

Plumbing Industry Priorities

Protecting our public health, safety and energy futures



**master
plumbers**
Expert. Committed. Professional.



The plumbing industry is vital to Victoria's future

The Plumbing Industry Climate Action Centre (PICAC) in Narre Warren is a state-of-the-art campus delivering industry-led training via a national collaboration between key industry stakeholders.

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Where are we?
Where do we need to be?
How do we get there?

Foreword

Plumbing Industry Priorities sets out, in clear terms, what issues matter most to Master Plumbers and its members and why. It seeks to give stakeholders, policy makers and legislators an insight into the critical role the plumbing industry plays in the key areas of economic, health, community and environmental policy. It shines a light on the key issues facing our industry, challenges current approaches and identifies workable solutions.

Master Plumbers recognises the vital role plumbing plays in developing and maintaining public health and ensuring the environmental sustainability of our communities.

The past few years have tested the resilience of our industry in more ways than we could have imagined and the Building, Civil and Construction industries have worked incredibly hard to keep the lights on, our sites safe and the economy moving forward. Our industry has emerged stronger and *Plumbing Industry Priorities* asks and answers the questions, *What is holding us back from being the best industry we can be* and *What needs to happen to get there?*

Plumbing Industry Priorities identifies and articulates what Master Plumbers believes are the key features or characteristics of a well-functioning plumbing industry. How well or otherwise we are tracking as an industry against those identified features, as assessed by Master Plumbers, is set out in the supporting discussion in this Statement.

As well as challenges and risks, *Plumbing Industry Priorities* outlines some of the very significant opportunities ahead for the industry, particularly around hydrogen energy.

Master Plumbers has identified the priority actions which we believe are critical to the ongoing improvement of our industry and the safety of the communities our members serve.

On behalf of our members, we call on all political parties to commit to this action plan to build a stronger plumbing industry and a safer community.



Scott Dowsett
President
Master Plumbers



Peter Daly
CEO
Master Plumbers



Master Plumbers has identified the key actions required to secure the success of our industry and protect the health and safety of our communities.

The Plumbing industry is vital to Victoria's future

The Master Plumbers and Mechanical Services Association of Australia (Master Plumbers) is the peak industry body for Victoria's plumbing, gasfitting, roofing and mechanical services industry. The Association represents over 1,000 plumbing contractors, who collectively employ more than 6,500 plumbing professionals across Victoria. These businesses and the plumbing professionals they employ, form a vitally important part of the broader Victorian construction sector.

Plumbing is part of Victoria's Building, Civil and Construction industry - the second largest contributor to the State's economy. Collectively the industry contributes 8 per cent of Victoria's Gross State Product (GSP) and adds nearly \$35 billion in value to the economy.

This industry is the fourth largest employer in the State, comprising over 100,000 businesses and 300,000 jobs. Further, with approximately 86 per cent of workers employed full-time, it is the largest employer of full-time workers in Victoria.

Victoria's construction industry is the second largest contributor to the State's economy.

The significance of the plumbing industry to the overall building sector is also reflected in practitioner and lodgement data. As set out in the Victorian Building Authority (VBA) Annual Report for 2020-21, there are just over 25,000 registered building practitioners and almost 30,000 plumbers. Between them, in Victoria those plumbers lodged over 435,000 Compliance Certificates during 2020-21 and there were 123,330 building permits lodged during the same period.

A well-functioning plumbing industry, including both new construction together with the maintenance, servicing and repair of existing plumbing infrastructure, is economically vital to Victoria – now more than at any time in history. The Victorian economy is experiencing, and has recently experienced, a series of unprecedented shocks and impacts relating to the COVID pandemic and associated restrictions. In the 21 months to November 2021, Victorians were in COVID lockdowns

for a world-record of 262 days. Construction was halted, recommenced with restrictions, and then halted again.

There is significant demand pent up in the economy, which, we expect, will drive a significant bounce back in construction and related economic activity during the recovery period began in earnest from 2022. Plumbing skills are going to be key to the economic recovery, will be in increasingly high demand and there is no doubt we will need workforce strategies in the coming years.

The Victorian economy is also about to embark on one of the most ambitious structural adjustment projects ever undertaken in Australia. Victoria has set ambitious targets to reduce its greenhouse gas emissions from 28 to 33 per cent by 2025 and 45 to 50 per cent by 2030. Over 15 per cent of Victoria's carbon emissions come from natural gas, which is extensively used in Victoria for cooking, hot water and particularly heating.

To achieve its greenhouse reduction targets, the Victorian government has made a policy decision to transition the Victorian economy away from natural gas to electricity. Master Plumbers has expressed strong reservations about this policy and it is a big challenge as the Victorian economy remains reliant on gas, including for the generation of our electrical power. There are over two million domestic gas connections in Victoria and hundreds more commercial and industrial users. The scale of the planned transition is enormous, and will have significant ramifications for our electricity and distribution networks. It will be plumbers and gasfitters who will be the key to making the transition happen successfully and potentially transition us to a carbon-free fuel in hydrogen.

Plumbing is a key mitigator of community risk. Well-functioning and effective plumbing systems are the community's first, and often only, line of defence against a range of hazards, toxins, substances, diseases and disasters and other risks. Professionally installed and maintained systems keep the public safe from a range of diseases, such as legionella, and toxic substances and carbon monoxide and gas which is also volatile. The role ventilation plays in

the transmission or containment of COVID-19 is an issue currently in focus, providing a real and current example of the extent to which the community relies on the skills of plumbing and related trades to keep us all safe. As we move to retain and re-use wastewater on-site and we increase the risk potential of cross-contamination, the plumber's role becomes even more vital.

Plumbing is an enabler of growth, and the primary catalyst for new energy adaptation. The community cannot be healthy and thrive without safe water, sanitation and ventilation. The building industry cannot exist without plumbing, nor can the Victorian economy progress through to a period of post-COVID recovery. The community cannot embrace, adapt to and maximise the opportunities from the 'new energy' economy (hydrogen) without the plumbing industry and the skills of the men and women who comprise it.

2.1 The industry is facing some challenges

The plumbing industry in Victoria is not well-functioning. Persistent regulatory challenges plague the sector. Insurance, which is mandatory in Victoria, is proving more expensive and more difficult to obtain than it ever has been before. The audit and inspection regime for plumbing is virtually non-existent so it makes it difficult to measure non-compliance levels which may in fact be increasing.

