommended the establishment of a specialist unit (funded by jurisdictions) to provide oversight of mutual recognition. It should be noted that a Commonwealth-funded taskforce set up in 2006 to improve the operations of mutual recognition procedures worked with states and territories until 2008 to reach a series of ministerial agreements on licence equivalence for a select number of occupations. The majority of these have not been updated since they were originally agreed.

Under both harmonised and unharmonised options state and territory autonomy would be maintained and transition and implementation costs would be minimised. However jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time. This would have the potential to undermine any agreed equivalency, increase complexity and create uncertainty in jurisdictions which had not issued the licence. Legislative change would be needed to the Mutual Recognition Act to allow recognition of business entities, and to jurisdictional legislation. Licence cards from different jurisdictions could contain different levels of information, causing uncertainty for consumers unless this was made more consistent. A national register of disciplinary actions would improve transparency for consumers and regulators alike but would need to be agreed and established. Such a register would not provide the full national register of information provided for under the proposed national licensing register. Furthermore, a process would need to be developed surrounding who would provide, maintain and service such a register, and agreement would be needed on how it would be funded.

If harmonisation was introduced as a staged process, with clearly equivalent licences included first and others left outside the system, temporarily or perpetually, further confusion could be created. For licences where no equivalence had been agreed, current mutual recognition requirements would need to continue.

Consultation

Support for automatic mutual recognition was expressed in only 8 per cent of submissions. In the electronic surveys, of the 149 respondents 44 per cent stated that the absence of a national licensing authority was very important, and 57 per cent stated that the non-harmonisation of licence categories was very important.

Of the 27 respondents commenting on the important features of automatic mutual recognition, 48% cited labour mobility, 70 per cent cited maintenance of existing licence categories, and 66 per cent cited ease of understanding for licensees, as very important.

Conclusion

It was considered that, under the automatic mutual recognition model, there was a greater likelihood of resistance to reforms and fewer opportunities to streamline and rationalise licensing frameworks compared with a single national system. Difficulties are envisaged in maintaining consistency in legislative provisions without a common legislative basis. While the governance costs arising from automatic mutual recognition are less obvious than those from national licensing, they are still present and that they are less transparent does not mean they can be avoided in any effective system. It is noted that costs would still be incurred in relation to policy development and legislative changes.

Automatic mutual recognition has the potential to provide for a level of enhanced labour mobility. However, the complexities of operating such a system mean that implementation would be extremely difficult and would require close co-operation and co-ordination at all levels of policy development, regulation setting and compliance. Automatic mutual recognition would deliver fewer

benefits and give rise to a more complex, less transparent and a more high-risk environment with far less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time. Automatic mutual recognition is therefore not the preferred option.

2.5 Option 3 – 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 when they wished 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 chose to operate.

This option would not address current regulatory complexity or the COAG agreement for a national trade licensing system.

3 Overview of the preferred option

The first part of this chapter provides a high-level overview of the preferred national licensing option and the proposed licensing model. The proposed model draws on consultations and input from stakeholders, evidence and impact analysis. The second part contains a detailed description of each element of the model, and the rationale for the proposed approach to each element, including relevant consultation feedback, evidence, and impacts for each element contained in the model. The draft Amendment Bill and regulations have been based on this model.

During the development of the national licence model for the electrical occupations a risk-based approach was taken based on identified consumer and health and safety risks associated with electrical work. An overview of these risks can be found at Attachment F. COAG's Best Practice Regulation Principles were also considered.

3.1 Proposed licence categories and regulated work

A licence category identifies the scope of regulated work, which describes the extent of work authorised under the category. The proposed national licence model for electrical occupations is based on a number of licence categories, each relating to specific aspects of electrical work. The licence categories proposed for the electrical occupations are listed below in Table 3.1.

Table 3.1: Electrical licence categories

| Licence categories |
|--|
| Electrician |
| Electrical fitter |
| Electrical line worker |
| Electrical cable jointer |
| Electrical contractor |
| Restricted electrical work (refrigeration and air-conditioning equipment) with fault finding |
| Restricted electrical work (electronic and communication equipment) with fault finding |
| Restricted electrical work (instrumentation) with fault finding |
| Restricted electrical work (non-portable appliances) without fault finding |
| Restricted electrical work (industrial/commercial equipment) without fault finding |
| Provisional electrician |
| Provisional electrical fitter |
| Provisional electrical line worker |
| Provisional electrical cable jointer |

The categories differ slightly from those currently issued across jurisdictions. Victoria currently issues an electrical inspector's licence, Queensland and the Northern Territory currently license plug and cord work through a restricted electrical licence, and some jurisdictions currently issue licences to apprentices. These categories are not included in national licensing and are discussed later in this chapter.

Table 3.2 illustrates where national licensing will occur for particular occupations across Australia. It should be noted that under national licensing, 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 (i.e. the jurisdiction could choose for that category of regulated work to remain unlicensed in that jurisdiction).

Table 3.2: Proposed Australian national licence categories

| 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 line worker | | | Y | | Y | Y | | Y |
| Electrical cable jointer | | | Y | | Y | Y | | Y |
| Electrical contractor | Y | Y | Y | Y | Y | Y | y* | Y |
| Restricted electrical – with fault finding | Y | Y | Y | Y | Y | Y | Y | Y |
| • refrigeration and air-conditioning equipment | Y | Y | Y | Y | Y | Y | Y | Y |
| • electronics and communications equipment | 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 |
| • non-portable appliances | Y | Y | Y | Y | Y | Y | Y | Y |
| • industrial/commercial equipment | Y | Y | Y | Y | Y | Y | Y | Y |
| Provisional electrician | Y | Y | Y | Y | Y | Y | Y | Y |
| Provisional electrical fitter | | Y | Y | Y | Y | | | Y |
| Provisional electrical line worker | | | Y | | Y | Y | | Y |
| Provisional electrical cable jointer | | | Y | | Y | Y | | Y |

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

*ACT does not currently require technically qualified individuals to hold an electrical contractor licence in order to contract with the public. Electrical contractor licences are only issued to companies and partnerships.

A comparative mapping of national licensing licence categories and licensing arrangements against each of the current jurisdictional licence categories and licensing arrangements is provided at Attachment A.

The following subsections provide a synopsis of the licence categories and the relevant regulated work. A rationale and evaluation for each of the elements follows ;later in this chapter.

3.1.1 Electrician

The proposed definition of the regulated work, exclusions from the meaning of electrical work, and associated definitions for an electrician's licence are described in Table 3.3 below.

Table 3.3: Proposed regulated work and associated definitions for an electrician's licence

| Electrician's licence – proposed regulated work |
|--|
| <p>1. Electrical work means</p> <ul style="list-style-type: none">• assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation, or• verifying electrical installations. <p>2. Electrical work does not include the following:</p> <ul style="list-style-type: none">• assembling, manufacturing, modifying or repairing electrical equipment as part of the manufacturing process• building or repairing ducts, conduits, troughs or channels for electrical wiring if:<ul style="list-style-type: none">– the ducts, conduits, troughs or channels are not, and are not intended to be, earthed; and– the electrical wiring is not energised• replacing a component forming part of electrical equipment if the work involves:<ul style="list-style-type: none">– removing or inserting a light globe, fluorescent tube, starter for a fluorescent tube, or 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 livestock• 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• testing for the proximity of electricity using a proximity tester• incidental work related to, and reasonably necessary for undertaking regulated work referred to above at (1), if the work:<ul style="list-style-type: none">– does not involve directly contacting live electrical equipment; and– is carried out under the supervision of a licensed electrician. |
| Associated definitions |
| <p>Electrical installation means a group of items of electrical equipment that are:</p> <ul style="list-style-type: none">• permanently electrically connected; and• used for conveying, controlling and using electricity; and• supplied with electricity either by electricity infrastructure or a generating source. <p>Electrical installation does not include electrical equipment that forms part of electricity infrastructure.</p> <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that:</p> <ul style="list-style-type: none">• is used for controlling, generating, supplying, transforming or transmitting electricity at a voltage greater than extra low voltage; or• is operated by electricity at a voltage greater than extra low voltage. <p>Electrical equipment does not include an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that is part of a motor car or a motorcycle if:</p> <ul style="list-style-type: none">• the equipment is part of a unit that provides propulsion for the motor car or motorcycle; or• the electricity source for the equipment is a unit of the motor car or motorcycle that provides propulsion for it. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |

3.1.2 Electrical fitter

The proposed definition of regulated work, exclusions from the meaning of electrical fitting work and associated definitions for an electrical fitter's licence are described in Table 3.4 below.

Table 3.4: Proposed regulated work, exclusions from the meaning of electrical fitting work and associated definitions for an electrical fitter's licence

| Electrical fitter – proposed regulated work, exclusions from the meaning of electrical fitting work and associated definitions |
|--|
| <p>Electrical fitting work means assembling, manufacturing, modifying, repairing, replacing, testing, or verifying electrical equipment.</p> <p>Electrical fitting work does not include:</p> <ul style="list-style-type: none">• installing electrical equipment; or• assembling, manufacturing, modifying or repairing electrical equipment as part of the manufacturing process; or• work carried out on portable electrical equipment not exceeding 32 amps, connected to, and extending or situated beyond any electrical outlet socket.. <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that:</p> <ul style="list-style-type: none">• is used for controlling, generating, supplying, transforming or transmitting electricity at a voltage greater than extra low voltage; or• is operated by electricity at a voltage greater than extra low voltage. <p>Electrical equipment does not include an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that is part of a motor car or a motorcycle if:</p> <ul style="list-style-type: none">(a) the equipment is part of a unit that provides propulsion for the motor car or motorcycle; or(b) the electricity source for the equipment is a unit of the motor car or motorcycle that provides propulsion for it. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |

3.1.3 Electrical line worker

The proposed definition of regulated work, exclusions from the meaning of electrical line work, and associated definitions for an electrical line worker's licence are described in Table 3.5 below.

Table 3.5: Proposed regulated work, exclusions from the meaning of electrical line work and associated definitions for an electrical line worker's licence

| Electrical line worker – proposed regulated work, exclusions from the meaning of electrical line work and associated definitions |
|---|
| <p>Electrical linework means assembling, erecting, installing, stringing, inspecting, maintaining, altering, repairing or replacing an electric line</p> <p>Electrical line work does not include the following:</p> <ul style="list-style-type: none">• constructing overhead electrical lines on structures that do not already carry an energised overhead electrical line and are not at risk of energisation by induced voltage• laying, cutting or sealing underground cables that are part of the electricity infrastructure of an electricity entity before the initial connection of the cables to an electricity source• building or repairing ducts, conduits, troughs or channels for an electrical line or associated equipment if:<ul style="list-style-type: none">– the ducts, conduits, troughs or channels are not, and are not intended to be, earthed; and– the electrical line or associated equipment is not energised• erecting structures for the support of electrical equipment where the electrical line is not energised <p>Electric line means a wire or conductor directly 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; or• a wire or conductor within the internal structure of a building. <p>Associated equipment means a casing, coating, covering, tube, pipe, pillar, pole or tower, post, frame, bracket 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> |

3.1.4 Electrical cable joiner

The proposed definition of regulated work and exclusions from the meaning of electrical cable jointing work for an electrical cable joiner’s licence are described in Table 3.6 below.

Table 3.6: Proposed regulated work and exclusions from the meaning of electrical cable jointing work for an electrical cable joiner licence

| Electrical cable joiner – proposed regulated work and exclusions from the meaning of electrical cable jointing work |
|--|
| <p>Electrical cable jointing work means installing, jointing, terminating, testing, servicing, maintaining, altering, repairing or replacing:</p> <ul style="list-style-type: none"> • electrical cables or electrical conductors • apparatus or material that is, or is to be, connected to electrical cables or electrical conductors referred to in paragraph (a) including, for example, an air breaker, switch or transformer. <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 electricity infrastructure of an electrical entity before the initial connection of the cables to an electricity source; or • recovering underground cables that are part of the electricity infrastructure of an electricity entity after disconnection from an electricity source. |

3.1.5 Electrical contractor

The proposed definition of the regulated work of an electrical contractor is described in Table 3.7 below. Where a contractor does not hold a licence to undertake the electrical work, a nominee with a relevant electrical licence must be identified. Nominees are discussed in section 3.2.

Table 3.7: Proposed regulated work for an electrical contractor licence

| Electrical contractor - proposed regulated work |
|--|
| <p>Entering into contracts to carry out one or more of the following:</p> <ul style="list-style-type: none"> • electrical work • electrical fitting work • electrical linework • electrical cable jointing work. |

3.1.6 Restricted electrical licences

The proposed definitions of regulated work and associated definitions for restricted electrical licences are described in Table 3.8 below.

Table 3.8: Proposed licence categories and regulated work for restricted electrical licences

| Licence category | Regulated work and associated definitions |
|--|--|
| Restricted electrical work (refrigeration and air-conditioning equipment) with fault finding licence | <p>Disconnecting and reconnecting refrigeration and air-conditioning equipment at the point at which the refrigeration and air-conditioning equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation; and • locating and rectifying faults in the equipment. <p>Restricted electrical work (with fault finding) does not include electrical work.</p> |
| Restricted electrical work | Disconnecting and reconnecting electronic and communication equipment at the point at |

| Licence category | Regulated work and associated definitions |
|---|--|
| (electronic and communication equipment) with fault finding licence | <p>which the electronic and communication equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation; and • locating and rectifying faults in the equipment. <p>Restricted electrical work (with fault finding) does not include electrical work.</p> <p>Electronic and communication equipment means the following equipment operating above extra low voltage:</p> <ul style="list-style-type: none"> • electronic devices that are components of an audio, video, TV, computer or communication network • medical equipment • security systems • laboratory and scientific equipment. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |
| Restricted electrical work (instrumentation) with fault finding licence | <p>Disconnecting and reconnecting instrumentation equipment at the point at which the instrumentation equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation; and • locating and rectifying faults in the equipment. <p>Restricted electrical work (with fault finding) does not include electrical work.</p> <p>Instrumentation means systems and devices that operate above extra low voltage and are used for measuring and controlling industrial or scientific processes.</p> <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |
| Restricted electrical work (industrial or commercial equipment) without fault finding licence | <p>Disconnecting and reconnecting industrial or commercial equipment at the point at which the industrial or commercial equipment is connected to electrical wiring.</p> <p>Restricted electrical work (without fault finding) includes testing the equipment for safe operation. Restricted electrical work (without fault finding) does not include electrical work.</p> <p>Industrial or commercial equipment means the following equipment operating at low voltage:</p> <ul style="list-style-type: none"> • equipment incorporating one or more devices that use electric current • controls that use electric current • electric motors connected by fixed wiring, including, for example, petrol station pumps. |
| Restricted electrical work (non-portable appliances) without fault finding licence | <p>Disconnecting and reconnecting non-portable appliances at the point at which non-portable appliances are connected to electrical wiring.</p> <p>Restricted electrical work (without fault finding) includes testing the equipment for safe operation. Restricted electrical work (without fault finding) does not include electrical work.</p> <p>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.</p> |

3.1.7 Provisional licences

These licences are held while an individual is undergoing gap training, prior to application for a full licence. The proposed licence categories and definitions of the regulated work for provisional licences are described in Table 3.9 below.

Table 3.9: Proposed licence categories and regulated work for provisional licences

| Provisional licence category | 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 electrician's licence or an electrical fitter's licence. |
| Provisional electrical line worker | Electrical linework carried out under supervision of a person who is the holder of an electrical line worker's licence. |
| Provisional electrical cable jointer | Electrical cable jointing work carried out under supervision of a person who is the holder of an electrical cable jointer's licence. |

3.2 Nominees

The *Occupational Licensing National Law Act 2010* (the National Law) requires that when a body corporate or an individual who does not hold the relevant licence applies for a contractor licence, they will be required to nominate a nominee. The nominee will be an individual licensed to undertake the regulated work, as shown in Table 3.10. This requirement addresses the issue of a business entity in itself being unable to possess skills and expertise.

It is proposed that the nominee should be a director, a person in the partnership, or an employee who holds a relevant active licence, and agrees to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation). Following discussion between jurisdictions, it is also proposed that individual jurisdictions can choose to allow sub-contractors to fulfil the role of a nominee, however, this arrangement may not be recognised outside the originating jurisdiction. A contractor who has a sub-contractor nominee and who enters into a contract for work outside the originating jurisdiction will be required to meet the nominee requirements in the jurisdiction in which the work is occurring.

Applicants for a contractor licence determine the scope of regulated work they are applying for and nominate a nominee who holds a licence that corresponds with that scope of work.

Table 3.10: Electrical contractor licence and the applicable licensed technical nominee

| Electrical contractor's licence | Licensed technical nominee |
|--|------------------------------------|
| To enter into contracts to carry out electrical work | Electrician's licence |
| If the licence states the licensee may enter into contracts to carry out electrical fitting work | Electrical fitter's licence |
| To enter into contracts to carry out electrical line work | Electrical line worker's licence |
| To enter into contracts to carry out electrical cable jointing work | Electrical cable jointer's licence |

3.3 Exemptions

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

Under amendments proposed to the National Law a person must not carry out regulated work unless the person:

- holds a licence to carry out the regulated work; or
- is exempt under the National Law from the requirement to hold a licence to carry out the regulated work; or
- is exempted by NOLA, in accordance with the National Law, from the requirement to hold a licence to carry out the regulated work.

In addition, a licensee must not engage another person to carry out regulated work unless they are licensed or exempt, noting that regulated work includes contracting for regulated work.

The proposed classes of persons who will be exempt from the requirement to hold an electrical licence to carry out regulated electrical work are listed in Table 3.11.

Table 3.11: Proposed classes of person exempt from holding a licence

| Classes of person exempt from holding a licence |
|--|
| <ul style="list-style-type: none"> • An individual who is carrying out the regulated work: <ul style="list-style-type: none"> (i) under a contract of employment and training, or as a student undertaking competency-based training, for the purpose of gaining qualifications necessary for obtaining the licence; and (ii) under the supervision of an individual who is licensed to carry out the regulated work without supervision. • The holder of a prescribed authority (by whatever name called) and who, as part of carrying on business under that authority, contracts, for the provision of that regulated work other than under a contract of employment, with another person licensed to carry out that work. • a person who, in the person’s capacity as an employee or contractor carries out regulated work on— <ul style="list-style-type: none"> (i) electrical equipment in or near a mine that is owned, controlled or operated under a declared law for this subparagraph • |

3.4 Non-skills-based eligibility requirements

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

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

3.4.1 Relevant person

The National Law provides for the identification of a relevant person(s) for a body corporate or a person who is a partner in 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.

The proposed relevant persons for the electrical contractor licence are described in Table 3.12.

Table 3.12: Proposed relevant persons for the electrical contractor licence

| Electrical occupation | Relevant Person |
|-----------------------|--|
| Electrical contractor | <p>It is proposed that relevant persons for the electrical contractor licence are all directors of a body corporate (as defined in the <i>Corporations Act 2001</i>), any other individual who is in effective control of the business of the body corporate, and each member of a partnership.</p> <p>A person in effective control of a business is someone who is regularly or usually in charge of the business, and has control or influence over how the business is managed.</p> |

3.4.2 Personal probity eligibility requirements

The National Law, and the Amendment Bill for the National Law, provides for the personal probity requirements that will apply to individual occupational licensees and contractor licences.

For all applicants and licensees, NOLA will have regard to whether the person has within the previous five years been convicted of an offence under sections 9, 10 or 11²³ of the National Law or a provision of a corresponding prior Act that corresponds to sections 9, 10 or 11.

For contractor licensees (which includes a relevant person for a body corporate or a member of a partnership), it is proposed that NOLA have regard to the following additional personal probity requirements :

- matters relating to the criminal history of the person in relation to:
 - offences relating to dishonesty
 - offences relating to misleading or deceptive conduct
 - offences relating to a person’s obligations under a law relating to occupational health and safety
- matters relating to the conduct of persons 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

NOLA will need to develop guidelines to ensure consistent application of probity requirements.

The proposed personal probity eligibility requirements for the range of proposed electrical licences and types of applicants are shown in Tables 3.13 and 3.14.

Table 3.13: Personal probity requirements for applicants

| Type of applicant | Licence category | Personal probity requirement |
|-------------------|---|--|
| Individual | Electrician, electrical fitter, electrical line worker, cable jointer, provisional licences and restricted electrical | <p>NOLA must have regard to:</p> <p>Whether within the previous five years, has been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11²⁴</p> |

²³ *Occupational Licensing National Law Amendment Bill 2013; Division 1 Regulated work for licensed occupations, s9 Offence for person to carry out regulated work unless licensed or exempt; s10 Offence to engage person to carry out regulated work unless licensed or exempt; and s11 Offence to advertise or offer to carry out regulated work unless licensed or exempt..*

²⁴ *Ibid*

| | | |
|------------|------------|--|
| | licences | |
| Individual | Contractor | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person's obligations under a law relating to occupational health and safety. • Whether within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11²⁵ • 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 a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when giving a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade insolvent. |

Table 3.14: Personal probity requirements for other persons

| Type of applicant | Other person who is required to have a personal probity check | Personal probity requirement |
|-------------------|---|---|
| Body corporate | Relevant persons for a body corporate | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person's obligations under a law relating to occupational health and safety • whether the relevant person has within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11 of the National Law • 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 a proper purpose |

²⁵ Ibid

| Type of applicant | Other person who is required to have a personal probity check | Personal probity requirement |
|-------------------------|---|---|
| | | <ul style="list-style-type: none"> ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when giving a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade insolvent. |
| Member of a partnership | Relevant person for a partnership | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person’s obligations under a law relating to occupational health and safety. • whether the relevant person has within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11 • 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 a proper purpose ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when giving a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade insolvent. |

3.4.3 Financial probity requirements

The National Law provides for the financial probity requirements a person must satisfy to be eligible for a licence. Financial probity eligibility requirements aim to determine whether the financial integrity of the applicant is such that the risk for consumers in dealing with the licensed person is minimised. One of the aims of licensing of business entities is to protect consumers from those who have been involved in the mismanagement of business.

The proposed financial probity requirements for each type of applicant and electrical licence category are shown in Table 3.1 and 3.16.

Table 3.15: Financial probity requirements

| Subject to probity check | Licence category | Financial probity requirement |
|------------------------------|--|--|
| Individual | <ul style="list-style-type: none"> • Electrician • Electrical fitter • Line worker • Cable jointer • Restricted electrical licence • Provisional licence | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Individual Body corporate | Contractor | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • whether the person 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; or • whether the 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 bankrupt or insolvent debtors; or • fails to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |

Table 3.16: Financial probity requirements for other persons

| Type of applicant | Other person who is required to have a financial probity check | Financial probity requirement |
|---|--|--|
| Body corporate or a member of a partnership | Relevant person for a body corporate or partnership | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • whether a relevant person is bankrupt, insolvent, has compounded with creditors, entered into a compromise or scheme of arrangement with creditors or otherwise applied to take benefit of any law for the relief of bankrupt or insolvent debtors. |

3.5 Qualification-based eligibility requirements

The aim of eligibility requirements based on qualifications is to protect consumers from engaging practitioners who may deliver substandard service due to failure to reach a minimum standard of competence.

A contractor will not be required to hold a skills qualification to contract but would need either to hold the relevant licence (if a natural person) or have a nominee with the relevant licence to undertake the work.

The proposed qualification-based eligibility requirements for the electrical occupations are listed in Tables 3.17 and 3.19. The qualifications and units were identified by the IAC, however the nomenclature may have changed since this time.

It should be noted that the national licensing qualification requirements will only be required by new applicants and will have no impact on current licensees who are transitioned into the national licensing system. The full list of the qualifications is available at Attachment G.

3.5.1 Proposed entry level qualifications for the electrical licences

Table 3.17: Proposed entry level qualifications for electrical licences

| 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 <i>UEENEEA113A Mount and wire control panel equipment</i> 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 (including specified units of competency) |
| Electrical line worker | 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 |
| Electrical contractor | A contractor will not be required to hold a skills qualification to contract but would need either to hold the relevant licence or have a nominee with the relevant licence to undertake the work. |

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

There are two proposed skill sets for the five subcategories of restricted electrical licence, one with fault finding and the other without, and these are described in Table 3.18 below. The qualifications and units were identified by the IAC, however the nomenclature and packaging may have changed since this time. NOLA may need to review the qualifications to ensure the regulations contain the current and appropriate training.

In addition, applicants would be required to demonstrate a need for the licence applied for and present evidence of a relevant trade or calling.

Table 3.18: Proposed skill set requirements for restricted electrical licences

| Category | Skill set |
|---|---|
| Restricted electrical licences with fault finding: <ul style="list-style-type: none"> • refrigeration and air-conditioning equipment • electronic and communications equipment • instrumentation | UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring and UEENEEP016A Locate and rectify faults in low-voltage appliances using set procedures from the UEE11 Electrotechnology Training Package or 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. from the MEM05 Metal and Engineering Training Package |
| Restricted electrical licences without fault finding <ul style="list-style-type: none"> • non-portable appliances • industrial /commercial equipment | UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring from the UEE11 Electrotechnology Training Package or MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c. from the MEM05 Metal and Engineering Training Package |

Need

Confirmation of the need to perform the disconnection and reconnection of fixed wired equipment 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 principal work. Currency of a need will be required at renewal time.

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

Evidence of the need for a restricted electrical licence is not currently required in South Australia, therefore, new applicants in that State would be required to produce that evidence when applying for a restricted electrical licence.

Verification of trade or calling

It is preferred that an applicant for a restricted electrical licence has a relevant trade or calling and verification of a trade or calling will include:

- a Certificate III-level qualification in a trade or a 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, for example:
 - 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 reconnet electrical wiring work.

3.5.3 Proposed qualifications for provisional licences

The proposed qualifications for the provisional licences are listed in Table 3.19 below. The qualifications and units were identified by the IAC, however the nomenclature may have changed since this time. NOLA may need to review the qualifications to ensure the regulations contain the current and appropriate training.

Table 3.19: Proposed qualifications for provisional licences

| Category | Qualification |
|--------------------------------------|--|
| Provisional electrician | <ul style="list-style-type: none"> • An Offshore Technical Skills Record (OTSR), issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for UEE30811 Certificate III in Electrotechnology Electrician <p>or</p> <ul style="list-style-type: none"> • An electrical fitter’s licence |
| Provisional electrical fitter | An Offshore Technical Skills Record (OTSR), issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth) is yet to be developed. |
| Provisional electrical line worker | <p>An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994, for</p> <p>UET30612 Certificate III in ESI – Power Systems – Distribution Overhead</p> <p>or</p> <p>UET30512 Certificate III in ESI – Power Systems – Transmission Overhead</p> <p>or</p> <p>UET30712 Certificate III in ESI – Power Systems – Rail Traction</p> |
| Provisional electrical cable jointer | An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994, for UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing |

3.6 Experience

National licensing will not have any additional experience requirement. Requirements based on a national training package qualification should not need an additional experience requirement as the applicant has already been deemed competent to perform the work. This is discussed later in this chapter. A summary of current licensing requirements can be found at Attachment A.

3.7 Age requirement

National licensing will not have any age requirement.

3.8 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. It is proposed that compulsory skills maintenance (professional development) not be required as part of the eligibility requirements under national licensing. When there is a specific education/information issue which may warrant a response from NOLA, it will work with the state and territory regulators to understand the issue and possible responses. The response could include strategies such as information provision, development of guidelines or one-off training requirements. The most appropriate option would be worked through with jurisdictions. There is agreement that ongoing professional development programs, including a requirement for a specified number of hours per year, would not be considered as part of this mechanism. The response would be aimed at achieving the desired outcome (i.e. greater awareness of the issue) with the minimum level of burden. In cases of imminent public health and safety risk, there are also mechanisms to ensure urgent action can be taken.

3.9 Licence periods

The National Law proposes to provide that a licence for any licence type, except a provisional licence, may be granted for a period of one, three or five years, with the term to be selected by the licence applicant. A provisional licence can only be issued for a 12 month period. A provisional licence may apply for a further 12 month period in extenuating circumstances.

The range of licence periods is to provide flexibility for individual arrangements. For example, applicants may wish to hold licences for shorter periods if they are planning to retire or sell a business.

3.10 Licence fees

Determination of where fees are to be paid will be premised on an individual's place of residence or, in the case of a contractor's licence, the principal place of business.

Rationale for the proposed licensing elements

The following subsections provide a rationale and evaluation of the consultation feedback on each element of the proposed licensing model.

3.11 National licence categories

- Electrician
- Electrical fitter
- Electrical line worker
- Electrical cable jointer
- Electrical contractor
- Restricted electrical work (refrigeration and air-conditioning equipment) with fault finding licence
- Restricted electrical work (electronic and communication equipment) with fault finding
- Restricted electrical work (instrumentation) with fault finding
- Restricted electrical work (industrial or commercial equipment) without fault finding
- Restricted electrical work (non-portable appliances) without fault finding
- Provisional electrician
- Provisional electrical fitter
- Provisional electrical line worker
- Provisional electrical cable jointer

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 COAG best practice regulation principles were also applied during the policy development. An overview of the risks associated with electrical work can be found at 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 licence categories.

Stakeholder feedback

In general, there is broad support for the proposed licence categories (support ranges in the electronic survey between 43 per cent for the restricted electrical licence without fault finding for industrial and commercial equipment and just over 90 per cent for the electrician category). The template style submissions broadly mirrored the range of responses.

A small number of submissions suggested that there should only be restricted electrical licences with fault finding, conversely an equal number suggested that there should be no restricted electrical licences and that this is the work of an electrician.

The Consultation RIS noted that an electrical inspector category was initially proposed at the commencement of licence policy development, 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 requirements that only exist in one or two jurisdictions.

The 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.

While the licenced electrical inspector is unique to Victoria, around 40 per cent of respondents through the electronic survey, including the Electrical Trades Union (ETU) and Master Electricians Australian (MEA) indicated support for the category. A slightly higher number of respondents were opposed to this category. Some stakeholders expressed the view that the category should be included in national licensing to enable introduction into other jurisdictions, should this be agreed in future.

It is proposed, however, that national licensing should not include a licence to accommodate the four classes of Victorian electrical inspector at this time. There are no indications at this point that any other jurisdiction wishes to introduce this category, and there has been no evidence forthcoming pointing to difficulties in the seven jurisdictions which do not have this category. Victoria, may choose to continue with its existing electrical inspector licence, which would not be recognised in any other jurisdiction.

Around 44 per cent of respondents through the electronic survey saw no need for any additional category of licence, and just over 25 per cent indicated support for additional categories. The Energy Networks Association supported the inclusion of an additional licence for protection and control in relation to the installation and operation of zones and terminal substations. Another submission identified that this area of work should have a restricted electrical licence. A small number of submissions support a restricted electrical licence for fire alarm detection specialists, engineers, para-professionals and wind farm equipment. These will not be included in national licensing, however, NOLA could consider recommendations to the Standing Council on the regulation of these work areas as part of its future licensing policy development.

There is currently an electrician's training licence for electrical apprentices in South Australia and Western Australia. The Consultation RIS did not propose this category for inclusion in national licensing. The electrician's training licence in Western Australia applies for the duration of the apprenticeship and for up to an additional three months after completion. The electrician's training licence is seen as providing continuity between the apprenticeship and securing of the full trade licence, and as proof of apprenticeship status.

During consultations in Western Australia there were some expressions of support from industry participants. Amongst industry peak bodies, the Electrical Trades Union (ETU) indicated support for the introduction of an apprentice training licence. However, given that apprentices are also subject to a binding training agreement, there appears to be little practical benefit of this form of licensing, and its inclusion in national licensing imposes an unwarranted burden on electrical apprentices, an apprentice training licence will not be included in national licensing. Electrical apprentices in South Australia and Western Australia will no longer require a licence, resulting in a savings benefit estimated to be \$0.15 million per annum or \$0.99 million NPV over ten years.

Electrician

The proposed regulated scope of work for an electrician is as follows:

Electrical work means; *assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation or verifying electrical installations.*

The wording of the scope of work as expressed in the Consultation RIS has been re-drafted to more clearly express the intention that an electrician's work includes limited linework, but does not include electrical fitting 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).²⁶ 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.

Despite the consistent approach to the licensing of electricians outlined above, the Consultation RIS noted that there are some differences across jurisdictions in regard to the extent to which electricians can also undertake linework. The Consultation RIS noted on page 20:

- *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 line worker.*
- *In several jurisdictions an electrician can perform all electrical work, including linework beyond a customer's installation.*

Interpretation of the meaning of electrical work in national licensing

The Consultation RIS 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 line worker; 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 line worker.

The scope of work included in the Consultation RIS implicitly includes electrical fitting work. As a consequence, an electrician would be able to perform electrical fitting work without the need to hold an electrical fitter's licence in jurisdictions which regulate this work. However, further investigation of the implications of the wording in the Consultation RIS indicated that a jurisdiction which does not regulate the work of electrical fitter, could inadvertently be forced to pick up the licence. For example, New South Wales, which currently only requires an electrical fitter to hold a

²⁶ Electrical Installations (known as the Australian/New Zealand Wiring Rules), AS/NZS 3000:2007.

restricted electrical licence, could be required to regulate electrical fitting work through the national licence – because of its implicit inclusion in the definition of electrician.

Stakeholder consultations

There was strong overall support for the proposed category of electrician. The ETU, Master Electricians Australia (MEA) and the National Electrical and Communications Association (NECA) and have indicated that electricians should also be able to perform linework and cable jointing work within a customer's installation, excluding high-voltage work. The ETU proposed that there would need to be a legislative requirement that the electrician must be deemed competent before carrying out any linework or cable jointing work, and must demonstrate the necessary skills, training and experience.

The analysis of the electronic survey responses indicates 68 per cent support that an electrician can perform linework and cable jointing work within a customer's installation. Eleven per cent did not agree with the proposal, while 21 per cent registered neutral. Comments generally included concern that an electrician would not have the required specialised skills. Energy Network Association's (ENA) submission stated:

'In its simplest form this seems like a relatively reasonable statement to make however it has no restrictions and the average electrician has absolutely no understanding and experience of the full scope of line worker and cable jointer activities, particularly high voltage equipment and live high and low voltage work.'

However, ENA would support the proposal if:

'it was limited to low voltage overhead supplies on rural properties from the first pole on the customers property to the distributors meter equipment; and an endorsement mechanism for network activities where the network operator has authorised the activity based on additional training.'

The majority of stakeholders supported an electrician being able to perform the work of an electrical fitter, without the need to hold an additional electrical fitter's licence. Key stakeholders, including NECA, the ETU and MEA expressed support for the proposal. The analysis of the electronic survey indicated 66 per cent of respondents supported the proposal, and 11 per cent did not support it.

In regard to an electrician being able to perform limited linework and cable jointing work within a customer's installation, it is recommended that, while the wording has been amended, the concept as expressed in the Consultation RIS that an electrician can perform limited linework and cable jointing work remains unchanged.

In regard to an electrician being able to perform electrical fitting work, it is apparent that, despite the views of key stakeholders, the implicit inclusion of electrical fitting work in the definition of electrician contained in the Consultation RIS, creates an unintended consequence in jurisdictions which do not currently regulate this area of work. It should also be noted that there are separate training package qualifications for electricians and electrical fitters

It is proposed that an electrician must also hold an electrical fitter's licence, in jurisdictions that regulate electrical fitting work. However, as many of the skills required for an electrician are similar to those of an electrical fitter, and a skill set should be developed by NOLA in consultation with industry and regulators, for a licensed electrician wishing to apply for electrical fitter licence. This would reduce the training impact by not requiring a person to complete an additional Certificate III or undergoing recognition of prior learning process.

In light of the issues outlined above, it is proposed that the definition of the regulated work of an electrician is as follows:

Electrical work means; assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation or verifying electrical installations.

The impact of this proposal is expected to be minimal and has not been costed. In the jurisdictions where existing licensed electricians can also perform electrical fitting work under their licence, these licensees would be transitioned to both an electrician's licence and an electrical fitter's licence under jurisdictional transitional regulations. This would also apply to a person currently in training for an electrician's licence. Under the transitional arrangements, a person enrolled in a qualification that was required immediately before the commencement of the National Law for a jurisdictional licence would be eligible for the equivalent national licence. Further monitoring should be undertaken by NOLA to ensure that the proposed regulated work of electrician isn't an issue under the future national licensing arrangements.

Exclusions from the meaning of electrical work

The exclusions from electrical work describe the situations where a non-electrical worker can perform work which is conducted in close proximity to electrical workers but is not in itself electrical work – although it may also be performed by electrical workers. The intention of the exclusions is to make clear exactly which situations are excluded from the definition of electrical work.

Stakeholder consultations

The proposed exclusions from electrical work in the Consultation RIS attracted a great deal of attention during the public consultations and in the submissions lodged by key stakeholders.

The meeting of the interim OLAC, in October 2012, which included representation from NECA, ETU, MEA, and AiGroup subsequently examined the wording and recommended substantial changes to the exclusions. These have been considered and where appropriate included in the electrician's regulated work described above. It is proposed that the exclusions from the meaning of electrical work be included in national licensing.

Electrical fitter

Electrical fitting work is regulated in a variety of ways across jurisdictions. Victoria, Queensland, Western Australia and the Northern Territory have a separate licence category. South Australia requires that those who perform electrical fitting work apply for the licence conditioned 'can perform any electrical work (electrician). (An electrical fitter's licence is only issued in South Australia as a result of mutual recognition.) New South Wales regulates the disconnect and reconnect work of an electrical fitter and issues a restricted electrical licence to cover this work. In Tasmania electrical fitters operate under Electrical Safety Management Schemes and/or are issued a restricted electrical licence. New South Wales, Tasmania and the Australian Capital Territory do not license electrical fitters and will not be required to do so under national licensing.

The work of an electrical fitter can include the maintenance of high-voltage power systems, including circuit breakers and transformers, and can include electrical fitting work in a domestic context. 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.

Rationale

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 across those jurisdictions.

Stakeholder consultations

The majority of respondents were strongly supportive of the proposed category of electrical fitter, rather than the other forms of regulation which currently exist, as outlined above. Eighty per cent of the electronic survey responses indicated support, with only 8 per cent not supporting the licence category. Given the large number of submissions which did not raise specific concerns with this category, and the lack of strong arguments for any changes, it is recommended that a licence for electrical fitters is included in national licensing. 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. The impact of this proposal is expected to be minimal and has not been costed.

