

# **NECA submission**

## **Supporting the NSW Energy Sector**

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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 the best interests of approximately 5,400 electrical contracting businesses across all Australian States and Territories. Within the New South Wales context, NECA is thriving with around 1,800 members.

NECA has been advocating for, and on behalf of, the electrotechnology industry for over 100 years. 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.

Working with our partner Registered Training Organisations (RTOs) and Government Training Organisations (GTOs), NECA provides employment and ongoing skills development for approximately 4,800 apprentices across Australia. The majority of these apprentices get the opportunity to gain work experience with NECA's members through our group schemes. The NSW Chapter is positioned to become the leading training organisation for Electrotechnology, purchasing and fitting out a new cutting edge and industry best training facility located in Chullora. The facility is expected to commence training apprentices in late 2019.

NECA takes a holistic and progressive approach to encourage the next generation of electrical subcontractors, these priorities are actively supported through a range of programs and initiatives including our long-standing scholarship program, NECA Foundation, Alternative Pathways Project and the Women in Electrical Trades Roadmap. We also manage and promote industry wide Annual Excellence and Apprentice Awards designed to recognise achievements from across the industry.

## Foreword

NECA members make an integral contribution to the New South Wales economy – connecting homes, businesses and infrastructure across the State. From installing solar infrastructure and batteries for households, to connecting solar farms to the grid and undertaking millions of hours of electrical work on major State infrastructure including Westconnex, the Sydney Light Rail and many other major infrastructure projects. Our members are contributing to maintaining the States existing electrical infrastructure and encouraging new private sector investment, improving reliability and security across the energy system and delivering greater environmentally sustainable and affordable outcomes for the community.

NECA's submission 'Supporting the NSW Energy Sector – June 2019' outlines a range of low-cost and effective proposals and initiatives that the NSW Government should immediately implement to mitigate barriers and encourage investment. Our recommendations are aligned to the NSW Government priorities and seek to:

- introduce mandatory Safety Audit that occurs at the point of sale or any new rental arrangement of all forms of public and private housing to mitigate and minimise serious challenges and safety risk;
- encourage property owners to undertake voluntary Home Energy Audits at the point of sale or with any new rental arrangement thereby providing a clear signal to householders with respect to available energy efficient options;
- support improved residential fire safety provisions including requiring the installation of smoke alarms in all bedrooms, residual current devices (RCDS) and emergency lighting in all homes.

We thank the Hon Minister Kean MP for the opportunity to participate in this consultation 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**

## 1. Home Safety Electrical Audit

Ageing residential housing stock presents serious challenges and safety risks to home owners or renters, as existing electrical wiring including associated equipment may be non-compliant with current industry standards under the Australian Building Code and/or degrading and/or deteriorating requiring remedial action.

NECA advocates in support of regular routine electrical safety checks in residential, mixed use and commercial property to provide a clear signal to property owners with respect of 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. In this regard, NECA strongly supports Home Safety Electrical Audits as carried out at all times by a qualified and licensed electrician.

Home electrical safety checks are encouraged but not enforced across Australian States and Territories. These checks should extend across all forms of housing stock from low-density housing i.e. dwelling houses, medium/high density housing i.e. Boarding Houses, Group Homes, Residential Flat Buildings and mixed-use developments in both the private and public sectors.

NECA believes 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 or with any new rental agreement. This proposition is both quick and inexpensive and would provide the consumer with a list of safety awareness issues along with possible remedies and costs. The consumer can then budget for remedial works for their residence.

As part of the proposed improvements to the current wiring and electrical safety arrangements, NECA also argues that when insurance premiums on homes, residential complexes and buildings are calculated, actuaries should also factor in the age and quality of a buildings cabling or wiring. This insurance would then attract a premium discount for owners who continue to ensure that their properties wiring is safe and fully compliant.

The Tasmanian Government, in consultation with NECA, has developed a pilot scheme for an Electrical Safety Audit program on Government owned housing. The intention of the pilot is to identify electrical safety risks associated with the normal use of an electrical installation through an inspection carried out by a suitable organisation, overseen by Tasmania's Electricity Standards and Safety (ESS). Following each inspection, a report is provided to the installation owner that identifies electrical safety risks to be managed and resolved. As undertaken in Tasmania, it proposed that a pilot scheme be developed in consultation with the NSW Government and NECA.

