

**FOR CONSULTATION**

# **OPTIONS PAPER**

*March 2020*

# Registration and licensing of tradespeople who perform carpentry work

## Acknowledgements

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## Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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# Registration and licensing of tradespeople who perform carpentry work

## Essential information

In late 2018, the Victorian Government made amendments to the *Building Act 1993* to introduce a new registration and licensing scheme for tradespeople. Changes will be implemented for carpentry first, with other trades to follow over a five-year period.

The Victorian Government has prepared this Options Paper for consultation to seek views on options to implement the new scheme.

### How will the new scheme impact me?

- *I am a carpentry subcontractor*

As a carpentry subcontractor, **you will need a registration to undertake certain carpentry work.**

To obtain a registration, you will need to meet certain minimum registration requirements, including qualifications (including in relation to business competency), experience and personal and financial probity requirements. Options for these requirements range from the same requirements as those currently required for head contractors, to more targeted and potentially less onerous requirements for trades who only seek to subcontract (i.e. not enter a head contract). These options are outlined in Sections 4.4 to 4.8 and your views are sought on these.

- *I am an employee carpenter*

As an employee carpenter, **you will require a licence to undertake certain carpentry work.** To obtain a licence, you will need to meet certain qualification and experience criteria. Options outlining the minimum formal qualifications and experience requirements for employees are presented in Sections 4.4 and 4.5 of this paper. Typically, these options involve a Certificate III and a level of practical experience or the successful completion of an apprenticeship. Your views are sought on these options.

- *I am in the building industry or want to work in the building industry*

The new trades registration and licensing scheme will also have implications for other building industry participants. For example:

- Registered builders engaging employees and/or subcontractors to perform carpentry work
- New entrants to the industry
- Upskillers within the industry
- Trades and other practitioners who are not carpenters but whose work includes some carpentry work
- Carpentry apprentices
- Tradespersons who are registered or licensed in another jurisdiction and wanting to work in Victoria
- Owner-builders
- Other building practitioners.

Implementation of the new scheme will need to consider the unique circumstances of these industry participants.

Your views are sought on any implications of the new scheme for you.

# Registration and licensing of tradespeople who perform carpentry work

## Why is there a new trades registration and licensing scheme?

### *Current scheme*

The Victorian Building Authority (the VBA) currently administers a registration regime for building practitioners, including builders, operating in the Victorian building industry. This registration regime allows the VBA to collect information about registered builders, which, in turn, enables the VBA to monitor and enforce compliance with the *Building Act 1993* ('the Building Act') and the Building Regulations 2018 (the building regulations). Not all builders and tradespeople involved in a project require registration to perform building work – only the head contractor needs to be registered, and only in certain circumstances.

### *Why the change?*

Change was considered an important step to reduce **non-compliant building work**, enhance industry **accountability** and encourage **skills formation** and availability:

- **Non-compliant work:** Consumer problems in the Victorian building industry are high relative to other sectors, and the most common consumer complaint in the domestic building industry is poor quality workmanship. There is a significant financial burden on consumers to rectify poor quality and non-compliant work.
- **Accountability:** While head contractors engage directly with consumers, an estimated 80 to 85 percent of building work is completed by subcontractors and employees. Without registration and licensing requirements, the VBA is unable to initiate disciplinary action against these unregulated trades when they breach standards.
- **Skills formation:** The lack of any registration and licensing requirements for subcontractors and employees reduces the incentive for these groups to obtain the minimum recognised level of competency required to safely, competently and proficiently perform building work. This is reflected in low apprenticeship completion rates. Of the trade apprentices commencing training in 2014, only 54.5% completed their training. This not only presents a risk to the quality of work undertaken in the industry, but it could also be a factor in the ongoing skills shortage in the sector.

### *What is the change?*

The new scheme will introduce new obligations for employees and subcontractors working in the building industry. Employees will be required to obtain a licence, and subcontractors to obtain a registration, to perform certain (or 'prescribed') building work. The new scheme will be implemented for carpentry work first, with other building work to be considered for inclusion in the scheme over a five-year period. The new scheme will not alter existing regulation in relation to domestic and commercial builder registrations (head contractor registrations).

### *When will the change begin?*

The general framework for the new registration and licensing schemes will commence in the Building Act from 1 September 2020. However, the new framework will not have effect until building regulations are made to prescribe the detail of the scheme. While the new building regulations will likely be in place by 1 September 2020, to give industry a chance to plan and prepare for change, the operative date for the regulations could be delayed – for example into 2021.

## How will the new scheme work?

The general framework for the new registration and licensing scheme will be provided in the Building Act. However, the Act does not provide the detail of the scheme. For example, the Act does not prescribe building work, and provides no detail on how the scheme will operate. To give effect to the new scheme, the Victorian Government is considering options for new regulations. The core elements of the scheme to be given effect through regulation are described in Table 2.2 on page 15 of this paper.

# Registration and licensing of tradespeople who perform carpentry work

## How can I have my say on the new scheme?

Your input is sought to provide feedback on options presented in this paper, to provide any new options or ideas for consideration, and to provide responses to the questions asked in this document.

Anyone wishing to respond to this document is encouraged to submit a response either online, or via email or post.

Please make your submission **by 5pm on Wednesday, 1 April 2020.**

- If you wish to respond online, you can visit <https://engage.vic.gov.au/registration-and-licensing-building-trades> .
- Alternatively, responses can be emailed to [building.policy@delwp.vic.gov.au](mailto:building.policy@delwp.vic.gov.au) or
- Sent via post to: DELWP, **Building Division**, 8 Nicholson Street East Melbourne Victoria.

All submissions will be treated as public documents and may be referenced in further policy development or public documents including a Regulatory Impact Statement (RIS), unless the submitter has requested that their submission remain confidential or be de-identified.

In addition to this Options Paper there will be other opportunities to get involved. The Victorian Department of Environment, Land, Water and Planning (DELWP) will conduct a series of workshops with stakeholders which will be organised during the coming months. These workshops will provide opportunities to work through core elements of the new scheme such as scope of prescribed work, registration and licensing requirements, and transition arrangements in detail. Following these processes, the RIS will be released publicly for consultation prior to regulations being made later in the year.

## Summary of Consultation Questions

### Scope of work

1. What carpentry work should only be performed by subcontractors or employees with a registration or licence?

### Class of practitioner

2. Which classes of practitioner should be included in the new scheme?
3. What aspects of carpentry work are commonly carried out by non-carpenters? What aspects of carpentry work should be able to be undertaken by people without a registration or licence? Who should be able to undertake these types of work?
4. What criteria (including experience and formal qualifications) should be required for a potential new supervised registration or supervised licence?

### Qualifications

5. What qualifications should apply to subcontractors and employees?

### Experience

6. What practical experience requirements should apply to subcontractors and employees?
7. Should subcontractors and employees meet lower experience requirements than head contractors?
8. Should subcontractors and employees have different experience requirements?+

### Business competency

9. What business competency units (if any) should apply to subcontractors?
10. Should subcontractors have different business competency units than head contractors?



# Registration and licensing of tradespeople who perform carpentry work

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**Personal probity**

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11. What personal probity requirements (if any) should apply to subcontractors and employees?

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**Financial probity**

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12. What financial probity requirements (if any) should apply to subcontractors and employees?

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**Transition**

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13. What are the key transition issues and appropriate timeframes?

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14. What circumstances (if any) would warrant extension of a provisional registration or licence?

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15. Are there any other carpenter profiles that need to be considered for specific transition arrangements?

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**Additional Matters**

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16. What should we consider in relation to additional matters?

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17. What date should the trade registration and licensing scheme for carpenters commence?

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## Options Paper

In late 2018, the Victorian Government made amendments to the *Building Act 1993* (the Building Act) to introduce a new registration and licensing scheme for tradespeople. Changes will be implemented for carpentry first, with other trades to follow over a five-year period.

### Purpose of this paper

This Options Paper has been prepared to support public consultation on options to implement the new scheme for carpentry work. This paper is part of a process to identify options that will be considered in a Regulatory Impact Statement (RIS) to be released for public comment later this year. If new regulations are expected to result in a significant economic and/or social burden on the community, a RIS must be prepared in accordance with the Department of Treasury and Finance's *Victorian Guide to Regulation* and the *Subordinate Legislation Act 1994*. A RIS is a public policy-making decision tool that allows the comparison of several regulatory and non-regulatory options to determine a preferred approach. It provides the public with an opportunity to contribute towards the development of options, and later assess the impact of each option on the Victorian community, economy and environment.

This Options Paper aims to:

- Communicate and seek feedback on options already identified by stakeholders;
- Draw out any new options and ideas for consideration, that can be analysed in the RIS; and
- Seek feedback and information on other issues raised.

The options and questions raised in this paper are not intended to limit feedback and you are encouraged to submit alternative approaches in response to this paper.

Details explaining how you can contribute are provided on page 5 of the Executive Summary, and again in section 6 of this paper.

## 1 Background

### 1.1 The current scheme

Building work in Victoria is largely regulated by the Building Act, together with other building legislation. Key objectives of the Act include facilitating the cost-effective construction and maintenance of buildings and to protect the safety and health of people who use them.<sup>1</sup>

Victorian builders are regulated by the Victorian Building Authority (VBA). The VBA is empowered to monitor and enforce compliance with building laws and regulations, and to supervise and monitor the conduct and ability to practice of registered building practitioners.<sup>2</sup> The VBA achieves this through a registration scheme for builders who work as head contractors. Two core elements of this scheme are registration requirements and a disciplinary process.

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<sup>1</sup> *Building Act 1993* s 4(1)(a),(e).

<sup>2</sup> *Ibid* s 197(a),(ac).

# Registration and licensing of tradespeople who perform carpentry work

The VBA regulates who can become a registered builder. By enforcing minimum qualifications, experience and character requirements, the current registration system helps to ensure that only qualified, competent and suitable builders are registered.<sup>3</sup>

The VBA can also take disciplinary action against registered builders who carry out non-compliant building work (in addition to other grounds). As part of the disciplinary process, the VBA can impose sanctions such as fines, placing conditions on a builder's registration or suspending or cancelling a builder's registration.<sup>4</sup> This helps reduce the amount of non-compliant building work by promoting accountability within the industry.

The new scheme will expand on these objectives by applying similar requirements and standards to subcontractors and employees who perform certain types of building work.

## 1.1.1 Who currently needs to be registered?

Builder registrations are currently divided into two groups: domestic builders and commercial builders. Domestic builders are authorised to carry out domestic building work which corresponds to their class of registration. Domestic building work includes any work associated with the construction, renovation, alteration, extension, improvement, repair or demolition of a home.<sup>5</sup> A 'home' is defined as any residential premises and includes any part of a commercial building or industrial premises that is used as residential premises.<sup>6</sup> Builders can work on both types of work but require a separate registration for domestic building work.

Builder registrations within these two main groups are further divided into classes of registration based on trade specialisations such as carpentry or plastering etc. For classes of domestic builder, each class has certain 'prescribed work' that can only be contracted for by someone whose registration authorises that scope of work (in circumstances where the value of work is over \$10,000). There are currently 10 different classes of commercial builder and 29 different classes of domestic builder. Both domestic and commercial builder can obtain an 'unlimited' registration which covers every class of domestic (or non-domestic) work, or they can obtain one or more 'limited' registration classes that each covers a certain defined scope of work.

To become registered, a builder must demonstrate that they meet all the requirements for registration, including prescribed qualifications and experience requirements. Qualification and experience requirements depend on the class of registration, but typically include the completion of a certificate in a trade and a certain number of years of practical experience (which could be gained, for example, while doing an apprenticeship).

Not every builder involved in a building project is required to be registered, only the head contractor needs a registration, and only in certain circumstances. For example, a registration is required in the following circumstances:

- **For domestic building work**

So long as the head contractor has a registration that covers every type of building work required for a project, any subcontractors and employees of the head contractor do not currently need to be registered.<sup>7</sup> A registration is only required to enter into a contract with the owner of a property and to be named as the builder on a building permit (where the value of the work is over \$10,000) (also known as a 'major domestic building contract'). In practice, this means that currently a tradesperson performing building work for a head contractor does not need a registration to physically perform the work.

