national electrical and communications association

# AUSTRALIA'S PRODUCTIVITY

## PILLAR 1: CREATING A DYNAMIC AND RESILIENT ECONOMY

JUNE 2025

# INTRODUCTION

Four years and one month after the end of the Second World War, Prime Minister Ben Chifley turned the first sod of the Snowy Hydro Scheme in Adaminaby. This moment marked the beginning of a new era of growth, prosperity and nation building for Australia. Now, more than three years since the COVID-19 pandemic, we again stand at a turning point. With the energy transition underway and the need for structural economic reform, the Electrotechnology sector is well placed to help lead Australia into its next chapter.

NECA welcomes the opportunity to contribute to the Productivity Commission's inquiry and supports reforms that will enhance Australia's productivity and economic resilience. The challenges before us are complex. Inequality is increasing, digital disruption is accelerating, global trade and supply chains are shifting, and the urgency to decarbonise is growing. Economic growth has slowed, GDP per capita has declined over the past seven quarters, and productivity remains under pressure. Yet despite these challenges, unemployment remains low, inflation is easing, and Australia has a real opportunity to take decisive action.

Our path forward depends on investment in infrastructure, innovation and people. A dynamic and resilient economy must be built on the industries that will shape the future. The Electrotechnology sector is one of those industries.

With 56,402 businesses and over 241,000 employees, the Electrotechnology sector includes electrical contractors, electricity network operators, communications experts and digital transformation specialists. It plays a critical role in Australia's transition to a clean energy and technology driven economy. This sector will modernise national infrastructure, strengthen energy security and support the expansion of renewable energy. It will also enable priority outcomes such as electrifying transport, expanding electric vehicle charging networks, building infrastructure that can withstand a changing climate, enable carbon capture and storage, and improve national digital connectivity.

However, these outcomes depend on a workforce with the capacity to deliver. Jobs and Skills Australia forecasts a shortfall of up to 32,000 skilled electrical tradespeople by 2030. Without action, this shortage puts critical national projects at risk. NECA calls for policies that support skills development, reduce regulatory complexity and provide small businesses with the tools they need to thrive.

Unlocking the full potential of the Electrotechnology sector is essential for achieving a more productive, inclusive and forward-looking economy. Pillar 1 reforms that streamline regulation, strengthen innovation, improve access to finance and build workforce capability will lay the foundation for long term growth and resilience.

This is our moment to write the next chapter in Australia's story, one powered by skilled trades, sustainable industries and transformative infrastructure.

# About NECA

The National Electrical and Communications Association (NECA) is the leading industry body for Australia's electrical and communications sectors. With branches in every State and Territory, NECA represents more than 6,500 businesses across diverse industries, including construction, mining, air conditioning, refrigeration, manufacturing, communications, and renewable energy.

These businesses specialise in the design, installation, and maintenance of electrical systems and electronic equipment, driving innovation and excellence across the country. For over 100 years, NECA has advocated for the electrotechnology industry, championing safety, efficiency, and regulatory compliance. The association represents the sector at all levels of government and within key industry forums.

NECA members play a vital role in Australia's economy, powering businesses, homes, and critical infrastructure. Their work enhances energy security, drives investment, and delivers sustainable, affordable solutions. NECA is committed to maintaining high industry standards, safeguarding the reputation and safety of the electrotechnology sector for tradespeople, consumers, and the broader community.

NECA Training empowers the electrical, electricity supply, and communications industries by delivering a broad range of high-quality programs. These include pre-apprenticeship, apprenticeship, post-trade accredited, and industry-specific courses, all recognised for their excellence and holistic approach. We train over 3,500 apprentices nationally, achieving an outstanding 90% plus completion rate – well above the average of public sector training of around 50%.

In response to Australia's projected shortage of 32,000 electricians by 2030, NECA Training promotes diverse career pathways, encouraging school students, school leavers, and Indigenous and mature-aged apprentices to enter the industry. We are also committed to increasing female participation, with nearly 20% of our apprentices currently women, and aim to further grow this percentage in the years ahead.

NECA is shaping Australia's future with a skilled workforce, sustainable businesses, and innovation to power communities and technology.