The economic crisis spurred on by the coronavirus pandemic has caused uncertainty for the industry's future. Australia is moving into unknown economic territory for many businesses, with inflation hitting highs not seen for decades. Coupled with continued uncertainty in supply chains this is resulting in unprecedented cost increases in everything from PE pipes to quarry products.

To date, the industry has proven resilient, but cracks are emerging as businesses struggle to tackle all of these challenges. All levels of government must play a stronger leadership role by recognising these cost pressures on business and structuring public contracts to enable a more equitable share of these risks.

If Victoria is to emerge from this crisis successfully, a strong Building, Civil and Construction industry, of which plumbing is a core element, is critical.

Snapshot at June 2021



123,330

Building permits reported



4.9 Billion

Total cost of building works in Victoria

25,489

'Natural persons' building practitioners

701

'Natural persons' building surveyors

11,165

Company building practitioners

29,674

Plumbing registrations and licences

453,379

Company certificates lodged by Plumbers

4746

Owner builder certificates of consent issued



490

Inspections within statewide cladding audit



13,083

Permits inspected

Defining success

Master Plumbers' 'Plumbing Industry Priorities' outlines the issues facing the plumbing industry and the path forward, as shaped by research, industry views and the insights gained through the journey so far.

3.1 How are we tracking so far?

- ✗ Our industry is safe, but it could be safer.
- ✗ The regulatory framework is good, but not as effective as it could be, with oversight in some sectors badly neglected.
- ✗ The compulsory insurance system is working but is under enormous pressure.
- ✗ Audit rates are too low and need to be better focused and targeted.
- ✗ Responsibility and risk allocation settings are misaligned.
- ✗ Uncertainty and insurance is putting pressure on operational sustainability.
- ✗ The integrity of the trade is under continuous challenge.
- ✗ Consumers and practitioners could be better protected.
- ✓ Industry is equipped to be a new energy and climate change adaptation enabler.
- ✓ The industry is training current and future practitioners to be future ready.
- ✓ The industry is Hydrogen-ready.

3.2 What does success look like?

Master Plumbers seeks to support the future success of the plumbing industry and has identified a series of actions which, in combination, will make the Industry:

- Safer;
- More effectively regulated; and
- Operationally sustainable.

Adopting Master Plumbers' Action plan will help ensure:

- Consumers and practitioners are better protected;
- Innovation thrives and drives industry and economic growth; and
- The skills and training of current and future practitioners provide a flexible, resilient and highly qualified workforce.

These actions will also support and sustain the economy and the environment and enable the Victorian community to adapt to a changing climate.



A safer industry

4.1 What we know

4.1.1 Our industry is safe, but it could be safer

In global terms, the Victorian plumbing industry could be regarded as being at the high end of the safety scale. Relative to some of our neighbours in the Pacific, or residents of large parts of Africa or South Asia for example, nearly all Australians live generally free from water-borne disease or other water or sanitation related health issues. But that is not to say the industry in Victoria is as safe as it could be, or should be, or that the community is not being exposed to unnecessary risk.

4.1.2 Plumbing is risky business

Well-functioning and effective plumbing systems are the community's first, and often only, line of defence against a range of hazards and risks. Professionally installed and maintained systems keep the public safe from a range of diseases, such as legionella, harmful substances like carbon monoxide and volatile materials such as natural gas. The health of the community, the amenity of the built environment, and our collective ability to manage water and use energy efficiently, are all inextricably linked to, and dependent upon, high quality, safe and reliable plumbing and related systems.

4.1.3 Risk is increasing

Plumbing related risks and hazards are increasing all the time. As cities become more densely populated and increasing numbers of Victorians live in apartment or other buildings with shared services, the impact of a leak, a flood, a disease outbreak or an air conditioning related pathogen spread, increases exponentially.

As we continue to change the way we use, re-use, recycle, capture, and store water, opportunities for cross-contamination and adverse health outcomes only increases. Add to that the pressure placed on plumbing infrastructure (drains, gutters, downpipes, stormwater, and sewage systems) from extreme weather events (which are forecast to increase as the climate continues to change) and the growing potential impact of plumbing related failures increases again.

4.2 What we are calling for

Action 1

Federal and state governments must ensure that regulators engage closely with industry and have the expertise, knowledge and resources to make sure their oversight is relevant, up to date and practical to implement.

Action 2

Governments at all levels need to work together to ensure consistency across jurisdictions and target best practice national regulations rather than a lowest common denominator approach.

Action 3

Federal and state governments must protect the integrity of the broad-based plumbing qualification with a consistent standard across jurisdictions and commit to assisting industry to implement a national ongoing program of Continuing Professional Development (CPD) for plumbers.



Effective regulation

In Victoria, plumbing is regulated under a self-certification scheme, which places significant responsibility on the individual licence holder to certify to the quality and safety of their work. Other States are at different points along a regulatory continuum, where full self-certification is at one end and full, staged inspection by third party inspectors is at the other.

The Victorian scheme relies on both the input controls of, registration/licensing and the output controls of, audit and inspection, working together. The greater the level of alignment between these regulatory controls, and the better the information flow between them, the better the regulatory result.

5.1 What we know

5.1.1 The regulatory framework is good, but not as effective as it could be

Effective regulation, which addresses risks at their source, is essential for public health and economic development. The framework should reflect and address the risk profile. However, the current regulatory framework for building and plumbing is not working as effectively as it could and should.

Risk-based audit will drive up safety.

The self-certification scheme which underpins the current Victorian regulatory model for plumbing, is supported by a series of regulatory input and output measures. When working together and in a balanced way, these measures (licensing, registration, audits, inspections, compulsory insurances etc.) can ensure that the objectives of the legislation are achieved, and consumers and practitioners have appropriate market protections.

However, for a range of reasons, the Victorian regulatory framework has become unbalanced, with compulsory insurance, for example, carrying a greater share of the regulatory load than was intended, and audit and inspection playing virtually no role at all.

As a result, the regulatory framework for building in Victoria is operating in a suboptimal way, exposing practitioners, consumers, and the broader community to preventable risk.