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<sup>3</sup> Ibid s 171.

<sup>4</sup> Ibid s 178.

<sup>5</sup> *Domestic Building Contracts Act 1995*, s 5.

<sup>6</sup> Ibid s 3.

<sup>7</sup> *Building Act 1993* s 169F(2).

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- **For non-domestic building work**

The Building Act requires that a builder who is seeking to be named as builder on a building permit must be registered as a building practitioner if the work is valued at over \$10,000.

The *Domestic Building Contracts Act 1995* (DBCA) requires that a builder entering into a major domestic building contract must be registered. A major domestic building contract is defined as a contract for domestic building work valued at over \$10,000 and involving more than one type of work (e.g. it is not just tiling). The DBCA also places additional requirements and warranties on contracts for this type of work.

An owner-builder may carry out domestic building work up to the value of \$16,000 and work over this value with a certificate of consent issued by the VBA. If a major domestic building contract is required, an owner-builder must enter into a contract with a registered building practitioner whose registration authorises them to carry out the scope of work contracted for. Non-domestic owner-builders are not required to obtain a certificate of consent to engage in non-domestic building work.

## 1.2 Issues with the current scheme

Despite recent reforms intended to improve consumer outcomes, problems persist in the industry.

### 1.2.1 Non-compliant work

The rate of consumer problems in the Victorian building industry is high relative to other sectors.<sup>8</sup> The most common consumer complaint in the domestic building industry is poor quality workmanship.<sup>9</sup>

There is a significant financial burden associated with rectifying poor quality and non-compliant work. Although this work is often done at the builder's expense, the costs are ultimately borne by the consumer.<sup>10</sup> As builders expect a degree of rework, the costs are passed onto consumers in the initial contract price or through contingency clauses in the building contract.<sup>11</sup> It is estimated that 5% of the total value of residential construction in Australia can be attributed to rework.<sup>12</sup> In Victoria, this equates to an additional cost of approximately \$1 billion per annum.<sup>13</sup>

The last resort domestic building insurance scheme paid out approximately \$235 million between 2002 and 2019 to rectify defective work.<sup>14</sup> This represents an average cost of \$46,000 per claim.<sup>15</sup> As this scheme only pays out if a builder dies, disappears, becomes insolvent or fails to comply with a Tribunal or Court order, it only accounts for a small proportion of financial cost associated with rectifying defects.

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<sup>8</sup> Victorian Auditor-General's Office (VAGO), *Victoria's Consumer Protection Framework for Building Construction* (Report, 28 May 2015) <<https://www.audit.vic.gov.au/sites/default/files/20150528-Consumer-Protection.pdf>>.

<sup>9</sup> Treasury, *Australian Consumer Survey 2016* (Report, 18 May 2016) 59 <<https://consumerlaw.gov.au/sites/consumer/files/2016/05/ACL-Consumer-Survey-2016.pdf>>.

<sup>10</sup> Association of Wall & Ceiling Industries and Master Painters Association of Victoria, *Build Better* (Report, January 2017) <<http://www.builderscollective.org.au/wp-content/uploads/2017/03/Build-Better-Benefits-from-Licensing-Finishing-Trade-Contractors.pdf>>.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Essential Services Commission, *Victoria's domestic building insurance scheme* (Performance Report, 29 November 2019) 26 <[https://www.esc.vic.gov.au/sites/default/files/documents/Victoria%27s%20domestic%20building%20insurance%20scheme%20-%20performance%20report%202018-19\\_0.pdf](https://www.esc.vic.gov.au/sites/default/files/documents/Victoria%27s%20domestic%20building%20insurance%20scheme%20-%20performance%20report%202018-19_0.pdf)>.

<sup>15</sup> Ibid.

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In addition to costs directly associated with defects, delays arising from defects that require rework is another common consumer complaint.<sup>16</sup> On average, it takes a consumer 16 weeks to finalise a building dispute through VCAT and 14 months to finalise an application through the domestic building insurance scheme.<sup>17</sup>

Over half of all problems in the domestic building industry are not resolved to the satisfaction of the customer or are never resolved at all.<sup>18</sup>

## 1.2.2 Accountability

The structure of Australia's construction industry makes it difficult to hold the tradesperson who did the work accountable for that work. While head contractors engage directly with consumers, an estimated 80 to 85 percent of construction work is completed by subcontractors and employees of subcontractors.<sup>19</sup> Given that neither subcontractors nor employees are required to be registered, most of the people conducting the work are essentially unregulated. Victoria is the only jurisdiction not to require any registration or licensing for individual trade subcontractors, while between 40,000 to 50,000 tradespeople are registered in both New South Wales and Queensland.<sup>20</sup>

Without a requirement for registration, the VBA is unable to initiate disciplinary action against subcontractors and employees who breach standards. This gap in industry wide oversight and the application of the disciplinary system may also enable subcontractors to move from project to project performing poor quality work with no mechanism for head contractors to lodge complaints or become aware of the history of this behaviour in advance.

## 1.2.3 Incentives for skill formation

A lack of suitably qualified, skilled and experienced tradespeople may contribute to non-compliant building work. According to the Commonwealth Department of Education, Skills and Employment, Victorian employers of carpenters and joiners experience significant difficulties in finding suitable applicants to fill advertised vacancies.<sup>21</sup> In 2018, Victorian employers on average received less than one suitable applicant per vacancy, and could only fill 39 percent of vacancies with less than half of all applicants holding the necessary formal qualifications.<sup>22</sup>

The registration and licensing scheme will require tradespeople meet certain formal qualification and experience thresholds. The lack of any registration or licensing requirements for subcontractors for employees reduces the incentive for these groups to ensure they meet minimum competency standards. This is reflected in low apprenticeship completion rates. Of the trade apprentices commencing training in 2014, only 54.5% completed their training.<sup>23</sup> This not only presents a risk to the quality of work undertaken in the industry, but it could also be a factor in the ongoing skills shortage in the sector.

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<sup>16</sup> Treasury, *Australian Consumer Survey 2016* (Report, 18 May 2016) 59 <<https://consumerlaw.gov.au/sites/consumer/files/2016/05/ACL-Consumer-Survey-2016.pdf>>.

<sup>17</sup> Victorian Civil & Administrative tribunal, *Annual Report 2018-2019* (Annual Report, 2019) 40 <<https://www.vcat.vic.gov.au/sites/default/files/resources/annual-report-2018-19.PDF>> and Essential Services Commission, *Victoria's domestic building insurance scheme* (Performance Report, 29 November 2019) 26 <[https://www.esc.vic.gov.au/sites/default/files/documents/Victoria%27s%20domestic%20building%20insurance%20scheme%20-%20performance%20report%202018-19\\_0.pdf](https://www.esc.vic.gov.au/sites/default/files/documents/Victoria%27s%20domestic%20building%20insurance%20scheme%20-%20performance%20report%202018-19_0.pdf)>.

<sup>18</sup> Treasury, *Australian Consumer Survey 2016* (Report, 18 May 2016) 59 <<https://consumerlaw.gov.au/sites/consumer/files/2016/05/ACL-Consumer-Survey-2016.pdf>>.

<sup>19</sup> Senate Economics Reference Committee, *Insolvency in the Australian construction industry* (Senate Report, December 2015) [2.6] <[https://www.aph.gov.au/parliamentary\\_business/committees/senate/economics/insolvency\\_construction/Report/c02](https://www.aph.gov.au/parliamentary_business/committees/senate/economics/insolvency_construction/Report/c02)>.

<sup>20</sup> Victoria, *Parliamentary Debates*, Legislative Council, 7 September 2018, 4887 (Mark Gepp) <[http://hansard.parliament.vic.gov.au/?IW\\_INDEX=Hansard-2018-1&IW\\_FIELD\\_TEXT=SpeechIdKey%20CONTAINS%20\(7-09-2018\\_council\\_55\)%20AND%20OrderId%20CONTAINS%20\(1\)&LDS=Y](http://hansard.parliament.vic.gov.au/?IW_INDEX=Hansard-2018-1&IW_FIELD_TEXT=SpeechIdKey%20CONTAINS%20(7-09-2018_council_55)%20AND%20OrderId%20CONTAINS%20(1)&LDS=Y)>.

<sup>21</sup> Department of Employment, Skills, Small and Family Business, *Skill Shortage: ANZCO 3312 Carpenter and Joiner – Vic* (Departmental document, 12 March 2019) <<https://docs.employment.gov.au/documents/anzsco-3312-carpenter-and-joiner-vic>>.

<sup>22</sup> Ibid.

<sup>23</sup> 'Apprentice and Trainee Completion Rates Decrease,' media release 25 July 2019, National Centre for Vocational Education Research, accessed 4 February 2020 <<https://www.ncver.edu.au/news-and-events/media-releases/apprentice-and-trainee-completion-rates-decrease-2019>>

# Registration and licensing of tradespeople who perform carpentry work

## 1.2.4 Confidence in the sector

As subcontractors and employees are not required to be registered or licensed, consumers and employers cannot easily gather information on tradespeople to make informed choices about their suitability and capability to undertake different types of work.

## 1.3 Objectives of the new scheme

The new scheme is intended to address these issues, while avoiding any unintended consequences for the construction industry or consumers.

The objectives of the new scheme are to ensure:

1. The incidence of non-compliant building work is reduced;
2. There is greater accountability for non-compliant work;
3. Incentives for skills formation in the building industry are improved (including completion of apprenticeships);
4. There is confidence that people who carry out or perform prescribed work have suitable qualifications, skills and experience to do so;
5. There is relative consistency between the approach taken to trade subcontractors and trade employees so as not to create incentives for the replacement of employees by subcontractors.

A registration/licence will provide a mechanism to:

- set a minimum standard of competency to be expected of people who perform prescribed work;
- ensure that only qualified, competent and suitable trades are authorised to operate;
- subject subcontractors and employees to regulatory oversight. This means trades providing poor workmanship will bear the cost of rectifying that work. This will be achieved through a disciplinary system, which will provide an incentive for trades to do compliant and quality work the first time;
- recognise registered and licensed trades on a public register. This will also make it easier for consumers and builders alike to identify competent and qualified trades who are accountable for their work.

The new registration and licensing framework will operate by:

- making it an offence for any builder or tradesperson to undertake prescribed building work without the appropriate registration (for contractors) or licence (for employees);<sup>24</sup> and
- making it an offence for others to engage an unregistered subcontractor or to direct an unregistered or unlicensed person to carry out prescribed building work.<sup>25</sup>

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<sup>24</sup> *Building Act* (1993) s 169EA.

<sup>25</sup> *Ibid* s 169FA and s 169FB

# Registration and licensing of tradespeople who perform carpentry work

## 1.4 When will the change commence?

The general framework for the new scheme will commence from 1 September 2020.

However, the new framework will not have effect until regulations are made to prescribe:

- The building work which cannot be performed without a registration or licence;
- Who will need to be registered or licensed to carry out this work; and
- The requirements for registration and licensing.

It is anticipated new regulations will be in place by 1 September 2020 to coincide with the commencement of the general framework in the Building Act.

However, to give industry a chance to plan and prepare for change, and also to make allowance for implementation considerations, the regulations, subject to consultation, could commence later, for example in 2021.

## 2 The new scheme

The new scheme introduces a new registration and licensing framework for subcontractors and employees. The key changes are:

- Requiring that certain prescribed work is only carried out by registered contractors or licensed employees;
- Ensuring that every tradesperson involved in building work is adequately skilled by imposing minimum competency requirements for registration and licensing; and
- Increasing accountability within the industry through the application of a disciplinary system that applies to all contractors and employees.

The new scheme will be implemented for carpentry work first, with other building work expected to follow over a five-year period.

### 2.1 Changes compared to the current scheme

The new scheme will introduce new obligations for subcontractors and employees working in the building industry. The new registration and licensing scheme will not alter existing regulation in relation to builder registrations. Existing head contractor liability is preserved. Table 2.1 compares the responsibility of head contractors, subcontractors and employees under the existing and new scheme, and indicates where there are new requirements.