# Support business investment through corporate tax reform

## Tax Reform for Small Business

The Australian tax system is complex and costly to administer, placing a heavy burden on small electrical businesses. With skill shortages, especially among qualified electricians, the time spent on administrative tasks removes workers from the market, worsening the nationwide skills gap.

NECA advocates for tax reform to reduce red tape, making the system more efficient and supportive of businesses. This reform should promote economic growth, address distributional impacts, and align with federal, state, and territory budgets. NECA also supports establishing a Tax and Federation Reform Commission to recommend ways to improve the division of spending responsibilities between levels of government.

Australia's corporate tax rate is among the highest in the OECD, sitting at 30% in 2024, seven percent higher than the OECD average, creating a tax disparity between medium/large businesses, which are taxed at 30%, and small businesses with a turnover under $50 million, taxed at 25%. This misalignment hinders the growth of larger businesses, which smaller enterprises rely on for supplies and customers. While there were plans to lower the corporate tax rate to 25% for all businesses, these have not yet materialised.

NECA recommends gradually lowering the corporate tax rate. Initially, eligibility for the 25% rate should be expanded to businesses with turnover under $250 million. This would enhance Australia's global competitiveness and attract investment. Over time, the threshold could be progressively raised to align all businesses at 25%.

Additionally, NECA advocates for reducing payroll tax, which varies across states and territories and is inefficient. A long-term goal should be to phase it out entirely, with the Commonwealth working with state and territory governments to ease the compliance burden.

## Business Investment

Business investment is essential for productivity growth, technological advancement, and innovation, especially for sectors like electrotechnology. Productivity increases accompany innovation and business infrastructure.

Tax incentives, such as the instant asset write-off (IAW), have proven effective in driving investment, particularly among small and medium-sized businesses during economic downturns. However, the uncertainty around the IAW's availability, due to delays, undermines its potential. To foster long-term planning and sustainable growth, the IAW should be made permanent.

Raising the value of eligible depreciable assets to $50,000 and increasing the threshold for eligible businesses to $50 million in turnover would allow contractors and subcontractors to invest in more substantial assets, contributing to broader economic growth. Additionally, allowing the IAW on the first $50,000 of eligible assets, with the remainder depreciated over time, would help SMEs make larger investments and drive productivity.

Support for larger-scale investments in heavy machinery and equipment is also crucial. Introducing an investment allowance of 20% for assets over $100,000 would help businesses justify the upfront costs and accelerate productivity improvements.

## Research and Development

Research and development (R&D) investment is vital for maintaining global competitiveness, yet Australia's R&D spending lags the OECD average. To boost innovation, the government should target 2.5% of GDP for R&D investment by 2026, while fostering collaboration between industry, state governments, and academia. This approach will encourage private sector investment and ensure Australia remains competitive in a rapidly evolving global market.

# Reduce the impact of regulation on business dynamism

## Deregulation and Regulatory Reform

The regulatory burden in Australia significantly impacts productivity, growth, and international competitiveness, especially for small and medium businesses, including those in the Electrotechnology Industry. The regulatory system must be simple, outcome-focused, and designed to support business establishment, operation, and growth.

Recent increases in government regulations and transparency requirements have stifled innovation and increased costs, which are ultimately passed on to consumers. To ensure a competitive environment, it's essential that competition laws remain fit for purpose, addressing the relationship between the Commonwealth and state governments. A user-centric approach to regulation, involving close collaboration between regulators, industry bodies, employees, and community representatives, will improve efficiency and effectiveness.

Duplication of regulations, particularly in environmental planning and land use, also hinders businesses, including NECA members, who often face lengthy approval processes for major projects. Streamlining approvals and establishing fixed timelines for low-risk projects will reduce administrative burdens.

Further, regulatory agencies must be held accountable for efficient cost recovery practices, ensuring policies are transparent and effective. Businesses also need targeted support to manage growing reporting requirements, such as superannuation, tax transparency, and environmental, social and corporate disclosures. Providing this assistance will ease the compliance burden while supporting sustainable business growth and innovation.

