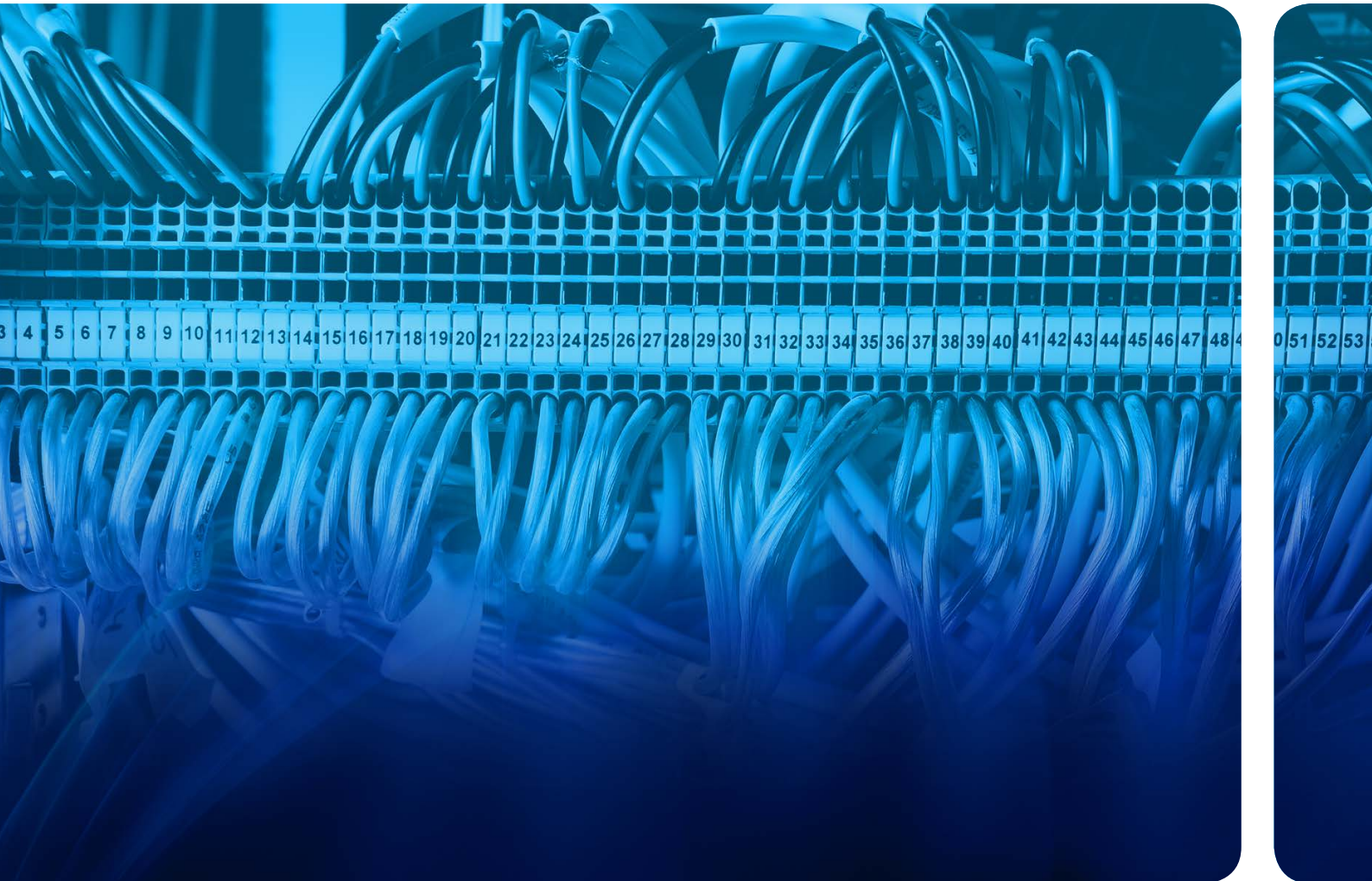




national
electrical and
communications
association



Policy Statement June 2016

NECA NATIONAL

Level 4, 30 Atchison Street
St Leonards NSW 2065
Ph: 02 9439 8523
Facsimile: 02 9439 8525
Email: necanat@neca.asn.au

www.neca.asn.au

Table of Contents

Chapter	Content	Page
Background		
1.1	CEO Foreword	3
1.2	About NECA	3
1.3	Our chapters and history	4
Industry		
2.1	Industry Profile	4
2.2	Policy position, intent and purpose	5
Policies		
3.1	National Licensing and enhanced labour mobility	6
3.2	Energy Efficiency & Renewable Energy	7
3.3	Vocational Education and Training	10
3.4	Competency Based Wage Progression	13
3.5	Small Business	14
3.6	Infrastructure Budget	16
3.7	Workplace Relations	17
3.8	Workplace Health & Safety	19
3.9	Product Quality Assurance	20
3.10	Security of Payments	22
3.11	Building & Contents Insurance	23
3.12	Home Safety and Energy Audits	24
4	Key Recommendations & Summary	25
5	References	27

1.1 CEO Foreword

The National Electrical and Communications Association's Policy Statement for 2016 has built upon our organisation's first document in 2015, having been formulated as a result of an internal process of engagement with our members, state chapters and NECA Councillors. Our 2016 Policy Statement refreshes and adds five new policy themes to last year's document, following the ratification and adoption by NECA's National Executive in November 2015. These themes are Renewable Energy, Security of Payments, Building & Contents Insurance, Home Safety and Energy Audits and Competency Based Wage Progression.



This statement outlines twelve key policy themes and makes forty-three specific policy recommendations. If actioned by Government, NECA believes these recommendations will deliver a more prosperous and effective electrical contracting sector through the creation of new employment opportunities, increased safety and compliance standards and a boost in growth for our national economy.

As the peak industry voice for the electrical and communications sector, NECA will continue to engage with our key stakeholders, across a range of policy positions and in a number of forums. NECA holds the view that the ongoing advocacy of our industry, via Parliamentary discussions, parliamentary and departmental policy submissions and policy forums, are a critical element in effecting positive change for our industry.

I hope this statement provides you with a stronger understanding of the needs and complexities of our industry, in addition to a more comprehensive knowledge of the policies requested by our members.

Yours sincerely,

Suresh Manickam
Chief Executive Officer

1.2 About NECA

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry that employs 145,000 workers and delivers an annual turnover in excess of \$23 billion. We represent approximately 4,500 electrical contracting businesses across Australia.

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 Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

NECA's involvement and capabilities within the education and training sector extends to the employment and skilling of over 4,000 apprenticeships across Australia. We estimate that most of these apprenticeships carry out their work experience through NECA's members via our group schemes. We also deliver training options for a further 3,000 qualified electricians to the industry through technical advice, business skills training and business development and marketing training for management.

In addition, we manage and organise our industry's National Excellence and Apprentice Awards and promote initiatives such as EcoSmart Electricians, the Does it Comply? campaign, the LJ Hooker Liveability project and our student scholarships program, NECA Foundation.



1.3 Our chapters and history

NECA's strength and influence within the industry is evidenced by our state based chapter structure across Australia.

We're now in our centenary year with our first chapter opening its doors to members in 1916.

Whilst a lot has changed since our early existence, NECA has continued to work hard to represent the interests of the industry and to develop a diverse range of products for our members across Australia.

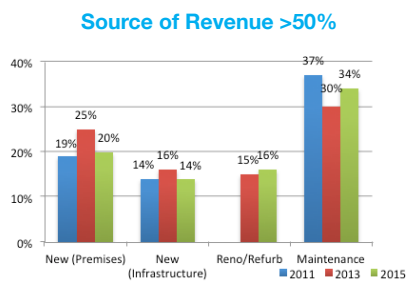
<p>NECA ACT 1/2 Yallourn Street FYSHWICK ACT 2609 Ph: 02 6280 5580 Facsimile: 02 6280 4662 E-mail: act@neca.asn.au</p>	<p>NECA NSW Level 3, 28 Burwood Road, Burwood NSW, 2134 Ph: 02 9744 1099 Facsimile: 02 9744 1830 E-mail: necansw@neca.asn.au</p>	<p>NECA QLD Suite 1.5 Ian Barclay Building 460 - 492 Beaudesert Road Salisbury QLD 4107 Ph: 07 3276 7950 Facsimile: 07 3276 8108 Email: necaq@neca.asn.au</p>
<p>NECA SA 213 Greenhill Road, Eastwood SA 5063 Ph: 08 8272 2966 Facsimile: 08 8373 1528 Email: neca@necasa.asn.au</p>	<p>NECA TAS PO Box 620 North Hobart TAS 7002 Ph: 03 6234 3464 Email: necatas@neca.asn.au</p>	<p>NECA VIC Level 12, 222 Kings Way South Melbourne, 3205 Ph: 03 9645 5533 Facsimile: 03 9645 5544 Email: necavic@neca.asn.au</p>
<p>NECA WA Unit 18, 199 Balcatta Road Balcatta WA 6021 Ph: 08 6241 6100 Facsimile: 08 9240 4866 Email: necawa@necawa.asn.au</p>	<p>Northern Territory Please contact our SA office for NT enquiries. Ph: 08 8272 2966 Facsimile: 08 8373 1528 Email: neca@necasa.asn.au</p>	<p>NECA NATIONAL Level 4, 30 Atchison Street St Leonards NSW 2065 Ph: 02 9439 8523 Facsimile: 02 9439 8525 Email: necanat@neca.asn.au</p>

2.1 Industry Profile

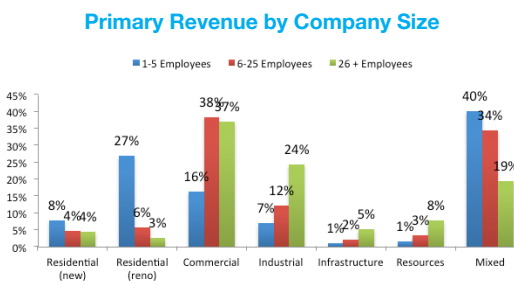
Australia's electrical contracting industry accumulates an estimated annual turnover in excess of \$23 billion and in many ways, is a measurement yardstick for the performance of Australia's economy.

In 2015, the largest source of revenue continues to be derived through the ongoing maintenance of residential and commercial property (34%), followed by new premises (20%). Revenue derived from renovation and refurbishment of property (16%) has overtaken new infrastructure (14%) over the past two years.

Revenue from commercial projects is the main source for businesses with six or more employees, whilst a mix of revenue sources is the main stay of businesses with less than five employees.