Exclusions from the meaning of electrical fitting work

Rationale

The Consultation RIS identified two areas of work which should be excluded from the meaning of electrical fitting work, and for which an electrical fitter's licence would not be required. The first covered situations where electrical fitting work is part of the principal manufacturing process of a workplace. The second covered work carried out in or about a mine on high-voltage equipment, and was included largely to reflect the existing regulatory arrangement in New South Wales.

Stakeholder consultations

Around 40 per cent of respondents to the electronic survey agreed with the exemption regime proposed for national licensing, while around 23 per cent did not. The ETU argued strongly for the deletion of the proposed exemption for work carried out in or about a mine on high-voltage equipment.

It is proposed that this exclusion from the meaning of electrical fitting work not be included in national licensing for electrical fitters in the way originally proposed in the Consultation RIS. However, it is proposed that the situation be addressed through the definition of electrical equipment or an exemption contained in the Amendment Bill, to enable the exclusion to continue to apply only in the jurisdictions in which it already does so.

Electrical Line worker

Lineworkers are currently licensed separately in Queensland, Tasmania and the Northern Territory. South Australia licenses this work through a restricted electrical licence. In two jurisdictions the occupation is regulated through non-licensing systems: Victoria maintains a line worker registration system in conjunction with network operators, and in New South Wales there is an accreditation system. Only Queensland and South Australia license the area of rail traction linework. However, it appears that there is only a single line worker 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 involves considerable risk to workers and potentially to consumers. In jurisdictions which do not license linework, the network operators assume primary responsibility for safety. During the policy development process jurisdictions which currently licensed linework did not indicate support for alternative forms of regulation or for deregulation. There may also be costs associated with any move towards alternative forms of managing safety in

these jurisdictions, which are likely to outweigh the benefits given the time taken to develop such systems and requirements for the provision of additional training information. Labour mobility for lineworkers is also important in the case of natural disasters where workers are often required to perform work in other jurisdictions at very short notice.

Rationale

The Consultation RIS proposed a single category of line worker, although it noted that during the policy development process there had been industry support for three separate categories to cover transmission, distribution and rail traction work. These specialisations are reflected in the three electrotechnology qualifications which offer distinct pathways to the respective occupations.

Stakeholder consultations

While there is some commonality in line worker work across the three specialisations, the ETU and Electrical Networks Australia (ENA) have consistently indicated a strong preference for three separate categories of linework licence. Stakeholders have noted that this is already reflected in the content and structure of the three separate training packages. However, no supporting evidence has been put forward in support of this preference for three distinct categories and the jurisdictions that do regulate do so through a single category. Ultimately this may be a question of administrative practice.

The Consultation RIS also proposed that the regulated work of an electrician should include any linework within a customer's installation to the point of supply. The ETU is supportive of this aspect of the proposal. The Consultation RIS also invited commentary on whether linework should be deregulated, as is currently the case in four jurisdictions. Approximately 71 per cent of electronic survey respondents supported the inclusion of a line worker category in national licensing, with around 7 per cent disagreeing.

While there are differences in the contexts in which linework is performed, it is not necessary to reflect these in separate licences. It is proposed that a single category of line worker licence be introduced, and that the area of specialisation is identified on the licence. This could be an administrative procedure and would ensure that a line worker would only be able to work in the sector in which they have been trained. It should be noted that these arrangements would only apply in the jurisdictions that currently license the line worker occupations.

NOLA should continue to consult with regulators and industry ensure that the single licence category addresses the risks associated with all areas of line work in the relevant jurisdictions and in the electricity industry. The impact of this proposal is expected to be minimal and has not been costed.

Electrical cable jointer

Cable jointers are currently licensed separately in Queensland, Tasmania and the Northern Territory. South Australia licenses by way of a restricted electrical 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. 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. As with linework, cable jointing involves considerable risk to workers and potentially to consumers. In jurisdictions which do not license cable jointing, the network operators assume primary responsibility for safety. This does not occur in the jurisdictions which currently license cable jointing and it is likely that the cost of moving away from licensing would outweigh the benefits. During the policy development process jurisdictions which currently licensed cable jointing did not indicate support for alternative forms of regulation, or for deregulation. As with linework, there may also be costs associated with any move towards alternative forms of managing safety in these jurisdictions.

Rationale

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.

Stakeholder consultations

The large majority of stakeholders responding through the electronic survey supported the inclusion of a cable jointer category. The peak body representing network operators, ENA, supports the proposed cable jointer category. The Consultation RIS also proposed that the regulated work of an electrician should include any cable jointer work within a customer's installation to the point of supply. The ETU is supportive of this aspect of the proposal.

It is proposed that the cable jointer category, and the associated scope of work outlined earlier in this chapter, be included in national licensing. The impact of this proposal is expected to be minimal and has not been costed.

Restricted electrical licences

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.

Rationale

The Consultation RIS 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. The Consultation RIS also proposed that several existing REL sub-categories should be excluded from national licensing: Pre-assembled neon signs, High voltage propulsion equipment and Plug and cord repair work.

The 'need' requirement

The Consultation RIS also proposed 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. The demonstration of 'need' is founded on the inherent danger associated with any electrical work, and recognition that such work, while smaller in scope than that of a full electrician, still presents risks. Restricting access to these licences on the basis of need is an important aspect of risk management in this area and provides greater assurance that those who have a licence for this work undertake it regularly. Need is also aligned with the further requirement that individuals should possess a relevant trade or calling, as discussed below. 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 NOLA to assist administrative staff.

It was 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, applicants in that state would be required to produce evidence of a need for a REL. The estimated cost impact of introducing this requirement in South Australia is \$0.01 million per annum or \$0.05 million NPV over ten years.

Verification of trade or calling

The Consultation RIS also proposed that an applicant for a REL should possess a relevant trade or calling, and outlined how verification could be achieved, including evidence of a Certificate III qualification or equivalent. Examples of these occupations were given in the Consultation RIS and it was noted that further work would be required in order to develop a definitive list.

Stakeholder consultations

The majority of respondents utilising the electronic survey expressed support for the five categories of restricted electrical licence and associated scopes of work proposed in the Consultation RIS. However the ETU does not support the proposed definition of restricted electrical work, either with fault finding or without fault finding. Nor does the ETU believe that RELs should allow locating and rectifying faults in the equipment. In addition, the ETU does not support the proposed RELs until the 'list of trades and callings' referred to above and on page 26 of the Consultation RIS has been developed, so that administrative staff can carry out the application process consistently.

As outlined earlier, a small number of submissions support a restricted electrical licence for a range of occupations that have not been included. The National Fire Industry Association (NFIA) supports a restricted electrical work with fault finding (electronics and communications) *to allow for fire detection and alarm as it is our understanding that it is not intend to disenfranchise workers currently occupied in this scope of work.*

Similar views were expressed by the Fire Protection Association (FPA) of Australia who considers *that the majority of technicians undertaking fire detection systems work in the fire protection industry are not qualified electricians [as stated in the Consultation RIS] but are registered communication cabling; and recommends that the scope of the Restricted Electrical Licence (REL) with fault finding: Electronics and communications, is extended to include fault finding on interfaced Electrical Equipment that conveys or controls electricity above extra low voltage (ELV) for fire protection purposes.*

Industry stakeholders have also expressed a strong view that the existing scope of work definitions should be made clearer. Stakeholders proposed that the legislation make clear that RELs do not permit installation of, or alteration to, any part of the fixed electrical wiring system, as this is electrical installation work. In relation to RELs without fault finding, the definition of the scope of work should include at the end: 'to the extent of allowing non-electrical work to be carried out.'

The meaning of the five proposed REL categories contained in the Consultation RIS has been amended to reflect stakeholder concerns. This includes specific reference to the fact that none of the licences permit the holder to undertake electrical work. It is proposed that the REL categories contained in tables earlier in the chapter be included in national licensing.

As outlined in the Consultation RIS, a list of trades and callings will need to be developed by NOLA in consultation with industry, as an administrative guideline. The work would need to be done as part of the implementation process. The process will be an opportunity for NOLA to reconsider trades and callings not identified in the initial policy development. The list will assist administrative staff carry out the application process consistently.

Some existing REL holders will not have a direct equivalent national licensing REL, and may be transitioned to a REL category plus an endorsement, or to a REL with a restriction applied. Transitioning of current licensees is discussed later in this chapter.

Exclusion of Plug and cord repair work (portable appliances)

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.

Stakeholder consultations

Plug and cord work is currently regulated in Queensland and the Northern Territory only.

Around 50 per cent of respondents through the electronic survey opposed the introduction of a plug and cord category, and around 30 per cent supported its introduction. The ETU and MEA, however, argue strongly in their submissions that plug and cord work should be regulated nationally. At the very least, it is argued that this work should continue to be regulated in Queensland and the Northern Territory. While on the one hand, it appears that plug and cord work may be a diminishing area of work, due to the tendency to replace rather than repair some portable appliances, it is argued, nevertheless, that people undertaking this work are at risk of electrocution. The limited data available suggests that injury and death as a result of this work is often associated with people performing the work at home. Licensing would not necessarily address this circumstance, but it is argued by stakeholders that licensing acts as an important disincentive to non-licence holders.

Advice from regulators during the policy development was 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.

It is proposed, however, that national licensing not include the regulation of plug and cord work. It would create a major increase in regulation across six jurisdictions. Queensland will need to consider whether it will continue to license or regulate plug and cord work.

Removing this restricted electrical licence subcategory would save licensees \$0.19 million per annum or \$1.23 million NPV over ten years as at 1 July 2012, primarily in Queensland.

Electrical contractor

The Consultation RIS proposed that there should be four separate contractor licences for electrician, electrical fitter, line worker and cable joiner. Contractor licences were not proposed for restricted electrical licences or provisional licences. Applicants would be required to meet personal and financial probity requirements.

Rationale

Contractor licences allow an individual or a body corporate to contract with the public for regulated work. Applicants would be subject to personal and financial probity requirements. Contractor

licences are currently issued in all jurisdictions, however in the Australian Capital Territory, contractor licences are only offered to companies and partnerships. An individual electrician is not required to hold an additional contractor licence.

An individual who wishes to obtain a contractor's licence but does not personally hold a licence enabling them to carry out the regulated work would be required to nominate a nominee who had the relevant licence to carry out the regulated work and/or to ensure the work was undertaken to the appropriate standard. A nominee would also be required when the licence is issued to a corporation, a person in a partnership. A contractor may have multiple nominees to carry out multiple scopes of regulated work.

The requirement links the contractor licence to the regulated work and is discussed later in this chapter.

The early 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. As a consequence, the Consultation RIS proposed that contractor licences be included for lineworkers and cable jointers, although these categories do not currently exist in individual jurisdictions.

Contractor licences were not proposed for the restricted electrical licences. This is because the work a person is contracting for is considered to relate to the person's primary calling or trade, rather than the disconnection and 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. It should be noted, however, that some jurisdictions issue a contractor licence for restricted electrical licence applicants, such as refrigeration and air-conditioning mechanics in South Australia. This would no longer be a requirement under national licensing.

A generic contractor licence across a range of occupations was also considered and rejected as, while it appeared to provide a deregulatory approach, further consideration showed that it would significantly increase administrative complexity. It would require greater coordination between agencies, particularly where work was divided between one agency regulating contractors and another regulating technical work, particularly on compliance and enforcement issues, which could increase risk. Additionally, the lack of a specific and obvious connection between a contractor and the work for which they are authorised to contract would reduce transparency for consumers

Stakeholder consultations

Stakeholders, including the ETU, MEA and NECA have articulated a strong preference for a single electrical contractor licence, rather than the four separate categories proposed in the Consultation RIS. This reflects current practice across jurisdictions. Stakeholders variously saw as unnecessary the proliferation of categories, and propose that the scope of the contracted work would be defined by qualifications held by the practitioner or nominee. Around a third of individuals responding through the electronic survey supported the scopes of work proposed for the four separate categories, but did not comment on whether a single contractor licence would be sufficient. NECA states that:

'No jurisdiction currently has such licenses and there has never been a demand. The implementation of a National Licensing Scheme should not be the grounds to introduce such additional contractor licenses. There should be one contractor category and that is electrical contractor that can undertake all work.'

It is proposed that national licensing include a single category of electrical contractor. Where a contractor does not hold a licence to undertake the electrical work, a nominee with a relevant electrical licence must be identified. Nominees are discussed later in this chapter.

The proposed requirements are a change for the Australian Capital Territory, as outlined above, and the impacts are uncertain and have not been quantified. However, the overall impact of the single licence category is expected to be minimal and has not been costed.

Provisional licences

The Consultation RIS proposed the four categories of provisional licence for an electrician, electrical fitter, line worker and cable jointer.

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, NOLA 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 skilled migrant applicants and that the same qualification requirements (and Australian context gap training) should apply to persons assessed both offshore and onshore.

In regard to a provisional licence for electrical fitters, the occupation was not included in the initial COAG process, and therefore an Off Shore Technical Skills Record (OTSR)(issued to a skilled migrant following a pre migration skills assessment), the assessment resources and the Australian context gap training has not been developed. An OTSR identifies any Australian context gap training that would need to be complete onshore before a licence can be issued. It is proposed that NOLA work with Trades Recognition Australia to ascertain if there is a requirement or demand for an electrical fitter provisional licence.

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 apprentices and trainees under a contract of training and under the supervision of an employer

- a person applying for a restricted electrical licence, 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.

Stakeholder consultations

The provisional licence categories proposed in the Consultation RIS were supported by most stakeholders including the ETU, MEA and NECA. Given the large number of submissions that did not raise specific concerns with the proposed provisional licence categories, and the lack of strong arguments for any changes, it is recommended that the proposed four categories of provisional licence for an electrician, electrical fitter, line worker and cable jointer remain unchanged

The impact of this proposal is expected to be minimal and has not been costed.

3.11.1 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.

Rationale

The Consultation RIS noted that the IAC 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, that over time could recreate the current complexity.

Stakeholder consultations

Around 30 per cent of stakeholders responding through the electronic survey indicated that there may be situations where an endorsement was necessary. The National Electrical and Communications of SA suggested that endorsements could be appropriate for high-risk work in hazardous areas such as explosives/flammable or high-voltage work. The endorsements would be to reflect competencies over and above those required for licensing. The ETU proposed that endorsements could be used to reflect the three line worker specialisations, and also noted that endorsements could be appropriate for specialisations in the wind generation area, e.g. wind, solar and tidal areas. This could be a matter for future consideration by NOLA.

It is proposed, therefore, that endorsements not be available on electrical licence categories at this time.

3.11.2 Exemptions

The National Law makes it an offence to undertake regulated work unless an individual or a body corporate 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:

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

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; others in training for a licence are covered when working under supervision of a relevant licensed person. The exemption allows for completion of required on-the-job training. Further consideration of the definitions of regulated work following feedback from stakeholders has rendered some of the original proposed exemptions unnecessary.

The IAC 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 and this has been reflected in the Amendment Bill .

The IAC 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 IAC also originally proposed an exemption for engineers practising their profession. However, further analysis 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 IAC 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.

Stakeholder consultations

Around 40 per cent of the electronic survey respondents agreed with the exemptions proposed in the Consultation RIS. Some key stakeholders were concerned with the exempting of students from holding a licence while training in institution-only pathways. The strong view of industry is that an apprenticeship pathway is essential for the individual's attainment of experience in the industry. AiGroup stated in its submission that qualifications for electrical occupations must be achieved through an apprenticeship rather than an institution-based pathway. A similar view was expressed by NECASA.

The ETU also noted that most jurisdictions had additional exemptions, as noted in the rationale above, and cited electrical work performed for a relative, and minor emergency repairs and work carried out on a not-for-profit basis, as exemptions which should continue under national licensing and should not be subject to contractor licensing. However, these arrangements do not involve a contract or remuneration, therefore an exemption is not necessary.

There was a strong view that wording in the Consultation RIS did not clearly articulate the meaning of a 'prescribed licence,' in the proposed exemptions relating to holders of other contractor licences. It did not specify that the holder of such a licence would be required to contract with an electrical contractor, leaving open the possibility that the holder of such a licence could contract directly with a person holding an electrician licence. The revised wording in the Amendment Bill makes clear that the holder of a non-electrical contractor licence, while exempted from holding an electrical contractor licence, must still contract with an electrical contractor, rather than the holder of an electrician or other electrical licence. The exemption represents a change in arrangement in South Australia where an electrical contractor is not required in this situation. The introduction of a sub-contractor nominee discussed later in this chapter may alleviate the impact of the change proposed under national licensing. The exemption for an electrician not requiring an electrical fitter's licence is

no longer required due to the revised scope of work for the electrician, outlined earlier in the chapter.

The submission from Engineers Australia while broadly supportive of the national licensing proposals stated that there needs to be greater clarity about the work electrical engineers can undertake without a licence, pointing to current exemptions in legislation in Western Australia and Queensland. B Turner of Salbay Engineering Pty Ltd agrees with this view adding "*there are many instances where engineers are required to perform "hands on" electrical work to demonstrate the correct wiring methods or test procedures to be used. This is particularly important in the instrumentation and industrial control areas. On the other hand a courtesy REL for engineers without onerous requirements would be acceptable too.*"

However, the policy recommendations arising from the IAC and the OLAC did not identify any situations where electrical engineers would be exempted from a need to hold an electrician's licence. Also, electrical engineers are only exempted from licensing in two jurisdictions and even though there has been no evidence of market failure, that is, where markets do not produce outcomes which might necessitate government intervention, a nationally applied exemption has not been supported by the other six justifications. Also, there has not been any robust rationale to include an exemption for electrical engineers in national licensing.

It is therefore proposed that the following exemptions apply:

An individual who is carrying out the regulated work:

- under a contract of employment and training, or as a student undertaking competency-based training, for the purpose of gaining qualifications necessary for obtaining the licence and under the supervision of an individual who is licensed to carry out the regulated work without supervision; or
- the holder of a prescribed authority (by whatever name called) and who, as part of carrying on business under that authority, contracts, for the provision of that regulated work other than under a contract of employment, with another person licensed to carry out that work; or
- a person who, in the person's capacity as an employee or contractor carries out regulated work on—
 - electrical equipment in or near a mine that is owned, controlled or operated under a declared law for this subparagraph; or

The exemptions listed above have been modified from the wording contained in the Consultation RIS.

Consistent nationally applied exemptions for those operating in multiple jurisdictions would result in 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.

3.11.3 Nominees

The National Law provides that when a body corporate, a person in their capacity as a member of a partnership, or an individual who does not hold the relevant licence to carry out work, applies for a contractor licence, they will be required to nominate a nominee. The nominee will be an individual licensee who holds the corresponding licence in order for the contractor to contract for that work for example, a nominee must hold an electrician's licence if contracting for electrical work. . This requirement has already been agreed as part of the national law.

A nominee must be:

- for a body corporate or a partnership involving a body corporate – a director or employee
- for a partnership involving individuals – a partner or employee
- for an individual – an employee.

These arrangements were proposed in the Consultation RIS, and the intention is to establish a link between the nominee and the business so that responsibility can be readily determined in relation to compliance. All jurisdictions except South Australia currently require electrical contractors, who do not have the technical skills and licence to perform electrical work, to nominate a nominee who possesses technical skills. The nominee requirement will place an additional regulatory burden in South Australia. The nominee must possess the appropriate technical skills in order to supervise electrical work, and in most jurisdictions sign off on the performance of electrical work.

Nominees are an important part of compliance and enforcement regimes, ensuring that there is a clear link between the contractor and workers performing the electrical work. Queensland has provided the following rationale for a nominee requirement:

The nomination of a particular responsible person allows the policing of persons responsible for defective work. In many cases, defective electrical work associated with an accident or incident may have been carried out by any one of a large number of persons. Having a qualified technical person, or nominee under the National Law, who signed off the work, makes sure that a responsible person cannot evade investigation and compliance action.

New South Wales provided the following in support of a nominee requirement:

The possession of a contractor licence for a given occupation implies an understanding of the technical work associated with that occupation. The concept of the nominee ensures this is the case by embedding the requisite technical skills and knowledge in a contracting agency. In other words, the nominee ensures that there is a correlation between being authorised to contract for a given scope of regulated work, and possession (within the contracting agency) of the necessary qualification requirement. If the nominee provision is removed then the ability to ensure the contractor's compliance with a skills requirement is also removed

Regulators have indicated that it is far more difficult to establish responsibility for breaches where a licence holder who performs the work has no ongoing link to the company who has contracted for the work as it can be difficult to locate and contact the licence holder in this situation, particularly in a large company situation. To remove the nominee requirement in seven jurisdictions would have significant negative consequences on the capacity to hold contractor licensees responsible for their supervision of work and result in regulators having to rely on standard director obligations. Some jurisdictions consider that this requirement needs to remain part of the essential architecture of a robust licensing model.

Under national licensing, 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 NOLA 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 NOLA in writing, as soon as practicable but not later than 14 days after the situation occurs. NOLA would have the discretion to authorise a contractor licensee to operate for a set period with an interim nominee under prescribed conditions. An interim nominee does not need to be one of the parties specified in the dot points above.

Stakeholder feedback

Of those who commented on nominees, slightly more submissions supported the proposal for nominees than did not. While most of those not supporting the nominee concept failed to provide a reason for their view, a small number sought the expansion of those able to be nominees to sub-contractors and/or contractors to reflect current work practices in their jurisdictions. Other submissions were of the view that contractors needed to have the skills and experience to understand the work for which they contracted and did not want 'unskilled people' as contractors.

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.

It is proposed to retain the approach to nominees as outlined above, and in the Consultation RIS, which builds on the requirement to have a nominee established in the National Law. Following discussion between jurisdictions, it is also proposed that individual jurisdictions will be able to choose to allow sub-contractors to fulfil the role of a nominee, however in jurisdictions where this occurs, a contractor that has only a sub-contractor nominee, and not a nominee who is a director or employee, will be unable to contract for work outside of the jurisdiction in which their principal place of business is located. A contractor who has a sub-contractor nominee and who enters into a contract for work outside the originating jurisdiction will be required to meet the nominee requirements in the jurisdiction in which the work is occurring. In all cases, a person must agree to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation). The inclusion of a subcontractor nominee option would minimise the additional regulatory burden in South Australia where nominees are not currently required.

It is also proposed that an electrical contractor can only contract for the regulated work that is applicable to the technical skills of the licensed nominee, as set out earlier in the chapter.

3.11.4 Non-skills-based eligibility requirements

The National Law provides for certain non-skills-based eligibility criteria such as personal and financial probity requirements. Other criteria, such as insurance requirements in individual jurisdictions, will not be required under national licensing.

Personal Probity

The National Law provides for personal probity requirements.

Rationale

Current personal probity requirements can include checks for disqualified licences and criminal history checks. The application of these checks varies across jurisdictions. Queensland and South Australia do not apply criminal history checks for non-contractor licences, whereas all the other jurisdictions do. 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.

In Victoria and New South Wales, an applicant must disclose if they have been involved in any offence involving fraud, dishonesty, drug trafficking or violence.

Applicants for contractor licences are subject to criminal history checks in all jurisdictions. Checks for disqualified licences occur in all jurisdictions for all licence types. See Attachment A for an overview of current licensing arrangements.

All licence categories

The National Law includes provisions²⁷ for what is considered an offence under the National Law. The offences include: carrying out regulated work while unlicensed or not exempt, engaging a person to carry out regulated work who is unlicensed or not exempt, and advertising or offering to carry out regulated work while unlicensed or not exempt. It is proposed that checks for these offences are taken into consideration under the personal probity requirements for all licence categories to ensure that a licence is not incorrectly renewed or issued.

Electrical contractor licence

The Consultation RIS proposed that personal probity requirements, *including* certain criminal history checks, would only apply to the electrical contractor licence. It is proposed that these arrangements remain for electrical contractors.

It was acknowledged that there is 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 and members of a partnership. In this regard, the proposed offences are based on dishonesty offences, such as blackmail and extortion, theft, fraud and deceptive practices.

Criminal history checks for electrical contractor applicants will 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.

Non-contractor electrical licences

It is proposed that criminal history checks will not apply to non-contractor electrical licence applicants. In the performance of electrical work, the main risks identified were those associated with inadequate work processes. Accordingly, it is considered that criminal offences (such as dishonesty offences) should not be considered as part of the personal probity eligibility criteria. Furthermore, it is considered that offences against the person, such as violence, do not have a direct connection to the inherent requirements of the occupation.

Some jurisdictions, however, consider that additional safeguards might be 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 this view is that, in undertaking licensed work, licensees interact at some level with other persons, such as customers, employees, suppliers or other licensees. Electricians 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.

²⁷ *Occupational Licensing National Law Amendment Bill 2013*; Division 1 Regulated work for licensed occupations, s9 Offence for person to carry out regulated work unless licensed or exempt; s10 Offence to engage person to carry out regulated work unless licensed or exempt; and s11 Offence to advertise or offer to carry out regulated work unless licensed or exempt.

It should be acknowledged, however, that legal case history indicates that refusal to grant a licence on the grounds of criminal history 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. And 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.

Stakeholder consultations

Stakeholders, including 63 per cent of those responding through the electronic survey, have supported the approach that criminal history checks should not be included under the probity requirements for non-contractor licences.

Accordingly, it is proposed that criminal history checks will not be applied to non-contractor licence applicants (i.e. electrician, electrical fitter, line worker, cable jointer and an applicant for a restricted electrical licence) as criminal history does not have a direct connection to the inherent requirements of the occupation.

The reduced probity requirements for non-contractor licences mean time costs savings for new licence holders in all jurisdictions, except Queensland and South Australia. Based on the hourly wage rates assumed in this Decision RIS (see Attachment G) and the time estimates (see Chapter 4), prospective licensees would save about \$0.03 million per annum or \$0.17 million NPV over ten years. The reduced probity requirements are the status quo in Queensland and South Australia, so no will impact occur.

It is also proposed that criminal history checks for electrical contractor applicants will 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. The impact of this proposal is negligible as criminal history checks currently occur in all jurisdictions for contractor licences.

Guidelines will need to be developed to ensure consistency in application of probity requirements.

Financial probity

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.

Rationale

An approach to financial probity was recommended in the Consultation RIS whereby to be eligible for a licence under national licensing the applicant must meet requirements that relate to the failure to pay fines and an applicant for a contractor's licence must also meet insolvency history requirements. This currently occurs in all jurisdictions except the Northern Territory

As with personal probity, the regulator will have the authority to refuse the licence application if the set standards are not met. The only requirement on non-contractor licensees is the check on whether fines or penalties required to be paid under the national law or a prescribed law.

(See Attachment A for a summary of current licensing arrangements.)

The IAC both supported this requirement on the basis that acquittal (and enforcement) of outstanding fines and penalties goes to the heart of the disciplinary scheme which is based on some form of penalty in relation to breaches.

Stakeholder consultations

Stakeholders, including 61 per cent of those responding through the electronic survey, have supported the approach taken in the Consultation RIS and there are no changes to the financial probity arrangements proposed in the national licensing model.

While financial probity requirements will be a new arrangement for the Northern Territory, this will not be an onerous requirement as the information will be readily available on licence registers and may be as simple as providing a declaration. There are also some counter-balancing instances of a reduction in financial probity requirements. As an example, New South Wales will remove the check for bankruptcy for electricians. The estimated impacts of this proposal are expected to be minimal and have not been costed.

3.11.5 Qualification requirements

Qualifications for electrical contractors

The Consultation RIS noted that Victoria, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory currently require between one and four additional units of competency relating to business skills for electrical contractors. Attachment A includes an overview of current arrangements.

Rationale

The Consultation RIS noted that the risks associated with undertaking electrical work relate to safety rather than business management and that there was little evidence to support any linkage between consumer protection and business efficiency for the trades. However, given the strength of stakeholder engagement with this issue, this Decision RIS, while preferring an option with no additional qualifications, outlines alternatives of one, two and seven units of competency.

Stakeholder consultations

Around 40 per cent of those responding through the electronic survey agreed with the proposal in the Consultation RIS that there be no skills-based requirements applied to electrical contractors. Approximately 46 per cent, however, disagreed and major industry stakeholders expressed a strong view that there should be specific qualifications for electrical contractors. This is founded on the belief that there is a risk to consumers and individuals if a business is managed badly or fails completely. The ETU supports seven units of competency drawn from the UEE 11 Electrotechnology Training Package as the minimum skills-based requirement, as does NECA. MEA also supports these seven units of competency in order to address safety and consumer issues. The National Electrical and Communications Association of South Australia (NECASA) sees business qualifications for contractors as essential, and suggests qualifications such as the successful completion of two units of competency from the Business Services training package or completion of a Certificate IV in Small Business Management. The Electrical Occupational Licensing Advisory Council (OLAC) reflected stakeholder preferences on this issue and affirmed the industry's preference for seven units of competency.

Industry's desire for contractors to complete seven units of competency would, however, represent a significant increase in existing qualifications requirements across jurisdictions, which currently range from one to four units.

A requirement for two units would have neutral impact in Queensland and South Australia, because they currently require two units, and there would be a net benefit in Western Australia, which currently requires four units. All other jurisdictions would experience a cost. The national impact would be a net cost of \$3.10 million per annum, or \$20.24 million net present value over ten years.

If seven units were proposed, there would be a net cost in all jurisdictions. The national cost would be \$26.04 million per annum or \$170.75 million net present value over ten years.

Given the lack of evidence for the need for a qualification requirement for contractors it is not proposed to include a qualification requirement in national licensing. Moreover, it is considered that the primary rationale for licensing as part of industry regulation relates to ensuring that individuals are technically qualified to undertake the work. For electrical contractors, this is best addressed through ensuring that nominees are appropriately qualified.

As outlined above this will be a change for Victoria, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory and is estimated to save licensees nationally \$6.05 million per annum or \$39.53 million NPV over ten years. This estimate is based on the avoided cost of undertaking these business and technical competency units, including time cost and fees.

3.11.6 Experience

Rationale

Experience is the period of time a person has undertaken employment (usually paid employment) related to the scope of work authorised by an occupational licence. It is inherently an imprecise measure of skill as the work being undertaken may be of insufficient range and quality and does not, by itself, demonstrate a particular level of expertise that may be comparable across individuals. The Consultation RIS did not propose to include experience requirements for any category of licence (experience, in this RIS, relates to periods of additional time required following completion of an apprenticeship and/or licence, not to the on-the-job component of an apprenticeship).

Currently, in Victoria, Queensland, Western Australia and the Northern Territory 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.

New South Wales, Victoria, Western Australia, Tasmania and the Northern Territory have experience requirements for electricians. Experience is embedded in the traditional apprenticeship, which is competency based and utilises on-the-job training. This means that an apprentice gains experience on the job. A summary of the jurisdictional requirements is at Attachment A.

The IAC proposed that experience would not be required under national licensing arrangements, as COAG had agreed in 2006 that competency-based arrangements should be sufficient for qualification purposes and that time-based arrangements provided a variable and uncertain measure of the achievement of skills.

Under national licensing, all experience requirements would be removed for all occupations. An apprentice electrician will not be required to undergo further on the job time, beyond that required as part of an apprenticeship, in order to be eligible for a licence. Licensed electrical workers could obtain a contractor licence sooner if they wished to do so. No evidence was provided during the policy development process or during consultations pointing to a higher risk to consumers in the four jurisdictions which do not currently specify experience requirements for electrical contractors. Contracting is essentially about the running of a business, and no evidence was forthcoming pointing to a period of technical experience contributing to an ability to contract with the public or run a business. The removal of experience requirements will reduce regulation in five jurisdictions.

Stakeholder consultations

Around 62 per cent of those responding through the electronic survey did not support the non-inclusion of an experience requirement in national licensing. Industry stakeholders, including the ETU, NECA, MEA and the OLAC put forward a strong view that electrical contractors (or their nominees) should be required to demonstrate a level of previous industry experience prior to contracting with the public, citing public safety and consumer protection as key reasons. NECA stated in its submission that individuals should demonstrate two years' experience. During consultations stakeholders suggested that there could be safety implications arising from contractors with limited experience and poor business skills misquoting for jobs and materials, but these suggestions remained unsupported.

It is not clear whether the support for the experience requirement for contractors also relates to apprentices. However, stakeholders' overwhelming support for the traditional apprenticeship system is predicated on the experience component of the apprenticeship. The licensing reforms are not seeking to change current apprenticeship arrangements. Peak industry bodies support the traditional apprenticeship as a pathway to a licence for electrical occupations.

In view of the imbedding of experience requirements in the electrical occupations' training packages, the cost impact in jurisdictions which do not currently impose experience requirements, and the absence of supporting data on the efficacy of experience requirements, it is proposed that national licensing not impose any additional experience requirements in electrical occupations. The national benefit is estimated to be \$1.86 million per annum or \$12.14 million NPV over ten years.

3.11.7 Cardiopulmonary Resuscitation (CPR)

The Consultation RIS proposed that CPR not be included as an eligibility requirement for national licensing. Currently, Queensland is the only jurisdiction that stipulates a specific CPR currency requirement for the licensing of electrical occupations.

Rationale

The Consultation RIS noted that 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.

However, 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.

Stakeholder consultations

The ETU, MEA and NECASA state in their submissions that CPR should be a requirement for national licensing and that licence holders should have a certificate of currency for CPR in order to be eligible for renewal. There was also consistent support during the stakeholder consultations for the inclusion of CPR. Forty-eight per cent of electronic survey respondents also supported inclusion, with 38 per cent disagreeing. Some of those that provided comment suggested that low voltage rescue training should also be included.

The introduction of compulsory CPR would place a significant additional burden on the seven jurisdictions that do not currently impose this requirement. It is proposed, therefore, that CPR not be included under national licensing because there are other mechanisms, such as occupational health and safety requirements, that cover this issue, and because of the coverage in the training package.

Queensland has advised that a requirement for CPR training will continue though provisions in the *Electrical Safety Act 2002* covering employer obligations, and this requirement will be outside the scope of national licensing.

3.11.8 Additional testing

Rationale

The Consultation RIS proposed a range of qualifications for electrical licences based on existing training packages. The Consultation RIS also noted that completion of an apprenticeship leading to a Certificate III qualification is generally considered to provide the level of competency required for licensing. IAC members noted the importance of ensuring that training is properly delivered and assessed. The role of the Australian Skills Quality Authority, and other state VET regulators, 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, such as that undertaken by Energy Safe Victoria (ESV), 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 skills-related eligibility requirements²⁸ for gaining a licence in relevant regulated occupations. ESV currently requires a Licensed Electrical Assessment (LEA) prior to issuing of an electrician licence in some circumstances, including for individuals who have satisfied the requirements of an electrical apprenticeship..

Some jurisdictions also impose other forms of additional testing such English language testing and colour blindness and these are discussed later this section.

Stakeholder consultations

Stakeholders are supportive of the need to eliminate duplicate testing currently practised in some jurisdictions. However, around 17 per cent of those responding through the electronic survey indicated that there were additional forms of testing which could be considered. In addition to citing CPR and English language testing, the ETU and NECASA cited competence in rescue and resuscitation, currently required in South Australia, as a further area for consideration.

It is proposed that national licensing not impose any areas of additional testing in electrical occupations. This will reduce regulatory burden on prospective electrical licence holders in Victoria who would no longer be required to sit the LEA. The savings of this change is estimated to be \$1.55 million per annum or \$10.12 million NPV over ten years. For further information on the calculations and assumptions underlying these estimates, see Attachment H.

Colour blindness

National licensing will not require a colour blindness test. Currently, Tasmania and the Northern Territory are the only two jurisdictions which impose a colour blindness test for electrical licences.

Rationale

During the policy development process it was observed that the imposition of a colour blindness test was unwarranted and could be perceived as discriminatory. Stakeholders noted that, while colour coding of wires to indicate live electrical current was useful, ultimately, there are other, safer mechanisms for testing whether an electrical current is present, for example the use of appropriate testing equipment.

²⁸ Skills-related eligibility requirements include those related to competency standards, qualifications and/or industry experience requirements.

Stakeholder consultations

A colour blindness test was mentioned in the Consultation RIS, but was not the subject of a dedicated question in the stakeholder survey document. However, the ETU and the form template styled submissions supported that a colour blindness test should form part of the eligibility requirements for the electrical licences. No comment was offered by other submissions.

The OLAC members noted that there are varying levels of colour blindness, and that lower levels may not be restrictive in relation to electrical work.

The impact of this change was not costed and the benefit it expected to be small. Given no evidence has been provided to support a robust rationale for inclusion, and there has been no evidence of market failure in the six jurisdictions that do not require this testing, national licensing will not include a colour blindness test.

Skills maintenance

Skills maintenance, a part of licensing eligibility criteria, is the requirement for licensees to undertake additional training each year beyond that required as part of the original eligibility and competency requirements for their licence. It is intended to ensure that existing licensees maintain skills currency, particularly where technology, standards or practices change. It is often based on a specified number of hours or points to be obtained each year. It is separate to voluntary skills maintenance, which is usually undertaken by licensees to improve their skills or gain a form of accreditation which has market advantages and is frequently encouraged through professional associations.

Currently, five jurisdictions impose mandatory skills maintenance for electricians. Three of the four jurisdictions which licence lineworkers, Queensland, Tasmania and the Northern Territory, also require skills maintenance for these occupations.

Under national licensing it is proposed that when there is a specific education/information issue which may warrant a response from NOLA, NOLA will work with the state and territory regulators to understand the issue and possible responses. The response could include strategies such as information provision, development of guidelines or one-off training requirements. The most appropriate option would be worked through with jurisdictions. There is agreement that ongoing professional development programs, including for example requirements for a specific number of hours per year, would not be considered as part of this mechanism. The response would be aimed at achieving the desired outcome (i.e. greater awareness of the issue) with the minimum level of burden. In cases of imminent public health and safety risk, there are also mechanisms to ensure urgent action can be taken.

Rationale

The Consultation RIS noted that while there was strong support for the concept of skills maintenance amongst stakeholders, it was also 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. skills maintenance is compulsory.

Stakeholder consultations

During the public consultations some industry stakeholders expressed support for the concept of skills maintenance and noted existing requirements in several jurisdictions. Stakeholders did not, however, provide evidence in support of the effectiveness of mandatory skills maintenance. The ETU

stressed the importance of skills maintenance in its submission, and MEA noted that, should it become a requirement, the impact of skills maintenance would need to be costed.