## Nationwide consistency

Inconsistent regulations across state and territory borders create significant challenges for Australian Electrotechnology businesses. For example, in Queensland the Best Practice Industry Conditions (BPIC) introduced by the previous Government has led to complex and costly industrial relations challenges, causing significant cost increases and project delays on large Government funded infrastructure projects.

Similarly, the NSW Accredited Service Provider (ASP) scheme fosters competition and innovation for customers, however the federal regulation of networks is allowing some of those market players to manipulate the system, undermining fair competition and creating inefficiencies. Furthermore, in other jurisdictions, customers and developers remain constrained by networks that retain responsibility for electricity services that could be easily and more efficiently sourced and provided by a competitive market.

The Commonwealth Government must take the lead in driving nationwide consistency across all levels of government. By coordinating reforms to standardise or nationalize licensing, reporting, and compliance requirements, this approach would improve workforce mobility and reduce barriers to cross-border work.

A unified regulatory framework would enable Electrotechnology businesses to focus on delivering high-quality projects, rather than navigating complex compliance issues. By driving these reforms, the Commonwealth can strengthen the Electrotechnology industry, promoting greater competitiveness and efficiency while ensuring the timely delivery of critical infrastructure and supporting business growth.

## Improved WHS regulation

Many businesses, particularly construction-based businesses, are faced with a regulatory burden associated with haphazard and unrealistic implementation of silica regulation. Different jurisdictions are developing complicated or vague guidance and/or relying on different sources of evidence. Recent proposals require businesses to test for exposure limits that cannot be practically measured.

NECA recommends giving a greater voice to business in considerations about modifying WHS regulations and/or require SafeWork Australia to assess the verified evidence, practicality and economic impact of significant changes to workplace regulations.

NECA also supports initiatives to improve nationally consistent reporting of electrical safety incidents and compliance outcomes to support national licensing outcomes. This has become even more evident in recent years and requires a consistent national approach. Consideration of a national standard for incident reporting is urgently needed.

## Reinstating the ABCC: Ensuring Fairness and Stability

Fairness, transparency, and the enforcement of workplace relations laws are essential for Australia's economic future, especially within the building and construction sector. Over the past 12 months, construction unions, such as the CFMEU have been involved in several high-profile disputes, including widespread industrial action that has delayed key projects and driven up costs. These disruptions highlight the need for strong oversight to ensure fair, lawful practices.

NECA, alongside other industry bodies, strongly supports the reinstatement of the Australian Building and Construction Commission (ABCC). The ABCC was crucial in maintaining fairness and transparency in the sector, which is vital for the efficient delivery of projects and the creation of new jobs. Electrical contractors and their clients rely on a regulated, safe, and productive work environment where the rule of law is upheld.

The ABCC provided critical support to the Electrotechnology industry by:

- Assisting subcontractors with unpaid dues and ensuring compliance with Security of Payments laws.
- Offering education and advice on workplace relations issues.
- Investigating breaches of industrial laws, including wage and entitlement violations, coercion, and industrial action.
- Supporting legal actions to enforce compliance with relevant Acts.

As the construction industry faces ongoing challenges, NECA urges the incoming government to reinstate the ABCC's vital role in ensuring transparency, business confidence, and productivity. Reinstating the ABCC, with strengthened powers for regulation, will provide the stability necessary for the sector to thrive.

## Introducing a National Occupational Licensing Regime

To deliver critical nation-building infrastructure such as EV charging networks, renewable power in designated zones, and data centres, it's essential for electrical tradespeople to work freely across Australia. Inconsistent licensing requirements between the states and territories hinder the ability to deploy skilled workers where they are needed the most.

NECA supports the Governments initiative in promoting a national electrical licence and this should be seen as a positive first step. NECA fully supports a national occupational licensing scheme for the electrotechnology industry, ensuring that safety standards, technical expertise, and insurance requirements are not compromised.

NECA has provided a more comprehensive submission on this matter in a separate consultation process with the commission.

For this to succeed, industry stakeholders must address current barriers and allocate resources for the development of legislation and a comprehensive review to establish a national framework for licensing recognition. This will improve workforce mobility and efficiency across the electrotechnology industry. NECA supports the introduction of a "driver's license style" national electrical licensing system.