NECA encourages the NSW Government to extend these provisions across the State, including both private and public sector housing, to ensure a consistent electrical safety standard across all forms of housing. The opportunity exists to undertake a pilot of these arrangements on selected public housing stock, similar to the approach taken in Tasmania. Should the proposed arrangements be implemented, the existing housing stock will become safer and comply with more contemporary building requirements.

### **Recommendations**

- 1.1** The NSW Government introduce new mandatory Electrical Safety Audits, undertaken at the point of sale or any new rental arrangement on all properties. The Transfer of Title would not occur until a proof of Audit was produced to the relevant government Land Titles Office.
- 1.2** The NSW Government together with NECA develop a pilot Electrical Safety Audit Scheme to identify electrical safety risks associated with the normal use of an electrical installation within selected public housing properties.
- 1.3** When insurance premiums on homes, residential complexes and buildings are calculated, actuaries also factor in the age and quality of a buildings cabling or wiring. Home/property insurance would then attract a premium discount for owners who continue to ensure that their properties wiring is safe and fully compliant.

## 2. Home Energy Audits (at point of sale)

With rising energy costs and greater demand on the grid, NECA has been investigating new alternate and innovative ways to ensure our homes are more energy efficient, environmentally sustainable and cost-effective. In this regard and in conjunction with the proposed Home Safety Audit, NECA proposes that the NSW Government implement a scheme to encourage property owners to undertake a voluntary 'Home Energy Audit'.

With a broader understanding and awareness of the utilities and appliances in our homes, energy consumption and associated costs, we are empowered to make informed decisions about the types and level of energy we are using from day-to-day. As part of this proposed scheme, Home Energy Audits would be carried out at all times by a qualified and licensed electrician.

NECA proposes two approaches in which to improve consumer awareness and understanding of energy use and consumption:

1. The Home Energy Audit proposed will enable property purchasers to undertake an energy efficiency test that provides them with information to help make informed decisions about energy usage, as well as reduce costs by replacing energy intensive and/or inefficient products such as air-conditioning units, pool pumps, hot water systems, washing machines and dryers,
2. NECA has identified an urgent need for greater education and information to increase the communities understanding around energy use and consumption within their home, and opportunities to better utilise and minimise energy which in turn will save money for households. NECA proposes to undertake a new education and information campaign in partnership and as funded by the NSW Government.

NECA's proposals seek to ensure the community is better placed to understand their homes and make informed choices and decisions that could save hundreds of dollars on their energy bills, as well as increase their understanding about carbon footprint.

## **Recommendations**

- 2.1** NSW Government encourage property owners to undertake voluntary Home Energy Audits. Home Energy Audits should occur at the point of sale.
- 2.2** A new education and information campaign 'Minimising Energy Use and Consumption in the Home' is to be developed by NECA in partnership and as funded by the NSW Government.



### 3. Smart Metering

#### Smart Meter Rebates

Energy Smart Meters allow consumers to monitor their energy use and track energy consumption in real time, helping reduce energy bills and making it easier to switch between providers. Smart Meters also encourage the use of solar PV panels and battery storage options by allowing consumers to store electricity at off-peak prices and draw on the stored electricity at peak times.

Smart Meters were first made available to electricity customers in New South Wales in 2014 through a voluntary rollout designed to ensure competition in metering services and consumer choice. In March 2016, changes were made to the rollout scheme to allow a broader range of appropriately qualified electricians to install smart meters. A challenge with the rollout of Smart Meter technology is that some properties will require extensive re-wiring prior to installation. NECA advocate that rebates be provided by Government to offset the costs of re-wiring a property.

#### 'Power of Choice'

Following its Power of Choice (POC) review in 2012, the Australian Energy Market Commission (AEMC) implemented a number of changes around competition and the transition of energy meter responsibilities from networks to retailers.