# Registration and licensing of tradespeople who perform carpentry work

Table 2.1 Accountability of different practitioners

Building practitioner	Registered builder (head contractor)	Subcontractor	Employee
Must obtain a registration or licence to physically perform prescribed work			
Can contract for prescribed work under \$10K			
Can contract for prescribed work over \$10K <sup>^*</sup>			
Is responsible for all building work on site			
Is subject to a disciplinary system			
Must perform building work in accordance with applicable standards			
Yes            Yes, but new requirements            No			

<sup>^</sup> The practitioner's class of registration or licence must authorise the performance of prescribed work.

<sup>\*</sup>There will be new requirements for subcontractors, and they will be able to subcontract to a head contractor for >\$10K, however if a new class of subcontractor is created, it may be that this new class will not be authorised to directly enter into a head contract with a consumer that is valued at >\$10K.

# Registration and licensing of tradespeople who perform carpentry work

## 2.2 The need for regulation

The general framework for the new registration and licensing scheme will be provided in the Building Act. However, the Act does not provide the detail of the scheme. For example, the Act does not prescribe building work, and provides no detail on how the scheme will operate. To give effect to the new scheme, the Victorian Government is considering options for new regulations. Amongst other things, the regulations will:

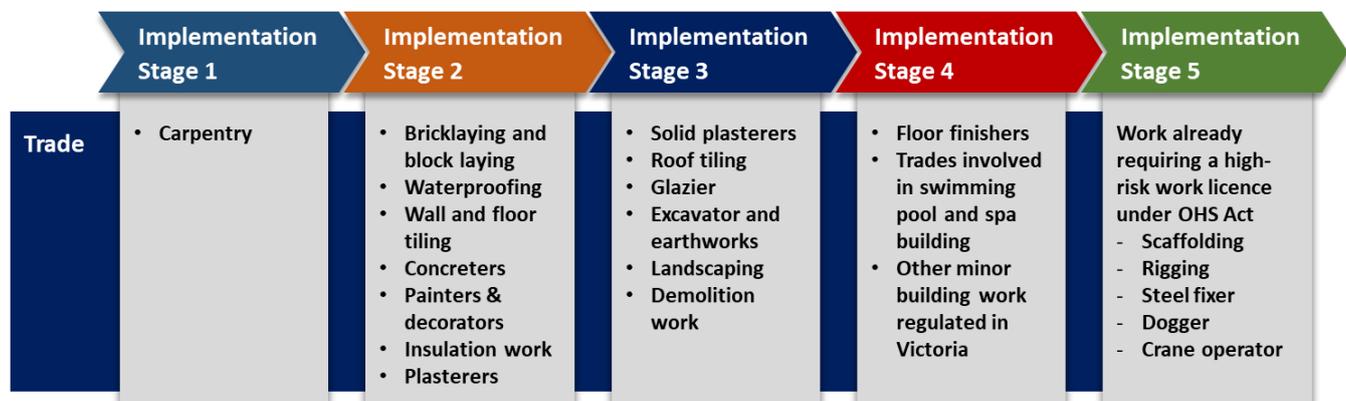
- Define what building work is prescribed work;
- Identify who will need to be registered or licensed to undertake this prescribed work;
- Define the formal qualification and experience requirements that tradespeople will need to become registered or licensed;
- Determine what personal and financial probity requirements will be required to become registered; and
- Provide for any transitional arrangements.

The core elements of the scheme to be given effect through regulation are described further in Table 2.2.

## 2.3 Carpentry first in the staged implementation plan

Due to the large number of trades potentially requiring registration or licensing under the new scheme, the Victorian Government has committed to a staged implementation plan. Following the outcome of a public consultation process, the Minister of Planning determined that carpentry is the first scope of work to be considered for inclusion in the scheme. Carpentry has been placed at the forefront of the staged implementation plan because it attracts a relatively large volume of defects compared to other trades and is relatively high risk and complex work. Other scopes of building work will gradually be considered over a five-year period as outlined in Figure 2.1 below.

Figure 2.1 Summary of implementation plan



## 2.4 What will be addressed in the Regulations?

A number of regulatory options are being considered and are described in this Options Paper. Table 2.2 describes the **core** elements of the scheme, while Section 3 outlines different packaged options available for these core elements.

The regulations will also need to address a range of other matters, such as fees. These additional matters are outlined in Section 5 of this Options Paper. They are not considered in detail at this stage as the settings for the core elements will to a large extent determine the implementation of the other matters. These will be canvassed in the RIS and further public comment sought in that context.

# Registration and licensing of tradespeople who perform carpentry work

Table 2.2 Core elements of the new scheme

Core element	What will the Regulations do?
<b>Scope of work</b>	Define the carpentry work that can only be performed by a registered (if they are a subcontractor) or a licensed (if they are an employee) carpenter. For consistency, the scope of hands-on building work prescribed for subcontractors and employees will be the same.
<b>Class of practitioner</b>	Define the type of licence or registration a tradesperson must have in order to do prescribed work.
<b>Formal qualifications</b>	Set the formal qualifications required for each new class of practitioner.
<b>Relevant practical experience</b>	Set the practical experience requirement for each new class of practitioner.
<b>Business competency</b>	Set the business competency required to be eligible for registration.
<b>Personal probity</b>	Set the personal probity requirements for registration.  The Building Act does not provide for personal and financial probity requirements to apply to employee licences.
<b>Financial probity</b>	Set the financial probity requirements for registration.  The Building Act does not provide for personal and financial probity requirements to apply to licences.
<b>Proposed transition arrangements</b>	Set the provisional registration and provisional licensing arrangements which allow tradespeople to enter the new scheme.

## 3 Packages of options

There are many possible options or approaches to regulate the core elements of the new scheme. This section presents examples of how these options could be combined into packages to form the basis of the new scheme. This has been done to illustrate how certain options can be combined to create the new scheme. Four possible packages of options for registration and three possible packages of options for licensing are presented. These packages are presented to support understanding and discussion. They do not represent all possibilities presented to the Government so far (examples of more possibilities are covered in Section 4) and are not considered preferred approaches. The details of each core element and alternative options are subsequently discussed in Section 4.

A description of each package follows and these packages are further summarised in Table 3.1 for registration and Table 3.2 for licensing below.

### 3.1 Registration

- In **Registration Options Package 1** all trade contractors are registered as domestic or commercial builders in relevant existing classes of builder registration and this registration entitles them to not only carry out prescribed building work, but also to contract for it (whether head contract or subcontract). Package 1 is an extension of the existing registration obligation for head contractors to subcontractors seeking to perform prescribed building work. Essentially this option requires subcontractors to meet the current requirements as they exist in the current system for head contractors.
- **Registration Options Package 2** creates new classes of trade subcontractor which correspond to the work prescribed for existing classes of domestic and commercial builder. However, the new subcontractor classes would enable less onerous registration requirements to be set than in Registration Options Package 1. This is because the new subcontractor class would not be authorised to enter a head contract (i.e. they would only be authorised to subcontract). Registration Options Package 2 is similar to Registration Options Package 1 in that both packages retain and rely on existing classes of domestic and commercial builder. Unlike Options Package 1 however, Options Package 2 does not require trades to be registered as domestic and/or commercial builders and does not require subcontractors to meet requirements as they exist in the current system for head contractors. Under this package, any new prescribed subcontractor class could be prescribed less onerous registration requirements than the corresponding head contractor class. This reflects the different levels of responsibility each class assumes in relation to prescribed work.
- **Registration Options Package 3** would introduce one (or more) new classes of registration enabling subcontractors to perform a broad range of prescribed carpentry work. This package is different to Registration Options Packages 1 & 2 as it departs from the way in which the classes of registration are currently prescribed for domestic and commercial builders. In other words, in Registration Options Package 3 there is no distinction between domestic and non-domestic building work. The advantage of introducing broader classes of registration for subcontractors is that it prevents fragmentation of carpentry and promotes labour mobility across the domestic and non-domestic sectors.
- **Registration Options Package 4** would prescribe only carpentry work that is considered to be high-risk carpentry work. In this option, single or multiple classes of registration can be created. Registration Package 4 differs from the other three packages in that it is the only package that prescribes only some carpentry work, whereas all the other packages prescribe all carpentry work. In this package, prescribed carpentry work is narrowly defined thereby limiting the scope of the scheme.

Packaged options for registration are summarised in Table 3.1 and more detail can be found in Section 4.

# Registration and licensing of tradespeople who perform carpentry work

**Table 3.1 Packages of options for Registration**

<b>Registration Options Package</b>	<b>Registration Options Package 1</b> <i>All carpentry work is regulated. Registration requirements to undertake work align with those already existing for head contractors.</i>	<b>Registration Options Package 2</b> <i>All carpentry work is regulated. Registration requirements to undertake work are based on (but less than) existing head contractor requirements.</i>	<b>Registration Options Package 3</b> <i>All carpentry work is regulated. New broader classes of registration are introduced and these cover both domestic and non-domestic building work</i>	<b>Registration Options Package 4</b> <i>Some carpentry work is regulated based on defects, complexity and/or risk. Registration requirements correspond to the work.</i>
<b>Scope of prescribed work</b>  <i>For discussion and detail see Section 4.1 and Appendix A.</i>	<b>All</b> carpentry work is prescribed.			<b>Some</b> carpentry work is prescribed.
<b>Class of practitioner</b>  <i>For discussion and detail see Section 4.2.</i>	Relevant existing classes of domestic and commercial builder limited (current head contractor classes) are used to register subcontractors.	Introduce new subcontractor classes of registration.  New subcontractor classes of registration are prescribed according to relevant <i>existing</i> classes of domestic and commercial builder.  Registration requirements would be less onerous than those required for current head contractor classes.	Introduce new subcontractor classes of registration.  A new single class or new multiple classes of registration are prescribed, and these new classes are broad and cover both domestic and non-domestic building work.	Introduce new subcontractor classes of registration.  A new single class or new multiple classes of registration are prescribed relatively narrowly based on defects, complexity, risk, the structural nature of the work or other factors.
<b>Level of formal qualification</b>  <i>For discussion and detail see Section 4.4 and Appendix B</i>	Qualifications are the same as those prescribed for relevant existing classes of domestic and commercial builder limited. See Appendix B for details		Relevant Certificate III. See Appendix B for details.	Formal qualifications correspond to narrowly defined scope of work.
<b>Relevant practical experience</b>  <i>For discussion and detail see Section 4.5</i>	Practical experience requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder.	<ul style="list-style-type: none"> <li>• Same as Registration Options Package 1; or</li> <li>• A proportion of the experience requirement in Options Package 1.</li> </ul>		

# Registration and licensing of tradespeople who perform carpentry work

<b>Registration Options Package</b>	<b>Registration Options Package 1</b> <i>All carpentry work is regulated. Registration requirements to undertake work align with those already existing for head contractors.</i>	<b>Registration Options Package 2</b> <i>All carpentry work is regulated. Registration requirements to undertake work are based on (but less than) existing head contractor requirements.</i>	<b>Registration Options Package 3</b> <i>All carpentry work is regulated. New broader classes of registration are introduced and these cover both domestic and non-domestic building work</i>	<b>Registration Options Package 4</b> <i>Some carpentry work is regulated based on defects, complexity and/or risk. Registration requirements correspond to the work.</i>
<b>Business competency</b> <i>For discussion and detail see Section 4.6.</i>	Business competency requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder.	<ul style="list-style-type: none"> <li>• Same business competency requirements as Package 1; or</li> <li>• A selection of relevant business competency units; or</li> <li>• No business competency units.</li> </ul>		
<b>Personal probity</b> <i>For discussion and detail see Section 4.7.</i>	Personal probity requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder.	<ul style="list-style-type: none"> <li>• Same personal probity requirements as Package 1; or</li> <li>• Same personal probity requirements as Package 1 but apply a shorter time horizon; or</li> <li>• A selection of the requirements in Package 1; or</li> <li>• Additional probity requirements to those currently prescribed (i.e. different probity requirements than Package 1); or</li> <li>• A combination of the above options; or</li> <li>• No personal probity requirements.</li> </ul>		
<b>Financial probity</b> <i>For discussion and detail see Section 4.8.</i>	Financial probity requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder.	<ul style="list-style-type: none"> <li>• Same financial probity requirements as Package 1; or</li> <li>• Selection of the financial probity requirements in Package 1; or</li> <li>• Additional probity requirements to those currently prescribed (i.e. different probity requirements than Package 1); or</li> <li>• A combination of the above options; or</li> <li>• No financial probity requirements.</li> </ul>		
<b>Transition</b> <i>For discussion and detail see Section 4.9.</i>	Suitable transition arrangements will be designed enabling provisional registrations and identifying feasible pathways to obtain a full registration from a wide range of starting points.			

