

2022 Election Platform

NECA Election priorities for Australia's
electrotechnology industry

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About NECA

The National Electrical and Communications Association (NECA) is the peak body for Australia's electrical and communications sector, which employs 170,000 workers and turns over more than \$23bn annually.

NECA represents over 6,000 businesses performing works including the design, installation and maintenance of electrical and electronic equipment in the building, construction, mining, air conditioning, refrigeration, manufacturing, communications and renewables sectors.

NECA has advocated on behalf of the electrotechnology industry for over 100 years. It helps members (and the industry) operate businesses more effectively, and represents their interests to all levels of government, regulators, and within bodies such as the Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

NECA members make an essential economic contribution – connecting businesses, homes and infrastructure – encouraging investment, improving reliability and energy security, and delivering affordable, environmentally sustainable outcomes.

The safety and reputation of the industry is critical to all tradespeople, consumers, and the community.

NECA is integral to the next generation of electrical contractors.

Through its Registered Training Organisations (RTOs) and Group Training Organisations (GTOs), it offers employment and skills development to some 4,800 apprentices nationally.

Its success is clear: proudly boasting 90% completion rates across its apprenticeships, with roughly one in three licensed electrical workers starting their career as a NECA apprentice.

NECA helps attract entrants to the industry through holistic, high-quality, industry-relevant programs including our scholarship program, the NECA Foundation, and the Women in Electrical Trades Roadmap.

It proactively seeks diverse workforces, supporting female, indigenous and mature aged apprentices, and promoting career paths for school students and school leavers.

It also operates the industry wide NECA Annual Excellence Awards, which acknowledge and celebrate achievements and distinguished electrotechnology projects, and NECA's Apprentice Awards, recognising future industry leaders.

NECA continues to monitor and respond to the Coronavirus (COVID-19) crisis on behalf of its members and the electrotechnology sector, and is working with industry, government and the community to achieve a COVID-19 safe economy and swift national recovery.

Foreword

According to the *Australian Building and Construction Commission*, the building and construction sector is the second-biggest driver of Australia's economy, generating over \$360bn in revenue, or approximately 9% of gross domestic product (GDP).

It also employs more than 1.2 million people in its constituent industries.

Electrotechnology is a key industry within the Australian economy, providing services to homes, offices, schools, hospitals, mining, agriculture, manufacturing: indeed, to all major sectors of the economy.

The electrotechnology industry has, due to COVID-19, experienced productivity decreases; supply chain issues; contractual, legal and industrial risks; increasing input costs due to social distancing requirements; and uncertainty among consumers engaging electrical works.

The short term and long-term skills shortage projection will need to be addressed immediately to sustain the construction, clean energy and maintenance sectors in our communities.

NECA believes its evidence-based, industry driven recommendations will further enable commitments and help Australia move forward.

NECA urges all parties to commit to these recommendations ahead of the 21 May 2022 federal government election.

To discuss our submission or our industry, I can be contacted on 0400 134 569 or at oliver.judd@neca.asn.au

Yours sincerely,



Oliver Judd
Chief Executive Officer
National Electrical and Communications
Association

Support Small Businesses and Create Jobs for Locals

Small business and family-owned enterprises (SMEs) are the lifeblood of Australia's economy, and dominate the electrical and communications contracting industry.

Approximately 80% of businesses in our industry employ fewer than 20 staff, and national trends show the number of small businesses across the country is increasing.

The COVID-19 crisis significantly impacted business activity, considerably impacting labour and material shortages, and opportunities to create jobs for local economies.

The impacts on SMEs are further exacerbated by lack of consistency in state-based security of payment laws, resulting in disputes, and non-payment of subcontractors.

1. Retain the ABCC

Fairness, transparency, and lawful activity is critical to Australia's economic recovery and the future sustainability of the building and construction sector.

Ensuring greater levels of transparency and enforcing workplace relations allows for more efficient delivery of projects and creation of new employment opportunities.

NECA joins other building and construction industry bodies across the country in asking the government not to abolish the Australian Building and Construction Commission (ABCC) and allow it to continue to support the fairness and stability of Australia's building and construction sector.

The various levels of government invest billions of dollars in construction work across the country and need to ensure that work is carried out fairly, efficiently, and productively.

Electrical contractors expect fair, safe, and transparent workplaces, where the rule of law is upheld.

The ABCC delivers on this responsibility and consequently fosters enhanced sector productivity.

The ABCC offers critical support to NECA's members in the sector on workplace relation matters, this includes but is not limited to:

- supporting subcontractors who are owed money, and where security of payment laws have not been complied with
- providing education and advice through various industry updates and responding to enquiries for assistance

- conducting investigations and audits in regard to alleged contraventions of acts relevant to the building and construction industry
- instituting proceedings for contraventions of acts in relation to wages and entitlements, coercion, industrial action, discrimination, and the like.

NECA recommends the incoming government remains committed to the ABCC and its functions to deliver critical transparency, probity and business confidence in the already struggling building and construction industry.

2. Deliver National Security of Payment for SMEs

The current Security of Payment legislation in the various States, especially following the COVID effects on the industry, does not adequately protect contractors and subcontractors against insolvency nor is it applied uniformly across States.

Current collapses of large builders across the country have placed many SMEs in financial stress, which may result in collapse and loss of jobs.

They have been afforded little or no protection by the current Security of Payment legislation across various States.