The proposed national licensing model, while acknowledging the importance of skills maintenance, does not include mandatory skills maintenance as a requirement for renewal of electrical licences. No evidence was provided to support such a requirement and this element should not be incorporated in national licensing in the absence of rigorous evidence of the need for it to be compulsory.

While it is noted that a requirement for mandatory skills maintenance would be a cost burden to licensees, this RIS does not include a costing. It is acknowledged that even a system that is free, flexible and has online capabilities, similar to the Queensland on-line skills maintenance test, would have a time-cost impact on licensees. While a costing has not been undertaken for this RIS, it is recognised that the removal of mandatory skills maintenance would make the case for national licensing stronger.

In the three jurisdictions that do not have a skills maintenance requirements there has been no evidence of market failure, that is, where markets do not produce outcomes which might necessitate government intervention. Professional associations could continue to encourage a culture of quality training and development for members, above that required to obtain a licence. Employers can encourage employees to keep their skills up to date but this would be based on need rather than a non-specific broader requirement.

Licence holders will, however, be responsible for ensuring that they are aware of changes to jurisdictional legislation or conduct requirements.

English language test

The Consultation RIS proposed that English language testing not be included in national licensing. Currently only Queensland stipulates English language requirements as part of the eligibility requirements for electrical occupations.

Rationale

The Consultation RIS noted that, in regard to migrants, English language is embedded in a range of assessments. Trades Recognition Australia assessments 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.

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.

Stakeholder consultations

Around 74 per cent of those responding through the electronic survey indicated disagreement or strong disagreement with the proposal to *not* include an English language requirement in national licensing. The ETU has expressed a strong view that English language testing be included as an eligibility requirement, but has not provided data in support of its view. Some employer bodies, including NECA, have stated that English language proficiency is already satisfactorily accounted for in the arrangements outlined above.

To include English language testing impose an additional burden on the seven jurisdictions which do not currently impose an English language testing requirement. In view of the absence of supporting

data, and the significant cost of introducing English language testing in the seven jurisdictions which do not currently impose this requirement, the proposed model for national licensing does not include English language testing. This impact has not been quantified for the Decision RIS given the marginal impact of the change, and would only benefit prospective licensees in Queensland.

3.11.9 Age requirement

National licensing will not have any age requirement. Currently, only New South Wales stipulates an age requirement of 18 years for applicants of contractor licences and electricians. A view has been expressed that an age requirement should be included for contractor licences, based on the difficulty of enforcing contracts against minors.

A person should not be discriminated by their age. The removal of the requirement would reduce barriers to licensing and benefit new licence holders.

Stakeholder consultations

The Consultation RIS did not specifically seek feedback on a minimum age requirement.

3.11.10 Licence periods

The Consultation RIS proposed one or three year licence periods for national licensing as this reflected the average period currently offered by jurisdictions. The National Law now proposes to provide that any licence type, except a provisional licence, may be granted for a period of one, three or five years, with the term to be selected by the applicant. A provisional licence can only be issued for a 12-month period, but a further 12 month period can be granted in extenuating circumstances.

The periods for which a licence is offered can impact costs, as longer licence periods require fewer applications and therefore less regulatory effort than shorter ones.

While the most benefit could be obtained, theoretically, by increasing the licence term to a longer period, or by making a licence permanently valid, in practice a shorter, regular renewal period has a number of benefits, although they are not easily quantifiable. These include ensuring the contact details for each licensee are kept up to date, which is essential for compliance practices, providing the regulator with the opportunity to remove records for those no longer holding a licence, so that number of licensees can be monitored and allowing for periodic checks on the currency of requirements such as personal and/or financial probity. It provides a set point at which licensees can be provided with information on changed requirements or standards, which may necessitate professional development or other activity and it provides a revenue stream to reimburse regulator activity.

It should be acknowledged that the proposal to offer flexible licence periods of one, three or five years will provide a slight increase in complexity for regulators however this will be offset to some degree by the increased flexibility afforded to licensees in being able to choose the licence term.

Stakeholder consultations

Around half of the total submissions providing comment on the licence period supported a five year period for non-contractor licences, with 30 per cent supported a three year period.

A five year licence period for contractor licences was supported by almost 42 per cent of respondents, with 33 per cent offering support for a three year licence period.

Relatively small numbers of respondents supported the one year term for non-contractor licences, with around 18 per cent supporting this licence period for contractors.

Although a ten year and a perpetual licence terms would have benefits of \$5.42 million and \$7.53 million (annualised ongoing impact) respectively, the non-quantifiable benefits associated with a

more regular renewal period mean that, on balance, five years is the preferred licence term. The net quantifiable benefits of the five year licence term is \$3.31 million (annualised ongoing impact).

The proposal in this Decision RIS is for flexible arrangements to suit each licensee, with the option to renew for one, three or five years. A discussion of the impact of the proposal is provided at section 4.1.2.

It is proposed, therefore, that NOLA will have the ability to issue licences for one, three or five year periods. The range of licence periods provides flexibility for individual arrangements. For example, applicants may wish to hold licences for shorter periods if retiring or planning to sell a business.

3.11.11 Transitional arrangements

Deeming of current licence holders

The Intergovernmental Agreement 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 qualification 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 licensed by that jurisdiction when national licensing commences, in accordance with clause 4.2(f) of the Intergovernmental Agreement.
- Some work currently requiring a licence will not be regulated work under national licensing and a licence will no longer be required for that work.
- Adoption of a 'best fit' approach – some licences will not have a direct equivalent and a current category may map to more than one category or a category plus an endorsement. Alternatively, some categories may have a scope of work that is significantly less than that proposed for a national licence and conditions or restrictions may be applied to achieve a best fit. It is necessary to apply restrictions and conditions to ensure licensees are not transitioned to licences that would allow them to undertake a wider scope of work than their current licences allow, as this could pose an unacceptable safety risk to themselves and the community.

Each jurisdiction has undertaken a process to map straightforward, like-to-like equivalences of jurisdictional licences to the relevant national licence category or categories. This mapping, which covers some 80 per cent of current jurisdictional licences, will be incorporated into the jurisdictional transitional legislation.

The exception to this is for those licensees that have conditions or directions applied as a result of disciplinary action; in these cases, the licence will be transitioned 'as is'.

Following is information on the deeming of jurisdictional licences under specific circumstances.

Administrative transactions that were initiated before national licensing begins

All applications for the issue, renewal or restoration of a licence lodged before the national licensing commencement date will continue to be assessed under the relevant jurisdictional licensing legislation in place immediately prior to the commencement of national licensing. The licence will then be transitioned to national licensing.

Disciplinary and court processes and actions

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.

Transitioning suspended licensees

All licensees suspended under relevant jurisdictional licensing legislation will continue to remain suspended under national licensing until the suspension expires and during the period of suspension will not be able to operate in any jurisdiction.

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 the cancellation decision was made in the last two years. The valid licence, held for the same category of licence, in the secondary jurisdiction would also be considered disqualified or cancelled and the person would not be able to operate in any jurisdiction. Under the new law this person would be treated as an excluded person nationally until the cancellation or disqualification period has expired. It is recognised that this may be taking away a person's right to work; however, this is a fundamental part of the design of the system which is aimed at protecting the public safety and the consumer.

3.11.12 Eligibility for those who initiated training before national licensing begins

An applicant who initiated a qualification or course that was required immediately before the commencement of the National Law will be deemed to have met the qualification-based eligibility requirements provided that, immediately before the commencement date, the applicant was enrolled in the course or program for the issue of an equivalent jurisdictional licence.

3.11.13 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 qualification requirement for a national licence for the period of three years from commencement of national licensing for that occupation.

A person holding a qualification not recognised under national licensing should seek advice from the licensing regulator in that jurisdiction about the possibility of obtaining a national licence. A person moving to a jurisdiction where a national licence will be required to undertake the type of work they do, and who does not hold a qualification, will need to contact NOLA for details on how to apply for the licence. Options will include seeking recognition of prior learning from a registered training organisation. The IAC proposed that a national skill and knowledge currency test should be developed and applied in these circumstances.

3.11.14 Lapsed licences

A licence that has lapsed within the restoration period provided in current jurisdictional legislation preceding the commencement of the national licensing system will be restored upon application under the old law and deemed to an equivalent licence under the National Law.

3.11.15 Current trainees for a restricted licence

A person in training for a restricted licence that would have been granted under current jurisdictional legislation, but that will not exist under the national licensing system, will be eligible to apply for a licence with limitations on the scope of work that make it equivalent to the former jurisdictional restricted licence for a period of up to 12 months following completion of their training.

Stakeholder consultation

Submissions provided through the electronic survey and the form template styled submissions²⁹ provided response to the transitional arrangements outlined above, while other types of submissions received did not offer comment or a view on these matters. Overall, there was strong support for the proposed transitional arrangements outlined above

Sixty four per cent of the electronic submissions supported the transitional arrangements for the lapsed licence arrangements, with 21 per cent disagreeing. Respondent comments ranged from a 12 month grace period to a five year grace period with a testing requirement. For example;

'Licensees who licences have lapsed for a period greater than three years should be required to undertake a national agreed test that covers currency of knowledge and skills.'

In regard to the proposed transitional arrangements for current trainees for a restricted licence, 68 per cent offered support with 17 per cent not agreeing. Those that provided comment expressed views that ranged from no grace period should be allowed to a 3 year grace period.

While comments were received, there was no evidence provided to support a robust rationale to change the proposed transitional arrangements, it is therefore proposed that the provisions remain unchanged, as outlined above.

²⁹ The form templates were typified by a number of characteristics such as the arrival of multiple submissions in the same envelope with the same return address, email correspondence still attached to the submissions that encouraged their production, templates that originated from the same source (for example a peak body), or advice from organisations indicating campaigns about their activities.

4 Impact analysis

This chapter provides supporting detail about the costs and benefits of the options being considered in this Decision RIS. The information includes a detailed discussion of the impacts and results of the analysis, including sensitivity results and a summary of the costs and benefits by jurisdiction.

Attachment H contains:

- 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 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 contractor licences. For governments, there are costs associated with setting up the National Occupational Licensing Authority (NOLA), implementing the national licensing register and communicating the changes to licensees and the wider community (i.e. businesses and households).

4.1.1 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 reading material, attending an information seminar or becoming familiar with the changes by some other means.

The Consultation RIS suggested that licence holders would need 45 minutes to understand the changes to the licensing system associated with national licensing. However, feedback from stakeholder consultations and submissions was that this estimate was inadequate. For indicative purposes, it is assumed that it would take each existing licensee 90 minutes to understand the changes. 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 \$16.79 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 ten-year net present value (NPV) of this cost is therefore \$15.69 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) | 3.93 | 3.72 | 4.06 | 2.55 | 1.28 | 0.42 | 0.31 | 0.53 | 16.79 |
| 10-year NPV as at 1 July 2012 | 3.67 | 3.48 | 3.80 | 2.38 | 1.20 | 0.39 | 0.29 | 0.49 | 15.69 |

NPV = net present value

The estimate of 90 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 90 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 Decision 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 Attachment H.

Introducing nominees in one jurisdiction

Under national licensing, when a contractor licence is issued to a body corporate 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 ten years as at 1 July 2012. However, following discussion between jurisdictions, it has been proposed that individual jurisdictions can choose to allow sub-contractors to fulfil the role of a nominee, however, this arrangement may not be recognised outside the originating jurisdiction. The proposal may alleviate some of the cost for licensees in South Australia.

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

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. The cost to the regulator has not been included in the cost–benefit analysis.

4.1.2 Cost to business and households

Business value-add lost

Given that licensees must spend additional time to transition to national licensing (as 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.

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).³⁰ 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).

³⁰ Australian Bureau of Statistics 2011, *Australian system of national accounts 2010–11*, Cat. no. 5204.0, ABS, Canberra.

It is estimated that there would be a transition cost (to business and households) of \$5.60 million, or \$5.24 million NPV over ten 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) | 1.31 | 1.24 | 1.35 | 0.85 | 0.43 | 0.14 | 0.10 | 0.18 | 5.60 |
| 10-year NPV as at 1 July 2012 | 1.22 | 1.16 | 1.27 | 0.79 | 0.40 | 0.13 | 0.10 | 0.16 | 5.24 |

NPV = net present value

4.1.3 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 NOLA 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, NOLA 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, NOLA would have an important role in the following areas:

- supporting the implementation of national licensing for the first-wave occupations (electrical, plumbing and gasfitting, property, and air-conditioning and refrigeration mechanics)
- supporting the implementation of second-wave 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 Decision RIS, therefore, reflect this fact, and attribute a proportion of licence authority costs.

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

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

- Of the 50 per cent of costs attributed to first-wave occupations, 35 per cent are allocated to the electrical occupations.
- 50 per cent of national licensing costs have been attributed to future reforms, including second-wave occupations and conduct reforms

For more detail on these assumptions, see Attachment G.

The transition and operating costs of NOLA have been budgeted for 2011–12 to 2014–15, and notional funding contributions from each jurisdiction have been agreed, but commitments have not been made beyond 30 June 2013. The costs of NOLA have been allocated across jurisdictions according to these agreed contributions by governments (noting these figures are subject to change on agreement of SCFFR). 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 NOLA).

Table 4.3: National Occupational Licensing Authority –indicative 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 NOLA provided by the Council of Australian Governments (COAG) National Licensing Taskforce shows that transition costs over the ongoing cost of operating NOLA will be incurred in the first three years. This includes the one-off establishment cost of NOLA, 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 NOLA 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 ten years. The distribution of costs across jurisdictions is shown in Table 4.4³¹.

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

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

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 NOLA, with all jurisdictional regulators providing information to NOLA's central database.

Initially, the register would include all first-wave occupational areas (electrical, plumbing and gasfitting, property, and air-conditioning and refrigeration mechanics) 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.

³¹ NOLA costs are based on estimates agreed by SCFFR in April 2012. Further work is underway on establishing a budget for NOLA in the longer term.

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 Decision RIS, a range of cost estimates has been used.

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-wave occupations and conduct reforms. Of the remaining 50 per cent, 35 per cent is attributable to the electrical occupations.

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

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

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 occupations 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.

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 jurisdictions, 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. A state based regulator, 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 ten years as at 1 July 2012. The distribution of costs across jurisdictions is shown in Table 4.6.

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

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

4.2 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.

4.2.1 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.

In the long term, people will move to where there are economic opportunities. How quickly this occurs is uncertain as a complex set of factors 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 in the short term 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. (this 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 individuals and businesses.

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 occurring through workers finding jobs, businesses finding workers, and consumers getting better services.

Quantifying the potential impact of labour mobility

The benefit from improved labour mobility is difficult to quantify. To provide an indication of the potential benefit, this RIS draws on the work undertaken in this area by the Productivity Commission. In their 2009 review they found that, in the face of a terms of trade change, moving from no mobility of labour (that is, licensees are prohibited from moving interstate) to full labour mobility with no restrictions could lead to a 0.3 per cent increase in real GDP. Based on real GDP in 2011, this would represent about \$4 billion per annum. While the work undertaken by the Productivity Commission is not specific to the impacts of national licensing, it does provide one possible scenario to indicate the potential impacts from an increase in the mobility of labour.

The benefit estimated by the Productivity Commission would not be the same under national licensing because mutual recognition already allows for mobility between jurisdictions. There are also a number of other factors which influence a decision to move locations for work, including personal and family circumstances, permanent or temporary relocation costs and differences in conduct requirements between jurisdictions that will remain in place even after national licensing is implemented. Given these factors and the current mutual recognition arrangements, it is assumed that national licensing would only result in a small proportion of the full labour mobility benefit estimated by the Productivity Commission. For the purposes of this analysis, this proportion is assumed to be 10 per cent. This proportion represents only one possible scenario. Different assumptions around the proportion that could result from national licensing are explored in the sensitivity analysis (at the end of this chapter).

The share of labour mobility benefits would also differ between occupation groups. In the Productivity Commission's report, they note that the labour mobility effect is not uniform across industries. Industries that received a greater than proportionate increase included finance and insurance, property and business services, and electricity, gas and water services. While these occupation groups could be given a higher weighting, no specific detail is available about the specific distribution that would be appropriate for attributing the labour mobility benefit across occupations. In the absence of any other information, licence numbers have been used as a proxy to estimate the proportion of the benefit attributable to each occupation. Based on the number of electrical

licensees (as a proportion of registered workers), in this analysis about 11 per cent of the benefit is assumed to be attributable to electrical occupations.

The benefit estimated by the Productivity Commission would only be realised if there was the same terms of trade shock to the economy assumed by the Productivity Commission. Given current economic circumstances, some have argued that it is unclear whether this form of shock is likely to eventuate in the near future because the relative price propagation mechanism that was relevant in 2009 may not be as important for Australia in the future. Commodity prices have now eased from their recent peaks and increasing production volumes may be more significant for drawing skilled tradespersons to the resources sector. While change in any economy is reasonably expected, predicting that change, its cause and impact, is often hard (e.g. there were few predictions for the global financial crisis in 2007–08). At the same time though, a *flexible* labour market is far better placed to adjust to any such change when it occurs. This estimate of labour mobility is designed to highlight the potential gains from extending flexibility even if it is difficult to predict what the flexibility is responding to.

The labour mobility benefit from national licensing may also be greater for temporary movements of skilled labour (e.g. for short-term fly-in, fly-out workers) due to the greater impact of fixed licensing costs (as discussed above). This would include the opportunities that arise to assist in the response to regional emergency situations. If short-term movements are what is critical for these reforms, the terms of trade induced shock used in the Productivity Commission's analysis may less accurately reflect the impact under national licensing.

It is important to recognise that the estimated benefit from labour mobility shown in this impact analysis is only one possible scenario. Given that the benefits from labour mobility are expected to be positive, the work undertaken by the Productivity Commission has been used as a proxy for the impact under national licensing to demonstrate the potential benefit that may result.

Revised national labour mobility analysis

The Consultation RIS provided an assessment of the benefits caused by increased labour mobility that may be gained from the harmonisation of licences that is envisaged as a part of national licensing. These costings were undertaken by PricewaterhouseCoopers and used results from a methodology developed by the Productivity Commission in its 2009 report regarding mutual recognition, as outlined in the section above.

Following the release of the Consultation RIS, Treasury, the Productivity Commission, the Office of Best Practice Regulation, and PricewaterhouseCoopers reviewed the calculation methodology to ensure it was consistent with methodologies used in the past by the Productivity Commission. In these discussions, it was agreed that the calculations should involve pro-rating the labour mobility benefit for each occupation on the basis of registered employment, rather than total employment as was done in the Consultation RIS.

The change relates to the assumption used to work out the proportion of the labour mobility benefit that can be attributed to reforms of a specific occupation. In the Consultation RIS, the proportion was calculated by taking the number of licence holders and dividing by the total number of workers in the economy. In light of further information from the Productivity Commission, this proportion has now been calculated using total registered workers instead of the total number of workers in the economy. This results in an increase in the benefit of labour mobility as outlined in the table below. This change is included in this Decision RIS.

Table 4.7: Benefits from improved labour mobility under national licensing

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|-------|-------|-------|-------|-------|------|------|------|---------------|
| Annualised ongoing benefit | 12.40 | 9.87 | 10.54 | 6.01 | 3.58 | 0.98 | 0.68 | 1.11 | 45.16 |
| 10-year NPV as at 1 July 2012 | 81.37 | 64.76 | 69.16 | 39.47 | 23.52 | 6.41 | 4.44 | 7.28 | 296.41 |

NPV = net present value

For full details on all of the assumptions used to estimate the labour mobility benefit, see Attachment H.

A sensitivity analysis of the labour mobility impacts has been provided later in this chapter (See section 4.1.6). The benefits from labour mobility represent a significant share of the total benefits attributed to national licensing. Given that the exact impact of labour mobility is also uncertain (as it is only one possible scenario), it is appropriate to conduct sensitivity analysis of this impact.

4.2.2 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 and who may hold onto a second licence until it expires, as well as those who hold multiple licences over a long term (e.g., 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 Attachment H 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 ten 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 Attachment H.

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 ten years) or \$9.09 million NPV over ten 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

4.2.3 Flexible licence periods

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

provided costing on that basis, however consultation feedback supported a more flexible range of licence periods. The proposal in this document therefore provides for a choice of one, three or five year periods for each national licence. There was no stakeholder feedback proposing longer licence periods. This would appear to be based on a reluctance to pay larger sums in advance for licence renewal. Similarly, during the policy development process leading up to the completion of the Consultation RIS, regulators did not propose longer licence periods. There was a general recognition that regulators needed to keep in close contact with licensees and that regular renewal through shorter licence terms facilitated stronger monitoring and compliance.

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 general terms, both licensees and states benefit from a longer licence period, as licensees save time in applying less frequently and jurisdictions do not have to process the applications. Introducing a choice of licence periods will benefit licensees as the flexibility will allow them to tailor their application to their individual needs and resources, however there will be a small increase in complexity for those jurisdictions not currently offering such a range of licence terms and it may make it more difficult for them to predict revenue. Table 4.12 provides indicative impacts representing the benefit to licensees if all licensees chose to select the maximum licence period, being a five year licence. These figures would represent a potential overestimate as there will be a variety of reasons why a licensee may not wish to avail themselves of the savings that might be presented should they opt for the longer period. It is unclear as to the proportion of licence holders who would choose each licence duration.

In moving to a maximum of five years for all licence types (contractor and non-contractor), licensees in states and territories with a shorter licence period (i.e. less than five 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 ten-year period under assessment for this Decision RIS.³² Similarly, regulators would save time because they would process these licence applications less often.

Given that licence fees typically recover variable costs (i.e. application processing activities) and fixed costs, the licence fee under a five-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 to be \$59 in New South Wales and 42 per cent of licence fees in other jurisdictions).³³

Based on the average licence term shown in Table 4.11, and based on the time and processing fees involved in renewal, the overall national impact on licensees of moving to a maximum five-year licence period is estimated to be a benefit of \$3.31 million per annum annualised (over ten years) or \$21.65 million NPV over ten years. The distribution of this benefit across states and territories is provided in Table 4.12.

³² This analysis is not suggesting that renewal fees themselves will be reduced on a per renewal basis, but that over a ten-year period the total amount paid in licence fees will be lower under a three-year licence term compared with a one-year term. This is because the licence holder is not incurring the application cost component of the fee as frequently.

³³ 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.

There would be no impact in Victoria as their licence period is already five years for workers and contractors. In Queensland, Western Australia and the Northern Territory, there is no impact for workers, as they already have a five-year licence period. However, there is still a benefit to contractors in these jurisdictions of increasing the period to a maximum of five years.

Given the variation in current licence periods across jurisdictions and the large impact of changing the maximum licence period, the impact of three alternative licence periods (three-year, ten-year and perpetual) is assessed below in Tables 4.13 – 4.15.

Table 4.12: Impact for licensees of moving to a maximum licence period of five years

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|------|-----|------|------|------|------|------|------|--------------|
| Annualised ongoing impact | 0.67 | - | 0.93 | 0.62 | 0.75 | 0.21 | 0.07 | 0.05 | 3.31 |
| 10-year NPV as at 1 July 2012 | 4.40 | - | 6.10 | 4.03 | 4.92 | 1.38 | 0.45 | 0.35 | 21.65 |

NPV = net present value

Table 4.13: Impact for licensees of moving to a maximum three year licence period

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|-----|--------|------|--------|------|------|-----|------|-------------|
| Annualised ongoing impact | - | (0.62) | 0.53 | (0.00) | 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 |

Table 4.14: Impact for licensees of moving to a maximum ten year licence period

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|------|------|------|------|------|------|------|------|--------------|
| Annualised ongoing impact | 1.18 | 0.46 | 1.24 | 1.08 | 0.97 | 0.28 | 0.12 | 0.08 | 5.42 |
| 10-year NPV as at 1 July 2012 | 7.70 | 3.02 | 8.11 | 7.07 | 6.32 | 1.86 | 0.79 | 0.52 | 35.40 |

Table 4.15: Impact for licensees of moving to a perpetual licence

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|-------|------|-------|-------|------|------|------|------|--------------|
| Annualised ongoing impact | 1.69 | 0.93 | 1.55 | 1.55 | 1.18 | 0.36 | 0.17 | 0.11 | 7.53 |
| 10-year NPV as at 1 July 2012 | 11.01 | 6.05 | 10.11 | 10.10 | 7.72 | 2.33 | 1.13 | 0.70 | 49.15 |

4.2.4 Reducing the costs of regulatory requirements

National licensing proposes the removal of a range of existing regulatory requirements across jurisdictions. The impacts are summarised at Attachment A.

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 ten 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 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 4.16. These results are driven by the differences in time to complete the various units rather than simply by the number of licensees affected.

Table 4.16: 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

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

Contractors in the Northern Territory are also subject to additional business-related competency requirements to obtain a licence. For this Decision 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 ten years. This benefit has only been identified in Queensland and Western Australia, as shown in Table 4.17.

Table 4.17: 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

Overall impact of removing additional competency units for contractors

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 overall impact in the Executive Summary. This overall impact shown in Table 4.18 is the sum of the impacts shown in Table 4.16 and Table 4.17.

Table 4.18: 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 | 2.23 | 1.26 | 2.05 | 0.08 | 6.78 |
| 10-year NPV as at 1 July 2012 | 7.52 | 14.59 | 8.26 | 13.39 | 0.52 | 44.27 |

NPV = net present value

Removal of restricted electrical licence for plug and cord work

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 restricted electrical licence subcategory would save licensees \$0.19 million per annum or \$1.23 million NPV over ten years as at 1 July 2012, primarily in Queensland where there are currently 2,525 licences³⁴ in this category (compared with 60 in the Northern Territory). The distribution of benefits is shown in Table 4.19.

Table 4.19: Avoided costs for licensees due to the removal of the restricted electrical licence for plug and cord work

| \$ million | Qld | NT | Total |
|-------------------------------|------|-------|-------------|
| Annualised ongoing benefit | 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 Attachment H.

Reduced personal probity for non-contractor licences

Under national licensing, personal probity requirements will be reduced for all non-contractor licences. Probity requirements will only cover checks for what is considered an offence under the National Law. The offences include: carrying out regulated work while unlicensed or not exempt, engaging a person to carry out regulated work who is unlicensed or not exempt, and advertising or offering to carry out regulated work while unlicensed or not exempt. In jurisdictions that currently impose additional 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.³⁵

In Victoria and New South Wales, an individual applicant must disclose if they been involved in any offence involving fraud, dishonesty, drug trafficking or violence. It is estimated that this would impose a time cost of about ten minutes for each applicant.³⁶

³⁴ 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.

³⁵ 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).

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 Decision RIS and the time estimates above, removing this requirement would save licensees about \$0.03 million per annum or \$0.17 million NPV over ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.20 below. A summary of jurisdictional impacts is at Attachment A.

Table 4.20: Benefit to licensees from the removal of personal probity requirements for workers

| \$ million | NSW | Vic | Tas | National |
|-------------------------------|------|------|-------|-------------|
| Annualised ongoing benefit | 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

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

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.

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, this currently occurs in Victoria. When applying for an electrician’s licence in Victoria, the Victorian regulator (Energy Safe Victoria) can require applicants, on completion of the qualification, to undergo a Licensed Electrician Assessment (LEA) conducted by an independent body approved by the regulator. The LEA 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 ten years. For further information on the calculations and assumptions underlying these estimates, see Attachment H.

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.

³⁶ 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.

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 ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.21 below.

Table 4.21: Benefit to licensees from the removal of apprentice licensing

| \$ million | WA | SA | National |
|-------------------------------|------|-------|-------------|
| Annualised ongoing benefit | 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 Decision RIS, the impact in the Northern Territory has not been quantified. 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.

Removal of experience requirements

Currently, in Victoria, Queensland, Western Australia and the Northern Territory 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 wished to do so. No evidence was provided during the policy development process or during consultations pointing to a higher risk to consumers in the four jurisdictions which do not currently specify experience requirements for electrical contractors. Contracting is essentially about the running of a business, and no evidence was forthcoming pointing to a period of technical experience contributing to an ability to contract with the public or run a business. During consultations stakeholders suggested that there could be safety implications arising from contractors with limited experience and poor business skills misquoting for jobs and materials, but these suggestions remained unsupported.

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.³⁷ 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.

³⁷ [PayScale Australia](#). Based on data generated from the site after submitting a variety of inputs for the electrical worker and contractor occupations.

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 \$1.86 million per annum or \$12.14 million NPV over ten years as at 1 July 2012. The distribution of benefits across jurisdictions is shown in Table 4.22 below.

Table 4.22: Benefit to contractor licensees from the removal of experience requirements

| \$ million | Vic | Qld | WA | NT | National |
|--------------------------------------|------|------|------|------|--------------|
| Annualised ongoing benefit | 0.42 | 1.24 | 0.17 | 0.02 | 1.86 |
| 10-year NPV as at 1 July 2012 | 2.76 | 8.13 | 1.08 | 0.16 | 12.14 |

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.

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 2009.³⁸

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.

4.2.5 Costs imposed by new requirements

Introducing nominees in one jurisdiction

As outlined above, under national licensing, when a contractor licence is issued to a body corporate 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

³⁸ Australian Government 2010, *Skills shortages Australia*, Department of Education, Employment and Workplace Relations.

minutes, the ongoing cost to licensees is expected to be about \$2,000 per annum or \$30,000 NPV over ten years as at 1 July 2012. For further information on the assumptions underlying these estimates, see Attachment H.

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 applicants must prove that the restricted electrical licence to disconnect and reconnect fixed equipment supplements their primary occupation before being granted the restricted electrical licence. 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 restricted electrical licence in order to perform restricted electrical work that is incidental to the applicant’s primary function.³⁹ In the absence of other information, it is assumed that this task takes one hour to complete. Feedback is sought of the reliability of this assumption.

Based on the number of restricted electrical licences 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 ten years as at 1 July 2012.

4.2.6 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, a lot of repair work is needed. 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 Decision 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 Decision RIS, the benefits to the businesses and households 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

³⁹ [Energy Safe Victoria, *Restricted electrical workers licence*](#).

income in the economy).⁴⁰ 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).

The net efficiency benefits (i.e. time-based impacts only) to licensees on an ongoing basis under national licensing are estimated to be \$8.56 million in net terms per annum. This translates into a net benefit to business of \$2.85 million per annum or \$18.64 million NPV over ten years. The distribution of benefits across jurisdictions is shown in Table 4.23 below.

Table 4.23: Business value-add – ongoing net benefit to business

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|------|------|------|------|------|------|------|------|--------------|
| Annualised ongoing benefit | 0.08 | 0.66 | 1.02 | 0.39 | 0.65 | 0.03 | 0.01 | 0.02 | 2.85 |
| 10-year NPV as at 1 July 2012 | 0.52 | 4.34 | 6.65 | 2.54 | 4.22 | 0.22 | 0.03 | 0.11 | 18.64 |

NPV = net present value

4.2.7 National Occupational Licensing Authority – ongoing operational costs

As outlined in above, a key element of the national licensing model is the establishment of a National Occupational Licensing Authority (NOLA). The role of the NOLA would be to develop consistent national policy and legislation for obtaining a licence and to administer the national system. To undertake its role, NOLA will have ongoing costs such as staff remuneration, maintenance of the national licensing register and meetings.

NOLA 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 NOLA provided by the COAG National Licensing Taskforce, the ongoing costs are estimated at \$1.4 million per annum or \$10.52 million NPV over ten years as at 1 July 2012.

The transition and operating costs of NOLA have been budgeted for 2011–12 to 2014–15, and the contributions from each jurisdiction have been agreed for this period. The costs of NOLA have been allocated across jurisdictions according to these agreed contributions by governments. Table 4.24 below 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 NOLA).

Table 4.24: National Occupational Licensing Authority – ongoing operational costs

| \$ million | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|------|------|------|------|------|------|-----|------|--------------|
| Annualised ongoing cost | 0.46 | 0.35 | 0.29 | 0.15 | 0.11 | 0.03 | – | 0.01 | 1.40 |
| 10-year NPV as at 1 July 2012 | 3.45 | 2.64 | 2.16 | 1.11 | 0.81 | 0.25 | – | 0.11 | 10.52 |

NPV = net present value

4.2.8 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

⁴⁰ Australian Bureau of Statistics 2011, *Australian system of national accounts 2010–11*, Cat. no. 5204.0, ABS, Canberra.

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 earlier.

4.2.9 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. NOLA would be responsible for licence policy development and coordination of the system.

The investment in NOLA, 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 NOLA, 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 NOLA costs).

This Decision 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, NOLA 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. NOLA 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.⁴¹ The analysis considered the total full-time equivalent resource requirement for regulators across seven occupations,⁴² estimating what proportion of these are required for policy functions that would be conducted by NOLA 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 ten 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 NOLA and effectively contribute to national policy development, undertake additional administrative functions as delegates of NOLA (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

⁴¹ PricewaterhouseCoopers 2009, *National Occupational Licensing System: estimating financial impacts – final report*, p. 24.

⁴² Occupations assessed were building occupations; electrical; plumbing and gasfitting; refrigeration and air-conditioning mechanics; land transport, both passenger and dangerous goods; and property and maritime.

resource commitment by all governments, for key tasks such as reviewing the ministerial declarations and updating the schedules of occupations and their relevant conditions.

The 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.

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.

4.2.10 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 such as English language testing, colour blindness testing and experience 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.

It should be noted that national licensing only applies in those jurisdictions where the specific occupation is licensed. In remaining jurisdictions, the activity would not be covered by licensing and a level of inconsistency would remain.

Benefits from enabling future reforms

The further area of potential benefit considered in this Decision RIS is the benefit from enabling future regulatory reforms. Electrical occupations are one of four first-wave occupational areas being considered for national licensing. There are further reforms proposed in second-wave 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 Decision 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 Decision RIS given the marginal impact of the change.

Removal of subcategories of restricted electrical licences

Under national licensing there are five restricted electrical licence subcategories as set out in Table 4.25. This represents a reduction from the current eleven subcategories in some jurisdictions.

Table 4.25: Restricted electrical licences under national licensing – categories and subcategories

| Licence category | Subcategory |
|---|--|
| Restricted electrical work with fault finding | Refrigeration and air-conditioning equipment |
| | Electronics and communications equipment |
| | 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 restricted electrical licences would not remove the need for a particular scope of work to require a restricted electrical licence, but would broaden the scope of particular restricted electrical licence 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 a restricted electrical licence, once one has been purchased, could be either discounted or zero. Therefore, if a licence holder replaces, for

example, three restricted electrical licences 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.

4.3 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.

4.3.1 Potential safety impacts

Attachment F of this Decision 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 enables the collection of more consistent information pertaining to regulatory matters which may impact on health and safety of workers and consumers.

4.3.2 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 experiences 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 licence 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).

Around 40 per cent of those responding through the electronic survey agreed that there be no skills-based requirements applied to electrical contractors. Approximately 46 per cent, however, disagreed and major industry stakeholders expressed a strong view that there should be specific qualifications for electrical contractors. This is founded on the belief that there is a risk to consumers and individuals if a business is managed badly or fails completely.

4.4 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 4.26 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 Attachment H.

Table 4.26: 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 | 0.23 | 3.19 | 4.84 | 2.32 | 3.03 | 0.06 | 0.06 | 0.25 | 13.97 |
| Transition cost | (5.85) | (6.07) | (6.35) | (4.58) | (2.41) | (0.78) | (1.04) | (1.16) | (28.25) |
| Impacts on those who operate in more than one jurisdiction | | | | | | | | | |
| Ongoing impact per annum | 13.04 | 10.60 | 11.55 | 5.53 | 3.97 | 0.67 | 1.29 | 1.06 | 47.72 |
| Transition cost | (0.59) | (0.50) | (0.60) | (0.19) | (0.22) | (0.23) | (0.28) | (0.21) | (2.83) |
| Total impact | | | | | | | | | |
| Ongoing impact per annum | 13.27 | 13.79 | 16.39 | 7.85 | 7.00 | 0.72 | 1.36 | 1.31 | 61.69 |
| Transition cost | (6.45) | (6.57) | (6.95) | (4.77) | (2.64) | (1.01) | (1.32) | (1.37) | (31.08) |

4.5 Wider economic impacts on the Australian economy

For this Decision 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.⁴³

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 modelling 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 policy⁴⁴
- climate change policies, including emissions trading and a carbon tax⁴⁵
- the COAG national reform agenda⁴⁶
- 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.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted.

4.5.1 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

⁴³ The challenge for the analysis is that it is difficult to estimate the allocative efficiency impacts that may arise from changes to labour mobility. While the Monash Multi-region Forecasting Model can be used to estimate these impacts, this is a complex exercise that is beyond the scope of this study. Rather, the modelling draws on prior work undertaken by the Productivity Commission relating to allocative efficiency gains arising from mutual recognition – this is discussed in more detail in the cost–benefit analysis. The economy-wide gains in the Commission’s modelling have been translated into an input into the current CGE modelling exercise. This input takes the form of a shock to labour efficiency and is prorated for the size of national occupational reforms for electrical occupations.

⁴⁴ 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*.

⁴⁵ 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 Decision RIS, was also used to model the impacts of emissions trading for the Garnaut Review.

⁴⁶ As reported in Productivity Commission 2010, *Impacts and benefits of COAG reforms: reporting framework – research report*, Canberra.

- 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.

4.5.2 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 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.

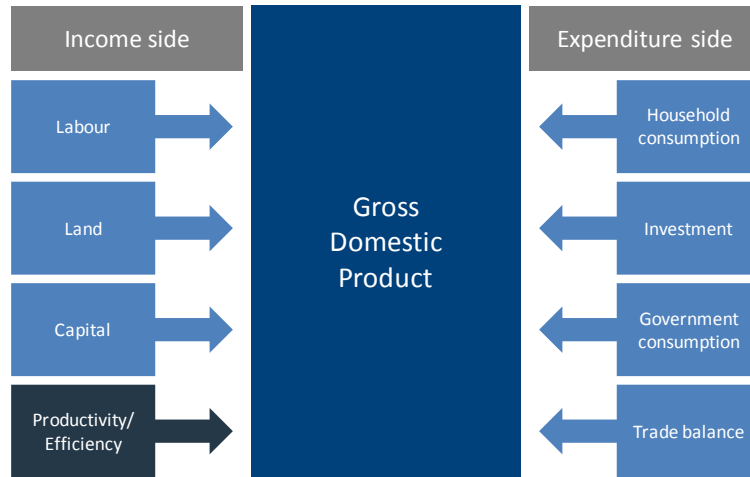
The impacts of a decrease in fees paid by licensees

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. This is illustrated in Figure 4.2.

