

2018/19



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national  
electrical and  
communications  
association

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## About NECA

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry. We represent more than 5,000 electrical contracting businesses across Australia. NECA members employ more than 165,000 workers and deliver an annual turnover in excess of \$23 billion.

NECA represents the electrical and communications contracting industry across all states and territories. We aim to help our members and the wider industry to operate and manage their business more effectively and efficiently whilst representing their interests to Federal and State Governments, regulators and principle industry bodies such as the Department of Education and Training, Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

Additionally, NECA maintains responsibility for the employment, training and skilling of more than 4,800 current and future electricians through our Group Training and Registered Training Organisations.



## Foreword

NECA's submission outlines initiatives that we believe the Federal Government should implement in its 2018/19 Budget.

NECA has always believed that the key to ongoing growth across the electrical contracting sector is quality education, skills and training. Despite the prevailing economic position, we believe that the Government should re-invest in skills development and improving the general business environment for the electricity sector.

We have refreshed and built upon our policy statements and in the context of the 2018/19 Federal Budget are introducing a range of policy initiatives that we believe are not only important for the small and medium enterprises that make up Australia's electrical sector, but are also welcome ingredients that deliver an economic stimulus, create new employment opportunities, provide an uplift in apprenticeships and boost national economic output.

We therefore advocate that in the forthcoming Budget, the Federal Government should take action with respect to:

- Support for the establishment of a new electro-technology training centre for electrical apprentices in Western Sydney;
- Support for Small Business outcomes;
- Attracting more women to the electrical and communications trades;
- Encouraging the hiring of mature age apprentices
- Solar and battery
- Home energy audits;
- Vocational Education and Training (VET); and
- Non-conforming products

We thank the Federal Government for the opportunity to participate in this consultation as part of the 2018/19 Budget process and appreciate your consideration of this request to support the growth and development of our sector.

Whilst we are particularly mindful of the present fiscal challenges, we strongly urge you to consider these policy recommendations when formulating the 2018/19 Budget, given the significant potential to boost national productivity, deliver additional economic stimulus and increase apprenticeship and employment outcomes.

Should you wish to discuss further, I can be contacted on 02 9439 8523 or by email [suresh.manickam@neca.asn.au](mailto:suresh.manickam@neca.asn.au)

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S. Manickam', with a horizontal line underneath.

Suresh Manickam

**Chief Executive Officer**

**National Electrical and Communications Association (NECA)**



## Establishment of a new centre for the training of electro-technology apprentices in Western Sydney

NECA argues that the Federal Government should support and incentivise the establishment of a new centre for the training of electro-technology apprentices in Western Sydney in preparation for the growth and development of the region's future economic needs driven by the creation of the Western Sydney Airport at Badgery's Creek.

With planning for the airport now having commenced through the Western Sydney Airport Company, a critical shortage of electricians will occur unless the future requirements of the electrical industry are met and catered for.

NSW, in particular Western Sydney, is experiencing a welcome period of robust economic growth, bolstered by the health of the building and construction sector and the NSW Government's record expenditure on infrastructure delivery. However, this continued economic good fortune relies on access to a skilled workforce. A failure to plan now for the region's future requirements for electro-technology workers may have significant negative ramifications in future years, including worsening of skills shortages leading to increased construction costs, thus reducing the region's competitiveness and attractiveness for major projects.

Over the last decade Ausgrid, Endeavour, Essential, Sydney Trains, Telstra and QANTAS have all ceased or dramatically reduced their provision of training and apprenticeships in NSW. Ausgrid and Endeavour Energy ceased training new apprentices in 2014 with vital skills development being eroded over time.

Prior to 2014, the Ausgrid Learning Centre was used to train all of Ausgrid and Endeavour Energy's electrical supply industry apprentices, covering the Sydney, Newcastle and Wollongong areas. Located at Silverwater, the centre is one of the most outstanding vocational training facilities of its type across Australia yet it's now rarely used for training - the purpose it was originally designed for.

