

23 January 2017

The Honourable Scott Morrison MP
Treasurer
Federal Member for Cook
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Treasurer Morrison,

Electrical Industry Pre-Budget Submission 2017-18

The National Electrical and Communications Association (NECA) is Australia's peak industry body for the electrical and communications contracting industry which employs approximately 165,000 workers with an annual turnover in excess of \$23 Billion. We represent more than 4,800 businesses across all states and territories, the majority of whom are Australian owned and run SMEs.

NECA has always believed that the key to ongoing growth across the electrical contracting sector is quality education, skills and training. Hence our involvement in the Vocational Educational & Training sector where we maintain responsibility for the employment, training and skilling of more than 4,000 current and future electricians and contractors, delivered through our Group Training and Registered Training Organisations.

We have refreshed and extended upon our initial policy statement in 2015 and in the context of the 2017/18 Federal Budget are introducing a range of policy initiatives that NECA believes is not only important for the small and medium enterprises that make up Australia's electrical sector, but are also welcome ingredients that deliver an economic stimulus, create new employment opportunities, provide an uplift in apprenticeships and boost national economic output. These include;

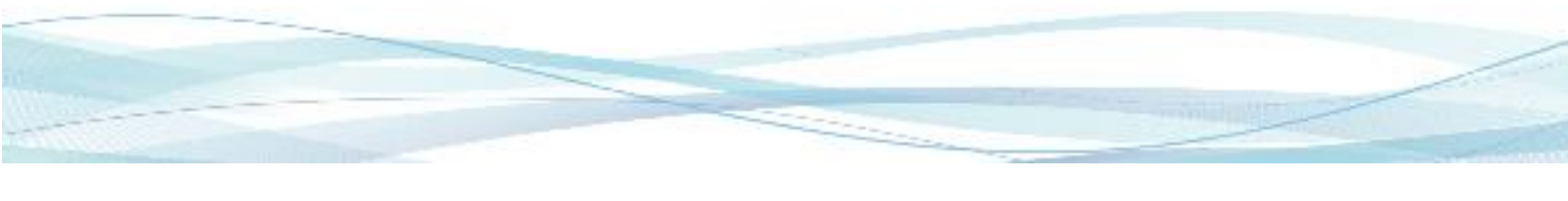
Energy Efficiency

- 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. We believe that interest from business and home owners in renewable energy remains high, however a lack of information exists about access to business and consumer assistance programs.

Small Business

- An audit of all available grants programs across Australia's three levels of Government so that a list of available opportunities can be placed in the one location to access funding opportunities.
- Continued commitment to reducing the Company Tax Rate to 25% and further incentives to reduce tax for small business.
- Extending Unfair Contract protections legislation by increasing the business size definition to 100 and the upfront, payable threshold from \$300,000 to \$3 Million and for contracts of longer than 12 months in scope, from \$1 Million to \$9 Million.
- NECA calls for greater scrutiny and accountability in relation to Enterprise Bargaining negotiations. All representatives should be advocating in good faith and not be seeking to delay or draw out negotiations. Consideration should be given to ensuring that employers are not hindered from directly taking proposals to union members, as is their right under the Fair Work Act.
- NECA urges the Federal Government to immediately introduce legislation in relation to a low-cost, Retention Money Trust Account scheme. This 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 create a level playing field for industry.
- The alignment of key business reporting timeframes such as BAS and PAYG tax, FBT, WGEA compliance as well as an alignment of these thresholds. NECA understands the need for such business reporting, however, highlights that the lack of alignment (via timeframes and thresholds) adds unnecessary red tape and burden to Australia's small businesses.

Vocational Education and Skills

- NECA remains concerned with the overall decline in apprenticeship completion rates. NECA recommends that the current levels of VET funding be increased and that the government introduce policies to boost apprenticeship numbers which have fallen significantly. The incentive still lies with business to develop staff to help deliver company and industry sustainability, not third parties that are more concerned about individual short term returns.
 - Establish a well-resourced, more effective labour market analysis and forecasting team to underpin decisions regarding skills needs and training particularly in migration, employment and education policy.
 - Supporting the implementation of minimum standards for literacy and numeracy across Australia. Using incentives to encourage states to adopt policies to advance student proficiency in STEM (science, technology, engineering and mathematics) subjects.
 - Mature age apprentices are very productive within the workforce and bring enhanced
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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 cost of hire. NECA recommends that the Federal Government provides an employer wage subsidy to employers who choose to employ 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.

Home Electrical Safety & Energy Audits

- NECA continues to call for the stamping out of non-compliant electrical parts and product sales that fail to meet Australian Standards. The professional reputation of our industry is compromised as a result non-compliant products being sold in the marketplace. The infiltration of non-compliant products poses many risks, including the weakening of safety standards, property damage, economic loss and the endangerment of human life.
- Further to the point above, NECA calls on the Federal Government to take the lead position in relation to COAG discussions surrounding the Electrical Equipment Safety System (EESS). This would also imply the commitment of funding and resources. The EESS, if established and run as envisaged, is a critical plank in the war against non-compliant building products. To this end, 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. NECA seeks regulatory assistance and Commonwealth funding in this regard.
- 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. This would be a quick and inexpensive proposition that provides the consumer with a list of safety issues, remedies and costs, thereby enabling budgeting for the cost of repairs in an appropriate manner. NECA recommends that the Federal Government pursue this policy at the appropriate COAG forum.
- 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.

Building and Contents Insurance

- 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 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. This would occur at the point of sale, prior to the signing of a new rental agreement or the renewal of an insurance

policy. NECA recommends that the Federal Government urge insurers to adopt such an approach.

Thank you for your consideration of this request to support the growth and development of our sector. Whilst we are particularly appreciative of the challenges and difficulties with the present fiscal position, we strongly urge you to consider these policy recommendations when formulating the 2017-2018 Budget, particularly given their potential to boost national productivity, provide additional economic stimulus and deliver an uplift to apprenticeships and employment.

I look forward to meeting you to discuss these matters shortly.

Yours faithfully,

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

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