# Registration of trade contractors and licensing of employees

## 3.2 Licensing packages

A description of each package for the new licensing scheme follows.

- In **Licensing Options Package 1** all employees are licensed, and new classes of licence align with existing classes of domestic and commercial builder (per Registration Options Package 1 and 2). Criteria for registration and licensing which set the minimum standard necessary to physically perform each class of prescribed work is the same for head contractors, subcontractors and employee licences (qualifications and experience). Business competency and personal and financial probity requirements are not required for licensing.
- **Licensing Options Package 2** would introduce one (or more) new classes of licence enabling employees to perform a broad range of prescribed carpentry work (i.e. broader than work prescribed for current classes of builder). Under this package, employees are licensed, and classes of licence correspond to carpentry work prescribed for Registration Options Package 3. Licensing Options Package 2 and Registration Options Package 3 are different to Registration and Licensing Packages 1 as they depart from the way in which the classes of registration are currently prescribed for domestic and commercial builders. In other words, this package does not retain a distinction between domestic and non-domestic building work.
- **Licensing Options Package 3** would prescribe carpentry work narrowly thereby limiting the effect of the scheme. It prescribes only carpentry work that is considered to be high-risk carpentry work. In this option, single or multiple new classes of licence can be created. Under Licence Package 3 employees are licensed and classes of licence correspond to carpentry work prescribed for Registration Options Package 4. Licensing Package 3 differs from the other two packages in that it is the only package that prescribes only some carpentry work. The other packages prescribe all carpentry work.

Packaged options are summarised in Table 3.2 and more detail can be found in Section 4.

# Registration of trade contractors and licensing of employees

**Table 3.2 Package of options for licensing**

<b>Licensing Options Package</b>	<b>Licensing Options Package 1</b> <i>All carpentry work is regulated. Licensing classes align with those already existing for head contractors.</i>	<b>Licensing Options Package 2</b> <i>All carpentry work is regulated. New broader classes of licence are introduced and these cover both domestic and non-domestic building work</i>	<b>Licensing Options Package 3</b> <i>Some carpentry work is regulated based on complexity and/or risk. Licensing requirements correspond to the work.</i>
<b>Scope of prescribed work</b>  <i>See details in Section 4.1 and Appendix A.</i>	<b>All</b> carpentry work is prescribed		<b>Some</b> carpentry work is prescribed
<b>Class of practitioner</b>  <i>See details in Section 4.2.</i>	Licensing classes are prescribed according to relevant <i>existing</i> classes of domestic and commercial builder (current head contractor classes).	A new single class or new multiple classes of licence are prescribed, and these new classes are broad and cover both domestic and non-domestic building work.	Introduce a new single class or new multiple classes of licence that prescribe work relatively narrowly based on defects, complexity, risk, the structural nature of the work or other factors.
<b>Level of formal qualification</b>  <i>See details in Section 4.4 and Appendix B</i>	Formal qualification requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder. See Appendix B for details.	Relevant Certificate III. See Appendix B for details.	Formal qualification corresponds to narrowly defined scope of work.
<b>Relevant practical experience</b>  <i>See details in Section 4.5.</i>	<ul style="list-style-type: none"> <li>• Practical experience requirements are the same as those prescribed for relevant existing classes of domestic and commercial builder (head contractor classes); or</li> <li>• A proportion of the current experience requirement for head contractors is prescribed.</li> </ul>		
<b>Transition</b>  <i>See details in Section 4.9</i>	Suitable transition arrangements will be designed enabling provisional licences and identifying feasible pathways to obtain a full licence from a wide range of starting points.		

## 4 Options to create the scheme

Table 3.1 and Table 3.2 above present possible packages of options for registration and licensing. This section outlines the details of each item presented in these tables. Discussion in this section is grouped by core elements of the scheme. This section also presents key considerations for the selection of core elements and presents additional options or possibilities which have not been reflected in the packages. Consultation questions for each core element are also included.

### 4.1 Scope of work

As a subcontractor or employee in the carpentry sector, you will require a registration or licence to perform certain (or prescribed) carpentry work. Only carpentry work that is also building work (within the meaning of the Building Act, that is, work for or in connection with the construction, demolition or removal of a building) can be prescribed. The scope of work will define prescribed carpentry work that can only be done by a registered contractor or a licensed employee. Table 4.1 sets out three approaches to defining prescribed work.

Table 4.1 Options for defining prescribed work

Prescribed work options	Discussion
<p><b>All carpentry work is prescribed using the existing classes of domestic and commercial builder</b> (Registration Options Packages 1 &amp; 2) (Licensing Options Package 1)</p>	<ul style="list-style-type: none"> <li>- Prescribed work would include all work in relation to the 15 existing classes of domestic builder and three existing classes of commercial builder that relate to carpentry work. Refer to Appendix A for details.</li> <li>- This option provides the possibility of having multiple classes of registration and licence that align with the existing classes of registration for head contractors.</li> <li>- This would provide consistency with the current scheme for builder registration.</li> <li>- It maintains the distinction between domestic and non-domestic building work.</li> </ul>
<p><b>All carpentry work is prescribed using new broad classes of carpentry work</b> (Registration Options Package 3) (Licensing Options Package 2)</p>	<ul style="list-style-type: none"> <li>- There are six Certificate IIIs which relate to carpentry. This option uses those as the basis for defining prescribed work. Refer to Appendix A for details.</li> <li>- Other information may be included in the definition of prescribed work, for example as indicated through consultation, by ANZSCO categories, by existing building codes and standards.</li> <li>- This option provides the broadest definition of prescribed work – Certificate III qualifications cover everything from low to higher risk work, including some work that might also be commonly undertaken by unqualified workers, and specialised areas such as shopfitting that may not necessarily be considered carpentry.</li> <li>- It provides the possibility of having multiple classes of registration and licensing that relate to existing formal qualifications.</li> </ul>
<p><b>Some carpentry work is prescribed</b> (Registration Options Package 4) (Licensing Options Package 3)</p>	<ul style="list-style-type: none"> <li>- Prescribed work would be a sub-set of either of the two options described above.</li> <li>- Prescribed work is relatively narrowly defined based on either (i) the level of risk involved in performing the work or (ii) whether the work is structural or (iii) if there is a high prevalence of defects, and/or (iv) the cost of rectifying those defects</li> <li>- A narrower definition of prescribed work would amount to more targeted regulation and require less exemptions in relation to the performance of prescribed work.</li> <li>- Appendix A provides further detail of work that may be considered appropriate to prescribe under this option.</li> </ul>

Detailed descriptions of what could be prescribed work under each option is provided in Appendix A.

# Registration of trade contractors and licensing of employees

Views that have been put forward in relation to defining the scope of work include:

- Current commercial builder classes do not follow logical categorisations like the domestic builder classes, therefore a definition that moves away from the current categories (which are relevant for head contractors) may be preferable.
- Framing work is the only carpentry work that should be prescribed, due to it being subject to a high volume of defects and also because it is structural in nature.
- All carpentry work should be prescribed together in one class because it is too confusing and impractical to segment it into specialisations.
- For safety reasons, any structural carpentry work should be prescribed work.

While carpentry is the first scope of work to be considered for inclusion in the scheme, other scopes of building work will gradually be considered for inclusion. An important implication of developing prescribed work for carpentry is that once work is prescribed, it can no longer be carried out by trades other than registered or licensed carpenters, unless authorised (for example, appropriately registered head contractors and owner-builders). It is recognised that there may be tradespeople who are carrying out this prescribed work, but are not carpenters, and this will be considered when determining what is prescribed work.

## Consultation question(s):

1. What carpentry work should only be performed by subcontractors or employees with a registration or licence?

## 4.2 Class of practitioner

Contractors and employees that would like to undertake prescribed carpentry work (as per Section 4.1) will need to obtain a registration or licence. If you wish to undertake prescribed carpentry work as an employee you will need a licence however, if you wish to undertake prescribed carpentry work as a subcontractor you will need a registration. If you wish to undertake prescribed carpentry work as both an employee and a subcontractor, you will need a registration.

While the scope of work defines what carpentry work is prescribed, the class of practitioner sets how that prescribed work can be allocated different registration and licensing requirements. Table 4.2 sets out the approaches to defining the various classes of licence and registration.

Please note that provisional classes of registration and licensing to manage the transition to the new scheme are discussed separately in Section 4.9.

# Registration of trade contractors and licensing of employees

Table 4.2 Options for classes of practitioner

Class of practitioner options	Discussion
<p><b>Adopt and/or align with current domestic and commercial builder classes</b> (Registration Options Package 1) (Licensing Options Package 1)</p>	<ul style="list-style-type: none"> <li>- Retain for head contractors the existing classes of domestic and commercial builder that relate to carpentry work.</li> <li>- Refrain from creating any new classes of registration for carpentry subcontractors.</li> <li>- To register subcontractors who perform carpentry work, rely on the relevant existing 15 head contractor classes of registration.</li> <li>- Require subcontractors to meet the current domestic builder limited or commercial builder limited requirements.</li> <li>- Create 15 new corresponding employee licensing classes.</li> </ul>
<p><b>Introduce a new class of subcontractor and retain current domestic and commercial builder classes</b> (Registration Options Package 2)</p>	<ul style="list-style-type: none"> <li>- Retain for head contractors the existing classes of domestic and commercial builder that relate to carpentry work.</li> <li>- Create 15 new subcontractor classes of registration which correspond to the relevant head contractor classes.</li> <li>- Create 15 corresponding new employee licensing classes.</li> <li>- Subcontractors would not be required to meet the current domestic builder limited or commercial builder limited registration requirements.</li> <li>- For subcontractors, registration requirements would be less onerous than those required for head contractors.</li> <li>- Require employees to meet the same qualification requirements as the new subcontractor classes (but no business competency or probity requirements).</li> </ul>
<p><b>Introduce new broad classes of registration and licensing</b> (Registration Options Package 3) (Licensing Options Package 2)</p>	<ul style="list-style-type: none"> <li>- Retain for head contractors the existing classes of domestic and commercial builder that relate to carpentry work.</li> <li>- Create new classes of registration and corresponding new classes of licence that support a broad definition of carpentry work. For example, a broad definition of carpentry work could be one which corresponds to the learning outcomes of relevant Certificate III qualifications.</li> <li>- These new classes of registration and licence would enable subcontractors and employees to work on both domestic and non-domestic carpentry work.</li> <li>- Given that there are six Certificate IIIs that relate to carpentry work, it is possible to create up to six new classes of registration for subcontractors and six new classes of licence for employees.</li> <li>- Alternatively, a single new general class of registration for all subcontractors and a single new general class of licence for all employees could be introduced. This would allow any registered/licensed tradesperson to undertake all prescribed work related to carpentry. The benefit of a single licence is that it reduces fragmentation of the carpentry industry.</li> </ul>
<p><b>Introduce new class(es) of registration and licensing for a narrow scope of work</b> (Registration Options Package 4) (Licensing Options Package 3)</p>	<ul style="list-style-type: none"> <li>- Retain for head contractors the existing classes of domestic and commercial builder that relate to carpentry work.</li> <li>- In this option, the scope of prescribed carpentry work is narrowly defined.</li> <li>- It is possible to introduce multiple new classes of registration and licensing based on a narrow definition of prescribed work. Here the number of new registration and licensing classes is dependent on the definition of prescribed work.</li> </ul>

# Registration of trade contractors and licensing of employees

Alternative options to define classes of trade practitioner that have been suggested include:

- Different classes of practitioner for subcontractors that are based on a range of monetary values of carpentry work performed each year. This would allow levels of professional indemnity insurance to be set as a requirement for registration in a manner which is proportionate to the value of work performed (i.e. proportionate to the risk the carpenter takes on each year).
- Many stakeholders have suggested that keeping the status quo for domestic/commercial builders while allowing registered and licensed carpenters to work across domestic and commercial sectors is desirable. This could be achieved by creating a single carpentry registration that is able to do all prescribed work (whether prescribed work is defined to align with existing classes or Certificate III outcomes or by some other means). This option responds to stakeholder opinion not to 'fragment' carpentry in either specialisations or based on the non-domestic and domestic building work divide. Rather there would be a single registration class of subcontractors and a single corresponding employee licence class.
- Introduce specialised classes of trade practitioner through endorsements on a broader licence or registration class. This means some prescribed work could not be done under a general registration or licence but would require a specialised endorsement. Specialised classes would have additional formal qualification or competency requirements (e.g. based on elective units of competency within the carpentry Certificate III qualification). Examples of specialised classes may include units like formwork construction (CPCCCA3019A), installation of doors and windows (CPCCCA3010A) or installation of exterior cladding (CPCCCA3017B).
- Introduce a supervision class to allow for a range of situations where it would be appropriate for an unregistered or unlicensed person to undertake prescribed work under supervision of an appropriately registered practitioner. These situations could also be managed through exemptions to registration or licensing. An example might include the introduction of a supervised employee licence that is designed to enable a new entrant in the industry (who is not completing an apprenticeship) to undertake prescribed work for a specified period in order to gain sufficient relevant experience to obtain a full licence.
- Introduce different classes of practitioner for employees similar to that used within the plumbing industry. For example, a registered plumber has completed their apprenticeship while a licensed plumber has got a number of units from a Certificate IV and is more qualified.