NECA currently employs and trains more than 400 electrical apprentices in NSW alone. Through the strength of its training arm, we have the capability and desire to train additional future electro-technology workers. However, our ability to provide quality training to additional apprentices is hamstrung, as a result of lack of access to appropriate training and network facilities.

NECA estimates that an average of 200 additional workers will need to be trained each year to maintain and meet the future demands of the electricity supply industry.

The establishment of a new centre for the training of electrical apprentices in Western Sydney aligns with the Government's objectives in respect of improving apprentice completion rates, infrastructure provision and the economic development of Western Sydney. The NSW Government's record \$72.7 billion for critical infrastructure spend over the next four years also means that the demand for future electricians and apprentices remains strong and will continue to grow.

Across Sydney and Western Sydney, electro-technology is among those sectors listed by the skills audit as currently experiencing the most severe shortages<sup>1</sup> whilst the Federal Department of Employment's *Skills Shortage List 2015* in relation to electro-technology and telecommunications trades workers:

*"Shortages are evident in Sydney in a number of sectors including commercial fit-outs and industrial maintenance."*<sup>2</sup>

With further skills shortages in trade areas anticipated, including in the electrical contracting sector, action is required to recruit the future trade workforce and train them in the skills we know will be needed.

Over the next 20 years, the population of Western Sydney is expected to reach three million people, comprising half of Sydney's anticipated total population of six million by 2036. Western Sydney is already Australia's third-largest economy, further demonstrating the need for skills formation across Western Sydney.

**NECA advocates that in the 2018/19 Federal Budget, the Government should:**

- **Support and incentivise the establishment of a new centre for the training of electro-technology apprentices in Western Sydney.**

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<sup>1</sup> TAFE Western Sydney and the Western Sydney Business Connection, *Greater Western Sydney Skills Audit*, p.17 (<http://wsi.tafensw.edu.au/resource/file/17432/1509002-tafe-barometer-booklet-20151005-web.pdf>)

<sup>2</sup> Skill Shortage List, New South Wales, Department of Employment. List reflects research undertaken to 31 December 2015 ([https://docs.employment.gov.au/system/files/doc/other/skillshortagelistnsw\\_4.pdf](https://docs.employment.gov.au/system/files/doc/other/skillshortagelistnsw_4.pdf))

## Small Business outcomes

Small Business is the lifeblood of the national economy and dominates the electrical and communications contracting industry. NECA's *2017 Market Monitor* highlights the fact that 82 per cent of businesses within our industry employ less than 25 staff.

NECA believes that the SME nature of our industry needs to be properly recognised by the Federal Government, along with the burdens that many of these businesses face on a daily basis. We argue that a range of initiatives could be used to assist small business within our sector.

**NECA advocates that in the 2018/19 Federal Budget, the Government should:**

- **Provide an audit of all available grants programs across Australia's three levels of Government so a list of available opportunities can be placed in one location to facilitate access to funding opportunities.**
- **Preserve the Government's commitment to ongoing reductions in the Company Tax Rate to 25 per cent and encourage each State and Territory to reduce their reliance upon payroll tax.**
- **Extending Unfair Contract protections legislation by increasing the business size definition to 100 employees and the upfront, payable threshold from \$300,000 to \$3 million for contracts less than 12 months in scope, and for contracts of longer than 12 months in scope, from \$1 million to \$9 million.**
- **NECA calls for greater scrutiny and accountability in relation to Enterprise Bargaining negotiations. All representatives should be advocating in good faith and not be seeking to delay or draw out negotiations. Employers should not be hindered from directly taking proposals to union members, as is their right under the Fair Work Act.**
- **Introduce legislation in relation to a low-cost, Retention Money Trust Account scheme. This should be established across all state and territory jurisdictions, similar to those available in the real estate industry and legal profession. The scheme should be administered by a Government department to reduce costs and create a level playing field for industry.**
- **The alignment of key business reporting timeframes such as BAS and PAYG tax, FBT and WGEA compliance, as well as an alignment of these thresholds to reduce unnecessary red tape and burdens.**

## Attracting more women to the electrical and communications trades

NECA has been proactively addressing the need to attract more women to the electrical and communications trades.

