

5<sup>th</sup> March 2015

The Honourable Josh Frydenberg MP  
Assistant Treasurer  
Member for Kooyong  
695 Burke Road  
CAMBERWELL VIC 3124

Dear Assistant Treasurer Frydenberg

### **Electrical Industry Pre-Budget Submission**

As you may be aware, the National Electrical and Communications Association (NECA) is Australia's peak industry body for the electrical and communications contracting industry. We represent approximately 4,000 businesses nationwide and our industry involvement extends to the VET sector through the employment, training and skilling of more than 4,000 electrical apprentices.

We are strongly of the view that quality education, skills and training initiatives are necessary for the ongoing development and survival of our sector. As a lead player in the training of current and future apprentices, we have developed a range of recommendations resulting from the *NECA Policy Statement 2015* that are within the control of your Treasury portfolio.

As a result, we believe the following recommendations will deliver a considerable uplift to the national economy and assist to resolve skills shortages across our sector;

- The setting of guidance and a future strategy to implementing a key recommendation of the Henry Tax Review to reduce the company tax rate to 25%
- A national discussion to set a timetable in place to harmonise payroll tax regimes and its eventual phasing out.
- Harmonisation of the creditor line process across Australia so that electrical contractors are not disadvantaged from the collapse of a construction company
- The alignment of key business reporting timeframes such as BAS and PAYG tax, FBT, WGEA compliance to reduce compliance and administrative red tape
- Investment in infrastructure delivery that boosts economic growth by 1% of Gross Domestic Product
- Compulsory superannuation contributions to be capped at 10% for small businesses from 2023.
- Employees who undertake and complete additional training at higher levels (post-trade) should receive adequate tax benefits as an incentive to complete qualifications.
- Flexible and mutually beneficial contract arrangements with an in-built safety net should be reached between employees and an employer.
- The extension of unfair contract protections for small businesses

Looking more broadly in the context of the 2014 budget, the delivery of infrastructure was a key component to achieving ongoing economic growth by reducing bottlenecks and congestion that place a handbrake on the economy.

We are keen to work with the Federal Government to ensure that younger and disadvantaged members of the community have the opportunities to develop the necessary skills and training through pre-vocational training and ongoing intensive mentoring. A pilot training scheme within our industry could be particularly useful in tandem with works upon these significant pieces of new infrastructure such as the second Sydney Airport and related access roads, the NorthConnex Motorway and sections of Adelaide's North-South Link.

Such a scheme would seek to address youth unemployment, social disadvantage and areas with significant indigenous and migrant populations. We note that the former Howard Government had some success with its Skills for the Future program, pioneered by its then Minister for Vocational and Technical Education, Gary Hardgrave, had some success with addressing industry and technical skills shortages in the mid to late 2000's and we urge the Abbott Government to capitalise on this track record to deliver positive economic outcomes for Australia.

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 and we therefore seek support for a pilot scheme in relation to reskilling and cross skilling to take greater advantage of the benefits that these workers could offer industry.

NECA also believes that encouragement should be given to uplift female participation within our sector. Our experience indicates that female apprentices perform very well, often becoming specialists in their chosen area of expertise whilst some have won NECA's Apprentice of the Year award. However, the take up rate for females remains low and we specifically seek targeted pilot programs in relation to raising the level of female participation in this sector.

Thank you for your consideration of this request to support the development of electrical industry pilot schemes. Whilst we are particularly appreciative of the challenges and difficulties with the present fiscal position, we urge you in your discussions with the Treasurer to see that funds are set aside within the upcoming Budget to assist with the successful delivery of these pilot schemes that we believe will bring a considerable uplift to the economy.

I look forward to meeting you to discuss these matters shortly.

**Yours faithfully**



**Suresh Manickam**  
**Chief Executive Officer**  
**National Electrical and Communications Association (NECA)**