After almost 18 months, Government inquiries and changes by AEMC to the installation timeframes of Smart Meters, the roll-out program continues to be wrought with management issues to the detriment of consumers. This is resulting in the loss of potential financial savings and significant delays of up to six months for regular mums-and-dads to receive their meters.

NECA raises two significant concerns on this matter:

1. delays to the installation of Smart Meters is causing significant financial damage to hardworking small electrical contracting businesses and the NSW economy more broadly;

2. In the past, metering work could be done by an electrician qualified as an Accredited Service Provider (ASP) Level 2. This is no longer the case, and now an electrician must undertake training with each metering provider despite the work being the same. This is additional and unnecessary red tape and duplication that is costing small business significant amounts of money and time with no benefit to consumers. NECA has been advised that Origin and its metering provider, Acumen, recently told many electricians who had undertaken their training that they would not be allowed to install meters.

**Recommendations:**

- 3.1 Introduce and rollout of Smart Meters across all Australian households and small businesses. We argue that appropriately qualified electricians and contractors should have the ability to offer installation of Smart Meters in a competitive market environment, rather than just a small number of monopoly providers.
- 3.2 NSW Governments should provide rebates, in order to offset the costs of re-wiring a property.
- 3.3 NSW Government should introduce one streamlined training regime for electricians to install Smart Meters, reducing red tape and duplication.

## 4. Electricity Networks breaking the rules

Since privatisation, electricity networks have been allowed to, and subsequently set up contracting businesses. These businesses were intended to, and are permitted to compete in the open market on a level playing field with independent contractors. However, these businesses are required to be 'ring-fenced' so not to benefit from the networks size or resources.

In October 2017, the Australian Energy Regulator (AER) released the 'Electricity ring-fencing Guideline' (Guidelines) as a means to promote competition in electricity services and regulate parts of Distribution Network Service Providers (DNSPs) to protect the long-term interests of consumers.

NECA's members experiences suggest that the Guidelines are being breached regularly. This has been further substantiated in a recent report whereby the AER identified many ring-fencing breaches, in which networks have provided unfair advantages to their subsidiaries, particularly by cross-subsiding their electrical businesses. Despite these breaches, the AER is not being found to take action against these activities.

These circumstances are creating an uneven play playing field where independent electrical contracting businesses are unable to fairly compete. It is inherently unfair to allow networks to run electrical contracting businesses that compete in the contestable works market. It is consumers who will end up paying for this as prices increase and services drop due to lower competition. This is damaging competition, consumers and confidence in the market and NECA is urging regulators to take appropriate action.

The key issues affecting our members as a result of breaches to ring-fencing include:

1. **Cross-subsidising** - Members have countless examples of this. For instance, Ausconnex and Endeavour share CEOs. It is clear that Endeavour will provide access to commercially sensitive information that can unfairly benefit Ausconnex. Ausconnex boasts access to a 1,300+ strong workforce. These are Endeavour employees who are transferred across to Ausconnex as and

when required, providing it with an unfair competitive advantage to independent contracting businesses that do not have access to such resources.

2. **Cancelled contracts** - Networks appear to be taking a more aggressive approach since the AER's announcement regarding the reduction of regulated revenue. NECA members' contracts with DNSPs have been cancelled with little notice. The work under these contracts will now likely be completed by the DNSPs' electrical services business. This discriminates in favour of a DNSP's related electricity service provider operating in a contestable market.
3. **Sharing pricing information** - The sharing of employees is enabling the exchange of commercially sensitive information, meaning independent contracting businesses cannot compete on a level playing field. NECA has seen contracts from Endeavour that show Ausconnex was party to all suppliers' pricing.

The electrical services operations of the DNSPs are unfairly taking market share from independent businesses. This will adversely impact the overall market in NSW and consumers in the long-term. With regulated revenue reduced by the AER, it appears the DNSPs are being more aggressive in the contestable works market.

**Recommendation:**

- 4.1 Review the Electricity ring-fencing Guideline concerning the enforcement arrangements, as well as penalties, to ensure that ring-fencing arrangements promote competition and equity in the market.