With the support of the Federal Government, NECA is currently trialling female mentors in West Australia.

NECA has also undertaken interviews of female apprentices, which found that social media and sports clubs have an important role to play in attracting and educating females on the benefits of electrical apprenticeships.

Under the *Electrical Innovative Delivery and Pathways Project*, a range of models, which have been trialled by providers such as NECA Training and Apprenticeships and other specialist agencies, to support women in the trades will be examined and trialled in different locations across Australia.

Better promotion of success stories and best practices will be undertaken including the use of female NECA Apprentice Award winners to promote the value and success of our industry.

Funding for female mentoring will be a critical step to delivering more female apprentices across the electrical contracting sector.

### **NECA advocates that the 2018/19 Federal Budget should:**

- **Allocate funding for the provision of mentors for female electrical apprentices.**



## Mature age apprentices

A major issue raised by employers is the decline of the adult apprenticeship pathway with the increased costs associated with older apprentices' pay and other conditions making it uncompetitive. This has been exacerbated by decisions made by the Fair Work Commission.



Mature age apprentices are very productive within the workforce and bring enhanced knowledge, maturity, wisdom and experience to businesses within the electrical sector.

However, from an employer perspective, mature age apprentices are often priced out of the marketplace given the cost of hire.

NECA, therefore, advocates that the Federal Government provides an employer wage subsidy to employers who choose to employ mature age/adult apprentices. This subsidy should match the differential between the hourly rate of a junior apprentice and adult apprentice across each stage year of the apprenticeship, helping to promote re-skilling and cross-skilling allowing the industry to take greater advantage of the benefits that mature workers can offer.

### **In the 2018/19 Budget, the Federal Government should:**

- **Provide an employer wage subsidy to small businesses that choose to employ mature age/adult apprentices.**

## Solar and battery

Small-scale Solar photovoltaic panels (PV) and battery storage units, in addition to being a reliable and efficient energy use for consumers, can assist to smooth out the peaks in energy use through offering control of the solar energy that a consumer has generated, helping to reduce the energy load drawn from the network.

Solar subsidy schemes have had some success in Australia - which has one of the largest up-take of roof-top solar photovoltaic systems in the world. The NSW Solar Bonus Scheme was successful in adding more than 342MW of renewable energy capacity to the grid – more than three times the capacity of Australia's largest solar farm, whilst many State Governments, including Queensland and South Australia have previously or continue to offer subsidies for solar PV schemes.

Australia has one of the largest penetrations of roof-top, small-scale Solar PVs across the world and companies such as Schneider Electric have called upon Government to consider subsidies to encourage households to adopt home battery storage units.<sup>3</sup>

NECA believes that the Federal Government should consider providing incentives to encourage households and small businesses to take-up small-scale Solar PV and home battery storage units taking advantage of our nation's sunny climate.

### **In the 2018/19 Budget, the Federal Government should:**

- **Encourage consumers and business to take-up small-scale solar PV and battery storage units through grants, subsidies or other incentives.**



<sup>3</sup> <http://www.afr.com/news/politics/provide-subsidies-for-battery-storage-in-australia-says-schneider-electrics-20171203-gzxzhq>

## Home Energy Audits

NECA proposes that the Federal Government encourage property owners to undertake voluntary Home Energy Audits. Home Energy Audits should occur at the point of sale or the commencement of any new rental arrangement. Given the current landscape in respect of energy costs, such a proposition would be both quick and inexpensive and would provide the consumer with options as to how best to reduce their energy bill and carbon footprint.