NECA calls on the government to consider granting the Australian Building and Construction Commission (ABCC) the power to sanction and/or exclude from federal government contracts head contractors which repeatedly fail to make payments or return

retention money within specified time frames to subcontractors, as applies under various Building and Construction Industry Codes of Conduct.

SMEs require greater protection from insolvency in the building and construction industry, particularly subcontractors.

The Federal Government has an opportunity to address this by creating federal legislation that improves consistency and creates a higher level of payment protection to construction industry participants.

This action by the Federal Government will:

- save many small to medium sized business and their suppliers
- continue to support national economic recovery efforts from COVID impacts in the building and construction sectors
- reduce business owners, employees and families stress and mental health
- save many jobs and help create new ones
- save numerous employees from losing their hard-earned entitlements
- ensure people are paid for their work
- regain business confidence and trust in the sector and attract new workers to address national labour shortages.

NECA calls for the harmonisation of the creditor line process across Australia, so electrical contractors are not disadvantaged by the collapse of a construction company.

Developers/builders are using contractual provisions to defeat the legislative purposes of the Security of Payments regimes.

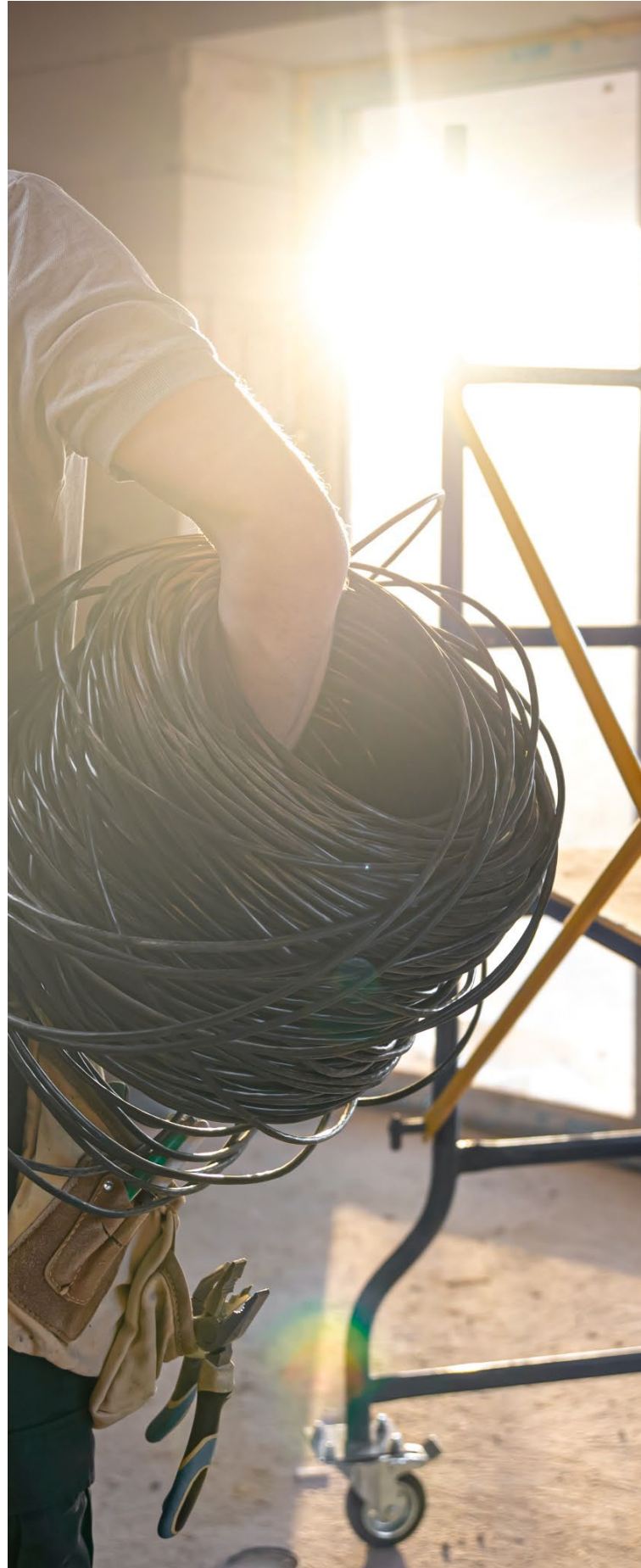
Unfair contract terms should be made void under national Security of Payment legislation.

To achieve these outcomes NECA continues to strongly recommend that the following be adopted:

- That the Federal Government enact a world leading golden standard Security of Payment regime.
- That the Security of Payment regime includes a “cascading trust/deemed trust” scheme to apply throughout the contractual chain for all projects over \$1 million.
- That the “cascading trust/deemed trust” scheme to apply to retention monies.
- That the Security of Payment regime provides that unfair contract terms are void.

Of all sub-contractors, electrical contractors provide the highest value inputs by way of fixtures, fittings, and labour towards the latter stages of the construction cycle.

Electrical contractors are more disproportionately disadvantaged than any other sub-contractor.



3. Abolish unfair contract terms

Further to the context of security of payments, all levels of government need to work together to continue strengthening protections for consumers and small businesses from unfair contract terms.

NECA has long advocated for stronger unfair contract legislation, to ensure smaller businesses are able to compete fairly in the industry. The nature of electrical contractors is typically that of a subcontractor.

