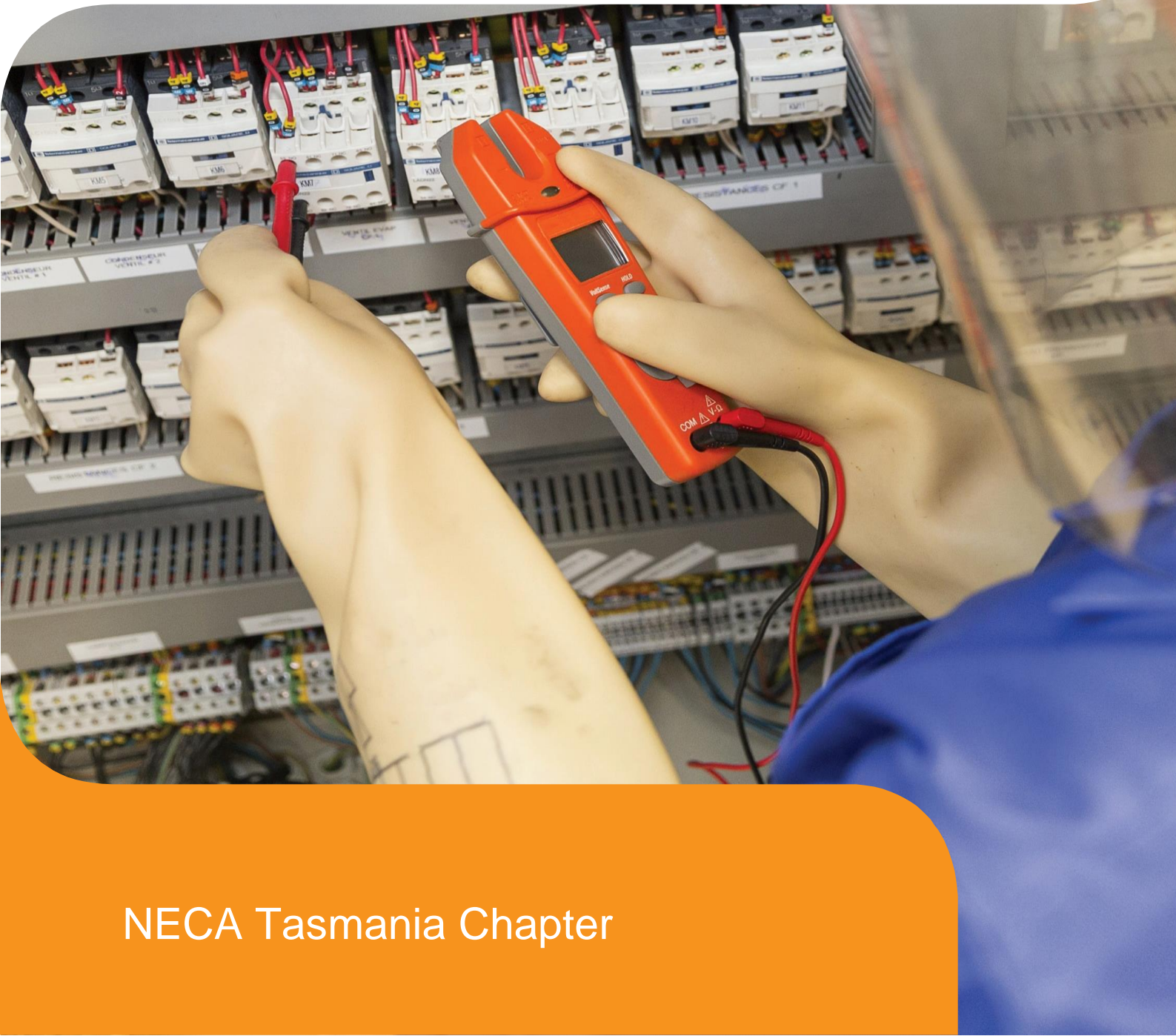


National Electrical and Communications Association (NECA)

2020-21 Tasmanian Government Pre-Budget Submission





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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, which employs more than 165,000 workers and delivers an annual turnover in excess of \$23 billion. We represent the interests of over 5,200 electrical contracting businesses across all Australian States and Territories.