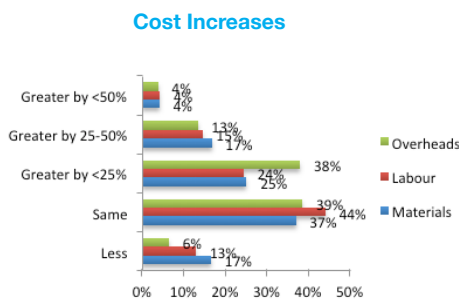


Source: NECA Market Monitor 2015

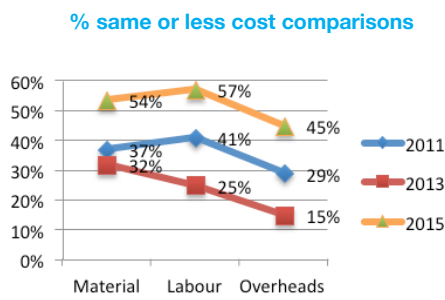


Source: NECA Market Monitor 2015

Over the past two years, many businesses have experienced a rise in costs. However, significantly, the serious cost pressures over the last four years have appeared to have eased.



Source: NECA Market Monitor 2015

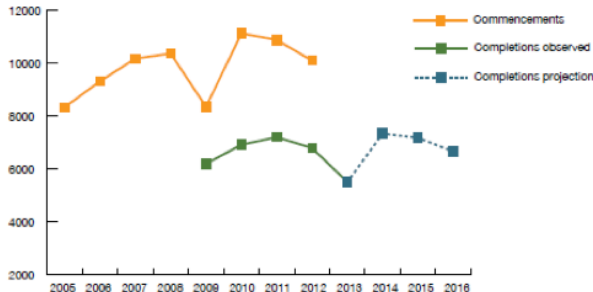


Source: NECA Market Monitor 2015

A key challenge for our industry as we move towards the second half of the decade is a shortage of supply of skilled electrical workers. This is 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 sector.

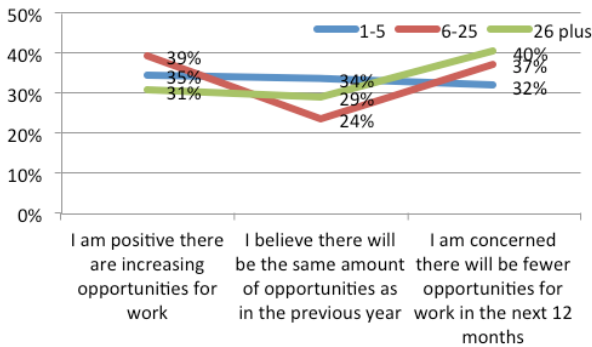
A fundamental shift in the Australian economy is seeing a slow-down in the engineering sector (related to mining) and an upswing towards construction of residential property and major infrastructure projects arising from the Federal Budget. This shift is expected to contribute to an increase in demand for energy sector employment in the short term.

Apprenticeships



Source: NCVER commencement and completion data projections for apprentices 2005-17.

Optimism by Company Size



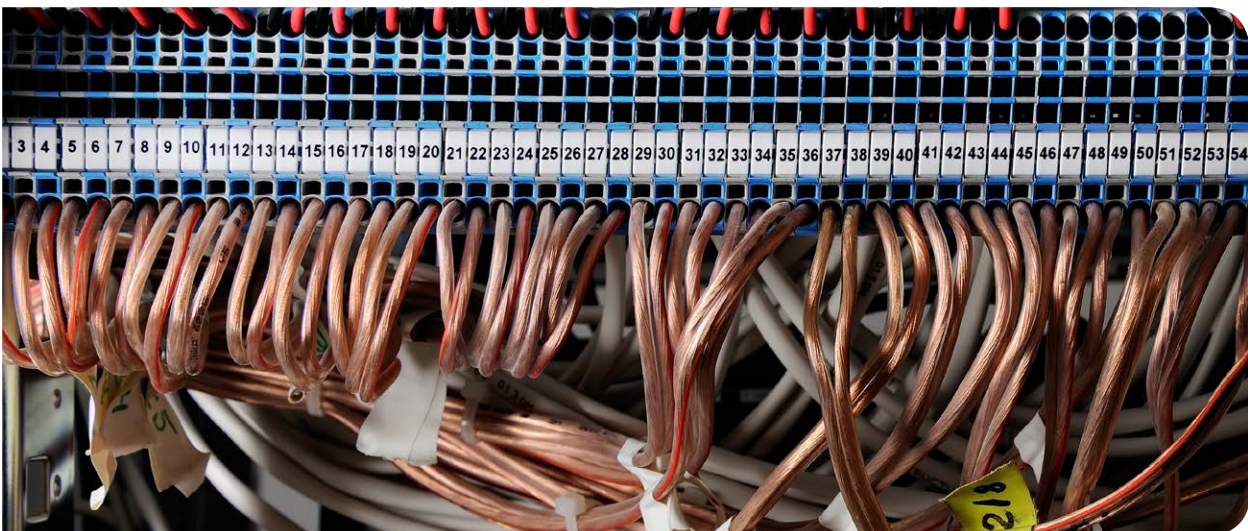
Source: NECA Market Monitor 2015.

2.2. Policy position, intent and purpose

The intent of this paper is to highlight to policy makers and key decision influencers the barriers, threats and opportunities that currently exist for NECA members and within the wider electrical contracting and communications industry as a whole.

Its purpose is two-fold. Firstly, to provide NECA members and the wider industry with a clear and comprehensive policy paper that identifies the key challenges in need of urgent or long term reform within the sector.

Secondly, to highlight to the government the barriers and threats that presently exist within the industry and provide solutions for industry reform.



3.1 National Licensing and enhanced labour mobility

Background

Debate centred upon national licensing is not a new phenomenon. Attempts to enhance mutual recognition of licensing arrangements date back to the creation of the *Mutual Recognition Act 1992*, designed to increase labour mobility across state jurisdictions for individuals. However, this Act excludes business licensing arrangements.

The ability for business to freely operate across Australia's state and territories is critical for the electrical contracting and communications industry. In July 2008, the Council of Australian Governments (COAG) agreed to pursue wide ranging regulatory reform and at its meeting of 3 July:

"... acknowledged that Australia's overlapping and inconsistent regulations impede productivity growth. Without change Australia's future living standards would be compromised, the competitiveness of the economy reduced and our ability to meet the challenges posed by an ageing population diminished."

COAG's agreement included the development of a national trade licensing system to be applied to seven occupational areas, including the electrical industry and the creation of the National Occupational and Licensing Authority (NOLA) to oversee proposals.

However, a subsequent agreement on a national licence system failed to materialise, in part due to a lack of inclusion of proper standards for safety and compliance and the involvement of a wide range of industry sector and state regulator differences, which rendered the process too complex and ineffective.

Whilst individual state licensing agreements have not stopped electrical contracting firms from conducting operations across state and territory boundaries, it is clear that a lack of mutual recognition of cross jurisdictional licenses has acted as a barrier to entry and is an unnecessary cost impediment for businesses within our industry.

These arrangements are particularly difficult for businesses operating across multiple jurisdictions and for those working in border areas as a licensee must meet different non-skills requirements and pay a separate licence fee for effectively the equivalent licence(s) in each jurisdiction.

Small and medium enterprises within our industry, bear a significantly larger proportion of administrative costs for compliance across multiple licensing regimes and these costs are often passed on to the consumer.

A study arising from the COAG agreement in 2008 highlighted 111 specific occupational licenses within the Electrical contracting industry (Electricians and Electrical Contractors) across Australia's eight jurisdictions. Once Building and related and Air Conditioning are added, 439 occupational licenses existed.

Occupational Group	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Electrical (Occupational & Contractor)	13	11	25	12	18	9	7	16	111
Building & building related	50	32	84	7	102	22	12	4	313
Air Conditioning	6	1	3	-	4	1	-	-	15
Total	69	44	112	19	124	32	19	20	439

Electrical (Electricians and Electrical Contractors), Building and Air Conditioning licenses as at April 2009.

Source: National Licensing System for Specified Occupations, Decision Regulation Impact Statement April 2009

Key Issues and Recommendations

- **National Licensing – Driver's Licence model**

NECA advocates for the introduction of a single, national, driver's licence type model for implementation across the electrical trade in Australia.

Under a driver's Licence model, an occupational license issued by any jurisdiction would be recognised across each state and territory in the Commonwealth, with state and territory regulators continuing to maintain individual licensing arrangements.

This low cost model would increase labour flexibility and mobility and would reduce some compliance and regulatory burdens with current arrangements and removes the requirement for multiple license registration, renewals and additional license fees. This model avoids the complexities of a fully harmonised and nationally co-ordinated approach.

NECA supports the creation of a single, national licencing scheme for both electricians and electrical contractors. However, its implementation must not dilute safety standards and technical expertise.

- **Lack of recognition for cross state and group licenses**

A 13 December 2013 meeting of COAG agreed to discontinue plans for the National Occupational Licensing system and instead develop reforms to improve labour mobility without the imposition of a top-down, nationally co-ordinated approach.

The New South Wales Government has recently introduced legislation under the *Mutual Recognition (Automatic Licensed Occupations Recognition) Bill 2014* that would enable the equivalent jurisdiction's occupational licence to be recognised within New South Wales based upon the jurisdiction of the principle place of residence of the license holder.

The Queensland Government recognises some external license equivalents and other states are looking to implement similar reforms following meetings of the Council of Australian Federation in 2014.

In addition, we encourage all states to simplify and align their training processes to deliver a more consistent approach to licensing across the country. An alignment of training processes, combined with enhanced recognition of mutual recognition would lead to greater competition and reduced costs for electrical contractors.

[NECA supports mutual recognition licensing reform across Australia and encourages all States and Territory to adopt these reforms as a matter of urgency.](#)

Industry opportunities and funding implications

- NECA to convene and administer an electrical industry round table, to drive and develop options for the Federal Government to implement a single, national driver's license model that acts to reduce red tape, is efficient and employer friendly and sustains our industry's requirements for strong and effective safety standards.



3.2 Energy Efficiency & Renewable Energy

Background

Ongoing electricity price rises coupled with Australian consumers desire to decrease their carbon footprints has created a new interest and landscape for energy efficiency and sustainability.

Increasingly, consumers are realising and experiencing the trade-off between the purchase and use of energy efficient products and a reduction in their cost of household bills and are actively seeking new information and opportunities to make their home and lifestyles more efficient, sustainable and be good environmental citizens.

Whilst Australia has historically had stable electricity prices, over the past five years, prices have risen on average by up to 70 per cent. These price rises are fuelled by two factors – the cost of upgrading the “poles and wires” of the energy networks and a spike in energy demand on the electricity systems from household appliances.

Energy demand in Australia is at its greatest at the hottest time of the year, afternoons in summer.

A recent Grattan Institute study pointed out the benefits to consumers of being made fully aware of the costs of inefficient energy consumption and that the adoption of the system in France over the past 20 years had led to a 10 per cent reduction in electricity bills and a 45 per cent drop in usage on peak demand days.

Key Issues and Recommendations

• Energy Efficiency and lower electricity bills trade off

Australia has seen its household electricity prices rise by up to 70 percent in the past five years. This growth in prices has mainly been fuelled by a record \$8 billion worth of expenditure in upgrades to the aging electricity network, known as the “poles and wires” and demand from new homes and businesses containing appliances such as air conditioning, flat screen televisions, laptops and smart phones.