Unscrupulous principal contractors use their power to enforce detrimental and unfair contracts on smaller subcontractors who do not have the capacity to equitably negotiate contracts.

Unfair contract terms result in a range of adverse outcomes, including deterring new entrants and existing tradespeople from owning and operating electrical SMEs. This is having a detrimental effect on the declining electrical skills workforce and current trade shortages in the sector.

Financial consequences from unfair contract terms are often dire for small businesses and penalties result in insolvencies. NECA recommends that an incoming government take action to effectively enhance the unfair contract protection and ensure a level playing field for small business and consumers, by:

- making unfair contracts illegal
- preventing the amendment of Standards Australia Standard Form Contracts under license to third parties
- preventing sub-contracts unfairly shifting project risk from the Principal Contractor to sub-contractors.

4. Create local jobs for SMEs: Dollar-for-dollar grants

Ageing residential and commercial buildings present serious safety risks to property owners and renters, as existing electrical wiring and associated equipment may not comply with current standards under the Australian Building Code, or be degrading or deteriorating, requiring remedial action.

In the residential housing context, electrical safety checks are encouraged but not enforced by state and territory governments. NECA believes it is critical that occupants are as aware of wiring or electrical safety concerns as they would be of any other building defects or non-conformance.

In NECA's view, it is essential that an incoming government incentivise households and businesses to engage local electrical SMEs, connect local tradespeople to local jobs, and to stimulate and jumpstart local economies. NECA proposes a 'dollar-for-dollar' government grant scheme for the electrotechnology sector be made available, including:

- 'Dollar-for-dollar' grants to households of up to \$3,000 for electrical safety and energy efficiency upgrades to homes.
- 'Dollar-for-dollar' grants to businesses of up to \$5,000 for electrical safety and energy efficiency upgrades to commercial property.
- A similar initiative should be established whereby grants are available in a 'dollar-for-dollar' scheme for local government for electrical safety and energy efficiency checks and associated remediation/upgrades.

- Legislate for mandatory safety checks at the conveyance stage of a lease and/or sale of dwellings.
- This work should be awarded to local SMEs to ensure tradespeople are engaged in local work to boost their local economy.

Types of work that may be considered include asset maintenance works, capital works programs, security upgrades, lighting upgrades, and small-scale solar installation.

Recommendations

NECA calls on the incoming government to:

1. Retain the ABCC

- Remain committed to the ABCC and its functions to deliver critical transparency, probity and business confidence in the building and construction industry.

2. Deliver National Security of Payment for SMEs

- Enact the world leading golden standard Security of Payment regime.
- Security of Payment regime to include a "cascading trust/deemed trust" scheme to apply throughout the contractual chain for all projects over \$1 million.
- The "cascading trust/deemed trust" scheme to apply to retention monies.
- Security of Payment regime to provide that unfair contract terms are void.

3. Abolish unfair contract terms

- NECA recommends the incoming government take action to effectively enhance the unfair contract protection and ensure a level playing field for small business and consumers.

4. Create local jobs for SMEs: Dollar-for-dollar grants for the electrotechnology sector:

- for households of up to \$3,000 for electrical safety and energy efficiency upgrades to homes
- for businesses of up to \$5,000 for electrical safety and energy efficiency upgrades to commercial property
- for local governments for electrical safety and energy efficiency checks on regional assets using local tradespeople.



Unlock Infrastructure and Renewable Energy

Infrastructure in Australian cities is under increasing strain, requiring significant investment to reduce congestion, improve liveability and lift productivity.

Filling this rising infrastructure gap requires market-focused, evidence-based decision making, and the scale and capacity offered by medium to large business.

It is critical that all levels of government identify, prioritise and commence 'shovel-ready' infrastructure and renewal opportunities and commit to commencements and completion times to ensure continuity of works without impacting the labour pool adversely.

Medium to large electrical and communications contracting businesses typically work on large building and construction projects delivering high returns on investment and have larger workforces that provide employment opportunities for the next generation of tradespeople.

Generally, large development projects run over longer periods of time, generating benefits across the Australian economy.

With large, long-term contracts a fair, equitable and transparent means of allowing for shifting costs is required. NECA therefore requests that Federal Government contracts that extend over long timeframes include Rise and Fall provisions in construction projects contract that are passed along to all contractors, subcontractors and suppliers.

5. Enable Nation Building Infrastructure

NECA proposes all levels of government continue to unlock and fast-track infrastructure and renewable energy projects to boost building and construction sector employment, productivity and investment across Australia.

This will require significant systemic reform of longstanding policy issues including tax reform, reducing red tape, removing institutional roadblocks (e.g. simplifying and streamlining planning), improving intergovernmental coordination, and increasing collaboration with financial institutions.

To achieve value for money, NECA recommends a future federal government leverages more private sector infrastructure investments.

Where possible, the private sector should be engaged to finance, construct, operate and maintain these assets.

6. Encourage New Ways to achieve Energy Efficiency

Several states and territories have introduced renewable energy initiatives and programs that will support national economic recovery efforts.

For instance, the New South Wales Government released its plan to deliver the state's five Renewable Energy Zones (REZs), and the Queensland Government has grouped its REZs to three.

REZ have the potential to create significant pipelines of projects and support billions of investments in regions and thousands of new job creations.

The emerging hydrogen sector, for example, will not only enable local manufacturing and use of new technologies, but also create demand for new skills and training to be acquired in a timely manner to support the expansion of this and other renewable sectors.