5.1.2 Audit rates are too low

A successful self-certification scheme such as that which applies in Victoria relies heavily on audit and inspection. When the self-certification scheme was first introduced in Victoria nearly two decades ago, the understanding, if not the stated requirement was that a minimum audit rate of at least five per cent (of Compliance Certificates lodged by each practitioner) was necessary to support self-certification.

The rationale for setting the baseline target at five per cent was that five per cent of any sample base is regarded by statisticians and analysts as being the minimum sample size necessary for any interpretations/extrapolations to be robust and rigorous. Over time, the rate of audit has been sliding from a starting point of five per cent to just 2.2 per cent in 2019-20.

At a minimum, Master Plumbers believes an audit rate of five per cent of completed work is required if the regime is to have any material effect on improved compliance and be of any statistical or diagnostic value.

5.1.3 Risk-based audit will drive up safety

An effective audit regime requires enough audits, but it also requires a risk-based and targeted approach.

Currently, for example, the industry understands there is a focus by the VBA on 'proactive' inspections, which are tied to building permits – i.e. applicable to new construction sites only. As new builds, these are relatively easy audits to undertake and present a generally lower risk than other, more complex installations. Conversely, there is virtually no audit focus on maintenance, repair and service plumbing which is often performed on community infrastructure (hospitals, shopping centres etc.) and can carry significantly more risk than new installations.

5.1.4 Complex Plumbing

Responsibility and risk allocation settings are misaligned

Under existing Victorian arrangements, responsibility (compliance and insurance) for plumbing work resides with the licenced plumber (the practitioner who lodges the Compliance Certificate). In effect, the licensed plumber is also responsible for the design and installation of plumbing work, even though he or she has most likely not undertaken or had input into the relevant design.

The situation can and does occur, whereby a hydraulic engineer or similar, designs a plumbing system which is subsequently installed by a licensed plumber. The plumber could complete the design exactly to specifications, and yet the system could still fail in one respect or another, resulting in damage and insurance claims. The failure and resultant damage could be attributable to the design, yet it is the licenced plumber's insurance which is potentially the subject of a claim (especially as this insurance is not mandated for the Hydraulic Designer).

There is a clear misalignment between the responsibilities attributed to licensed plumbers (by the regulations, the regulator and insurers) and the capacity of those plumbers to influence or control what they are being held responsible for.

Lack of clarity around Performance-based Solutions

Performance Solutions have traditionally been utilised at the higher end of our industry in terms of complex building with sophisticated plumbing installations which Standards and Handbooks don't cover. The requirements for performance solutions are unclear and VBA provides little guidance, technical advice or review prior to installation of the solution by the plumber. Oversight of Performance Solutions by the regulator in Victoria is more aligned to isolating the regulator from risk and responsibility than it is about making sure the solution performs as intended. The VBA appears to be realigning its technical regulation to the National Construction Code (NCC) without recognising the very significant lack of coverage and relevance the NCC has in Victoria where the scope of plumbing regulation is much greater than most other states. As a result, licensed plumbers are increasingly being prevented from doing work they are trained, licensed and insured to do under Victoria's self-certifying regime (and have been safely and compliantly doing for decades) or risk working outside their insurance cover. This comes at a significant cost to the community when an engineer is required to sign off, for example, on a simple rainwater tank (charged system) connected to house/shed gutters and used to water your garden. This unnecessary red tape goes against the intent of a self-certification scheme and adds additional costs to business and consumers. Yet, at the same time, no regulatory audit oversight is provided on plumbing works in high-rise towers and other extremely complex design installations where hundreds of consumers may be impacted.



5.2 What we are calling for

Action 4

The Victorian government must commit to increasing the regulatory and policy focus on plumbing, ensuring the VBA is funded to effectively regulate the State's plumbing industry.

Action 5

ESV and VBA must collectively work better to provide clarity to practitioners about their respective roles and work more effectively to provide plumbers with a one-stop shop for regulation in areas where these roles overlap.

Action 6

Government must work to agree, set, and achieve a minimum five per cent audit rate for plumbing work and consult with industry to develop a stronger risk-based audit program.

Action 7

Regulators must investigate other methods of auditing, such as self-reporting, that could service or test reports to be lodged with the regulator, providing a record on a part of the plumbing sector currently ignored by the existing auditing system, e.g. fire testing, backflow testing.

Action 8

Government must work with industry to develop regulatory treatments which meet the needs of complex plumbing work in:

- qualification and licensing of plumbers, ensuring fit-for-purpose skills, and
- regulation practices and certification compliance, aligning standards and controls in relation to the Ministerial Order 2002.

A fit-for-purpose insurance system

Insurance is a critically important and practical element of a successful, viable, safe and sustainable plumbing industry. The nature of plumbing work, in all its forms and to varying degrees, carries hazards to consumers and practitioners, hence it is a highly licenced and regulated trade. Plumbing work brings with it inherent health, building integrity, consumer, practitioner, and financial risks.

6.1 What we know

6.1.1 The insurance system is working but is under enormous pressure

A key element of the Victorian self-certification regulatory framework for plumbing is mandatory insurance. Like all the other regulatory measures which comprise the framework, mandatory insurance is intended to form part of the overall regulatory approach to consumer protection and compliance (rather than a standalone mechanism).

All licenced plumbers in Victoria are required to have mandatory insurance which provides them with comprehensive cover for both themselves and their clients. Under Victorian arrangements set out in a mechanism known as The Ministerial Order, not only is a licenced plumber insured for liability type disasters, but also for their actual workmanship.

The cost, adequacy and availability of insurance is becoming a key issue for the Victorian plumbing industry and for our members (plumbing contractors) in particular.

6.1.2 Costs are increasing

For many plumbing practitioners premiums have increased in the order of 5 to 10 per cent year-on-year in recent years. For others, with perhaps a higher risk profile or claims history, increases have been as high as 20 per cent. Annual premium increases as high as 30 per cent have been reported.

In part, these cost increases are driven by factors beyond the sphere of influence of the plumbing industry alone, such as increasingly intense and extreme weather events (fire, flood, etc), and increasing global costs around third-party liability (increasing costs of personal injury claims). However, it may be that operational/policy changes may also be driving cost increases.

For example, whereas historically, plumbing insurance has been a last resort product (protecting consumers where a plumbing practitioner does not rectify defective work following a consumer's request or rectification notice from the regulator), there is, anecdotally at least, a different approach being adopted by the VBA. There is a perception that the VBA have been/do pass on the insurance details of practitioners to consumers, enabling them to lodge a claim directly with the practitioners.

