

4 May 2018

Senate Select Committee on Red Tape  
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Attention: Red Tape Committee

### **Effect of red tape on occupational licensing**

Master Plumbers Australia Ltd (MPA) welcomes the opportunity to provide feedback on the effect of red tape on occupational licensing discussion paper.

MPA represents Master Plumber Associations across the country including Western Australia, South Australia, Victoria, Tasmania, Queensland, Australian Capital Territory and the Northern Territory. We are the collective voice for the Australian plumbing industry and each association collaborates together on a national level. MPA represents plumbing contractors from sole operators to medium sized plumbing businesses and large contracting firms.

Members of MPA protect the health of our community and the environment through the delivery of professional plumbing services. MPA members are installers of gas, water reticulation and irrigation systems, fire protection services, heating and cooling, mechanical services/air conditioning systems, sanitary disposal, drainage, metal roofing, wall cladding and other plumbing services. The provision of these services is essential for community health and well-being.

MPA has prepared a response into the effect of red tape on the economy and community, committee will examine the effect of red tape on occupational licensing, in particular:

**1. The effects on compliance costs (in hours and money), economic output, employment and government revenue;**

In Australia some states hold multiple licenses for contractor and occupational plumber, drainer and gas fitter. Some states also require endorsements on licences for particular work to be performed, as example backflow prevention and thermostatic mixing valves.

Plumbing, drainage and gas fitter licensees are very proud to hold an occupational licence, it is not considered an impost on industry to hold and pay for this licence.

In some States there are separate regulators for occupational plumbing, drainage, gas fitting and contractor licensing. There would be benefits of streamlining and bringing these licence trades together in each state to be an all-encompassing regulator.

**2. Any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;**

Throughout Australia, no jurisdictions share the same licence, each State has their own licensing requirements. Interestingly the training requirements vary between the jurisdictions

for each qualification that falls under the licensing requirements, notwithstanding this, mutual recognition for like for like licenses is available throughout Australia and New Zealand.

The National Occupational Licensing Authority (NOLA) and the National Occupational Licensing Scheme (NOLS) were disbanded in 2014. Whilst MPA did not support the NOLA/NOLS proposal, MPA are supporters of the concept of national licensing as it would permit the industry more flexibility by allowing licensed plumbers, drainers and gasfitters to work across state and territory boundaries.

The licensing system is designed to prevent untrained, unqualified people from performing work for which a licence is required. This is desirable and must continue because otherwise there would be a serious risk to public health and safety. Due to this the quality of services provided by industry is higher than if there were no licensing system in place, this reflects the professional services that are being provided by properly trained and qualified people. Overall there is a positive benefit to consumers in every sector. The cost, both monetary and to their wellbeing would undoubtable be much higher if untrained and unskilled people were to perform regulated work.

### **3. The impact on health, safety and economic opportunity, particularly for the low-skilled and disadvantaged;**

The industry and broader community expects the licensing system to ensure the knowledge and skills of licence holders are up to date, we believe this to be incorrect. A licensee who has not undertaken an update in their skills and training since their initial apprenticeship could be falling behind the times. MPA strongly advocates for the implementation of continuing professional development across the board for all licensed trades. We believe this is necessary in the continuation of interest of protection for the health and safety of the community. The licensing system reduces business costs in the long run because it ensures that when a customer engages a licensed plumbing, drainage and gas fitter contractor, the work performed and products installed are fit for purpose and do not create health and safety risks.

### **4. The effectiveness of the Abbott, Turnbull and previous governments' efforts to reduce red tape;**

Whilst the reduction in red tape in Queensland was an admirable undertaking to reduce regulatory burden on the people unfortunately vast amounts of the attempted regulatory ease has since been undone and reintroduced by subsequent changes in government. As example in 2014, the decision was made by the then Minister for Housing and Public Works, that plumbers holding a contractor's licence were deemed to hold their occupational licence by proxy, this was intended to financially ease the burden of renewing dual licenses. Unfortunately legislation was never amended to support this change.