Australia has a leadership opportunity on energy efficient, environmentally sustainable practices, including renewable energy. It is critical that government support the rapid growth of such initiatives.

Recommendations

To support medium to large contractors and retain capacity, NECA calls on the incoming government to:

5. Enable nation building infrastructure

- Continue to unlock and fast-track a pipeline of major 'shovel-ready' infrastructure projects for medium to large businesses to stimulate the economy.
- Ensure projects are resourced and deliver projects on-time and within schedule.
- Future proof infrastructure for a modern Australia.

6. Encourage new ways to achieve energy efficiency

- Support innovative strategies and emerging technologies to support the pathway to existing and emerging industries, such as renewables and the need for contemporary training and skills development.



Introduce Taxation and Regulatory Reform

COVID-19 has exposed, and amplified, several longstanding systemic regulatory and taxation issues.

NECA believes our outdated and inefficient regulatory and tax systems need urgent strategic, evidence-based, industry informed reform. A collaborative approach to these issues will help Australia achieve a swift, sustainable economic recovery.

In safeguarding against future challenges, the incoming government must address inequitable conditions, excessive red tape, and ensure a more competitive, resilient, and productive marketplace.

NECA calls on an incoming government to initiate comprehensive reform to deliver stronger, fairer, more efficient regulatory and tax systems as outlined *below* and in later sections of its submission.



7. Reform the Australian Taxation System

Reforming the tax system will allow Australia to maximise opportunities for lifting long-term economic growth and strengthening the recovery from the COVID-19 crisis.

Tax reform will require federal, state and territory governments to collaborate on, agree and implement structural tax changes that remove barriers and increase incentives for individuals and businesses to engage in economic activity, seize opportunities, and to innovative.

Comprehensive tax reform to support federal and state budgets, while addressing distributional impacts and promoting economic growth, will take time, effort and political courage, and all levels of government should commit to the challenge.

Australian business needs a system that delivers incentives to make it globally competitive, stimulates investment in research and development, and supports it to become more efficient and productive.

Following the COVID-19 downturn, this is the optimal time to address these systemic issues to ensure business can adapt to new global economic realities.

It is imperative the government replace or abolish inefficient taxes that will drag on GDP and employment growth during recovery and beyond including consideration of an increase to GST.

8. Harmonise reporting regimes

This includes Business Activity Statements (BAS), Pay-as-you-go (PAYG), Fringe Benefits Tax (FBT), and Workplace Gender Equality Compliance (WGEA) to reduce red tape and administrative burdens, allowing business to focus on their businesses.

Regulatory burdens and red tape are among the largest concerns NECA hears from its members.

Compliance requirements for businesses have significantly increased in the last ten years, adding unnecessary additional pressure on business operations.

Uniformity of reporting times would be welcomed by businesses in the electrotechnology industry and beyond.

Currently, multiple reporting dates apply across a myriad of government agencies, which increases red tape and compliance costs.

NECA believes simplifying and aligning these times is crucial to cutting red tape and administrative costs.

Alignment of reporting times for BAS/PAYG, FBT, WGEA, and other items is long overdue.

NECA therefore calls for harmonisation of these times, which should be reviewed and aligned to reduce administrative burdens and allow businesses to focus on operations, not government paperwork.

This is particularly salient as they seek to recover from COVID-19.

9. Reduce Company Tax to 25%

NECA believes tax reduction is critical to assist the growth and competitiveness of the electrotechnology industry and the creation of new employment opportunities.

The 2014-15 federal budget reduced the company tax rate for SMEs by 1.5% to 28.5%, with a further reduction to 27.5% for SMEs with an aggregated turnover of less than \$10 million in 2016.

This threshold was increased to \$25 million for 2017-18.

The Henry Tax Review, commissioned by the previous government, recommended further reductions to 25% in the short to medium term, subject to economic and fiscal conditions.

The current government, through its *Treasury Laws Amendment (Enterprise Tax Plan) 2016 Bill*, outlined a commitment to progressively cut company tax to 25% by 2026-27.

Current and forecast economic circumstances provide a compelling case to reduce the company tax rate. This would help drive economic recovery and employment growth.

NECA strongly urges a commitment to reducing company tax to 25%, as recommended by the Henry Review, and to fast-track the timetable for this reduction.

10. Introduce a national occupational licensing regime

NECA commends the government and National Cabinet on signing an inter-governmental agreement to automatically recognise electrical occupational licences across the country. The ability of tradespeople to work freely across Australia is more important than ever as the economy recovers. This will harmonise and reduce costs and red tape and will allow businesspeople to work on their businesses at this important time.

In a COVID-safe economy, it is critical for business to mobilise workforces. Being able to deploy skills and trades anywhere in Australia will assist our industry to be competitive, agile and productive.

NECA supports ongoing measures, beyond recognition of workers' occupational licences, to ultimately create a national occupational licensing scheme including contractors for the electrotechnology sector. However, its implementation must not dilute safety standards, technical expertise or adequate insurance requirements.

NECA supports mutual licensing recognition across Australia and encourages all states and territories to continue discussions in order to facilitate these reforms. To accomplish these electrotechnology sector reforms, it is imperative that industry stakeholders resolve current issues and an allocation to prepare legislation across all jurisdictions occurs with funding to undertake a comprehensive review and roadmap for mutual licensing recognition across state boundaries.