## Combating Illegal Phoenix Activity

NECA expresses concern over the prevalence and impact of illegal phoenix activity within the construction industry. These practices undermine market integrity, inflict significant harm on legitimate businesses, deprive workers of entitlements, and destabilise the economy. NECA advocates for the establishment of a dedicated independent investigative and prosecutorial office within the Australian Competition and Consumer Commission (ACCC) to focus on ending any phoenix activity in the construction sector.

The Treasury Laws Amendment (Combating Illegal Phoenixing) Act 2020 aimed to combat illegal phoenix activity by introducing new offences and penalties. However, as of March 2024, no criminal or civil prosecutions have been brought forward by the Australian Securities and Investments Commission. Phoenix operators exploit legislative and procedural loopholes to liquidate companies, evade liabilities, and resume trading under a new guise, leaving a trail of unpaid debts.

The consequences for the Electrotechnology industry include:

- Breaches of Security of Payments Legislation: These operators consistently circumvent payment obligations, resulting in significant financial losses for subcontractors and small businesses.
- Emotional and Financial Strain on Stakeholders: The ripple effects of phoenixing activity extend beyond the immediate financial losses. Subcontractors, employees, and their families bear the brunt of this illegal behaviour, resulting in emotional and financial distress.
- Weakening of the Construction Sector: The absence of prosecutions under current

legislation allows predatory practices to continue unabated, further weakening the sector’s reputation as a viable and secure sector for investment.

- Increased Cost of Construction: Illegal corporate phoenixing activity significantly contributes to increased construction costs across the sector. Legitimate businesses are forced to absorb the loss or incur higher insurance premiums, legal costs, and compliance expenses to protect themselves against such risks. These additional costs are inevitably passed down the supply chain, inflating the overall price of construction projects.

While the Phoenix Taskforce, led by the Australian Taxation Office (ATO), has achieved commendable outcomes, there remains a need for a dedicated resource allocation within the ACCC or a specific construction industry independent authority.

A lack of trust—between contractors, subcontractors, clients, and regulators—raises transaction costs, requires more due diligence, and generally increases the ‘dead weight’ burden on the sector. Productivity suffers when businesses must spend more time and money protecting themselves from poor operators rather than focusing on core productive activity.

NECA proposes the following measures:

- Establish a dedicated investigative and prosecutorial unit for the construction sector, fully funded and resourced to investigate and prosecute all entities or persons engaged in illegal activities within the construction sector.
- Direct ACCC to pursue civil and criminal penalties for breaches of Fair Work obligations.
- Increase ASIC referrals to the Serious Financial Crime Taskforce to escalate high-profile cases.
- Enhance enforcement against facilitators by strengthening data-sharing with the Phoenix Taskforce to identify and prosecute pre-insolvency advisers complicit in this activity.
- Investigate mechanisms used by facilitators to shield phoenix operators from liabilities and recommend legislative or regulatory changes.
- Prioritise compliance audits within the construction sector.
- Monitor contractors on government-funded projects to enforce adherence to Security of Payments and Unfair Contracts legislated obligations.
- Leverage the Director Identification Number system to track and disqualify repeat offenders or related parties.
- Enable pre-emptive actions against directors with a history of phoenix-related offenses.

NECA regards this issue as one of increasing urgency. The Electrotechnology industry, a cornerstone of Australia’s infrastructure and renewable energy future, must operate in a fair and stable market.

## Security of Payments

NECA advocates for security of payment reforms to ensure timely, fair payments, enhance transparency, streamline dispute resolution, and protect financial stability, reducing delays and unfair practices within the construction industry.

NECA fully supports and recommends the implementation of the key findings from Mr John Murray AM's 2018 report which was focused on 3 key pillars:

- Minimising complexities and administrative burdens within the system.
- Providing equal rights and protections across all jurisdictions.
- Promoting prompt payment to ensure cash flow continuity.