Other factors for the increases include the carbon price, retail and energy schemes such as the Renewable Energy Target (RET) and the costs of wholesale electricity generation.

Some State Governments have implemented energy efficiency schemes such as the Energy Savings Scheme (ESS) in New South Wales to assist households and business to reduce electricity consumption and costs.

It is certain that consumers are keen to explore more efficient and effective ways to not only reduce their power bills, but be a part of a more sustainable future.

NECA believes that future electricity price rises are the new normal and that consumers and industry are genuinely interested about a more sustainable environmental future.

NECA believes further opportunities exist to educate consumers about the importance of clean energy. Consumers are keen to be seen as environmental citizens and are prepared to participate in pilot schemes and trial programs that seek to make greater use of renewable energy products.

NECA's EcoSmart Electricians initiative is an excellent example of the type of program that connects consumers with electricians and contractors to support a more sustainable future by providing useful advice on products, training initiatives and tips on how to be more energy efficient. In addition, the EcoSmart Electricians program delivers a nationally based training and accreditation program via NECA's state chapters.

The program covers training and education in energy management, lighting and solar generation and upon completion, an electrician is provided with a nationally recognised certification that provides a unique selling point to their customers.

At present, opportunities exist to refresh and broaden the scope of the EcoSmart Electricians program that may enable greater opportunities for training and funding initiatives to be pursued.

NECA is presently working to develop a nationally accredited training and education program with recognised units of competency to be delivered by Registered Training Organisations (RTOs) across Australia. The program would be delivered under the auspices of NECA's own RTOs, NECA's affiliated RTOs and others that are recognised by NECA.

NECA calls upon the Federal and State Governments to maintain funding and support for the development and awareness of energy efficiency programs and clean energy initiatives. This funding and support should be prioritised towards relevant peak industry bodies in order to promote industry stability and new employment opportunities.

• Renewable Energy

Renewable energy is generally defined as energy that comes from resources which are naturally replenished on a human timescale, such as sunlight, wind, water, tidal, waves, and geothermal energy (wikipedia). Further, renewable energy resources provide significant opportunities for energy efficiency across wide geographical areas, in contrast to other energy sources.

In 2014, more than 20,000 Australians were employed in the renewable energy sector. A breakdown of employment across the sector is shown in the table below. For the electrical contracting sector, it is clear that further opportunities exist within the renewable energy space, given the employment scale and diversity of technology within the sector.

Sector Type	Hydro	Wind	Bio Energy	Solar PV	LS - Solar	Geothermal	Marine	Solar Water Heating	Total
Employees	1,373	2,153	2,532	12,351	543	85	54	995	20,086

Source: Clean Energy Australia Report 2014

There are three key factors presently driving opportunities within the renewable sector:

- Lower installation costs;
- Reduced costs for materials and products via an increase in demand; and
- Vast improvements in storage capability

Given the substantial lead time and significant capital investment required to develop clean energy generation projects, NECA believes that greater certainty is required to not only encourage long term investment in the sector but also for consumers to benefit from more stable energy pricing.

Interest from consumers in renewable energy remains high. However, a lack of information exists about accessing business and consumer assistance programs.

Funding for assistance programs across all levels of government certainly exists but there is a lack of awareness about how to access these programs, given the multiple layers of government and departments across the nation.

In addition to calling for the Federal Government to provide an audit of available grant programs across the three levels of government in Australia, we ask that a list of available business assistance programs be provided in one location, in order to make it simpler to access such programs.

[NECA calls upon the Federal Government to provide an audit of all available grant programs across the three levels of government and that a list of all opportunities is placed in the one location to make it simpler to access funding opportunities.](#)

- **National Energy Customer Framework**

NECA's membership have expressed concern with the implementation of the National Energy Customer Framework (NECF), in particular the requirement to submit a permission to connect (PTC) form prior to job commencement.

A number of unintended consequences have arisen with the introduction of this framework such as an increase in red tape, the loss of business opportunity and the lack of enforcement of the regulatory measure that underpins the quality of the contractors work.

Advice from the industry arises from a requirement for a contractor to submit a PTC prior to an increase in load being drawn from the electricity network. With the length of time taken to obtain a connection approval between 10 and 45 days, feedback suggests that some contractors are prepared to break the rules to gain business through the bypassing of the requirement to obtain a PTC through the supply authority and therefore non-compliance.

Whilst a penalty notice is issued to an electrical contractor when a Certificate of Compliance for Electrical Work (CCEW) is submitted and a corresponding PTC is unable to be matched, evidence suggests that as a result of the introduction of the NECF, contractors are failing to submit the CCEW form and therefore are unlikely to be caught for not submitting a PTC.

Given that the CCEW form is the only regulatory measure to ensure the quality of the installation work, NECA remains concerned with the potential ramifications and unintended consequences of the present NECF that effectively creates an incentive for work to be carried out by non-compliant contractors.

[NECA urges the Federal Government to review the NECF legislation and to have the matter discussed at a future meeting of the Council for the Australian Federation.](#)

Industry Opportunities

NECA's own EcoSmart Electricians initiative is an example of a program that connects consumers with industry to support a more sustainable future.

NECA believes that the fundamentals of the EcoSmart Electricians program are sound and it can help build consumer confidence in the electrical industry, provide educational information about clean energy sources, energy efficiency and saving money at home.

We believe that EcoSmart Electricians should be endorsed as a recognised skill set and be included in a formally VET recognised Electrotechnology training course. This recognition would allow the program to receive a point advantage across a number of State Government procurement programs, providing further opportunity for its delivery.

The EcoSmart Electricians program be enhanced to deliver a nationally accredited system with recognised units of competency. The program would be delivered under the auspices of NECA's own RTOs, NECA's affiliated RTOs and others that are recognised by NECA to further develop knowledge and training programs for renewable energy sector initiatives.

NECA to develop links to other industry association energy efficiency programs in order to enhance synergies and funding opportunities for our members.

In addition, NECA should form a Memorandum of Understanding with relevant key industry sectors to help promote the value and importance of EcoSmart Electricians. Those industries' that are highly dependent upon the use of energy such as hotels, restaurants and cafes would be key targets to explore future opportunities with.

3.3 Vocational Education and Training

Background

NECA believes that quality education, skills and training initiatives are critical for the development of the electrical trade. As a lead player in the training of future and current electricians and contractors through our group training and wholly owned Registered Training Organisations (RTOs) across Australia, with responsibility for the ongoing skilling and training of over 4,000 apprentices.

Our state chapters conduct industry specific technical and business skills training across a wide range of topics and our EcoSmart Electricians accreditation program offers a national training and accreditation program in energy efficiency for electricians and contractors.

In 2007, NECA conducted a survey of nearly 3,000 Australian electrical contractors about their perceptions of skills shortages within the industry. The survey results delivered a range of findings including;

- Mainly across businesses employing 25-100 people
- Skills shortages were more acute across Australia's smaller states
- Skills shortages were noticed mainly by managers, not so much by owners
- Very little expenditure by businesses on staff learning and training

NECA strongly believes in the future of the RTO sector but welcomes reform of this sector. Our member feedback and own experience within the Vocational Education and Training sector suggests that the current standards have not always led to the delivery of quality, job ready graduates with the necessary skills required by the industry.

Key Issues and Recommendations

• Perception of the industry

Marketing and other promotional activity around the trades has led to a significant increase in apprenticeship applications during the past two years. This effort should be maintained. It is imperative that the peak national industry body representing employers takes immediate responsibility for the Community and Education Engagement Partnerships program and other relevant programs, to assist industry in communicating with the plethora of stakeholders at regional, state/territory and national levels.

It is imperative that the peak national industry body representing employers takes immediate responsibility for the Community and Education Engagement Partnerships program and other relevant programs to assist industry to communicate with the plethora of stakeholders at regional, state/territory and national levels

• School and entry requirements

Concerns were expressed regarding the quality of vocational education and training offered in schools and how the massive increase in resources for trade schools will involve employers. Consultation revealed no clear picture of industry involvement at national, state/territory or regional level. This needs to be rectified urgently by the Federal and State/Territory Governments.

There is a need to reform the approach to pre-apprenticeships. There are a large number of school and other post-compulsory education students in pre-apprenticeships. The pre-apprenticeships 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. This issue will become increasingly important as employment opportunities within the industry slow.

School-based apprenticeships are important pathways for students. They 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 on-going problem with young applicants. The failure level of the NECA mathematics test is particularly high in NSW. There is a need to develop 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).

There is a need to develop 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).

• Labour market changes

Skills and labour shortages impact on industry companies differently, depending on their size, the type of work they undertake and their location. NECA survey outcomes such as the Market Monitor have proven to be important contributors to the national skills shortages debate and have been sought by a range of agencies and government departments. NECA will undertake the Market Monitor on a bi-annual basis.

The shift of workers from one state to another and outside of Australia has also impacted the industry. (e.g. At the height of the mining boom, up to 500 electricians leave Victoria every month to work in other Australian states and territories such as Western Australia and Queensland, as well as overseas). The slowdown in the mining sector will see this trend reverse.

In tighter economic conditions, the industry should continue to encourage the uptake of apprentices to provide supplementary and targeted support to employers. It is imperative that intakes continue at a sustainable rate to avoid potential labour and skill shortage lags as experienced in the early 1990s.

- **Training pathways and funding of training**

The industry should develop a clear set of career pathways, with complementary training pathways, to reflect industry needs. There is still debate about the most appropriate length of time for apprenticeships although it is acknowledged that generally, the industry wishes to retain apprentices for a longer time period.

Funding for training in the industry should be prioritised annually in accordance with the NECA skills survey.

Strong support remains for Certificate III as the primary entry point for the industry but there is a need for alternative entry points at Certificate II level (including Trades Assistants).

There is a need for additional training in instrumentation as a 'skills set' at Certificate IV or equivalent level.

States and territories should fund training of industry supported 'skill sets', particularly at post-trade levels. This responds to the overall drop-off in formal training undertaken by workers in the industry and their preference for shorter training times. Employee surveys show that many post-apprentices spend less than one hour a month on training and professional development at their own initiative.

Consideration should be given to a core set of competencies that reflect environmental requirements for the industry and consumers. Government should continue to provide financial assistance to employers throughout Australia for their people to undertake the EcoSmart Electricians program and maximise skills in this area.

- **Delivery arrangements**

There is a need for closer cooperation between the industry and public providers of training. The industry relies heavily on TAFE for the delivery of training but the outcomes don't always meet the industry's required standards.

Many employers have criticised the current industry Training Package as too complex and not delivering what the industry wants. Industry considers that many of the current learning methodologies and much of the course content is very dated.

Assessment of trainees/apprentices remains an ongoing problem for employers. This adds to a lack of confidence in the national training system and training providers. The Star Rating system undertaken by NECA through the Institute of Trade Skills Excellence (ITSE) was strongly supported by the industry and should be continued through the TVET Australia arrangements. The outcomes of the review undertaken by NECA of the Star Rating system should be examined by Skills Australia as a matter of priority.

