Overview

The NSW Government has a target of $750 million in reduced ‘red tape’ for business and the community by June 2015. To help achieve this target, IPART was asked to undertake a series of reviews. One of the first areas for review has focused on reforming licensing in NSW.

This review aims to identify all licence types in NSW and prioritise those where reform would produce the most red tape savings. We have also developed a Framework and Guide for regulators to use when assessing their existing or new licences.

Our recommended reforms of priority licences are expected to reduce red tape to individuals and businesses by between $117 million and $130 million per year. When considering the community as a whole, this provides between $108 million and $129 million in net benefits each year.

What have we found?

There were about 22 million licences in force in NSW on 30 June 2012. This represents a licensing burden of around 3 licences per NSW resident.

From our survey of government agencies, we have identified that there are currently about 780 different licence types administered by the NSW Government. Of these licence types, we have identified 269 ‘significant licences’ that represent 95% of all licences by volume and 99% of licence revenue raised.

Our estimates indicate that improvements to the design and administration of the 269 significant licences could save at least $320 million per year across the NSW economy.

Our ‘Top 32’ licence reform priority list

We have developed a ‘Top 32’ licence reform priority list. These licences:

- directly affect a large number of people or businesses and/or collect a large amount of licence revenue
- appear to have relatively high scope for administrative reform, based on Government agency survey returns.

Our estimates indicate that improvements to the design and administration of these 32 licences could save at least $200 million per year across the NSW economy.

Our analysis provides a starting point for regulators to undertake a more comprehensive assessment of their licences using our proposed Licensing Framework.

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1 Premier’s Memorandum, M2012-02 Red tape reduction - new requirements, February 2012.
'Top 10' priority licences

We conducted detailed analysis of the ‘Top 10’ priority licences and, where possible, made specific reform recommendations.

The major savings from specific licence reforms are:

- between $100 million and $115 million per year from extending the validity period of a light vehicle safety inspection report (previously called a ‘pink slip’)
- about $8 million per year by removing the mandatory continuing professional development requirement for the Home Building Licences and certificate holders (and allowing for the development of voluntary programs).

Other potential reform opportunities

In addition to the ‘priority’ licences, we have also identified a number of other potential reform opportunities. These arose from our public consultation process and our analysis of survey returns to identify licences where their design and administration could be improved.

We are also seeking feedback on any other licences which have potential for reform.

Licensing Framework

We have developed a Licensing Framework and Licensing Guide for regulators to use when reviewing or considering licensing schemes.

Given our analysis and findings in this review, we consider significant net benefits and red tape savings can be realised if the Licensing Framework and Licensing Guide are correctly applied by government agencies when assessing their existing or new licences.

The Licensing Framework and Licensing Guide are available on our website.

Our draft recommendations

The Draft Report presents our draft recommendations.

We note the NSW Government has already implemented some of our draft recommendations (see draft recommendations 15 and 18 below).

Implementation of the Licensing Framework and Licensing Guide to assess licences in NSW

1. NSW Government agencies should:
   - ensure their licences are reviewed using the Licensing Framework and Licensing Guide:
     - as part of any statutory requirement to review legislation that governs a licensing scheme, or
     - at least once every 10 years, where there is no statutory requirement to review a licence
   - apply the Licensing Framework and Licensing Guide when developing proposed new licences.

2. The NSW Department of Premier and Cabinet should amend the NSW Guide to Better Regulation (November 2009) to:
   - include reference to the Licensing Framework and Licensing Guide for regulatory proposals that involve licensing, and
   - require agencies submitting a regulatory proposal that involves licensing to include an assessment of their licensing proposal against the Licensing Framework, with their Better Regulation Statement (significant regulatory proposals) or other supporting documentation (non-significant regulatory proposals).
‘Top 32’ licence reform priorities

3 The NSW Government should review the ‘Top 32’ licences listed in Table 5.1 using the Licensing Framework and Licensing Guide. The reviews should particularly focus on the key reform areas identified in Appendix I of this report as well as those outlined in specific areas in Chapter 5.

Specific reforms for ‘Top 10’ licences

4 NSW Roads and Maritime Services should, by the end of 2014, extend the validity of light vehicle safety inspection reports to 26 weeks for the purpose of renewing light vehicle registrations, except for public passenger vehicles.

5 The NSW Government should review, by the end of 2014, the annual safety inspection requirement for light vehicle registration (administered by NSW Roads and Maritime Services) using the Licensing Framework.

6 NSW Roads and Maritime Services (RMS) should, by the end of 2014 provide a 10-year licence duration option for driver’s licence classes C and R (unrestricted) for drivers aged between 21 and 44 years.

7 The NSW Government should, by the end of 2014, review the recreational fishing fee licence (administered by the Department of Primary Industries) using the Licensing Framework with respect to duration, fee-setting and administration.

8 NSW Roads and Maritime Services (RMS) should, by the end of 2014, provide an option of a 5-year registration of a recreational vessel.

9 NSW Fair Trading should, by the end of 2014, remove mandatory continuing professional development (CPD) for all Home Building Licences and certificate holders, and allow for the development of voluntary professional development programs.

10 NSW Fair Trading should, by the end of 2014, initially raise the value threshold for requiring a Home Building Licence to $10,000, and then $20,000 after 3 years. The threshold should be indexed at least once every 5 years.

11 NSW Fair Trading should, by the end of 2014, initially raise the value threshold for requiring an Owner Builder Permit to $10,000. NSW Fair Trading should then raise the value of this threshold and the threshold for compulsory owner-builder training to $20,000 after 3 years. The thresholds should be indexed at least once every 5 years.

