

27 February 2015

Mutual Recognition Schemes Study
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne VIC 8003

30 Cromwell Street
Burwood Vic 3125
PO Box 309
Burwood Vic 3125
T: 03 8831 2800
F: 03 9888 8459
www.amca.com.au

Dear Sir/Madam

MUTUAL RECOGNITION SCHEMES

Thank you for the opportunity to provide a submission to the Productivity Commission regarding the Mutual Recognition Schemes Study. As a consequence of the abandoned National Occupational Licensing Scheme, the AMCA views mutual recognition schemes as a workable, low cost and effective alternative.

The Air Conditioning and Mechanical Contractors' Association (AMCA) is the national peak trade association for member companies operating in the commercial and industrial air conditioning and mechanical services industry. Our members are highly skilled commercial operators with expertise in the design, manufacture and installation of air conditioning and specialised ventilation systems, as well as the ongoing service and maintenance of plant, equipment and infrastructure. The industry employs a diverse and highly skilled workforce that includes mechanical engineers, mechanical service plumbers, refrigeration and air conditioning technicians, as well as a range of project management and administrative staff.

Industry profile

The direct contribution of the refrigeration and air conditioning industry to the national economy is evident by the 20,000 businesses that contribute 1.7% of GDP and employ 173,000 people across Australia. However, the indirect contribution of the industry is exemplified by the fact that building services such as heating, ventilation, air conditioning and refrigeration (HVAC&R) are indispensable components of modern society by providing safe, comfortable and productive environments for building occupants.

Integrating a wide variety of plant and equipment technologies, they are also the largest contributors to building energy consumption, accounting for approximately 50% of a building's energy consumption. For buildings with older or less efficient systems, HVAC can account for upwards of 75% of total energy usage.

Table 1 Size and shape of the refrigeration and air conditioning industry

173,000 people employed	\$5.9 billion expenditure on new equipment (2012)
20,000 businesses in operation	\$533 million spent on refrigerant gas
\$13.3 billion in wages per annum	\$26.2 billion in total expenditure per annum
1.7% of GDP	Air conditioning to 140 million square metres of non-residential buildings

Source *Cold Hard Facts 2 (2013)*

Terms of Reference and the structure of this submission

The AMCA submission primarily addresses the Terms of Reference focusing on inter-jurisdictional movement of skilled workers.

Mutual recognition of occupations

The AMCA recognises that the number of those impacted by the MRA and TTMRA schemes is relatively small as a proportion of the overall workforce in the mechanical services industry, being in the vicinity of 4 percent nationally. However, factors underpinning the rationale for mutual recognition – such as compliance costs, difficulties attracting quality workers, and duplication of regulation – continue to be an issue for mechanical, air conditioning and refrigeration enterprises across Australia; therefore, as a statement of principle, the AMCA and its members are supportive of the MRA and TTMRA. The enactment of both the MRA and TTMRA is viewed as a constructive development for both individuals wishing to relocate, either for professional opportunities or personal reasons, and commercial enterprises seeking increased flexibility in their workforce.

It is important to recognize that a dynamic and flexible Mutual Recognition Scheme should respond appropriately to the different drivers of worker mobility. For example, the appropriate requirements for recognition of individuals permanently relocating to another jurisdiction are likely to be different to the occupational requirements of workers redeployed temporarily by a firm for a project of a specified scope and duration.

Requirements for manner of carrying on an occupation

Inter-jurisdictional differences in laws and regulations have the potential to impede labour mobility in some cases; particularly where individuals are required to register, with associated costs, in multiple jurisdictions. Such disincentives can result in businesses and individuals being unable to respond to market opportunities and skills shortages, acting as an artificial barrier to competition.