## *Options for classes of practitioner that are out of scope of this project*

Please note that as part of this project, it is not possible to discontinue the current domestic and commercial builder registrations for head contractors and replace them with new builder registration classes that are based on building size and height (for example to more closely align with building standards set in the National Construction Code). While this is beyond the scope of this project, it will be considered as part of the broader review of Victoria's building legislation, due to commence this year.

Please also note, the framework does not support the introduction of a 'universal' class of trade practitioner that covers both subcontractors and employees. To support the different functions and responsibilities of subcontractors and employees, a separate class of practitioner must be created for each.

## Consultation question(s):

2. Which classes of practitioner should be included in the new scheme?

# Registration of trade contractors and licensing of employees

## 4.3 Registration and licensing exemptions

Broadly speaking, employees or contractors that would like to perform prescribed carpentry work (as per Section 4.1) will need to obtain a registration or licence. Registration and licensing exemptions however define circumstances in which prescribed work can be done by an unregistered subcontractor or a non-licensed employee or even another registered practitioner whose registration does not authorise the carrying out of a particular class of prescribed work.

Options proposed by stakeholders for exemptions from registration and licensing include:

- Allow an un-registered subcontractor to contract for any prescribed carpentry work that is under the value of \$10,000.
- Allow any carpentry work over the value of \$10,000 which is exempt from compliance with the building regulations and/or from the requirement for a building permit to be carried out by un-registered and non-licensed trades.
- Supervised work - This would allow an unregistered subcontractor or a non-licensed employee to work under the supervision of an appropriately registered building practitioner. This supervised work exemption could apply to facilitate workers who are not undertaking an apprenticeship and who are not eligible to obtain a provisional registration or licence to gain the experience necessary to become registered or licensed under the new scheme.
- Low risk work - If a broad definition of prescribed work is used, it may be necessary to identify specific aspects of work that should be exempt and can be carried out by anyone.

### Consultation question(s):

3. What aspects of carpentry work are commonly carried out by non-carpenters? What aspects of carpentry work should be able to be undertaken by people without a registration or licence? Who should be able to undertake these types of work?

4. What criteria (including experience and formal qualifications) should be required for a supervised registration or supervised licence?

# Registration of trade contractors and licensing of employees

## 4.4 Qualifications

To obtain a registration or licence, an applicant will need to hold certain formal qualifications. Qualification requirements are the same for contractors and employees unless stated otherwise. Table 4.3 sets out the various approaches to defining the minimum formal qualifications required for a registration or licence.

**Table 4.3 Formal qualifications options**

Qualifications options	Discussion
<b>Formal qualifications correspond to those set for classes of domestic and commercial builder</b> (Registration Options Package 1 & 2) (Licensing Options Package 1)	<ul style="list-style-type: none"><li>- Requires same formal qualifications as prescribed for corresponding existing classes of domestic and commercial builder. See Appendix B for details.</li><li>- In practice this means that licensed employees, registered subcontractors and head contractors would all have to meet the same minimum formal qualification requirements.</li></ul>
<b>Relevant Certificate III</b> (Registration Options Package 3) (Licensing Options Package 2)	<ul style="list-style-type: none"><li>- Minimum formal qualifications would be a relevant Certificate III from a registered training organisation. See Appendix B for details.</li><li>-</li></ul>
<b>Formal qualifications correspond to narrow definition of prescribed work</b> (Registration Options Package 4) (Licensing Options Package 3)	<ul style="list-style-type: none"><li>- Formal qualifications correspond to narrowly defined scope of work.</li></ul>

Additional options proposed for formal qualifications required for registration and licensing include:

- Require additional, specific units at either Certificate III or IV level be included in the qualification requirements (in addition to the minimum formal qualifications for that class).
- Use independent assessments to verify that subcontractors and employees meet the minimum competency standards expected of those who have successfully completed a required qualification.
- Introduce a requirement for Certificate IV qualifications to apply to specialised classes of practitioner depending on the related scope of work.

### Consultation question(s):

5. What formal qualification requirements should apply to subcontractors and employees?

# Registration of trade contractors and licensing of employees

## 4.5 Relevant practical experience

To obtain a registration or licence, an applicant will need to demonstrate a prescribed level of relevant practical experience.

Table 4.4 presents two options for the minimum experience that subcontractors and employees should hold to be eligible for a registration or licence.

Table 4.4 Experience options

Experience options	Discussion
<b>Same as head contractor</b> (Registration Options Packages 1 & 2) (Licensing Options Package 1)	<ul style="list-style-type: none"><li>- Require the same practical experience as that outlined in Schedule 9 to the Building Regulations 2018 (Schedule 9) for corresponding scopes of work (typically 2 to 3 years). See Appendix B.</li><li>- Subcontractors and employees that have successfully completed an apprenticeship are proposed to automatically meet the experience criteria and will not require additional experience to obtain a licence or registration.</li><li>- These experience requirements would align with the existing requirements for head contractors.</li></ul>
<b>A portion of head contractor requirements</b> (Registration Options Packages 3 & 4) (Licensing Options Package 2 & 3)	<ul style="list-style-type: none"><li>- Require a portion of the practical experience required for head contractors as outlined in Schedule 9.</li><li>- It is proposed that subcontractors and employees that have successfully completed an apprenticeship will automatically meet the experience criteria and will not require additional experience to obtain a registration or licence.</li></ul>

Further views that have been put forward in relation to experience requirements include:

- Different experience for employees and subcontractors. Some stakeholders have suggested that the experience requirement for subcontractors should be greater than that required of employees. This option recognises the different levels of responsibility between an employee and a subcontractor and attempts to align the experience criteria to the level of responsibility.
- Tradespeople that complete an apprenticeship only have experience working under supervision. As such, it has been proposed to introduce additional non-supervised experience criteria to obtain a registration or licence.

### Consultation questions:

6. What relevant practical experience requirements should apply to subcontractors and employees?
7. Should subcontractors and employees meet lower experience requirements than head contractors?
8. Should subcontractors and employees have the different experience requirements?

# Registration of trade contractors and licensing of employees

## 4.6 Business competency

If you are a subcontractor and you wish to undertake prescribed carpentry work, you will need to obtain a registration. To be eligible for registration, you will need to demonstrate compliance with certain business competency criteria. Please note that business competencies would not be required for employees seeking a licence – they only apply to contractors.

Business competencies are training units that subcontractors will need to complete (in addition to meeting the formal qualifications and experience criteria) to obtain their registration. Examples of business competency units include *select and prepare a construction contract* (CPCBC4003A) or *produce labour and material schedules for ordering* (CPCBC4005A). Table 4.5 presents options for the business competencies that subcontractors could be required to hold to become eligible for registration.

Table 4.5 Business competency options

Business competency options	Discussion
<b>Same as head contractors</b> (Registration Options Packages 1-4)	<ul style="list-style-type: none"> <li>- Require the same units of competency as those required of head contractors which are outlined in Schedule 9 of the Building Regulations 2018 for the corresponding scope of work. For example, if framing work is selected as prescribed work then subcontractors would need to complete the respective units of competency as outlined in Schedule 9 of the Building Regulations for <i>Class of domestic builder (limited to framing)</i>.</li> <li>- This option would mean that subcontractors and head contractors would require the same units of competency to obtain their respective registrations.</li> </ul>
<b>Selection of business competency units</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- Prescribe the following business competency units, regardless of the definition of prescribed works:               <ul style="list-style-type: none"> <li>o Produce labour and material schedules for ordering</li> <li>o Read and interpret plans and specifications</li> <li>o Manage occupational health and safety in the building and construction workplace.</li> <li>o Identify and produce estimated costs for building and construction projects</li> <li>o Undertake small business planning.</li> </ul> </li> <li>- These units have been selected because stakeholders are of the view that these units would help a subcontractor to successfully run their business.</li> <li>- It is also possible to prescribe only a selection of the units presented in this option.</li> </ul>
<b>No business competency units</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- No prescribed business competency units.</li> <li>- This means that only head contractors will need to adhere to business competency requirements to obtain a registration.</li> </ul>

The following alternative option has been raised as a possibility:

- Prescribing a selection of business competency units, and in addition to this, require a short business management course.

### Consultation question(s):

9. What business competency units (if any) should apply to subcontractors?

10. Should subcontractors have different business competency units than head contractors?

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## 4.7 Personal probity

The Building Act provides that subcontractors (but not employees) are required to meet certain personal probity requirements to obtain their registration.

Personal probity requirements are the minimum standards of integrity that a person must demonstrate to carry out an activity. They are typically expressed in terms of whether a person has been convicted or found guilty of an offence. There are personal probity requirements set out in section 171D of the Building Act, which currently apply to head contractors. These probity requirements assess whether in the past 10 years:

- A person has been convicted or found guilty of any offence involving fraud, dishonesty, drug trafficking or violence that was punishable by imprisonment for 6 months or more.
- A person has been convicted or found guilty of an offence under any law regulating building work or building practitioners.
- A person has had any registration, licence, approval, certificate or other authorisation as a building practitioner suspended or cancelled for any reason.
- A person has been convicted or found guilty of an offence against - parts of the *Fair Trading Act 1999*, *Trade Practices Act 1974*, Australian Consumer Law (Victoria) or *Competition and Consumer Act 2010*.
- A person has been subject to an order of a court or VCAT under the following enactments that has not been complied with.

Table 4.6 presents options for personal probity requirements which subcontractors could be required to meet to obtain a registration.

**Table 4.6 Personal probity options**

Personal probity options	Discussion
<b>Same as head contractors</b> (Registration Options Packages 1-4)	<ul style="list-style-type: none"> <li>- Require subcontractors to meet the same personal probity requirements as head contractors (see bullet list above).</li> <li>- This means that subcontractors would need to meet all requirements of section 171D of the Building Act.</li> </ul>
<b>Same as head contractors, but shorter time horizon</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- Require subcontractors to meet the same personal probity requirements as head contractors, but the period of assessment is 10 years for a head contractor and only 5 years for a subcontractor.</li> <li>- In this option the personal probity requirements set out in section 171D would all be applicable to subcontractors as well as head contractors, but the period of review for a subcontractor is condensed to 5 years as opposed to 10 years.</li> </ul>
<b>Selection of personal probity requirements</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- Require a selection of the current section 171D personal probity requirements for subcontractors.</li> <li>- This option reflects the greater level of responsibility that is imposed on a head contractor, compared to a subcontractor.</li> </ul>
<b>No personal probity requirements</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- No requirement to meet any personal probity requirements for subcontractors.</li> <li>- This means that only head contractors will need to adhere to personal probity requirements to obtain a registration.</li> </ul>

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Alternative options that have also been raised include:

- Inclusion of occupational health and safety law breaches, underpayment of wages and various breaches of the Fair Work Act as part of the personal probity requirements for subcontractors.
- Introduce personal probity requirements for employee licensing. For example, employees could be assessed for previous convictions in relation to fraud, dishonesty, drug trafficking or violence that was punishable by imprisonment for 6 months or more. Application of personal probity requirements for employees is not provided for by the Building Act.

