

19 October 2022

Productivity Inquiry
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Dear Productivity Commission,

**Energy Skills Australia comment on the 5-year Productivity Inquiry: A more productive labour market
- Interim Report 6**

Energy Skills Australia welcomes the opportunity to make a submission to the Productivity Commission Inquiry into Australia's Productivity Performance.

Established in 1995, Energy Skills Australia is an independent, not for profit, bipartite company committed to supporting high quality training and workforce development within and beyond the energy industries.

The energy industry impacts almost every aspect of daily life. Work within this sector is vast and diverse with many sub-sectors, underpinned by nationally consistent training requirements and due to the high-risk nature of the work, heavily regulated.

The energy industry is constantly evolving through technological advancements and new smarter products hitting the market. Coupled with the increased uptake of renewable energy, battery storage systems and electric vehicles as we power towards a greener economy, it is paramount that we have a highly skilled workforce to ensure consumer confidence and safety is upheld.

Supported by a renewed Australian Government focus and commitment on reducing carbon emissions, the Powering Australia plan will further drive investment and productivity throughout the energy industries and wider economy.

With a predicted 64,000 direct jobs and up to 600,000 indirect jobs forecast across the growing renewable, electrotechnology and energy sectors by 2030 ensuring we attract, retain and maintain a highly skilled energy workforce will be vital for Australia to achieve the goal of net zero by 2050.

Given the significant contribution the energy sector makes to the Australian economy and the important role our sector will play in achieving our emission reduction targets, it is concerning that there appears to be a lack of consultation with key stakeholders from the electrical industry, such as Master Electricians Australia (MEA), National Electrical Communications Association (NECA) and the Electrical Trades Union (ETU). Additionally, the Terms of Reference of the inquiry outlines that the

Commission should consult widely and undertake appropriate consultation. This appears hindered by the tight timeframes for participants to respond to the Interim Report (6 working days).

Our submission and recommendations are focussed on Interim Report 6 largely around Chapter 1 - Reducing labour market rigidities and barriers, specifically related to the energy sector.

It is however, important that any reforms that result from the inquiry are not a one size fits all approach. Particularly in heavily regulated occupations such as those in the electrotechnology and energy sectors.

Energy Sector Skilled Migration Process

There is no doubt that skilled migration will play a crucial role in meeting the skills needs of the nation as we move towards clean energy transition and electrifying the nation.

Unlike other sectors and occupations, the electrotechnology industry, specifically Electricians and Refrigeration and Air-Conditioning mechanics has a well-established, largely successful existing skilled migration process and pathway for Offshore Technical Skills Record (OTSR) holders, which results in the achievement of an Australian qualification and licence, summarised below:



Whilst the knowledge and skills of many overseas trained workers can be very high, there are differences in the manner in which technical expertise needs to be applied in Australia. The difference represents the Australian context gap. Electrical regulators are especially concerned that the gap be addressed in regulated trade vocations such as electrical, refrigeration and air-conditioning, electricity linework and cable jointing, where the work context may differ markedly in overseas countries and could endanger lives, or have a detrimental impact on electricity infrastructure or systems.

Differences between Australian and overseas occupational practices arise as a result of the use of different standards, regulations and/or industry codes/guidelines in the worker's place of origin. For instance, in Australia and New Zealand, there are particular standards and practices that are not seen or applied in any other country, with other practices seen in a small number of countries.

This difference represents a 'gap' which must be met to ensure the operative meets both the qualification and occupational licence requirements.

Since 2006, Energy Skills Australia has worked closely with Trades Recognition Australia (TRA), industry and regulators to develop a skill recognition process and pathway that meets industry requirements and address this 'gap'.

Nationally accredited gap training courses has been available since 2008 to address and cover this gap in skills, knowledge and work performance (application) from overseas trained electricians. With the exception of New Zealand trained electricians who are covered under Trans-Tasman Mutual Recognition (TTMR) this knowledge and skills gap must be met and applied in Australia (through supervision) which has been determined by occupational regulators to be 12 months nominal duration in Australia.

Up until 2017, nationally accredited gap training courses were also available for Lineworker and Cable jointer occupations.

Recommendation 1 – Strengthen and harmonise existing skilled migration pathways for OTSR holders across all jurisdictions.