11. Introduce a national approach to Continuing Professional Development

Continuing Professional Development (CPD) is the process of tracking and documenting skills, knowledge and experience gained formally and informally by licensed electricians over and above initial training.

It provides an improved level of achievement and comfort for practitioners, industry, regulators and consumers. Typically, one point of CPD equates to one hour of learning and development activity.

CPD has been successfully introduced for Tasmanian and Western Australian electricians, and it is likely other states and territories will follow suit, drawing on the Tasmanian precedent.

Government, consumers and regulators believe CPD can assist businesses (particularly smaller entities) to document, maintain and refresh knowledge of skills, processes, new technologies, and regulations. This will be particularly relevant for upskilling the industry stakeholders in the growing Solar and alternate Energy market growth.

NECA believes the electrotechnology industry may benefit from CPD implementation if:

- sound professional development and training opportunities are delivered
- CPD programs are delivered by accredited, national and appropriate training organisations operating within specialised fields
- such programs are recognised nationally
- CPD programs remain basic and low-cost in their design

- CPD does not become a burden on the wider industry, particularly SMEs
- it provides a cost-effective way to improve technical and organisational knowledge through the provision of regulatory and legislative frameworks
- implementation takes state/territory and local considerations into account
- the reputation of our industry in a complex, evolving regulatory framework is enhanced.

Where CPD has been implemented successfully, member-based industry associations are involved in the program management and/or delivery of course seminars, learning and training opportunities, and CPD is mandatory and overseen by a governing regulator.

We believe industry associations such as NECA are best placed to deliver independent, knowledge-based activities, having regard to legislative requirements affecting the sector.

NECA supports the implementation of CPD across all states and territories in a practical, cost-effective manner.

CPD should be delivered at minimal or no cost to business, limited to some (but not all) licence holders, and take state, territory and local issues into account.

Funding in each state would allow the electrotechnology industry groups to prepare course structures and infrastructure to undertake such programs.

Another initial initiative may be an allocation for the provision of 2,000 CPD places to the

electrotechnology industry, subsidising 50% of course fees per annum, which NECA estimates would cost the government \$1 million per annum nationally.

12. Introduce a Moratorium on Liquidated Damages provisions

NECA urges the federal government to introduce a moratorium on Liquidated Damages (LD) provisions within construction contracts to help prevent catastrophic ongoing damage to Australia's building and construction sector following COVID-19.

On many large projects, risks associated with delay are borne by subcontractors entering into one-sided contracts, as they have little or no bargaining power to amend contractual terms.

Aside from being thus forced to carry risks from delays, subcontractors have little or no entitlement to extensions of time to manage them.

This is unfair and unreasonable.

Given current economic conditions, the position in which subcontractors find themselves is exacerbated by the fact they will be severely impeded in their ability to perform works prescribed by construction contracts.

This may trigger LD claims, which would devastate the building and construction industry.

Importantly, NECA believes Liquidated Damages should not apply during protected industrial disputes to safeguard the viability of affected businesses and seeks commitment

from all levels of government across Australia to enact this change.

NECA urgently seeks the government's support for a moratorium on LD provisions within construction contracts, and for this to apply for at least the term of COVID-19 restrictions (whether imposed by the Commonwealth, states or territories).

This should be the starting point for a broader body of work tackling the issue of unfair contracting, which allows principal contractors to apply higher levels of LD provisions and extend them to multiple subcontractors on the same project.

Recommendations

NECA calls on an incoming government to:

7. Reform the Australian Taxation System

- It is imperative the government replace or abolish inefficient taxes that will drag on GDP and employment growth during recovery and beyond.

8. Harmonise reporting regimes

- This includes Business Activity Statements (BAS), Pay-as-you-go (PAYG), Fringe Benefits Tax (FBT) and Workplace Gender Equality Compliance (WGEA) to reduce red tape and administrative burdens, allowing business to focus on their business.

9. Reduce company tax to 25%

- Commit to reducing company tax to 25%, as recommended by the Henry Review, and to fast-track the timetable for this reduction.

10. Introduce a national occupational licensing regime for the electrotechnology sector

- Allocate funding to undertake a comprehensive review and roadmap for mutual licensing recognition across state boundaries.

11. Introduce a national approach to Continuing Professional Development

- An initial grant program fully funded for each state would allow the electrotechnology industry groups to prepare course structures and infrastructure to undertake such programs.

12. Introduce a Moratorium on Liquidated Damages provisions

- Support for a moratorium on LD provisions within construction contracts, and for this to apply for at least the term of COVID-19 restrictions (whether imposed by the Commonwealth, states or territories).

Energise the Future

NECA supports a competitive national training market comprising public and private RTOs overseen by one national regulator.

NECA recognises the viability of Australia's Vocational Education and Training (VET) system is a shared responsibility which should be strongly influenced and informed by industry and supported by government.

Our member feedback and experience within the VET sector suggests current standards and systems do not always lead to job-ready graduates with the skills required by industry.

This must change.

COVID-19 (and its aftermath) are redefining the electrical and communications industry, compounding skills shortages.

NECA asserts this offers an excellent opportunity to encourage young people into the industry, and to reskill prospective entrants from other affected vocations.

With emerging technologies including batteries, solar infrastructure and electric vehicles, our trade will grow ever more central to daily life.

