

# Tasmania Budget 2018/19: NECA's Pre-Budget submission



## **NECA Tasmania**

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## About NECA

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry, which employs more than 165,000 workers and delivers an annual turnover in excess of \$23 billion. We represent close to 5,000 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 Consumer Building Occupation Services of the Department of Justice, TasTAFE, Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

Additionally, NECA maintains responsibility for the employment, training and skilling of more than 4,800 current and future electricians and contractors through our Group Training and Registered Training Organisations.

## Foreword

The National Electrical and Communications Association (NECA) welcomes the opportunity to have input to the forthcoming, 2018/19 Tasmanian Budget.

This submission highlights the main issues that NECA considers that the Tasmanian Government should address when formulating its 2018/19 Budget.

We believe that the Tasmanian Government can and should take concrete action to lift the burden on the electrical contracting sector, including in respect of:

- Tasmanian Centre of Excellence for Trades and Water;
- Home Energy Audits;
- Incentives to hire more apprentices;
- Payroll Tax removal timetable;
- Ongoing support for Continuing Professional Development (CPD); and
- School and entry requirements

These measures will greatly assist our sector within Tasmania and the boost the Government's position with the wider business sector.

Once again, NECA thank the Tasmanian Government for the opportunity to participate in this consultation as part of the 2018/19 Budget process.

Should you wish to discuss further, I can be contacted on ph: (02) 9439 8523 or email: [suresh.manickam@neca.asn.au](mailto:suresh.manickam@neca.asn.au)

Yours faithfully



Suresh Manickam

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

## Tasmanian Centre of Excellence

Earlier this year, NECA wrote to the Honourable Jeremy Rockliff, Deputy Premier and the Minister for Education and Training, expressing support for the creation of the Tasmanian Centre of Excellence for Trades and Water.

The proposal seeks to address future industry training and capacity needs by making significant upgrades to the present Electrotechnology School at the TasTAFE Claremont campus. Support for this initiative is maintained through a range of industry groups including the Tasmanian Building and Construction Industry Training Board, the Master Plumbers Association, the Air Conditioning and Mechanical Contractors Association.

The building and construction industry is a complex and diverse field of employment that plays a pivotal role in growth of the Tasmanian economy and public workplace health and safety directly contributes to these results, including our future tradespeople and existing practitioners who require quality, contemporary and effective training experiences.

NECA believes that Tasmania's future tradespeople deserve the highest quality facilities to learn and develop their skills and we also believe this is strong objective and wish of the Tasmanian Government.

The proposal for the Centre of Excellence covers two stages – the first allowing for the installation of electrotechnology training infrastructure, with the second the transitioning of all training to the Clarence Campus.

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Support the vision for the Tasmanian Centre of Excellence for Trades and Water and approve the proposal across two stages;**

- **Prioritise this commitment for funding of infrastructure works for Stage 1 and Stage 2 in a subsequent, forward budget; and**
- **Work to upgrade archaic training facilities at the TasTAFE Clarence campus to ensure that Tasmanian electrotechnology apprentices and trainees learn and develop their skills in a high quality environment.**

## Home Energy Audits

In last year's pre-budget submission, NECA urged the Tasmanian Government to commence a pilot scheme for Home Safety Electrical Audits that took the aging residential housing stock into account, offering homeowners a voluntary trial of wiring checks across high density residential areas, carried out by a licensed electrical contractor. This pilot scheme was a simple and effective way that enabled the consumer to be aware of safety issues and to take action to improve the standard of wiring within their property.

This year, we propose that the Government supports the undertaking of a voluntary Home Energy Audit that provides options to consumers to reduce energy consumption and costs. Home Energy Audits should occur at the point of sale or any new rental arrangement and be carried out by a qualified and licensed electrical contractor at all times.

Given the current landscape in respect of energy costs, such a proposition would be both quick and inexpensive and would provide the consumer with options as to how best to reduce energy costs through replacement or energy intensive products at home such as air-conditioning units, pool pumps, hot water systems, dishwashers, washing machines and dryers.

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Encourage property owners to undertake voluntary Home Energy Audits as a quick and inexpensive way to provide consumers with options to plan and explore opportunities for energy bill and carbon footprint reductions.**

## Solar PV Panels

As Australia is one of the world's sunniest continents, solar photovoltaic (PV) panels on the roofs of homes and businesses can assist to use energy from the sun to generate electricity cleanly and quietly. The conversion of sunlight into electricity takes place in cells of specially fabricated semiconductor crystals.

Solar PV panels do not generate electricity throughout the whole day, only through times of sunlight. This coincides with the demand for some power consumption (i.e. air-conditioners and pre-timed pool pumps). It is also the case that during daylight hours, electricity prices tend to be at their peak. These small-scale panels generate electricity at the point of demand (i.e. where people live and work), which in turn reduces the demand from large scale generators.

The Clean Energy Council states that in 2016, small-scale solar was responsible for 16% of Australia's clean energy generation and produced 2.8 percent of the country's total electricity. More than 1.64 million Australian properties maintain solar power systems and there are 4,305 accredited solar installers.

NECA notes that across many states and territories, subsidies have been paid to users to take up use of solar PV or to feed solar power into the grid. However, Feed in Tariffs (FiTs) in Tasmania are only guaranteed for a further six to twelve months, whilst programs such as the NSW Solar Bonus Scheme have now ended. NECA believes ongoing government support to encourage greater solar PV use is critical to ensuring the development of Australia's renewable energy capacity and to keep electricity price rises for consumers to a minimum.

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Encourage more consumers and businesses to take-up small scale solar PV through a subsidy or grant mechanism.**



## Incentives to hire apprentices

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

NECA urges the Tasmanian Government to continue with this program and expand its presence, in particular to encourage more mature age apprentices to take up an electrical trade.