Notwithstanding the above, the AMCA acknowledges the importance of ensuring that building and plumbing practitioners have a thorough understanding of the risks and conditions specific to certain jurisdictions. Although the performance requirements of the National Construction Code and related standards vary across jurisdictions, the national framework means that this is not likely to act as an impediment to labour mobility. Additionally, efforts towards the harmonisation of workplace health and safety laws, as well as laws pertaining to the storage, handling and transport of dangerous goods, are also likely to have reduced barriers to labour mobility.

Occupational equivalence, conditions and standards

The AMCA and its members were pleased with the inclusion of plumbing occupations and air-conditioning and refrigeration mechanics in Section 32 of the Ministerial Declaration facilitating the mutual recognition of occupations. However, the AMCA has concerns about the currency of the Ministerial Declarations, citing the fact that the Ministerial Declarations have not been updated since 2007, while state-based licensing legislation has been amended

The *licencerecognition.gov.au* website has been a positive initiative; however, as discussed in the issues paper, maintaining the currency of information is vital, and the AMCA has been alerted to

instances where website links have been outdated and Codes of Scopes of Work have been incomplete.

Conditions

Placing conditions on individuals seeking registration in another jurisdiction can be a significant deterrent to labour mobility. Of primary concern is the enforcement of conditions on individuals for work that they are unlikely to undertake. Furthermore, applying conditions largely eliminates any benefit a firm may derive from temporarily redeploying workers to projects in other jurisdictions due to the time and cost associated with meeting such conditions.

Requirements for continued registration of occupations

In the interest of equity, individuals registered under mutual recognition should be subject to the same ongoing requirements as other licence holders in a jurisdiction. As identified in the Cross Jurisdictional Review Forum 2014 report, such requirements have the potential to result in duplicate training requirements; however, rather than serving as justification for eliminating ongoing requirements, the AMCA submits that such circumstances warrant closer collaboration between regulators for the recognition of ongoing requirements in other jurisdictions.

A caveat to the above, however, would be in circumstances where individuals are made to comply with certain requirements that are not in line with the scope of work they intend to undertake. Again, the costs associated with such requirements are likely to be a barrier for firms seeking to redeploy workers for a set duration.

Differences in occupational standards across jurisdictions

Although differences in occupational standards are a key element of the current schemes, the standard of work done also needs to remain front of mind. However, occupational standards are able to be addressed in other ways, not least of which includes adequate regulatory oversight and enforcement measures.

Automatic mutual recognition of occupations

The AMCA supports further investigation of automatic mutual recognition; but highlights the importance of a thorough comparison of the alternative models. A concern of the AMCA is that automatic mutual recognition will increase the risk of employers that take on inter-jurisdictional workers in the event that they exceed their scope of work. While the 'external license' model applied to electrical workers in Queensland makes it clear that workers must not exceed their original licence scope of work, it is unclear to what extent an employer will be at risk should they do so.

Mutual recognition governance arrangements

The decentralized approach to governance arrangements for mutual recognition is complex and can pose issues for worker mobility – both from the individual and enterprise perspective - due to inconsistencies between the way regulators approach shared issues.

An example might be where a Refrigeration and Air Conditioning technicians from Victoria intends on relocating to Queensland. In such a circumstance, the technician is likely to have completed a

Certificate III in Refrigeration and Air Conditioning (RAC), which is recognised in both Victoria and Queensland. However, working with hydrocarbons in Queensland requires an individual to obtain an occupational gasworks licence (hydrocarbons), which is not a requirement in Victoria, meaning hydrocarbons would feature as an exclusion. Furthermore, there is additional confusion surrounding the mutual recognition process for individuals who may only be registered in Victoria, not licensed. These issues are inadequately addressed by the *licencerecognition.gov.au* website and add to the compliance and administrative costs to industry.

Further consultation

The AMCA would welcome the opportunity to consult further with the Productivity Commission regarding the Mutual Recognition Schemes.

Should you wish to discuss any of the issues raised in this submission please contact AMCA Policy Analyst, Ben Hawkins, in the first instance

Yours Sincerely

Christopher Rankin
Executive Director
AMCA National