There is confusion among stakeholders within the national training system over the importance of industry-supported courses that are accredited through state and territory accreditation bodies. These courses must maintain the flexibility to import competences from other Training Packages, to provide employers with customised training pathways that meet industry needs.

Providers should reintroduce night schools to ease the pressure on the workplace and create additional opportunities for trainees to formalise their skills.

- **Taxation**

Governments should consider introducing tax incentives for employers to take on apprentices, particularly for small contractors who form the basis of the industry.

Employees who undertake and complete additional training at higher levels (post-trade) should receive adequate tax benefits as an incentive to complete qualifications.

- **Incentives**

There is a strong connection with the supervision rules and a company's ability to take on apprentices. In particular, smaller companies are 'less prepared to take young people under their wing', with the rules often considered too restrictive. Mentoring schemes with appropriate government support should also be introduced, drawing on the vast experience of older workers.

Training funds need to be used where they exist to reward companies that are contributing, rather than going to employers who do not invest in skills development. Additional government assistance should be provided when companies employ adult apprentices at the stipulated EBA rate.

Initiatives to encourage apprentices to pursue excellence in their employment and training outcomes should be examined. The NECA Apprenticeship Awards are an important focus for industry but more needs to be done. The introduction of graded assessment for the industry should also be examined at a national level.

Group training organisations that experience downtime for their apprentices should develop short-term employment opportunities that may be considered for relevant state and territory government assistance.

- **Potential labour pools and disadvantaged clients**

Employers are concerned about the potential impact of welfare-to-work clients on their workplaces. Relevant agencies should undertake focused consultation with the industry to determine possible collaborations and best practice models.

Industry should work with interested companies in the implementation of the NECA Indigenous Employment and Training strategy.

- **Additional Research**

- Determination of relevant regulation at various levels of government, particularly new environmentally-related regulation, and its potential inclusion in training packages or seminars;
- Wider industry activity data as it relates to the broader construction industry;
- Further examination of training and skills development expenditure patterns and value for money propositions;
- The potential for migrant workers and industry-wide support strategies.

- **VET Reforms**

On 11 September 2014, Minister McFarlane announced a range of reforms to the operations of ASQA, RTOs and amendments to the delivery of training packages.

Key to these reforms is the delegation of regulatory responsibility. RTOs with a strong history of compliance to national standards that have already met eligible criteria and deliver quality training outcomes would be invited to apply for a delegation of regulatory responsibility. The delegation assigns more autonomy to RTOs for an initial twelve month period, removing the requirement to constantly update training packages with ASQA throughout the period of the delegation.

NECA welcomes further aspects of the Minister's reforms to drive improvement in training outcomes across the sector. This includes improving education and support to enable poorly performing RTOs to improve and meet standards and a sharper regulatory process to manage rogue operators.



3.4 Competency Based Wage Progression

Consultations undertaken by NECA as part of the Employer Engagement discussions have revealed that there needs to be greater clarity and understanding about the distinctive elements that are relevant to an analysis of the competency-based system. In particular, the differences between Competency-Based Wage Progression (CBWP), Competency Based Progression (CBP) and Competency Based Training (CBT).

• Competency Based Wage Progression (CBWP)

CBWP exists within an industrial relations context and occurs when an apprentice completes a defined and industry agreed progression point or benchmark as defined within their relevant award or Enterprise Based Agreement (EBA). This would also need to be identified in the apprenticeship contract of training and training plan. Progress through identified stages of the apprenticeship following satisfaction of progression point arrangements will then entitle apprentices to the relevant wage increase.

Therefore, CBWP means that upon the acquisition of the competencies associated with a particular stage of the apprenticeship, the apprentice is entitled to be paid the minimum wage rate associated with the next stage.

CBWP differs substantially from the more traditional, time-based method of wage progression, where an apprentice progresses to the next level of pay, following employment for a defined period of time which is typically twelve months.

• Competency Based Progression (CBP)

CBP involves an approach to Vocational Education and Training that places emphasis on what a person can do in the workplace as a result of completing a program of training rather than a time served notion of training.

Ideally, progress within a Competency Based Training program is not based on time and allows apprentices to progress based on the achievement of quality standards and benchmarks set by the industry.

• Competency Based Training (CBT)

The term competency-based training is used to characterise those behaviours and procedures associated with the 'act of training' and require the inclusion of the following features:

- Performance criteria that include measures of proficiency;
- The need for formal endorsement of the employer in the competency assessment process;
- Role of formal endorsement; training plans that are developed between the RTO, the employer and the apprentice;
- The recognition of benchmarks as agreed by the industry; and
- Entry-level skills assessment prior to the training plan being entered into, tracking the work based activities of apprentices – both on and off the job, with the capacity to capture profiling over the course of the training and measure an apprentices progression towards each Benchmark

NECA argues that Competency Based Training Progression must be distinguished from Competency Based Wage Progression. In many instances, the terms are often used interchangeably and often with no regard for what each means and the implications of each.

[NECA supports the application of competency based training and the importance of an integrated workplace and off-the-job validation of skills and competencies. CBT is a training construct that we embrace and support.](#)

• Support for the present, time-based model

Industry and member feedback indicates a strong level of support for the present, time-based apprenticeship model for electrical industry apprenticeships. The *Electrical, Electronic and Communications Contracting Award 2010* specifies the term of the apprenticeship to be four years, however, it allows an apprentice to shorten this period or to commence at a later wage stage on the basis of previous credit or experience.

This lack of desire for change is attributed to the critical safety requirements of our industry. Our industry's reputation for safety is well placed. We wish to ensure the viability of the electrical contracting sector which necessitates that safety standards are not diluted or downgraded.

[NECA has no desire to shorten the length of the present apprenticeship training contract or time-based progression for apprentices.](#)

Having received feedback from the implementation of CBWP across other industry sectors, NECA remains highly concerned about a shift towards this model. Of particular concern to our members and the wider industry are examples of mistakes with the implementation of this model and what they could potentially lead to in our sector.

A clear benefit of the present time-based approach and four year apprenticeship length is that it allows a solid length of time for an apprentice to develop skills and knowledge whilst enabling the employer to recoup this investment over the four year period.

[NECA does not support the application of Competency Based Wage Progression. CBWP exists within an Industrial Relations context and we do not support its introduction.](#)

3.5 Small Business

Background

Small Business is the lifeblood of the national economy and dominates the electrical and communications contracting industry. 92% of businesses within our industry employ less than 25 staff, compared with the national average of just over 70%.

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 support the legitimacy and endeavours of sole traders within our industry through direct contracts with clients businesses and as employers of skilled electrical staff.

NECA, prior to the 2013 Federal Election, supported the Australian Chamber of Commerce and Industry's (ACCI) campaign The Big 4, You Can't Ignore, which headlined four key areas to improve conditions for small business – Cut Red Tape, Simplify the Tax System, Make It Easier to Employ People and Build Better Infrastructure. The focus of this campaign was to highlight the key challenges facing small business and medium enterprises including administrative burden and the unnecessary duplication of regulation and red tape.

- **Legislative Sunset Provisions**

The Federal Government could also assist SME's and independent contractors legislatively through the inclusion of sunset provisions for any new business legislation.

A sunset provision means the introduction of a new piece of business/industry related legislation would be accompanied by the replacement and removal of an existing piece of legislation, on a one for one basis.

This action would help to reduce red tape and remove the potential for contradictory regulation is that may continue to exist with the amendments to specific legislation.

- **Superannuation administration and the future costs of contribution**

Another cost burden for business within our industry is the responsibility of superannuation administration, which falls to small business.

NECA believes that the administrative costs of any Government legislated program should be borne by the Government and not small business.

The increase in compulsory superannuation contributions in future years remains a challenge. Whilst we support the recent decision of the Federal Government to freeze the compulsory contribution at 9.5% until 2021, we believe that a rate of 12% is unsustainable.

[NECA believes that the compulsory superannuation contribution of 12% is unsustainable and calls for this figure to be capped at 10% from 2023.](#)

[NECA supports the introduction of sunset provisions for new business related legislation.](#)

- **Tax reduction**

NECA believes that tax reduction is a critical step to assisting the growth and competitiveness of our industry and the creation of additional employment opportunities.



The 2014 Federal Budget reduced the company tax rate for small and medium enterprises by 1.5% to 28.5%, however, the Henry Tax Review commissioned by the former Government recommended a further reduction to 25% in the short to medium term, subject to economic and fiscal circumstances.

Payroll tax, whilst an important revenue generator for state and territory governments, is essentially a tax on the employing of Australians and a disincentive to grow small and medium enterprises. Each state and territory maintains separate tax and threshold limits creating further confusion and complexity for national businesses. NECA encourages State Governments to follow Victoria's recent example to reduce payroll tax and to have a national discussion to encourage greater harmonisation and its long-term removal.

NECA encourages the setting of guidance and a future strategy to implement the key recommendation of the Henry Tax Review to reduce the company rate to 25%.

NECA calls for a national discussion to set in place a timetable to harmonise payroll tax regimes and a long-term plan for its eventual phasing out.

- **Alignment of business reporting timeframes**

The alignment of key reporting timeframes across the financial year would be particularly welcomed by businesses within our industry.

NECA believes that the simplification of business reporting timeframes is an essential ingredient to reducing red tape and an alignment of reporting for BAS/PAYG administration, Fringe Benefits Tax, Workplace Gender Equality compliance and other items is long overdue.

NECA argues that key reporting timeframes such as BAS and PAYG tax, FBT, WGEA compliance and others should be reviewed and be more closely aligned to reduce administrative burdens, to allow business to focus upon their operations and not on Government paperwork.

- **Adult Apprenticeship Wage Subsidy**

NECA calls upon the Federal Government to support employers who employ adult apprentices by providing employers with a wage subsidy for mature age apprentices.

Whilst confusion exists across Federal and State/Territory jurisdictions and workplace legislation and awards concerning the terms and definition of an adult or mature age apprentice, NECA defines an adult apprentice as a person of 21 years of age or over, who generally attracts higher rates of pay through the *Workplace Relations Act* and other industrial awards, who enters into an indenture to a trade.

Adult apprentices are often priced out of the marketplace as they are perceived to be too expensive when compared with apprentices who are recent school leavers. However, the productivity from adult apprentices can often be much higher as a result of their previous work experiences.

When compared with recent school leavers, the cost to employ adult apprentices differs greatly. Junior apprentices are paid a percentage of the minimum wage rate for the *Electrical Worker Grade 5* classification (\$20.13 per hour) under the *Electrical, Electronic and Communications Contracting Award 2010*, as provided in the table below.

Wage Rate Comparison	Apprentice – Year 12 Not completed (p/hour)	Apprentice – Year 12 Completed (p/hour)	Apprentice – Mature Age (p/hour)	Recommended Wage Subsidy (p/hour)
Year 1	\$10.07	\$11.07	\$16.10	\$5.03
Year 2	\$12.08	\$13.08	\$17.54	\$4.46
Year 3	\$14.09	\$14.09	\$17.54	\$3.46
Year 4	\$16.51	\$16.51	\$17.54	\$1.03

NECA recommends that the Federal Government provides an employer wage subsidy to employers who employ adult apprentices. The subsidy should match the differential between the hourly rate of a junior apprentice and adult apprentice across each stage year of the apprenticeship.