Mature age apprentices are very productive within the workforce and bring enhanced knowledge, maturity, wisdom and experience to businesses within the electrical sector. However from an employer perspective, mature age apprentices are often priced out of the marketplace given the extensive cost of hire.

NECA therefore advocates that the Tasmanian Government provides a wage subsidy to employers who choose to hire mature age/adult apprentices. This subsidy should match the differential between the hourly rate of a junior apprentice and adult apprentice across each stage year of the apprenticeship, helping to promote reskilling and cross skilling to take greater advantage of the benefits that mature workers could offer industry.

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Expand the present two-year, payroll tax rebate for small businesses that incentivises them to hire more apprentices and trainees; and**
- **Provide a wage subsidy to employers who choose to employ mature age/adult apprentices.**

## Female apprentices

NECA agrees that a trades career path is as equally attractive and rewarding as a university degree and that more needs to be done to attract female apprentices to our sector.

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

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

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Establish a pilot program that actively promotes female apprenticeship take-up.**

## Payroll tax removal timetable

Payroll tax 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.

The ACT Government has proposed to phase out stamp duty in the longer term and replace it with a more efficient, land-based tax. While NECA is mindful of the tight revenue position of all Governments across Australia, we encourage the Tasmanian Government to look to the future and find ways to reduce its reliance on payroll tax so that more jobs can be delivered and more apprentices and trainees can be hired.

**In the 2018/19 Budget, the Tasmanian Government should:**

- **Set out a long-term plan to reduce and remove payroll tax to encourage small business.**

## Continuing Professional Development (CPD)

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

The concept of CPD is not a new phenomenon to industry. It successfully operates where attached to government licensing arrangements across a wide range of professions such as property and building and is most often seen where a State or Territory government has stipulated its mandatory use through legislation with its program managed by a regulator such as the Consumer Building and Occupation Services (CBOS) of the Department of Justice Tasmania.

CPD has successfully been introduced for Tasmanian electricians as a trial period to assess its merit and long-term worth to improving standards across the electrical sector. Government, consumers and regulators hold the view that CPD can assist business (particularly smaller entities) to document, maintain and refresh knowledge of skills, processes, new technologies, and relevant regulations.

NECA believes that the electrical contracting sector may benefit from CPD implementation if:

- Sound professional development and training opportunities are delivered;
- The CPD program remains basic and low-cost in its design;
- CPD does not become a burden for the wider industry, particularly SMEs;
- It provides a cost effective way to improve technical and organisational knowledge through the provision of regulatory and legislative frameworks;
- Implementation takes state/territory and locally based considerations into account; and

- The reputation of our sector within a complex and evolving regulatory environment is enhanced.

Where CPD is implemented, member-based industry associations are involved in the program management and/or delivery of course seminars, learning and training opportunities, where CPD is mandatory and overseen by a governing regulator.

We believe that industry associations such as NECA are best placed and most qualified to deliver independent, knowledge-based activities that are attuned to the needs, requirements and legislative changes across industry.

In order to continue to successfully deliver these activities, enhanced certainty and longevity is required to fund ongoing industry learning delivery. To date, NECA has delivered CPD courses to more than 60% of Tasmania's licensees

**In the 2018/19 Budget, the Tasmanian Government should:**

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

## School and entry requirements

School-based apprenticeships are important pathways for students and are a good source of apprenticeship applications for the industry and provide a way to screen potential applicants.

Some of these courses, however, are too institutionally-based and do not always lead to good vocational outcomes.

NECA therefore considers that there is a need to reform the approach to pre-apprenticeships.

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.

**In the 2018/19 Budget, the Tasmanian Government should therefore allocate funding for:**

- **Flexible timetabling for pre-apprenticeships; and**
- **The development of practical maths lessons in schools for trade-training aspirants, with involvement of relevant partners in the education systems (including the Australian Association of Maths Teachers);and**
- **Additional funding for the provision of further information and education in relation to the trades for school students.**

## Summary

### Tasmanian Centre of Excellence

- Support the vision for the Tasmanian Centre of Excellence for Trades and Water and approve the proposal across two stages.
- Prioritise this commitment for funding of infrastructure works for Stage 1 and Stage 2 in a subsequent, forward budget.
- Work to upgrade archaic training facilities at the TasTAFE Clarence campus to ensure that Tasmanian electrotechnology apprentices and trainees learn and develop their skills in a high quality environment.

### Home Energy Audits

- Encourage property owners to undertake voluntary Home Energy Audits as a quick and inexpensive way to provide consumers with options to plan and explore opportunities for energy bill and carbon footprint reductions.

### Solar PV Panels

- Encourage more consumers and businesses to take-up small scale solar PV through a subsidy or grant mechanism.

### Incentives to hire apprentices

- Expand the present two-year, payroll tax rebate for small businesses that incentivises them to hire more apprentices and trainees.
- Provide a wage subsidy to employers who choose to employ mature age/adult apprentices.

### **Female apprentices**

- Establish a pilot program that actively promotes female apprenticeship take-up.

### **Payroll tax removal timetable**

- Set out a long-term plan to reduce and remove payroll tax to encourage small business.

### **Continuing Professional Development (CPD)**

- Signal its ongoing support for the Continuing Professional Development, following its successful introduction.
- Outline additional funding arrangements for the CPD program moving forward, to ensure that NECA and similar member-based industry bodies can deliver learnings and training opportunities, in line with the program's governance guidelines.

### **School and entry requirements**

- Allocate funding for flexible timetabling for pre-apprenticeships; and
- Allocate funding for the development of practical maths lessons in schools for trade-training aspirants, with involvement of relevant partners in the education systems (including the Australian Association of Maths Teachers).
- Additional funding for the provision of further information and education in relation to the trades for school students.