Recommendation 2 – Re-establish OTSR and gap training pathway for Lineworker and Cable Jointer occupations.

It is unfortunate that over the years this process has been weakened by the disbandment of the Trades Recognition Services Scheme (TRS) for overseas skills recognition onshore as well as the abandonment of the tri-partite Trades Recognition Australia Migration Committee. In recent years there has also been a rise in unscrupulous Registered Training Organisations (RTOs) offering alternate pathways for OTSR holders bypassing the TRA and industry approved pathway.

Recommendation 3 – Re-establish Trades Recognition Services (TRS) to assess overseas workers already in Australia.

Recommendation 4 – Re-establish Trades Recognition Australia (TRA) Migration Committee to oversee and provide expertise on pathways for migration.

Recommendation 5 – Restrict RTOs ability to offer alternate pathways to OTSR Holders (via RPL).

Occupational Licensing

As mentioned previously, high risk occupations such as Electricians and Refrigeration and Air-Conditioning mechanics are heavily regulated to ensure public, personal and asset safety. As an example, an unrestricted electrical licence allows a licence holder to work across a broad range of industries, businesses and settings including but not limited to domestic, commercial and industrial construction, the energy supply industry, generation, small and large-scale renewable energy generation and manufacturing.

In a federated model, regulation is controlled and administered by the state and territory governments. Each underpinned by jurisdictional specific legislation. As identified in the Interim Report, mutual recognition has been in place for many years and as part of the Australian Government's deregulation agenda, Automatic Mutual Recognition (AMR) came into effect on 1 July 2021 and is now operational for a number of occupations in all states and territories excluding Queensland (additionally not all states have signed up for AMR of Electrical licenses).

Although AMR will remove some barriers (such as removal of the need to pay and apply for a new licence or registration when working in another state or territory) it also presents a number of challenges which have not yet been overcome to ensure AMR is implementable, meaningful and adopted.

In practice, diverse and disparate database legacy technological infrastructure makes information sharing labour intensive, cumbersome and difficult between jurisdictions. In the Electrical and Refrigeration and Air-Conditioning sectors, there are vast differences and a lack of commonality between jurisdictions including, but not limited to:

- requirements to gain a licence;
- requirements to hold or renew a licence;
- types of licences;
- inspection regimes;
- licence costs; and
- continuing professional development (CPD) requirements.

The fact that we don't have a nationally consistent and accepted electrical licencing system currently in Australia, suggests that we have underlying domestic challenges yet to be overcome, such as varying jurisdictional service rules and codes of practice.

An initiative of the Council of Australian Governments (COAG) attempted to address this through the establishment of the National Occupational Licence Scheme (NOLS) was almost achieved in 2012/13. Energy Skills Australia sees great merit in harmonising occupational licenses, particularly in the energy sectors. Effort and resources would be better spent harmonising licencing requirements across each state and territory and would significantly contribute to addressing productivity issues.

Recommendation 6 – Pursuing a National Electrical Licencing System in consultation with Regulatory Authorities, Unions, Employer Associations and industry bodies such as Energy Skills Australia.

Energy Skills Australia is strongly opposed to the recognition of international licenses (or qualifications) in energy occupations. As detailed in the previous section, given the differences in work practices, safety standards, industry codes of practice and earthing systems unique to Australia (and New Zealand) as well as the fact that we don't have a fully functioning AMR, it is premature, unreasonable,

unachievable and dangerous to recognise licenses gained in other countries, without further gap training.

Recommendation 7 – Abandon mutual recognition of international occupational licenses for the electrotechnology occupations.

Energy Skills Australia appreciates the opportunity to provide this submission and hopes this helps inform the inquiry which will be critical to improving Australia’s productivity performance and assists the government to make informed and coordinated productivity reforms.

We have provided 7 recommendations for consideration and welcome further opportunity for consultation should you require.

The contact for this submission is listed below.

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RECOMMENDATIONS

Recommendation 1

Strengthen and harmonise existing skilled migration pathways for OTSR holders across all jurisdictions.

Recommendation 2

Re-establish OTSR and gap training pathway for Lineworker and Cable Jointer occupations.

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Recommendation 6

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Recommendation 7

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