Key recommendations particularly relevant to the electrotechnology sector include:

- Adopting a single regime for making claims under the Act, removing the distinction between 'complex' and 'standard' claims.
- Ensuring the legislation does not apply to claimant corporations in liquidation, protecting the financial interests of other parties.
- Abolishing 'reference dates', allowing claimants to submit a payment claim monthly (or more frequently if permitted by the contract).
- Introducing an express requirement that all payment claims explicitly state they are made under the Act.
- Establishing a review mechanism for adjudicator decisions to enhance fairness and transparency.
- Rendering certain unfair contract terms void, such as imposing unreasonable notice requirements.
- Introducing a deemed statutory trust model to secure payments across the contractual chain, offering greater financial security to subcontractors and suppliers.

## Unfair Contract Terms

NECA members face significant challenges due to Unfair Contract terms (UFC), including imbalanced risk allocation, delayed payments, and unilateral changes, which undermine subcontractor stability.

In the construction sector, these issues create financial instability, hinder competition, and increase project risks. Subcontractors, especially SMEs, bear disproportionate risks, leading to cash flow problems, project delays, and potential disputes. Addressing these concerns is essential for ensuring a more balanced and sustainable environment for all businesses in the industry.

NECA advocates for urgent reform of UCTs in the Australian construction sector. While amendments to the Competition and Consumer Act 2010, effective from 10 November

2023, represent some progress, further action is needed to address the disproportionate impact on subcontractors.

Key issues identified include:

- Unreasonable risk allocation and excessive liabilities for subcontractors.
- Unilateral variation clauses and unjust termination provisions.
- Delayed payments and lack of clarity in subcontract agreements.

NECA's recommendations include:

- Ensuring fair and transparent contracts by eliminating unfair risk allocation and unreasonable liabilities.
- Simplifying contracts to promote clarity and fairness for all parties involved.
- Prohibiting unilateral variations and unjust termination clauses that leave subcontractors vulnerable.
- Extending UCT protections to all businesses in the construction sector, not just small enterprises.
- Prohibiting the unconscionable practice by Standards Australia for the licensing of variations to standard form contracts.
- Ensuring all government procurement contracts and procurement documents exclude unfair contract terms and that head contractors on Government projects guarantee that unfair contract terms will not be utilised in sub-contracts and include beneficial terms that reflect the head contract.

## Reviewing Distribution Ring-Fencing Guidelines

NECA formally requests a review of, and amendments to, the Distribution Ring-Fencing Guidelines currently in place. NECA members are frequently voicing concerns that the Related Electricity Service Providers (RESPs) associated with several Distribution Network Service Providers (DNSPs) are exploiting weaknesses in the current guidelines to compete on an unfair basis in the provision of contestable and other electrical services.

The current guidelines permit a RESP to operate with very few permanent staff who can call on and allocate any number of DNSP staff and resources to deliver services and/or contestable infrastructure projects. This creates multiple conflicts of interest and disadvantages for competitor organisations that do not have access to such resources without significant investment in capital and workforce development.

Persistent weaknesses in the Distribution Ring-Fencing Guidelines are not simply a matter of regulatory technicality—they have tangible economic consequences for productivity and the affordability of energy across Australia. By enabling Related Electricity Service Providers (RESPs) to leverage Distribution Network Service Providers' (DNSPs) workforce and infrastructure, the current framework entrenches anti-competitive behaviour. This artificially depresses competition, undermines efficient market signals, and restricts opportunities for innovative, productive independent contractors. Crucially, when DNSPs divert resources into unregulated work, they can inflate the Regulated Asset Base (RAB) with infrastructure and costs that are ultimately factored into regulated revenue, driving up network charges. The result is a dampening effect on sector-wide productivity and a material increase in energy prices for all consumers.

Moreover, DNSPs should be focusing all their efforts and assets on their core mandate: the timely delivery of essential energy infrastructure to support housing development, economic growth, and the net zero transition. Allowing DNSPs to participate in contestable markets not only distorts competition and inflates the RAB but also distracts from the urgent task of modernising and expanding Australia's electricity networks. Immediate reform of the Ring-Fencing Guidelines is therefore essential, not only for industry fairness and lower energy costs, but to ensure DNSPs deliver the enabling infrastructure required for Australia's economic future and clean energy transition.