6.1.3 Coverage is reducing

In the current market, it is possible to buy budget insurance with exclusions (things the policy will not cover the plumber for). The effect is that practitioners take out insurance which, while less expensive than other products offers significantly lower levels of practitioner or consumer protection and may not meet regulatory requirements. Common examples include:

- The 2-storey height limit, where policies specifically exclude coverage for any work undertaken above the second level of a building.
- The underground services exclusion. The intent of this is to make sure a 'Dial before you Dig' type of underground survey is conducted before works commence.
- Limitations on welding or 'hot work', and some particular to locations or sites, such as exclusions from welding in coldstores or abattoirs.

In some instances, plumbers are aware of the coverage limitations, but choose to purchase the insurance anyway, most likely attracted by the lower price.

6.1.4 Complexity and uncertainty

Are plumbers covered for six years or ten years?

A further issue relates to the inconsistency between the periods of cover mandated by the Ministerial Order (six years), and the liability period that plumbers are subject to under other, related legislation – namely the Domestic Building Contracts Act 1995 and the Building Act 1993, which both attach a liability period of ten years to all works, including plumbing work.

For defect/warranty insurance, and for public liability, the period of a plumber's insurance coverage is six years from the date the work was completed or from the date the licensed plumber provided the consumer/lodged a Compliance Certificate. The insurance continues for a six-year period even if the plumber ceases to be licensed or does not renew their policy during this period.

Public liability insurance is also included for six years from the date the work was completed or from the date the licensed plumber provided the consumer with the Compliance Certificate for the work.

If a claim is made in years 6-10 post an installation, as the period of cover (six years) has expired, no claim against the plumbing insurance can be made. However, if the contract relates to domestic plumbing work, there are implied warranties under the Domestic Building Contracts Act 1995. Either the plumber (where a contract exists with the owner) or builder (where the plumber was a subcontractor) would be liable for 10 years from the completion of the work.

Implied warranties apply to all building work. The Building Act 1993 allows action to be brought against a builder (or a sub-contractor – plumber) for up to 10 years from the date the work was completed.

For the period from year 6-10 then, the insurance status of the licensed plumber is not clear. It is opaque at best, and the potential (at least) exists for plumbers to be liable and unprotected for that period, unless they actively choose to extend and pay for extended (beyond six years) additional cover, assuming that this 'run off' insurance is available.

Master Plumbers is undertaking a range of activities (e.g. member surveys) to gauge the extent to which these insurance and risk issues are impacting contractors including their decisions to remain in the industry. We are seeking to understand the operational sustainability of contractors, and by extension, better understand the operating pressures of the industry.

6.2 What we are calling for

Action 9

Government must commit to establishing a process to revise and update the Ministerial Order(s) regarding compulsory plumbing insurance(s) as well as addressing the inconsistency between the period of insurance coverage in the Ministerial Order and that required by the Domestic Building Contracts Act 1995 and the Building Act 1993.

Action 10

Government must commit to undertaking a process to evaluate the effectiveness and sustainability of the existing mandatory insurance scheme (costs, availability, adequacy) and consider options for improvement.

Master Plumbers Insurance survey results



The cost of insurance is significant and is putting significant pressure on businesses

73%

think plumbing insurance is NOT reasonably priced

40%

say they have given serious thought to leaving the industry or restricting the services offered because of insurance concerns



The process of obtaining/renewing insurance is difficult

67%

say they find obtaining/renewing plumbing insurance stressful

69%

believe using a broker makes it easier



Businesses are grappling with rising premiums, in the past three years

44%

said their premiums have increased by up to 10%

30%

reported an increase of between 10% and 20%

22%

of respondents have experienced increases of more than 20%



There is strong consensus on what action is required. Top three items for action:

Make insurance more affordable

Total review of all compulsory plumbing insurances (under the Ministerial Order)

Fix the gap between current plumbers' insurance cover (6 years) and liability under the Building Act (10 years)

Protecting the integrity of the trade

7.1 What we know

7.1.1 The integrity of the trade is under continuous challenge.

Retaining and preserving the integrity of plumbing qualifications, through licencing and registration, is important to ensure the long-term sustainability of the sector and protection of practitioners and consumers.

Fragmentation of trades into a series of skill sets for the purposes of niche industry employment is something we have seen pursued by policy makers and those with vested interests for some time across a range of sectors.

Plumbing is a licensed trade and while there are some areas in the construction sector where the skillset may be more relevant, to view a plumbing qualification as just the aggregation of the individual competencies is to be ignorant of how their interplay actually works, and not an appropriate construct in the plumbing context.

Plumbing systems are a series of interlocking components and connections, each dependent on the other for the system to be effective. That is why the Certificate III in Plumbing qualification obtained under an Australian Apprenticeship Agreement represents the build-up of layered and inter-connected components of knowledge, competency and experience that has a value greater than the sum of all its component parts. This is increasingly important to enable the plumbing workforce to respond to natural disasters and climate change. A broad-based apprenticeship provides skills and knowledge to build upon quickly and adapt to changing work demands and innovation. For example, plumbers are highly skilled in working with explosive gases and it is only a relatively small step to adapt to using hydrogen. This would be a major impediment without the rigour of the current qualifications.

Similarly, plumbing design stems from the qualification and experience of a licensed person. We must resist the emerging trend to require higher level engineering qualification for what is fundamentally plumbing design work. There seems to be an increasingly risk averse move by regulators ignore the design-expertise of plumbers which does nothing to mitigate risk and only serves to increase cost and complexity for the consumer.

As well as fragmentation, a potential risk to the integrity of Victoria's licensing framework (and by extension, the operational sustainability of the sector) exists in the form of Automatic Mutual Recognition legislation. If not carefully managed, Automatic Mutual Recognition (AMR) could lead to a 'race to the bottom' effect in terms of the national industry.

7.1.2 Automatic Mutual Recognition

AMR) is a national scheme allowing individuals to use their home state occupational registration to work in participating Australian states and territories.

Legislation passed in the Australian Parliament gives effect to the principles of mutual recognition, for all sectors, including construction, and by extension plumbing. The Australian Government introduced the Mutual Recognition Amendment Bill 2021 to Parliament in March 2021.