Industry Opportunities

- NECA supports the ACCI campaign to seek the introduction of sunset clause provisions for any new piece of business and industry related Federal legislation.
- NECA to lobby the Treasurer and Minister for Small Business to seek a review of the *Independent Contractors Act*, the unsustainable increase in compulsory superannuation rates and the adoption of a timetable to reduce company tax.
- NECA to construct an industry campaign to highlight the difficulties that electrical contractors face with Government reporting agencies, seeking an alignment of reporting timeframes and the reduction of administrative burdens.

3.6 Infrastructure Budget

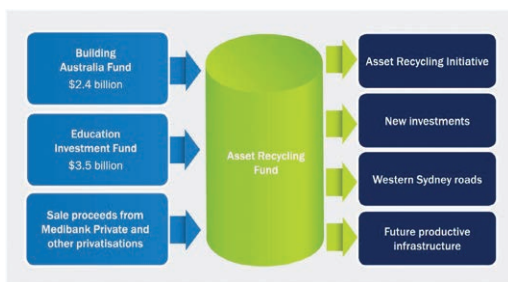
Background

The Abbott Government's first budget has laid out a \$50 billion dollar expenditure and investment program over the next seven years through until 2019-20. This expenditure is expected to boost economic growth by 1% of GDP and offset some of the slowdown within the nation's mining sector for the remainder of the decade.

The core of this budget includes an initial outlay of \$11.6 billion under its Infrastructure Growth Package and includes a \$5 Billion asset recycling initiative, \$3.7 Billion to boost and expedite nationally identified capacity building projects of significance including the \$2.9 Billion funding of the Western Sydney Infrastructure Plan (including Badgery's Creek Airport), Melbourne's CityLink project and Adelaide's North-South Corridor.

The establishment of an asset recycling fund is delivered from amounts in the Building Australia Fund, the Education Investment Fund and proceeds from the sale of Medibank Private. The fund also provides new infrastructure incentives from the Commonwealth for State and Territory Governments to privatise non-essential assets or reduce debt in order to fund future infrastructure investment.

The budget also provided additional incentives for small and medium enterprises with a cut in the company tax rate from July 1st, 2015.



Source: www.budget.com.au

Key Issues and Recommendations

- **Shortage of economic infrastructure**

Australia has a critical shortage of economic infrastructure and we believe that further leadership is required to address and remove infrastructure bottlenecks across the country.

The bulk of the Government's investment will be delivered in New South Wales and Queensland. With one in two Sydney residents expected to live in Western Sydney by 2030 and Queensland's population growth continuing to expand in its South East, the direction of this investment would appear to be well directed.

Whilst the infrastructure budget is designed to offset some of the slowdown in the mining sector across Australia's resource rich states, clearly further heavy lifting will be required by those state and territory governments to construct and deliver infrastructure investment over and above these Federal announcements, despite the financial difficulties inherent across most state and territory budgets.

Ongoing investment in critical economic infrastructure will present opportunities for the electrical contracting industry in the years ahead.

NECA supports the intent of the 2014/15 Federal Budget that sets infrastructure delivery as a key investment to boosting economic growth by 1% of Gross Domestic Product, boosting the construction sector whilst attempting to offset the slowdown in the mining sector.

NECA supports the establishment of an asset recycling fund, created from the sale of Federal Government enterprises and other funds with additional incentives for State and Territory Governments to pay down government debt, through the privatisation of non-essential assets that would lead to further infrastructure investment.

Industry Opportunities

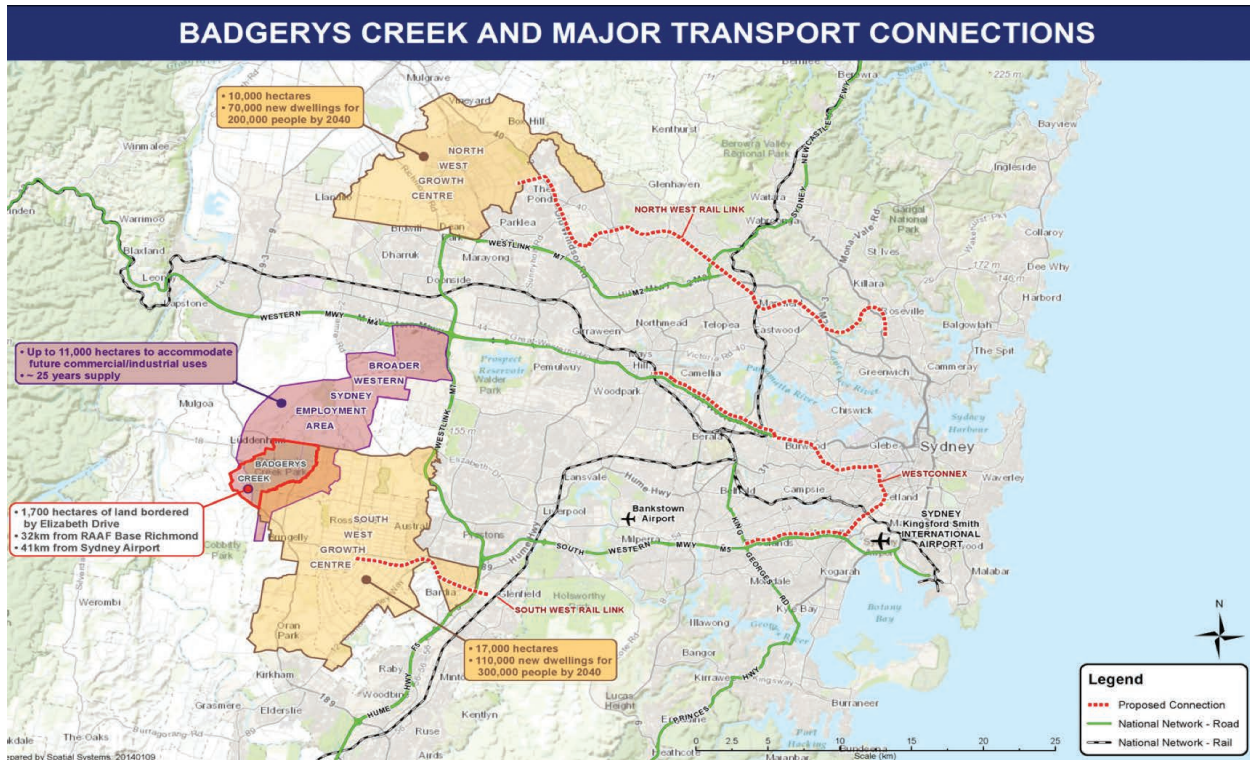
NECA believes that opportunities exist for apprenticeship pilot schemes to deliver the future infrastructure that is vital for Australia's economic wellbeing.

The Government's decision to move forward with the construction of a second airport at Badgery's Creek in Western Sydney is expected to create up to 35,000 new jobs.

We believe that a pilot trainee scheme, managed by NECA NSW with the support of member businesses, would be beneficial to future training and skills development.

NECA's EcoSmart Electricians program model could be used as the basis of such of a scheme and would also be useful for the retraining and skilling of displaced workers within those parts of the national economy facing future economic restructure.

Replica models could also be implemented across the country, particularly in Victoria and South Australia, both of which will see the removal of car manufacturing in Melbourne and Adelaide over the next three years.



Source: www.budget.gov.au

3.7 WORKPLACE RELATIONS

Background

NECA believes that a return to a workplace system that is fair to both the employee and employer is a critical step for the electrical contracting industry.

We support a framework that seeks to deliver greater flexibility and efficiency, promotes labour market reform, freedom of choice for employers and employees and preserving the rights and role of independent contractors.

Small Business does not follow a one size fits all approach and neither should a workplace relations model. Employers and employees should be free to enter into mutually beneficial and fair arrangements that fit the circumstances of the business and employees with the protection of a safety net.

ACCI's The Big 4 You Can't Ignore campaign for the 2013 Federal election highlighted making it easier to employ people as a key theme, and given NECA's strong commitment to the training and skilling of over 4,000 apprentices across the country, we strongly support changes to workplace relations legislation that deliver greater flexibility for businesses within our industry to hire, train, retain and dismiss staff, where necessary.



Key Issues and Recommendations

• Flexible Workplace Agreements

NECA believes that mutually beneficial agreements should be reached between employers and employees to fit the particular circumstances of the workplace and economic health of the sector. In many instances, collective arrangements have become too inflexible and have failed to meet the needs of the SME business and the individual employee.

These agreements would be conducted under the protection and benefit of a no disadvantage safety net for the employee and allow for wage increases tied to productivity bargaining gains to be negotiated one on one, rather than be collectively bargained.

Workplace bargaining is often used by trade unions as a means of influencing workplace outcomes to limit the use of independent contractors. Workplace bargaining demands should only be linked to employment relationships.

NECA believes that mutually beneficial contract arrangements with an in-built safety net should be reached between employees and the employer.

• Unfair Contract Terms

The extension of unfair contract protections for small and medium size business is an important step for our sector, given its SME character. Whilst unfair contract protections commenced in 2011 to protect Australian consumers, arrangements for SME's will only commence in November 2016, following the adoption of the Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Bill 2015.

This legislation extends unfair contract term protections for small businesses that are currently available to consumers and impacts the way in which businesses contract with each other when one or more contracting parties fits the definition of a 'small business'. Employment of less than 20 staff is the definition of a small business within this Bill while the upfront price that is payable for the contract must not exceed \$300,000, or more than \$1 Million if the contract is valid for longer than 12 months.

Whilst NECA supports the introduction of this legislation, we believe its scope limits the level of protection for our members who constantly battle with unfair conditions from builders. We remain concerned that businesses within the electrical contracting industry have suffered from having to accept standard form contracts on a take it or leave it basis from larger businesses.

These contract terms may unfairly disadvantage the smaller party over the larger, as compared with larger businesses, smaller organisations are often less well placed to manage the transfer of risks, lack the ability or technical expertise to properly analyse the details, or maintain the necessary power to effectively negotiate a contract with a larger firm.

NECA therefore suggests that the definition of business size within this legislation be amended from 20 to 100 persons employed to reflect a more accurate picture of the business size employed to work on larger construction projects across Australia. We also argue that the threshold on the upfront price payable on the contract should be increased from \$300,000 to \$ 3 Million for contracts of 12 months or less and from \$1 Million to \$ 9 Million for contracts greater than 12 months in scope, reflecting a far more realistic value on the price of contracts across the electrical contracting sector, particularly for medium scale enterprises where larger numbers of staff are involved with more time consuming and complex project scales.

Unfair Contracts legislation be amended to cater for small or medium enterprises and that the definition of business size be increased from 20 to 100 persons employed.

The upfront, payable price threshold be increased from \$300,000 to \$3 Million and for contracts longer than 12 months in scope, the value be increased from \$1 Million to \$9 Million.

• Redundancy Funds

NECA remains concerned about the operations of industry redundancy funds.