**In the 2018/19 Budget, the Federal Government should:**

- **Encourage property owners to undertake voluntary Home Energy Audits.**



## Vocational Education and Training (VET)

NECA remains concerned with the overall decline in apprenticeship commencement and completion rates. Apprenticeship commencements have halved over the last five years whilst there has been a 20 per cent fall in the number of mature age apprentices in training.<sup>4</sup>

Funding contributions from Government for VET courses is about 25 per cent less than it was five years ago (Federal) and 17 per cent less amongst State Governments. We recommend that present VET funding levels be increased and that the Government explores new ways to boost apprenticeship numbers. NECA believes that the incentive still lies with businesses to develop their staff and deliver company and industry sustainability.

NECA supports the implementation of minimum standards for literacy and numeracy across Australia and believe the Federal Government should consider using incentives to encourage State and Territory Governments to adopt policies to advance student proficiency in STEM (science, technology, engineering and mathematics) subjects.

Confidence and stability in the VET sector, following the failings of VET FEE HELP and a lack of cohesion at the Commonwealth of Australian Governments (COAG) has led to a lack of confidence at a time when additional numbers of electrical workers are required to deliver future infrastructure requirements.

### School and entry requirements

School-based apprenticeships are important pathways for students and are a good source of apprenticeship applications for the industry, providing a way to screen potential applicants. Some of these courses, however, are too institutionally-based and do not always lead to good vocational outcomes.

NECA therefore considers that there is a need to reform the approach to pre-apprenticeships to better meet employer and student needs – particularly around flexible timetabling.

In some cases, it may be sufficient to use this option for Year 11 students to bridge the gap in academic learning required in off-the-job training. Employers have only

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<sup>4</sup> ACCI VET SWOT Analysis 2017 - [https://10-acci.cdn.aspedia.net/sites/default/files/uploaded-content/field\\_f\\_content\\_file/vet\\_swot\\_analysis\\_nov\\_17.pdf](https://10-acci.cdn.aspedia.net/sites/default/files/uploaded-content/field_f_content_file/vet_swot_analysis_nov_17.pdf)

limited understanding of this option and its ability to supplement labour when off-the-job training is being undertaken by full-time apprentices. Attainment of acceptable minimum mathematics skills (at least to a solid Year 10 level) is an on-going problem with young applicants.

NECA is currently examining the development of a national approach for pre-apprenticeships under the *Electrical Innovative Delivery and Pathways Project*, including how the provision of short, targeted, upfront pre-apprenticeship training can be used to ensure apprentices are more work ready, understand the basics of the industry and have hand skill familiarity.

These findings will be shared with the Government upon completion.

**In the 2018/19 Budget, the Federal Government should allocate funding for:**

- **Assessment of a core set of competencies that reflect the present and future requirements of industry and consumers**
- **The development of practical maths lessons in schools for trade-training aspirants, with involvement of relevant partners in the education systems (including the Australian Association of Maths Teachers).**
- **Enhanced funding for literacy and numeracy for apprentices that have been identified through a recruitment process and readiness assessment test, where additional support is required for apprenticeship completion.**

### **Apprentice mentoring**

NECA Training's high completion rates - at over 80 per cent against an industry level of 50 to 60 per cent demonstrate the merits of mentoring apprentices.

Mentoring allows the proactive management of the individual apprentice's development, including in respect of:

- OH&S awareness and compliance;
- Profiling monitoring;
- Managing personal issues and discipline where necessary;
- Work exposure;
- Reviewing PPE (personal protective equipment);
- Reviewing toolkits; and
- Monitoring and discussing trade school work.

A Deloitte study commissioned by the NSW Board of Vocational Education and Training suggests that the cost of non-completions in NSW for 2010 alone was \$348

Million. The study also estimated that the cost to the NSW government of non-completion amounted to \$4,100 per apprentice per annum and excluded costs to the Commonwealth, employers and to the broader economy in terms of lost productivity and other multiplier effects<sup>5</sup>.