While this red tape reduction policy was widely communicated to the industry, both by the former Minister, the Department and regulator, it appears that these amendments were not appropriately translated into legislation. This has created the situation four years later where licensees are informed they are operating illegally, their licenses have long since expired and contrary to renew, they are now forced to reapply due to legislative blind spots. This is an unprecedented impost on industry as it would impact conservatively an estimated 60% of licensee could also hold a contractor's licence.

**5. Alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses to achieve outcomes currently achieved through regulation;**

MPA believes the offering of additional incentives targeting the training of apprentices as a positive. This industry is committed and understands the importance of training and developing the future workforce and any assistance or incentive to facilitate and promote apprentice training would be welcomed.

Another sometimes onerous cost to business is that they need to sign onto numerous safety programs throughout different builders, construction companies and body corporates, all operating their own systems, this can be an onerous cost to business and it would be beneficial if we had a standardised template that all industry adheres to. This would offer a reduction in red tape, but would not reduce the importance of safety in our industry.

In addition to the training and development of the future workforce we believe the existing workforce should continue to remain current or upskill to maintain industry relevance. With the introduction of the requirements for licensees to undergo continuing professional development (CPD) it would be imperative in our view to maintain and support existing workers knowledge to ensure relevance in an ever changing and evolving industry.

Whilst this may not appear to be a reduction in red tape, the continuing enhancement of industry knowledge would almost certainly flow on to a reduction in compliance, rectification in regulatory disciplinary action.

CPD means a formal process by which professional people prove they are learning and applying new skills and knowledge throughout their careers, rather than relying only on their initial training and qualification. In Australia and worldwide, CPD is a long established feature for professional occupations such as engineering, architecture, accounting, nursing, medicine and teaching.

The work of a licensed plumber, drainer and gas fitter contractor is extremely important for the health and safety of the community, not to mention potentially dangerous for the contractor themselves. A CPD program would create an independently verified method of ensuring currency of licensed operators. This in turn would provide a very clear indication to the public that licensed contractors are professionals with a career long commitment to maintaining and enhancing their skills and knowledge.

**6. how different jurisdictions in Australia and internationally have attempted to reduce red tape; and**

Refer to the answer on question number 4.

**7. any related matters.**

**Industry Specific Redundancy Scheme**

There has, for many years, been an Industry Specific Redundancy Scheme in our industry to provide employees with an entitlement on termination and resignation. Prior to Award modernisation, section 513(1) of the Workplace Relations Act 1996 (Cth) provided that redundancy pay applied to termination of employment by an employer of 15 or more employees that was at the initiative of the employer on the grounds of operational requirements, or because the employer was insolvent – effectively implementing a small

business exemption and providing that the scheme did not apply to resignations or termination for reasons like misconduct.

If we move forward to 2018 however, Clause 18 of the Award now provides an industry specific redundancy scheme that contains no such exemptions. Under this clause, if an employee ceases employment for reasons other than misconduct or refusal of duty, but *including* resignation, they are entitled to payment under the scheme, which can be up to eight (8) weeks' pay. We note that employees are entitled to such payment regardless of the size of their employer's business and in addition to the provision of notice and payment of accrued entitlements.

The failure of the former government to consider these exemptions, and the impact of removing these, has led to a discriminatory outcome and significant cost impact for small businesses operating under the Award. By comparison to other small businesses in Australia that are exempt from genuine redundancy pay obligations ie section 121 of the Fair Work Act 2009 (Cth). Many members of industry have expressed frustration that, at times when they are already struggling financially.

Thank you for allowing Master Plumbers Australia with the opportunity to provide feedback in regards to occupational licensing. MPA would welcome the opportunity to consult further with government on this matter.

Kind regards

**Robert Pearshouse**  
Chair  
Master Plumbers Australia Ltd