Figure 4.2: Income and expenditure sides of GDP



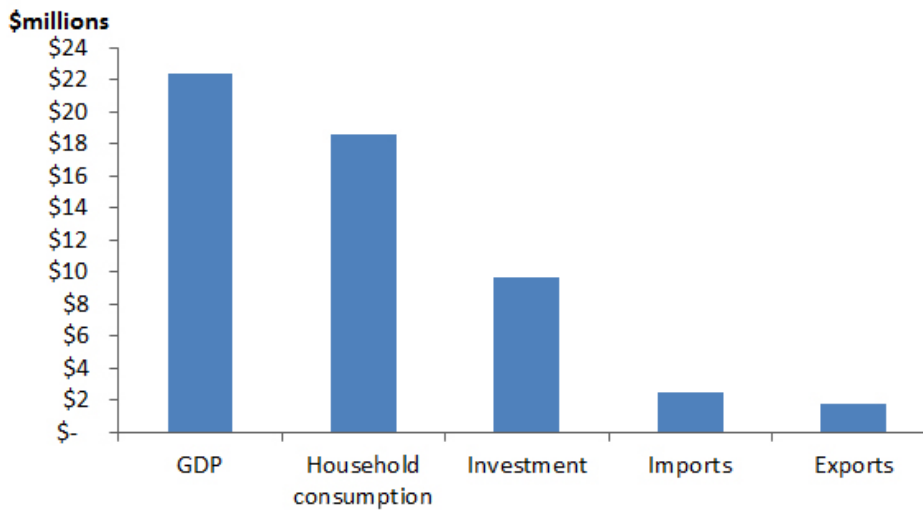
The modelling shows that national licensing for electrical occupations is likely to increase GDP in a typical year by approximately \$22 million.

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



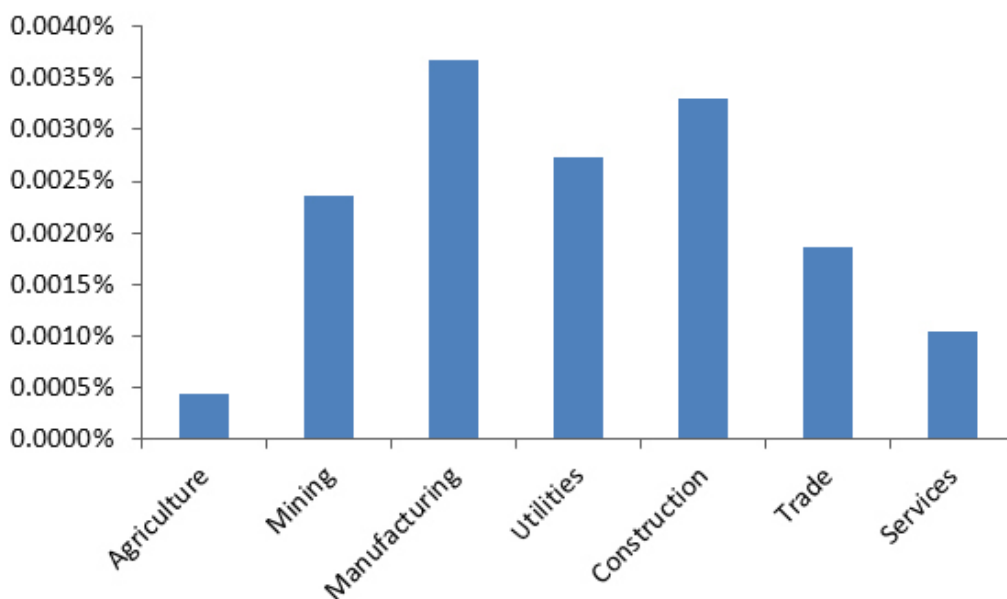
Source: Monash Multi-Region Forecasting Model and PricewaterhouseCoopers

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)



4.6 Sensitivity testing of key assumptions

Sensitivity analysis on key assumptions of the cost–benefit analysis was undertaken for this Decision 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.’⁴⁷

4.6.1 Labour mobility assumptions

The benefits from labour mobility represent a significant share of the total benefits attributed to national licensing. Given the exact impact of labour mobility is also uncertain (as it is only one possible scenario), it is appropriate to conduct sensitivity analysis of this impact. The assumption with the greatest level of uncertainty in estimating the benefit of labour mobility is that 10 per cent of the benefit estimated by the Productivity Commission would potentially be realised through national licensing. Sensitivity has therefore been conducted on this 10 per cent assumption.

After the release of the Consultation RIS, no feedback was provided by stakeholders that indicated an assumption of 10 per cent was inappropriate. However, further feedback received from jurisdictions suggests that some states and territories believe an estimate of 10 per cent should be considered as an upper-limit estimate. As such, the assumptions used in this sensitivity analysis represent lower estimates than the 10 per cent used in the main analysis reported in this Decision RIS. The two alternative assumptions shown in this analysis are that:

- national licensing would potentially result in 5 per cent of the full labour mobility benefit estimated by the Productivity Commission
- national licensing would potentially result in 2 per cent of the full labour mobility benefit estimated by the Productivity Commission.

The overall impact of national licensing under these assumptions, compared to the 10 per cent assumption, are shown in Table 4.27 below.

Table 4.27: Net overall impact of national licensing on electrical occupations under various labour mobility scenarios

| NPV over 10 years (\$ million) | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|--------------------------------------|-------|-------|--------|-------|-------|------|------|------|---------------|
| 10% change in labour mobility | 80.58 | 83.93 | 100.64 | 46.93 | 43.33 | 7.31 | 3.82 | 7.68 | 374.22 |
| 5% change in labour mobility | 39.90 | 51.55 | 66.06 | 27.20 | 31.57 | 4.10 | 1.60 | 4.04 | 226.01 |
| 2% change in labour mobility | 15.49 | 32.12 | 45.31 | 15.36 | 24.51 | 2.18 | 0.27 | 1.86 | 137.09 |

NPV = net present value

4.6.2 Alternative licence periods

The national licensing model assessed in this RIS included a standard licence period of five years across all licence types and jurisdictions. A proposal has been agreed for a flexible approach which will allow licensees to apply for a one, three or five year term (i.e. five years as a maximum). The

⁴⁷ Australian Government 2010, *Best practice regulation handbook*, Office of Best Practice Regulation, Canberra.

following discussion was included in the Consultation RIS to inform the decision process. It has been retained here to demonstrate the variables considered and the impact that they have.

The impact of three alternatives are assessed:

- a shorter licence period of three years as a maximum
- a higher licence period of ten years as a maximum
- a perpetual licence, meaning that there is no defined period to the licence and it never needs to be renewed.

Under a three (or ten) year licence period, licensees in jurisdictions that currently have a licence period of less than five (or ten) 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 ten-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 4.28 shows the overall quantified net impact under each licence term assessed.

Table 4.28: Net overall impact of national licensing for electrical occupations under various licence periods

| Total NPV over 10 years (\$ million) | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National |
|--------------------------------------|-------|-------|--------|-------|-------|------|------|------|---------------|
| Max. 5-year licence period | 80.58 | 83.93 | 100.64 | 46.93 | 43.33 | 7.31 | 3.82 | 7.68 | 374.22 |
| Max. 3-year licence period | 75.84 | 79.72 | 97.72 | 42.75 | 41.39 | 6.65 | 3.35 | 7.41 | 354.84 |
| Max. 10-year licence period | 84.15 | 87.09 | 102.83 | 50.06 | 44.78 | 7.80 | 4.17 | 7.88 | 388.75 |
| Perpetual Licence | 87.71 | 90.24 | 105.01 | 53.20 | 46.23 | 8.30 | 4.52 | 8.07 | 403.28 |

NPV = net present value

4.6.3 Net present value assumptions

Discount rate

Sensitivity analysis was undertaken on the 7 per cent discount rate used to calculate NPV figures in this Decision RIS. Table 4.29 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 4.29: Alternative discount rates for the proposed option

| National NPV over 10 years (\$ million) | 7% | 3% | 10% |
|--|---------------|--------|--------|
| National licensing (3-year licence term) | 374.22 | 479.15 | 314.67 |

NPV = net present value

Net present value operating period

Sensitivity analysis was undertaken on the operating period used to calculate NPV figures in this Decision RIS. Table 4.30 highlights the impact that increasing the operating period (specifically, from ten years to 15 and 20 years) has on the total cost estimates for the proposed option.

Table 4.30: 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 | 80.58 | 83.93 | 100.64 | 46.93 | 43.33 | 7.31 | 3.82 | 7.68 | 374.22 |
| 15-year operating period | 106.62 | 111.39 | 133.42 | 62.51 | 57.47 | 9.91 | 5.23 | 10.36 | 496.90 |
| 20-year operating period | 125.27 | 131.27 | 157.24 | 73.76 | 67.80 | 11.79 | 6.24 | 12.29 | 585.67 |

NPV = net present value

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

The results in Table 4.29 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.

4.6.4 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 labour to flow where the electrical skills 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 rationalise the number of licence categories, where possible and appropriate, there is no mechanism or compulsion under automatic mutual recognition to make such changes. Automatic mutual recognition retains individual jurisdictions' licensing frameworks and for that reason involves a lower transition cost to that envisaged under national licensing.

Automatic mutual recognition – unharmonised approach

Under this approach, a licence holder would automatically be allowed to perform the scope of licensed work authorised by their jurisdiction-based licence across all jurisdictions regulating that work, without applying for an additional licence or paying an additional fee. The regulated work and licence type would not be harmonised or made consistent in any way. It would be the responsibility of the licence holder, regulator and employer to understand the licensed work authorised by a licence issued by any jurisdiction. Unlike existing mutual recognition arrangements, the licence would not be 'translated' into the regulatory terms of the jurisdiction of operation. It could therefore be expected that compliance monitoring would be substantially more difficult for regulators and there would be a risk of licensees working outside their scope of work in second jurisdictions, potentially affecting consumer protection and health and safety.

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. However, 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. The different approaches to electrical licensing mean that the various types of regulated work are significantly more varied than driving.

The 2009 *Decision Regulation Impact Statement on the National Licensing System for Specific Occupations* noted that, on examination, an unharmonised approach would not address issues of consistency or transparency, would increase the level of complexity for individuals and businesses (in understanding jurisdictional licensing and conduct differences) and has the potential to increase consumer confusion. It further noted that there are potentially perverse impacts on consumer protection outcomes by undermining the integrity of jurisdictional regulatory regimes and increasing the potential for jurisdiction shopping. It indicated that there was a significant risk that regulators would lose confidence in arrangements over time.

State and territory autonomy would be maintained and transition and implementation costs would be minimised under an unharmonised model. Jurisdictions would retain the legislative power to vary licensing requirements to meet circumstances arising in particular states over time.

While labour mobility is an important objective of national licensing, the benefits derived from national licensing could be partly achieved by automatic mutual recognition as it too would enhance the ability and attractiveness for some labour to flow to where electrical occupations work is most needed.

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 an ongoing cost).

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:

- information on the extent to which transition costs that have been estimated for national licensing may need to be adjusted to reflect differences in the information from jurisdictional regulators regarding the costs associated with additional compliance
- 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.

Table 4.31 below shows the potential impacts under national licensing that could also occur under an unharmonised model of automatic mutual recognition.

Table 4.31: Potential impacts under automatic mutual recognition

| Potential impacts | National licensing option impacts | Likelihood of achieving national licensing benefits under AMR* (per cent) | AMR impacts |
|---|-----------------------------------|---|-----------------|
| Ongoing impacts (\$ million per annum annualised over 10 years) | | | |
| Impacts that would occur for those holding equivalent licences | | | |
| Labour mobility | 45.16 | 50 | 22.58 |
| Removal of the need to hold multiple licences | 2.71 | 100 | 2.71 |
| Removal of the need to hold multiple licences – government | (1.49) | 100 | (1.49) |
| Flexible licence period of 1, 3 or 5 years | 3.31 | 0 | 0 |
| Removal of additional competency units | 6.78 | 0 | 0 |
| Removal of plug and cord restricted electrical licences | 0.19 | 0 | 0 |
| Removal of personal probity requirement for workers | 0.03 | 0 | 0 |
| Removal of duplicate testing in Victoria | 1.55 | 0 | 0 |
| Removal of licensing for apprentices | 0.15 | 0 | 0 |
| Removal of experience requirements | 1.86 | 0 | 0 |
| Introduction of nominees | (0.002) | 0 | 0 |
| Introduction of proof of need for restricted electrical licences | (0.01) | 0 | 0 |
| Business value-add | 2.85 | ** | 0.08 (a) |
| NOLA operational costs | (1.40) | 0 | 0 |
| Total ongoing Impacts – benefits | 61.69 | | 23.88 |
| Transition impacts (\$ million) | | | |
| Time for licensees to understand reforms | (16.79) | 25 | (4.20) |
| Introduction of nominees | (0.02) | 0 | 0 |
| NOLA – set-up costs | (1.64) | 0 | 0 |
| National licensing register – jurisdictional implementation | (5.08) | 0 | 0 |
| Government communications | (1.95) | 25 | (0.49) |
| Business value-add | (5.60) | ** | (1.40) (b) |
| Total transition impacts | (31.08) | | (6.09) |
| Other potential impacts not yet quantified | | | |
| Impacts on government compliance costs and associated administrative costs | Not quantified | | Higher than NLS |
| Costs and benefits of a register of disciplinary actions | Not quantified | | Not applicable |

AMR = Automatic Mutual Recognition

* No impact = 0 per cent; Very unlikely = 25 per cent; Unlikely = 50 per cent; Likely = 75 per cent; Certain = 100 per cent.

** Under AMR, business value-add will only accrue for those impacts that are likely to occur under the AMR option.

(a) The only ongoing impact likely to occur under AMR that leads to business value-add is 'Removal of the need to hold multiple licences'. This is the business value-add associated with that impact.

(b) The only transition impact that leads to business value-add is 'Time for licensees to understand reforms'. As only 25 per cent of this impact is expected to be incurred under AMR, only 25 per cent of the associated business value-add would be incurred under the AMR option.

A discussion of the merits of the automatic mutual recognition approach are presented in Chapter 2.

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.

4.7 Summary of the costs and benefits of national licensing by jurisdiction

The costs and benefits of national licensing for each jurisdiction in terms of net present value (NPV) over ten years (as at 1 July 2012) are summarised in tables 4.32 to 4.39. Note that costs are represented in brackets.

New South Wales

Table 4.33: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (6.03) |
| Time for licensees to understand reforms | (3.67) |
| Business value-add | (1.22) |
| National Occupational Licensing Authority – set-up costs | (0.53) |
| National licensing register – jurisdictional implementation | (0.31) |
| Government communications | (0.30) |
| Ongoing impacts | 86.61 |
| Labour mobility | 81.37 |
| Removal of the need to hold multiple licences – community | 5.06 |
| Removal of the need to hold multiple licences – government | (1.35) |
| Maximum licence period of 5 years | 4.40 |
| Removal of personal probity requirement for workers | 0.06 |
| Business value-add | 0.52 |
| National Occupational Licensing Authority – operational | (3.45) |

Victoria

Table 4.33: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$million) | |
|---|---------------|
| Transitional impacts | (6.11) |
| Time for licensees to understand reforms | (3.48) |
| Business value-add | (1.16) |
| National Occupational Licensing Authority – set-up costs | (0.40) |
| National licensing register – jurisdictional implementation | (0.76) |
| Government communications | (0.30) |
| Ongoing impacts | 90.04 |
| Labour mobility | 67.76 |
| Removal of the need to hold multiple licences – community | 3.74 |
| Removal of the need to hold multiple licences – government | (0.65) |
| 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 | 4.34 |
| National Occupational Licensing Authority – operational | (2.64) |

Queensland

Table 4.34: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (6.46) |
| Time for licensees to understand reforms | (3.80) |
| Business value-add | (1.27) |
| National Occupational Licensing Authority – set-up costs | (0.33) |
| National licensing register – jurisdictional implementation | (0.76) |
| Government communications | (0.30) |
| Ongoing impacts | 107.10 |
| Labour mobility | 69.16 |
| Removal of the need to hold multiple licences – community | 4.30 |
| Removal of the need to hold multiple licences – government | (0.89) |
| Maximum licence period of 5 years | 6.10 |
| 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 | 6.65 |
| National Occupational Licensing Authority – operational | (2.16) |

Western Australia

Table 4.35: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (4.41) |
| Time for licensees to understand reforms | (2.38) |
| Business value-add | (0.79) |
| National Occupational Licensing Authority – set-up costs | (0.17) |
| National licensing register – jurisdictional implementation | (0.76) |
| Government communications | (0.30) |
| Ongoing impacts | 51.34 |
| Labour mobility | 39.47 |
| Removal of the need to hold multiple licences – community | 0.86 |
| Removal of the need to hold multiple licences – government | (4.75) |
| Maximum licence period of 5 years | 4.03 |
| Removal of additional competency units | 8.26 |
| Removal of licensing for apprentices | 0.96 |
| Removal of experience requirements | 1.08 |
| Business value-add | 2.54 |
| National Occupational Licensing Authority – operational | (1.11) |

South Australia

Table 4.36: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (2.43) |
| Time for licensees to understand reforms | (1.20) |
| Introduction of nominees | (0.02) |
| Business value-add | (0.40) |
| National Occupational Licensing Authority – set-up costs | (0.12) |
| National licensing register – jurisdictional implementation | (0.53) |
| Government communications | (0.15) |
| Ongoing impacts | 45.76 |
| Labour mobility | 23.52 |
| Removal of the need to hold multiple licences – community | 1.30 |
| Removal of the need to hold multiple licences – government | (0.75) |
| Maximum licence period of 5 years | 4.92 |
| Removal of additional competency units | 13.39 |
| Removal of the requirement for apprentices to apply for a licence | 0.02 |
| Introduction of nominees | (0.01) |
| Introduction of proof of need for restricted electrical licences | (0.05) |
| Business value-add | 4.22 |
| National Occupational Licensing Authority – operational | (0.81) |

Tasmania

Table 4.37: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (1.24) |
| Time for licensees to understand reforms | (0.39) |
| Business value-add | (0.13) |
| National Occupational Licensing Authority – set-up costs | (0.04) |
| National licensing register – jurisdictional implementation | (0.53) |
| Government communications | (0.15) |
| Ongoing impacts | 8.55 |
| Labour mobility | 6.41 |
| Removal of the need to hold multiple licences – community | 0.66 |
| Removal of the need to hold multiple licences – government | (0.42) |
| Maximum licence period of 5 years | 1.38 |
| Removal of additional competency units | 0.52 |
| Removal of personal probity requirement for workers | 0.02 |
| Business value-add | 0.22 |
| National Occupational Licensing Authority – operational | (0.25) |

Australian Capital Territory

Table 4.38: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (0.91) |
| Time for licensees to understand reforms | (0.29) |
| Business value-add | (0.10) |
| National licensing register – jurisdictional implementation | (0.38) |
| Government communications | (0.15) |
| Ongoing impacts | 4.74 |
| Labour mobility | 4.44 |
| Removal of the need to hold multiple licences – community | 0.63 |
| Removal of the need to hold multiple licences – government | (0.82) |
| Maximum licence period of 5 years | 0.45 |
| Business value-add | 0.03 |

Northern Territory

Table 4.39: Costs and benefits in terms of NPV over ten years

| Net present value 10 years (\$ million) | |
|---|---------------|
| Transitional impacts | (1.21) |
| Time for licensees to understand reforms | (0.49) |
| Business value-add | (0.16) |
| National Occupational Licensing Authority – set-up costs | (0.02) |
| National licensing register – jurisdictional implementation | (0.38) |
| Government communications | (0.15) |
| Ongoing impacts | 8.89 |
| Labour mobility | 7.28 |
| Removal of the need to hold multiple licences – community | 1.16 |
| Removal of the need to hold multiple licences – government | (0.08) |
| Maximum licence period of 5 years | 0.35 |
| Removal of plug and cord restricted electrical licences | 0.02 |
| Removal of experience requirements | 0.16 |
| Business value-add | 0.11 |
| National Occupational Licensing Authority– operational | (0.11) |

5 Consultation

The Council of Australian Governments (COAG) requires that all significant regulatory processes are developed in accordance with its principles for best practice regulatory process. This includes thorough, wide-ranging and timely consultation with affected stakeholders. The purpose of consultation on the national licensing reform is to meet this requirement by providing mechanisms for stakeholders in the electrical occupations to consider the options developed for national licensing reform, and to comment on them.

A Consultation RIS outlining policy proposals for the establishment of a national licensing system for the electrical occupations was released on 13 August 2012 and published on the National Occupational Licensing Authority (NOLA) website at www.nola.gov.au. Stakeholders, including relevant national and state organisations, members of the Interim Advisory Committee, regulator working groups and those who had expressed interest in the development of national licensing, were directly notified of the release of the Consultation RIS. In total approximately 2,000 people were directly notified of its release.

The policy contained in the Consultation RIS was developed by the Electrical Occupations Interim Advisory Committee (IAC) during a series of meetings which took place throughout 2010–11. The IAC comprised representatives from industry, employer and employee associations, the training sector, regulators, and the consumer advocacy sector. The Consultation RIS also contained policy developed by, or on behalf of, the National Licensing Steering Committee. The Steering Committee, which oversaw the policy development process, comprised of representatives from jurisdictional central agencies.

National framework legislation through the *Occupational Licensing National Law Act 2010* (the National Law) has been passed in six jurisdictions (New South Wales, Victoria, Queensland, South Australia, Tasmania and the Northern Territory) to establish national licensing. During the policy development process it became clear that some amendments to the National Law will be required.

Draft national licensing legislation, including legislation in relation to the electrical occupations, was released on 14 September 2012 and was also the subject of the consultation process. The legislation was based on the policy developed by the IAC. A total of 1,106 submissions were received.

5.1 Public information sessions

Public information sessions, explaining the policy options and inviting comment, were held in every state and territory between 29 August and 25 September 2012. The information sessions were promoted through emails to registered subscribers, advertisements in major metropolitan newspapers, and through the NOLA website. A total of 333 individuals attended the information sessions. Details of the locations and numbers of attendees are outlined in Table 5.1 below.

The information sessions provided an opportunity for the COAG National Licensing Taskforce to outline the proposed arrangements, answer questions on aspects of the reforms, and listen to views and comments from those attending.

Table 5.1: Consultation Meetings

| Location | Date | Organisations present | Government representatives | Total attendees |
|-----------|----------------------------|--|---|-----------------|
| Sydney | Thursday 13 September 2012 | <ul style="list-style-type: none"> • Australian Industry Group • Electrical Trade Union • National Electrical and Communications Association • Communications Electrical Plumbing Union • National Electrical Switchboard Manufacturers Association • Canberra Institute of Technology • ISSWorld Australia • Endeavour Energy • Ampcontrol Group • Alstom • CSE-Universe Australia • Coca-Cola Amatil • Leighton Contractors • Canon Australia • Grosvenor Engineering • All Basic Electrical Emergencies • Fire Safe NZ • Tyco International • TAFE NSW • Safety Connect Australia | <ul style="list-style-type: none"> • National Occupational Licensing Authority • WorkCover Authority of NSW • Australian Skills Quality Authority • Department of Industry and Investment NSW • Department of Finances and Services NSW • Building Professionals Board • NSW Fair Trading • Department of Prime Minister and Cabinet | 43 |
| Melbourne | Tuesday 11 September 2012 | <ul style="list-style-type: none"> • Australian Industry Group • Master Electricians Australia • National Electrical and Contractors Association • Australian Gas Association • Victoria University • United Energy • 24:7 Lock, Alarm and Electrical • Gordon TAFE • Australia Post • CitiPower/Powercor • Crisplant • RMIT University | <ul style="list-style-type: none"> • Energy Safe Victoria • Department of Primary Industries Victoria • Air Services Australia • Department of Treasury and Finance Victoria | 28 |
| Brisbane* | Thursday 20 September 2012 | <ul style="list-style-type: none"> • Electrical Contractors Association • Master Electricians Australia • EE-Oz Training Standards • Energy Skills Queensland • BHP Billiton • Skillstech Australia • Origin Energy • Queensland Rail • Energex • Siemens • MOFFAT • Fisher & Paykel • Ricoh Office Printers • Century Yuasa Batteries • LogiCamms • Protech Power – Electro-technology • Griffith University • TAFE Queensland • Gold Coast Institute of TAFE | <ul style="list-style-type: none"> • Department of Justice and Attorney-General Queensland • Queensland Health • Department of Education, Training and Employment • Department of Transport and Main Roads Qld • Department of Natural Resources and Mines Qld • Queensland Fire and Rescue Service • Department of Defence • Australian Skills Quality Authority | 102 |

| Location | Date | Organisations present | Government representatives | Total attendees |
|----------|---------------------------|---|--|-----------------|
| | | <ul style="list-style-type: none"> • Southbank Institute of Technology • Ergon Energy • Suncorp • Raytheon Australia • Queensland Rail Home • Brisbane Refrigeration • Queensland Performing Arts Centre • Stanwell Corporation • EMN Electrical • JJ Richards & Sons • J & P Richardson Industries • DWE • Veolia • Downer Edi Engineering • Monadel • Miele • Pritab • I & I Electrical • Unique Services • Indacom Group • John Scates Electrical • Kilnworxs Pty Ltd • Applied Electro • Powermax Electrical and Maintenance • NHP Electrical Engineering Products • Container Works • Varian Medical Systems • Electrolux Name Products • AngloAmerican • Demag Cranes and Components • Jims Test and Tag • First National Neilson Partners • Futron Electrical • Easternwell Energy • Ramsay Health Care • Invensys Rail • Baronial • Q Electrical • Bill Kat Services | | |
| Perth | Tuesday 25 September 2012 | <ul style="list-style-type: none"> • Australian Mechanical Contractors Association (WA) • Chamber of Commerce and Industry WA • The Chamber of Minerals and Energy of Western Australia • National Electrical and Communications Association (WA) • Master Electricians • Engineering and Automotive Training Council • Institute of Electrical Inspectors • Electrical, Utilities and Public Administration Training Council | <ul style="list-style-type: none"> • Department of Commerce WA • Department of Training and Workforce Development WA | 73 |

| Location | Date | Organisations present | Government representatives | Total attendees |
|----------|-----------------------------|---|--|-----------------|
| | | <ul style="list-style-type: none"> • Training Accreditation Council • Central TAFE • College of Electrical Training • Challenger Institute of Technology • Electrical Group Training • ABB Australia • Appliance Services • Auto Control Systems • BAE Systems • Canon Australia • Rio Tinto • KBR • AE Smith • Centigrade Air-conditioning and Ventilation • ComSpark • Custom Electrics • Electcraft Electrics • Fortescue Metals Group • Horizon Power • ICM Group • Macmahon Holdings Ltd • Monadelphous • PTWM • Power On Electrix • RCK Power Pty Ltd • RCR Tomlinson Ltd • Tasman Power • TPE Services • JayCam Industries • Schindler Lifts • Polytechnic West • Focused Recruitment • McGill Engineering • Water Corporation • Western Power • Western Air Maps • Williams Electrical Service | | |
| Adelaide | Wednesday 12 September 2012 | <ul style="list-style-type: none"> • Australian Mechanical Contractors Association SA • National Electrical and Communications Association SA • Business SA • SA Power Networks • TAFE SA • Adelaide Training and Employment Centre • PEER VET • APC • Viterra Malt • Power and Water Corporation • BHP Billiton • Canon | <ul style="list-style-type: none"> • Department of Further Education, Employment, Science and Technology SA • Attorney-General's Department SA • Office of the Technical Regulator SA | 32 |
| Hobart | Wednesday 19 September 2012 | <ul style="list-style-type: none"> • Australian Mechanical Contractors Association • Electrical Testing and Compliance Service | <ul style="list-style-type: none"> • Australian Skills Quality Authority • Skills Tasmania • Department of Justice | 23 |

| Location | Date | Organisations present | Government representatives | Total attendees |
|----------|--------------------------|--|---|-----------------|
| | | <ul style="list-style-type: none"> Pacific Services Group Visionstream Integrated Electrical Technologies Pen Enterprises Powercor Hydro Tasmania B&C Laning Electrical Exit Ceft | Tasmania | |
| Canberra | Friday 31 August 2012 | <ul style="list-style-type: none"> Electrical Trades Union Communications Electrical Plumbing Union EO Electrotechnology Energy Advisory Board ABnote Australasia NECA Group Training Affinity Electrical Technologies Canberra Institute of Technology Contractor Hydro-Electrics Brookfield Multiplex EEAB ASDD Construction Services | <ul style="list-style-type: none"> ACT Government Department of Industry, Innovation, Science, Research and Tertiary Education ACT Planning and Land Authority NSW Fair Trading | 23 |
| Darwin | Tuesday 4 September 2012 | <ul style="list-style-type: none"> Dancs Engineering Solar Electrical Services Essential Technologies Australia | <ul style="list-style-type: none"> NT Government | 9 |

*The Brisbane session was also webcast through the Queensland Treasury website.

5.2 National Occupational Licensing Authority

Subsequent to the close of submissions, NOLA convened the Interim Occupational Licensing Advisory Committees (OLACs), which also provided comment on the policy options in the Consultation RIS. The Electrical OLAC comprised similar representation to that of the IAC.

The OLAC provided an industry perspective on, amendments that may be appropriate to ensure an effective national licensing system. NOLA also convened meetings of relevant state and territory regulators to consider the issues raised by the OLACs.

5.3 Submissions summary

Comments on both the Consultation RIS and the draft legislation were invited until 12 October 2012. Stakeholders were invited to comment using an online electronic survey, or by any other written or electronic means.

National licensing is the model preferred by a significant majority of respondents. Of all submissions where a view was expressed, around 85 per cent supported national licensing. Automatic mutual recognition was favoured in around 88 per cent of all submissions. Supporters of national licensing cited increased labour mobility, harmonisation of licence categories, scopes of work and qualification and ease of understanding as being most important.

The electronic responses were drawn from jurisdictions as follows: New South Wales: 21.5 per cent; Victoria: 13.2 per cent; Queensland: 33.3 per cent; Western Australia: 21.5 per cent; South Australia: 11.4 per cent; Tasmania: 8.8 per cent; Australian Capital Territory: 2.6 per cent and Northern Territory: 3.9 per cent.

The electronic responses were provided by the following categories of stakeholder: Consumers: 7 per cent; Employees: 46.1 per cent; Employers: 30.3 per cent; Industry Associations: 6.6 per cent;

Regulators: 2.6 per cent; Sole traders: 16.2 per cent; Trade unions: 1.3 per cent and others: 16.7 per cent.

A sub-total of 831 form template submissions was received, out of the total of 1,106. The form templates were typified by a number of characteristics such as the arrival of multiple submissions in the same envelope with the same return address, email correspondence still attached to the submissions that encouraged their production, templates that originated from the same source (for example a peak body), or advice from organisations indicating campaigns about their activities.

All submissions, with the exception of those identified by respondents as not for public release, are available online at www.nola.gov.au. A list of respondents is provided at Attachment C.

5.4 Overview of selected stakeholder positions

Consultation was undertaken with the IAC and the Steering Committee, as well as with regulators, employers, employees and the general public (consumers). Major stakeholders supported national licensing over the other two options. Several stakeholders expressed views which were divergent from the national licensing model put forward in the Consultation RIS. These views were outlined in Chapter 3.

Table 5.1 below broadly outlines key stakeholders support regarding the three options considered in the Consultation RIS (with some or little concern over aspects of that model).

Table 5.1: Selected stakeholder positions in relation to the three options

| Stakeholder | Option 1: National licensing | Option 2: Automatic mutual recognition | Option 3: Status quo |
|---|------------------------------|--|----------------------|
| Communications, Electrical and Plumbing Union – Electrical Trades Union | Support | | |
| National Electrical and Communications Association | Support | | |
| Master Electricians Australia | Support | | |
| Energy Networks Association | Support | | |
| Australian Industry Group | Support | | |

Key stakeholder submissions, while in favour of national licensing overall, highlighted particular areas of divergence from the proposed model. Energy Networks Association (ENA) supports separate categories for lineworkers, plus some additional categories. The Electrical Trades Union (ETU), while supporting the principle electrical licence categories, expressed concerns with some definitions of restricted electrical licences, and noted the importance of identifying a list of trades and callings for administrative staff. The ETU also supports inclusion of a plug and cord licence. AiGroup supports extension of line worker and electrical fitter categories beyond existing jurisdictions, and strongly endorses the apprenticeship pathway as a means to gaining electrical qualifications. The National Electrical and Communications Association (NECA) supports a broader scope of work for electricians, to include all linework and cable jointing work, supports an apprenticeship-only pathway, and supports skills-based eligibility requirements for contractors. Master Electricians Australia (MEA) supports the inclusion of a plug and cord work licence and the inclusion of business and occupational health and safety skills for electrical contractors.

Respondents providing comments through the electronic survey were strongly supportive, or supportive of most of the proposed electrical licence categories: electrician (90 per cent), electrical fitter (80 per cent), electrical contractor (82 per cent), electrical line worker (71 per cent), electrical

cable jointer (65 per cent). Support for the restricted electrical licence categories ranged from 43 per cent to 59 per cent, possibly reflecting the ETU comment in its submission that further work needed to be undertaken in regard to these categories, particularly in regard to the identification of the appropriate trades and callings to which they would be applicable. This view was supported by the multiple template submissions. Nearly two-thirds of respondents were supportive of the national licensing proposals in regard to nominees, personal probity and financial probity. Around 54 per cent of respondents were supportive of the proposed entry level qualifications, although 24 per cent were neutral.

5.5 Other issues

5.5.1 Conduct requirements

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

A separate reform that seeks to harmonise conduct requirements, commencing with the property occupations, is being considered by the Legislative and Governance Forum on Consumer Affairs. The full benefits of a national licensing system would be realised if this further reform is undertaken in other occupations, including the electrical occupations.

While not directly linked to licence eligibility requirements, the issue of state-based conduct requirements was raised by many stakeholders and in some submissions. During the consultation period, the view was expressed that unless the state-based conduct requirements were harmonised, benefits of national licensing would be limited. Licensees will still be required to be conversant with the state and territory legislative requirements in the jurisdiction(s) in which they worked.

National licensing has been viewed as the catalyst for other related reforms, such as the harmonisation of state-based conduct reforms. While that reform is not at the same stage as national licensing, it is making progress. Each reform requires a substantial amount of input from the states and territories, and from the same regulatory agencies. For this reason, it has not been possible for the same level of focus to be given to all areas of reform simultaneously.

6 Conclusion and recommendation

6.1 Recommended option

National licensing is the preferred option for the electrical occupations. National licensing will achieve significant benefits through improved labour mobility and reduced red tape for businesses and licensees. While this benefit would be greatest for larger companies working in multiple jurisdictions, it would also be felt by small businesses, which would more readily be able to attract staff from other states and territories and to understand the scope of the licences prospective employees may hold.

Under national licensing, licence requirements will be consistent in all jurisdictions and uniform licence categories will be issued. A national policy framework will apply and will be overseen by the National Occupational Licensing Authority (NOLA), which will help ensure consistency. National legislation and policy development processes would underpin the system and provide a mechanism for ensuring that the system remains sustainable and that there is a forum in which to resolve jurisdictional differences.

National licensing for electrical occupations across Australia has the potential to deliver a significant ongoing net benefit of \$62.13 million per annum, resulting in a benefit of \$377.10 million ten-year net present value. 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 NOLA and the public national licensing register and its supporting database. There are also ongoing costs to maintain NOLA and the national licensing register.

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 ten years presented in the costing analysis.

The automatic mutual recognition model discussed has the potential to provide for enhanced labour mobility, with lower immediate transition costs. However, the complexities of operating such a system mean that implementation would be extremely complex and would require close cooperation and coordination at all levels of policy development, regulation setting and compliance. Automatic mutual recognition would deliver fewer benefits and give rise to a more complex, less transparent and higher-risk environment with far less opportunity for reduced regulation and a reduced prospect for the longevity of the reform over time compared with the national licensing. Therefore an automatic mutual recognition licensing model is not proposed.

6.2 Overview of the preferred national licensing model for the electrical occupations.

6.2.1 Licence categories for the electrical occupations

- Electrician
- Electrical fitter
- Electrical line worker
- Electrical cable jointer
- Electrical contractor
- Restricted electrical work (refrigeration and air-conditioning equipment) with fault finding
- Restricted electrical work (electronic and communication equipment) with fault finding
- Restricted electrical work (instrumentation) with fault finding
- Restricted electrical work (non-portable appliances) without fault finding
- Restricted electrical work (industrial/commercial equipment) without fault finding
- Provisional electrician
- Provisional electrical fitter
- Provisional electrical line worker
- Provisional electrical cable jointer

Table 6.1 below illustrates where national licensing will occur across Australia. It should be noted that, in accordance with clause 4.2(f) of the Intergovernmental Agreement for a National Licensing System for Specified Occupations (the Intergovernmental Agreement), a jurisdiction will not be required to adopt a national licence category where it does not regulate the area of work at the time national licensing commences. These instances are indicated by the unshaded sections of the table.

Table 6.1: Preferred national licence categories which would apply 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 line worker | | | y | | y | y | | y |
| Electrical cable jointer | | | y | | y | y | | y |
| Electrical contractor | y | y | y | y | 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 |
| Provisional electrician | y | y | y | y | y | y | y | y |
| Provisional electrical fitter | | y | y | y | y | | | y |
| Provisional electrical line worker | | | y | | y | y | | y |
| Provisional electrical cable jointer | | | y | | y | y | | y |

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

*ACT does not currently require technically qualified individuals to hold an electrical contractor licence in order to contract with the public. Electrical contractor licences are only issued to companies and partnerships.

6.2.2 Regulated work, exclusions from the meaning of regulated work and associated definitions

Electrician

The proposed definition of the regulated work and exclusions from the meaning of electrical work are described in Table 6.2 below, with the associated definitions described in Table 6.3. The impact of this proposal is expected to be minimal as there is no substantial change to the status quo in all jurisdictions except Queensland and South Australia where an electrician can also perform the regulated work of an electrical fitter, and it has not been costed.

In the jurisdictions where existing licensed electrician can also perform electrical fitting work under their licence, these licensees would be transitioned to both an electrician’s licence and an electrical fitter’s licence under jurisdictional transitional regulations.