Whilst redundancy funds were set up to safeguard the redundancy benefits of workers across the industry as a form of income protection, board representation of these funds are often dominated by the interests of trade unions.

In certain circumstances, member's funds are helping to support back office legal operations of trade unions and NECA has provided evidence of this at the Cole Royal Commission and subsequent Government inquiries. Redundancy funds should only go to employees who have been made redundant.

NECA has consistently argued that redundancy funds should be independently managed at arm's length from trade unions and employer groups to ensure beneficiaries are receiving the maximum benefit from the fund.

Industry redundancy fund board memberships need to be reformed so that income protection for redundant workers remains the sole focus of the fund.

3.8 Workplace Health & Safety

Background

Workplace Health & Safety is a fundamental tenet of the electrical contracting industry.

Safety in the workplace is a priority for NECA, given the nature of the work carried out by electrical industry employees whilst working on the construction, maintenance or repair of homes and buildings.

The potential workplace dangers for workers within the industry include exposure to live electricity, loose fill or bonded asbestos, hazards such as trips and falls and the risk of using of non-compliant parts or products.

NECA has advocated for greater harmonisation of Workplace Health and Safety legislation across Australia in order to remove conflict and duplicity of legislation across state jurisdictions to make it easier for electrical contracting businesses to achieve compliance.

Safe Work Australia has developed a Model Code of Practice, containing a *Model WHS Act*, supported by model WHS regulations, codes of practice and other relevant guides.

At present, the Commonwealth, New South Wales, Queensland, South Australia, Tasmania, ACT and Northern Territory have adopted most provisions within the model WHS Act, whilst Western Australia and Victoria have refused to adopt the model act.

Key Issues and Recommendations

- **Lack of harmonisation on penalties**

Whilst NECA is supportive of the Model WHS laws that improve national WHS harmonisation, we remain concerned about the inconsistencies for convictions and penalties across each state jurisdiction.

A maximum fine for individuals range from just \$60,000 in Tasmania to \$400,000 in South Australia. For corporations, Tasmania has the lowest maximum fine of \$180,000 with New South Wales the greatest at \$1,650,000. Prison terms for serial and serious offenders can be enforced in each state, except for Tasmania, however with differing degrees of severity that range from six months through to seven years.

	Individual Maximum	Corporation Maximum	Prison term Maximum
New South Wales	\$165 000	\$1 650 000	5 years
Victoria	\$204 156	\$1 020 780	5 years
Queensland	\$150 000	\$750 000	3 years
Western Australia	\$312 500	\$625 000	2 years
South Australia	\$400 000	\$1 200 000	5 years
Tasmania	\$60 000	\$180 000	
Northern Territory	\$275 000	\$1 375 000	5 years
Australian Capital Territory	\$200 000	\$1 000 000	7 years
Commonwealth	\$99 000	\$495 000	6 months

Source: Workplace Relations Ministers' Council 5th edition, 2008

NECA calls for greater harmonisation of jurisdictional penalties for breaches and failures to comply with Workplace Health and Safety legislation.



- **Worker's Compensation access for injuries during off site work breaks or where an employee engages in serious and wilful misconduct**

NECA believes that a more equitable balance is required between the obligations of an employer to provide a safe workplace environment and the cost of worker's compensation to the employer. This is particularly so for small and medium enterprises that employ the bulk of electricians and apprentices within Australia's electrical contracting industry.

We agree with wider community expectations that worker's compensation benefits should only be available with respect of work contributed injuries and not those arising from the serious and wilful misconduct of an employee or off site recess breaks that are outside the control of the employer.

In 2004, A Productivity Commission Inquiry accepted that the employer's ability to exert control over workplace recess breaks and social activities was a relevant consideration and that "coverage for recess breaks and work-related events to be restricted, on the basis of lack of employer control, to those at workplaces and at employer sanctioned events."

NECA submitted comments in support of proposed amendments to the Safety, Rehabilitation and Compensation Legislation Amendment Bill 2014. We believe these amendments will help to address some of the fundamental inequities that are inherent in the current legislation.

[NECA argues that Workers' Compensation access for injuries sustained during offsite work breaks or when an employee engages in wilful or serious misconduct should be removed.](#)

- **Asbestos Register**

NECA was concerned with the Australian Capital Territory Government's initial decision not to disclose a list of homes that contained potentially hazardous loose fill asbestos insulation, despite the existence of a known list of homes insulated under a Government program. We were successful in lobbying for a register of known and affected homes subsequently being released.

NECA argues that a register highlighting affected properties, such as those associated with the Mr Fluffy home insulation scheme in the ACT throughout the 1970's, allows electrical industry employees to safely be aware of the affected properties prior to commencing work and acts as a safety and awareness guide for future home purchases.

[NECA calls upon State and Territory Governments to establish a register of known households that are installed with potentially deadly home insulation products. This action protects electrical industry employees and provides upfront information for the security of future home purchases.](#)

Industry Opportunities

- Campaign and lobby the Victorian and Western Australian Governments to integrate with a national harmonised WH&S model and lobby the Federal Government to take the issue of a harmonised penalty regime for regulatory breaches to a future meeting of the Council for the Australian Federation.
- Highlight the inequity of workers compensation claim payments for injuries occurred on off-site work breaks and where serious or wilful employee misconduct is involved.
- Continue to lobby the ACT Government to establish a register of known, affected households potentially affected by loose fill asbestos. Encourage other State and Territory Governments to establish a similar register.
- Call for mandatory property safety inspections at the point of sale to ensure greater protection for electricians to carry out future works.

3.9 Product Quality Assurance

Background

The trade in counterfeit products that fail to conform to Australian Standards poses a threat to the viability of Australia's electrical contracting industry.

The installation of unsafe, non-compliant electrical equipment can be costly for business and consumers and presents the risk of electrical fire and shocks, property damage and increase the potential legal liabilities for electrical contractors. This ultimately leads to a devaluing of industry standards and a loss of professional reputation.

NECA strongly supports product quality and safety initiatives such as the Does It Comply? (to Australian Standards) campaign, developed in partnership with Voltimum and Standards Australia that seeks to raise consumer and industry awareness of the dangers of product or part use that fails to comply with Australian Standards.

The Electrical Equipment Safety System (EESS) was first established in Queensland in 2013 and is currently recognised by Tasmania and Western Australia. The legislation requires all responsible suppliers selling goods into participating jurisdictions to be registered on a national database, which must be renewed annually with an annual registration fee paid by responsible suppliers.

The national database is the key feature of the EESS. It records the registration details of responsible suppliers of electrical equipment in Australia and New Zealand. This allows electrical equipment to be easily traced to the supplier and its legal supply in Australia and New Zealand to be verified.

Key Issues & Recommendations

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.

Whilst examples of prosecution exist, such as those involved with the sale and distribution of counterfeit HPM products in New South Wales, concerns remain within the industry that more should be done to protect the industry's professional reputation.

Further concerns have been raised regarding the viability of ERAC, the manager of the EESS database. Whilst these concerns have largely been raised by Fair Trading NSW, NECA believes that the management of the EESS database requires additional focus and resources and a case can be made for an industry based solution. Whilst the EESS database is made up of regulatory authority representatives from across Australia and New Zealand, the lack of mandatory participation from each state and territory necessitates urgent reform.

Recent recalls of electrical equipment such as Infinity Cable and Avanco DC Isolators used in solar installations have highlighted the danger of fire and shock to consumers from non-compliant goods imported by companies with no recall insurance who subsequently go into liquidation.

This results in electrical contractors as the installers of the equipment being unfairly held responsible by consumers for costly replacements with no recourse to the importer who introduced the risk into the country. The inevitable insolvencies of installers will create disruption in the industry and see the hazardous equipment having to be replaced by the home owner or not replaced at all, creating a permanent hazard in the community.

NECA supports the extension of the ERAC database to include mandatory declarations by suppliers as to whether they hold recall insurance to cover off these situations so that contractors can choose responsible suppliers of electrical equipment in this regard.

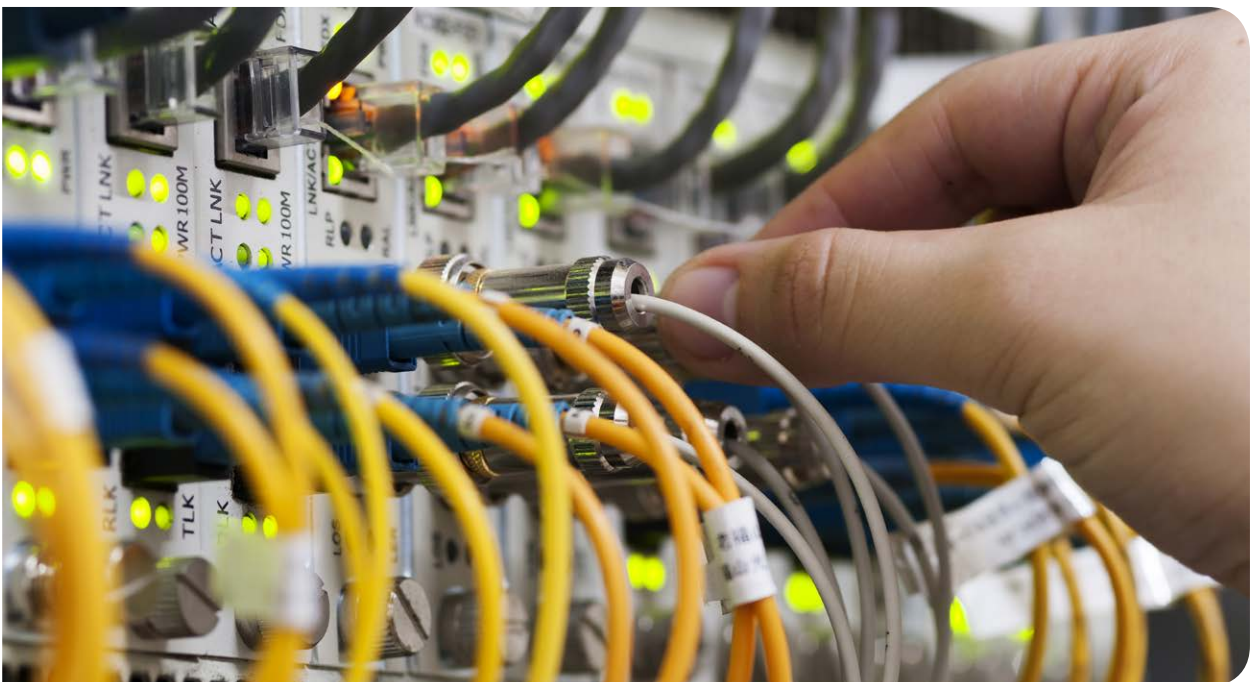
NECA strongly calls for the stamping out of non-compliant electrical parts and product sales that fail to meet Australian Standards. The professional reputation of our industry is compromised through the weakening of safety standards, property damage and the potential endangerment of human life when 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 believes that the management of the EESS requires additional focus and resources. We believe that this additional focus could best be delivered through an industry based solution that would provide information and access to all industry stakeholders.