## Consultation question(s):

11. What personal probity requirements (if any) should apply to subcontractors?

## 4.8 Financial probity

To be eligible for registration, an applicant will need to demonstrate compliance with certain financial probity requirements. Please note that financial probity requirements would not be a requirement for employees seeking a licence – they only apply to subcontractors.

Broadly speaking, financial probity requirements include considerations surrounding appropriate insurance, insolvency and outstanding debts. Financial probity requirements already apply to head contractors, as set out in section 171E of the Building Act, and assess whether the applicant for registration:

- Is eligible to be covered by the required insurance, or is covered by the required insurance
- Has been insolvent under administration
- Has been disqualified from managing corporations under Part 2D.6 of the Corporations Act
- Has ever had an insurance company decline, cancel, or imposed special conditions in relation to, the provision of professional indemnity insurance, public liability insurance or any other indemnity insurance
- Has any judgment debt for an amount recoverable by an insurer, or any judgment debt for an amount owed to the Authority or any judgment debt for an amount payable in relation to a domestic building dispute.

Table 4.7 presents options for financial probity requirements that subcontractors could be required to meet to obtain a registration.

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Table 4.7 Financial probity options

Financial probity options	Discussion
<b>Same as head contractors</b> (Registration Options Packages 1-4)	<ul style="list-style-type: none"> <li>- Require subcontractors to meet the same financial probity requirements as head contractors (see bullet list above). This means that subcontractors would need to meet all requirements of section 171E of the Building Act.</li> </ul>
<b>Selection of financial probity requirements</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- Require a selection of the current section 171E financial probity requirements for subcontractors.</li> <li>- This option reflects the greater level of responsibility associated with head contractors as opposed to a subcontractor.</li> </ul>
<b>No financial probity requirements</b> (Registration Options Packages 2-4)	<ul style="list-style-type: none"> <li>- Refrain from requiring any financial probity requirements for subcontractors.</li> <li>- This means that only head contractors will need to meet financial probity requirements to obtain a registration. This option reflects the fact that financial liability for non-compliant work ultimately lies with the head contractor and not the subcontractor.</li> </ul>

Alternative options that have been raised as a possibility include:

- The same as head contractors, but no insurance - Require subcontractors to meet the same financial probity requirements as head contractors except the clause relating to domestic building insurance (see section s171E(1)(a)). This option reflects the position that subcontractors cannot enter into major domestic building contracts, and therefore should be exempt from holding insurance policies for that work.
- Consider prescribing mandatory professional indemnity insurance for subcontractors.

## Consultation question(s):

12. What financial probity requirements (if any) should apply to subcontractors?

## 4.9 Proposed transition arrangements

The new scheme is expected to require the transition of a large number of unregulated tradespeople into regulation. To ensure people can continue working, with minimal disruption to industry, it is anticipated that provisional registration (for trade subcontractors), and provisional licensing (for employees) will be available for those already working in the industry, but who don't meet all of the requirements for a full registration or licence. Provisional registration and licensing is intended to provide an opportunity to upskill to gain a full registration or licence. It may be that alternative pathways to transition from provisional registration and licensing to full registration and licensing are required. This includes consideration of a relatively low threshold for obtaining provisional registration or licensing (when compared to the requirements for a full registration or licence). These will be prescribed following detailed analysis in the RIS.

A range of options are being considered. One possible approach is for an initial period of one year after the commencement of the new scheme is provided for tradespeople already working in the industry to apply for a

# Registration of trade contractors and licensing of employees

provisional or full registration or licence ('the application period').<sup>26</sup> If a person applies during the application period they can continue working until their application is decided by the VBA. The offences inserted into the Building Act will not apply during this period to facilitate transition. After the application period expires there would be no further applications for provisional registrations or licences.

An alternative approach proposed by stakeholders is to provide for a 'rolling' transition period whereby the application period would not be limited to one year after the commencement of the new scheme. Instead, all new entrants to the industry at any time could be provided with one year to apply for provisional or full registration or licence and a further 5 year period to qualify for a full registration or licence.

Under the proposed approaches, provisional registration or licences will last for five years and cannot be renewed (a 'qualifying period'). During this period provisional registration holders will need to upgrade to full registration and employees will need to upgrade from provisional to full employee licences.

Table 4.8 presents examples of transition arrangements for different carpenter profiles.

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<sup>26</sup> Second Reading Speech, Building Amendment (Registration of Building Trades and Other Matters) Bill 2018, 7 August 2018

# Registration of trade contractors and licensing of employees

Table 4.8: Summary of example transition arrangements

Profile	Profile description	Transition considerations	Options being considered
<p><b>Fully qualified, experienced carpentry subcontractor</b></p> 	<p>I'm a subbie. I have a Cert III in Carpentry and have been in the industry more than three years.</p>	<p>Adequate time will be required to understand the changes and undertake the registration process. The cost of obtaining registration should not be prohibitive. Consideration will need to be given to meeting any additional registration requirements, for example any business competency units prescribed and not completed as part of the Certificate III.</p>	<p><b>Full Registration in relevant practitioner class*</b> * <i>Subject to meeting all registration requirements</i></p>
<p><b>Experienced carpentry subcontractor</b></p> 	<p>I'm a subbie. I've been in the construction industry for more than three years but haven't completed an apprenticeship or a relevant Cert III.</p>	<p>It is critical that there is a path to formally recognise skills of this cohort for the purpose of registration. This would include people who have never studied the trade formally, or who have started and abandoned or not yet completed an apprenticeship.</p>	<p><b>Provisional Registration in relevant practitioner class*</b> A plan to achieve full registration over the qualifying period might include:</p> <ul style="list-style-type: none"> <li>• Recognition of prior learning</li> <li>• Verification of competency assessment(s)</li> <li>• Other</li> </ul>
<p><b>New subcontractor</b></p> 	<p>I'm a subbie. I have less than three years' experience in the construction industry and no formal carpentry qualifications.</p>	<p>This would include people who have never studied the trade formally, or who have started and abandoned or not yet completed an apprenticeship.</p>	<p><b>Provisional Registration in relevant practitioner class.</b> A plan to achieve full registration over the qualifying period might include:</p> <ul style="list-style-type: none"> <li>• Completion of relevant Cert III and other relevant competency units</li> <li>• Recognition of prior learning</li> <li>• Verification of competency assessments</li> <li>• Additional practical experience</li> <li>• Other</li> </ul>

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Profile	Profile description	Transition considerations	Options being considered
<p><b>Fully qualified, experienced employee carpenter</b></p> 	<p>I am employed as a carpenter. I have a Cert III and have been in the construction industry more than three years</p>	<p>Adequate time will be required to understand the changes and undertake the licensing process. The cost of obtaining a licence should not be prohibitive.</p>	<p><b>Full Licence in relevant practitioner class*</b> * <i>Subject to meeting all licensing requirements</i></p>
<p><b>Experienced employee carpenter</b></p> 	<p>I am employed as a carpenter. I've been in the construction industry more than three years but haven't completed a Cert III.</p>	<p>It is critical that there is a path to formally recognise skills of this cohort for the purpose of licensing. This would include people who have never studied the trade formally, or who have started and abandoned or not yet completed an apprenticeship.</p>	<p><b>Provisional Licence</b> A plan to achieve full licensing over the qualifying period might include:</p> <ul style="list-style-type: none"> <li>• Recognition of prior learning</li> <li>• Verification of competency assessment(s)</li> <li>• Other</li> </ul>
<p><b>New employee carpenter</b></p> 	<p>I am employed as a carpenter. I don't have any formal qualifications and have less than three years' experience.</p>	<p>This would include people who have never studied the trade formally, or who have started and abandoned or not yet completed an apprenticeship.</p>	<p><b>Provisional Licence</b> A plan to achieve a full licence over the qualifying period might include:</p> <ul style="list-style-type: none"> <li>• Completion of relevant Cert III and other relevant competency units</li> <li>• Recognition of prior learning</li> <li>• Verification of competency assessments</li> <li>• Additional practical experience</li> <li>• Other</li> </ul>

# Registration of trade contractors and licensing of employees

There are a number of other profiles with unique starting points and considerations. Mapping these out is an important step of developing the new scheme and designing pathways to transition trades into the new scheme. The broad range of people interacting with the new scheme are set out below and will be considered to ensure appropriate integration:

- Registered builders engaging employees and/or subcontractors to perform carpentry work
- New entrants to the industry
- Upskillers within the industry
- Trades and other practitioners who are not carpenters but whose work includes some carpentry work
- Carpentry apprentices
- Tradespersons that are registered or licensed in another jurisdiction and wanting to work in Victoria
- Owner-builders
- Other building practitioners.

Further transition considerations already raised include:

- The creation of a supervised registration/licence class: This has been proposed as both a transitional measure and one that is included permanently to allow new entrants not doing an apprenticeship to gain sufficient experience to meet the experience requirements prescribed for registration and licensing.
- The adoption of transition plans as a structured way of managing a trade's transition from provisional registration and licensing to full registration and licensing.
- The following minimum thresholds for provisional registration/licensing have been proposed:
  - If currently in the industry and not an apprentice, the minimum requirement to obtain a provisional licence or registration is at least 6 months experience working/employed as a tradesperson performing relevant work;
  - If not currently working in the industry, require 2 years verified work experience working/employed as a tradesperson doing relevant work, plus relevant occupational health and safety training;
  - Successfully passing a competency-based exam (that requires a demonstration of knowledge of the National Construction Code, relevant standards and workplace safety).
  - Adequate references from previous employers.

## Consultation questions:

13. What are the key transition issues and appropriate timeframes?

14. What circumstances (if any) would warrant extension of a provisional registration or licence?

15. Are there any other carpenter profiles that need to be considered for specific transition arrangements?

## 5 Other considerations

As well as the core elements of the new scheme there are a range of other considerations. The most significant of these is likely to be fees. These other considerations will be determined based on the approach to core elements.

### 5.1 Fees

Fees will need to be set for:

- an application for a provisional registration and licence;
- an application for a full registration and licence;
- a replacement registration/licence certificate;
- the required annual fee for registered contractors; and
- the required periodic licence fee for licensed employees.

Fees will be considered as a part of the RIS.

### 5.2 Additional matters

A range of additional matters will need to be considered as part of the new regulatory arrangements and are summarised below. Where relevant they will be discussed and considered in the RIS.

Table 5.1 Additional matters

Additional matters	Scope
<b>Other requirements for registration and licensing (provisional and full)</b>	Any requirements considered necessary and in addition to those matters identified in this paper (qualifications, experience, business competency, personal probity, financial probity)
<b>Information to be provided on application for registration and licensing</b>	Including the information which is required to be provided by an applicant to demonstrate they meet registration and licensing requirements (provisional and full). The nature of this information is dependent on the Options identified in this paper and any other requirements as identified above.
<b>Conditions on registration/licence</b>	Including a consideration of what (if any) conditions should be imposed on a registration and/or licence (provisional and full).
<b>Certificate of registration/licence</b>	Identifying what information should be included in a certificate of registration and a certificate of licence (provisional and full).
<b>Renewal criteria</b>	For registered contractors only, identifying appropriate renewal criteria for registration.
<b>Continued professional development</b>	Consideration of what (if any) continuing professional development should be required for the holders of a registration and licence (provisional and full).
<b>Periodic payment for licensed employees</b>	For licensed employees only consideration of the period for payment of a periodic fee (registered practitioners are currently required to pay an annual fee) and what matters should be included in the periodic statement.
<b>Register</b>	Consideration of what information should be included in the register of licensed building employees and what form should this register take.

# Registration of trade contractors and licensing of employees

In relation to timing, the general framework for the new registration and licensing scheme will appear in the Building Act from **1 September 2020**.

