AIRAH
HVAC&R FOR A BETTER WORLD

National Competition Policy Analysis

Occupational licensing

Which occupations would be best suited to a national licensing scheme?

Refrigeration and air conditioning would be well suited to a national occupational licensing scheme.

Refrigeration and air conditioning work involves the design, installation, commissioning, maintenance, repair and decommissioning of heating, ventilation, air conditioning and refrigeration (HVAC&R) systems.

Refrigeration and air conditioning sits alongside the electrical and plumbing trades, with some areas of overlap. It requires a thorough knowledge of vapour compression systems, as well as additional knowledge of plumbing, electrical and controls systems.

Refrigeration and air conditioning is currently covered by two types of licences:

- A national environmental licence administered by the Australian Refrigeration Council (ARC) for handling and purchasing refrigerants classified as scheduled substances under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.
- State and territory occupational licences for refrigeration and air conditioning work.

Although the licensing scheme is very effective in some areas, it leaves gaps in others. Of particular concern is the rapid uptake of flammable refrigerants, augmented by the installation of more refrigeration and air conditioning equipment as we electrify our buildings. Many of these flammable refrigerants – including natural refrigerants such as hydrocarbons, and synthetic refrigerants such as HFOs – are not considered scheduled substances under the *Ozone Protection and Synthetic Greenhouse Gas Management Act* and are therefore not covered by the national ARCtick licensing scheme; neither are they clearly covered in all jurisdictions' occupational licensing schemes. Add to this the fact that the current training package for refrigeration and air conditioning does not include handling of flammable refrigerants as a core unit, and we have a situation where consumers and workers are exposed to greater risk.

Another issue with the current approach to licensing is the existence of different licenses across different jurisdictions. For companies and individuals that operate across borders, this increases cost and administrative burdens and can create confusion around scopes of work.

AIRAH supports a nationally harmonised approach to licensing. This should be focused on the trade rather than specific refrigerants and should establish refrigeration and air conditioning as a trade of its own, separate to electrical and plumbing. It should be based on minimum standards of competency and sector of operation and include a separate contractor/business licence if

required, as well as tiers of licence for working on different types of refrigerants and system capacities.

To be effective the scheme needs to be supported by ongoing activities to ensure compliance, including education through compulsory CPD, monitoring and enforcement of regulations.

What would be the first steps towards a national licensing scheme for selected occupations?

AIRAH recommends convening a working group comprising state regulators and the licensing branch of the Commonwealth Department of Climate Change Energy, the Environment and Water (DCCEEW) along with current members of the existing Air Conditioning and Refrigeration Permit Scheme Industry Advisory Group (ACRPSIAG).

The goal for the working group would be to develop a roadmap towards national competency based occupational licensing of refrigeration and air conditioning trades.

One of the first steps should be to map out the regulations in place across the country at Commonwealth and state level. Powering Skills Organisation (PSO) is currently developing such a resource.

Why did previous attempts at a national licensing scheme, such as the National Occupational Licensing Scheme, fail? How could a renewed attempt overcome the barriers to a national licensing scheme?

National licensing for refrigeration and air conditioning was considered in 2013. The Decision Regulatory Impact Statement concluded that no national licensing (except for the Commonwealth ARCtick licence) was the preferred option for refrigeration and air conditioning occupations. This was seen to have the highest net benefit of all options.

The DRIS noted, however, that the majority of stakeholders did not support the no licensing option. They preferred a system where an individual would be issued with one national licence and would be able to work in all Australian jurisdictions, without having to apply for another licence or pay an additional fee. Under such a system, licenses would have a nationally consistent scope of work and would be granted based on a single set of nationally agreed eligibility requirements. Stakeholders felt the no licensing option did not address the risks to consumer health and safety, or conduct and compliance issues.

The DRIS indicated that there was no evidence of risks to consumer and worker safety under the no licensing option. Since 2013, however, the refrigeration and air conditioning industry has changed markedly, and it would be timely to review this conclusion.

As mentioned above, flammable refrigerants are now widely used in the industry, despite training on flammable refrigerants still not being mandated. Additionally, the ARCtick licensing

scheme, which used to cover the majority of refrigerants, is gradually covering a smaller percentage of the industry, due to the uptake of natural refrigerants such as hydrocarbons, CO_2 and ammonia, as well as low-GWP synthetic refrigerants such as HFOs, which are not considered scheduled substances under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

A renewed attempt to overcome the barriers to a national licensing scheme would consider the safety and environmental risks of the current licensing arrangements against a national occupational licence. It would also recognise that data on workplace incidents is very hard for stakeholders to source when putting forward a case for potential safety risks.

What benefit would a national licensing scheme provide over an expansion of the automatic mutual recognition scheme?

A national licensing scheme would assist with harmonising requirements across jurisdictions and could provide a holistic solution to managing environmental and occupational risks.

The DRIS for national licensing of the refrigeration and air conditioning occupations released in 2013 noted that implementing an effective automatic mutual recognition system is extremely complex and requires close cooperation and coordination at all levels of policy development, regulation setting and compliance.

How could the PC best quantify the benefits of a national licensing scheme?

AIRAH would be happy to participate in further discussions about developing a regulatory impact statement for a national licensing scheme for refrigeration and air conditioning trades.

Such an analysis should consider:

- The direct cost to industry of holding multiple licences
- The indirect cost to industry in administrative burden
- Cost impacts on labour mobility
- The safety risk to consumers and workers where gaps in licensing exist (for example, flammable refrigerants)
- The energy and environmental costs of licensing regimes that do not allow for adequate compliance and oversight activities for refrigeration and air conditioning work and installations.