NECA has been advocating for, and on behalf of, the electrotechnology industry for over 100 years. 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 principal industry bodies such as the Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

Our members make an integral contribution to the Tasmanian economy – connecting homes, businesses and infrastructure, encouraging investment, improving reliability and security across the energy system and delivering greater environmentally sustainable and affordable outcomes for the community. We view the safety and reputation of the electrotechnology industry as paramount to all tradespeople, consumers and the general population.

NECA is strongly committed to supporting the next generation of electrical and communications contractors. Working with our Registered Training Organisations (RTOs) and Group Training Organisations (GTOs), NECA provides employment and ongoing skills development for approximately 4,800 apprentices across Australia. The majority of these apprentices get the opportunity to gain work experience with NECA's members either directly or via our group schemes. The success of our programs speaks for itself - we proudly boast 90% completion rates across our courses, and approximately one in three electrical apprentices in Australia is a NECA apprentice.

Our approach to attracting and supporting entrants to our industry is through a holistic, progressive and high-quality range of industry relevant programs and initiatives including our long-standing scholarship program, NECA Foundation and the Women in Electrical Trades Roadmap. In addition to these initiatives, we also manage and promote industry wide Annual Excellence and Apprentice Awards designed to acknowledge and celebrate achievements and highly distinguished electrotechnology projects, which includes recognition of apprentices and future leaders in our industry. We seek to ensure a diverse workforce, supporting and attracting more women and mature aged people, and promoting trade career pathways for school-leavers.

Electrotechnology industry in Tasmania

Tasmania has one of the strongest and growing economies currently in Australia. The ABS estimates that Tasmania's gross State product increased by 3.6% in 2018-19 to \$31.82 billion. Building and construction has been one of the best performing sectors, contributing this \$2.09 billion to the economy¹. This performance can be attributed to recent and increasing Government investment, funding and an ongoing pipeline of infrastructure projects. Building approvals also continue to be strong, suggesting that the current high level of residential development and construction will be sustained in the medium-term to meet demand². These conditions are expected to support and attract further growth, investment, building and development throughout Tasmania.

A key challenge for the electrotechnology industry is the ongoing shortage and declining supply of skilled electrical workers. The skills shortage has potential significant risks to the current and forecasted local economic climate and future opportunities for Tasmania. These shortages are well recognised and evidenced through a reduction in the completion of electrical apprenticeships across Australia, and the retirement of long term and highly skilled workers, leading to a loss of suitably qualified electricians at both ends of the industry and across the broader building and construction sector. Emerging technologies are driving demand and placing additional strain on the existing workforce. Government support as outlined in this submission is critical to ensure the ongoing viability of the industry and to meet the growing needs of our community.

NECA's pre-Budget Submission identifies the main issues that the Tasmanian Government should address in formulating the 2020-21 Budget. These measures will greatly assist the Tasmanian Government in relation to a number of its priorities including the delivery of infrastructure, future of education and skills needs, sustainable energy and housing renewal.

NECA recommends that the Tasmanian Government make provision in the 2020-21 budget with respect to the following:

- **Non-Conforming Building Products** addressing the significant dangers posed by non-conforming products, also known as the 'cancer' of the electrotechnology industry;
- **Education and Training** improving the school and entry requirements, addressing skills needs, attracting women and mature aged people to trades and promoting the benefits of a career pathway in the electrotechnology industry;

¹ <https://www.treasury.tas.gov.au/Documents/State-Accounts.pdf>

² <https://www.treasury.tas.gov.au/BudgetPapersHTML/Budget2019/BP1/2019-20-BP1-2-Tasmanian-Economy.htm>

- **Supporting Small Business and Family-owned Enterprises and taxation** including the reduction of payroll tax and supporting small business and a diverse, sustainable and competitive Tasmania economy including new jobs;
- **Electrical Safety and Energy Efficiency** reforms to protect, support and enhance electrical safety and the natural environment;
- **Continuing Professional Development (CPD)** supporting continued career development of electrical and communications contractors; and
- **Establishment of the Tasmanian Centre of Excellence for Trades and Water** designed to be the preeminent trade training facility in the Southern Hemisphere, delivering cutting edge skills and competency qualification across our trades.

