

## Second Reading

**The Hon. PENNY SHARPE** (Parliamentary Secretary) [4.17 p.m.], on behalf of the Hon. Eric Roozendaal: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

### Leave granted.

It is my privilege to introduce the Occupational Licensing Legislation Amendment (Regulatory Reform) Bill 2009.

The Occupational Licensing Legislation Amendment (Regulatory Reform) Bill 2009 will remove the requirement for certain tradespeople to be licensed in New South Wales.

These changes will save costs for New South Wales businesses by removing unnecessary regulation, without compromising the quality of protection for consumers.

In the home building sector, the bill will remove licensing for:

Floor finishers and coverers

Kit home suppliers

Property inspectors, and

Lift mechanics.

The bill will clarify that:

Kit home suppliers must continue to meet contract and information disclosure requirements under the Home Building Act 2004, and

Disputes about kit home suppliers may continue to be heard by the Home Building Division of the Consumer, Trader and Tenancy Tribunal.

The bill will also remove licensing for:

Optical dispensers and

Clarify that optical dispensers will continue to be subject to the Health Care Complaints Act 1993

The removal of these licences will save businesses in these industries \$900,000 every year in administrative costs. This includes fees, as well as time taken to apply for and renew licences, and the costs of complying with unnecessary education and insurance requirements.

The New South Wales Government is committed to ensuring that regulation is required, reasonable and responsive. We are continuously seeking ways to reduce regulatory burden and red tape.

In May 2008, the Productivity Commission released its Report on the Review of Australia's Consumer Policy Framework.

The Productivity Commission recommended that the Council of Australian Governments' Business Regulation and Competition Working Group should oversee a reform program for industry-specific consumer regulation, including identifying and repealing unnecessary regulation, initially focusing on requirements that apply only in one or two jurisdictions.

In response to this program of work, the New South Wales Government reviewed licensing of eleven occupations identified as being licensed only in New South Wales, or in New South Wales and one or two other States, to determine whether the requirement is justified, and to remove any unnecessary regulation.

The New South Wales Better Regulation Office review, completed in April, looked at the costs and benefits of licensing these occupations for consumers, licensees and Government. It assessed whether licensing is the best way to protect consumers, or whether there are other less costly ways to do so.

The review included a full public consultation process.

The review is just one element of the Rees Government's comprehensive program of red tape reduction, and will contribute to our goal to cut red tape for business by \$500 million by June 2011.

I turn now to consider the bill in detail.

The bill will amend several Acts.

The bill amends the Home Building Act 2004 to remove the flooring contractor licence, and therefore the requirement for floor finishers and coverers to be licensed.

The range of flooring covered by the flooring contractor licence essentially relates to decorative aspects and the appearance of flooring, and is not considered structural work.

The licence provides information to consumers about the educational qualifications of a contractor, requires the contractor to be insured and provides the consumer with a right of redress in the event of substandard work.

However, in practice the benefits to consumers of the licensing scheme are low.

Data provided by the Office of Fair Trading indicates that there are few serious complaints about floor finishers and coverers.

The relatively low value of consumer flooring contracts means that insurance requirements are rarely activated, and disputes can be heard in the General Division of the Consumer, Trader and Tenancy Tribunal.

Protections already provided under the Consumer Claims Act 1998 and information provided on the Office of Fair Trading website are sufficient to address the risks associated with non-structural flooring work.

A contractor licence will continue to be required for structural flooring work and could be fulfilled by licences such as general building work and carpentry.

The bill amends the Home Building Act 2004 to remove the requirement for kit home suppliers to be licensed.

Licensing of kit home suppliers was introduced in response to an event in 1990 in which a major kit home supplier collapsed and consumers lost \$2.7 million in deposits.

The Home Building Act imposes probity, insurance, contractual and information disclosure requirements on suppliers. It also provides consumers a right of redress in the event of poor quality dealings.

However, the review found licensing does not provide any particular protection for consumers over and above other provisions in the Act.

The compulsory contract and information disclosure provisions and dispute resolution mechanisms will be retained, and are sufficient to address the financial risks that consumers face when purchasing a kit home.

Given the high value of most kit home purchases, the bill amends the Home Building Act to ensure that consumer rights will continue to be protected through the Home Building Division of the Consumer, Trader and Tenancy Tribunal.

The bill also amends the Home Building Act to remove the requirement for lift mechanics to be licensed through elimination of the mechanical services contractor licence.

The usefulness of the mechanical services licence is limited in practice.

All activities carried out under this licence that pose a significant threat to the health and safety of consumers are adequately covered by other regulatory frameworks.

Occupational health and safety laws apply to many of the activities covered by the mechanical services contractor licence, and these requirements are more comprehensive than conditions under the licence.