Industry Opportunities

- NECA to develop stronger partnerships with NECA members, State and Territory regulators and Standards Australia to further develop the number and recognition of random batch testing of products.
- NECA, as the peak industry body for the electrical and communications contracting industry, proposes to take over the management and administration of the EESS database from ERAC. This move would provide a more focused, industry led solution that would provide information and access to all relevant stakeholders, regulators and authorities.



3.10 Security of Payments

Electrical contractors are more often involved in the latter stages of the building and construction cycle and are often the last in the credit line for payment. This becomes particularly difficult in the event of the construction firm falling into receivership as electrical contractors are treated differently across each state's Fair Trading Department.

This concerns NECA given that the majority of electrical contractors are SMEs – small family owned and run businesses.

The current system penalises sub-contractors by effectively rendering them de-facto underwriters to either unscrupulous or inefficient head/principal contractors. Further, it is arguably the case, that 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. In other words, electrical contractors are more disproportionately disadvantaged than any other sub-contractor.

Concerns about the security of payments are further exacerbated by the fact that the relevant Building and Construction Industry Security of Payment legislation is facilitated at the state and territory level of government and determined on the basis of the state or territory in which the construction work is carried out.

Building and Construction Industry Security of Payment legislation was first adopted by New South Wales in 1999, followed by Victoria, Queensland, Western Australia and the Northern Territory and lastly in 2009, the Australian Capital Territory, South Australia and Tasmania.

[NECA calls for the harmonisation of the creditor line process across Australia so that electrical contractors are not disadvantaged from the collapse of a construction company.](#)

- **Payment Withholding Requests**

In New South Wales, changes to the Act in 2012 now allow subcontractors to serve a Payment Withholding Request (PWR) on a principal at the same time it serves an adjudication application on the respondent/contractor.

Upon receiving a PWR, the principal must withhold from any amount payable or that becomes payable to the respondent/contractor which includes an amount in respect of the work done/services provided by a claimant/subcontractor, an amount commensurate to that claimed by the claimant/subcontractor. If the principal fails to comply with this request, it will become jointly and severally liable with the respondent/contractor for the amount owed to the claimant/subcontractor.

A PWR must be served by a claimant/subcontractor who has made an adjudication application for a payment claim and include a written statement by the claimant in the form of a statutory declaration that it genuinely believes that the amount of money claimed is owed to the respondent by the claimant.

[Payment Withholding Request legislation – that allows the Principal/Head Contractor to be more easily served with a claim for payment – be adopted across all states and territory jurisdictions.](#)



• Retention Trust Scheme Accounts and Project Thresholds

The New South Wales Government has recently made further amendments to its *Building and Construction Industry Security of Payment Act 1999 (NSW)* that calls for head contractors to establish trust accounts to hold retention money under subcontracts for projects with a value of at least \$20 million. This regulation came into effect on May 1st 2015 and affects contracts entered into after this time.

Retention money to which the Regulation applies must be held in trust for the subcontractor in a trust account established with an authorised deposit-taking institution approved under section 87 of the *Property, Stock and Business Agents Act 2002 (NSW)* or by the Chief Executive of the Office of Finance and Services.

There is some flexibility as to the structure which a head contractor may adopt to set up trust accounts for affected projects. A Retention Money Trust Account may be established as a separate trust account for:

- the retention money held in respect of a particular subcontractor;
- all retention money held in connection with a particular construction project of the head contractor, or
- all retention money held in connection with two or more (or all) construction projects of the head contractor.

It is noted that this regulation does add some burdens to the administration and record-keeping of sub-contracting arrangements. However, given the need for more harmonised legislation and the importance of this issue to electrical contractors, who are by and large, small and medium enterprises, NECA believes that the implementation of this legislation, with a much lower project value threshold, is of key benefit to NECA members and the wider industry.

NECA argues that a low cost Retention Money Trust Account Scheme should be established, similar to those applied to solicitors and real estate agents. In NECA's view, these types of schemes should be administered by the Government to reduce or avoid administrative burdens on business as well as seeking to create a level playing field via a consistent and transparent approach.

[Legislation introducing a low cost, Retention Money Trust Account scheme 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 burdens and create a level playing field for industry.](#)

[That NSW and other state and territory legislatures seek to implement a threshold for construction industry project work to a value of \\$1 million.](#)

3.11 Building and Contents Insurance

Australia has an ageing building stock that requires maintenance or is due for replenishment. Conversely, the nation's major capital cities, Sydney and Melbourne, are presently in the midst of a construction boom which infers that wiring standards and quality are both current and contemporary issues.

Sub-standard, ageing and decaying wiring pose a clear threat to homeowners, building occupants, as well as the reputation of the electrical contracting sector. These threats are also exacerbated through sub-quality switchboard and halogen lighting installations and are manifested in the following ways:

- Risk of electrical fire and shocks;
- Property damage;
- Legal liability issues;
- Serious injury and death;
- Industry reputation; and
- Consumer confidence.

Whilst home electrical safety checks are encouraged but not enforced across Commonwealth States and Territories, NECA believes that it is critical that all home purchasers are made aware of any wiring or electrical safety concerns upon the sale and purchase of a property, particularly given the large numbers of ageing housing stock in the market and the enhanced requirements of the Australian Building Code (ABC). The same approach should also occur for any new rental arrangement.

NECA argues that when insurance premiums on homes, residential complexes and buildings are calculated, that actuaries also factor in the age and quality of a buildings cabling or wiring.

NECA argues that routine/regular electrical safety checks in residential or commercial property will provide a clear signal to property owners with respect to safety/standard adequacy. Such a signal should then give rise to property owners acting to improve the wiring standards of their property.

Such a proposition would be both quick and inexpensive and would provide the consumer with a list of safety awareness issues, coupled with possible remedies and costs, thereby enabling the consumer to budget and remedy their residence in an appropriate manner.

[NECA recommends that when insurance premiums on homes, residential complexes and buildings are calculated that actuaries also factor in the age and quality of a building's cabling or wiring. Home/property insurance would then attract a premium discount for owners who continue to ensure that their property's wiring is safe and fully compliant. This would occur at the point of sale, prior to the signing of a new rental agreement or the renewal of an insurance policy.](#)

3.12 Home Safety and Energy Audits

• Home Safety Electrical Audit

NECA proposes the introduction of a mandatory, electrical safety audit for households.

NECA notes that the majority of Australia's residential housing stock is ageing. This presents serious challenges to incoming home owners or renters, whereby existing electrical wiring including associated equipment may be:

- Compliant with previous versions of the Australian Building Code (ABC);
- Non-compliant with the current standards as set out in the ABC; and
- Degrading and/or deteriorating such that remedial action is either immediately or imminently required.

NECA argues that routine/regular electrical safety checks in residential or commercial property will provide a clear signal to property owners with respect to safety/standard adequacy. Such a signal should then give rise to property owners who will act to improve the wiring (and safety) standards of their property. Home Safety Electrical Audits would be carried out by a qualified and licensed electrician at all times.

NECA proposes that a mandatory Safety Audit would occur at the point of sale or any new rental arrangement. The Transfer of Title would not occur until a proof of Audit was produced to the relevant Land Titles Office of the relevant State/Territory Government. Such a proposition would be both quick and inexpensive and would provide the consumer with a list of safety issues, remedies and costs, thereby enabling the consumer to budget and remedy their residence in an appropriate manner.

• Home Energy Audit (At Point of Sale)

In conjunction with the proposed Home Safety Audit, NECA proposes that State/Territory Governments encourage property owners to undertake a voluntary Home Energy Audit.

This scheme would enable property purchasers to undertake an energy efficiency test that would then in turn provide purchasers with information in which to make informed decisions about energy usage. Such decisions would enable property owners to reduce their costs through the potential replacement of energy intensive/inefficient products such as air-conditioning units, pool pumps, hot water systems, dishwashers, washing machines and dryers.

Home Energy Audits would be carried out by a qualified and licensed electrician at all times.

NECA proposes that State/Territory Governments encourage property owners to undertake voluntary Home Energy Audits. Home Energy Audits should occur at the point of sale or any new rental arrangement. Such a proposition would be both quick and inexpensive and would provide the consumer with options as to how best a consumer may plan to reduce their energy bill and carbon footprint.



4. Key Recommendations & Summary

National Licensing and enhanced labour mobility

1. NECA supports the creation of a single, national licencing scheme for both electricians and electrical contractors. However, its implementation must not dilute safety standards and technical expertise.
2. NECA supports mutual recognition licensing reform across Australia and encourages all States and Territory to adopt these reforms as a matter of urgency.

Energy Efficiency & Renewable Energy

3. NECA believes that future electricity price rises are the new normal and that the bulk of consumers and industry are genuinely interested about a more sustainable environmental future.
4. NECA believes further opportunities exist to educate consumers about the importance of clean energy. Consumers are keen to be seen as environmental citizens and are prepared to participate in pilot schemes and trial programs that seek to make greater use of renewable energy products.
5. NECA calls upon the Federal and State Governments to maintain funding and support for the development and awareness of energy efficiency programs and clean energy initiatives. This funding and support should be prioritised towards relevant peak industry bodies in order to promote industry stability and new employment opportunities.
6. Given the substantial lead time and significant capital investment required to develop clean energy generation projects, NECA believes that greater certainty is required to not only encourage long term investment in the sector but also for consumers to benefit from more stable energy pricing.
7. NECA calls upon the Federal Government to provide an audit of all available grant programs across the three levels of government and that a list of all opportunities is placed in the one location to make it simpler to access funding opportunities.
8. NECA urges the Federal Government to review the NECF legislation and to have the matter discussed at a future meeting of the Council for the Australian Federation.

Vocational Education and Training

9. It is imperative that the peak national industry body representing employers takes immediate responsibility for the Community and Education Engagement Partnerships program and other relevant programs to assist industry to communicate with the plethora of stakeholders at regional, state/territory and national levels.
10. There is a need to develop 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).
11. Consideration should be given to a core set of competencies that reflect environmental requirements for the industry and consumers. Government should continue to provide financial assistance to employers throughout Australia for their people to undertake the EcoSmart Electricians program and maximise skills in this area.
12. Providers should reintroduce night schools to ease the pressure on the workplace and create additional opportunities for trainees to formalise their skills.
13. Employees who undertake and complete additional training at higher levels (post-trade) should receive adequate tax benefits as an incentive to complete qualifications.
14. Group training organisations that experience downtime for their apprentices should develop short term employment opportunities that may be considered for relevant state and territory government assistance.
15. NECA welcomes further aspects of the Minister's reforms to drive improvement in training outcomes across the sector. This includes improving education and support to enable poorly performing RTOs to improve and meet standards and a sharper regulatory process to manage rogue operators.

Competency Based Wage Progression

16. NECA supports the application of Competency Based Training (CBT) and the importance of an integrated workplace and off-the-job validation of skills and competencies. CBT is a training construct that we embrace and support.
17. NECA has no desire to shorten the length of the present apprenticeship training contract or time-based progression for apprentices.
18. NECA does not support the application of Competency Based Wage Progression (CBWP). CBWP exists within an Industrial Relations context and we do not support its introduction.