Licences identified for reform from our review

12 NSW Trade & Investment should:
   – implement any remaining recommendations from the former Better Regulation Office’s review of the electricity Accredited Service Provider (ASP) Scheme in 2010
   – work with Distribution Network Service Providers to coordinate the development of a single training requirement that would authorise ASPs to operate on all networks, rather than separate training for each network.

13 The NSW Government should review the fee setting principles for Child Employment – Employer Authority (administered by the Children’s Guardian), using the Licensing Framework.

14 The NSW Government should evaluate the Commercial Fishing Licence (administered by the Department of Primary Industries) using the Licensing Framework, and take into account PwC’s preliminary analysis of this licence as a case study in the Licensing Guide. Concurrent with this review the registered fish receiver licence should also be reviewed.
15 The NSW Government should exempt commercial property agents who sell or manage property for a related corporate entity from the requirements of the Property Stock and Business Agents Act 2002.
Note: Exemption from the requirement to obtain professional indemnity insurance was introduced in 2012/13 for certain commercial property agency work.  

16 The NSW Government should evaluate the farm milk collector’s licence (administered by the NSW Food Authority) using the Licensing Framework, and take into account PwC’s preliminary analysis of this licence as a case study in the Licensing Guide.

17 The NSW Government should evaluate the need for a licence to cultivate spat (administered by the NSW Food Authority), including the level of licence fees, using the Licensing Framework.

18 The NSW Government should remove the requirement for food businesses to provide notification of Food Safety Supervisors (administered by the NSW Food Authority).
Note: This recommendation was implemented in January 2014.

19 The NSW Government should evaluate the licences under the Liquor Act 2007 (administered by the Office of Liquor, Gaming and Racing) using the Licensing Framework, with a particular focus on licence duration, conditions and administration.

20 The NSW Government should abolish the LPG distributor licence and natural gas reticulator’s authorisation (administered by IPART on behalf of the Minister for Resources and Energy).

21 The NSW Government should abolish property valuer licences.

22 The NSW Government should abolish travel agent licences in line with the COAG Legislative and Governance Forum on Consumer Affairs’ Travel Industry Transition Plan for transition to self-regulation of the travel industry.

23 The NSW Government should abolish the air-conditioning and refrigeration licence (administered by NSW Fair Trading).

24 The NSW Government should review the Continuing Professional Development (CPD) requirements for conveyancers (administered by NSW Fair Trading) using the Licensing Framework. This could be achieved as part of the recommended broader review of CPD (as per draft recommendation 27).

25 The NSW Government should review administration of dangerous goods notifications (administered by WorkCover NSW), using the Licensing Framework and taking into account stakeholder comments about online notification and compliance processes.

26 The NSW Government should investigate consolidating environmentally hazardous chemical licences (administered by the NSW Environment Protection Authority) within Environment Protection Licences.

Opportunities for ongoing licence reform in NSW

27 The NSW Government should commission a review by an independent body of the training and continuing professional development conduct rules for all occupational licences to ensure they are the minimum necessary. In doing so, the reviewing body should refer to the Licensing Framework.

28 NSW Government agencies should review their licences against our assessment of areas of licence design and administration that could be improved as set out in Appendix M, taking into account the findings made in this Draft Report.

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2 Property, Stock and Business Agents Regulation 2003 (NSW), clause 13B.
Our draft findings

Our Draft Report presents 18 draft findings on our licence survey results, licence reform priorities, and opportunities for ongoing licensing reform in NSW.

What happens next?

We invite all interested parties to make written submissions on the Draft Report by 4 July 2014.

Late submissions may be considered at IPART’s discretion.

In general, we seek your response on the draft recommendations and findings explained in the report. Submissions may also comment on any other issues stakeholders consider relevant to the review.

We would prefer to receive submissions electronically via our online submission form:

<www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>

You can also send comments by mail to:

Regulation Review – Licence Reform
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Our normal practice is to make submissions publicly available on our website <www.ipart.nsw.gov.au> as soon as possible after the closing date for submissions.

If you would like further information on making a submission, IPART’s submission policy is available on our website, as well at the front of our Draft Report.

Table 1 sets out our indicative review timetable.

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<tr>
<th>Task</th>
<th>Timeframe</th>
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<tr>
<td>Survey to local councils</td>
<td>13 Sep 2012</td>
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<tr>
<td>Survey to NSW Government departments and agencies</td>
<td>12 Oct 2012</td>
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<tr>
<td>Online survey released for licence holders on Have your say website</td>
<td>25 Oct 2012</td>
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<tr>
<td>Stakeholder submissions due and licence holder survey closes</td>
<td>12 Dec 2012</td>
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<tr>
<td>Public roundtable</td>
<td>12 Feb 2013</td>
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<tr>
<td>Preliminary Draft Report to Department of Premier and Cabinet</td>
<td>15 April 2013</td>
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<tr>
<td>Consultation with NSW Govt. departments and agencies</td>
<td>May/June 2013</td>
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<tr>
<td>Revised Draft Report to Department of Premier and Cabinet</td>
<td>23 July 2013</td>
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<tr>
<td>Further consultation with agencies undertaken</td>
<td>August/Sept. 2013</td>
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<tr>
<td>Further revised Draft Report to Department of Premier and Cabinet</td>
<td>1 November 2013</td>
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<tr>
<td>Release Draft Report</td>
<td>22 May 2014</td>
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<tr>
<td>Release Consultant’s Final Licensing Framework and Licensing Guide</td>
<td>22 May 2014</td>
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<tr>
<td>Receive submissions to Draft Report</td>
<td>4 July 2014</td>
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<tr>
<td>Deliver Final Report to Government</td>
<td>September 2014</td>
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Note: These dates are indicative and may be subject to change.