As a policy objective, we support the intent of mutual recognition of occupational licensing. However, when it comes to plumbing, a cautious approach to AMR is required.

We agree with the intent behind the AMR *principles* outlined in the Commonwealth legislation, providing:

- workers in a receiving jurisdiction are not to be registered to undertake any work beyond that which is directly covered under their registration in their jurisdiction of origin; and
- work that is not registered work in a jurisdiction of origin cannot be automatically recognised in the receiving jurisdictions where that work is regulated work (only able to be undertaken with the appropriate registration or licence) in the receiving jurisdiction.

We estimate that more than 50 per cent and as much as 80 per cent of work in the plumbing side of the industry could potentially fit within the category of 'like for like' - and therefore potentially suitable for the application of the AMR principles. This is because there are elements of what could be termed "general plumbing" (water, sanitary and drainage plumbing) where there exists broad alignment between the nature of that work and the skills and experience necessary for registration in that class across Australian States and Territories.

However, it is in applying AMR to work where there is not currently "like for like" arrangements that the challenges and complexities lie. The cross-jurisdictional differences are significant. Victoria, for example, operates as a self-certification model, placing significant responsibility on the individual licenced person to certify to the quality and safety of their work. Other states are at different points along a regulatory continuum, where full self-certification is at one end and full, staged inspection by third party inspectors is at the other.

These cross-jurisdictional variations in regulatory approach require that the individuals who work within that jurisdiction have knowledge of what their responsibilities are in relation to reporting completion or (in some cases)

commencement of that work. And, given that in some jurisdictions there is significant regulatory and legal onus on licensed persons, it would be impractical and unsafe to allow the relevant regulator to be effectively bypassed in the manner envisaged in the proposed changes.

For these reasons, we believe that AMR must be restricted to registered practitioners only, as a way forward which poses the least amount of increased risk.

7.2 What we are calling for

Action 11

Government must commit to addressing the misalignment between plumbers and designers and recognise the qualification of plumbers to perform design work.

Action 12

Government must protect the trade by continuing to advocate for, champion and protect the integrity of the plumbing and related trades, with a view to ensuring the trade is not fragmented into a series of one-off skill sets.

Action 13

The Victorian government must restrict AMR to registered practitioners only.



If not carefully managed, Automatic Mutual Recognition (AMR) could lead to a 'race to the bottom' effect in terms of the national industry.

Protecting the viability of plumbing businesses

8.1 What we are calling for

8.1.1. Security of payment for construction industry contractors and subcontractors

Plumbers, gasfitters and other trades generally work as contractors and subcontractors in the construction industry and as such, are down the project chain in terms of getting paid for the work and goods and services they provide.

Yet, like any other Australian business, they need cash flow to maintain their operations and are entitled to get paid appropriately and in a timely fashion for the work they do. Government needs to show more leadership on their own projects by taking a fairer share of risk when it comes to cost escalations and variations for unforeseeable conditions. Existing state legislation and processes relating to security of payment vary but still leave contractors and subcontractors vulnerable. They focus on protecting prompt and fair payment but offer no protection if a company above a contractor or subcontractor goes out of business.

When things go wrong on a building construction project it's common that the contractors and subcontractors get squeezed on payment or end up not getting paid at all. This is in part why almost 1,700 construction businesses went out of business in the last financial year.

Even under current state-based legislation, there are still too many occasions where buildings are constructed, on time and on budget, and yet, many years later, some contractors and subcontractors are still to get paid.

This is unacceptable practice for any worker in Australia, let alone the construction industry which employs one in 10 of Australia's workers directly.

8.1.2 Insolvency

In Australia, the construction industry makes up a little over 20 per cent of all insolvencies. Recent history shows that the size of the business doesn't matter. There is a possibility that a once strong, buoyant, vibrant business can, in short measure, be a shell of what it once was. Whether the business be big or be small, there is always someone who misses out on what should rightfully be theirs; often having to settle for only cents in the dollar. The trickle - down effect of this is that it is not just the construction industry business that is adversely impacted, it is often businesses outside of the construction industry that are also adversely affected. There is then of course the adverse effect that business insolvency has on employees and their families.

8.1.3 Bringing plumbing industry employment legislation into line with standard business practices

There are shortfalls in current employment legislation in Australia relating to redundancy in the plumbing industry which are unfair to those running plumbing and gasfitting businesses.

They fall short of standard business practice and are uncompetitive for our profession.

Under current minimum entitlements, a plumbing business is liable to pay redundancy under a very wide range of circumstances. Employers already do and should remain liable to pay for genuine redundancies, but the scope for these payments must be brought into line with standard business practice, not just when a plumber changes their employer.

8.2 What we are calling for

Action 14

The Australian government should bring the whole of Clause 34 of the Plumbing and Fire Sprinklers Award 2022 into line with the National Employment Scheme (NES).

Action 15

Australia must achieve a nationally consistent and effective set of security of payment laws with implementation of best practice recommendations which require that the relevant Federal, State and Territory Government Ministers work together.

Action 16

All governments must secure payments from misuse and the risk of head contractor insolvency by mandating job-specific trust accounts. Money paid by a developer for a job should be allocated and spent only on that job and payment dates specified in works contracts must be adhered to by the principal contractor.

Action 17

The Victorian Government must amend the Building and Construction Industry Security of Payment Act 2002 (Vic) to ensure that payment dates specified in works contracts are adhered to by the principal contractor.

Action 18

To avoid confusion, uncertainty and the cost of legal fees due to unforeseeable variations, governments must shoulder their fair share of risk on public works rather than pushing them down to builders and subcontractors.

Action 19

The Victorian Government should commission a review to determine the impact that retention payments, including cash retention payments, have on subcontractors.

The gas transition and the hydrogen opportunity

Plumbing should be viewed as a key enabler of growth, a mitigator of risk and catalyst for new energy adaptation.

9.1 What we know

Currently there is significant policy momentum in Australia to reduce reliance on fossil fuels for energy production, with most States and Territories committing to emissions reductions targets. Victoria, for example, has set ambitious targets to reduce its greenhouse gas emissions by 28 to 33 per cent by 2025 and 45 to 50 per cent by 2030.