The implication of this study is that Government effectively saves funds in other areas through the careful targeting of expenditure in apprentice mentoring that leads to higher completion rates of apprenticeships.

**NECA advocates that in the 2018/19 Budget the Federal Government should:**

- **Allocate funds for the mentoring of electro-technology apprentices in order to help ensure high quality completion rates.**

### **National Campaign to restore confidence in the VET sector**

NECA maintains that a trade career path is as equally attractive and rewarding as a university degree. We therefore call upon the Federal Government to actively promote the value of apprenticeships to employers, job seekers and students in order to arrest the decline in the take-up of apprenticeships at the same time, helping to restore confidence in the VET sector.

**NECA advocates that in the 2018/19 Budget the Federal Government should:**

- **Fund a national campaign to promote the importance and value of apprenticeships to employers, job seekers and students.**



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<sup>5</sup> Deloitte Access Economics, commissioned by the NSW Board of Vocational Education and Training, *The cost of apprenticeship non-completion in NSW*, 25 August 2011

## Non-conforming products

NECA strongly calls for action to assist in the stamping out of non-compliant electrical parts and sales of products that fail to meet Australian Standards. The professional reputation of our industry is compromised through the weakening of safety standards, property damage and the potential endangerment of human life while non-compliant products remain on sale.

NECA therefore calls upon the Federal Government to increase its commitment and resources to ensure a larger number of random product batch tests are carried out. This action would assist with the delivery of higher quality electrical products for consumers.

### Dangers of non-conforming products

The trade in counterfeit and non-conforming products poses a clear threat to the viability of Australia's electrical contracting sector. This threat manifests itself in:

- The risk of electrical fire and shocks;
- The potential for death or serious injury to installers and the public;
- Property damage and rectification;
- Legal liability issues;
- Expenses relating to the provision of replacement products;
- Insufficient insurance products and resultant premium increases;
- Industry brand and/or reputational damage;
- Cost to businesses operating with the electrical sector supply chain; and
- Consumer confidence.

### Examples of recent product failures

Recent product failures such as Infinity, Olsent Cables and E-Cables, coupled with the death of a woman in 2014 following electrocution from a non-compliant USB charger, have amplified our concerns.

Product failures have not just been limited to the Infinity and Olsent incidents. In recent times, there have been a number of other examples where product failure and/or administration failure has led to regulatory intervention, these include:

- Pink Batts Home Insulation;
- Mr Fluffy Asbestos (particularly in the ACT but also affecting NSW);
- Avanco DC Isolators;
- Faulty USB chargers causing electrocution.

## **Costs associated with product failures**

The recall of Infinity and Olsent branded electrical cables installed in houses and buildings across Australia between 2010 and 2013 was initially expected to cost businesses around \$80 million. However, more recently released estimates from the ACCC have revised this figure to approximately \$100 million. Further, approximately 20,000 properties are said to have been installed with Infinity and Olsent branded cables, according to the ACCC.<sup>6</sup>

NECA has joined with a range of building and construction industry peak bodies to call for more government funding and enforcement in relation to non-compliant building products, as part of the current Australian Senate Economics References Committee inquiry into non-conforming building products. This inquiry is due to release its final report on 30 April 2018.

## **Does it Comply? campaign**

In 2013, NECA, in conjunction with Voltimum (one of the world's leading electrical industry information portals) and Standards Australia, developed and instigated the [Does it Comply?](#) campaign. This campaign focuses on the removal of unsafe and non-compliant products across the electrical sector. As part of the campaign, an industry survey was conducted to understand the seriousness of the issue of non-compliant products, and attitudes across the industry. Survey results indicated that 75 per cent of respondents had seen the installation or sale of non-conforming electrical products in the Australian market.