It is critical the VET system attracts and prepares apprentices with relevant skills and expertise, and that existing workforces have opportunities to reskill to remain competitive in the labour market.

13. Introduce the Apprentice Mentoring Program

An Apprentice Mentoring Program is required nationally to intervene early in the process of assisting apprentices and their employers in the electrical and communications industry by providing them with the appropriate on the job support to ensure they stay working in the industry and complete their trades, access any support available to assist in meeting the academic and other requirements such as pastoral care throughout the apprenticeship, and assist with supporting any relevant providers.

Information to support apprentices should be available through industry experts such as NECA that would provide a dedicated program to targeted employers, providers and individuals. Such a service must be available to at risk nominated apprentices.

With an apprentice completion rate of well above the national average the expertise of the NECA network has shown that a mentoring program when utilised correctly and with best practice delivers superior outcomes in completion rates and tradespeople retention.

It is essential that industry is engaged to provide cross industry support for smaller companies that often try to undertake this activity on their own.

As a leader in the training of current and future electrical and communications contractors through our GTOs and RTOs across Australia, NECA believes that:

- Quality education, skills and training initiatives are critical for the development of the electrical and communications trades.
- Incoming government must ensure there are adequate opportunities, initiatives and funding to support a diverse workforce, and that the small business sector is incentivised as the major employer of the next generation of tradespeople.
- Incoming government will have a critical role to play in informing school students of potential career pathways and opportunities, especially for opportunities within the trades sector.
- Initiatives are required to ensure a more gender and age diverse workforce.
- Benefits of a career pathway into the electrotechnology industry need to be promoted more broadly.

14. Launch the Mature Apprentice Subsidy Scheme

An ongoing challenge is a shortage of skilled electrical and communications workers, shown in falling completion rates of electrical apprenticeships across Australia and the retirement of long term, highly skilled workers, resulting in the loss of suitably qualified electricians at both ends of the cycle.

This challenge is not unique to the electrotechnology sector: other traditional trades – such as carpentry, plumbing, and metalworking – equally face difficulty in attracting and retaining quality apprenticeship candidates in a climate where university education is heavily promoted to school-aged students, and public discourse and media opinion “leadership” sharply prioritises university qualifications over manual trades.

The cost to hire a mature age apprentice is a challenge for all business.

The cost difference or gap over a four-year apprenticeship between a school leaver and a mature age worker is roughly \$40,000.

Consequently, NECA argues governments should consider subsidies as well as tax incentives for employers to hire apprentices, particularly mature aged and female apprentices, and for small contractors who form the backbone of the industry.

At a time of economic disruption – heightened by COVID-19 – that has seen many workers displaced from legacy industries and/or seek mid-career retraining opportunities, NECA recommends the



government institute a **Mature Apprentice Subsidy Scheme (MASS)** to remove wage barriers for businesses wishing to engage mature-age apprentices in the electrical trades.

NECA would welcome the opportunity to partner with the incoming federal government and other trade training providers to design and pilot a program to properly fund mature aged apprenticeships, addressing chronic skills shortages in the trades sector in the process.

We note the Western Australian government undertook a small-scale trial subsidy for up to 200 mature trade apprenticeships in the first half of July last year, and believe the federal government is best placed to implement a comprehensive national program to benefit **all** trades sectors across the country.

NECA notes all available places in the WA trial were filled almost immediately, reflecting the demand for such a program more broadly. Mature-age apprentices – particularly those with many years' work experience – offer great benefits as potential tradespeople that transcend manual skills and knowledge, such as maturity, life experience, industry and business experience, increased completion rates, higher qualifications, better appreciation of safety protocols, and often leadership.

Conversely, young people completing university studies who can't find related jobs or have rethought their careers and wish to switch to a trade are equally discriminated against, as anyone aged over 21 at commencement is treated as "mature-aged" for remuneration purposes by Modern

Awards, and thus too costly for many employers to hire.

Broadly, the idea is for employers of mature-aged apprentices to be able to claim the difference, as a government rebate, between wage costs of a junior apprentice and those of a mature-aged apprentice, eliminating the disincentive to bring employees who are older into the trades sector.

While beneficial to employment, these advantages generally do not lead to a shorter apprenticeship due to specific trade skills acquisition requirements.

The benefit to contracting businesses across a raft of trades is that skills shortages can be met by quality candidates who are eager to work and complete the apprenticeship.

Benefits to government include providing real retraining options for people whose industries have been irretrievably damaged by disruption and their jobs lost, with the added advantage of providing further post-COVID industry stimulus that offers tangible value, economic benefits, and return on investment.

The cost differential between mature age apprenticeship costs to employers versus school leavers (under 21 years of age) for electrical apprentices is detailed in the table below:

Year	Under 21 Rate/Hr	Over 21 Rate/Hr	Additional cost	% Difference
1	\$14.50	\$20.85	\$14,429.74	44%
2	\$17.04	\$22.66	\$12,770.89	33%
3	\$18.31	\$22.66	\$9,884.94	24%
4	\$21.35	\$22.66	\$2,976.84	6%

To calculate annual costs, NECA has utilised a 38hour week over 52 weeks plus 15% loading, as the higher rates apply to superannuation and workers compensation.

Adult apprentices are more expensive; consequently, they account for less than 5% of new employees.

This contrasts with the fact prospective mature age apprentices constitute 50% of applications for available roles.