A skill set could be developed, as part of future NOLA work, for a licensed electrician wishing to apply for electrical fitter licence. This would reduce any requirement to complete an additional Certificate III or undergo a recognition of prior learning process to be able to work as both an electrician and electrical fitter.

Table 6.2: Proposed regulated work and associated definitions for an electrician’s licence

| Electrician – proposed regulated work and exclusions from the meaning of electrical work |
|---|
| <p>1. Electrical work means:</p> <ul style="list-style-type: none"> • assembling, constructing, installing, testing, commissioning, maintaining, repairing, altering or replacing an electrical installation; or • verifying electrical installations. <p>2. Electrical work does not include the following:</p> <ul style="list-style-type: none"> • Assembling, manufacturing, modifying or repairing electrical equipment as part of the manufacturing process: • Building or repairing ducts, conduits, troughs or channels for electrical wiring if: <ul style="list-style-type: none"> (i) the ducts, conduits, troughs or channels are not, and are not intended to be, earthed; and (ii) The electrical wiring is not energised. • Replacing a component forming part of electrical equipment if the work involves: <ul style="list-style-type: none"> (i) removing or inserting a light globe, fluorescent tube, starter for a fluorescent tube, or a fuse; or (ii) 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 livestock. • 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. • Testing for the proximity of electricity using a proximity tester. • Incidental work related to, and reasonably necessary for undertaking, work referred to above at (1) if the work: <ul style="list-style-type: none"> (i) does not involve directly contacting live electrical equipment; and (ii) is carried out under the supervision of a licensed electrician. |

Table 6.3: Associated definitions for an electrician’s licence

| Associated definitions |
|---|
| <p>Electrical installation means a group of items of electrical equipment that are:</p> <ul style="list-style-type: none"> • permanently electrically connected; and • used for conveying, controlling and using electricity; and • supplied with electricity either by electricity infrastructure or a generating source. <p>Electrical installation does not include electrical equipment that forms part of electricity infrastructure.</p> <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that:</p> <ul style="list-style-type: none"> • is used for controlling, generating, supplying, transforming or transmitting electricity at a voltage greater than extra low voltage; or • is operated by electricity at a voltage greater than extra low voltage. <p>Electrical equipment does not include an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that is part of a motor car or a motorcycle if:</p> <ul style="list-style-type: none"> • (a) the equipment is part of a unit that provides propulsion for the motor car or motorcycle; or • (b) the electricity source for the equipment is a unit of the motor car or motorcycle that provides propulsion for it. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |

Electrical fitter

The proposed definition of regulated work, exclusions from the meaning of electrical fitting work and associated definitions for an electrical fitter’s licence are described in Table 6.4 below. The impact of this proposal is expected to be minimal as there is no substantial change to the status quo, and it has not been costed.

Table 6.4: Proposed regulated work, exclusions from the meaning of electrical work and associated definitions for an electrical fitter’s licence

| Electrical fitter – proposed regulated work, exclusions from the meaning of electrical work and associated definitions |
|--|
| <p>Electrical fitting work means assembling, manufacturing, modifying, repairing, replacing, testing, or verifying electrical equipment.</p> <p>Electrical fitting work does not include:</p> <ul style="list-style-type: none"> • installing electrical equipment; or • assembling, manufacturing, modifying or repairing electrical equipment as part of the manufacturing process • work carried out on portable electrical equipment not exceeding 32 amps, connected to, and extending or situated beyond any electrical outlet socket <p>Electrical equipment means an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that:</p> <ul style="list-style-type: none"> • is used for controlling, generating, supplying, transforming or transmitting electricity at a voltage greater than extra low voltage; or • is operated by electricity at a voltage greater than extra low voltage. <p>Electrical equipment does not include an apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire that is part of a motor car or a motorcycle if:</p> <ul style="list-style-type: none"> • the equipment is part of a unit that provides propulsion for the motor car or motorcycle; or • the electricity source for the equipment is a unit of the motor car or motorcycle that provides propulsion for it. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |

Electrical line worker

The proposed definition of regulated work, exclusions from the meaning of electrical line work and associated definitions for an electrical line worker's licence are described in Table 6.5 below. It is proposed that the licence The impact of this proposal has not been costed and is expected to be minimal.

Table 6.5: Proposed regulated work, exclusions from the meaning of electrical line work and associated definitions for an electrical line worker's licence

| Electrical line worker – proposed regulated work exclusions from the meaning of electrical line work and associated definitions |
|--|
| <p>Electrical line work means assembling, erecting, installing, stringing, inspecting, maintaining, altering, repairing or replacing an electric line or associated equipment.</p> <p>Electrical line work does not include the following:</p> <ul style="list-style-type: none">• Constructing overhead electrical lines on structures that do not already carry an energised overhead electrical line and are not at risk of energisation by induced voltage.• Laying, cutting or sealing underground cables that are part of the electricity infrastructure of an electricity entity before the initial connection of the cables to an electricity source.• Building or repairing ducts, conduits, troughs or channels for an electrical line or associated equipment if:<ul style="list-style-type: none">○ the ducts, conduits, troughs or channels are not, and are not intended to be, earthed; and○ the electrical line or associated equipment is not energised;• Erecting structures for the support of electrical equipment where the electrical line is not energised. <p>Electric line means a wire or conductor directly 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; or• a wire or conductor within the internal structure of a building. <p>Associated equipment means a casing, coating, covering, tube, pipe, pillar, pole or tower, post, frame, bracket 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> |

Electrical cable jointer

The proposed definition of regulated work and exclusions from the meaning of electrical cable jointing work for an electrical cable jointer's licence are described in Table 6.6 below. The impact of this proposal has not been costed and is expected to be minimal.

Table 6.6: Proposed regulated work and exclusions from the meaning of electrical cable jointing work for a cable jointer’s licence

| Electrical cable jointer – proposed regulated work, exclusions from the meaning of electrical cable jointing work and associated definitions |
|---|
| <p>Electrical cable jointing work means installing, jointing, terminating, testing, servicing, maintaining, altering, repairing or replacing:</p> <ul style="list-style-type: none"> • electrical cables or electrical conductors • apparatus or material that is, or is to be, connected to electrical cables or electrical conductors, including, for example, an air breaker, switch or transformer. |
| <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 electricity infrastructure of an electrical entity before the initial connection of the cables to an electricity source; or • recovering underground cables that are part of the electricity infrastructure of an electricity entity after disconnection from an electricity source. |

Electrical contractor

The proposed definition of the regulated work of an electrical contractor is described in Table 6.7 below. The proposed requirements are a change for the Australian Capital Territory, and the impacts are uncertain and have not been quantified. The impact of this proposal is expected to be minimal in the other seven jurisdictions as there is no substantial change to the status quo, and it has not been costed. Where a contractor does not hold a licence to undertake the electrical work, a nominee with a relevant electrical licence must be identified. Nominees are discussed in below.

Table 6.7: Proposed regulated work for an electrical contractor licence

| Electrical contractor – proposed regulated work |
|---|
| <p>Entering into contracts to carry out one or more of the following:</p> <ul style="list-style-type: none"> • electrical work • electrical fitting work • electrical line work • electrical cable jointing work. |

Restricted electrical licences

The preferred definitions of regulated work and associated definitions for restricted electrical licences are described in Table 6.8 below. The impact of this proposal is has not been costed and is expected to be minimal.

Table 6.8: Proposed licence categories and regulated work for restricted electrical licences

| Licence category | Regulated work and associated definitions |
|---|---|
| <p>Restricted electrical work (refrigeration and air-conditioning equipment) with fault finding licence</p> | <p>Disconnecting and reconnecting refrigeration and air-conditioning equipment at the point at which the equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation • locating and rectifying faults in the equipment. |

| Licence category | Regulated work and associated definitions |
|--|--|
| | Restricted electrical work (with fault finding) does not include electrical work. |
| Restricted electrical work (electronic and communication equipment) with fault finding licence | <p>Disconnecting and reconnecting electronic and communication equipment at the point at which the equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation • locating and rectifying faults in the equipment. <p>Restricted electrical work (with fault finding) does not include electrical work.</p> <p>Electronic and communication equipment means the following equipment operating above extra low voltage:</p> <ul style="list-style-type: none"> • electronic devices that are components of an audio, video, TV, computer or communication network • medical equipment • security systems • laboratory and scientific equipment. <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |
| Restricted electrical work (instrumentation) with fault finding licence | <p>Disconnecting and reconnecting instrumentation equipment at the point at which the equipment is connected to electrical wiring.</p> <p>Restricted electrical work (with fault finding) includes:</p> <ul style="list-style-type: none"> • testing the equipment for safe operation • locating and rectifying faults in the equipment. <p>Restricted electrical work (with fault finding) does not include electrical work.</p> <p>Instrumentation means systems and devices that operate above extra low voltage and are used for measuring and controlling industrial or scientific processes.</p> <p>Extra low voltage means voltage not exceeding 50V a.c. or 120V ripple-free d.c.</p> |
| Restricted electrical work (non-portable appliances) without fault finding licence | <p>Disconnecting and reconnecting the equipment at the point at which the non-portable appliances are connected to electrical wiring.</p> <p>Restricted electrical work (without fault finding) includes testing the equipment for safe operation. Restricted electrical work (without fault finding) does not include electrical work.</p> <p>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.</p> |
| Restricted electrical work (industrial or commercial equipment) without fault finding licence | <p>Disconnecting and reconnecting the equipment at the point at which the industrial or commercial equipment is connected to electrical wiring.</p> <p>Restricted electrical work (without fault finding) includes testing the equipment for safe operation. Restricted electrical work (without fault finding) does not include electrical work.</p> <p>Industrial or commercial equipment means the following equipment operating at low voltage:</p> <ul style="list-style-type: none"> • equipment incorporating one or more devices that use electric current; or • controls that use electric current; or • electric motors connected by fixed wiring, including, for example, petrol station pumps. |

Provisional licences

Provisional licences are held while an individual is undergoing gap training, prior to application for a full licence. A holder of a provisional licence must work under the supervision of a licensed electrical

person. A provisional licence can only be issued for a 12 month period, although an applicant can reapply for a further 12 month period in extenuating circumstances.

The preferred licence categories and definitions of the regulated work for provisional licences are described in Table 6.9 below. The impact of this proposal is has not been costed and is expected to be minimal.

Table 6.9: Proposed licence categories and regulated work for provisional licences

| Provisional licence category | 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 electrician’s licence or an electrical fitter’s licence |
| Provisional electrical line worker | Electrical linework carried out under supervision of a person who is the holder of an electrical line worker’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. |

6.2.3 Nominees

If a contractor does not hold a licence authorising them to undertake the relevant work, they must nominate the person who will undertake that work on their behalf. That person must be a director of the company contracting for the work, or an employee and agree to hold the responsibility of nominee (as set out in the relevant jurisdictional conduct legislation).

It is also proposed that individual jurisdictions can choose to allow sub-contractors to fulfil the role of a nominee, however, this arrangement may not be recognised outside the originating jurisdiction. A contractor who has a sub-contractor nominee and who enters into a contract for work outside the originating jurisdiction will be required to meet the nominee requirements in the jurisdiction in which the work is occurring

The inclusion of a subcontractor nominee option would minimise the additional regulatory burden in South Australia, where nominees are not currently required.

Applicants for a contractor licence determine the scope of work they are applying for and nominate a nominee who holds a licence that corresponds with that scope of work, as shown in Table 6.10.

Table 6.10: Contractor licences and the applicable licensed technical nominee

| Electrical contractor’s licence | Licensed technical nominee |
|--|-----------------------------------|
| Enter into contracts to carry out electrical work | Electrician’s licence |
| Enter into contracts to carry out electrical fitting work | Electrical fitter’s licence |
| Enter into contracts to carry out electrical line work | Electrical line worker’s licence |
| Enter into contracts to carry out electrical cable jointing work | Electrical cable joiner’s licence |

6.2.4 Exemptions

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

Under amendments proposed to the National Law a person must not carry out regulated work unless the person:

- holds a licence to carry out the regulated work; or
- is exempt under the National Law from the requirement to hold a licence to carry out the regulated work; or
- is exempted by NOLA, in accordance with the national law, from the requirement to hold a licence to carry out the regulated work.

Consistent nationally applied exemptions for those operating in multiple jurisdictions would result in 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.

The preferred classes of persons who will be exempt from the requirement to hold an electrical licence to carry out regulated electrical work are listed below in Table 6.11.

Table 6.11: Classes of person exempt from holding a licence

| Classes of person exempt from holding a licence |
|---|
| <ul style="list-style-type: none"> • An individual who is carrying out the regulated work: <ul style="list-style-type: none"> (i) under a contract of employment and training, or as a student undertaking competency-based training, for the purpose of gaining qualifications necessary for obtaining the licence; and (ii) under the supervision of an individual who is licensed to carry out the regulated work without supervision. • The holder of a prescribed authority (by whatever name called) and who, as part of carrying on business under that authority, contracts, for the provision of that regulated work other than under a contract of employment, with another person licensed to carry out that work. • a person who, in the person’s capacity as an employee or contractor carries out regulated work on— <ul style="list-style-type: none"> ○ electrical equipment in or near a mine that is owned, controlled or operated under a declared law for this subparagraph |

6.2.5 Non-skills-based eligibility requirements

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

The issuing or renewal of a licence is premised on reducing these risks by requiring the applicant to meet specific eligibility requirements. The National Law provides for non-skills-based eligibility criteria that include personal and financial probity requirements.

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.

The proposed relevant persons for the applicable to the electrical contractor licence are described in Table 6.12 below.

Table 6.12: Proposed relevant persons for the electrical contractor licence

| Electrical licence | Relevant person |
|-----------------------|---|
| Electrical contractor | <p>If the electrical contractor is a body corporate, relevant persons are all directors of a body corporate (as defined in the <i>Corporations Act 2001</i>), and any other individual who is in effective control of the business of the body corporate. If the contractor is a partnership relevant persons are each member of the partnership.</p> <p>A person in effective control of a business is someone who is regularly or usually in charge of the business, and has control or influence over how the business is managed.</p> |

Personal probity requirements

The National Law, and the Amendment Bill for the National Law, provides for the personal probity requirements that will apply to all licensees.

The proposed reduced probity requirements for non-contractor licences mean time costs savings for new licence holders in all jurisdictions, except Queensland and South Australia. Based on the hourly wage rates assumed in this Decision RIS (see Attachment G) and the time estimates (see Chapter 4), prospective licensees would save about \$0.03 million per annum or \$0.17 million NPV over ten years. The reduced probity requirements are the status quo in Queensland and South Australia, so no will impact occur.

It is also proposed that criminal history checks for electrical contractor applicants will 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. The impact of this proposal is negligible as criminal history checks currently occur in all jurisdictions for contractor licences.

Guidelines will need to be developed to ensure consistency in application of probity requirements

The proposed personal probity eligibility requirements for the range of electrical licences and types of applicants are shown in Tables 6.13 and 6.14.

Table 6.13: Personal probity requirements for applicants

| Type of applicant | Licence category | Personal probity requirement |
|-------------------|--|---|
| Individual | Electrician, electrical fitter, electrical line worker, cable jointer, provisional licences and restricted electrical licences | <p>NOLA must have regard to:</p> <p>Whether within the previous five years, has been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11⁴⁸</p> |
| Individual | Contractor | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person's obligations under a law relating to occupational health and safety. • Whether within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11⁴⁹ |

⁴⁸ Ibid

⁴⁹ Ibid

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • 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 a proper purpose • misuse of position to gain advantage or cause detriment to a company • misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company • breach of the procedures under that Act when giving a financial benefit to a related party of a company • failure to comply with financial reporting requirements under that Act • breach of the duty not to trade insolvent. |
|--|--|---|

Table 6.14: Personal probity requirements for other persons

| Type of applicant | Other person who is required to have a personal probity check | Personal probity requirement |
|-------------------|---|--|
| Body corporate | Relevant persons for a body corporate | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person's obligations under a law relating to occupational health and safety • Whether the relevant person has within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11 of the National Law • 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 a proper purpose ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person's position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when giving a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade insolvent. |

| Type of applicant | Other person who is required to have a personal probity check | Personal probity requirement |
|-------------------------|---|---|
| Member of a partnership | Relevant person for a partnership | <p>NOLA must have regard to:</p> <ul style="list-style-type: none"> • Matters relating to criminal history, including: <ul style="list-style-type: none"> ○ offences relating to dishonesty ○ offences relating to misleading or deceptive conduct ○ offences relating to a person’s obligations under a law relating to occupational health and safety. • Whether the relevant person has within the previous five years, been convicted of an offence under section 9, 10 or 11 of the National Law or a provision of a corresponding prior Act that corresponds to section 9, 10, or 11 • 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 a proper purpose ○ misuse of position to gain advantage or cause detriment to a company ○ misuse of information obtained by virtue of the person’s position to gain advantage or to cause detriment to a company ○ breach of the procedures under that Act when giving a financial benefit to a related party of a company ○ failure to comply with financial reporting requirements under that Act ○ breach of the duty not to trade insolvent. |

Financial probity requirements

The National Law provides for the financial probity requirements a person must satisfy to be eligible for a licence. Financial probity eligibility requirements aim to determine whether the financial integrity of the applicant is such that the risk for consumers in dealing with the licensed person is minimised. One of the aims of licensing of business entities is to protect consumers from those who have been involved in the mismanagement of business.

While financial probity requirements will be a new arrangement for the Northern Territory, this will not be an onerous requirement as the information will be readily available on licence registers and may be as simple as providing a declaration. There are also some counter-balancing instances of a reduction in financial probity requirements. As an example, New South Wales will remove the check for bankruptcy for electricians. The estimated impacts of this proposal are expected to be minimal and have not been costed.

The proposed financial probity requirements proposed for each type of applicant and licence category are shown in Table 6.15 & 6.16.

Table 6.15: Financial probity requirements

| Subject to probity check | Licence category | Financial probity requirement |
|------------------------------|--|---|
| Individual | <ul style="list-style-type: none"> • Electrician • Electrical fitter • Line worker • Cable jointer • Restricted electrical licence • Provisional licence | NOLA must have regard to: <ul style="list-style-type: none"> • whether the person has failed to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |
| Individual Body corporate | Contractor | NOLA must have regard to: <ul style="list-style-type: none"> • whether the person 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; or • whether the 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 bankrupt or insolvent debtors; or • fails to pay a penalty, fine or other amount required to be paid under the National Law or a prescribed law. |

Table 6.16: Financial probity requirements for other persons

| Type of applicant | Other person who is required to have a financial probity check | Financial probity requirement |
|---|--|---|
| Body corporate or a member of a partnership | Relevant person for a body corporate or partnership | NOLA must have regard to: <ul style="list-style-type: none"> • whether a relevant person is bankrupt, insolvent, has compounded with creditors, entered into a compromise or scheme of arrangement with creditors or otherwise applied to take benefit of any law for the relief of bankrupt or insolvent debtors. |

6.2.6 Qualification eligibility requirements

The aim of eligibility requirements based on qualifications is to protect consumers from engaging practitioners who may deliver substandard service due to failure to reach a minimum standard of competence.

The proposed skills-based eligibility requirements for the electrical occupations are listed in Tables 6.17 to 6.19. The qualifications and units were identified by the IAC, however the nomenclature may have changed since this time.

It should be noted that the national licensing qualification requirements will only be required by new applicants and will have no impact on current licensees. The full list of the qualifications is available

at Attachment G. The impact for the proposed qualifications has not been costed and it is expected to be minimal.

Proposed entry level qualifications

Table 6.17: Proposed entry level qualifications for electrician, electrical fitter, electrical line worker, electrical cable jointer licences

| 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 UEE30611 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 (including specified units of competency) |
| Electrical line worker | 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 |
| Electrical contractor | A contractor will not be required to hold a skills qualification to contract but would need either to hold the relevant licence or have a nominee with the relevant licence to undertake the work. |

Proposed qualifications and non-skill requirements for restricted electrical licences

There are two proposed skill sets for the five sub-categories of restricted electrical licences, one with fault finding and the other without, and these are described in Table 6.15 below. The qualifications and units were identified by the IAC, however the nomenclature may have changed since this time.

In addition, applicants would be required to demonstrate a need for the licence applied for and present evidence of a relevant trade or calling. Evidence of the need for a restricted electrical licence is not currently required in South Australia, therefore, applicants in that State would be required to produce evidence.

Table 6.18: Proposed skill set requirements for restricted electrical licences

| Category | Skill set |
|---|---|
| Restricted electrical licences with fault finding: <ul style="list-style-type: none"> • refrigeration and air-conditioning equipment • electronic and communications equipment • instrumentation | UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring and UEENEEP016A Locate and rectify faults in low-voltage appliances using set procedures from the UEE11 Electrotechnology Training Package or 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. from the MEM05 Metal and Engineering Training Package |
| Restricted electrical licences without fault finding <ul style="list-style-type: none"> • non-portable appliances • industrial /commercial equipment | UEENEEP010A Disconnect/reconnect appliances connected to low-voltage installation wiring from the UEE11 Electrotechnology Training Package or MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c. from the MEM05 Metal and Engineering Training Package |

Need

Confirmation of the need to perform the disconnection and reconnection of fixed wired equipment 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 principal work. Currency of a need will be required at renewal time.

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

Evidence of the need for a restricted electrical licence is not currently required in South Australia; therefore, new applicants in that state would be required to produce evidence of a need for a REL. The estimated cost impact of introducing this requirement in South Australia is \$0.01 million per annum or \$0.05 million NPV over ten years.

Verification of trade or calling

It is proposed that an applicant for a restricted electrical licence has a relevant trade or calling. 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
- 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
- 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, for example:
 - Certificate of Proficiency (New South Wales)
 - Certificate of Completion (Queensland)
- a current plumbing or gasfitting licence

- 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 licences

The proposed qualifications for the provisional licences are listed in Table 6.16 below.

In regard to a provisional electrical fitters licence, the occupation was not included in the initial COAG process, and therefore an Off Shore Technical Skills Record (OTSR) issued to a skilled migrant following a pre migration skills assessment), the assessment resources and the Australian context gap training has not been developed. An OTSR identifies any Australian context gap training that would need to be complete onshore before a licence can be issued. It is proposed that NOLA work with Trades Recognition Australia to ascertain if there is a requirement or demand for an electrical fitter provisional licence.

Table 6.19: Proposed qualifications for provisional licences

| Category | Qualification |
|--------------------------------------|--|
| Provisional electrician | An Offshore Technical Skills Record (OTSR), issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for: <ul style="list-style-type: none"> • UEE30811 Certificate III in Electrotechnology Electrician; or • An electrical fitter’s licence. |
| Provisional electrical fitter | An OTSR issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), appropriate for the electrical fitter licence category is still to be developed. |
| Provisional electrical line worker | An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994, for: <ul style="list-style-type: none"> • UET30612 Certificate III in ESI – Power Systems – Distribution Overhead; or <ul style="list-style-type: none"> • UET30512 Certificate III in ESI – Power Systems – Transmission Overhead; or <ul style="list-style-type: none"> • UET30712 Certificate III in ESI – Power Systems – Rail Traction |
| Provisional electrical cable jointer | An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994, for: <ul style="list-style-type: none"> • UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing |

6.2.7 Experience

National licensing will not have any additional experience requirement. Requirements based on a national training package qualification should not need an additional experience requirement as the applicant has already been deemed competent to perform the work.

In Victoria, Queensland, Western Australia and the Northern Territory it is a current licensing requirement that electrical contractors have a specified level of experience. New South Wales, Victoria, Western Australia, Tasmania and the Northern Territory have experience requirements for

electricians. The national benefit from removing this requirement is estimated to be \$1.86 million per annum or \$12.14 million NPV over ten years. Additional testing

It is proposed that national licensing not impose any areas of additional testing in electrical occupations. Currently some jurisdictions impose forms of additional testing such as the Licensed Electrical Assessment, Cardiopulmonary Resuscitation training, English language testing and colour blindness, which will not be included in national licensing.

Victoria currently requires a Licensed Electrical Assessment (LEA) prior to issuing of an electrician licence in some circumstances. The removal of the LEA testing will reduce regulatory burden on prospective electrical licence holders in Victoria. The savings of this change is estimated to be \$1.55 million per annum or \$10.12 million NPV over ten years.

Tasmania and the Northern Territory impose a colour blindness test for electrical licences and the impact of the change has not been costed and the benefit is expected to be small.

Currently, Queensland is the only jurisdiction that stipulates a specific CPR currency requirement for the licensing of electrical occupations. Queensland has advised that a requirement for a certificate of currency in CPR training will continue through provisions in the *Electrical Safety Act 2002* covering employer obligations, and this requirement will be outside the scope of national licensing.

Queensland is the only jurisdiction that stipulates English language requirements as part of the eligibility requirements for electrical occupations. This impact has not been quantified for the Decision RIS given the marginal impact of the change, and would only benefit prospective licensees in Queensland.

6.2.8 Skills maintenance (continuing professional development)

Skills maintenance or professional development will not be linked automatically to licence renewals. NOLA has the ability to impose skills maintenance or professional development on an as needs basis, and in consultation with industry. For example, if there is a change to relevant legislation, codes of practice or industry standards, professional development may be required by the relevant licensees. The administrative arrangements as to how this will occur have yet to be developed by NOLA.

The proposal represents a change in five jurisdictions which currently impose mandatory skills maintenance for electricians. Three of the four jurisdictions which licence lineworkers, Queensland, Tasmania and the Northern Territory, also require skills maintenance for these occupations.

6.2.9 Age requirement

National licensing will not have any age requirement. A person should not be discriminated by their age. The removal of the requirement would reduce barriers to licensing and benefit new licence holders.

6.2.10 Licence periods

The National Law proposes to provide that any licence type, except a provisional licence, may be granted for a period of one, three or five years, with the term to be selected by the licence applicant. A provisional licence can only be issued for a 12 month period, although an applicant can reapply for a further 12 month period in extenuating circumstances.

The net quantifiable benefits if a licence applicant chooses the five year licence period is \$3.31 million (annualised ongoing impact). There would be no impact in Victoria as their licence period is already five years for non-contractors and contractors. In Queensland, Western Australia and the Northern Territory, there is no impact for non-contractors, as they already have a five-year licence period. However, there is still a benefit to contractors in these jurisdictions, and also in New South

Wales, South Australia, Tasmania and the Australian Capital Territory if a contractor applicant chooses a five year licence period.

6.2.11 Licence fees

Determination of where fees are to be paid will be premised on a person's place of residence or in the case of a contractor licence the location of the business.

7 Implementation

7.1 Implementation of national licensing

National licensing will be implemented for the first-wave occupations, including the electrical occupations, following agreement to the reforms by the Standing Council for Federal Financial Relations (SCFFR). Its introduction will necessitate a number of structural and administrative changes to existing licensing arrangements.

A transition strategy is being developed, which includes the preparation of revised operational guidelines for the regulatory agencies involved, communications about the reform to regulatory staff, licensees and the wider public and agreed processes by which existing licensees (current or otherwise) and those in training for a licence are deemed across to the new system.

The National Occupational Licensing Authority (NOLA) was established in 2012 as the central body responsible for administration and policy and will be responsible for the implementation of national licensing.

Under the *Occupational Licensing National Law Act 2010* (the National Law), NOLA will delegate its responsibility for the operation of licensing services to nominated regulators in each state or territory that has adopted the National Law.

To assist with the implementation phase, NOLA is establishing Occupational Licensing Advisory Committees (OLAC) and Regulator Working Groups (RWG) for each licensed occupation. The OLACs will be made up of representatives from industry, unions and skills councils, as well as regulators and consumer groups.

It should be noted that national licensing will not encompass the standards and behaviour (conduct) of licensees once they have obtained a licence. These matters, together with compliance and enforcement, will remain the responsibility of states and territories.

NOLA will be working with jurisdictions to achieve a smooth transition to national licensing. This will involve:

- Coordination and assistance with the development of consistent transitional provisions for jurisdictional legislation. Transitional arrangements will cover such issues as:
 - deeming current licence holders into national licensing
 - deeming administrative transactions, disciplinary/court processes and actions initiated before national licensing began
 - transitioning suspended and disqualified licensees
 - cancelled licences
 - eligibility for those who initiated or completed training for an equivalent licence before national licensing began
 - restoration of expired licences
 - eligibility for those in training for a restricted licence that will no longer exist under national licensing
 - other implementation considerations such as the availability of relevant licensee data held by jurisdictional regulators in preparation for the commencement date, which might otherwise be restricted by jurisdictional privacy laws.

- Development of clear delegation instruments for jurisdictional regulators. Service agreements will be used to establish consistent licence requirements and service delivery standards for national licensing arrangements across jurisdictions.
- Development of clear operational procedures for jurisdictional regulator staff to ensure that the system is implemented consistently across jurisdictions and occupations.
- Development of standardised tools, forms and licence formats for use by jurisdictional regulators.
- Provision of training and ongoing support for jurisdictional regulator staff on new requirements, national business rules and business processes.
- Implementation of the national licensing register across each of the relevant jurisdictional regulators as their systems become compliant with national licensing and they can interface with the national register. The national licensing register will include prescribed information about licensees and former licensees for the licensed occupations. Where it can be justified NOLA aims to minimise the overall net cost of implementation by providing assistance and products in situations where otherwise there might be a duplication of effort by each jurisdiction. For example, it is recognised that each regulator has the challenge of data harmonisation before their data can be loaded into the national licensing register, and there will be areas of commonality where assistance from NOLA can potentially save time, effort and cost.
- Development of a range of communication tools to provide information to licensees and other stakeholders of changes which may affect them once the new system is implemented. These tools include direct communications (letters/emails), meetings with licensees and/or industry groups, website content and social media, fact sheets, brochures and a public information campaign.

7.2 Key steps in implementation

To address potential concerns of existing licensees at a time of change, the following arrangements have been developed surrounding how licensees will be notified of their national licence, the time frames to apply to the issue and use of those licences and what they can expect from the new national licence numbering system.

7.2.1 Notification of national licence(s)

Prior to the commencement of national licensing, licensees would be advised by jurisdictional regulators by letter of the national licence they will hold following commencement of the system. Licensees will have the opportunity to discuss any concerns they may have in relation to their proposed national licence. It should be noted that current state and territory licences will be considered national licences when licensing commences for that occupation.

7.2.2 Issuing of new national licence documentation

It is proposed that new national licence documents would be provided to licensees at the time of renewal (rather than at the commencement of national licensing). However, some jurisdictions may have the capacity to issue new licence documents to all licensees on the commencement date of national licensing for that occupation. Licensees will be advised by their jurisdictional regulator as to when a national licence document will be made available.

A new national licence numbering scheme is proposed where a unique national licence number would be assigned to each licensee that transitions to national licensing and to each new licensee after the system commences. The national system would identify each entity once only in the licensing database. It is also proposed that an individual, persons in a partnership or company should be able to hold multiple occupational licence categories under this single national licence number.

The proposed national licensing register would have the capacity to search for a licensee's new national licence number and all previously generated licence numbers.

There will be a five-year transitional period by which time all licensees would be required to use their national licence number for advertising, marketing and identification purposes, and a licensee's previous state or territory licence number/s, cards and certificates could no longer be used.

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.. Cards for the other occupations varied greatly, ranging from laminated cardboard to high-quality cards produced to a similar standard to a driver's licence with photographic identification.

The National Law allows for an approved form of a national licence. One option proposed is that NOLA or its delegates (existing jurisdictional regulators) would issue:

- a licence card (similar to a driver's licence in size and content) for identification purposes when engaging with members of the public, employers or regulators; or
- a licence certificate to corporate entities.

Currently most jurisdictions, for some of the occupations, can issue a licence card with a photo. For example, Victoria, Queensland and the Northern Territory issue licence cards with photos for the plumbing occupations only. South Australia and Tasmania issue them to all the trade occupations. However, under national licensing NOLA 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.

7.3 Communication strategy for national licensing

Consultation about national licensing has been ongoing with a range of stakeholders including state and territory governments, industry, employer and employee representatives and internal working groups.

As with any change to regulations, a communication awareness campaign will be needed to ensure licensees, consumers and other stakeholder are informed of changes that may affect them once the new system is implemented.

There should be two levels of an awareness campaign for national licensing: one at a jurisdictional level and one at a national level.

A jurisdictional campaign could include the following activities:

- direct communications (letters/emails)
- metropolitan and regional meetings with licensees
- website content and social media
- temporary call centre staffing
- public information campaign
- industry and public campaign management.

An estimated cost drawing of a state based campaign of a similar scale to that suggested above is approximately \$300,000 to \$350,000, and is based on approximately 22,000 licensees. The impact analysis contained in this Decision RIS includes a qualitative estimate of the communication costs for governments during the transition period.

At a national level, NOLA would assist with the communication process by ensuring consistency of messaging through the www.nola.gov.au website, media releases and other avenues, including social media. NOLA's board and the chief executive officer could be expected to consult with:

- ministers and governments
- business and industries
- other peak bodies, which would include employee and employer associations.

7.4 Review

The SCFFR will initiate an independent public review of the operation of the national licensing system, including the legislation establishing the system, in accordance with the IGA.

It is envisaged that the effectiveness of the national licensing reforms will be measured in a number of ways. These include assessment of the impact of national licensing on:

- labour mobility for nationally licensed occupations
- administrative burdens on national licence holders
- the consistency in regulatory requirements between jurisdictions for the national licensing occupations
- deregulatory benefits for businesses and consumers.

The review will take place no earlier than five years from the commencement of the national licensing system and every ten years thereafter.