Over 15 per cent of Victoria's carbon emissions come from natural gas, which is extensively used for cooking, hot water and particularly heating. To achieve its greenhouse reductions targets, the Victorian government has made a policy decision to transition away from natural gas. This is a big challenge as the Victorian economy is extremely gas reliant. With over two million domestic gas connections state-wide and hundreds more commercial and industrial users.

The Victorian government is developing a 'Gas Transition Roadmap', a process in which Master Plumbers has been engaged. The key theme of Master Plumbers' submission is that hydrogen is a potential gas replacement which must be part of the transition arrangements. Victoria has the resources and infrastructure to make hydrogen uptake a reality, potentially able to utilise its extensive existing natural gas network (one of the biggest in the world) to store and transmit a blend of hydrogen and natural gas or 100 per cent hydrogen.

9.1.1 The industry is hydrogen ready

Industry has a key role to play in making the Victorian economy "hydrogen ready", which includes developing and delivering hydrogen industry training.

Plumbers and gasfitters are the natural trade occupation to carry out the installation and ongoing maintenance of hydrogen systems in Victoria. Hydrogen skills are an adjunct to those existing competency-based skill sets, rather than the creation of an entirely new skill set or trade. There will be extensive opportunities for gasfitters to play a critical role in the installation and maintenance of hydrogen alongside traditional gas, such as natural and LPG.

Gasfitting is a key component of the plumbing apprenticeship and if hydrogen is incorporated into the Victorian energy mix, plumbers' gasfitting training can easily be modified to ensure the ongoing safe operation of the gas networks and facilities powered by hydrogen gas, as well as the safe maintenance of household gas appliances.

Industry has been anticipating the hydrogen evolution – and its associated training requirements – for several years. Well before the national or state hydrogen plans were

commenced, our industry recognised the significance of the shifting attitudes and emerging applications of hydrogen energy. In anticipation of the associated training needs, the industry, through the Plumbing Industry Climate Action Centre (PICAC) partnership, conceived of, designed and commenced a full fit out of its industry training complex at Brunswick with world class gas and hydrogen training equipment.

In Queensland, through PICAC, and in partnership with the Queensland Government which has contributed \$20M in capital funding, our industry is developing a world class Hydrogen Centre of Excellence. The purpose-built centre in Beenleigh in Southeast Queensland, will be fully equipped to train or retrain practitioners to use blended hydrogen, or pure hydrogen – and to do so safely. It also has demonstration and training equipment to train students on all aspects of fuel cell technology and green hydrogen production (electrolysers).

**The plumbing industry
has a key role to
play in making the
Victorian economy
'hydrogen ready'**

9.2 What we are calling for

Action 20

Government must recognise the integral part plumbing will play in the clean economy using hydrogen as a fuel gas for industrial and domestic applications.

Action 21

Government must recognise the value of the existing gas reticulation network and its potential to supply carbon-free fuels to households and industry as a key competitive, economic and social advantage for Victoria.

Action 22

Government must establish policy frameworks to embed the collaborative role of industry partners in developing the training facilities and intellectual capital which will enable the industry to support our economy in adapting to climate change.

Training, skills and future-proofing our industry

Making sure the industry and the community has access to a sufficiently large, suitably skilled and qualified plumbing workforce is vitally important to the operational sustainability of the industry. Plumbing skills are also key to enabling the economy to rebound post-COVID and to taking advantage of new energy opportunities.

10.1 What we know

10.1.1 Australia's labour and skills shortage

We know that demand for the skills of plumbers in Victoria exceeds supply and has done so for several years. Plumbing is not unique in this regard, with many construction trades experiencing what is widely regarded as a national construction skills shortage.

In broad terms, shortages of licensed plumbers were being experienced in the pre-COVID economy, and these shortages have continued as demand has shifted (from commercial to residential) in the COVID-related home renovation boom.

Traditional training and upskilling in new areas like hydrogen are critical to our economy's recovery and growth.

The construction sector nationally, which has been restricted and limited in various ways by COVID-related restrictions, will rebound sharply as the economy recovers. With government and private sector infrastructure development planned to be undertaken at record levels over the next three to five years, fast-tracked in many cases to make up for time lost to COVID restrictions, the bounce back and growth in the construction industry could be expected to be very significant.

The outlook then is that traditional plumbing and gasfitting, as well as new skills in things like hydrogen, will be in high demand and central to the economy's capacity to recover and grow.

10.1.2 Vocational Education and Training

The Vocational Education and Training (VET) system plays a critical role in skills development across Australia and needs to be industry driven as well as responsive to changing industry's needs. Our partner, the Australian Chamber of Commerce and Industry (ACCI) has identified that over the last decade, VET funding of qualifications, largely done by State and Territory Governments has been inconsistent, with cost shifting between levels of government.

The new National Agreement on Skills and Workforce Development offers the opportunity to put in place a long-term funding solution for VET that delivers real growth as well as greater consistency and certainty.

For plumbers, an apprenticeship is the only pathway to becoming a licensed tradesperson, reinforcing the importance of continuing to invest in apprenticeships to meet the skill demands in the area.

The COVID-19 pandemic saw the introduction and subsequent extension of the Australian Government Boosting Apprenticeship Commencements program which provided employers a 50 per cent wage subsidy for the first year. Providing wage subsidies creates certainty for employers and allow them to plan for the future so they can replenish skills and confidently employ apprentices.

10.1.3 Careers information

It is a frustration for businesses that careers information is often incomplete or misleading, and many in our industry feel there is a strong and unwarranted bias in school career advice towards higher education.

At the school level, a lack of resources is a key factor limiting the quality of careers education to achieve an improvement in the number of students actively pursuing plumbing career pathways.

10.2 What we are doing about it

Over a decade ago, the plumbing industry in Victoria took control of its own destiny regarding high quality training outcomes. In 2008, Master Plumbers, together with our industry partners - the Plumbing and Pipe Trades Employees Union (PPTU), the National Fire Industry Association (NFIA), and the Air Conditioning and Mechanical Contractors' Association (AMCA) – formed the Plumbing Industry Climate Action Centre (PICAC).

Through PICAC, industry-led training is facilitated, designed and delivered specifically to deliver the skills employers need. Master Plumbers, and our industry partners, are delivering high quality industry-led training to a growing

number of students in a growing number of locations. The industry offers training in a variety of classes of plumbing work, from pre-apprenticeship, to apprenticeship and post-trade specialised courses.