Also, many activities relating to mechanical services are considered 'specialist work' which may only be performed by an appropriately licensed or certified tradesperson such as an electrician.

By removing the mechanical services contractor licence, the bill will reduce duplicative and unnecessary regulation and reduce costs for business.

The bill amends the Home Building Act 2004 to remove the requirement for pre-purchase property inspectors to be licensed, through elimination of the building consultancy licence.

Pre-purchase inspections are visual only, and do not necessarily confirm the degree of any structural problems or the cost of rectification. A pre-purchase inspection does not include termite and other pest inspections.

The review found that with guidance on what skills and experience to look for, consumers should be able to engage a suitably qualified person to undertake a house inspection.

In relation to the abolition of these four home building licences, the bill will provide that any person who holds a current licence that is no longer required will be able to apply to the Office of Fair Trading for a pro rata refund of the fees paid for that licence.

The bill will repeal the Optical Dispensers Act 1963 and the Optical Dispensers Regulation 2007 to remove the requirement for optical dispensers to be licensed.

The licensing scheme provides a mechanism for lodging and handling complaints about licence holders. However, few issues have arisen which could not be resolved between a consumer and an optical dispenser.

Other jurisdictions do not require licensing to manage health and safety risks, and there is no evidence that consumers in any of those jurisdictions have been harmed by the absence of licensing.

For these reasons, the Government has agreed that licensing should be removed.

On repeal of the Act, optical dispensers will be subject to the Code of Conduct for Unregistered Health Professionals in schedule 3 of the Public Health (General) Regulation 2002.

The bill will make minor amendments to the Health Care Complaints Act 1993 to ensure that complaints about breaches of the Code by optical dispensers can continue to be heard by the Health Care Complaints Commission.

As a result of the removal of the licence, the Optical Dispensers Licensing Board will be wound up at the end of June 2010.

The Government recognises the work of the Board in raising professional standards in this industry and in driving developments in education programs for optical dispensers.

High professional standards will be assured in the absence of licensing with optical dispensers subject to the Code of Conduct for Unregistered Health Professionals, oversight by the Health Care Complaints Commission and general fair trading laws.

Reserve funds held by the Board—funds contributed by the industry through licence fees—should be used to support the maintenance of high professional standards in optical dispensing. The Government will be having discussions with the Board about the best use of these funds.

Health risks do exist if contact lenses are incorrectly used, and it is important that consumers are fully informed about those risks.

The sale of sight-corrective contact lenses is currently controlled through requirements for an optometrist's prescription.

The sale of cosmetic contact lenses will also be controlled through an optometrist's prescription from 1 July 2010, as part of the national registration scheme for health professionals.

The review recommended that the Code of Conduct for Unregistered Health Professionals should be amended to ensure that consumers are informed of the health risks.

However, this is now not necessary due to the decision to regulate supply of cosmetic lenses at the national level. The repeal of the Act is timed to coincide with the introduction of the national registration scheme.

Licensing of motor vehicle repairers, under the Motor Vehicle Repairs Act 1980 was also reviewed by the Better Regulation Office.

The review found the scheme achieves consumer protection, vehicle fleet safety and law enforcement outcomes. The Better Regulation Office's review re-affirmed the need for licensing motor vehicle repairers.

Motor vehicle accessories, such as audio systems and wheel trims, are produced for retail sale and for fitting by the purchaser. In many cases, they do not alter the performance or safety characteristics of a vehicle and therefore do not present a risk to the safety of consumers or vehicle roadworthiness.

However, there is some uncertainty within industry as to the whether or not accessory fitting is captured by the Act.

The review recommended that the Motor Vehicle Repairs Act be amended to clarify that licensing does not apply to the fitting of accessories which do not affect the performance, safety or security of a vehicle.

However, rather than amending the Act, the recommendation will be pursued through amending the Motor Vehicle Repairs Regulation following more detailed consideration of the best way to improve certainty for industry.

I want to make it clear that nothing in this bill will unduly reduce consumer protections in New South Wales, nor will it expose the public to undue risk.

Nor will the bill in any way affect the health or safety of consumers or the public.

This bill does not take away the protections afforded to all consumers under fair trading and contract laws.

The bill is only concerned with removing regulation that does not add value, and clarifying some provisions so that

legislation is effectively protecting consumers.

The reforms contained in this bill again demonstrate the Government's firm and ongoing commitment to reducing red tape.

They follow a public consultation process and implement recommendations made by the Better Regulation Office.

The reforms will mean that more skilled people from interstate and overseas will be able to take on projects or set up businesses in New South Wales, without the unnecessary costs and effort of obtaining a licence.

This will improve the free flow of skills around the country and benefit the New South Wales economy.

The reforms demonstrate once again that New South Wales is a place where tradespeople can just get on with the business of building our economy to see us into the future.

I commend the bill to the House.