Attachment A – Key changes to existing arrangements

Table A.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 A.1: Key changes to existing arrangements

| Licence 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 jurisdictions ¹ Apprentices are not subject to licensing requirements per se in the Northern Territory 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 RELs | | | ✓ | | | | | ✓ | | 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. |

| Licence 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 | | |
| Occupier's licence/In-house electrical installing work licence | | ✓ | | | ✓ | | | | | Not requiring these licences reduces regulation in two jurisdictions. |
| 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) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | <p>There is overall reduction in regulation for electrical contractors through:</p> <ul style="list-style-type: none"> • Drastic reduction in conditioned licences has occurred in some jurisdictions. • No mutual recognition processes reduces regulation and administrative burdens. • No business skills training reduces regulation in five jurisdictions. • No evidence of experience reduces regulation in six jurisdictions. • No insurance requirement reduces regulation in six |
| 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: | | | | | | | | | | |

| Licence 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 | | |
| • nominee requirement | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | <p>jurisdictions.</p> <ul style="list-style-type: none"> • No health checks (includes colour blindness, mental capacity) reduces regulation in five jurisdictions. • 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 licence category to carry on a business or contract with the public. The ACT has not determined whether additional contractor licences will be required. • There will be an increase in regulation in all jurisdictions from requiring a primary jurisdiction check. |
| • fitness or health check | | | | | ✓ | ✓ | | | | |
| • 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 | 1 yr | up to 3 yrs | 1 yr | 1, 3 or 5 yrs | |

| Licence 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"> Increase in jurisdictions that only require a self-declaration for criminal history (ACT). |
| Electrician | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | <p>There is overall reduction in regulation for electricians through:</p> <ul style="list-style-type: none"> Drastic reduction in 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 seven jurisdictions. No health checks (includes colour blindness, mental capacity) reduces regulation in five |
| Qualification – Certificate III | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Financial probity checks: | | | | | | | | | | |
| <ul style="list-style-type: none"> payment of fines or penalties | | | | ✓ | | | | ✓ | ✓ | |
| <ul style="list-style-type: none"> bankruptcy/insolvency checks | ✓ | | | | | | | | | |
| <ul style="list-style-type: none"> adequate resource checks | | | | | | | ✓ | | | |
| Personal probity checks: | | | | | | | | | | |
| <ul style="list-style-type: none"> general probity check (disqualification of licence) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| <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"> evidence of experience (requirement for X years' work experience) | ✓ | ✓ | ✓ | | | ✓ | | ✓ | | |

| Licence 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 | | |
| • age requirement (minimum age) | ✓ | | | | | | | | | <ul style="list-style-type: none"> No experience requirement reduces regulation in five jurisdictions. No mandatory or annual skills maintenance reduces regulation in seven jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in five jurisdictions – but some checks are already done administratively. |
| • English language test | | | ✓ | | | | | | | |
| • insurance requirement (professional indemnity insurance) | | ✓ | | | | | | | | |
| • mandatory skills maintenance requirements | | ✓ | ✓ | | ✓ | ✓ | | ✓ | | |
| • cardiopulmonary resuscitation | | | ✓ | | | | | | | |
| • additional testing | | ✓ | | | | | | | | |
| Licence duration | 3 yrs | 5 yrs | 5 yrs | 3 yrs | 5 yrs | 3 yrs | up to 3 yrs | 5 yrs | 1, 3 or 5 yrs | |
| Electrical fitter | N/A | ✓ | ✓ | ✓ | ✓ | N/A | N/A | ✓ | ✓ | There is overall reduction in regulation for electrical fitters through: <ul style="list-style-type: none"> Drastic reduction in conditioned licences has occurred in most jurisdictions. No mutual recognition processes reduces |
| Qualification – Certificate III | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | |
| Financial probity checks: | | | | | | | | | | |
| • payment of fines or penalties | | | | ✓ | | | | ✓ | ✓ | |
| Personal probity checks: | | | | | | | | | | |
| • criminal history check | | ✓ | | | ✓ | | | ✓ | | |

| Licence 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"> licence disqualification check | | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | regulation and administrative burdens. <ul style="list-style-type: none"> No criminal history checks reduces regulation in four jurisdictions. No health checks (includes colour blindness) reduces regulation in three jurisdictions. No experience requirement reduces regulation in five jurisdictions. No mandatory or annual skills maintenance reduces regulation in five jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in two jurisdictions – but some checks are already done administratively. |
| 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 | 1,3 or 5 yrs | |

| Licence 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 | | |
| Electrical line worker | N/A | N/A | ✓ | ✓ | N/A | ✓ | N/A | ✓ | ✓ | <p>There is overall reduction in regulation for lineworkers through:</p> <ul style="list-style-type: none"> • Drastic reduction in conditioned licences has occurred in most jurisdictions. • No mutual recognition processes reduces regulation and administrative burdens. • A single line worker licence will reduce the administrative burden in the jurisdictions that license the type of linework. Other mechanisms are in place to ensure that the line worker is trained appropriately for the area of work. For example network operators require specialist training. • No criminal history checks reduces regulation in three jurisdictions. • No health checks |
| 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 | | | | | | ✓ | | ✓ | | |
| • 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 | 1, 3 or 5 yrs | |

| Licence 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 | | |
| | | | | | | | | | | <p>(includes colour blindness) reduces regulation in two jurisdictions.</p> <ul style="list-style-type: none"> No experience requirement reduces regulation in three jurisdictions. No mandatory or annual skills maintenance reduces regulation in four jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in two jurisdictions – but some checks are already done administratively. |
| 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 reduction in conditioned licences has occurred in most jurisdictions. |
| Qualification – Certificate III | | | ✓ | ✓ | | ✓ | | | ✓ | |
| Financial probity checks: | | | | | | | | | | |
| <ul style="list-style-type: none"> payment of fines or penalties | | | | ✓ | | | | ✓ | ✓ | |
| Personal probity checks: | | | | | | | | | | |

| Licence 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 mutual recognition processes reduces regulation and administrative burdens. Removal of criminal history checks reduces regulation in three jurisdictions. No experience requirement reduces regulation in four jurisdictions. Removal of health checks (includes colour blindness) reduces regulation in two jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in two jurisdictions – but some checks are already done administratively. |
| 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"> mandatory skills maintenance requirements | | | ✓ | | | ✓ | | ✓ | | |
| <ul style="list-style-type: none"> cardiopulmonary resuscitation | | | ✓ | | | | | | | |

| Licence 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 | | |
| Licence duration | | | 5 yrs | 3 yrs | | 3 yrs | | 5 yrs | 1, 3 or 5 yrs | |
| REL – 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 reduction 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 seven jurisdictions. • No health checks (includes colour blindness, mental capacity) reduces |
| 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: | | | | | | | | | | |
| • payment of fines or penalties | | | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | |
| • bankruptcy/insolvency checks | ✓ | | | | | | | | | |
| Personal probity checks: | | | | | | | | | | |
| • criminal history check (or declaration) | | | | | | | ✓ | ✓ | | |
| Other requirements: | | | | | | | | | | |
| • fitness or health check | | ✓ | | | ✓ | ✓ | | | | |
| • mental capacity | ✓ | | | | | | | | | |
| • colour blindness | | | | | | ✓ | | ✓ | | |

| Licence 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 | | |
| • evidence of experience (requirement for X years' work experience) | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | | <ul style="list-style-type: none"> regulation in five jurisdictions. No experience requirement reduces regulation in six jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in five jurisdictions. |
| • 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 | 1, 3 or 5 yrs | |
| Provisional licences | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | <p>There is overall reduction in regulation for provisional licences through:</p> <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 |
| Qualification | | | | | | | | | | |
| Offshore Technical Skills Record | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Other qualification | | | | | | | ✓ | | | |
| Electrical fitters licence | | ✓ | | | | | | | ✓ | |
| Financial probity checks: | | | | | | | | | | |
| • payment of fines or penalties | | | | ✓ | | | | ✓ | ✓ | |
| • bankruptcy/insolvency checks | ✓ | | | | | | | | | |

| Licence 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: | | | | | | | | | | | <p>to complete on-the-job training while up skilling to an electrician.</p> <ul style="list-style-type: none"> No health checks (includes colour blindness, mental capacity) reduces regulation in five jurisdictions. Inclusion of financial probity checks (in relation to payment of fines and penalties) may increase regulation in five jurisdictions. <p>¹ An assessment test is applied if training completed before 2000.</p> |
| <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 | | |

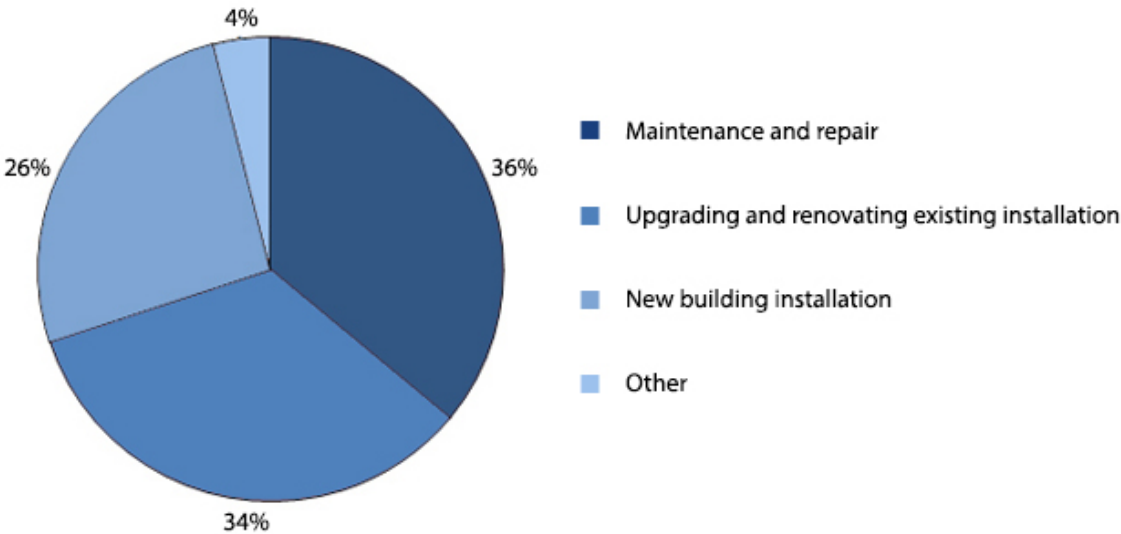
Attachment B – Overview of the electrical industry sector

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.⁵⁰

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 B.1.

Figure B.1: Product and services segmentation (2011)



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 by natural disasters such as Victoria’s Black Saturday bushfires (2009) and

⁵⁰ IBISWorld 2012a, *Electrical services in Australia: Market research report*, Industry report E4232 2012, p 5.

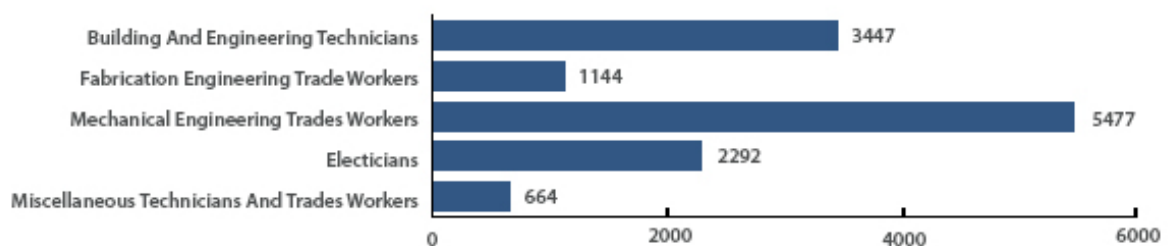
the recent Queensland floods (2011).⁵¹ Electrical workers are also in demand in the rapid growth area of fly-in, fly-out (FIFO) work arrangements in such areas as the mining and resources sector:⁵²

*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.*⁵³

Electricians feature as one of these escalating employment areas, as shown in at Figure C.2. These arrangements will benefit from the increased 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 B.2: Skills Australia employment projections for occupations in mining operations⁵⁴



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

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.⁵⁵

Figure B.3 shows the allocation of businesses in the electrical services industry across Australia. This corresponds with the general distribution of population and economic activity.

⁵¹ 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.

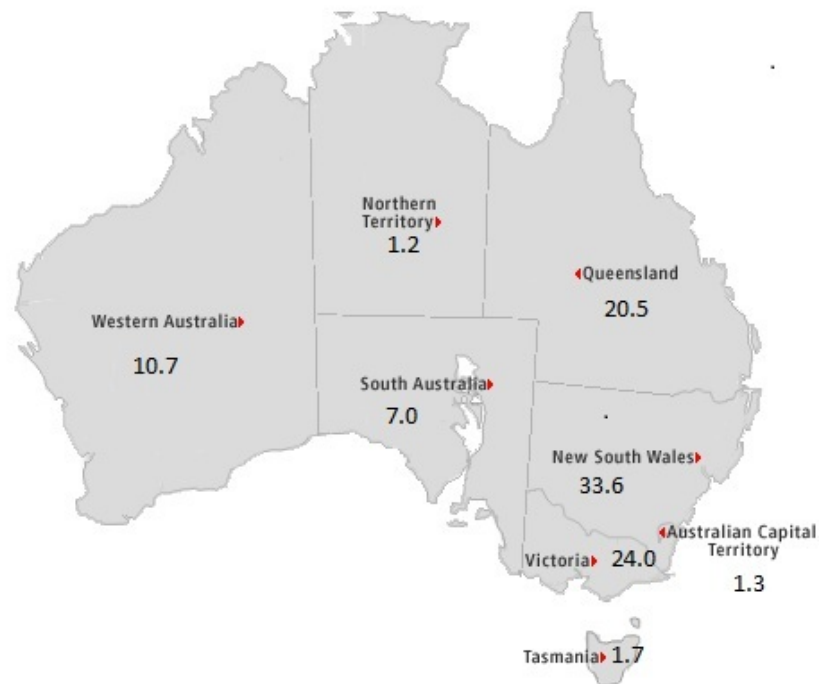
⁵² IBISWorld Industry report E4232 2011, Electrical services in Australia, p 5.

⁵³ Skills Australia, *Employment growth projection in mining operations (less oil and gas), 2010–2016*, p. 4.

⁵⁴ *ibid.*

⁵⁵ IBISWorld Industry report E4232 2011, Electrical services in Australia, p 13.

Figure B.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.⁵⁶ Electricity distribution involves operating low-voltage power supply systems (consisting of lines, poles, meters and wires).⁵⁷

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.⁵⁸

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.⁵⁹

⁵⁶ IBISWorld 2012, *Electricity transmission in Australia: Market research report*, D3612, p 5.

⁵⁷ *ibid.*, p. 3.

⁵⁸ *ibid.*, p. 11.

⁵⁹ *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 2016–17.⁶⁰

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 AEMC 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.⁶¹

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.⁶²

⁶⁰ IBISWorld 2012, *Electricity transmission in Australia: Market research report*, D3612, p 5.

⁶¹ *ibid.*, p. 25.

⁶² IBISWorld 2012, *Electricity generation in Australia: Market research report*, D3611.

Attachment C – List of submissions

Table C.1 contains a list of submissions to the electrical occupation Consultation RIS from organisations, industry associations or an individual. A number of submissions are not included in the table for the following reasons:

- permission for publishing was not given
- the submission is from a government agency
- the individual has not identified themselves with a full name.

All submissions, except those not giving permission for publishing or from a government agency, can be found on the NOLA website at www.nola.gov.au.

Table C.1: List of submissions provided by organisations, industry associations and individuals

| Organisation/Industry Associations | |
|---|-------------------|
| ANT Automation | Matthews, Anthony |
| AS Farr Electrical | Farr, A S |
| A1Test and Tag Service | |
| Active Contact Electrical | Moore, Bradford |
| Adelaide Brighton Cement Ltd | Chinner, Glen |
| Adelaide Brighton Cement Ltd | Graetz, David |
| Air Conditioning & Mechanical Contractors' Association of Australia | Eynon, David |
| AJ's Electrical | Anderson, Alex |
| Appliance Industry Association Inc. | Harpley, David |
| Apprentice & Traineeship Co | Clare, Dave |
| Apprentice & Traineeship Co | Smith, Theresa |
| Apprentice & Traineeship Co | Headland, Allan |
| Apprentice & Traineeship Co | Ebsary, Anna |
| Apprentice & Traineeship Co | Benham, Mae |
| Apprentice & Traineeship Co | Goodgame, Gail |
| Apprentice & Traineeship Co | Vlahov, Jayne |
| Apprentice & Traineeship Co | Regan, John |
| Apprentice & Traineeship Co | Abramich, Lara |
| Apprentice & Traineeship Co | Chikava, Tauray |
| Apprentice & Traineeship Co | Ramsay, Vince |
| Ashburner Francis Consulting Engineers | Murdoch, Toby |

| | |
|---|----------------------------|
| Attitude Electrical | Carslake, Justin |
| Ausgrid | Oswald, Phillip |
| Australia Post | Brammall, Jadd |
| Australian Industry Group | Willox, Innes |
| Australian Institute of Building | Cameron, James |
| Australian Manufacturing Workers Union | Curry, Ian |
| BHP Billiton | Fleming, Alex |
| Bright Electrics Pty Ltd | Canning, Gavin |
| Business Council of Australia | Westacott, Jennifer |
| CB Electrics Pty Ltd | Donnelly, Brian and Justin |
| Cable Logic Pty Ltd | Easton, Brett |
| Clay Solutions | Clay, Saul |
| Cockburn Electrical Company | Ward, Roger G |
| Complete Underground Power Installations & Halls Creek Trading post | |
| Cousins Electrics Pty Ltd | Lucas, Anthony |
| De Wass/Power Plus Electrix | Colin, Andrew |
| Demag Cranes and Components | Tompkins, Robert |
| Dobson Electrical | |
| Easternwell Energy | Gosselink, Shannon |
| EE-Oz Training Standards | |
| Electcraft Electrics | Edward |
| Electrical Inspectorate Pty Ltd | Leaman, Matthew |
| Electrical Trades Union | Hicks, Allen |
| Electrical Trades Union Queensland and Northern Territory | McKenzie, Keith |
| Electrical Trades Union Victoria | Hayes, Wes |
| Elite Electrical Contracting | Robartson, Michael |
| Ellenby Enterprises Pty Ltd | Nicholson, Lindsay |
| Elvera on Lygon | Russell, Tim |
| ElwoodDotCom | Mantel, Peter |
| Emcor Services | |

| | |
|--|---------------------------|
| Energex | Wu, David |
| Energex | Higgins, Neil |
| Entura | McNair, Nathan |
| Ergon Energy | |
| Fire Protection Association Australia (FPA Australia) | Wright, Matthew |
| Fisher & Paykel Appliances | Pearson, Grant |
| G T Electromechanical | McKernan, Graeme |
| GA Perry | |
| GESA Pty Ltd | |
| GHAS | |
| Global Customer Services | O'Grady, Allan |
| Global Customer Services | Mucjanko, Ben |
| Global Electrical Group Pty Ltd | Braithwaite, Michael |
| Great Green Way Electrical | Baillie, Darryl |
| Group Training Australia WA | Diepeveen, Stuart |
| Group Training South West | |
| Gym Maintenance Townsville | Park, Denis |
| Harding River Electrical & Airconditioner Installation | Olszewski, Richard & Rose |
| Industrial Fire & Electrical Pty Ltd | Brumby, Peter |
| Infinity Fire Protection | Wilson, Martyn |
| Infrastructure Manufacturing Engineering Australia | Antonopoulos, Antony |
| Jemena Asset Management | Puronpaa, Pekka |
| JH Electrical | |
| JMR Cabling Solutions | Ratyna, Matthew |
| K&L Electrics | Davies, Jonathan |
| K9 Electrical | Thomson, John |
| Karinga Electrical Systems | Steere, Martin |
| Karratha Contracting Pty Ltd | Nevill, Tina |
| Kentz PL | Ross, Brian |

| | |
|--|-----------------------|
| KLM Group Limited | Tucker, Harry |
| KRC Electrical Industries | Evans, Chris |
| M D Electrical Services | Drummond, Michael |
| Mad Cow Electrics | O'Reilly, Kevin |
| Malasteve Pty Ltd | Ashcroft, Stephen |
| Malmac Electrical & Mechanical Services | MacDonald, Mal |
| Manufacturing Skills Australia | Paton, Bob |
| Mark Reid Peak Consultants Pty Ltd | Reid, Mark |
| Master Builders Australia | Maroya, Alex |
| Master Electricians Australia | |
| McGill Engineering Services Pty Ltd | McGill, Kevan |
| Monadelphous | Gargallo, Adrian |
| Monadelphous | Attwood, Richard |
| MSJ Industries | Michie, Shannon |
| Mudgee Electrical | Symons, Nathan |
| National Electrical and Communications Association (NECA) | Tinslay, James |
| National Electrical Switchboard Manufacturers Association (Victoria) | Walker, Wayne |
| National Fire Industry Association | Coate, Carmel |
| NESMA | Webb, David |
| NSW Utilities & Electrotechnology | Cahill, Norm |
| Ogden Electrical Pty Ltd | Ogden, Rede |
| Polytechnic West | Tierney, Kevin |
| Polytechnic West | Watkins, Patrick |
| Power Systems Consultant DSR Energy Pty. Ltd. | Huntley, Andrew |
| PowerServe Pty Ltd | Padman, Katrina |
| Pride Security Systems (QLD) Pty Ltd | van der Merwe, Leanda |
| Quad Electrical Pty Limited | Redman, Greg |
| RailCorp | Wright, M |
| Redlands Hospital | McAtomney, James |
| Reed Resources Ltd | Lyall, Nich |

| | |
|--|-----------------------|
| Resource Industry Training Council (RITC) | Haywood, Nigel |
| Rio Tinto | Brushe, Symon |
| Rio Tinto Coal Australia NSW | Timpson, Murray |
| Salbay Engineering Pty Ltd | Turner, Bob |
| Sandfire Resources | Edwards, Greg |
| Schneider Electric Pty Ltd | Perera, Anthony |
| SEC Inspections | |
| Secure Power Solutions Pty Ltd | |
| Shane Hill Electrical Pty Ltd | |
| Siemens Ltd | McWilliam, Ian Andrew |
| Skill Hire Geraldton | Ward, Jon |
| Spectrum Fire South Australia | Nuthall, Mike |
| TAFE SA | Theologou, Con |
| TAFE SA | Kennett, Ian |
| Thiess Services | Severn, Andrew |
| Total Eden | |
| Townsville City Council | Walters, Brian |
| TPE Services | Aitken, Vince |
| Transend Networks | Gavlek, Ivan |
| TransFibre Pty Ltd | |
| Transfield-Worley | Alcock, Phillip |
| Tronox | Ricetti, John |
| Webb Australia Group | Smith, Robert |
| William Russell Electrical Contractors | Russell, William |
| Williams Electrical Service | Carter, Carter |
| Wondai Electrical Service P/L | Blamires, Mark |
| Wormald | Rolfe, Rod |
| Submissions provided by individuals | |
| A-K | K-Z |
| Abott, Matt | Kulken, M |
| Adams, Bryan | Kumass, Jan |

| | |
|--------------------|--------------------|
| Adams, Harrison | Kyte, Mark |
| Adeville, Lawrence | La Fauci, Craig |
| Aguirre, Albert | Labbula, Shaun |
| Airton, Graeme | Labes, Rene |
| Albion, Joel | Lang, Justin |
| Allen, Alexander | Largey, Martin |
| Allen, Glen | Lauro, Rodney |
| Allen, Lance | Law, Josh |
| Allen, M | Lawson, Eric |
| Allen, Mark | Lazarus, Kory |
| Ambrose, Steve | le Jene, Mick |
| Amos, Adam | Lee, Cameron |
| Anderejczak, S | Leeson, Andrew |
| Anderson, Samantha | Leha, Celest |
| Apps, Ian | Leipper, Reece |
| Argent, Rick | Leitch, Brad |
| Aroney, L | Lequerica, Michael |
| Arthurs, Daryl | Lewis, Jay |
| Ashcroft, Kent | Lewis, William |
| Ashley, Richard | Liban, Eric |
| Austin, Chris | Lim, Laren |
| Ayres, Dave | List, Stephen |
| Bailey, Scott | Llewelyn, Shane |
| Baker, Bradley M | Lloyd, Brody |
| Bakhash, Chris | Lofts, Clinton |
| Balderson, James | Loftus, Derek |
| Balpen, Eden | Lord, Ben |
| Bambrick, Allan | Lord, Jason |
| Bananno, Sam | Lorsen, Ken |
| Barnes, Peter | Loughton, Paul |
| Barrett, Rick | Love, Jamie |

| | |
|-------------------|--------------------|
| Barrie, Aaron | Lunney, Damian |
| Bartel, Andrew | Lydon, David |
| Basunem, Mick | Lynch, Chris |
| Batoan, Kimbert | Lynch, John |
| Baty, Craig | Lyne, Dan |
| Beadling, Les | Macdonald, Dwayne |
| Beaton, Matthew | Macdonald, Jim |
| Beavis, Adrian | Macdonald, Lachlan |
| Becke, Chris | Magina, Gavin |
| Beckensall, Craig | Magusara, Al |
| Bell, Brett | Mahoney, Aaron |
| Bell, Martin | Mahoney, Michael |
| Bell, Mitchell | Maloney, Dane |
| Bell, Steven | Mann, Jayden |
| Belle, Matthew | Mann, Lindsay |
| Bennet, Lance | Mannion, Steve |
| Bennett, M J | Marley, Andrew |
| Bennetts, Tom | Marner, Jim |
| Benson, Ken | Marsh, Blane |
| Bentley, Darren | Martin, Owen |
| Bergman, Lance | Martin, Philip |
| Bernadt, Matthew | Martwells, U |
| Berry, Kent | Mazza, Michael |
| Bevan, David | McArdie, Martin |
| Bezzant, David | McAuster, Nathan |
| Biba, Brendan | McCallum, David |
| Bibby, David | McCamley, Vaughan |
| Bickley, Jock | McClymans, Jade |
| Biggs, Wayne | McClymont, D |
| Bijoux, Bill | McCorley, John |
| Binnie, Kim | McCrea, Ben |

| | |
|----------------------|-------------------|
| Bird, Brian | McDonald, Aaron |
| Bird, Michael | McDonald, Brodie |
| Birmingham, Brice | McDonald, Damien |
| Birt, Jon | McDonald, Zack |
| Biscoe, Andrew | McDonell, Ron |
| Blencowe, Tim | McDougall, Rob |
| Bloom, Greg | McFayden, Troy |
| Bloxiy, Gary | McGeechan, M |
| Boase, Chris | McGocrtly, Morgan |
| Bohn, Nick | McGoven, Stuart |
| Bonavia, Justin | McGowan, Gavin |
| Bond, Charlie | McGrath, Greg |
| Bond, Zac | McGraw, Eddie |
| Bonfield, Kurt | McGuire, Alan |
| Bonsch, Timothy | Mckee, Richard |
| Boon, Andrew | McKenzie, Ian |
| Bosen, Albert | McKenzie, Keith |
| Bossley, Victor | Mcleod, Rory M |
| Bostock, Andy | Mcleod, Scott |
| Botha, Henri | McInerney, R |
| Bourne, Matt | McLuille, R |
| Bousteao, Glen | McMichan, Darren |
| Bouwens, Jason | McMillan, Adam |
| Bowdidge, Gary | McMillan, Gary |
| Boyce, Presley | Meagher, David |
| Boyd, Matt | Meredith, Steve |
| Boyes, Ryan | Merriner, John |
| Bradley, Zac | Mestroni, Peter |
| Bratt, Sandra Ann | Mew, John |
| Bray, Rob | Mieszkuc, Brent |
| Breeawer-Wermal, Joy | Millar, Bruce |

| | |
|--------------------|----------------------|
| Breust, Liam | Millar, James |
| Brideson, Scott | Millard, Craig |
| Briskey, Brad | Millare, Jason |
| Britton, Kyle | Miller, Robert Bruce |
| Broadhurst, Mark | Minge, Martin |
| Broame, Chris | Minniecan, Stewart |
| Broughton, Allan | Mitchell, Luke |
| Brown, Alex | Mitton, Spence |
| Brown, Riley | Molino, Alberto |
| Brown, Wayne | Monteith, C |
| Bruitt, Andrew | Moon, Paul |
| Bryant, Mick | Moore, Damien |
| Buckley, David | Moore, Michael |
| Buckley, Ryan Marc | Moore, Steve |
| Burnett, Cory | Moot, J |
| Burrows, John | More, Robert |
| Butcher, Alan | Morris, Dan |
| Butler, Kevin | Morris, Daniel |
| Cabutti, Michael | Morris, Glen |
| Calder, Eric | Morrison, Doug |
| Caldow, Brian | Mould, Josh |
| Cameron, M | Moule, Andria |
| Cameron, Paul | Muir, Louis |
| Camp, Paul | Muir, Shane |
| Campbell, Colin | Munro, Wayne |
| Campbell, Matt | Munyard, Josh |
| Campbell, Peter | Munyard, Joshua |
| Campbell, Scott | Murphy, Geoffrey |
| Cannon, Declon | Murphy, Jason |
| Carmean, A | Murphy, Kelly |
| Carney, Cam | Murphy, Mick |

| | |
|--------------------|-----------------------|
| Carney, Michael | Myers, Paul |
| Carroll, James R | Nalder, Paul |
| Carseldine, Ken | Napoli, Frank |
| Carson, Joel | Newton, A F |
| Cassar, Chris | Newton, David |
| Cates, John | Newton, Tim |
| Cawood, Ryan | Nicholson, C |
| Cerff, Mark | Nicholson, Mark |
| Chadwick, J | Nieuwenhoven, Stephen |
| Chant, T | Nolan, Nathan |
| Chape, Martin | Norris, Scott |
| Chapman, Ben | Noyes, Mick |
| Chapman, Larry | O'Brady, Mark |
| Chapman, Tim | O'Brien, Justin |
| Chellis, Shane | O'Keeffe, Gary |
| Cheng, Anthony | O'Leary, Ryan |
| Chetland, Mitchell | O'Mahony, Ged |
| Chilton, Daniel | O'Neil, Liam |
| Church, M | Oakley, Chris |
| Churten, Brent | Olney, Ross |
| Cichocki, Steve | Olson, Robert |
| Clancy, Anthony | Ong, Peter |
| Claris, Vance | Ornsby, Bryan |
| Clark, Joe | Orr, Ryan |
| Clark, Michael | Osborne, Ralph |
| Clark, Nick | Owens, Cahal |
| Clarke, Paul | Paice, Stephen |
| Clissold, Adam | Pailthorpe, W |
| Cloherty, Paul | Palage, George |
| Coates, David | Palmer, Kyle |
| Coffey, Ian | Papasrorro, Vince |

| | |
|-------------------|----------------------|
| Coles, Sam | Parker, Ben |
| Collict, Ed | Parnell, Tony |
| Collipile, Phil | Pascoe, Keith |
| Colthorpe, Col | Patterson, Christian |
| Compodonico, Aldo | Pearce, Steven |
| Constable, Ben | Pearson, John |
| Cooke, Clive | Penfold, A |
| Coolee, Andrew | Pennisi, Damian |
| Cosentino, Shane | Peters, C |
| Costello, Ryan | Peters, Clinton |
| Couineten, Rob | Peters, Tyrone |
| Court, Aaron | Peterson, Adam |
| Cowie, Dirk | Phillips, C |
| Cox, Chris | Pickering, Craig |
| Cragg, David | Pierce, Neil |
| Crawford, Gary | Pigott, Wade |
| Creffield, Leslie | Pinicertian, Bruce |
| Crisp, Dean | Piper, Chris |
| Croak, Steven | Pirie, Matt |
| Crowdey, Mathew | Pizzila, Renzo |
| Cruse, Lee | Player, Michael |
| Cumbes, Stuart | Plumridge, M |
| Cuming, Jason | Pobar, Greg |
| Dagg, Aaron | Porter, Roderick |
| Dallavanzi, Glem | Potten, Michael |
| Daly, Tony | Potter, Bob |
| Dalziel, Anthony | Potto, Jonathan |
| Daniels, Hayley | Poulten, Mark |
| Dannelly, Blake | Poulter, Seb |
| Darcy, Damien | Power, Troy |
| Datton, Jesse | Prime, Geoff |

| | |
|--------------------|--------------------|
| Dauth, David | Proctor, Russell |
| Davis, B | Purcell, Dan |
| Davis, Ian | Purchase, Shane |
| Davis, Stephen | Quaresmini, Peter |
| Day, Phil | Raby, Grant |
| De Castres, Ross | Rafter, Shaun |
| Dean, Luke | Rahill, Tim |
| Delahunty, Steve | Ralph, Nick |
| Deluca, Shaun | Reardon, Chris |
| Demorest, Caeleb | Reardon, Darcy |
| Denham, Luke | Reddicliff, Darren |
| Desyrangis, Conrad | Redgrave, Damian |
| Dickenson, Matt | Reevot, Clinton |
| Dickson, Chris | Regan, Chris |
| Dike, David | Regina, Rob |
| Discombe, Grant | Reichman, Scott |
| Diston, Steve | Reid, Stewart |
| Doak, Brett | Reiteno, Anthony |
| Domachie, Darren | Rendell, Scott |
| Donaldson, Col | Rheds, Cameron |
| Donohue, Steven | Richardson, Lizzie |
| Donovan, Michael | Riehi, John |
| Douglas, Adam | Roberson, Lee |
| Douglas, R | Roberts, Daniel |
| Doyle, Aaron | Robertson, Craig |
| Doyle, Mitch | Robertson, Eddie |
| Drescher, Neil | Robinson, Allan |
| Drew, Adam | Robinson, Ben |
| Druce, Lindsay | Robinson, Luke |
| Drummond, Michael | Robinson, Troy |
| Duck, Stephen | Rockemann, Chris |

| | |
|-------------------|---------------------|
| Dudley, Richard | Rodgers, Brant |
| Duggan, Nick | Rodgers, Keith |
| Dungog, J | Rose, Ben |
| Eames, Jared | Rose, Douglas |
| Easter, Aaron | Ross, Kimball |
| Eastley, Simon | Rowe, Anthony |
| Eastoe, Melanie | Rowles, Liam |
| Eaton, Russell | Royal, Roger |
| Edbrooke, Shane | Rozis, Alex |
| Edmunds, Geoffrey | Ruffle, Jack |
| Edwards, Paul | Russell, Peter |
| Edwards, Rob | Ryan, Brett |
| Ellice, Shane | Ryan, N |
| Elliott, Barry | Ryff, Kendall |
| Etherton, Glen | Samson, Brendan |
| Evans, C | Saunders, Sam |
| Evans, David | Sautter, Greg |
| Evans, Graeme | Schellback, Michael |
| Facey, Roy | Scholz, Michael |
| Farnsworth, Ray | Schwarz, Matthew |
| Farquhar, S | Scotney, Paul |
| Farrell, Rodney | Scott, Brad |
| Farrell, Tim | Scott, Bruce |
| Fechner, Sam | Shaw, Bede |
| Ferguson, Matt | Shaw, Maddy |
| Ferguson, Nathan | Shepard, Richard |
| Field, John | Sherman, Mark |
| Finlayson, Peter | Sherwood, Joel |
| Finucore, Jim | Shewan, Kris |
| Fioraso, Robert | Shields, Brad |
| Fish, Luke | Shields, Joel |

| | |
|---------------------|-------------------|
| Flynn, John | Simms, Barry |
| Flynn, Tony | Simpson, David |
| Foenander, Alex | Singh, Kawal |
| Fok, Jacky | Slater, John |
| Foley, Stephen | Sloman, Paul |
| Fontana, Blaise | Smith, Barry |
| Foot, David | Smith, C |
| Forno, Wesley | Smith, Damien |
| Forrest, Alan | Smith, Darryl |
| Francis, Ty | Smith, Dave |
| Fraser, Cameron | Smith, Derrick |
| Fraser, Eddie | Smith, Greg |
| Frew, Mark | Smith, Jeff |
| Friend, Jon | Smith, Justin |
| Fryer, Mark | Smith, Luke |
| Fuhrmen-Luck, Peter | Smith, Murray |
| Fuimano, Dayne | Smith, Shane |
| Fuller, D | Smith, Wes |
| Fuller, Mick | Smitt, Michael |
| Futcher, Carl | Snell, Steve |
| Gaieano, Giovanni | Sorbello, Pete |
| Gair, Steve | Soulos, Dean |
| Gallon, John | Soulos, Nathan |
| Gallop, Chris | Sounness, Wayne |
| Gamble, Shane | Spargo, Chris |
| Gardner, Cameron | Stabler, Alan |
| Gardner, Shaun | Stalling, Mark |
| Gault, Brenten | Stallon, Ian |
| Gawlik, Michael | Staveley, Graham |
| Genero, Paul | Steadman, Michael |
| George, William | Stein, Clarke |

| | |
|-------------------|--------------------|
| Gibb, Neil | Stenson, Warwick |
| Gibbenos, Tim | Stevens, Graham |
| Giffiths, Aaron | Stevenson, Dane |
| Gilroy, Nathan | Stiles, Lee |
| Gipp, Peter | Stinton, Peter |
| Gladman, Peter | Stock, Tinus |
| Glassop, Peter | Stoll, Garey |
| Glover, Mark | Stoneley, Nathan |
| Goddard, Dan | Stuart, Scott |
| Good, Lindsay | Stubblings, Scott |
| Good, Mitchell | Sullivan, Doug |
| Goodrich, Ian | Sullivan, Shaun |
| Gordon, M | Summers, Alan |
| Gordon, Riley | Summerville, J |
| Grassreutz, Wade | Sutherland, Kerry |
| Greer, Murray | Swift, Mal |
| Grida, Joseph | Symmans, Ryan |
| Gruagan, Paul | Szvlar, Andrzej |
| Hahn, Barry | Tainsh, Peter |
| Haidle, Dan | Tait, Paul |
| Hales, Martin | Tait, Travis |
| Halliday, Adam | Tander, Kevin |
| Halliwell, Nathan | Tardiani, David |
| Halloway, Adam | Tayler, Bruce |
| Ham, L | Taylor, John |
| Hamblin, Craig | Thannheiser, Heinz |
| Hampton, Russell | Thompson, Luke |
| Hands, Adrian | Thompson, Mark |
| Hannagan, Chris | Thompson, Ryan |
| Hannan, Luke | Todarellow, Frank |
| Hapwood, Kev | Tooth, Doug |

| | |
|-------------------|------------------------|
| Hardgraves, Chris | Towers, Ross |
| Harley, Daniel | Townley, Brett |
| Harper, Russell | Townsenel, Karl |
| Harris, A | Townson, Matt |
| Harris, Keith | Traylen, Ethen |
| Harris, Patrick | Treby, Alex |
| Harris, Richard | Tugwell, Adam |
| Harris, Steven | Tuhoro, Josh |
| Harrison, Chris | Turner, Greg |
| Harrison, Jon | Turner, Joel |
| Harrop, Daniel | Turner, Robert |
| Harvey, Mark | Twigg, Chris |
| Hatchman, Carl | Twilley, Garth |
| Hatchman, Todd | van De Burgt, Peter |
| Hatherell, S | van Loon, Aaron |
| Hawkins, Tanan | van Niel, Jeremy |
| Hayes, David | van Roosmalen, Michael |
| Haymer, Evan | van Schie, Nathan |
| Haythorpe, Luke | Vanderbgy, Michael |
| Hazelman, Albert | Vardanega, Scott |
| Healy, Andrew | Vellacott, Joshua |
| Heavens, Keith | Vener, Erri |
| Hedges, Kerry | Villegas, Mono |
| Heming, Mathew | Wagner, Andrew |
| Hemmings, Andy | Walker, Dan |
| Henry, Ben | Walker, Michael |
| Henry, Cameron | Walker, Shaun |
| Hickey, Tom | Walsh, Patrick |
| Hill, David | Ward, Peter |
| Hillier, Patrick | Ward, Rob |
| Hillyard, Tom | Ward, Tim |

| | |
|-------------------|---------------------|
| Hinchey, Mathew | Ward, Tony |
| Hiring, David | Warden, Chris |
| Hislop, Wade | Wastie, Paul |
| Hitchens, Brad | Waters, Blake |
| Hobbs, Neil | Waters, David |
| Hodge, James | Waterworth, Ryan |
| Hodge, Jamie | Watson, Graeme |
| Hodges, R | Watson, Peter |
| Hodsan, Kieren | Watson, Rob |
| Hodyson, Daniel | Watson, Warrick |
| Holland, Clifford | Wayenberg, James |
| Holmes, Darren | Wayne, Leon |
| Hopkins, Joseph | Weal, Jacob |
| Hopkins, Steve | Weale, Daniel |
| Horcock, Matthew | Webb, Kevin |
| Howard, Jason | Webb, Nick |
| Hudson, Chad | Webber, Ian |
| Hughes, Brent | Weber, M |
| Hughes, Daniel | Weight, Stephen |
| Hughes, David | Wellington, Darrell |
| Hugo, Derek | Wellington, M |
| Hunt, Noel | Werder, David |
| Hunt, Peter | Werper, David |
| Hunter, Jason | Wessels, Peter |
| Hunwick, Derek | West, Craig |
| Hvam, Eric | West, Ryan |
| Jackson, Rex | Whale, S |
| Jaloss, Darrec | Whale, Stephen |
| James, Eoin | Wheeler, Pat |
| Jamieson, Chris | Wheelhouse, Brian |
| Janson, Beau | White, Dan |

| | |
|---------------------|-------------------|
| Jarred, Richard | White, Greg |
| Jefferies, Kerran | White, Lynton |
| Jeffrey, Kev | Whiteman, Tim |
| Jeffrey, Russell | Whittaken, S A |
| Jennings, Brad | Whittaker, Mark |
| Jennings, Tom | Whitten, Dan |
| Jensen, Chris | Whitworth, Mark |
| Jewry, S | Wight, David |
| Jobson, Rikki | Wikola, Michael |
| Johal, Steve | Wild, Phil |
| Johnson, Bryan | Wildbore, I |
| Johnson, Paul | Wilder, Jason |
| Johnston, Kevin | Williams, Brett |
| Johnston, Ryan | Williams, Bruce |
| Jones, Dean | Williams, G |
| Jones, Nathan Lloyd | Williams, Kirsty |
| Jones, Simon | Williams, Michael |
| Jonhoff, Kieren | Williams, Nick |
| Kahondo, Sunwell | Williams, Rod |
| Kastner, Wayne | Williams, Rowan |
| Keil, Ernst | Williamson, Jason |
| Kelaler, Mitch | Williamson, Scott |
| Kello, Brad | Willis, Ron |
| Kendrick, Chris | Willis, Tom |
| Kennedy, Murray | Wilson, David |
| Kent, Kevin | Wilson, Josh |
| Kenway, Dean | Wilson, Mark |
| Kerin, Michael | Wilson, Michael J |
| Kerr, Joshua | Wilson, Ray |
| Keyworth, S | Wiseman, Blair |
| Kienzner, Jason | Woodferel, Steve |

| | |
|---------------------|-------------------|
| Kilfoyle, Stephanie | Woodford, Ian |
| Kimber, Andrew | Woods, Chris |
| King, Dave | Woodward, Leigh |
| King, Jason | Woodward, M |
| Kingston, Daniel | Wynn, Chris |
| Klein, Brett | Young, Scott |
| Knight, Dale | Yowey, Liam |
| Knuth, Brett | Yrjanainen, Petri |
| Kong, Sovannara | Yugouch, S |
| Kriis, Darren | Zarafe, Paul |
| Kuehn, Stephen | Ziliotto, D |

Attachment D – Current licensing arrangements

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 D.1 shows the agency responsible for the licensing of electrical occupations in each state and territory.

