

# Proposed co-regulation model for industry licensing.

Is a Professional Standards Scheme fit-for-purpose for trade licensing?

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# Introduction

Master Electricians Australia (MEA) is the trade association representing electrical contractors recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. Our website is [www.masterelectricians.com.au](http://www.masterelectricians.com.au)

## Consultation Questions.

### **1. Are you supportive of this co-regulation model being used in the construction industry for competency assessments? If not, why?**

MEA are very supportive of improving standards in quality and safety in the electrical industry sector in NSW and have applauded the scope of the HBA Review. We believe that the focus of improving standards in the electrical industry should be successful implementation of CPD, learning the lessons of other jurisdictions that have implemented CPD programs and looking for alignment to further moves towards Automatic Mutual Recognition.

We have concerns that standing up a Professional Standards Scheme (PSS) on top of introduction of CPD and a new Act may be ambitious in the current economic climate and that it would lay an extra level of cost both in direct monetary terms and in the commitment to conducting assessments during productive work time.

### **2. Does your industry association consider there are any roadblocks in the proposed model to be able to establish themselves as an accreditation authority?**

Time, money, and industry acceptance are the main roadblocks. MEA believe that the path for widespread industry acceptance if a PSS is to be introduced would be for a collaboration between employer and labour representatives. This would also split the start-up costs and the resourcing of any PSS body. Industry acceptance would be dependent on whether the body was seen to be impartially treating both workers and businesses.

A PSS model would also make NSW the most expensive jurisdiction in the country to be an occupational licensee, with licensing fees + CPD fees + PSS fees incurred to be able to operate, it would also be an extra impediment towards Automatic Mutual Recognition (AMR) between Commonwealth jurisdictions.

MEA believe that there could be a conflict for the association in being an advocate for members, and also being a regulator. An association's primary objective is to represent the interests of members and advocate for them in good faith, sometimes this involves representing them in disputes against the regulator. That is why we believe that if a PSS is to be set up at all, it should be under another entity and have the support and involvement of employer and worker associations.

### **3. How long do you think it would take for your industry association to stand-up a coregulation framework internally?**

As outlined, MEA believe a collaborative effort between employers and the ETU would be best for the industry, so with the time taken to negotiate, form an entity, fund, and get operationally ready with systems and processes, it would be a 2-year timeframe, i.e before end of calendar year 2025.

### **4. Are there any key aspects of the model that you would need to know before your industry association would consider becoming an accreditation body?**

Whether a separately branded collaborative entity could be set up between industry stakeholders to facilitate a PSS, and whether the Professional Standards accreditation body is amenable to allow an occupational class of license to operate under this framework, rather than professions like medicine, law, accounting and engineering.

### **5. Would you suggest any changes to the co-regulation model proposed? If so, what changes would you suggest?**

MEA would suggest that if co-regulation is the desired outcome, then a model similar to what exists in Qld would be a better model. Qld has an Electrical Safety Board made up of employers, workers, and the community, with 4 sub-committees –

- Electrical Licensing Committee (deals with disciplinary matters)
- Electrical Safety Education Committee
- Electrical Equipment Committee
- Consultative Committee for work related fatalities and serious accidents.

This would ensure that the head of power to take action on disciplinary matters would rest firmly with the government and be supported with appropriate industry and community involvement.

### **6. Is the renewal of an accreditation authority every five years too burdensome? If so, what should it be and why?**

Yes. The set-up costs to bring this to fruition and build the infrastructure is considerable. I think yearly auditing and a SLA to ensure that KPI's are being met and that there is an agreed dispute resolution and exit clauses would be more appropriate.

### **7. What are the practicalities of executing ring fencing requirements that should be considered?**

A separate entity should be set up with its own governance, with a stakeholder representative board and dedicated separate staff and record keeping ensuring there is separation and not just “Chinese walls” between the associations and the PSS entity.

This would ensure though, that the industry expertise and intelligence could still be utilised whilst the functions of a PSS would be at arm's length operationally.

**8. Guidelines explaining how an industry body can apply to be an accreditation authority will be developed. What topics would you like the guidelines to cover?**

Clear KPI's, a model SLA, frequency of assessments, depth of assessment, and exit clauses.

