

# **Effect of Red Tape on Occupational Licensing**

## **NECA response to Senate Select Committee**

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30 April 2018

Senator David Leyonhjelm  
Chairman  
Senate Red Tape Committee  
Department of the Senate  
PO Box 6100  
CANBERRA ACT 2600

Dear Senator Leyonhjelm,

**Re: NECA response to effect of red tape on occupational licensing**

Thank you for the opportunity to comment upon the Senate Select Committee on Red Tape's inquiry into the effect of restrictions and prohibitions on business on the economy and community, particularly with reference to electrical contracting sector and our experience with occupational licensing.

We are also grateful for the short extension that has been granted to us in order to put forward our thoughts within this submission.

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry. We represent more than 5,000 electrical contracting businesses across Australia's states and territories and employ more than 165,000 workers that deliver an annual turnover in excess of \$23 billion. We also maintain responsibility for the employment, training and skilling of more than 4,800 current and future electricians through our Group Training and Registered Training Organisations.

NECA believes that we are well qualified to comment on this topic, given our knowledge, background and support for occupational licensing reform and enhanced labour mobility across Australia for many years.

**Background**

The ability for business to operate freely across all Australia's states and territories is critical for the electrical contracting and communications industry.

Attempts to enhance mutual recognition of licensing arrangements date back to the creation of the *Mutual Recognition Act 1992*, designed to increase labour mobility across state jurisdictions for individuals. However, this Act excludes business licensing arrangements.

State and Territory licensing systems have different licence nomenclature and licence structures. This has made it difficult for businesses operating across multiple jurisdictions and for those working in border areas. Small and medium enterprises within our sector bear a significantly higher proportion of administrative costs for compliance across multiple regimes and these costs are usually passed on to the consumer.

Although mutual recognition of licensed occupations exists among Australia's states and territories, they must first apply for recognition of their existing license and pay another fee to work in the state or territory. There are currently over 180 occupational regulators in Australia and New Zealand<sup>1</sup>.

In 2008, the Productivity Commission identified occupational licensing as an area where there is considerable scope to reduce regulatory burden<sup>2</sup> in order to establish occupational licensing as a safety protection for consumers and to ensure a sufficient and reliable level of service quality.

In the same year, the Council of Australian Governments (COAG) agreed to pursue wide ranging regulatory reform and at its meeting of 3 July 2008:

*“... acknowledged that Australia's overlapping and inconsistent regulations impede productivity growth. Without change Australia's future living standards would be compromised, the competitiveness of the economy reduced and our ability to meet the challenges posed by an ageing population diminished.”*

## National Occupation Licensing

On 30 April 2009 COAG signed an Intergovernmental Agreement to establish a national occupational licensing system (NOLS) for seven occupational areas – including the electrical industry - to deliver greater consistency and harmonization between jurisdictions in their licensing regimes, in order to reduce costs for business and licensees, reduce red tape, improve labour mobility and enhance productivity. Existing state and territory licences were to be automatically transferred to an equivalent national licence, entitling the holder to use the licence to work anywhere

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<sup>1</sup> Productivity Commission 2015, [Report on Mutual Recognition Schemes](#), p. 116.

<sup>2</sup> Productivity Commission 2008, [Review of Australia's Consumer Policy Framework](#), p. 489.

in the country. Licences granted would be based on a single set of nationally agreed eligibility requirements and the National Occupational and Licensing Authority was created in 2012 to oversee these proposals.

However, the States and Territories were unable to agree on nationally uniform registration requirements across each of the seven occupations. Within the electrical license, an agreement failed to materialise in part, due to a lack of inclusion of proper standards for safety and compliance and the involvement of a wide range of industry and state regulator differences, which rendered the process too complex and ineffective. Subsequently, COAG abandoned NOLA and NOLS in 2013. This abandonment effectively paved the way for States and Territories to develop separate and alternative reforms, including harmonization of some requirements to deliver mutual recognition across borders.

As an example, the New South Wales Government introduced the Mutual Recognition (Automatic Licensed Occupations Recognition) Bill 2014 to enable equivalent jurisdictions occupational licenses to be recognised, based upon the jurisdiction of the principle place of the license holder. Other states followed with similar legislation at later dates.

These actions helped to reduce some of the barriers to entry and unnecessary regulatory costs for the electrical contracting sector.

### **Support for a Driver's License type model**

NECA supports the introduction of a single national driver's licence type model for implementation across the Australian electrical trade (Electricians and contractors), so long as its implementation doesn't dilute safety standards or technical expertise.

Under the driver's licence model, an occupational license issued automatically by any jurisdiction would be recognised across each state and territory in the Commonwealth. State and territory regulators would continue to maintain individual licensing arrangements.

We believe this low-cost model would increase labour mobility and flexibility and assist to reduce some of the compliance and regulatory burdens of current arrangements while removing the need for multiple license registrations, renewals and additional license fees. This model also avoids the complexities of introducing and managing a fully harmonised, nationally co-ordinated approach.

A rollout of a national, driver's license type model could also be assisted by an industry wide commitment to deliver this outcome, in addition to State and Territories simplification and aligning their training processes. These actions will assist to reduce entry barriers to our sector by promoting further competition and reducing costs for electrical contractors.

In summary, NECA supports the creation of a single, national licencing scheme for both electricians and electrical contractors. However, its implementation must not dilute safety standards and technical expertise.

Thank you again for the opportunity to comment on the Red Tape Review for Occupational Licensing, on behalf of Australia's electrical contracting sector.

**Yours faithfully**

**Suresh Manickam**  
**Chief Executive Officer**  
**National Electrical and Communications Association (NECA)**