NECA appreciates the opportunity to engage and contribute to the Budget process, and accordingly thank the Tasmanian Government.

We strongly urge the Tasmanian Government to consider these policy recommendations when formulating the 2020-21 Budget, given the significant potential boost to the Territory's competitiveness, productivity, sustainability and innovation for the benefit of the community.

1. Non-conforming products

Unsafe and/or non-compliant electrical equipment is costly for businesses and consumers. The professional reputation of our industry is compromised through the weakening of safety standards, property damage and the potential endangerment of human life, as well as potential increased legal liabilities to electrical contractors, when non-compliant products remain on sale.

A key concern for the electrotechnology industry is the lack of Government enforcement, at all levels, against distributors of non-compliant products to ensure quality and measurement of performance to Australian Standards.

NECA believes that all levels of government have a responsibility to regularly and vigorously undertake random product auditing as well as non-compliant product enforcement. It is imperative that Federal and State/Territory Government Departments actively and effectively communicate with each other and all relevant stakeholders to remove and protect the market from non-conforming products and implement an effective batch-testing regime.

In recent years, there have been countless examples of avoidable building defects and product failures that have led to loss of life and damage to property. Despite these incidents, there have been extensive delays in developing and implementing policies to address the presence of non-compliant products in the building industry in Australia.

NECA has been very proactive in seeking to address this issue. In doing so, NECA has joined with a range of leading 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. NECA eagerly awaits the Commonwealth's response to the inquiry.

Given the size of the building and construction sector, and the extent of economic activity in infrastructure and development within Tasmania, it is critical that safeguards are in place to ensure damages do not flow to the industry or consumers as a result of non-compliant building products.

NECA strongly calls upon the Tasmanian Government to:

- stamp out non-compliant electrical components and products in Tasmania that fail to meet Australian Standards;
- increase its commitment and resources to ensure a larger number of component and product random batch tests are carried out to assist with the delivery of compliant, safe, quality electrical products for consumers.

1.1. 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, NECA and Voltimum conducted an industry survey to gain an understanding of the seriousness of the issue of non-compliant product and attitudes across the industry towards this problem.

The survey results indicated that over 75% of respondents had seen the installation or sale of non-compliant electrical product in the Australian market. [Does it Comply?](#) enabled the creation of the Electrical Industry Charter, an alliance of major industry partners who are committed to selling and using only genuine and compliant products.

Whilst this Campaign has been successful, further initiatives and collaboration between all levels of Government is required to stamp out non-conforming electrical products to ensure the safety of contractors, consumers and the general public.

We would like to take this opportunity to commend the Tasmanian Government for its ongoing support in recognising the Electrical Equipment Safety System Database, designed to combat the use of non-compliant electrical products.

Recommendations:

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 1.1 Ensure an improved regime for the auditing of electrical products to verify their authenticity is in place in Tasmania;
- 1.2 Expedite progress on mandatory third-party certification of building products and an improved product testing regime;
- 1.3 Expedite uniformed/harmonised laws with respect to Point of Sale via the COAG process;
- 1.4 Commit more funding in relation to random product auditing; and
- 1.5 Ongoing support of the EESS (Electrical Equipment Safety System) Database.

2. Vocational Education and Training

Supporting the VET sector is critical. NECA recognises that the future viability and success of Australia's VET is a shared responsibility; one that should be strongly influenced and informed by industry and supported by Government.

Electrotechnology is undergoing significant change. In the next decade, we are forecasting a strong emergence of new technologies including batteries, solar infrastructure and electric vehicles. These technologies will change the behaviour, culture and attitudes across industry and the community, as well as how we do business. It is critical that the VET system prepares apprentices with the relevant skills and expertise, and that existing workers have the opportunity to re-skill to competitively operate in the new landscape.