However the new framework will not have effect until building regulations are made to prescribe:

- The building work which requires a registration or licence to perform;
- Who will need to be registered or licensed to carry out this work; and
- The requirements for registration and licensing.

While the new building regulations will likely be in place by 1 September 2020, to give industry a chance to prepare and plan for change, the operative date for the regulations could be delayed – for example into 2021 – if there is a need for more time for those impacted by the scheme to plan and prepare for change.

## Consultation questions:

16. What should we consider in relation to additional matters?
17. What date should the trade registration and licensing scheme for carpenters become operative?

## 6 How do I provide input?

### 6.1 How to respond to this Options paper

#### How can I have my say on the new scheme?

Your input is sought to provide feedback on options presented in this paper, to provide any new options or ideas for consideration, and to provide responses to the questions asked in this document.

Anyone wishing to respond to this document is encouraged to submit a response either online, or via email or post.

Please make your submission **by 5pm, Wednesday, 1 April 2020**.

- If you wish to respond online, you can visit <https://engage.vic.gov.au/registration-and-licensing-building-trades>.
- Alternatively, responses can be emailed to [building.policy@delwp.vic.gov.au](mailto:building.policy@delwp.vic.gov.au) or
- Sent via post to: DELWP, Building Division, 8 Nicholson Street East Melbourne Victoria.

All submissions will be treated as public documents and may be referenced in further policy development or public documents including a Regulatory Impact Statement (RIS), unless the submitter has requested that their submission remain confidential or be de-identified.

In addition to this options paper there will be other opportunities to get involved. The Victorian Department of Environment, Land, Water and Planning (DELWP) will conduct a series of workshops with stakeholders which will be organised during the coming months. These workshops will provide opportunities to work through core elements of the changes such as scope of work, registration and licensing requirements, and transition arrangements in detail. Following these processes, the RIS will be released publicly for consultation prior to regulations being made later in the year.

### 6.2 Summary of consultation questions presented throughout this document

A summary of the consultation questions asked throughout this document can be found at page 5.

The consultation questions provide greater context and detail surrounding the topic which the question addresses. We encourage responses to these questions and any other matter you believe is important to the development of the scheme.

## Appendix A – Scope of work detail

### A.1 All carpentry work as defined in existing classes of domestic and non-domestic builder

Domestic building work is work associated with the construction, renovation, improvement or maintenance of a home. A 'home' is any residential premises and includes any part of a non-domestic building or industrial premises that is used as a residential premise. It does not include:

- a caravan within the meaning of the *Residential Tenancies Act 1997*, or any vehicle used as a residence
- any residence that is not intended for permanent habitation
- a rooming house within the meaning of the *Residential Tenancies Act 1997*
- a motel, residential club, residential hotel or residential part of licensed premises under the *Liquor Control Reform Act 1998*
- a nursing home, hospital or accommodation associated with a hospital
- any residence that the Regulations state is not a home for the purposes of this definition.<sup>27</sup>

A person registered as a Commercial Builder (non-domestic building work) is responsible for managing and arranging non-domestic building work.

	Class of builder <sup>28</sup>	Description of scope of work
1.	Class of domestic builder (limited to carpentry)	The carrying out of domestic building work involving carpentry work associated with the alteration and repair of homes, carports, garages, pergolas, decks, verandas and similar structures. Work in this class also includes the domestic building work authorised to be carried out by the following classes of domestic builder— (a) class of domestic builder (limited to the construction of non-habitable building structures); (b) class of domestic builder (limited to the construction of gates and fences); (c) class of domestic builder (limited to bathroom, kitchen and laundry renovation); (d) class of domestic builder (limited to framing); (e) class of domestic builder (limited to external wall cladding); (f) class of domestic builder (limited to door and window replacement and installation); (g) class of domestic builder (limited to cabinet making, joinery and stair construction).
2.	Class of domestic builder (limited to framing)	The carrying out of domestic building work associated with the following work— (a) fabricating, erecting and bracing wall frames (load bearing and non-load bearing); (b) erection and replacement of roof trusses.
3.	Class of domestic builder (limited to construction of gates and fences)	The carrying out of domestic building work associated with the following work—

<sup>27</sup> Victorian Building Authority, *What is domestic building work?* (2020) <<https://www.vba.vic.gov.au/building/builder-registrations/domestic-builder/what-is-domestic-building-work>>.

<sup>28</sup> Prescribed scope of work and formal qualifications for domestic builder classes are from the *Building Regulations 2018*. Commercial builder scopes of work are from the VBA website <https://www.vba.vic.gov.au/building/builder-registrations/commercial-builder/what-is-commercial-building-work>

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	Class of builder <sup>28</sup>	Description of scope of work
		<ul style="list-style-type: none"> <li>(a) the construction and dismantling of all types of fencing of any type of material, including associated manual and automatic gates;</li> <li>(b) the construction of safety barriers for swimming pools and spas.</li> </ul>
4.	Class of domestic builder (limited to attaching external fixtures)	The carrying out of domestic building work involving the installation of external fixtures such as blinds, awnings, security screens, insect screens and balustrades.
5.	Class of domestic builder (limited to the construction of private bushfire shelters)	The carrying out of domestic building work associated with the construction of private bushfire shelters.
6.	Class of domestic builder (limited to external wall cladding)	<p>The carrying out of domestic building work associated with applying the following types of external wall cladding to homes—</p> <ul style="list-style-type: none"> <li>(a) weatherboards (timber or vinyl);</li> <li>(b) manufactured board or sheet panels;</li> <li>(c) lightweight aerated autoclaved concrete panels.</li> </ul>
7.	Class of domestic builder (limited to the construction of non-habitable building structures)	<p>The carrying out of domestic building work associated with the construction of the following Class 10 buildings which are above ground and free standing in structure—</p> <ul style="list-style-type: none"> <li>(a) a private garage;</li> <li>(b) a carport;</li> <li>(c) a separate single storey garage associated with another building if the garage contains no more than 3 vehicle spaces;</li> <li>(d) a shed;</li> <li>(e) a cabana;</li> <li>(f) a gazebo;</li> <li>(g) a shade structure.</li> </ul> <p>Work in this class does not include the following work—</p> <ul style="list-style-type: none"> <li>(a) the construction of retaining walls that are not part of the non-habitable building;</li> <li>(b) the construction of external bathrooms, kitchens or laundries.</li> </ul>
8.	Class of domestic builder (limited to the construction of shade structures)	The carrying out of domestic building work associated with the construction of shade structures.
9.	Class of commercial builder (limited to the construction of shade structures work) <sup>29</sup>	<p>This class of building work is limited to the construction of a non-residential open structure normally used for protection from sun or light rain, where the building work requires a building permit. Typically, a shade structure consists of posts, anchoring mechanisms and a roof covering made of fabric, PVC or other suitable outdoor material.</p> <p>As well as the general activities listed above, the person must also have the capacity to undertake the following activities in a competent manner and to a professional standard:</p> <ul style="list-style-type: none"> <li>(a) manage and arrange the carrying out of building work, including: <ul style="list-style-type: none"> <li>(i) arrange inspections and certification of work</li> <li>(ii) erect frames</li> <li>(iii) excavate site and install footings</li> <li>(iv) install anchoring mechanisms and secure roof coverings</li> <li>(v) plan site preliminaries and establish construction site.</li> </ul> </li> </ul>
10.	Class of domestic builder (limited to site works)	The carrying out of domestic building work associated with relocating a home, consisting of—

<sup>29</sup> Victorian Building Authority, *What is commercial building work?* (2020) <<https://www.vba.vic.gov.au/building/builder-registrations/commercial-builder/what-is-commercial-building-work>>.

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	Class of builder <sup>28</sup>	Description of scope of work
	involved in relocating a dwelling)	<ul style="list-style-type: none"> <li>(a) preparation of the new site; and</li> <li>(b) work associated with joining sections of the home, and</li> <li>(c) repairing and replacing materials as a result of the relocation of the home.</li> </ul> <p>Work in this class does not include transportation of a home or part of a home.</p>
11.	Class of domestic builder (limited to bathroom, kitchen and laundry renovation)	The carrying out of domestic building work associated with renovating bathrooms, kitchens and laundries that do not extend beyond the existing external walls, floor or ceiling of a home, including any site works, work requirements to gain access to the site, the removal of site impediments and the replacement of walls.
12.	Class of domestic builder (limited to door and window replacement and installation)	The carrying out of domestic building work associated with selection, setting out, installation, removal or replacement of windows and doors.
13.	Class of commercial builder (limited to non-structural fit-out work) <sup>30</sup>	<p>This class of building work is limited to the internal fit-out of newly constructed or existing commercial buildings/structures of unlimited height and floor area, which affects how the building/structure complies with the NCC, particularly essential safety measures, where the building work cannot be carried out unless a building permit has been issued.</p> <p>This building work typically includes the construction and installation of shop fronts, commercial entries, partitions, cabinets, joinery, and glazing, flooring and finishes associated with commercial buildings/structures (typically retail shops, shopping centres and offices).</p> <p>It <b>does not</b> include fit-out work that affects the existing load bearing or structural elements and fixtures of the building/structure.</p> <p>The person must also have capacity to undertake the following activities in a competent manner and to a professional standard:</p> <ul style="list-style-type: none"> <li>(a) manage and arrange the carrying out of building work, including: <ul style="list-style-type: none"> <li>(i) assemble and install joinery components and internal stairs</li> <li>(ii) install glazing, floor coverings and finishes, and floor and wall tiling</li> <li>(iii) set out, fabricate and assemble cabinets, showcases, wall units, counters and work stations</li> <li>(iv) set out, fabricate and assemble non-load bearing shop fronts, entries, framing, internal linings and curtain framing.</li> </ul> </li> </ul>
14.	Class of commercial builder (limited to structural fit-out work) <sup>31</sup>	<p>Limited to the fit-out of newly constructed or existing commercial buildings/structures of unlimited height and floor area, which affects:</p> <ul style="list-style-type: none"> <li>(a) the existing load bearing or structural elements and fixtures of the building/structure; or</li> <li>(b) how the building/structure complies with the National Construction Code (NCC), particularly essential safety measures.</li> </ul> <p>This building work typically includes the construction and installation of shop fronts, commercial entries, partitions, cabinets, joinery, and glazing, flooring and finishes associated with commercial buildings/structures (typically retail shops, shopping centres and offices). This</p>

<sup>30</sup> Victorian Building Authority, *What is commercial building work?* (2020) <<https://www.vba.vic.gov.au/building/builder-registrations/commercial-builder/what-is-commercial-building-work>>.

<sup>31</sup> Ibid.