Table D.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 Planning and the Environment |

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:

Electricians

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 D.2 lists the current titles used in each state and territory for an electrician.

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 D.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 D.4 and Table D.5 show the current licensing arrangements for lineworkers and cable jointers, respectively.

Electrical contractors

Electrical contractors are licensed in all jurisdictions, but there are different approaches to regulation. 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.

Restricted electrical licences (RELs)

While all jurisdictions have restricted electrical licence categories for the disconnection and reconnection of fixed equipment, the subcategories used vary between jurisdictions. See Table D.6 for a full list of the subcategories.

Provisional licences

All jurisdictions currently have some form of provisional licence or permit.

Current licence categories

Electrician

Electricians are currently licensed in all jurisdictions; however, the title of the licence varies, as shown in Table D.2, below.

Table D.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

Electrical fitting work is regulated in five jurisdictions, as shown in Table D.3, below.

Table D.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 only⁶³), 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 restricted electrical licence 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 fitter’s licence; fitters operate under an Electrical Safety Management Scheme and/or are issued a restricted electrical licence.

Electrical lineworkers

Electrical linework (transmission and distribution) is regulated in four jurisdictions. Two jurisdictions also regulate rail traction, as shown in Table D.4, below.

⁶³ Switch gear reference page 2 Victorian Regulation Impact Statement 2009.

Table D.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 line worker | N | N | Y | N | Y | Y | N | Y |
| Electrical distribution line worker | N | N | Y | N | Y | Y | N | Y |
| Electrical rail traction line worker | 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 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

Electrical cable jointer licences are issued in four jurisdictions, as shown in Table D.5, below.

Table D.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.

Electrical contractor

All jurisdictions currently issue electrical contractor licences, as shown in Table D.6, below.

Table D.6: Current licensing arrangements by jurisdiction – electrical contractor

| | NSW | VIC | QLD | WA | SA | TAS | ACT | NT |
|-----------------------|-----|-----|-----|----|----|-----|-----|----|
| Electrical contractor | Y | Y | Y | Y | Y | Y | Y | Y |

Current restricted electrical licences subcategories

The current restricted electrical licence categories issued in each jurisdiction are listed in Table D.7, below.

Table D.7: 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 Electrotechnology systems refrigeration and air-conditioning licence Electrotechnology 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 |

Provisional licences

All jurisdictions currently issue provisional licences or permits, as shown in Table D.8, below.

Table D.8: Current licensing arrangements by jurisdiction – provisional licence

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT |
|---------------------|-----|-----|-----|----|----|-----|-----|----|
| Provisional licence | Y | Y | Y | Y | Y | Y | Y | Y |

Attachment E – Policy development process

Under the *Intergovernmental Agreement for a National Licensing System for Specified Occupations* (the Intergovernmental Agreement) signed by states and territories in April 2009, the COAG National Licensing Steering Committee (the 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 (NOLA). Membership of the Steering Committee comprises central agency representatives from each jurisdiction. It reports on progress to the Business, Regulation and Competition Working Group (now the Business Advisory Forum Taskforce, following the cessation of BRCWG on 31 December 2012).

The Standing Council on Federal Financial Relations (SCFFR) has overall responsibility for this reform.

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 Committee (IAC) established for each of the occupational areas. Each advisory committee has an associated Regulator Working Group (RWG).

Members of the IAC 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. Each RWG is comprised of regulator members from the relevant jurisdiction.

The IAC has developed policy advice over a period of 18 months. The majority of the advice provided was incorporated into the Steering Committee policy advice for the drafting of the *Occupational Licensing National Law Amendment Bill* and regulations and is considered in this Decision RIS for the property occupations.

Government representatives from all jurisdictions provided policy advice and are contributing to the drafting instructions for the Amendment Bill and the associated 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.

Details of the membership of the Electrical Occupations Interim Advisory Committee (IAC), the Electrical Occupations Regulator Working Group (RWG), the COAG National Licensing Steering Committee (the Steering Committee), and the National Occupational Licensing Authority (NOLA) Board are provided in tables E.1–4.

The IAC and the RWG 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 (skills-based and non-skills-based)
- other licence characteristics (exemptions, conditions, restrictions and endorsements)
- transitional arrangements.

The objectives used in developing the licensing policy are taken from section 3 of the *Occupational Licensing National Law Act 2010*, as set out below:

The objectives of the national licensing system are as follows –

- (a) to ensure that licences issued by the Licensing Authority allow licensees to operate in all participating jurisdictions;*
- (b) to ensure that licensing arrangements are effective and proportionate to ensure consumer protection and worker and public health and safety while ensuring economic efficiency and equity of access;*
- (c) to facilitate a consistent skill and knowledge base for licensed occupations;*
- (d) to ensure effective coordination exists between the Licensing Authority and jurisdictional regulators*
- (e) to promote national consistency in—*
 - (i) licensing structures and policy across comparable occupations; and*
 - (ii) regulation affecting the requirements relating to the conduct of licensees; and*
 - (iii) the approach to disciplinary arrangements for licensees;*
- (f) to provide flexibility to deal with issues specific to particular jurisdictions or occupations;*
- (g) to provide the public with access to information about licensees.*

The policy development process, in addition to complying with COAG's Principles of Best Practice Regulation, followed the principles set out in the Intergovernmental Agreement for a National Licensing System for Specified Occupations, which forms the basis for establishing national licensing:

- The system operates in a transparent, accountable, efficient, effective and fair manner.
- 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.
- Licensing arrangements do not duplicate legislative protections contained under other laws, in particular, competition law, consumer protection law or occupational health and safety law.
- Licensing arrangements only include requirements needed to address identified consumer protection risks arising from market failure and/or worker and public health and safety risks, without imposing unnecessary costs on consumers and business or substantially lessening competition.
- Licensing eligibility requirements are expressed in objective not subjective terms.
- The system will not require the extension of licensing to sub-groups of a broad occupational group that are not currently licensed in particular jurisdictions.
- Licensing arrangements are subject to an initial review five years after commencement and subsequently at a frequency no less than every ten years.

As part of the communications strategy, following each meeting communiqués outlining the progress of work are made available on the national licensing website at www.nola.gov.au.

Table E.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 Safe Victoria, 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 | Energy Skills Australia Industry Skills Council (E-Oz) |

Table E.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 E.3: Membership of the COAG National Licensing Steering Committee

| Jurisdiction | Member | Department |
|--------------|-------------------------|--|
| Commonwealth | Mr Robert Griew – Chair | 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 Anthony Rossiter | Department of Treasury and Finance |
| Qld | Ms Katrina Martin | Queensland Treasury and Trade |
| WA | Mr Nigel Parkes | Department of Treasury |
| SA | Mr Peter Maynard | Department of the Premier and Cabinet |
| Tas | Ms Kerrie Crowder | Department of Justice |
| ACT | Mr Brett Wilesmith | ACT Treasury |
| NT | Mr Ian Prince | Department of Business |

Table E.4: Membership of the National Occupational Licensing Authority Board

| Position | Member |
|--------------|--|
| Chair | Ms Elizabeth Crouch |
| Board member | Mrs Wendy Machin Mr Graham Anderson Mr Albert Koenig Mr John Sutton Ms Miranda Douglas-Crane Mr Tony Arnel Mr David Ford |

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.⁶⁴ 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 have 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

⁶⁴ 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.

*dislocations (caused by being 'thrown' or 'knocked down' due to the severe muscle contractions induced by the current).'*⁶⁵

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%).'*⁶⁶

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 2010 the number of electrical deaths has fluctuated, with the seven deaths recorded in Australia for 2007–08 being the lowest on record.⁶⁷ 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 2009–10 financial year] Of the people who were electrocuted, 96% were either non-electrical workers or general public. Of the people who were electrocuted, 46% were workplace accidents.'*⁶⁸

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).

⁶⁵ Harrison J & Pointer S 2007, Electrical injury and death, Flinders University, South Australia, p 7.

⁶⁶ *ibid.*, p. 7.

⁶⁷ Electrical Regulatory Authorities Council, Electrical incident data Australia and New Zealand 2009–10, p 2.

⁶⁸ *ibid.*

Table F.1: Number of fatal electrical accidents in Australia, 1993–2010

| 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 |
| 2008–09 | 4 | 1 | 1 | 4 | 3 | 0 | 0 | 0 | 13 |
| 2009–10 | 5 | 9 | 2 | 2 | 5 | 0 | 2 | 0 | 25 |

Table F.2: Number of fatal electrical accidents relating to consumer installations or equipment, 2005–06 to 2009–10

| 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 |
| 2008–09 | 4 | 0 | 2 | 3 | 1 | 0 | 0 | 0 | 10 |
| 2009–10 | 4 | 5 | 4 | 2 | 1 | 0 | 0 | 2 | 18 |

The Electrical Regulatory Authorities Council indicates that:

[the statistics from 2001–02 to 2009–10]show that most electrical deaths associated with electricity networks are as a result of working on or near energised overhead conductors: 93% of electrical deaths associated with electricity supply networks involved overhead conductors (out of 88 deaths involving the electricity supply networks over the last ten year period, 82 were due to contact with energised overhead conductors).⁶⁹

⁶⁹ *ibid.*, p. 3.

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.*⁷⁰

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 \$5.2million) to the community.*⁷¹

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.*⁷²

⁷⁰ Harrison J & Pointer S 2007, *Electrical injury and death*, Flinders University, South Australia, p 7.

⁷¹ Office of the Chief Electrical Inspector 2000, *Regulatory Impact Statement for the Electricity Safety (Installations), (Amendment) Regulations 2000*, Energy Safe Victoria, Victoria.

⁷² *ibid.*

Attachment G – Proposed electrical qualifications

Tables G.1 to G.6 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.

Proposed qualifications for electrical licences

Table G.1: Proposed qualification requirements for electricians

| Licence category | Training package | Qualification |
|------------------|--|---|
| Electrician | UEE11 Electrotechnology Training Package | UEE30811 Certificate III in Electrotechnology Electrician |

Proposed qualifications for electrical fitter licences

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 or |
| | UEE11 Electrotechnology Training Package | UEE30711 Certificate III in Switchgear and Control Gear or |
| | UEE11 Electrotechnology Training Package | UEE33011 Certificate III in Electrical Fitting or |
| | 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 <i>MEM05001B Perform manual soldering/desoldering – electrical/electronic components</i> <i>MEM05002B Perform high reliability soldering and desoldering</i> <i>MEM05003B Perform soft soldering</i> <i>MEM05006B Perform brazing and/or silver soldering</i> <i>MEM09002B Interpret technical drawing</i> <i>MEM10002B Terminate and connect electrical wiring</i> <i>MEM12002B Perform electrical/electronic measurement</i> <i>MEM12004B Perform precision electrical/electronic measurement</i> <i>MEM18001C Use hand tools</i> <i>MEM18002B Use power tools/hand held operations</i> <i>MEM18045B Fault find/repair electrical equipment/components up to 250 volts single phase supply</i> <i>MEM18046B Fault find/repair electrical equipment/components up to 1000 volts a.c./1500 volts d.c.</i> <i>MEM18055B Dismantle, replace and assemble engineering components</i> <i>MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c.</i> <i>MEM18050C Disconnect/reconnect fixed wired equipment over 1000 volts</i> |

| Licence category | Training package | Qualification |
|------------------|------------------|--|
| | | <i>a.c./1500 volts d.c.</i> Group B –trade specialisation units <i>MEM05004C Perform routine oxy acetylene welding</i> <i>MEM05005B Carry out mechanical cutting</i> <i>MEM05007C Perform manual heating and thermal cutting</i> <i>MEM05012C Perform routine manual metal arc welding</i> <i>MEM07005C Perform general machining</i> |

Proposed qualifications for electrical line worker licences

Table G.3: Proposed qualification requirements for electrical lineworkers

| Licence category | Training package | Qualification |
|------------------------|---|---|
| Electrical line worker | UET09 Transmission, Distribution and Rail Sector Training Package | UET30512 Certificate III in ESI – Power Systems – Transmission Overhead or UET30612 Certificate III in ESI – Power Systems – Distribution Overhead or UET30712 Certificate III in ESI – Rail Traction |

Proposed qualifications for electrical cable jointer licences

Table G.4: Proposed qualification requirements for electrical cable jointers

| Licence category | Training package | Qualification |
|--------------------------|---|---|
| Electrical cable jointer | 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 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 restricted electrical licence 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 and UEENEEP010A Disconnect/reconnect appliances connected to low voltage installation wiring UEENEEP016A Locate and rectify faults in low voltage appliances using set procedures or |

| Category | Proposed skill set |
|---|--|
| | MEM05 Metal and Engineering Training Package and MEM18049C Disconnect/reconnect fixed wired equipment up to 1000 volts a.c./1500 volts d.c. 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 and UEENEEP010A Disconnect/reconnect appliances connected to low voltage installation wiring or MEM05 Metal and Engineering Training Package and 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

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, for example:
 - Certificate of Proficiency (NSW)
 - Certificate of Completion (Queensland)
 - a current plumbing or gasfitting licence
 - 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 provisional licences

| Licence category | Proposed qualification |
|---|--|
| Provisional electrician's licence | <ul style="list-style-type: none"> • An Offshore Technical Skills Record (OTSR), issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for: UEE30811 Certificate III in Electrotechnology Electrician • holding a licence as an electrical fitter. |
| Provisional electrical fitter's licence | An Offshore Technical Skills Record (OTSR), issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth) is yet to be developed. |
| Provisional electrical line worker | <p>An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for UET30612 Certificate III in ESI – Power Systems – Distribution Overhead</p> <p>or</p> <p>An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for UET30512 Certificate III in ESI – Power Systems – Transmission Overhead</p> <p>or</p> <p>An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), UET30712 Certificate III in ESI – Power Systems – Rail Traction.</p> |
| Provisional cable jointer | An OTSR, issued by a registered training organisation that is a relevant assessing authority approved under the Migration Regulations 1994 (Commonwealth), for UET30812 Certificate III in ESI – Power Systems – Distribution Cable Jointing. |

Attachment H – Method and Calculations

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.

Calculations used in the cost–benefit analysis

The impact analysis in this Decision 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 the section titled ‘Inputs and assumptions underlying the analysis’, below.

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.

For this Decision 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.

Calculating the present value of yearly impacts

The costs and benefits in this Decision 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.

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.

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 ten years of the factors are shown in Table H.1.

Table H.1: First ten 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

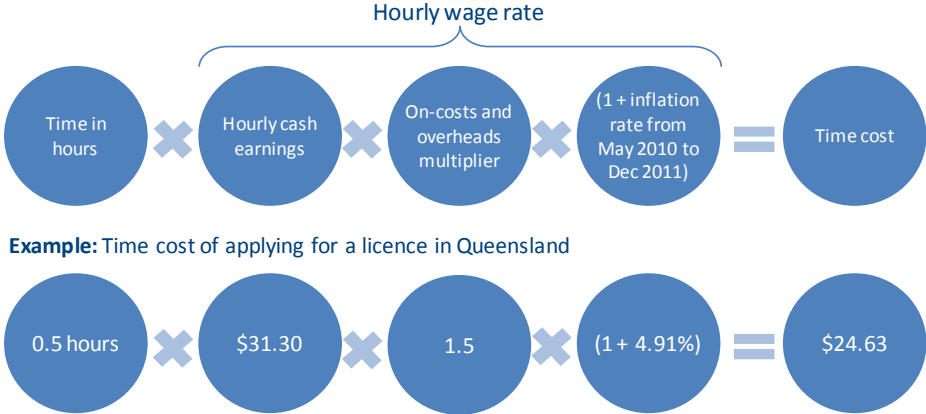
Note that while national licensing would not begin operation until 2013–14, 2011–12 has been used as the base year for industry growth factor. The licensee numbers assumed for each jurisdiction are based on a range of sources and are not all estimated at the same point in time. Some licensee numbers 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.

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 H.1.

Figure H.1: How time cost is calculated



Calculating the net present value

The equations outlined throughout section 4.2 provide the calculation for obtaining the yearly impact. For example, if a ten-year NPV is calculated, the yearly impact must first be calculated for each of the ten 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.

Calculating the transition and ongoing costs

In addition to presenting impacts as a NPV over ten years, this Decision 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 ten years of operation (i.e. years 2013–14 to 2022–23) and the average of those ten years taken to gain an annualised ongoing impact per annum.

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

The equation used to calculate the yearly transition cost is in Figure H.2. 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 H.2: How yearly transition costs are calculated



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.

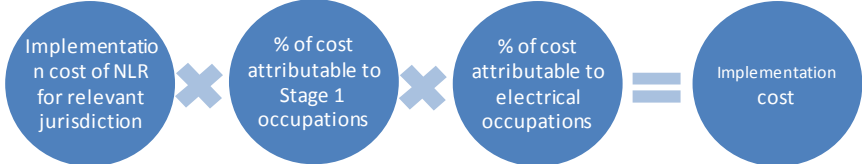
While the Victorian costs contain some elements that depend on the number of licensees (e.g. letters) in the main they appear to be independent of licence numbers. On that basis, we have assumed that the larger states would institute a similar spend on marketing, whereas the smaller states would spend 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 H.19. No further calculations have been done to adjust these figures.

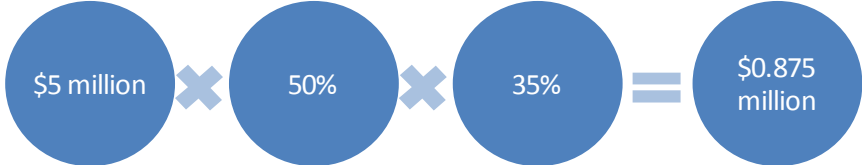
Cost to governments of the transition to a national licensing register

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 H.3. The impact in all other years is assumed to be \$0.

Figure H.3: How costs of the national licensing register (NLR) for 2012–13 are calculated



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



Cost of establishing and operating the National Occupational Licensing Authority

The cost–benefit analysis assumes that there would be costs to government of establishing and operating NOLA. Given that the budget for NOLA 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 H.4 and H.5. 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 NOLA budget has been apportioned to the electrical occupation on the basis of the following assumptions based on advice from the COAG National Licensing Taskforce:

- a percentage of the total budget that can be attributed to first-wave 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-wave proportion) – 35 per cent of the 50 per cent.

The costs to each jurisdiction are estimated on the basis of agreed budget contributions to NOLA (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 H.4: How to calculate the transition cost of NOLA (first three years only)

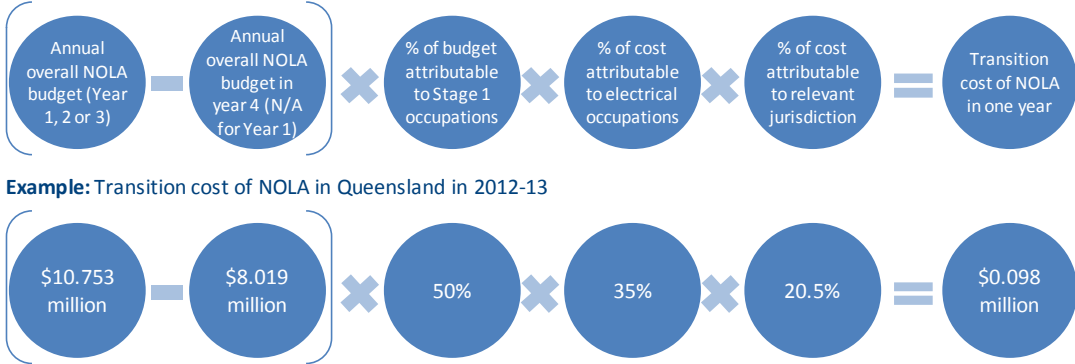
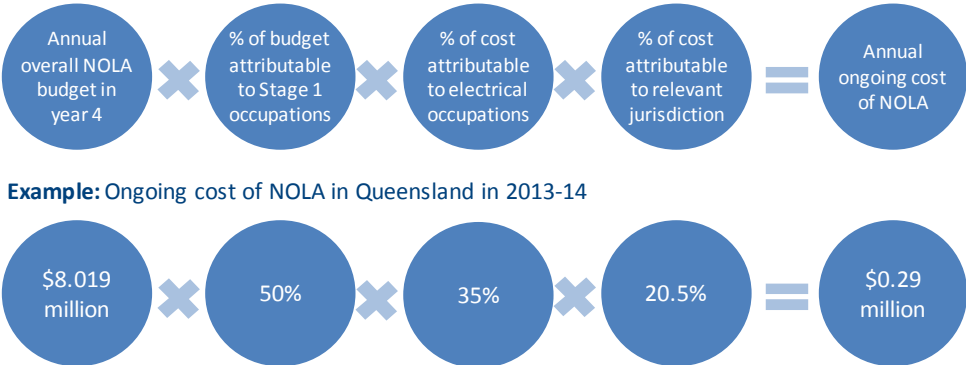


Figure H.5: How to calculate the ongoing cost of NOLA



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 H.6. 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:

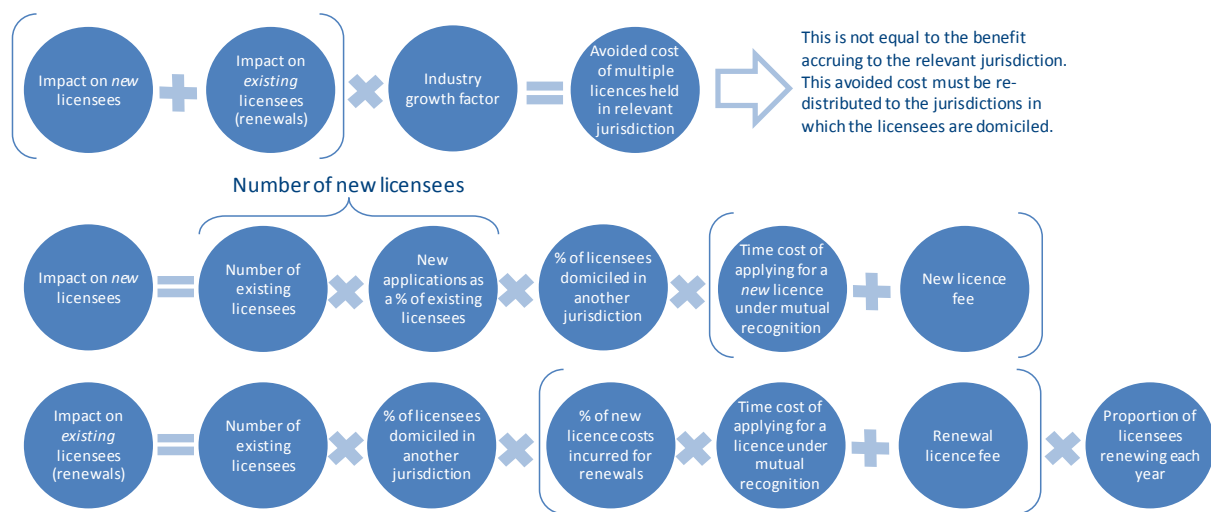
- When first applying for a licence in another jurisdiction, the time cost would increase from 0.5 hours (the time taken to apply for a licence in your own jurisdiction – see 3.1.8 for source) to two hours, reflecting additional search costs and potential delays imposed on licensees or businesses that 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.

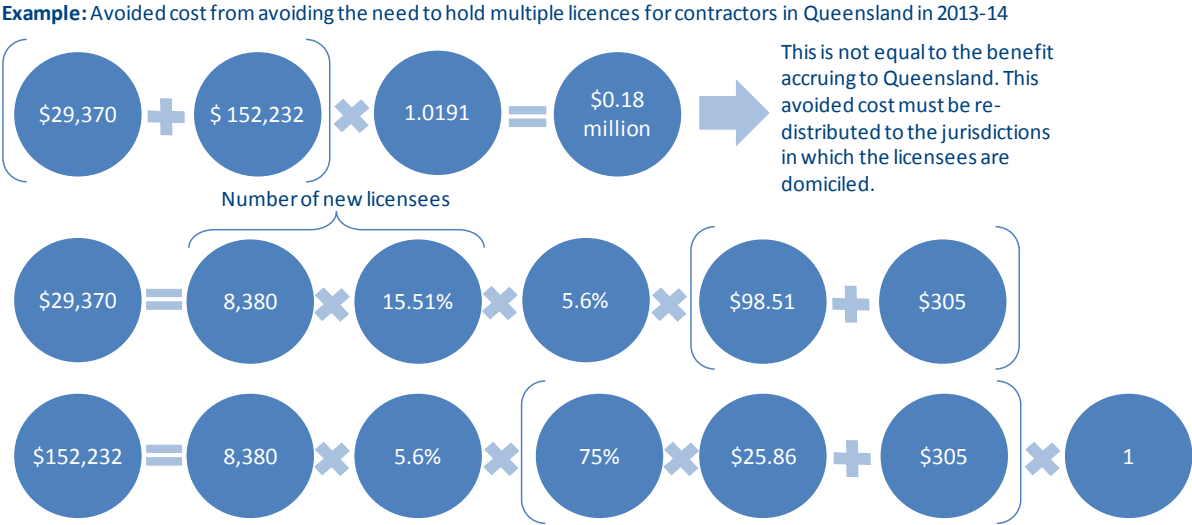
Figure H.6: How to calculate the impact of removing multiple licences



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 Decision RIS, this benefit has been distributed according to the percentage distributions shown in Table H.27. 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 H.6) 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 H.27). An example of the calculation shown in Figure H.6 is provided in Figure H.7, which shows the avoided cost before it is redistributed and hence does not represent the actual benefit to Queensland.

Figure H.7: Example of how to calculate the impact of removing multiple licences



Continuing compliance activity on reduced revenue

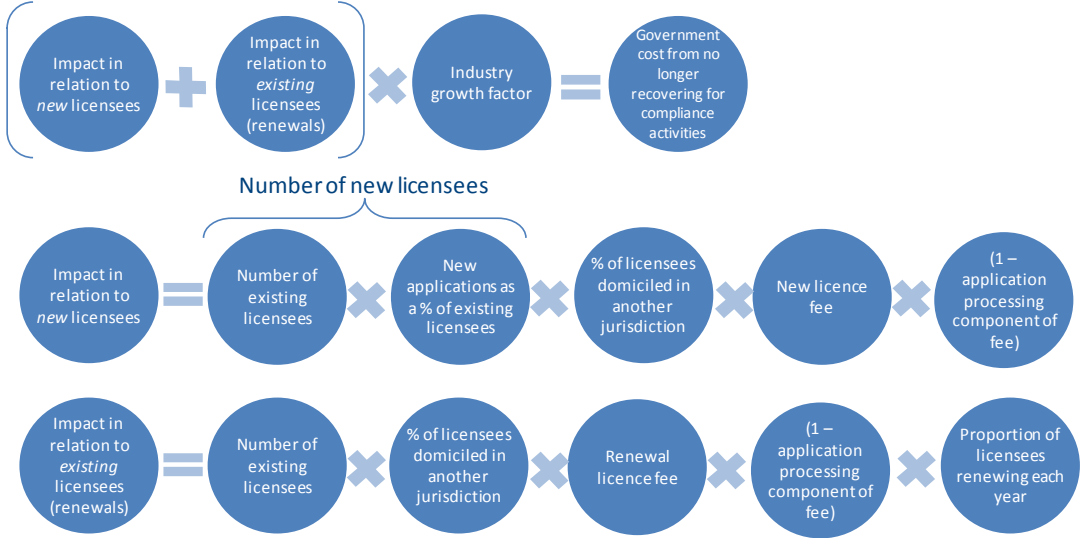
The savings that are enjoyed by licensees in the electrical industry who no longer have to hold multiple licences have been accounted for by the reduction of fees and effort for applying for those licences.

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.

The equation used to calculate the yearly impact on government is shown in Figure H.8. 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.

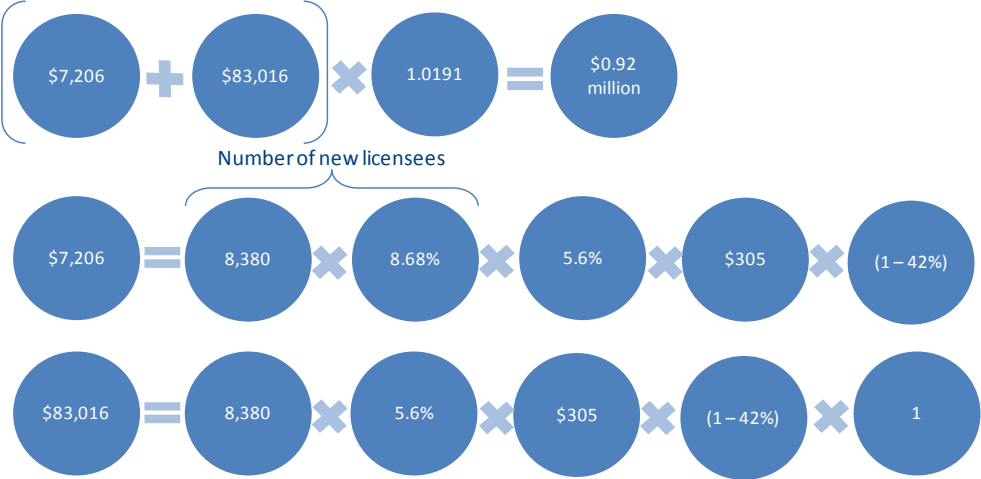
Figure H.8: How to calculate the cost to government from continued compliance activity for multiple licence holders



The calculation in Figure H.9 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 H.9: 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



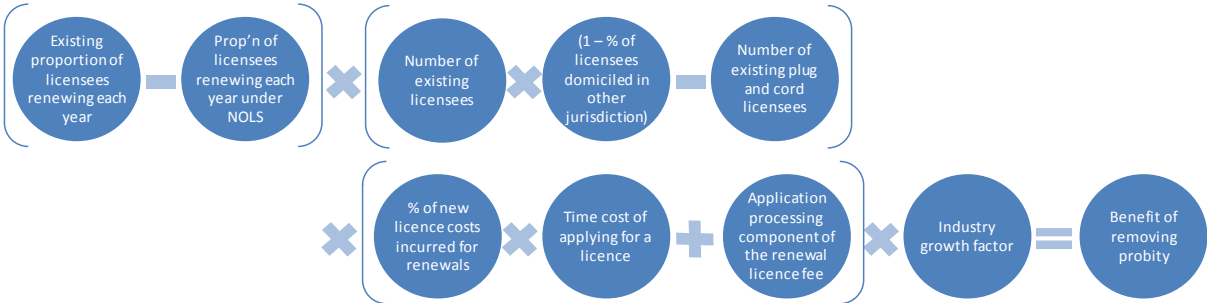
Benefit from a maximum licence term of five years across all jurisdictions

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 10 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 H.10. 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 H.10: How to calculate the impact of a consistent licence period

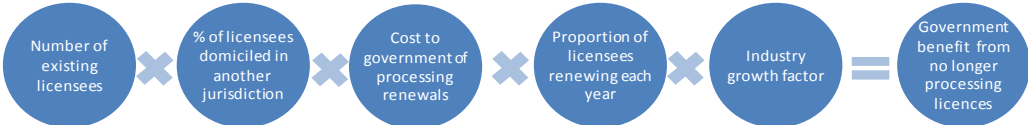


Saving to government from no longer processing licences where recovered through fees

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 H.9, 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 H.11 and H.12. 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 H.11: Calculating the government impact in NSW from the removal of multiple licences



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

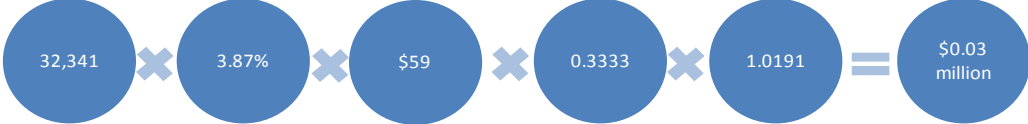
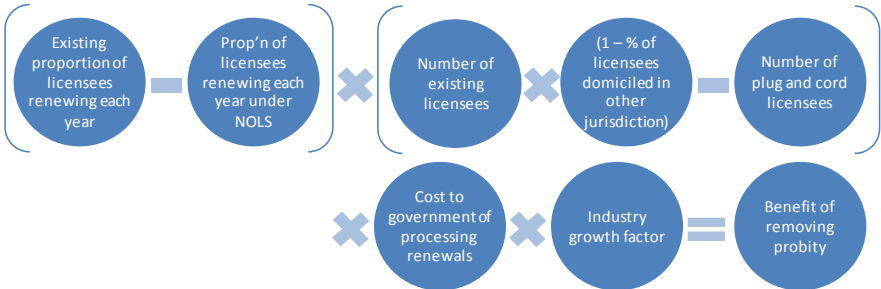
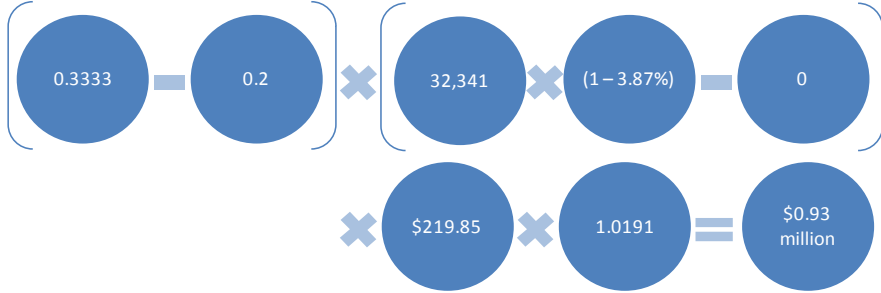


Figure H.12: Calculating the government impact in NSW from a consistent licence term



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



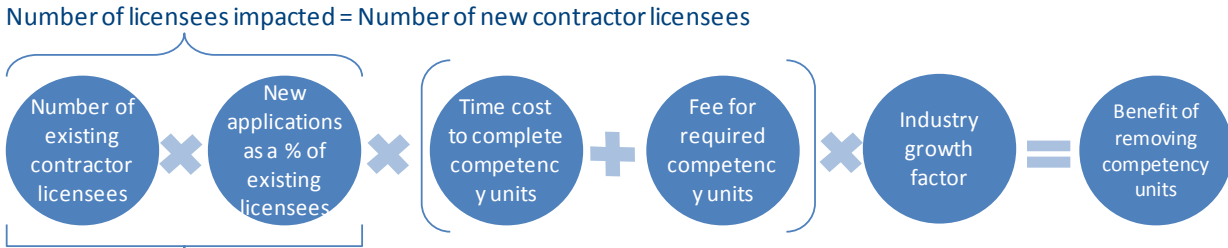
Removal of additional business and technical competency units for contractors

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.

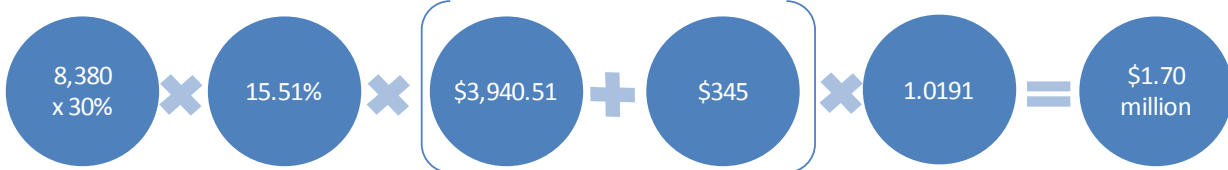
The equation for calculating the yearly benefit is shown in Figure H.13. As each jurisdiction requires a differing number of units and the fees and time commitment required for each unit varies, the calculation for the time and fee cost is slightly different for each jurisdiction. Note that the benefit to industry from no longer paying fees for additional business and technical competency units represents a transfer from the training sector.

Figure H.13: How to calculate the benefit of removing competency units



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: 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.

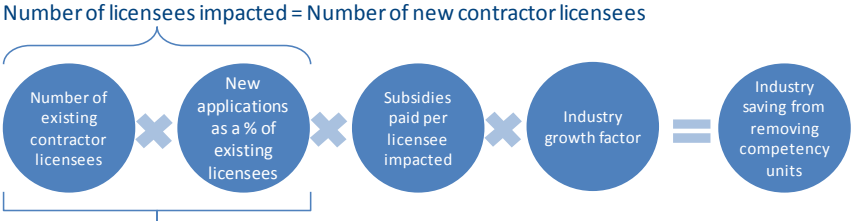
It is assumed that as completing these competency units is ancillary to employment, the cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

Where publically available, government subsidies received by licensees who complete these competency units have been identified in the analysis (as referenced in Table H.40).

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 40. The equation used to estimate the yearly impact on the industry is shown in Figure H.14.

Figure H.14: 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



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.

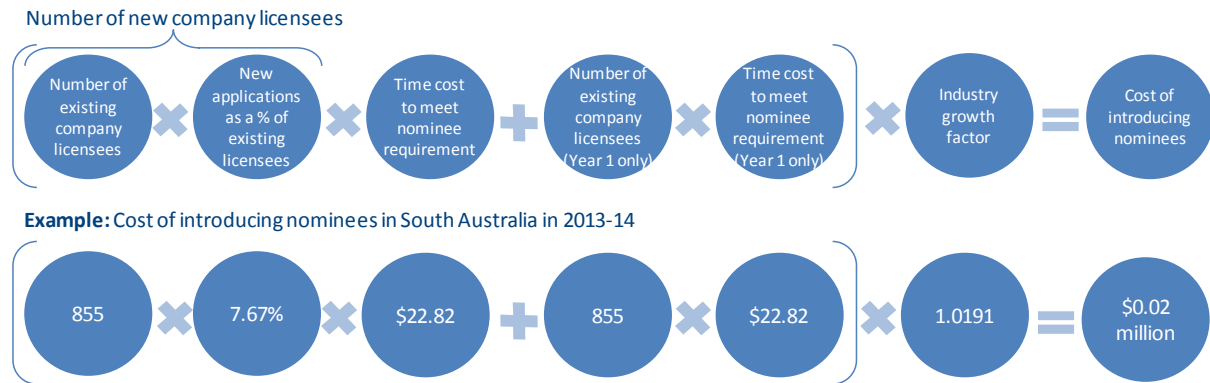
While the cost of introducing nominees in South Australia is only incurred upon first applying for a licence, all existing licensees would need to meet the requirements of having a nominee upon the

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 H.15. In this calculation, the time cost to meet the nominee requirements is calculated as 30 minutes multiplied by a wage rate of \$45.64 per hour.

