

**EVALUATION
OF IMPROVEMENTS TO
MUTUAL RECOGNITION ARRANGEMENTS
FOR OCCUPATIONAL LICENCES**

COAG's work on improving mutual recognition

At its meeting on 10 February 2006, the Council of Australian Governments (COAG) agreed to new measures to enable people with trade qualifications to move more freely around Australia without undergoing additional testing and registration processes.

The Australian, State and Territory governments have worked with employers, unions and professional associations to put in place more effective mutual recognition arrangements across States and Territories for:

- electricians and electrical contractors;
- electrical fitters, lineworkers, and cable jointers;
- plumbers and gas-fitters;
- carpenters, joiners, bricklayers and builders;
- refrigeration and air-conditioning mechanics;
- auto-gas installers; and
- motor vehicle repair trades.

Mutual recognition arrangements are also being improved for land transport, maritime, property agents, pest and weed controllers, shotfirers and pyrotechnicians, gaming occupations, and asbestos, demolition and other building sub-occupations. Equivalence in these occupations will be determined by September 2008.

Industry and regulators have been involved, along with other stakeholders, to ensure that a streamlined, nationally consistent system is achieved without increased regulation, while also meeting the commitment to quality standards, including public and worker safety.

At this meeting, COAG also agreed to new arrangements to make it easier for migrants with skills to Australian standards to work as soon as they reach Australia. Under the new offshore assessment system, skilled migrants in licensed occupations from five main source countries are assessed to Australian standards. They are then entitled to a provisional occupational licence if one is required while they undertake any gap training in Australian conditions and requirements before applying for a full licence.

The decision on mutual recognition was underpinned by measures to increase industry regulator confidence in the national vocational training system through the Australian Quality Training Framework, known as AQTF 2007.

These COAG decisions have been implemented by the COAG Skills Recognition Steering Committee (the Steering Committee) which comprises representatives from State and Territory First Ministers' Departments and is chaired by the Australian Government Department of the Prime Minister and Cabinet.

The Steering Committee has also sponsored a website where licensing authorities and licensees can look up equivalent licences in other jurisdictions, and check any restrictions on

equivalence that may be imposed because of differences between licences in the scope of regulated work activities. The website is at www.licencerecognition.gov.au.

The evaluation of this work

In December 2007, the Steering Committee engaged the Allen Consulting Group to conduct an evaluation of the implementation of the COAG decision.

The focus of the evaluation was the effectiveness of the new mutual recognition arrangements, the preparedness of licensing authorities to issue provisional licences to graduates of the offshore assessment system, and the confidence of industry regulators in the vocational training system to meet the skill requirements of their licences.

The evaluation was concluded in June 2008, and the Steering Committee accepted the final report on 18 June 2008.

The main findings of the evaluation

The evaluation found that the new mutual recognition arrangements have made improvements but that they have not addressed key areas of reform.

The improvements include greater efficiency and consistency in decisions on mutual recognition applications, largely due to the effectiveness of the licence recognition website, and a very positive impact on understanding of mutual recognition.

The evaluation endorsed the Steering Committee's current approach for finalising improvements to mutual recognition arrangements for the remaining occupations.

Despite these gains, use of information on equivalence of licences is limited apart from regulators, and there is a low level of awareness in industry bodies and among employees of mutual recognition initiatives, including licensees' rights under mutual recognition and available information sources. The evaluation found that there is not universal understanding of the legal force of the declarations and some regulators are continuing to apply their own interpretation when processing mutual recognition applications.

The evaluation found limited regulator engagement with new quality assurance processes in the national training system at this stage of their implementation, and that regulators are constrained from participating in these quality assurance processes due to staffing and resource limitations. These mechanisms for improving regulator confidence in the training system therefore remain untested. While tangential to mutual recognition, it is therefore not surprising that differing qualifications requirements between jurisdictions and perceptions of training providers remain key reasons for limits to regulator confidence in the training system.

While the evaluation found that improvements to mutual recognition are not impacting on labour mobility, less than fully effective mutual recognition can lead to a higher regulatory burden on individuals and business, such as through additional testing and registration processes. Moreover the new arrangements have not reduced the need for individual licence applications in each jurisdiction, nor the requirement to pay licence fees in each jurisdiction. As such, the initiatives have worked at the margin to reduce these costs of regulation; they have not addressed the costs of maintaining individual licence schemes at the jurisdictional level, which can ultimately be resolved through a national licensing approach.

The evaluation found a strong view amongst stakeholders that the current arrangements are too complex and contain too many inconsistencies. It found that the mutual recognition model is most effective where equivalence between licences can easily be established, but has proven to be less effective where there are complex licence structures that limit commonality of the scope of work.

The evaluation identified a number of factors that would have a positive impact on the sustainability of the new mutual recognition arrangements. These include implementing a communications strategy, strengthening the role of regulator groups, streamlining the annual process for updating ministerial declarations, establishing mechanisms for knowledge retention and transfer and enhancing the licence recognition website.

The evaluation found that there is a case for further reform of occupational licensing, but did not identify a preferred model. The factors it identified as important in moving to some form of national licensing include the need for a strong business case, taking a case by case approach to occupations, acknowledgement of the role of regulators in enforcement and compliance, and balancing concerns over lowering of standards and raising of costs. It suggested that, at a minimum, reform could embrace an enhanced mutual recognition model, including common definitions and training and qualifications requirements, particularly for those occupations with low levels of consistency at present.

Steering Committee responses to the evaluation

The Steering Committee will consider implementing the evaluation's recommendations in the context of further reforms to occupational licensing.

The licence recognition website

It will investigate the recommendations on enhancements to the licence recognition website and identify any technical impediments.

Regulator confidence in the vocational training system

The recommendations here focus attention on the role of regulator groups in promoting and monitoring regulator engagement with the training system under the AQTF 2007. The recommendations are seen as worthwhile, though national licensing will affect the relationship between a significant segment of the licensing system and the vocational training system.

The Steering Committee will consider regulator engagement with the training system for those occupations that come within a national licensing system and for those that remain outside it.

Communication strategy

The Steering Committee will sponsor a communication strategy in the second half of 2008 in conjunction with the Cross Jurisdictional Review Forum (CJRF) and the Overseas Skills Recognition Working Group.

Sustainability

The core group of ministerial declarations affected by the national licensing system will need to be kept up to date for several years while the system is established. Some declarations will be subject to an update process in the long term.

The Australian Government and the CJRF will have an ongoing role to keep the relevant declarations up to date and to gazette them and lodge them on the Federal Register of Legislative Instruments.

The recommended role for the Ministerial Council on Education, Employment, Training and Youth Affairs is not supported.

The case for licensing reform

The recommendations are consistent with the approach taken by the Steering Committee to date on further reforms to occupational licensing.

Liaison with the Productivity Commission's review of the Mutual Recognition Act

The Steering Committee will provide data from this evaluation to the Productivity Commission.

**COAG Skills Recognition Steering Committee
July 2008**