## **Need for greater government enforcement**

A key concern for the electrical contracting sector is the lack of government enforcement, at all levels, of businesses importing non-compliant products. This is further compounded by the effectiveness (or otherwise) of the current product batch-testing regime that seeks to ensure that Standards are adhered to.

With respect to the above, NECA believes that the Federal Government should regularly and vigorously undertake random product auditing as well as non-compliant product enforcement.

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<sup>6</sup> John Rolfe, Infinity cable recall too slow, ACCC fears only fires will stir consumers into action, *Daily Telegraph*, 26 March 2015: <http://www.dailytelegraph.com.au/news/opinion/infinity-cable-recall-too-slow-accc-fears-only-fires-will-stir-consumers-into-action/story-fnlrw4is-1227278718234>

In order to ensure that these powers are used optimally and effectively, it is essential that greater resources are devoted to detecting non-conforming products.

**NECA therefore calls upon the Federal Government in the 2018/19 Budget to increase its commitment and resources to:**

- **Ensuring a larger number of product random batch tests are carried out;**
- **Ensuring that a greater number of audits are carried out in relation to sellers of electrical products to verify their authenticity;**
- **Ensuring that there is great enforcement surrounding the sale and distribution of non-compliant building products.**

## Summary

### Establishment of a new centre for the training of electro-technology apprentices in Western Sydney

- Support and incentivise the establishment of a new centre for the training of electro-technology apprentices in Western Sydney.

### Small Business

- Provide an audit of all available grants programs across Australia's three levels of Government so that a list of available opportunities can be placed in one location to facilitate access to funding opportunities.
- Preserve the Government's commitment to ongoing reductions in the Company Tax Rate to 25 per cent.
- Extending Unfair Contract protections legislation by increasing the business size definition to 100 and the upfront, payable threshold from \$300,000 to \$3 million and for contracts of longer than 12 months in scope, from \$1 Million to \$9 million.
- NECA calls for greater scrutiny and accountability in relation to Enterprise Bargaining negotiations. All representatives should be advocating in good faith and not be seeking to delay or draw out negotiations. Employers should not be hindered from directly taking proposals to union members, as is their right under the Fair Work Act.
- Introduce legislation in relation to a low-cost, Retention Money Trust Account scheme. This should be established across all state and territory jurisdictions, similar to those available in the real estate industry and legal profession. The scheme should be administered by a government department to reduce costs and create a level playing field for industry.
- The alignment of key business reporting timeframes such as BAS and PAYG tax, FBT and WGEA compliance as well as an alignment of these thresholds. NECA understands the need for such business reporting, however, highlights that the lack of alignment (via timeframes and thresholds) adds unnecessary red tape and burden to Australia's small businesses.

### Attracting more women to the electrical and communications trades

- Allocate funding for the provision of mentors for female electrical apprentices.

### Mature age apprentices

- Provide an employer wage subsidy to small businesses that choose to employ mature age/adult apprentices.

### Solar and battery

- Consider the provision of incentives for home battery storage units.

### Home Energy Audits

- Encourage property owners to undertake voluntary Home Energy Audits.

### Vocational Education and Training (VET)

- Assessment of a core set of competencies that reflect the present and future requirements of industry and consumers.
- The development of practical maths lessons in schools for trade-training aspirants, with involvement of relevant partners in the education systems (including the Australian Association of Maths Teachers).
- Enhanced funding for literacy and numeracy for apprentices that have been identified through a recruitment process and readiness assessment test, where additional support is required for apprenticeship completion.
- Fund a national campaign to promote the importance and value of apprenticeships to employers, job seekers and students.
- Allocate funds for the mentoring of electro-technology apprentices in order to help ensure high quality completion rates of apprentices.

### Non-conforming products

- Ensure a larger number of product random batch tests are carried out.
- Ensure that a greater number of audits are carried out in relation to sellers of electrical products to verify their authenticity.
- Ensure that there is greater enforcement surrounding the sale and distribution of non-compliant building products.