The current disincentive to hire mature age candidates particularly disadvantages women, who are more likely to apply for an apprenticeship when over 21.

Our members acknowledge that adults are a more likely to be retained and deliver greater productivity, but a 44% productivity differential is not likely.

NECA recommends the incoming government create 1000 subsidised adult apprenticeship places, subsidising the four years of these apprenticeships to address the cost difference compared to junior rates, and thus remove this employment barrier.

This would entail a total overall budget outlay of \$40m over a four-year time frame to support the electrotechnology sector.

These subsidies could be readily tracked through the PAYG system, furnishing the government with transparency around its investment, and ensuring participating employers are completely accountable for subsidy monies paid to them.

Should the incoming government pursue this recommendation, NECA would welcome the opportunity to partner with relevant departments to put more detail on this high-level outline of its proposal.

15. Introduce Incentives for greater Female Apprentice Participation

As previously discussed, adult apprentices are so much more expensive in the first and second years of training for employers and constitute less than 5% of NECA apprenticeship intakes yet represent 50% of applicants.

It particularly disadvantages women, who are more likely to apply for an apprenticeship when over 21.

NECA believes all parties should commit for the incoming to provide:

- Subsidies and incentives for 250 female apprenticeships in the electrotechnology, solar and renewables sectors.
- Subsidies to provide female-friendly work environments such as relevant policies, training, hygiene and sanitary facilities.
- Training for industry in sexual harassment and domestic violence laws.
- Incentivise adult apprenticeships for female participation due to most wishing to enter the industry above 21 years of age.

16. Announce the National Electrotechnology Centres of Excellence

Provide additional training facilities and establish centres of excellence across each state, including the following priority locations:

- Newcastle
- South West Sydney
- Perth
- Tasmania
- South Australia
- Victoria.

As way of background NECA and its partners currently train a significant percentage of all electrical apprentices in Certificate III electrotechnology in Australia.

In addition to apprentices NECA and its partners train a large number of pre-apprentices in schools, the majority of whom go on to be apprentices.

With our affiliates across the nation up to 4800 apprentices and approximately 9000 certificate IV and post trade students are trained each year.

As a point of differentiation from alternate training facilities NECA has over a 90% apprentice completion rate which is almost double that of the national average.

Some of our facilities are at 113% capacity with applications for training being rejected almost daily.

NECA could alleviate the issue with additional facilities across Australia, providing local jobs and reducing the amount of travel time/congestion for those apprentices.

17. Boost the National Completion Rates for Apprentices

The primary focus of NECA is the Certificate III in electrotechnology electrician as the primary entry pathway into the industry, including the full options available for elective units and the types of employment sectors in the industry (including domestic, industrial and commercial) each having very different types of work and career pathways.

There are around 150,000 electricians employed in Australia.

There are approximately 32,100 apprentices undertaking the Certificate III in Electrotechnology with 9,000 located in NSW, over 7,000 in Victoria and Queensland, nearly 4,000 in WA and 2,500 in SA and under 1,000 in the other States.

There are around 2,000 commencements each quarter.

Industry projections for the industry is for a significant increase in the recruitment of apprentices over the next eighteen months in all States and Territories as the economic conditions improve in the building and construction sector and the benefits of the resourcing boom move through SA, Queensland and the other states.

The national dropout rate for this qualification is around 50%.

NECA's high apprentice completion rate is directly related to effective recruitment and selection processes, inductions in smaller companies, pastoral care throughout critical periods of the apprenticeship, and clear expectations on the part of the employers, and apprentices on their roles, workplace arrangements, and the skills acquisition process through the entire period.

We further note electricians remain as critical on the national skills shortage list and all other relevant State lists.

NECA calls on all parties to:

- Increase pre-apprenticeship support
- Increase numeracy skills for school leavers and provision for additional numeracy and STEM training prior to entering electrotechnology apprenticeships.
- Support the introduction of a mandatory apprentice assessment process in LLN relevant to the qualification
- Provide resources to screen apprentices to appropriate vocations based on aptitude

18. Introduce a 'Trades Passport'

To deliver immediate results and to ease the skills crisis and labour shortages in the electrotechnology sector as quickly as possible, NECA proposes the government act immediately to introduce a Trade Passport to bring suitably qualified tradespeople from other countries to Australia.

Owing to the comparability of applicable electrical standards, levels of training, regulatory rigour and commonality of

language, NECA recommends electricians from the United Kingdom and Ireland be targeted, as they will be the easiest and quickest to integrate given the urgency of the problem. NECA envisages and will assist with a pathway for candidates which would run as follows:

- Candidates will be identified that can be fast tracked into the electrotechnology industry.
- Candidates will be assessed in their own country i.e., the United Kingdom and Ireland by an Australian accredited organisation such as NECA that can perform accredited assessments in their home country.
- Subject to this assessment being successful, a skills visa application will be fast-tracked. Visa classes which may be applicable include
 - 186 – Employer Nomination Scheme visa (subclass 186)
 - 189 – Skilled Independent (subclass 189) - Points-Tested
 - 190 – Skilled Nominated (subclass 190).
- Candidates will complete their gap training at a NECA (or equivalent) accredited college.
- The requisite 12 months on-the-job training will be provided by a sponsoring business.
- To incentivise retention after five years, successful candidates would be eligible for permanent residency.