**9. What digital option would you support for information sharing between the Regulator and the accreditation authority?**

Option 2, creating an API. MEA believe that there are several developed systems in the market that would be fit for purpose and possibly then form the basis for a national model for skills and competency mapping to support AMR.

**10. What other ways could we incentivise industry bodies to become PSS accreditation authorities, including ensuring they are appropriately recognised as having taken additional steps to professionalise their profession?**

Furnish them with funding to help with set-up costs, allow them to do appropriate membership acquisition activities using the PSS platform.

**11. Are there any aspects on the model that you could provide further information on such as guidelines?**

As an exercise in “blue sky thinking”, a PSS could recognise different activity competencies within the trade and set barriers to entry before being able to perform these competencies. i.e.

- Tradesperson – Entry level (less than 5 years’ experience)
- Tradesperson - Split System Endorsement
- Tradesperson – Cabling Endorsement
- Tradesperson – Renewables Endorsement
- Tradesperson – Supervisor
- Tradesperson - Estimator
- Contractor – Under \$3 million turnover
- Contractor – Over \$3 million turnover

**12. Where a person does not pass the competency assessment, what review mechanisms could be considered to ensure procedural fairness?**

If they initially failed, they could continue to operate but under supervision or with conditions on their license for a short period, until they could rectify the deficiency. There should be only a limited number of attempts to be deemed competent before a license is recommended to be revoked. If a license is revoked there should be recourse to an appeals process, AAT or similar, but this should be under the remit of the government.

**13. What costs would an accreditation authority expect to incur in setting up and running a co-regulation model?**

Without prejudice, we estimate initial set-up costs would be in the vicinity of \$500k with operating costs of \$500k/annum, it really depends on the frequency and depth of competency testing, the costs could be considerably more than this.

**14. What is your view of the Regulator setting a cap on assessment charges to be able to manage the cost impacts for applicant.**

MEA believe that this would be unacceptable and premature, a detailed business case needs to be done to assess the viability of setting up a PSS using members money.

## Conclusion

MEA applauds the general direction of the HBA review and is committed to helping the industry in NSW improves standards in both safety and quality of work. As outlined throughout our response to the consultation questions, MEA is of the belief that a PSS scheme is not fit-for-purpose for the NSW industry, would put NSW at odds with every other jurisdiction and would impose significant costs on the industry and the community. At this stage MEA is unclear of the Why, What and How of the value of a PSS, some of these concerns are –

- There is a quite a deal of risk both reputational and financial that attaches itself for NFP Industry associations in the type of co-regulation under a PSS that you are suggesting. So Why would this be an attractive proposition to expend members money, resources, and political capital to set up?
- After attending the roundtable and reading the provided information, there is a lot of questions about exactly What the competency assessment is, and how much depth it goes into.
- Unless the competency assessment is going to be aligned with licence renewals, How effective is it going to be, and how is this different from a meaningful CPD regime??
- Unless it is aligned to a 3- or 5-year reassessment, How does the Industry Association get enough volume of licence holders to put through the program to make is self-sustaining and financially viable?
- Back of the envelope calculation is that it would be a minimum of \$500k a year with an upper limit of perhaps \$1M to run. This is based on 4 staff plus outgoings, but delivering to remote and regional areas, number of yearly participants, comprehensiveness of assessment, etc, make this all very rubbery. On the current information it is doubtful the Board would approve to expend this amount of members funds and expose the association to reputational risk.

It is our firm belief that the focus should be on introducing a meaningful and robust CPD program, and for the NSW government to urgently provide for more staff to the inspectorate to police compliance in the industry, in the same way that the RAB and DBP Acts have done, to achieve better industry performance in construction. We do not believe that a PSS is necessary for occupational licensing, such as electrical or plumbing and that implementing CPD in NSW and learning the lessons from other jurisdictions would be more effective. To this end, the co-regulation model used in Qld with an Electrical Safety Board would be our preferred option if co-regulation is the desired outcome.

If however a decision is taken to implement a PSS, MEA would stand ready to work with other industry partners to ensure that it is the most effective scheme possible.