As a lead player in the training of future and current electricians and contractors through our Group Training Organisations (GTO) and Registered Training Organisations (RTO) across Australia, NECA believes that:

- quality education, skills and training initiatives are critical for the development of the electrical trade;
- Government must ensure that 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; and
- Government has a critical role to play in informing school students of their career pathways and opportunities, specifically opportunities found within the trades.

The Tasmanian Government in the 2020-21 Budget should allocate funds to:

- mentor electrotechnology apprentices in order to ensure high quality completion rates of apprentices;
- attract women and mature aged people to trades;
- promote the benefits of a career pathway in the electrotechnology industry.

2.1. School and entry requirements

School-based apprenticeships are important pathways for students, and are a good source of apprenticeship applications for the industry and provide 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 considers that there is a need to reform the approach to pre-apprenticeships. Pre-apprenticeships should be encouraged where they meet employer and student needs, particularly where there is 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 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 sound Year 10 level) is an ongoing problem with young applicants.

Recommendations

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 2.1 Allocate funds for the mentoring of electrotechnology apprentices in order to help ensure high quality completion rates of apprentices;
- 2.2 Enable flexible timetabling for pre-apprenticeships;
- 2.3 Support 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 Mathematics Teachers); and
- 2.4 Allocate additional funding for the provision of further information and education in relation to the trade pathways available for school students.

3. Supporting Small Business and Family-owned Enterprises

Small business and family owned enterprises (SME) are the lifeblood of the national economy and dominate the electrical and communications contracting industry. NECA's 2019 Market Monitor highlights the fact that 79% of businesses within our industry employ less than 25 staff, and the overall trends indicate the number of small business across the nation are increasing.

NECA believes that the challenges faced by SMEs needs to be properly recognised and addressed by all levels of Government. We argue that a range of initiatives could be used to assist small business within our sector to diversify the workforce, encouraging more women, mature-aged people and school-leavers into the industry.

3.1. Incentives to hire apprentices – payroll tax relief and mature aged apprentices

The Tasmanian Government, through its 2017-18 budget, introduced payroll tax relief for small businesses that chose to hire additional apprentices or trainees aged between 15 and 24 years of age. Small businesses are offered a two-year rebate following the hire of eligible apprentices and trainees and NECA believes this is a clever and instrumental approach to support and deliver more skilled electrical apprentices across Tasmania.

NECA urges the Tasmanian Government to expand its presence, in particular, to encourage more mature age apprentices to take up an electrical trade. 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 extensive cost of hire.

NECA advocates that the Tasmanian Government provides a wage subsidy to employers who choose to hire 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 reskilling and cross skilling to take greater advantage of the benefits that mature workers could offer industry.

NECA seeks Government assistance to provide financial assistance to RTOs and GTOs that provide pre-apprenticeship programs for industry entrants.

3.2. 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 trialing female mentors in Western 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.

A strand of NECA's Alternative Pathways Project (APP) is dedicated to assessing ways in which more women could enter the electrical industry. The project has engaged with women through NECA's GTOs and RTOs and discussed ways in which our trade could be viewed more favourably. Initial feedback would suggest that more engagement and information can be shared via school careers advisors as well as via sporting groups, to inform women of the value of an electrical trade.

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 calls upon all levels of Government to actively promote female trade career pathways and establish a pilot program that seeks to achieve this goal.

Recommendations

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 3.1 Continue to support and expand the present two-year, payroll tax rebate for small businesses that incentivises businesses hiring mature apprentices and trainees;
- 3.2 Provide a wage subsidy to employers who choose to employ mature age/adult apprentices;
- 3.3 Establish a pilot program that actively promotes female apprenticeship take-up; and
- 3.4 Provide financial assistance to RTOs and GTOs that provide pre-apprenticeship programs for industry entrants.

4. Electrical Safety and Energy Efficiency

Ageing residential housing stock presents serious challenges and safety risks to home owners or renters, as existing electrical wiring including associated equipment may be non-compliant with current industry standards under the Australian Building Code and/or degrading and/or deteriorating requiring remedial action.