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

Figure H.15: How to calculate the cost of introducing nominees



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

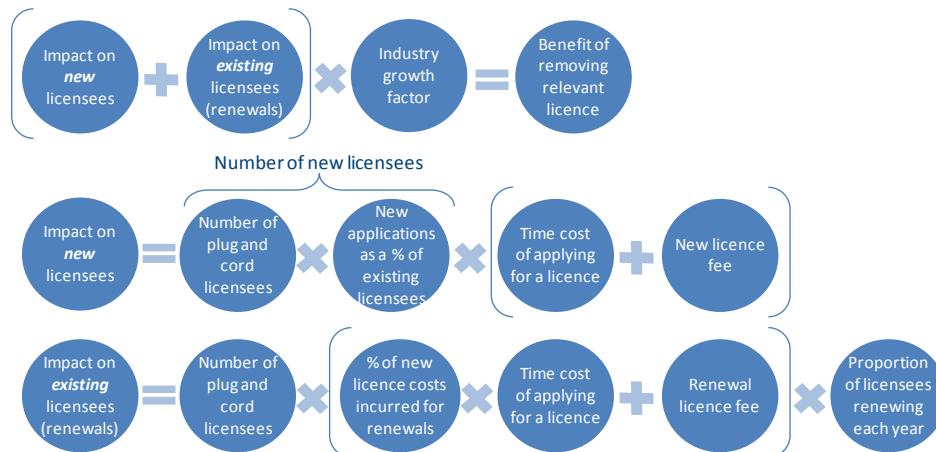
When a particular scope of work is no longer licensed, there will be an impact on both new licensees (as they will no longer need to gain a licence) and existing licensees (as they will no longer need to renew their existing licence). This is reflected in the equation for calculating the yearly impact, shown in Figure H.16. 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.

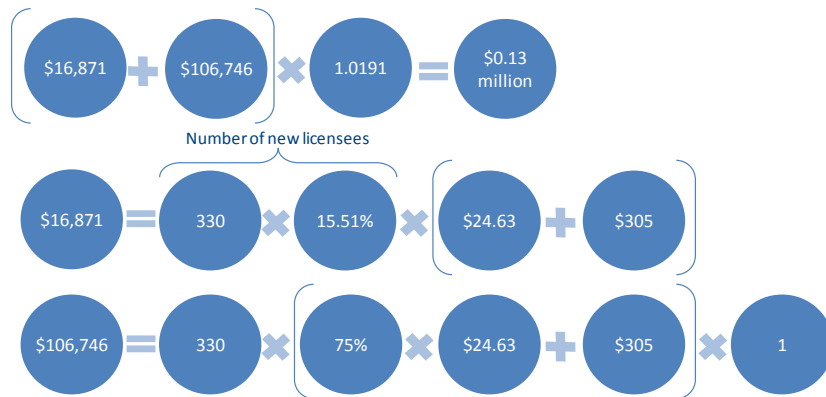
Figure H.16: How to calculate the impact of removing the licensing of plug and cord work



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

Figure H.17: Example of how to calculate the impact of removing the licensing of plug and cord work

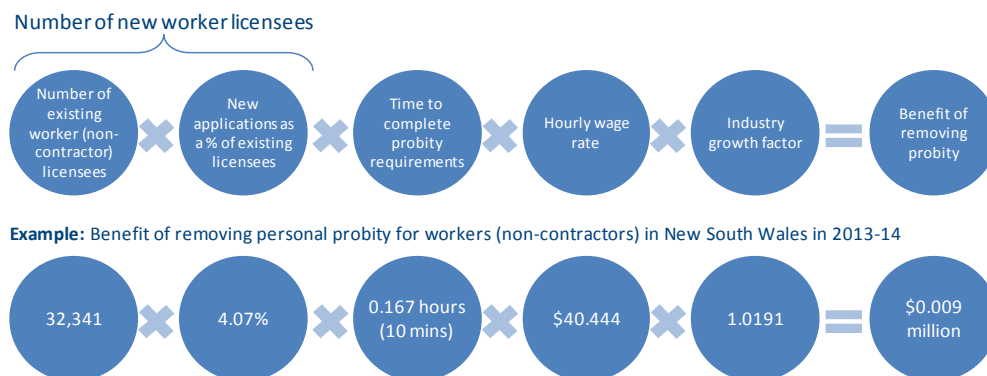
Example: Benefit from removing licensing of plug and cord for contractors in Queensland in 2013-14



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 H.18. The number of non-contractor licensees is calculated as the difference between the number of total licensees and the number of contractor licensees.

Figure H.18: How to calculate the impact of removing personal probity



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

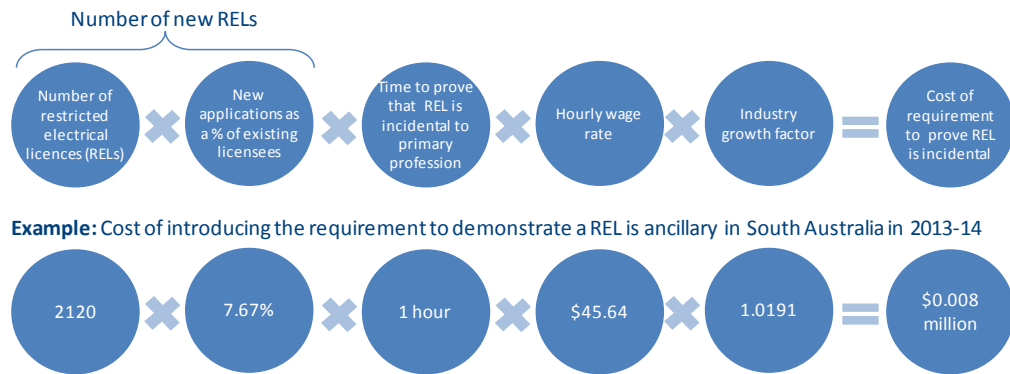
This impact only applies to new licence holders, as the additional tests must be taken by licensees when they first apply for a licence. The equation used to calculate the yearly impact is shown in Figure H.19. This impact is only applicable in Victoria. The time cost used in the equation is calculated as 5.67 hours (5 hours and 40 minutes) multiplied by the wage rate in the relevant jurisdiction – \$48.15 in Victoria.

Figure H.19: How to calculate the benefit of removing duplicate testing



Cost of introducing the requirement to prove that a restricted electrical licence is ancillary
 South Australia is the only jurisdiction affected by this impact, as all other jurisdictions currently require applicants to demonstrate that a restricted electrical licence is ancillary under their current licensing legislation. I. The equation used to calculate the yearly impact is shown Figure H.20.

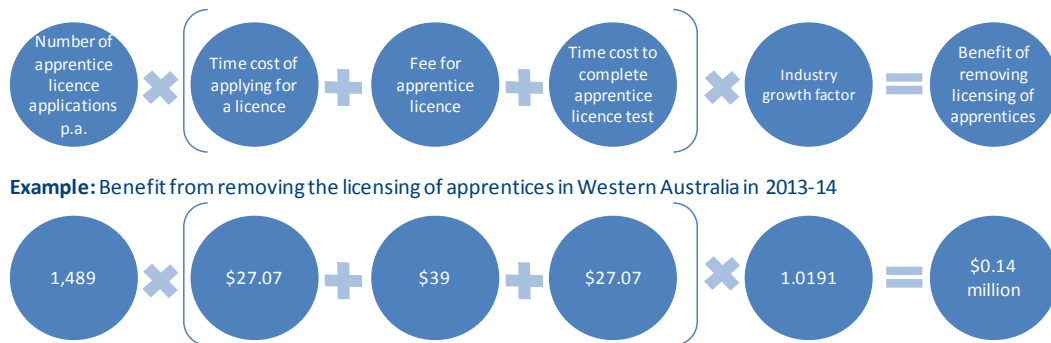
Figure H.20: How to calculate the cost of introducing the requirement to demonstrate a restricted electrical licence (REL) is ancillary



Benefit from removing the licensing of apprentices

Apprentice licences are generally provided for the term 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 H.21. The time cost assumptions in this equation are calculated as 30 minutes multiplied by the wage rate in the relevant jurisdiction.

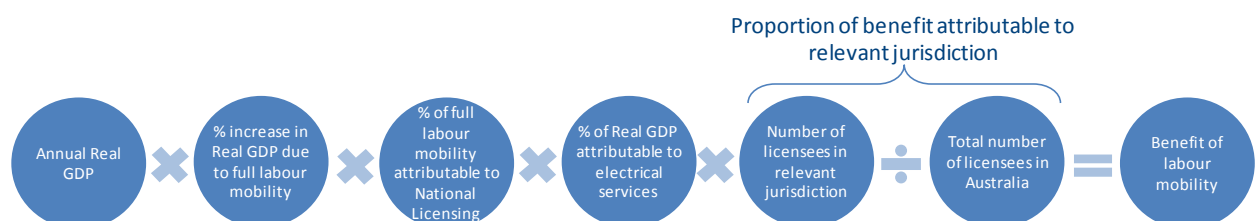
Figure H.21: How to calculate the benefit of removing the licensing of apprentices



Labour mobility

The equation for calculating the estimated impact of labour mobility is shown in Figure H.22.

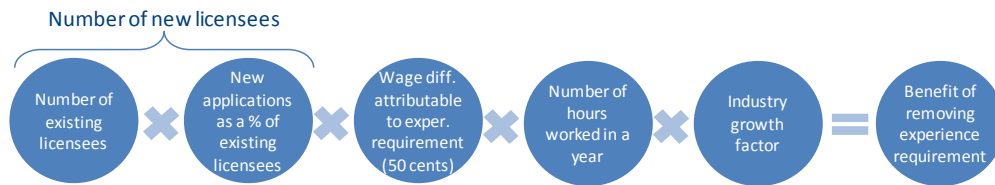
Figure H.22: How to calculate the labour mobility impact



Removing experience requirements

This impact applies to contractors only. The equation used to calculate the yearly impact is shown in Figure H23.

Figure H.23: How to calculate the impact from removing experience requirements



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 maximum licence period of five years
- removing multiple licences across jurisdictions
- removing experience requirements
- introducing nominees
- introducing proof of need for a restricted electrical licence.

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.

Method underlying the computable general equilibrium modelling

Overview of CGE modelling

As part of this regulatory impact statement, PricewaterhouseCoopers has undertaken 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.

It should be noted that the CGE modelling was not updated from the Consultation RIS. The differences in the structure of the proposed model and changes to assumptions underlying the model between the Consultation RIS and Decision RIS would impact these results. Accordingly, the CGE modelling results are only indicative of the type and scale of the overall long-term impacts on the economy if national licensing is adopted

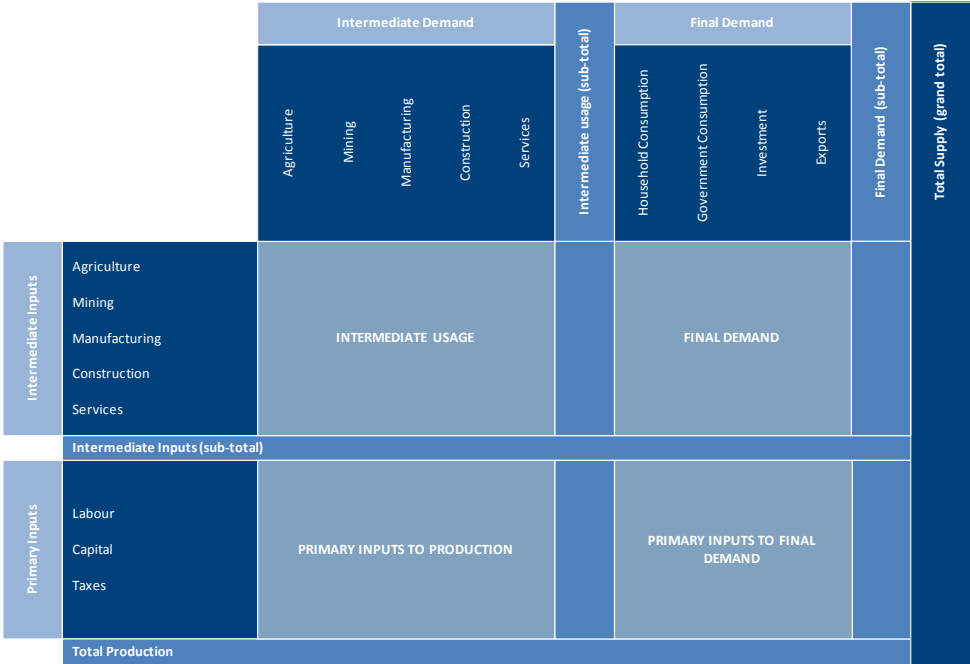
What is a CGE model?

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.⁷³ Figure H.24 provides a representation of a CGE model.

Figure H.24: Diagrammatic representation of the core of a CGE model



A CGE model pushes forward the base I–O table through time by utilising a set of equations that capture neoclassical microeconomic theory⁷⁴ 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

⁷³ 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

⁷⁴ For example, households maximise utility subject to a budget constraint while industries minimise costs subject to production functions.

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 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.⁷⁵

The shock to the model

The scenario modelled for the Decision 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.⁷⁶ 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.

⁷⁵ 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 modeller is required to develop a view of what the economy may look like over the projection period and impose that on the model.

⁷⁶ IBIS World 2012, *Electrical services in Australia: Market research report*, Industry report E4232 2012, p. 5.

The modelling assumes that the electricians would use time saved to undertake more work rather than take more leisure time.⁷⁷

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.

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.⁷⁸

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 NOLA. The CGE modelling of this is dependent on each state and territory’s net position.⁷⁹

Inputs and assumptions underlying the analysis

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 Decision 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.

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.⁸⁰

Table H.2: 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. |

⁷⁷ 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.

⁷⁸ 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.

⁷⁹ 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 NOLA and the national licensing register.

⁸⁰ Australian Government 2010, *Best practice regulation handbook*, Office of Best Practice Regulation, Canberra, p. 66.

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'.⁸¹

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

COAG has agreed that phase 1 of the national licensing will commence in 2013.⁸² Western Australia has advised that their operating start date is uncertain and will consider its position following the consultation period. This has not been reflected in the cost–benefit analysis.

Table H.3: 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 |

^a Australian Government 2010, *Best practice regulation guide*, Canberra, p. 63.

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'.⁸³

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.⁸⁴ It is acknowledged that these wage rates are likely to overestimate the wage rate for apprentices.

⁸¹ *ibid.*

⁸² Phase 1 of national licensing includes the following occupational areas: electrical, plumbing, property, and air-conditioning and refrigeration mechanics.

⁸³ Australian Bureau of Statistics 2011a, *Employee earnings and hours, Australia*, Cat. no. 6306.0, ABS, Canberra.

⁸⁴ Australian Bureau of Statistics 2009, *ANZSCO - Australian and New Zealand Standard Classification of Occupations*, Cat. no. 1220.0, ABS, Canberra.

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.⁸⁵

It is assumed that, as the activities involved with national licensing are ancillary to employment, the cost of time is the wage rate that can be earned in the industry (i.e. hourly cash earnings).

On-cost and overheads

According to the Australian Bureau of Statistics (Labour Costs Survey 2002–03), an on-costs multiplier of 1.172 is appropriate for the ‘electricity, gas and water supply’ industry, which includes:

- employee earnings
- superannuation
- payroll tax
- workers’ compensation
- fringe benefits tax.⁸⁶

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.⁸⁷ 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).⁸⁸ 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 Decision 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.

⁸⁵ Australian Bureau of Statistics 2011a, *Employee earnings and hours, Australia*, Cat. no. 6306.0, ABS, Canberra.

⁸⁶ Australian Bureau of Statistics 2003, *Labour costs Australia*, Cat. no. 6348, ABS, Canberra.

⁸⁷ Victorian Competition and Efficiency Commission 2007, *Suggested default methodology and values for staff time in BIA/RIS analysis*, Melbourne.

⁸⁸ March 2010 and December 2011 are the closest dates to May 2010 and March 2012 respectively.

Table H.4: 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 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 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 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 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 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 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 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 Note: Based on 'ordinary time per person' (excluding overtime) |
| On-costs and overheads multiplier | | | |
| On-costs and overheads multiplier | Multiplier | 1.5 | Assumption based on Australian Bureau of Statistics 'Labour Cost Survey' data and guidance material from the Victorian Competition and Efficiency Commission. |
| Inflation rate (May 2010 to December 2011) | | | |
| Inflation rate | % | 4.91% | Australian Bureau of Statistics, <i>Catalogue 6401.0 – Consumer Price Index, Australia, December 2011</i> Note: Inflation index from March 2010 (index number of 171.0) to December 2011 (index number of 179.4). |

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 H.5 provides the net industry growth assumption for each jurisdiction.

Table H.5: Industry growth rates (employment)

| Assumption | 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 Qld 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 Qld 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. |

| Assumption | Unit | Value | Source |
|------------|--------|-------|--|
| 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. |

Licence fees

The licence fees presented in Table H.6 are the current fees under the existing jurisdiction-based licensing schemes.

Table H.6: 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, Licensing and registration |
| Qld | \$ per licensee | \$305 | Based on data provided by Qld regulator (attachment regarding licence fees and renewal periods) received 6 March 2012 |
| WA | \$ per licensee | \$496 | WA Department of Commerce, 2011, Licensing of electrical workers and electrical contractors Note: based on \$418 + \$78 (application fee) |
| SA | \$ per licensee | \$508.86 | Based on data provided by SA 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, Business Licences Information Service, 2012 |
| ACT | \$ per licensee | \$650 | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 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, Electrical Contractors Licence |

Table H.7: 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 |
| Qld | \$ per licensee | \$64 | Based on data provided by Qld regulator (attachment regarding licence fees and renewal periods) received 6 March 2012 |
| WA | \$ per licensee | \$389 | WA Department of Commerce, 2011, Licensing of electrical workers and electrical contractors 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 SA regulator in comments received January 2012. Based on an individual worker licence |
| Tas | \$ per licensee | \$294 | Department of Economic Development, Tourism and the Arts, Business Licences Information Service, 2012 |
| ACT | \$ per licensee | \$650 | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 Note: \$200 application fee is payable upon first applying for a licence, and then a further \$450 is payable to obtain the licence for a 3 year period |
| NT | \$ per licensee | \$50 | NT Electrical Workers and Contractors Licensing Board, 2011, Electrical Contractors Licence |

Table H.8: 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, Licensing and registration Note: based on five year registration |
| Qld | \$ per licensee | \$305 | Based on data provided by Qld 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, Licensing of electrical workers and electrical contractors Note: based on \$78 application fee + \$418 registration fee |
| SA | \$ per licensee | \$335.86 | Based on data provided by SA 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, Business Licences Information Service, 2012 |
| ACT | \$ per licensee | \$450 | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 Note: \$450 is payable upon renewal for a 3 year period. |
| NT | \$ per licensee | \$215 | NT Electrical Workers and Contractors Licensing Board, 2011, Electrical Contractors Licence |

Table H.9: 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 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, Licensing and registration Based on 5 year renewal period |
| Qld | \$ per licensee | \$64 | Based on data provided by Qld 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, Licensing of electrical workers and electrical contractors 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 SA 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, Business Licences Information Service, 2012 |
| ACT | \$ per licensee | \$450 | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 Note: \$450 is payable upon renewal |
| NT | \$ per licensee | \$50 | NT Electrical Workers and Contractors Licensing Board, 2011, Electrical Contractors Licence |

Processing component of licence fees

Table H.10: 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. |

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 H.11: Contractor licenses (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 Vic regulator received 25 January 2012 |
| Qld | # licences | 8,380 | Unpublished data provided by Qld 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 H.12: 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 Vic regulator received 25 January 2012 |
| Qld | # licences | 54,480 | Unpublished data provided by Qld 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 |

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 New South Wales 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 H.13: 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, Business Licence Information Service |
| Vic | years | 5 | Energy Safe Victoria, 2011, Licensing and registration |
| Qld | years | 1 | Based on data provided by Qld regulator received December 2011 |
| WA | years | 1 | WA Department of Commerce, 2011, Licensing of electrical workers and electrical contractors |
| SA | years | 1 | Government of South Australia, 2011, Licensing and Regulation- Occupations and Trades |
| Tas | years | 1 | Department of Economic Development, Tourism and the Arts, Business Licences Information Service, 2012 |
| ACT | years | 3 with the option of 1 year | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 |
| NT | years | 1 | NT Electrical Workers and Contractors Licensing Board, 2011, Electrical Contractors Licence Note: 1 year licence for contractor 'terms of licence' |

Table H.14: 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, Business Licence Information Service |
| Vic | years | 5 | Energy Safe Victoria, 2011, Licensing and registration |
| Qld | years | 5 | Based on data provided by Qld regulator received December 2011 |
| WA | years | 5 | WA Department of Commerce, 2011, Licensing of electrical workers and electrical contractors |
| SA | years | 3 | Government of South Australia, 2011, Licensing and Regulation-Occupations and Trades |
| Tas | years | 3 | Department of Economic Development, Tourism and the Arts, Business Licences Information Service, 2012 |
| ACT | years | 3 with the option of 1 year | ACT Planning and Land Authority, 2011, Fees and Charges 2010–2011 |
| NT | years | 5 | NT Electrical Workers and Contractors Licensing Board, 2011, Electrical Contractors Licence Note: 5 year licence for workers, see 'general information' |

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 later in this attachment.

Table H.15: 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, Victorian Regulatory Impact Statement on the proposed Electricity Safety (Registration and Licensing) Regulations 2010, page 84. 'Time cost imposed by proposed Regulations – completion of an application [for an electrical licence]' is 30 minutes per licence |

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 H.16 and H.17 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.

Table H.16: 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 H.17: 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. |

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 90 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 Decision RIS. It is assumed that this cost is incurred before the implementation of national licensing in 2012–13. This estimate will be further tested with industry during consultations.

Table H.18: Industry transition cost

| Assumption | Unit | Value | Source |
|---|--------------------|-----------|-------------------------------------|
| Industry transition costs (time to understand national licensing) | | | |
| Time | Hours per licensee | 1.5 hours | assumption, 90 minutes per licensee |

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 ten 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 H.19: One-off communications costs

| Assumptions | Unit | Value | Source |
|------------------------------|---------------------|-----------|---|
| One-off communications costs | | | |
| NSW | \$ per jurisdiction | \$325,000 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| Vic | \$ per jurisdiction | \$325,000 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| Qld | \$ per jurisdiction | \$325,000 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| WA | \$ per jurisdiction | \$325,000 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| SA | \$ per jurisdiction | \$162,500 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| Tas | \$ per jurisdiction | \$162,500 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| ACT | \$ per jurisdiction | \$162,500 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |
| NT | \$ per jurisdiction | \$162,500 | Assumption based on unpublished advice provided by Consumer Affairs Victoria, March 2012. |

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 H.20: Implementation cost of the national licensing register

| Assumption | Unit | Value | Source |
|--|---------------------|---------------|---|
| Implementation cost of the National Licensing Register | | | |
| NSW | \$ per jurisdiction | \$2 million | 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 wave 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 wave of occupations – Building occupations. |
| Stage 3 | % | 20% | Assumption based on discussions with COAG National Licensing Taskforce. Stage 3 includes possible changes to conduct requirements. |

Government operating costs associated with NOLA

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 NOLA. 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 NOLA will be apportioned to each occupation under national licensing (including the first and second wave of occupations and conduct requirement changes). It is assumed that the first wave of occupations (electrical, plumbing and gasfitting, property, and refrigeration and air-conditioning mechanics) will be apportioned 50 per cent (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 NOLA Budget (2012–15) and then ongoing costs associated with NOLA. It is assumed that the fourth-year costs represented in NOLA's budget are representative of the ongoing costs per annum.

Assumptions relating to the expected costs of NOLA, 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 NOLA
- meeting costs.

Table H.21: Government operating costs associated with NOLA

| 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 national licensing | | | |
| Stage 1 | % | 50% | Assumption based on discussions with COAG National Licensing Taskforce Stage 1 includes first wave of occupations –Electrical, Plumbing and Gasfitting, Property, and Refrigeration and Air-conditioning |
| Stage 2 | % | 30% | Assumption based on discussions with COAG National Licensing Taskforce Stage 2 includes second wave 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 NOLA costs to government) | | | |
| Electrical | % | 35% | Assumption based on advice from COAG National Licensing Taskforce |
| Plumbing and gasfitting | % | 35% | |
| Property | % | 35%28% | |
| Refrigeration and Air-conditioning | % | 2% | |

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

Table H.22: Proportion of costs attributable to each jurisdiction

| Assumption | Unit | Value | Source |
|--|------|--------|--|
| Proportion of NOLA 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% | |

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 H.23: 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 | 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. 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 H.24).

Table H.24: 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% | 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.⁸⁹ This has been incorporated into the analysis of the impacts on South Australia.

⁸⁹ Consumer and Business Affairs 2011, *Fees for plumbers, gas fitters and electricians*, South Australia.

Table H.25: Application fee under mutual recognition

| Assumptions | Unit | Value | Source |
|---|-----------------|---------|---|
| Application fee for mutual recognition licences | | | |
| SA | \$ per licensee | \$86.50 | The SA 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 |

Removal of requirement to hold multiple licences across jurisdictions

Table H.26: Percentage of licensees domiciled in another jurisdiction

| Assumptions | Unit | Value | Source |
|---|------|-------------------------------------|--|
| Percentage of licensees domiciled in another jurisdiction | | | |
| NSW | % | 3.87% | Unpublished data provided by the 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.⁹⁰

⁹⁰ 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 H.27: 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 | | | | | | | | |
|--|-----|---|-----|-----|-----|-----|-----|-----|-----|-------|
| | | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
| Jurisdiction in which the multiple licences are held | NSW | | 24% | 42% | 6% | 9% | 3% | 12% | 3% | 100% |
| | Vic | 36% | | 28% | 10% | 13% | 5% | 4% | 4% | 100% |
| | Qld | 48% | 22% | | 7% | 10% | 4% | 4% | 6% | 100% |
| | WA | 23% | 26% | 22% | | 11% | 3% | 3% | 13% | 100% |
| | SA | 26% | 24% | 26% | 9% | | 5% | 2% | 8% | 100% |
| | Tas | 20% | 25% | 29% | 7% | 13% | | 3% | 4% | 100% |
| | ACT | 57% | 13% | 16% | 4% | 4% | 2% | | 3% | 100% |
| | NT | 21% | 19% | 29% | 13% | 13% | 2% | 3% | | 100% |

Removal of restricted electrical licence for plug and cord work

Table H.28: Removal of restricted electrical licence (REL) for plug and cord – contractors

| Assumption | Unit | Value | Source |
|---|-------------|-------|--|
| Licences impacted by removing plug and cord | | | |
| Qld | # licences | 330 | Unpublished data provided by Qld 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 restricted electrical licences – distributed between contractors and workers based on licence numbers (contractor licence proportion of 20%) |

Table 29: Removal of restricted electrical licence (REL) for plug and cord – workers

| Assumption | Unit | Value | Source |
|---|-------------|-------|--|
| Licences impacted by removing plug and cord | | | |
| Qld | # licence | 2,195 | Unpublished data provided by Qld 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 restricted electrical licences – distributed between contractors and workers based on licence numbers (worker licence proportion of 80%) |

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 H.30: 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, Licensed electricians assessment |
| Fee for test | \$ per licensee | \$130 | EPIC Industry Training Board, 2012, Licensed electricians assessment |
| Licensed Electrician Assessment (Theory component) | | | |
| Time to sit test | Hours per licensee | 2 hours | EPIC Industry Training Board, 2012, Licensed electricians assessment |
| Fee for test | \$ per licensee | \$85 | EPIC Industry Training Board, 2012, Licensed electricians assessment |
| Licensed Electrician Assessment (Practical component) | | | |
| Time to sit test | Hours per licensee | 3 hours | EPIC Industry Training Board, 2012, Licensed electricians assessment |
| Fee for test | \$ per licensee | \$195 | EPIC Industry Training Board, 2012, Licensed electricians assessment |

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 H.31: 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, Licensed electricians assessment |
| Face-to-face review | \$ per licensee | \$75 | EPIC Industry Training Board, 2012, Licensed electricians assessment |
| Proportion of licensees required to undertake Licensed Electrician Assessment Review | % of licensees | 15% | Information provided by Victorian regulator 16 March 2012 |

Removal of personal probity requirement for non-contractors

Table H.32: 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 | Assumption – ten minutes to disclose information It is expected that some individuals will take less than ten 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 | Assumption – ten 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 ten 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 | Assumption – 20 minutes to disclose information (provide two 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 two written references (i.e. 20 minutes). |

Removal of the requirement to license 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 H.33: 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 SA 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 H.34: Fee for apprentice licence

| Assumptions | Unit | Value | Source |
|------------------------|-----------------|-------|--|
| Apprentice licence fee | | | |
| SA | \$ per licensee | \$0 | No fee for apprentices, based on advice from SA 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 |

Table H.35: 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, Energy Safety, Application form for an Electrician's Training Licence |

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 H.36: 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 H.37: 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. |

Restricted electrical licences – requirement to prove supplementary to primary occupation

Under national licensing, restricted electrical licence 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 restricted electrical licence in order to perform electrical work that is incidental to the applicant’s primary function.⁹¹ In the absence of other information, it is assumed that this task takes one hour to complete.

Table H.38: 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 H.39: 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 | Assumption based on the current requirement in Victoria (see above). |

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. 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 Tables H.40 and H.41).

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.

⁹¹ See [Energy Safe Victoria Restricted Electrical Workers Licence](#).

Table H.40: 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 three 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) 2. Registered Electrical Contractors Course (ETF13), Box Hill Institute, (fee of \$520) 3. Electrical Contractors Registration (21767VIC) GippsTAFE(fee of \$575) |
| Qld | \$ per 'Qualified technical person' unit [UEENEEG005] | \$795 | <p>Full fee of \$795: Construction Skills Queensland – Term Training, 2012, UEENEEG005– Verify compliance and functionality of general electrical installation</p> <p>Note: there is a subsidy of \$600 for this unit – Construction Skills Queensland, 2012, Funding and Support – Electrotechnology 2011/12 – Which qualifications are available for 2011/12 funding?</p> |
| | \$ per 'Qualified business person' unit [UEENEEG075] | \$650 | <p>Full fee of \$650: Construction Skills Queensland – Term Training, 2012, UEENEEG075- Develop plans and compliance policies to conduct a contracting business</p> <p>Note: there is a subsidy of \$500 for this unit – Construction Skills Queensland, Funding and Support – Electrotechnology 2011/12 – Which qualifications are available for 2011/12 funding?</p> |
| WA | \$ per unit | \$562.50 | <p>Combined Skills Training Association, 'Electrical Industry Training – Electrical Contractors Training Program'</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, Plan Small Business Finances – TAFESA |
| | \$ 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 H.41: 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’, ten 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’ Term Training, ‘UEENEEG075- Develop plans and compliance policies to conduct a contracting business’ |
| 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’ |
| | Hours per ‘Operation (Electrical) Legislative Requirements’ unit [EA103A] | 8.5 hours | Based on one day 7:30am to 4pm – Combined Skills Training Association, ‘Electrical Industry Training – Electrical Contractors Training Program’ |
| | Hours per ‘General Legislative Requirements’ unit [EA103B] | 8.5 hours | Based on one day 7:30am to 4pm – Combined Skills Training Association, ‘Electrical Industry Training – Electrical Contractors Training Program’ |
| | Hours per ‘Electrical Requirements’ unit [EA106 (WAE100)] | 25.5 hours | Based on three days 7:30am to 4pm – Combined Skills Training Association, ‘Electrical Industry Training – Electrical Contractors Training Program’ |
| SA | Hours per ‘Plan Small Business Finances’ unit [BSBSMB402A] | 50 hours | Open Universities Australia, ‘Plan Small Business Finances, TAFESA |
| | Hours per ‘Legal Issues’ unit [BSBSMB40aA] | 60 hours | Open Universities Australia, ‘Legal Issues’, TAFESA |
| Tas | Hours per unit | 34.38 hours | Average of all units in other jurisdictions, as information from Tasmania was not publically available |

Table H.42: 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 |

Experience requirements

Under national licensing, experience requirements for contractors in all jurisdictions except New South Wales, South Australia, Tasmania and the Australian Capital Territory 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 H.43: 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, Tasmania and the Australian Capital Territory) | \$ per licensee | \$0.50 per hour | Assumption used in this report for indicative purposes |
| Years of experience required | | | |
| All jurisdictions (except New South Wales and Tasmania) | Years per licensee | 1 year | Assumption used in this report for indicative purposes |

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 Decision 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 Decision 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 H.44.

Table H.44: Capital efficiency as a proportion of estimated labour efficiency

| Assumption | Unit | Value | Source |
|---|------|--------------|---|
| Capital efficiency as a proportion of estimated labour efficiency | | | |
| All jurisdictions | % | 1/3 (33.33%) | Assumption based on Australian Bureau of Statistics 2011, <i>Australian System of National Accounts 2010–11</i> , Cat. No. 5204.0, ABS, Canberra. |

Improved labour mobility

To provide an indication of the potential benefit due to an increase labour mobility as a result of national licensing, this Decision RIS draws on the work undertaken in this area by the Productivity Commission. For the purposes of this analysis, the following assumptions in Tables H.45 – H.47 have been used to calculate an indicative estimate.

Table H.45: 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 H.46: 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 |

Table H.47: The electrical services industry as a proportion of real GDP

| Assumption | Unit | Value | Source |
|--|------|-------|---|
| Proportion of the labour mobility benefit (i.e. the change in real GDP attributable to the electrical services industry) | | | |
| National | % | 11.3% | This percentage is based on the number of electrical licensees as a proportion of the total number of registered workers employed in Australia. Total employed persons as at March 2012 was 11.5 million, 18 per cent are assumed to be registered workers and 233,496 electrical licensees (see licence numbers above). Total employed persons: Australian Bureau of Statistics, <i>Catalogue No. 6202 – Labour Force, Australia (Labour force status by sex)</i> , March 2012. |
| Registered workers as a percentage of total employed persons | % | 18% | Productivity Commission 2009, Review of Mutual Recognition Schemes, Research Report, Canberra, page 48. |

Attachment I – References

Reports and presentations

Allen Consulting Group 2008, [Evaluation of COAG initiatives for full and effective mutual recognition](#), Department of Education, Employment and Workplace Relations, Canberra.

Australian Bureau of Statistics 2003, [Labour costs Australia](#), cat. no. 6348.

Australian Bureau of Statistics 2004, [Labour Costs, Australia, 2002–03](#), cat. no. 6348.0.55.001.

Australian Bureau of Statistics 2009, [ANZSCO – Australian and New Zealand Standard Classification of Occupations](#), cat. no. 1220.0.

Australian Bureau of Statistics 2011a, [Australian system of national accounts 2010–11](#), cat. no. 5204.0.

Australian Bureau of Statistics 2011b, [Employee earnings and hours, Australia](#), cat. no. 6306.0.

Australian Bureau of Statistics 2012, [Australian demographic statistics](#), cat. no. 3101.0, Table 19.

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

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

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

Australian/New Zealand Standard for Wiring Rules (AS/NZS 3000:2007).

Banks, G 2006, 'Regulation for Australia's Federation in the 21st Century', presentation to the Melbourne Institute/*The Australian Economic and Social Outlook Conference*, Melbourne, 2–3 November.

Box Hill Institute, [Local courses](#).

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

Council of Australian Governments 2007, [Best practice regulation – A guide for ministerial councils and national standard setting bodies](#).

Council of Australian Governments 2009, [Intergovernmental agreement for a national licensing system for specified occupations](#).

Council of Australian Governments National Licensing Taskforce 2009, [Decision Regulation Impact Statement for the national licensing system for specified occupations](#), Canberra.

Electrical Regulatory Authorities Council, [Electrical incident data Australia and New Zealand 2007–08](#).

Energy Safe Victoria, [Restricted electrical workers licence](#).

Government of Victoria 2005, Private security regulations 2005: Regulatory Impact Statement, Department of Justice, Victoria.

Harrison J & Pointer S 2007, *Electrical injury and death*, Flinders University, South Australia.

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

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

IBISWorld 2012c, [Electricity transmission in Australia: Market research report](#), Industry report D3612.

Industry Commission 1995, [The growth and revenue impacts of Hilmer and related reforms: Report to the Council of Australian Governments](#).

Office of the Chief Electrical Inspector 2000, Regulatory Impact Statement for the Electricity Safety (Installations), (Amendment) Regulations 2000, Energy Safe Victoria, Victoria.

[PayScale Australia](#).

PricewaterhouseCoopers 2009, *National occupational licensing system: Estimating financial impacts, final report*.

Productivity Commission 2003, *Evaluation of the mutual recognition schemes: research report*, Canberra.

Productivity Commission 2009, [Review of mutual recognition schemes, research report](#), Canberra.

Productivity Commission 2010, *Impacts and benefits to COAG reforms: reporting framework research report*, Canberra.

Regulation Taskforce 2006, *Rethinking regulation: Report of the Taskforce on reducing regulatory burdens on business*, Report to the Prime Minister and the Treasurer, Canberra.

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

Skills Australia 2011b, *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*, Canberra.

Victorian Bushfire Reconstruction and Recovery Authority 2009, [Rebuilding together: a state wide plan for bushfire reconstruction and recovery](#).

Victorian Bushfire Royal Commission 2009, [Final report, Vol. 1, Appendix A, 'Estimated costs of the fires'](#).

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

Legislation

Construction Occupations (Licensing) Act 2004(ACT)

Electrical Safety Act 1998 (Vic)

Electrical Safety Act 2002(QLD)

Electrical Workers and Contractors Act 2008 (NT)

Electricity Act 1945 (WA)

Home Building Act 1989(NSW)

Mutual Recognition Act 1992

Occupational Licensing Act 2005(TAS)

Occupational Licensing National Law Act 2010

Plumbers, Gas-fitters and Electricians Act 1995

Trans Tasman Mutual Recognition Act 1997

Work Health and Safety Act 2011