ECA WA – a partner of NECA – is currently one of only two bodies accredited to perform assessments of prospective candidates in their own country for the purposes of migration to Australia, and will be a key party to any program that results from this NECA proposal.

NECA suggests a sunset clause could be applied to close the Trades Passport program five years after its introduction. This is based on the duration of a regular apprenticeship training program (four years) plus a “buffer” of a further 12 months to make the program seamless.

Further, NECA notes parallels may be drawn between its proposal and agricultural visa arrangements introduced to bring seasonal labour to perform farm work.

NECA is supportive of that arrangement but encourages the government to expedite its industry specific proposal without the delays encountered in introducing those arrangements for primary producers.

It is recommended all parties support:

- the federal government work with NECA to urgently introduce and enact a “Trades Passport” program to bring qualified electricians from the United Kingdom to Australia
- NECA and ECA be engaged to identify and accredit relevantly qualified tradespeople that will be job ready on arrival in Australia.

Recommendations

NECA calls on the incoming government to:

13. Introduce the Apprentice Mentoring Program

- Establish a dedicated mentoring program for employers, providers and individuals, particularly for at risk apprentices to increase retention of electrotechnology tradespeople and apprentices.

14. Launch the Mature Apprentice Subsidy Scheme

- Attract mature age electrotechnology apprentices by creating 1000 subsidised adult apprenticeship positions in the electrotechnology and clean energy sectors subsidising the four years of apprenticeships to address the difference between adult and junior rates with a \$40.0m allocation over a four-year time frame to support the electrotechnology sector.

15. Introduce Incentives for greater Female Apprentice Participation

- Mandate the inclusion of appropriate Workplace training and providing a further 250 subsidised female adult apprenticeships in the electrotechnology and clean energy sectors, at an estimated cost over four years at a total cost of \$10m (in addition to the 1000 subsidised adult apprenticeships).

16. Announce the National Electrotechnology Centres of Excellence

- Establish Electrotechnology Centres of Excellence in metropolitan and regional centres and provide additional training facilities nationally.

17. Boost the National Completion Rates for Apprentices

- Support innovation in mentoring and training
- Increase pre-apprenticeship support
- Increase numeracy skills for school leavers
- Provide resources to screen apprentices to appropriate vocations based on aptitude.
- Achieve this through mentoring programmes, resourced support mechanisms and industry focussed and delivered training.

18. Introduce a “Trades Passport”

- Work with NECA to urgently introduce and enact a “Trades Passport” program to bring qualified electricians from the United Kingdom to Australia.



National Electrical and Communications Association

2022 ELECTION PLATFORM

SUMMARY

Support SMEs and Create Jobs for Locals

- 1. Retain the ABCC:** Remain committed to the ABCC and its functions to deliver critical transparency, probity, and business confidence in the industry.
- 2. Deliver National Security of Payment for SMEs:** Enact the world leading golden standard Security of Payment regime.
- 3. Abolish unfair contract terms:** Enhance the unfair contract protection and ensure a level playing field.
- 4. Create jobs for SMEs: Dollar-for-dollar grant:** Deliver electrical safety and energy efficiency upgrades for households, businesses and local government.

Unlock Infrastructure and Renewable Energy

- 5. Enable nation building infrastructure:** Fast-track 'shovel-ready' projects, ensure these are resourced and delivered on-time, and future-proof infrastructure for a modern Australia.
- 6. Encourage new ways to achieve energy efficiency:** Encourage innovative strategies and technologies to support the pathway to existing and emerging industries, such as renewables.

Introduce Taxation and Regulatory Reform

- 7. Reform the Australian Taxation System:** Replace or abolish inefficient taxes that will drag on Australia's GDP and employment growth.
- 8. Harmonise reporting regimes:** For BAS, PAYG, FBT and Workplace Gender Equality Compliance.
- 9. Reduce company tax to 25%:** Commit to reducing company tax to 25%, and to fast-track the timetable for this reduction.
- 10. Introduce a national occupational licensing regime for the electrotechnology sector:** Allocate funding to undertake a comprehensive review and roadmap for mutual licensing recognition across state boundaries.

- 11. Introduce a national approach to Continuing Professional Development:** Grant program fully funded for each state to prepare course structures and infrastructure for the electrotechnology sector.

- 12. Introduce a Moratorium on Liquidated Damages provisions:** Support for a moratorium on LD provisions within construction contracts, and for this to apply for at least the term of COVID-19 restrictions.

Energise the Future

- 13. Introduce the Apprentice Mentoring Program:** Establish a dedicated mentoring program for employers, providers and individuals, particularly for at risk apprentices.
- 14. Launch the Mature Apprentice Subsidy Scheme:** Attract mature age apprentices in the electrotechnology and clean energy sector by creating 1000 subsidised adult apprenticeships.
- 15. Introduce Incentives for greater Female Apprentice Participation:** Mandate the inclusion of appropriate Workplace training and providing a further 250 subsidised female adult apprenticeships.
- 16. Announce the National Electrotechnology Centres of Excellence:** Establish Electrotechnology Centres of Excellence in metropolitan and regional areas and provide additional training facilities nationally.
- 17. Boost the National Completion Rates for Apprentices:** Support innovation in mentoring and training through mentoring programmes, resourced support mechanisms and industry focussed and delivered training.
- 18. Introduce a "Trades Passport":** Work with NECA to introduce and enact a "Trades Passport" program to bring qualified electricians from the UK to Australia.