Small Business

19. NECA believes that the compulsory superannuation contribution of 12% is unsustainable and calls for this figure to be capped at 10% in the long term.
20. NECA supports the introduction of sunset provisions for any new business related legislation.
21. NECA encourages the setting of guidance and a future strategy to implement the key recommendation of the Henry Tax Review to reduce the company rate to 25%.
22. NECA calls for a national discussion to set in place a timetable to harmonise payroll tax regimes and a long term plan for its eventual phasing out.
23. NECA argues that key reporting timeframes such as BAS and PAYG tax, FBT, WGEA compliance and others should be reviewed and be more closely aligned to reduce administrative burdens to allow business to focus upon their operations and not on Government paperwork.
24. NECA recommends that the Federal Government provides an employer wage subsidy to employers who employ adult apprentices. The subsidy should match the differential between the hourly rate of a junior apprentice and adult apprentice across each stage year of the apprenticeship.

Infrastructure Budget

25. NECA supports the intent of the 2014/15 Federal Budget that sets infrastructure delivery as a key investment to boosting economic growth by 1% of Gross Domestic Product, boosting the construction sector whilst attempting to offset the slowdown in the mining sector.
26. NECA supports the establishment of an asset recycling fund, created from the sale of Federal Government enterprises and other funds with additional incentives for State and Territory Governments to pay down government debt, through the privatisation of non-essential assets that would lead to further infrastructure investment.

Workplace Relations

27. NECA believes that mutually beneficial contract arrangements with an in-built safety net should be reached between employees and the employer.
28. Unfair Contracts legislation be amended to cater for small or medium enterprises and that the definition of business size be increased from 20 to 100 persons employed.
29. The upfront, payable price threshold be increased from \$300,000 to \$3 Million and for contracts longer than 12 months in scope, the value be increased from \$1 Million to \$9 Million.
30. Industry redundancy fund board memberships need to be reformed so that income protection for redundant workers remains the sole focus of the fund.

Workplace Health & Safety

31. NECA calls for greater harmonisation of jurisdictional penalties for breaches and failure to comply with Workplace Health and Safety legislation.
32. NECA argues that Workers' Compensation access for injuries sustained during offsite work breaks or when an employee engages in wilful or serious misconduct should be removed.
33. NECA calls upon State and Territory Governments to establish a register of known households that are installed with potentially deadly home insulation products. This action protects electrical industry employees and provides upfront information for the security of future home purchases.

Product Quality Assurance

34. NECA strongly calls 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.
35. 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.
36. NECA believes that the management of the EESS requires additional focus and resources. We believe that this additional focus could best be delivered through an industry based solution that would provide information and access to all industry stakeholders.

Security of Payments

37. NECA calls for the harmonisation of the creditor line process across Australia so that electrical contractors are not disadvantaged from the collapse of a construction company.
38. Payment Withholding Request legislation – that allows the Principal/Head Contractor to be more easily served with a claim for payment – be adopted across all states and territory jurisdictions.
39. Legislation introducing a low cost, Retention Money Trust Account scheme 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 burdens and create a level playing field for industry.
40. That NSW and other state and territory legislatures seek to implement a threshold for construction industry project work to a value of \$1 million.

Building & Contents Insurance

41. NECA recommends that when insurance premiums on homes, residential complexes and buildings are calculated that actuaries also factor in the age and quality of a building's cabling or wiring. Home/property insurance would then attract a premium discount for owners who continue to ensure that their property's wiring is safe and fully compliant. This would occur at the point of sale, prior to the signing of a new rental agreement or the renewal of an insurance policy.

Home Safety and Energy Audits

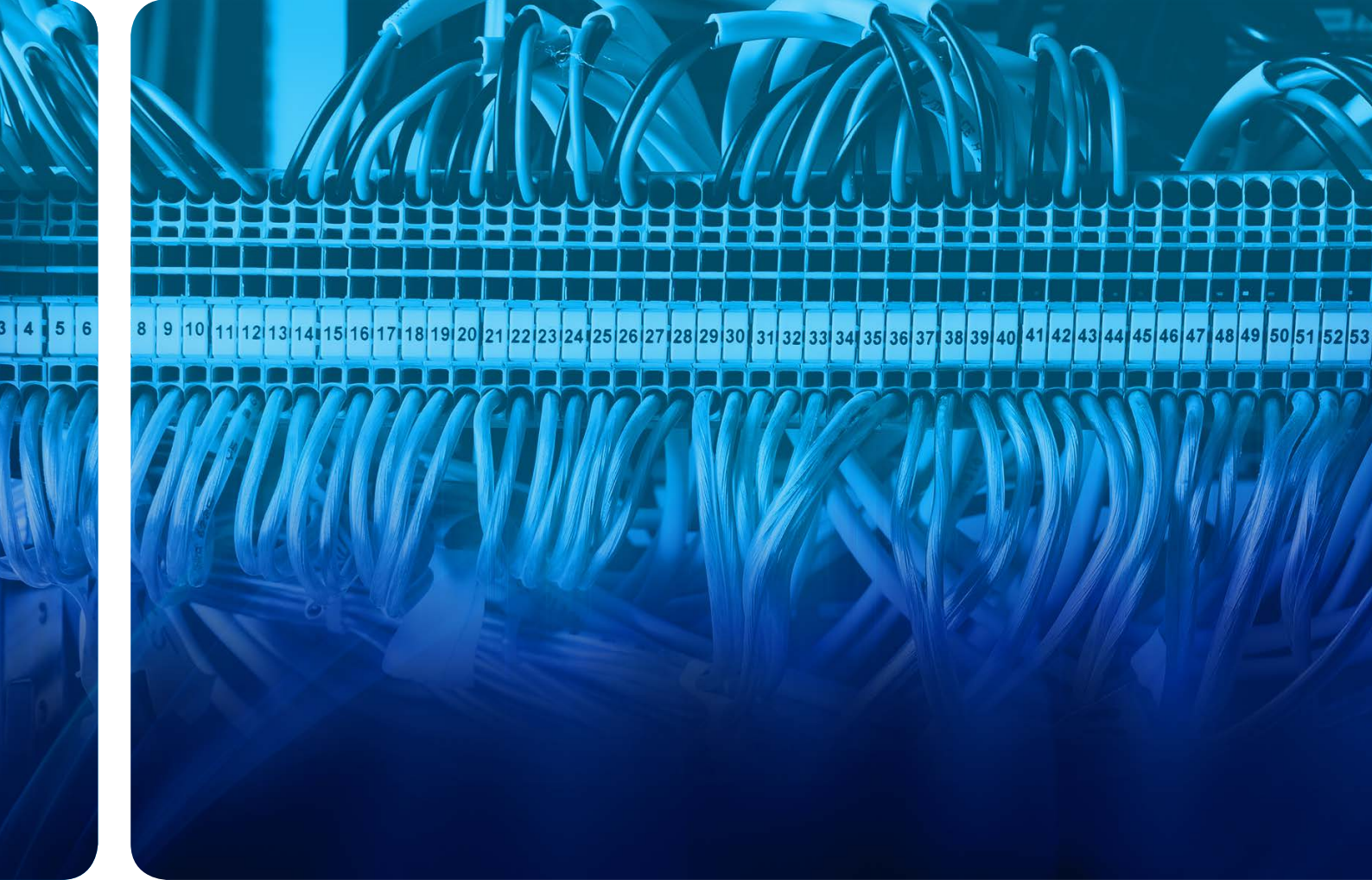
42. NECA proposes that a mandatory Safety Audit would occur at the point of sale or any new rental arrangement. The Transfer of Title would not occur until a proof of Audit was produced to the relevant Land Titles Office of the relevant State/Territory Government. Such a proposition would be both quick and inexpensive and would provide the consumer with a list of safety issues, remedies and costs, thereby enabling the consumer to budget and remedy their residence in an appropriate manner.
43. NECA proposes that State/Territory Governments encourage property owners to undertake voluntary Home Energy Audits. Home Energy Audits should occur at the point of sale or any new rental arrangement. Such a proposition would be both quick and inexpensive and would provide the consumer with options as to how best a consumer may plan to reduce their energy bill and carbon footprint.

5. References

1. Source of Revenue - NECA Market Monitor 2015 – Page 4
2. Primary Revenue by Company Size – NECA Market Monitor 2015 – Page 4
3. Cost Increases – NECA Market Monitor 2015 – Page 4
4. % Same or less cost comparisons – NECA Market Monitor 2015 – Page 4
5. Electrotechnology Apprenticeship Commencement and completion data – National Centre for Vocational Education Research commencement and completion projections for apprentices 2005-17 – Page 5
6. Optimism by Company Size – NECA Market Monitor 2015 – Page 5
7. Electrical Contracting industry, Building and Air Conditioning licenses as at April 2009 – National Licensing System for Specified Occupations, Decision Regulation Impact Statement April 2009 – Page 6
8. Wage Rate Comparison – Electrical, Electronic and Communications Contracting Award 2010 – Page 14
9. Asset Recycling Fund – www.budget.gov.au – Page 15
10. Badgerys Creek Major Transport Connections – www.budget.gov.au – Page 16
11. Lack of harmonization on workplace penalties - Workplace Relations Ministers Council 5th Edition 2008 – Page 18



national
electrical and
communications
association



NECA ACT

1/2 Yallourn Street
FYSHWICK ACT 2609
Ph: 02 6280 5580
Facsimile: 02 6280 4662
E-mail: act@neca.asn.au

NECA SA

213 Greenhill Road,
Eastwood SA 5063
Ph: 08 8272 2966
Facsimile: 08 8373 1528
Email: neca@necasa.asn.au

NECA WA

Unit 18, 199 Balcatta Road
Balcatta WA 6021
Ph: 08 6241 6100
Facsimile: 08 9240 4866
Email: necawa@necawa.asn.au

NECA NSW

Level 3, 28 Burwood Road,
Burwood NSW, 2134
Ph: 02 9744 1099
Facsimile: 02 9744 1830
E-mail: necansw@neca.asn.au

NECA TAS

PO Box 620
North Hobart TAS 7002
Ph: 03 6234 3464
Email: necatas@neca.asn.au

Northern Territory

Please contact our SA office
for NT enquiries.
Ph: 08 8272 2966
Facsimile: 08 8373 1528
Email: neca@necasa.asn.au

NECA QLD

Suite 1.5 Ian Barclay Building
460 - 492 Beaudesert Road
Salisbury QLD 4107
Ph: 07 3276 7950
Facsimile: 07 3276 8108
Email: necaq@neca.asn.au

NECA VIC

Level 12, 222 Kings Way
South Melbourne, 3205
Ph: 03 9645 5533
Facsimile: 03 9645 5544
Email: necavic@neca.asn.au

NECA NATIONAL

Level 4, 30 Atchison Street
St Leonards NSW 2065
Ph: 02 9439 8523
Facsimile: 02 9439 8525
Email: necanat@neca.asn.au