

Competition Policy Review 2014

Prepared by: Suresh Manickam

Date: 10th June 2014



NATIONAL OFFICE

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

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

Competition Policy Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Re: Federal Government Competition Policy Review 2014

Thank you for the opportunity to provide our organisation's input into the first review of national competition policy since the Hilmer Review in 1993 that lead to the development of the national competition policy framework. We note the short time frame in which to respond to this review and acknowledge the brevity of our response which is limited to the costs of regulation for state and territory licensing, greater requirements for government business enterprises to deliver support for greater renewable energy initiatives and ensuring that imported product components are more properly policed by government regulators to ensure greater workplace occupational and end consumer safety.

We support the terms of reference placed upon this review and the evaluation of whether our present competition policies, regulations and legislation is suitable for Australia's future economic prosperity and needs.

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry that employs more than 145,000 workers with an annual turnover in excess of \$23 Billion. NECA's membership consists of more than 4,000 businesses across Australia that sits within our state based chapters. In addition to employing executive and administrative staff at our state chapter and national offices, NECA employs and trains more than 4,000 electrical apprentices through Group Training and Registered Training Organisations in each state of Australia.

Given the many changes in the economic, political and technological environment since the release of the Hilmer Review, NECA maintains an in-principle agreement with the themes set out in the introduction of the *Competition Policy Review Issues Paper* that was released on 14th April 2014.

With the continued emergence of China and India and the further development of significantly populated nations such as Indonesia, combined with an acceptance of a more connected, digitalised globalised economy, productivity will need to increase given our expected fall in our terms of trade, declining workforce participation rates with an aging population and the potential for a decline in economic growth and living standards.

The electrical and communications contracting industry is dominated by small and medium enterprises. We estimate that approximately 92% of the industry's businesses employ 25 staff or less and therefore NECA wishes to highlight three key areas within our submission that are most important to our industry's SME's, being;

- Lack of national licensing and/or recognition of multi-jurisdictional agreements
- Government Business enterprises driving renewable energy targets
- Policing of non-complying products from imported products

Lack of national licensing and/or recognition of multi-jurisdictional agreements

NECA has been a long term advocate for change within our industry through the delivery of licensing reform.

Coupled with the necessary safety benchmarks, we believe that licensing reform will create greater business opportunities for electrical contracting firms to operate more freely and effectively across Australia's state boundaries through improved labour mobility and a reduction in red tape.

At present, an electrical contracting business that chooses to operate in each state and territory needs to purchase, administer and comply with each licensing regime. This potentially adding tens of thousands of dollars to business costs which are ultimately passed on to the consumer.

Whilst NECA was mindful of the moves of the former Federal Government to deliver licensing reform across a range of industries through the National Occupational Licensing Authority (NOLA) and supportive of moves to establish what is known as a Drivers' Licence model, we were not willing to adopt a model, which in our view, potentially diluted standards within our sector.

Additionally, NECA supports legislation currently before the NSW Parliament that allows for the automatic mutual recognition of licences from the state in which the principle business is domiciled. This legislation would lower the cost of labour mobility and make it easier to do business in the state of New South Wales.

Government Business enterprises driving renewable energy targets

Whilst the Government reviews its strategy Renewable Energy Target, having axed the Renewable Energy Agency in the recent Budget, NECA argue that Government Business enterprises should do more to lead the way to help drive the renewable energy sector and attract additional investment in the years ahead.

In November 2013, the ACT Government set a 90% renewable energy target in law for electricity generation by 2020 across the entire territory where Government is the largest employer.

NECA argues that Government departments could do more to drive clean energy products and introduce internal organisational targets to set an example for the wider industry. This could include mandatory workplace initiatives and the provision of a declaration to display a preference for organisations that sign up or commit to the RET and other clean energy

initiatives as well as the exploration of industry led pilot schemes for the benefit of all stakeholders.

Enforcement of Non-Complying Products

The trade in counterfeit or products that do not conform to Australian Standards poses a threat to the electrical contracting industry.

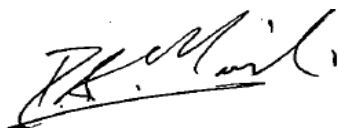
NECA strongly supports product quality and safety initiatives such as the Does It Comply? (to Australian Standards) website that seeks to raise consumer and industry awareness of the dangers of product or part use that fails to comply with Australian Standards.

The installation of unsafe, non-compliant equipment can be costly for the electrical industry. Not only do those manufacturing and distributing of counterfeit or non-compliant parts maintain an unfair cost advantage over the majority of businesses that comply with Australian standards, but the dangers of installation and use of unsafe and non-complying equipment runs the risk of electrical fires and shocks, property damage and potential legal liabilities for electrical contractors installing the product. This ultimately leads to a devaluing of industry standards and a loss of professional reputation.

A key feature of the Electrical Equipment Safety System is a national database that records the registration details of responsible suppliers of in-scope electrical equipment in Australia and New Zealand, allowing electrical equipment to be easily traced to the supplier and its supply by law.

The EESS database is presently managed by the Electrical Regulatory Authorities Council (ERAC) made up of regulatory authority representatives from across Australia and New Zealand. However, NECA believes that an improved product could be delivered if the Federal Government was prepared to deliver additional staffing resources, reform the ERAC governance structure and ensure that state and territory participation becomes mandatory in order to enhance the prohibition of non-compliant product sales.

Yours faithfully



Suresh Manickam
Chief Executive Officer