



national
electrical and
communications
association

NATIONAL OFFICE

Level 4,
30 Atchison Street,
St Leonards NSW 2065
Locked Bag 1818,
St Leonards NSW 1590

T +61 2 9439 8523
F +61 2 9439 8525
E necanat@neca.asn.au
W www.neca.asn.au
ABN 78 319 016 742

15th July 2015

Mr Wyatt Roy
Chair of the Joint Standing Committee on Treaties
Federal Member for Longman
PO Box 6021
Parliament House
CANBERRA ACT 2601

Dear Mr Roy,

China-Australia Free Trade Agreement – Electrical Industry Position

The National Electrical and Communications Association (NECA) welcome the opportunity to present our industry's views and perspective upon the recently announced Free Trade Agreement with the Government of Australia and the Government of the People's Republic of China (ChAFTA).

As you may be aware, 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.

The electrical contracting sector in Australia has a well-earned reputation for high quality workmanship and safety standards. We also support a commitment to on-going training and stringent licensing, coupled with high Australian and New Zealand product standards. It is NECA's view that vigilance on licensing standards, compliance and safety are paramount and must be maintained for the benefit of the sector and consumers alike.

Australia, as a relatively small and geographically remote nation, relies upon its major trading partners in order to increase Gross Domestic Product (GDP) and deliver economic prosperity for its people. Within this context, NECA notes that the importance of China as Australia's largest trading partner. However, NECA also notes that the trading balance is in our favour, with exports valued at \$107.5 Billion each year compared with imports of \$52.1 Billion.

Whilst the recently announced agreement with China still has a number of hurdles to overcome, we believe that in principle, it offers benefits to Australians in a similar vein to recently announced FTAs.

Having said the above, NECA and our members have the following concerns.



Consultation

The first that NECA was made aware of the details of ChAFTA, particularly in respect of the electrical contracting sector, was at the time of the publishing of the side letter between Minister Robb and Minister Gao Hucheng. Given the critical importance of skills assessment, standards and safety with respect to Australian licensing standards, NECA asserts that consultation with any of the affected sectors would have been appropriate. Indeed, prior consultation would have been beneficial for both the government and industry such that industry would have an opportunity to engage and provide feedback and suggestions. Further, industry would then be well placed to provide satisfactory responses to our stakeholders.

Dilution of Licensing and Safety Standards

As previously stated, the electrical contracting sector in Australia has a well-earned reputation for high quality workmanship and safety standards. We also support a commitment to on-going training and stringent licensing, with high Australian and New Zealand product standards.

NECA does not accept any dilution of licensing and/or safety standards under any circumstances.

The current application process

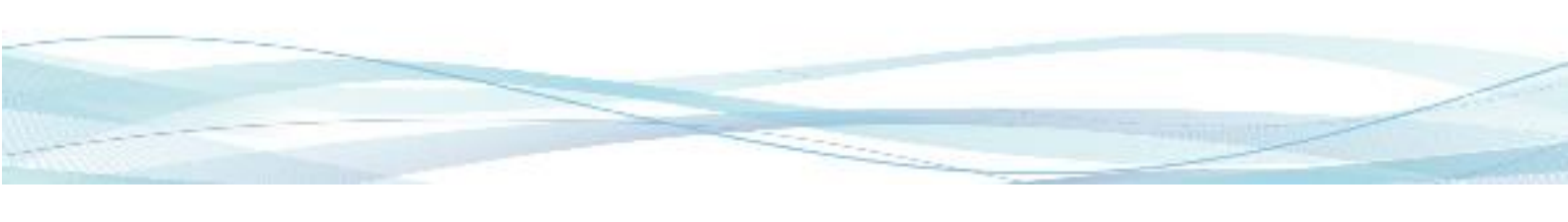
NECA understands that since 2009, the Department of Immigration and Border Protection (DIBP) requires applicants from one of the following ten countries (China, Brazil, Fiji, India, PNG, Philippines, South Africa, Thailand, Vietnam and Zimbabwe) seeking a 457 visa to undergo a skills assessment before being granted a 457 visa. In the context of our sector, those occupations on the Consolidated Sponsored Occupations List (CSOL) include: Automotive Electrician (321111), Electrician (General) (341111) and Electrician (Special Class) (341112).

Trades Recognition Australia (TRA), within the Department of Education and Training, has overall responsibility for these skill assessments and has five private Australian-based Regional Training Organisations (RTOs) contracted to conduct the assessments. Some of these RTOs have permanent overseas offices where assessments are conducted (including in the Philippines, the UK, India and South Africa), though none have permanent offices in China.

In the event that an applicant is not from the list of 10 country's above (i.e. effectively the rest of the world as DFAT explains), then the applicant will continue to be processed along the "regular 457 application track".