## 5. Improved residential fire safety provisions

Statistics show that over 350 residential house fires are started by electrical faults in NSW each year. Electrical appliances and faults cause almost 40% of fires. NECA strongly advocates for improving residential fire safety provisions and has identified a number of new initiatives in which to encourage investment and protect the well-being and safety in our community.

### Installation of smoke detectors in bedrooms

According to the NSW Fire and Rescue authority, “The risk of a fatality in a home fire is halved if there is a working smoke alarm in a residential dwelling”. It is also understood that the majority of fires in a home occur within the bedroom or kitchen. Currently, NSW legislation requires smoke alarms be installed on every level of a home and this includes occupied home, rental properties, relocatable homes, caravans and camper-vans or any other residential building where people sleep. Presently, alarms must be placed in hallways ‘near’ bedrooms. Given that you won’t smell the smoke from a fire while you are asleep in your bedroom, the current locational requirements for smoke detectors are ineffective.

Having considered these risks and suitable options, NECA encourage the NSW Government to introduce a new requirement for the installation of smoke detectors in bedrooms.

### Installation of Residual Current Devices

Residual Current Devices (RCDs) act as a safety switch by monitoring the flow of electricity from the main switchboard and prevent electrocution and the risk of fire by quickly cutting the electricity supply if an imbalance in the current is detected. It is now compulsory across most States and Territories for two RCDs to be fitted to all newly constructed homes to protect the power and lighting circuits as part of the electrical installation.

NECA supports extending these requirements within NSW and that additional resources are provided to ensure quality and conformance of products to the relevant Australian Standards.

### Emergency Evacuation Lighting – residential corridors

Emergency evacuation lighting is required in developments to ensure people have a safe and clear path of travel during an emergency. At present, these requirements do not extend to low-density residential homes. The opportunity exists to extend these provisions accordingly to improve safety in the event of a fire.

### Non-conforming products

Given the size of the building and construction sector, the significant extent of economic activity in infrastructure development and residential building within NSW, it is critical that safeguards are in place to ensure that damages do not flow to industry or consumers as a result of non-compliant building products.

In any new electrical equipment proposition, NECA advocate that products conform to Australian Standards. Unsafe and/or non-compliant electrical equipment can be costly for business and consumers, it potentially poses a risk of electrical fire, shock and property damage while increasing the potential legal liabilities for electrical contractors. This ultimately leads to a devaluing of industry standards and a loss of professional reputation.

A key concern for the electrotechnology industry is the lack of Government enforcement, at all levels, against distributors of non-compliant products and the lack of product batch testing to ensure quality and measurement of the performance to Australian standards.

NECA believes that all levels of government have a responsibility to regularly and vigorously undertake random product auditing as well as non-compliant product enforcement. It is imperative that Federal and State Government Department actively and effectively communicate with each other and all relevant stakeholders to remove and protect the market from non-conforming products and an effective batch-testing regime.

It is the view of NECA and our members that governmental resource and funding should be significantly boosted:

- at the importation stage (Customs);
- sales and distribution stage (State Fair Trading Offices or equivalent).

NECA supports product quality and safety initiatives such as *Does It Comply?*. This campaign was launched to complement the establishment of the Electrical Equipment Safety System (EESS) in 2013. Whilst the EESS is designed to be a nationally operating scheme, it is currently only recognised in the states of Queensland, Tasmania and Western Australia. The key feature of the EESS is the creation of a national database that records the registration details of responsible suppliers of electrical equipment across Australia and New Zealand. This is based upon mutually adopted legislation that would require each participating jurisdiction to be annually registered, with all suppliers placed on the register following the payment of an annual subscription fee.

**Recommendation:**

- 5.1** NSW Government introduce new requirements for the installation of smoke detectors in all bedrooms, lighting in low-density residential corridors and residual current devices be implemented at the time of renovations or new works to dwellings through the BASIX State Environmental Planning Policy or as part of the sale of a home or with any new rental arrangement.
- 5.2** NSW Government contribute to stamping out sales of non-compliant electrical parts and products that fail to meet Australian Standards.
- 5.3** Greater clarity as to which level of Government and/or Department is responsible for the oversight and monitoring of imported electrical products and responsibilities for the sale of imported electrical products.