

Submission to the Senate Select Committee on Productivity in Australia

**National Electrical & Communications
Association Submission**

February 2026

Executive Summary

The National Electrical and Communications Association welcomes the opportunity to contribute to the Senate Select Committee on Productivity in Australia. As the peak body for Australia's 82 billion dollar electrotechnology industry, we represent more than 6,500 businesses employing over 240,000 Australians across construction, energy networks, communications, manufacturing and renewable energy.

Productivity growth is fundamental to rising real wages, fiscal sustainability, infrastructure delivery and national competitiveness. Australia's productivity performance has weakened materially over the past decade. Without structural reform, living standards will stagnate and the capacity to deliver energy transition, housing supply and digital transformation objectives will diminish.

Every major productivity enhancing investment in the Australian economy depends on electrical and communications capability.

This submission identifies structural reforms that will lift productivity across construction, infrastructure and energy markets. It integrates macroeconomic settings with sector specific levers, including training reform, security of payment, unfair contract practices, ring fencing enforcement, national licensing, and capital investment incentives.

Productivity reform must be coordinated, disciplined and nationally consistent. The electrotechnology industry is ready to partner with government to deliver it.

1. Workforce Productivity and Industry Led Training

Australia's infrastructure and energy objectives cannot be delivered without a reliable pipeline of qualified electricians.

Despite rising demand, the supply of new qualified electricians has stagnated for five years. Training centres in multiple jurisdictions are operating at or beyond capacity which means that some potential apprentices are waiting extended periods to commence formal training. The occupation of electrical trades teacher is formally recognised as being in national shortage and this also directly constrains workforce expansion.

Completion rates are a critical productivity metric. The national average completion rate for electrical apprentices is just above 50 per cent. In contrast, industry led Registered Training Organisations and Group Training Organisations, including NECA, consistently achieve completion rates above 90 per cent. For every public dollar invested, industry led models produce significantly more fully qualified electricians. This proven solution represents an potential short-term productivity gain.

Group Training Organisations reduce risk for small and medium businesses by employing apprentices directly, managing human resources obligations and providing mentoring and pastoral care. This model supports both employers and apprentices and materially improves completion outcomes.

Funding settings should prioritise **completions** and quality outcomes rather than commencements alone. Removing outdated enrolment caps on high performing industry

led RTOs would immediately expand national training capacity which, coupled to the higher completion rates, would result in an increase in qualified electricians.

Targets need to be set based upon completions, rather than enrolments, which take into account the anticipated completion rates based on the training institution type. As mature aged apprentices also demonstrate higher than average completion rates this cohort needs to be specifically targeted and supported.

Australia faces a projected shortage of up to 32,000 electricians by 2030. Without intervention, this shortfall will delay energy projects, increase housing costs, and weaken (or even threaten) digital infrastructure rollout.

Recommendations

1. Expand funding for industry led Registered Training Organisations and Group Training Organisations, including infrastructure investment.
2. Remove enrolment caps on high performing industry led RTOs.
3. Prioritise funding models that reward apprenticeship completions and quality outcomes.
4. Introduce a Mature Apprentice Subsidy Scheme to support career transition into electrical trades.
5. Invest in occupation specific mentoring and retention programmes.
6. Review and streamline pathways for experienced industry professionals to transition into training roles.
7. Expand participation pathways for women, Indigenous Australians and regional apprentices.

2. Security of Payment and Market Stability

Cash flow uncertainty and delayed payments remain a structural drag on productivity in construction and infrastructure markets.

Delayed payments constrain reinvestment, increase insolvency risk, inflate financing costs and reduce competition. These costs are ultimately passed to government and consumers through higher contract pricing and risk premiums.

This is not a new issue. The Murray Review provides a clear and nationally recognised roadmap for harmonised, best practice security of payment reform. Full implementation across jurisdictions would materially improve certainty and supply chain stability.

Statutory trust arrangements, strict prompt payment timeframes, and independent enforcement mechanisms are essential. Government agencies should be subject to the same standards as private sector principals.

Payment certainty improves business confidence, reduces failure rates, and strengthens workforce retention. Productivity improves when viable firms can reinvest rather than manage cash flow crises.

