



**Ref:** 11-279 : A

25<sup>th</sup> November 2008

**OCCUPATIONAL LICENSING  
C/- THE BETTER REGULATION OFFICE  
GPO BOX 5431  
SYDNEY NSW 2001**

## **SUBMISSION RELATED TO LICENSING OF SELECTED OCCUPATIONS**

### **BACKGROUND**

The peak bodies and unions representing the automotive service and repair industry sought assistance from the NSW Government during the 1980's to address ongoing criticism of their industry in the Annual Reports of the then Department of Consumer Affairs. These reports were scathing of dishonest practices, overcharging and poor standards of workmanship of some incompetent or unscrupulous repairers in the Industry.

At that time a number of alternatives were considered including voluntary programs, however, it was evident these measures would have no impact on the individuals and organisations causing the problems. The then Minister for Consumer Affairs and his colleague the then Minister for Industrial Relations worked with the industry to develop legislation based upon a co-regulatory model that would provide the required outcomes and benefits.

In March 1980 the Motor Vehicle Repairs Act was proclaimed and has continued in operation since that date. It has provided both the motoring public and repair industry in NSW with appropriate benefits and provided protection and a compensation scheme for consumers.

It is our strong belief that the licensing scheme for motor vehicle repairers remains valuable legislation and should be retained. The NSW Government was enlightened in its implementation of this legislation which has recently been adopted in Western Australia. The ACT adopted a somewhat different and less effective program during the 1990's. There is no doubt that many other States and Territories have considered similar legislation and these include Queensland (who have an "A" Grade tradesman scheme) and Victoria.

### **BENEFITS OF THE LICENSING REGIME**

The intent of the legislation is directed towards ensuring tradesmen who work in the industry have a satisfactory level of competence to carry out the work they undertake. There is a simple and convenient process that allows tradesmen from overseas or interstate to commence work immediately (Provisional Licences) and a number of alternatives by which they can have their skills recognised. This situation ensures that consumers are not subject to repairs carried out by incompetent or unskilled persons.

Professional standards are monitored through the dispute resolution process. Repair organisations and individual tradesmen who come under unfavourable notice concerning their business ethics or standard of repair are subject to a range of sanctions. A final remedy of revocation of a license or cancellation of a tradesman certificate is available in extreme circumstances.

Without the existence of a licensing scheme unsatisfactory repairers and tradesmen simply continue their activities. There are a multitude of car owners as potential customers and consumers are not well informed on matters related to car repairs. It is also difficult if not impossible to enforce judgements against those dealt with in the court system.

### **COMPLIANCE COSTS, LABOUR MOBILITY AND COMPETITION**

The compliance costs of the NSW scheme are minimal. By way of example an incredibly unsatisfactory National Licensing Program simply limited to the air conditioning components on a motor vehicle is considerably more expensive and provides no dispute handling or compensation facilities. The "once only" cost to a tradesman is of virtually no consequence and the ongoing annual fee to businesses is minimal.

There is no impact at all on labour mobility as the licensing program does not in any way limit the ability of a tradesman to move between different employers.

Competition between service providers is not limited in any way as the licensing provides a “level” playing field. If licensing were removed those businesses who choose not to comply with Local Government requirements, O. H. & S. Regulations and other reasonable business practices then have a benefit over legitimate businesses. The impact of such a situation would be to drive the industry into a “backyard” situation with many unsatisfactory outcomes.

### **POTENTIAL ALTERNATIVES**

We do not consider that there are any potential alternatives to licensing. It could be said that the current consumer “tribunals” provide a ready remedy for consumers, however, where orders cannot be enforced there are no remedies that ensure continued breaches cannot continue. The current Licensing legislation also provides a compensation fund for Consumers who have not been able to enforce payment. Whilst this is not used a great deal it is very important for those who have sought this benefit.

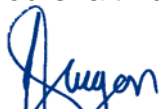
### **REASONS WHY LICENSING SHOULD BE CONTINUED IN NSW**

In addressing previous items sound reasons have been provided as to why Licensing should continue in NSW. Western Australia has recently introduced licensing based upon the NSW scheme. The ACT introduced a somewhat different scheme in the 1990’s.

By way of a useful example, all States and Territories have a licensing regime related to the installation, repair and servicing of LPG and CNG systems on motor vehicles. This activity is perceived as “safety related”. It is ridiculous in the extreme to suggest that these alternate fuel systems require licensing when the Brakes and Steering systems of a motor vehicle are substantially more serious issues, and do not.

We sincerely believe that the NSW Government was right in 1980 when it introduced enlightened regulation of the automotive service and repair industry. It would be tragic to see it removed simply because some other States and Territories have failed to act.

Yours faithfully,



**FRANK R. BURGESS, A.M.**

Chief Executive Officer