All of our industry courses are delivered across our five state-of-the-art training facilities across Australia including three in Victoria at Brunswick, Geelong and Narre Warren.

Through its own initiative, the plumbing industry has promoted participation for groups underrepresented in skills-based training, created world-first combined facilities with research centres and training schools on-site and designed and developed Australia's first Net Zero Energy training facility.



The currency and relevance of industry-led training is vitally important in an industry as dynamic as plumbing and could play a major role in driving up compliance across the sector. The currency comes from the direct connectivity between industry participants - employers, employees, training developers, instructors and students who are all linked through the PICAC model. It means

identified training needs can be translated quickly into actual training delivery and, by extension, quality industry outcomes. But even this unique collaborative model suffers from the same critical issues as TAFE – an antiquated teaching qualification and challenges in recruiting enough instructors to train the next generation of plumbers.



10.2.1 Continuing Professional Development (CPD)

CPD is the recognition of ongoing learning and training. It is how plumbers can maintain, update and broaden their knowledge, expertise and competence.

Remaining current, upskilled and up to date is becoming increasingly important but also increasingly challenging for plumbing practitioners, consumers and regulatory agencies. That is, in part, why industry supports the introduction of a mandatory CPD scheme, which is currently being developed for Victorian practitioners.

A well-structured and implemented CPD scheme will help build industry capacity, raising the skill level overall. This also helps build resilience in the industry. If the COVID crisis has taught us one thing, it is that ensuring key industries are resilient and have the capacity to adapt and not collapse under pressure, is key to our long-term outlook.

Introducing a CPD scheme represents a significant change for the industry, and its implementation should not be rushed. Within Master Plumbers' membership, there is broad support for CPD, but it is reasonable to anticipate that that support is contingent upon sensible transition arrangements and the relevance and perceived usefulness of the scheme.

The composition of the CPD framework, in terms of the inclusion of relevant units, is key to its success. The framework is currently being developed by government and Master Plumbers is contributing to that process. We are advocating for a scheme in which practitioners can be confident that the units of learning they are required to undertake are relevant to their work, now or in future; and employers are confident that the scheme, which will cost them time and money to support, represents value for their staff and their business.

10.3 What we are doing about it

Master Plumbers runs the industry-leading CPD program for plumbers in Victoria with almost 3,000 participants to date. The online learning library and toolbox allows participants to easily maintain, improve and broaden their knowledge, expertise and competence.

The structured CPD program helps plumbers stay current with changing trends, new technology, new regulations and new technical requirements.

Participants are encouraged to keep learning by completing 12 'points' of learning activities. Approved activities cover technical and practical plumbing skills or are related to broader skills such as business management, OHS and workplace relations.

10.4 What we are calling for

Action 23

Governments must commit to long term, consistent and real funding increases for VET which delivers an increase in the number of VET-funded students by 400,000 per annum across all qualifications, Australian Qualification Framework (AQF) levels and industry sectors to satisfy not just skill shortages, but skill needs.

Action 24

The Australian government should fund apprenticeship wage subsidies for at least the next two years at 30 per cent for the first 12 months and 15 per cent for 2nd year apprenticeships.

Action 25

Federal and State Governments should provide increased resources for schools to provide quality, unbiased and up-to-date careers education, including a significant rebalance towards vocational education options.

Action 26

Government must work with key stakeholders to develop a workforce plan to address the labour and skills shortage across our industry.

Action 27

Government must more explicitly recognise the critical role that industry RTOs play in securing our future workforce.

Action 28

Government must enact specific strategies to better enable the public, private and not-for-profit/industry RTOs to work together to ensure the economy-wide demand for plumbing training is met where it is most needed, and in a way which delivers the quality skills outcomes the modern industry demands and the community expects.

Action 29

The Victorian Government must introduce mandatory CPD for registered and licensed plumbers in Victoria in line with the Master Plumbers CPD model. The scheme must be relevant, have the right mix of technical, industry and professional development units and be designed to gain and retain practitioner buy-in without becoming compliance driven.

The currency and relevance of industry-led training is vitally important in an industry as dynamic as plumbing.

Equality and opportunity

11.1 What we know

Master Plumbers is committed to closing the gender gap in the plumbing industry, and actively seeks to encourage more women – at all stages of their career lifecycle – to pursue a career in plumbing.

The data is clear, no matter the efforts to work on a particular element of attracting and engaging women into plumbing, there has been little measurable difference in commencement, completion and retention. The current rate of participation of women in the plumbing sector is approximately two per cent, with less than 0.5 per cent on the tools.

It is our experience that women tend to follow their passion into plumbing later in life – when they are unhappy in their chosen profession. It is at this time that doing a pre-apprenticeship and funding 13 weeks without pay is an unnecessary barrier to entry into the trade. But it is at this time that women have proven to want to follow their own path and not be influenced as much by others.

There are also young women in secondary school who are not clear how to enter a trade like plumbing or never really considered it as an option in the first place. We know that there is unconscious bias in the well-meaning careers teachers and parents, reflecting in part, a lack of understanding and exposure to successful female role models in the industry.

11.2 What we are doing about it

11.2.1 The Building Industry Consultative Council (BICC)

Master Plumbers is a member of the BICC, which has overseen the development of the Victorian Government's Women in Construction Strategy. The BICC is a forum for dialogue between Government, employers, industry associations and unions.

In late 2021, the Victorian Government launched a world-leading Building Equality Policy, developed by the BICC. The policy will apply to all new major construction projects (over \$20m) and mandates female representation in at least three per cent of each trade role, seven per cent of each non-trade position and 35 per cent of management, supervisor and specialist labour roles.

Considering current participation rates of women in construction – these targets will help shift the dial in the right direction boosted by innovative initiatives like Master Plumbers' Women in Plumbing program.

11.2.2 The Women in Plumbing project

There has never been an end-to-end solution designed to simultaneously attract more women into plumbing, create a movement to change the culture and support them throughout their career.

To this end, Master Plumbers launched an innovative new Women in Plumbing program in 2021, backed by a major grant by Apprenticeships Victoria. The \$1.2 million pilot program seeks to champion a connected community of aspiring female students, apprentices and plumbers to address participation rates for women in plumbing.