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Class of builder <sup>28</sup>	Description of scope of work
	<p>class of building work also includes the installation of external cladding to newly constructed or existing commercial buildings.</p> <p>The person must also have capacity to undertake the following activities in a competent manner and to a professional standard:</p> <ul style="list-style-type: none"> <li>(a) manage and arrange the carrying out of building work, including:               <ul style="list-style-type: none"> <li>(i) assemble and install joinery components and stairs</li> <li>(ii) construct and erect load bearing wall and ceiling framing, and install internal linings, partition frames and curtain walling</li> <li>(iii) construct mezzanine floors and alter floor penetrations</li> <li>(iv) install external cladding for structural and non- structural applications</li> <li>(v) install glazing, floor coverings and finishes, and floor and wall tiling</li> <li>(vi) plan site preliminaries and establish the construction site</li> <li>(vii) set out, fabricate and assemble cabinets, showcases, wall units, counters and work stations</li> <li>(viii) set out, fabricate and assemble load bearing and non-load bearing shop fronts, entries and component fittings</li> <li>(ix) undertake partial demolition.</li> </ul> </li> </ul>
15.	<p>Class of domestic builder (limited to cabinet making, joinery and stair construction)</p> <p>The carrying out of domestic building work associated with the following work—</p> <ul style="list-style-type: none"> <li>(a) the manufacture, assembly and installation of joinery and joinery products, including cabinets, cupboards, shelving and fitments;</li> <li>(b) cabinet-making work, including constructing cabinets and components of cabinets on site and making adjustments when required;</li> <li>(c) constructing stairs.</li> </ul>

# Registration of trade contractors and licensing of employees

## A.2 All carpentry work using new broad definitions of carpentry work which relate to the learning outcomes of relevant Certificate IIIs

Certificate III that relates to carpentry	Description of scope of work
Certificate III in Carpentry	<p>Carpenters construct, erect, install, renovate and repair structures and fixtures of wood, plywood, wallboard and other materials.<sup>32</sup></p> <p>Carpentry work includes:</p> <ul style="list-style-type: none"> <li>erecting framework and roof framing, laying sub-flooring and floorboards and verifying trueness of structures;</li> <li>nailing fascia panels, sheathing roofs, and fitting exterior wall cladding and door and window frames;</li> <li>assembling prepared wood to form structures and fittings ready to install;</li> <li>cutting wood joints;</li> <li>may construct concrete formwork;</li> <li>may repair existing fittings;</li> <li>may work with plastic laminates, perspex and metals.<sup>33</sup></li> </ul> <p>The construction of fences and gates requiring carpentry skills will be considered as part of this scope of work.</p>
Certificate III Joinery	<p>Joiners cut, shape and fit timber parts in workshops to form structures and fittings, ready for installation.<sup>34</sup></p> <p>Joinery work includes:</p> <ul style="list-style-type: none"> <li>constructing and installing joinery and joinery products, including cabinets, cupboards, shelving and fittings;</li> <li>cabinet-making work, including constructing cabinets and components of cabinets on site;</li> <li>doors and door components; and</li> <li>window and window components.<sup>35</sup></li> </ul>
Certificate III in Carpentry and Joinery	<p>Carpenters and Joiners construct, erect, install, renovate and repair structures and fixtures made of wood, plywood, wallboard and other materials, and cut, shape and fit timber parts to form structures and fittings.</p>
Certificate III in Formwork/Falsework	<p>Formwork refers to the surface of the form and framing used to contain and shape wet concrete until it is self-supporting.</p> <p>Falsework refers to the temporary structure used to support a permanent structure, material, plant, equipment and people until the construction of the permanent structure has advanced to the stage where it is self-supporting.</p>
Certificate III in Shopfitting	<p>Shopfitters construct or renovate retail environments, including preparing walls and floors and fabricating, installing and finishing shopfronts, internal shopfitting units and partitions.</p>
Certificate III in Joinery (Stairs)	<p>Constructing and installing staircases.</p>

<sup>32</sup> Job Outlook, *Carpenters* (2020) <<https://joboutlook.gov.au/Occupation?search=Career&code=331212>>. Job Outlook is an initiative of the Australian Government Department of Employment, Skills, Small and Family Business. Job Outlook provides information about Australian careers, labour market trends and employment projections.

<sup>33</sup> Australian and New Zealand Standard Classification of Occupations (ANZSCO), *Unit Group 3312 Carpenters and Joiners* (26 June 2013) <<https://www.abs.gov.au/ausstats/abs@.nsf/Product+Lookup/1220.0-2013.+Version+1.2-Chapter-UNIT+GROUP+3312+Carpenters+and+Joiners>>. ANZSCO is a system that collects, publishes and analyses occupation statistics across government agencies.

<sup>34</sup> Job Outlook, *Joiners* (2020) <<https://joboutlook.gov.au/Occupation?search=Career&code=331213>>.

<sup>35</sup> Victorian Building Authority Part L: Experience Statement for Domestic Builder (limited to Cabinet Making, Joinery and Stair Construction) <[https://www.vba.vic.gov.au/\\_data/assets/pdf\\_file/0011/97886/Experience-Statement-DomesticBuilderLimited-Cabinet-Making-Joinery-Stair-Construction.pdf](https://www.vba.vic.gov.au/_data/assets/pdf_file/0011/97886/Experience-Statement-DomesticBuilderLimited-Cabinet-Making-Joinery-Stair-Construction.pdf)>

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## A.3 Only some carpentry work - prescribed work is relatively narrowly defined

Type of work	Description of scope of work
Structural work	<p>The carrying out of domestic building work associated with framing, including -</p> <ul style="list-style-type: none"> <li>(a) fabricating, erecting and bracing wall frames (load bearing and non-load bearing);</li> <li>(b) erection and replacement of roof trusses.<sup>36</sup></li> </ul> <p>Also including subfloor, decking, flooring, wall framing and roof framing as specified in section 3.4.3 of the NCC Vol 2 (domestic – class 1A): covers off AS 1684, AS1720, and AS1860 (AS4440 is a secondary standard captured in AS 1720).</p> <p>Further including any timber work in accordance with B1.4(F) of the NCC Vol 1: covers off AS 1684 and AS 1720.</p>
Work with a high prevalence of defects <sup>37</sup>	<p>The carrying out of domestic building work associated with selection, setting out, installation, removal or replacement of windows and doors.</p> <p>The carrying out of domestic building work associated with framing, including -</p> <ul style="list-style-type: none"> <li>(a) fabricating, erecting and bracing wall frames (load bearing and non-load bearing);</li> <li>(b) erection and replacement of roof trusses.</li> </ul> <p>External wall cladding to homes, including -</p> <ul style="list-style-type: none"> <li>(a) weatherboards (timber or vinyl);</li> <li>(b) manufactured board or sheet panels;</li> <li>(c) lightweight aerated autoclaved concrete panels.</li> </ul>
Work with a high level of risk <sup>38</sup>	<p>The carrying out of domestic building work associated with selection, setting out, installation, removal or replacement of windows and doors.</p> <p>The carrying out of domestic building work involving the installation of internal fixtures, including balustrades.</p>

<sup>36</sup> *Building Regulations* 2018, Item 12 of Schedule 12.

<sup>37</sup> Based on Deloitte analysis and DELWP analysis of two separate datasets supplied by the Victorian Managed Insurance Authority and Domestic Building Dispute Resolution Victoria.

<sup>38</sup> Based on Deloitte analysis and DELWP analysis of data supplied by the Victorian Managed Insurance.

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## Appendix B – Formal qualifications and experience details

### B.1 Formal qualifications and experience requirements for existing classes of domestic and non-domestic builder

	Class of builder	Minimum formal qualification requirements	Business competency	Minimum experience requirements
1.	Class of domestic builder (limited to carpentry)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO.	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least 3 years of practical experience
2.	Class of domestic builder (limited to framing)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including required units of competency: (a) construct ceiling frames (CPCCCA3005B); and (b) construct pitched roofs (CPCCCA3007C); and (c) erect roof trusses (CPCCCA3006B).	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least 2 years of practical experience
3.	Class of domestic builder (limited to construction of gates and fences)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO and a certificate in bricklaying and block laying (CPC30111) from an RTO, including required units of competency: (a) lay masonry walls and corners (CPCCB3005A); and (b) lay multi-thickness walls and piers (CPCCB3006A).	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least one year of practical experience
4.	Class of domestic builder (limited to attaching external fixtures)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO or A certificate in blinds, awnings, security screens and grilles (MSF30913) from an RTO.	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least one year of practical experience.

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	Class of builder	Minimum formal qualification requirements	Business competency	Minimum experience requirements
5.	Class of domestic builder (limited to the construction of private bushfire shelters)	Certificate in carpentry (CPC30211) from an RTO.	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least 2 years of practical experience.
6.	Class of domestic builder (limited to external wall cladding)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including the required unit of competency: Install exterior cladding (CPCCCA3017B).	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A).	At least one year of practical experience.
7.	Class of domestic builder (limited to the construction of non-habitable building structures)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including the additional units of competency;	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A); and (d) identify construction work hazards and select risk control strategies (CPCCWHS3001).	At least 2 years of practical experience.
8.	Class of domestic builder (limited to the construction of shade structures)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including the additional units of competency;	(a) arrange building applications and approvals (CPCCBC4026A); and (b) produce labour and material schedules for ordering (CPCCBC4005A); and (c) select and prepare a construction contract (CPCCBC4003A)	At least one year of practical experience
9.	Class of commercial builder (limited to the construction of shade structures work)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including the additional units of competency;	(a) identify construction work hazards and select risk control strategies (CPCCWHS3001); and (b) select and prepare a construction contract (CPCCBC4003A); and	At least 2 years of practical experience.

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Class of builder	Minimum formal qualification requirements	Business competency	Minimum experience requirements
		(c) produce labour and material schedules for ordering (CPCCB4005A); and (d) arrange building applications and approvals (CPCCB4026A)	
10. Class of domestic builder (limited to site works involved in relocating a dwelling)	The successful completion of— (i) a certificate in carpentry (CPC30211) from an RTO, including the additional units of competency; or A certificate in civil foundations (RII31215) from an RTO, including the required units of competency and the additional units of competency;	(a) arrange building applications and approvals (CPCCB4026A); and (b) produce labour and material schedules for ordering (CPCCB4005A); and (c) select and prepare a construction contract (CPCCB4003A).	At least 2 years of practical experience.
11. Class of domestic builder (limited to bathroom, kitchen and laundry renovation)	The successful completion of— Certificate in cabinet making (MSF31113) from an RTO, including the additional units of competency;	(a) arrange building applications and approvals (CPCCB4026A); and (b) produce labour and material schedules for ordering (CPCCB4005A); and (c) select and prepare a construction contract (CPCCB4003A).	At least 2 years of practical experience
12. Class of domestic builder (limited to door and window replacement and installation)	The successful completion of— Certificate in carpentry (CPC30211) from an RTO, including the additional units of competency; or A certificate in joinery (CPC31912) from an RTO, including the additional units of competency;	(a) arrange building applications and approvals (CPCCB4026A); and (b) produce labour and material schedules for ordering (CPCCB4005A); and (c) select and prepare a construction contract (CPCCB4003A).	At least 2 years of practical experience
13. Class of commercial builder (limited to non-structural fit-out work)	The successful completion of— (i) a certificate in shopfitting (CPC30116) from an RTO, including the additional units of competency; or (ii) a certificate in carpentry (CPC30211) from an RTO, including the additional units of competency; or (iii) a certificate in carpentry and joinery (CPC32011) from an RTO, including the additional units of competency;	(a) identify construction work hazards and select risk control strategies (CPCWHS3001) and (b) select and prepare a construction contract (CPCCB4003A); and (c) produce labour and material schedules for ordering (CPCCB4005A); and (d) arrange building applications and approvals (CPCCB4026A).	At least one year of practical experience

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Class of builder	Minimum formal qualification requirements	Business competency	Minimum experience requirements
14. Class of commercial builder (limited to structural fit-out work)	The successful completion of— (i) a certificate in shopfitting (CPC30116) from an RTO, including the additional units of competency; or (ii) a certificate in carpentry (CPC30211) from an RTO, including the additional units of competency; or (iii) a certificate in carpentry and joinery (CPC32011) from an RTO, including the additional units of competency;	(a) identify construction work hazards and select risk control strategies (CPCCWHS3001); and (b) select and prepare a construction contract (CPCBC4003A); and (c) produce labour and material schedules for ordering (CPCBC4005A); and (d) apply building codes and standards to the construction process for medium rise building projects (CPCBC5001B); and (e) arrange building applications and approvals (CPCBC4026A).	At least 2 years of practical experience.
15. Class of domestic builder (limited to cabinet making, joinery and stair construction)	The successful completion of— Certificate in cabinet making (MSF31113) from an RTO, including the additional units of competency and the required unit of competency; or (ii) a certificate in joinery (CPC31912) from an RTO, including the additional units of competency; or (iii) a certificate in carpentry (CPC30211) from an RTO, including the additional units of competency; and	(a) arrange building applications and approvals (CPCBC4026A); and (b) produce labour and material schedules for ordering (CPCBC4005A); and (c) select and prepare a construction contract (CPCBC4003A)	At least 2 years of practical experience

## B.1 Formal qualifications and experience requirements for Options Package 3

In Options Package 3, formal qualification requirements would be the relevant Certificate III.

There are six relevant Certificate IIIs, namely:

- Certificate III in Carpentry (CPC 30211)
- Certificate III in Carpentry and Joinery (CPC 32011)
- Certificate III in Joinery (CPC 31912)
- Certificate III in Joinery (Stairs) (CPC 32211)
- Certificate III in Formwork/Falsework (CPC 31511)
- Certificate III in Shopfitting (CPC 30116)