Over the last two years, NECA's pre-Budget submissions have urged the Tasmanian Government to commence a pilot scheme for Home Safety Electrical Audits as a simple and effective way that enables the consumer to be aware of safety issues and to take action to improve the standard of wiring within their property.

NECA continues to encourage the Tasmanian Government to support voluntary Home Energy Safety Audits. These Audits will provide options to consumers to reduce energy consumption and costs. Home Energy Audits should occur at the point of sale or any new rental arrangement and be carried out by a qualified and licensed electrical contractor at all times. This proposition would be quick and inexpensive, and it would provide the consumer with options as to how best to reduce energy costs through replacement or energy intensive products at home such as air-conditioning units, pool pumps, hot water systems, dishwashers, washing machines and dryers.

Recommendations

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 4.1 Encourage new property owners to undertake voluntary Home Energy Audits, as part of any pre-purchase due diligence. Such audits will provide home owners/consumers with options to plan and explore opportunities for energy bill and carbon footprint reductions.

5. Continuing Professional Development

Continuing Professional Development (CPD) refers to the process of tracking and documenting the skills, knowledge and experience that you gain both formally, and informally, as you work beyond any initial training and aims to provide an improved level of achievement and comfort for the practitioner, wider industry, regulator and consumer. Typically, one point of CPD equates to one hour of learning and development activity.

CPD has successfully been introduced for Tasmanian electricians to improve standards across the electrical sector. Government, consumers and regulators hold the view that CPD can assist business (particularly smaller entities) to document, maintain and refresh knowledge of skills, processes, new technologies, and relevant regulations. Since the commencement of NECA's CPD event series in 2016, almost 2,500 individuals have attended one of our workshops. We have conducted sessions on a range of topics, our events are very well attended and highly commended.

We believe that industry associations such as NECA are best placed and most qualified to deliver independent, knowledge-based activities that are attuned to the needs, requirements and legislative changes across industry. In order to continue to successfully deliver these activities, enhanced certainty and longevity is required to fund ongoing industry learning delivery.

Recommendations

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 5.1 Continue support for Continuing Professional Development; and
- 5.2 Outline additional funding arrangements for the CPD program moving forward, to ensure that NECA and similar member-based industry bodies can deliver learnings and training opportunities, in line with the program's governance guidelines.

6. Tasmanian Centre of Excellence for Trades and Water

It is critical that the Australian VET system is supported by contemporary, well-equipped and tailored facilities to meet the needs of apprentices. Currently, TasTAFE resources, infrastructure and equipment is exhausted, aged and inadequate to deliver the highest possible standards that industry requires. The current arrangements are insufficient to support the current and forecasted major growth in the Tasmanian building and construction sector.

To address this, NECA have been working closely with a range of key building industry stakeholders and developed a concept for the proposed purpose-built Tasmanian Centre of Excellence for Trades and Water (Centre). The Centre is designed to be the preeminent trade training facility in the Southern Hemisphere, delivering cutting edge skills and competency qualification across our trades. It will also address accommodation issues currently faced by apprentices by offering a fully immersible accommodation and learning environment.

NECA together with a collective of other industry associations have secured \$7 million in State Government funding for the initial build of the new Centre to be located at the TasTAFE Clarence Campus alongside other building trades. Additional capital investment is now sought to fit-out of the Centre and to build the new student accommodation facility.

The benefits of the proposed Centre will not only advantage our Tasmanian sector, it will provide high quality vocational education and training opportunities to address the ongoing skills shortage nationwide, significant economic benefits increasing jobs, supporting small and family owned business and support emerging new and sustainable technologies.

Further benefits also include the ongoing increases to the State's vocational capacity and capabilities. The concept is innovative and truly deserving of support.

Recommendation

NECA therefore calls upon the Tasmanian Government in the 2020-21 Budget to:

- 6.1 Support the establishment of the Tasmanian Centre of Excellence for Trades and Water through relevant funding.