It comprises three tactical components to overcome known hurdles to attracting and retaining women in the industry:

- 1) **Target** careers teachers, parents and female students to ensure plumbing is accepted as a valid and highly-skilled pathway for women
- 2) **Train and employ:** Master Plumbers will employ 40+ women during their pre-apprenticeship, a much-needed step to help establish a secure role at completion, remove financial impediments and establish a mentoring framework. We will place these women during their pre-apprenticeships with our member companies to gain on the job work experience.
- 3) **Connect and Support:** The program will provide ongoing mentoring and peer support for aspiring female apprentices, apprentices in training and graduates throughout their career through an Alumni program.

Underpinning the success of these three pillars is a campaign designed to perpetuate the stories of these women in plumbing and to start normalising the entry of women into trades, no matter their stage of life, and grow their confidence to change careers knowing that they will be supported throughout the transition.

11.3 What we are calling for

Action 30

Government must continue its commitment and funding of programs which provide for greater diversity in the industry.



The Women in Plumbing program offers an end-to-end solution to support women throughout their plumbing careers.

Master Plumbers' Action Plan

A safer industry

1. Federal and state governments must ensure that regulators engage closely with industry and have the expertise, knowledge and resources to make sure their oversight is relevant, up to date and practical to implement.
2. Government at all levels need to work together to ensure consistency across jurisdictions and target best practice national regulations rather than a lowest common denominator approach.
3. Federal and state governments must protect the integrity of the broad-based plumbing qualification with a consistent standard across jurisdictions and commit to assisting industry to implement a national ongoing program of CPD for plumbers.

Effective regulation

4. The Victorian Government must commit to increasing the regulatory and policy focus on plumbing ensuring the VBA is funded to effectively regulate the State's plumbing industry.
5. ESV and VBA must collectively work better to provide clarity to practitioners about their respective roles and work more effectively to provide plumbers with a one-stop shop for regulation in areas where these roles overlap.

6. Government must work to agree, set and achieve a minimum 5 per cent audit rate for plumbing work and consult with industry to develop a stronger risk-based audit program.
7. Regulators must investigate other methods of auditing such as self-reporting that could service or test reports to be lodged with the regulator providing a record on a part of the plumbing sector currently ignored by the existing auditing system, e.g. fire testing, backflow testing
8. Government must work with industry to develop regulatory treatments which meet the needs of complex plumbing work in:
 - qualification and licensing of plumbers, ensuring fit-for-purpose skills, and
 - regulation practices and certification compliance, aligning standards and controls in relation to the Ministerial Order 2002.
10. Government must commit to undertaking a process to evaluate the effectiveness and sustainability of the existing mandatory insurance scheme (costs, availability, adequacy) and consider options for improvement

Protecting the integrity of the trade

11. Government must commit to address the misalignment between plumbers and designers and recognise the qualification of plumbers to perform design work.
12. Government must protect the trade by continuing to advocate for, champion and protect the integrity of the plumbing and related trades, with a view to ensuring the trade is not fragmented into a series of one-off skill sets.
13. The Victorian government must restrict AMR to registered practitioners only.

A fit for purpose insurance system

9. Government must commit to establishing a process to revise and update the Ministerial Order(s) regarding compulsory plumbing insurance as well as addressing the inconsistency between the period of insurance coverage in the Ministerial Order and that required by the Domestic Building Contracts Act 1995 and the Building Act 1993.

Protecting the viability of plumbing businesses

14. The Australian Government should bring the whole of Clause 34 of the Plumbing and Fire Sprinklers Award 2022 into line with the National Employment Scheme (NES).
15. Australia must achieve a nationally consistent and effective set of security of payment laws with implementation of the best practice recommendations which requires that the relevant Federal, State and Territory Government Ministers to work together.
16. All Governments must secure payments from misuse and the risk of head contractor insolvency by mandating job-specific trust accounts. Money paid by a developer for a job should be allocated and spent only on that job and payment dates specified in works contracts must be adhered to by the principal contractor.
17. The Victorian Government must amend the Building and Construction Industry Security of Payment Act 2002 (Vic), to ensure that payment dates specified in works contracts are adhered to by the principal contractor.
18. To avoid confusion, uncertainty and the cost of the legal fees due to unforeseeable variations, governments must shoulder their fair share of risk on public works rather than pushing them down to builders and subcontractors.
19. The Victorian Government should commission a review to determine the impact that retention payments, including cash retention payments, have on subcontractors.

The gas transition and the hydrogen opportunity

20. Government must recognise the integral part that plumbing will play in the clean economy using hydrogen as a fuel gas for industrial and domestic applications.
21. Government must recognise the value of the existing gas reticulation network and its potential to supply carbon-free fuels to household and industry as a key competitive, economic and social advantage for Victoria.
22. Government must establish policy frameworks to embed the collaborative role of industry partners in developing the training facilities and intellectual capital which will enable the industry to support our economy in adapting to climate change.

Training, skills and future proofing our industry

23. Governments must commit to long-term, consistent and real funding increases for VET which delivers an increase in the number of VET funded students by 400,000 per annum across all qualifications, AQF levels and industry sectors to satisfy not just skill shortages, but skill needs.
24. The Australian Government should fund apprenticeship wage subsidies for at least the next two years at 30 per cent for 12 months and 15 per cent for 2nd year apprenticeships.

- 25. Federal and State Governments should provide increased resources for schools to provide quality, unbiased and up-to-date careers education, including a significant rebalance towards vocational education options.
- 26. Government must work with key stakeholders to develop a Workforce Plan to address the labour and skills shortage across our industry.
- 27. Government must more explicitly recognise the critical role industry RTOs play in securing our future workforce.
- 28. Government must enact specific strategies to better enable the public, private and not-for-profit/industry RTOs to work together and ensure the economy-wide demand for plumbing training is met where it is most needed, and in a way which delivers the quality skills outcomes the modern industry demands and the community expects.

- 29. The Victorian Government must introduce mandatory CPD for registered and licensed plumbers in Victoria in line with the Master Plumbers CPD model. The scheme must be relevant, have the right mix of technical, industry and professional development units and be designed to gain and retain practitioner buy-in and not become compliance driven.

Equality and opportunity

- 30. Government must continue their commitment and funding of programs which provide for greater diversity in the industry.

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