NECA proposes that, in the interests of consumers and the promotion of competition in electricity services, the ability of DNSPs to pursue work in unregulated services using their own staff be prohibited or heavily limited. Further the Australian Energy Regulator should be enforcing strictly the current regulations and without urgent need cease providing waivers.

## Reintroduce the Small Business technology Investment Boost (SBTIB)

Many small businesses lack the digital capabilities to thrive in a digital economy. Programs like SBTIB and STB are essential to prevent further inequities and support entrepreneurial growth. Unfortunately, these programs were not fully realised. The SBTIB program was short-lived, and the legislation to activate it was not passed before its scheduled closure on 30 June 2023.

The Small Business Skills Training Program was available for only nine months before it closed on 30 June 2024. To truly boost small business investment in technology and skills, the government should reintroduce and make these programs permanent.

As payday superannuation approaches on 1 July 2026, Australian small businesses will need support to transition and comply with new obligations. This is especially important with the closure of the Australian Taxation Office's Small Business Superannuation Clearing House (SBSCH) from 1 July 2026. The impact of the closure of SBSCH will have several impacts on small business including:

- Finding alternative solutions.
- Dealing with increased administrative burden.
- Address potential costs.
- Compliance with Payday Super.

Grants or similar programs must be introduced to help small businesses transition to available and equivalent services, as the SBSCH is unlikely to be replaced by a free service.

## Portable Long Service Leave for Construction Workers

Portable long service leave (LSL) schemes for construction workers provides diverse arrangements across all states and territories in particular NSW, Queensland, and Tasmania. However, Commonwealth sites – such as military bases and government projects—are excluded from the funding and therefore application of these schemes. This creates inconsistencies that disadvantage workers who may lose out on service credits when working on federal projects or place additional voluntary burdens on businesses who act ethically and provide for their employees.

In NSW, workers accumulate service entitlements across employers within the construction industry supported via planning and development fees. However, if they work on Commonwealth sites, those service credits are not recognised, delaying or denying LSL entitlements.

These inconsistencies create confusion, disadvantage, financial hardship, and administrative challenges for both workers and employers. Payroll systems often fail to track service across multiple employers and sites, leading to errors and delays in entitlements.

NECA calls on the Commonwealth to:

- Extend LSL coverage to include Commonwealth sites.
- Create a Commonwealth LSL Scheme that works with state schemes.
- Improve data tracking for service on Commonwealth sites.
- Implement retrospective credit allocation for workers on Commonwealth projects.

## Access to Australian Standards

For all the good work undertaken to develop, integrate and maintain standards, often with the voluntary contributions of individuals and organisations, access to those documents is deterred and restricted by the business model of Standards Australia.

To give a specific example, the general standard to which electrical work must comply in every Australian jurisdiction is AS/NZS 3000:2018 Electrical Installation (known as the Australian/New Zealand wiring rules) which also then refers to associated or complementary technical standards for specific equipment or specialised installations (eg **Electrical Installations: Patient areas** - AS/NZS 3009:1998: Electric installations—Emergency power supplies in hospitals, AS/NZS 3003:2011 Electrical installations - Patient areas.)

This unfortunate business model means that the documents that define the standard to which licensed electricians and contractors are bound by law is only accessible via a paywall, which then also restricts the ability of individuals and organisations to print out and deploy in the most appropriate form. Each standard is treated in this way, and although access to the short list of curated standards is possible, each additional standard is subject to further charges.

Furthermore, whilst Registered Training Organisations (RTO's) can access and educate their students (apprentices and post-trade) with the standards at the RTO, those students don't necessarily have ready access to those standards on-site to either reinforce learnings or ensure compliance.

By comparison, recognising that consumer and industry outcomes are better served by ensuring easy access to relevant technical standards, registered electrical workers in New Zealand can access numerous standards free of charge.[1]

In short, NECA recommends that any Australian Standards that are required by regulation, building codes, or otherwise represent an enforceable outcome should be freely accessible to those trades/vocations required to apply them.

In the case of licensed or registered electrical workers, this should include AS/NZS 3000 and associated electrical installation and equipment standards.

[1] https://www.ewrb.govt.nz/resources-2/toolbox/which-standards-apply/

national electrical and communications association

To arrange a meeting or discuss this submission further, please contact:

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