In either applications pathway (regular 457 applications track or via the TRA), NECA notes that a positive skills assessment may lead to a 457 visa being granted, providing all other conditions are met. However, NECA also notes that this does not guarantee licensing and / or registration with the relevant State/Territory licencing authority. In other words, receiving a visa does not automatically grant a licence within Australia – an applicant must meet and pass all the licensing requirements that the relevant State/Territory licensing authority sets down for that particular trade.

In the context of electrical licenses, State/Territory licensing requirements differs state by state. Therefore, if



an applicant electrician wanted to practice their trade in NSW, then, even after passing the 457 visa skills verification process they'd then need to go through the full licensing process in NSW to become an electrician.

Proposed changes to the skills assessment process

NECA held a number of discussions with both the Office of the Minister for Trade and Investment as well as the Free Trade Agreement Division of the Department of Foreign Affairs and Trade the week commencing 29 June.

As explained to NECA by DFAT, our understanding of the proposed changes is as follows:

- That under the proposed ChAFTA arrangement, the requirement for the Mandatory Skills Assessment prior to obtaining a 457 visa be removed for Chinese citizens. This proposal has the effect of moving China out of the group of ten nations, as listed above, and bringing this nation into line with all other nations.
- Whilst this proposal removes the requirement for a Mandatory Skills Assessment prior to obtaining a 457 visa. As DFAT advises, these are only administrative changes to the way in which DFAT administers applications. As explained to NECA, China has been effectively reassigned from the "list of 10" to "the rest of the world".
- A 457 visa applicant will still need to satisfy the Department of Immigration and Border Protection that they have the skills and experience required for their nominated occupation, in order to be granted a visa. The process for determining an applicant's experience still includes: evidence of qualifications, membership of trade bodies, references and English language skills.
- As with all 457 visa applications, if a processing officer considers that further verification is required, a skills assessment can still be ordered.
- On the assumption that the applicant satisfies the 457 application process, the application is still required to obtain a license as per the conditions and requirements of their State/Territory licensing authority; and critically
- That the regular 457 applications track that is being proposed for Chinese nationals does not remove the requirement that temporary visa holders must hold relevant licenses and certification as required by Australian Federal, State and Territory laws and regulations.

Non-compliant products

Whilst NECA understands that the ChAFTA announcement was focussed on skills, there has been an influx of non-compliant products in recent times that have had an adverse and lethal effect on the Australian electrical contracting sector as well as consumers. The two well-known examples have been the Infinity cable recall and the tragic electrocution of a woman on the Central Coast of NSW as a result of a non-compliant electrical product.

The trade in counterfeit products that fail to comply with Australian Standards poses a threat to the viability of Australia's electrical contracting industry. A key concern for the industry is the lack of enforcement of those distributing non-compliant products and the lack of product batch testing of products to ensure



quality and measurement of the performance to Australian standards.

NECA's concerns are that electrical contractors, as the installers of non-compliant products, are being unfairly held responsible by consumers for costly replacements with no recourse to the importer who introduced the risk into the country.

NECA continues to call for the stamping out of non-compliant electrical parts and product sales 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 when non-compliant products remain on sale.

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

NECA recognises that the regulatory and legislative instruments that relate to the sales of products overwhelmingly vest with the States - as has been highlighted by the Infinity cable recall and the tragic electrocution of a woman on the Central Coast of NSW. However, NECA also asserts that the importation of goods, particularly non-compliant and demonstrably lethal goods, should have greater importation and border protection oversight by the Commonwealth. To this end, NECA calls on the Federal government to broaden and boost Customs powers to enable:

- Random compliance audits of imported electrical products; and
- Ability to detain non-compliant electrical products.

NECA is yet to obtain any information in relation to how ChAFTA may or may not affect the importation of products.

Given our position in relation to non-compliant products, NECA would not be supportive of ChAFTA in the event that there was a dilution to current importation processes and laws in relation to electrical products.

In summary, NECA holds the following views:

1. That the consultation process undertaken in relation to this matter requires revision;
2. Whilst NECA understands that this is currently not the case, that in any event of a change to the ChAFTA agreement, NECA would not accept any dilution of licensing and/or safety standards under any circumstances;
3. That on the basis that NECA's understanding above, as provided by DFAT, is correct and that there are no omissions or errors within our understanding, then NECA does not object to the ChAFTA proposal; and
4. NECA would not be supportive of ChAFTA in the event that there was a dilution to current importation processes and laws in relation to electrical products.
5. NECA calls on the Federal government to broaden and boost Customs powers to enable:
 - Random compliance audits of imported electrical products; and
 - Ability to detain non-compliant electrical products.



Thank you again for the opportunity to present the views of the electrical contracting sector and I look forward to seeing a successful outcome delivered for NECA members across the industry.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Manickam', written over a horizontal line.

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