Recommendations

1. Require full adoption of the Murray Review recommendations across all jurisdictions and federally funded projects.
2. Establish statutory trust accounts and mandatory prompt payment timeframes as national standard practice.
3. Ensure independent and transparent enforcement of security of payment protections.
4. Apply consistent security of payment obligations to all government agencies.

3. Unfair Contract Terms and Risk Allocation

Unfair contract terms distort productivity by transferring disproportionate risk to small and specialist subcontractors.

Common clauses include unilateral variation rights, excessive indemnities, restrictive time bars, and removal of rise and fall protections. These practices suppress competition, favour large companies, increase insurance costs, and discourage innovation.

While recent Unfair Contract Terms reforms represent progress, systemic risk transfer practices remain embedded in construction markets. Many subcontractors lack the capacity or capability to challenge unfair provisions.

Fair risk allocation strengthens competition and reduces project contingency pricing. When risk is managed proportionately, delivery becomes more efficient and cost inflation moderates.

Recommendations

1. Restore rise and fall protections on major projects to address inflation and delays outside subcontractor control.
2. Mandate flow through of principal contract protections to subcontractors.
3. Broaden the Unfair Contract Terms regime to include medium sized enterprises.
4. Expand adjudication powers to consider contract fairness and ensure prompt return of bank guarantees.
5. Prohibit confidentiality provisions that prevent disclosure of unfair contractual practices.

4. Ring Fencing Enforcement and Competitive Neutrality

Electricity network businesses operate as regulated monopolies. Competitive neutrality must be strictly enforced to prevent distortion of emerging markets.

There is evidence of regulatory asymmetry where regulated assets and staff are used to compete in contestable markets, including distributed energy resources and electric vehicle infrastructure. This undermines small and medium contractors and inflates costs borne by consumers.

Productivity and innovation in energy markets require transparent separation between

regulated and contestable activities. Effective enforcement by the Australian Energy Regulator is critical even if it requires providing them with additional compliance and regulatory powers. Competitive neutrality reduces costs, accelerates innovation, and broadens investment participation.

Recommendations

1. Strengthen ring fencing compliance frameworks and close regulatory loopholes.
2. Mandate transparent public reporting of breaches and enforcement actions.
3. Enforce structural separation of staff, systems and data between regulated and contestable business units.
4. Facilitate accessible dispute resolution for contractors.
5. Promote open competitive tendering in all contestable energy markets.

5. National Electrical Licensing Reform

Australia's state-based licensing framework restricts labour mobility and increases administrative cost.

Automatic Mutual Recognition has not delivered genuine national mobility. Contractors continue to navigate multiple registration systems and compliance regimes with is negatively impacting on labour mobility and increasing costs for contractors that are then passed on to the consumer. Stakeholder support for the current approach remains limited.

A true national licensing regime would establish harmonised categories, a centralised register and uniform standards for skills, safety and professional conduct.

Labour mobility improves project sequencing, reduces bottlenecks and increases national productivity.

Recommendations

1. Implement a single national electrical licence with harmonised eligibility standards and a central register.
2. Eliminate duplication and inconsistent licence conditions.
3. Align compliance, continuing professional development and safety obligations under the national framework.

6. Free and Practical Access to Legally Mandated Standards

Australian Standards embedded in legislation, including AS 3000, are legally enforceable instruments and yet access remains restricted behind commercial paywalls.

Electricians, apprentices and businesses are legally required to comply but are denied practical access, including accessing printable versions for worksite use.

This creates an avoidable compliance contradiction and undermines safety and

productivity as it is very difficult to comply with a standard that they have no visibility of.

Freely accessible, printable and usable standards would reduce compliance risk and improve regulatory clarity.

Recommendations

1. Provide free access to AS 3000 and associated legally mandated standards in digital and printable formats.
2. Ensure all standards referenced by AS 3000 are also freely available.
3. Permit printing and annotation consistent with established industry practice.
4. Support training organisations to distribute compliant copies to apprentices.

7. Tax Reform and Capital Investment

Capital deepening is central to productivity growth. The electrotechnology sector requires significant investment in specialised tools, testing equipment, vehicles and digital systems.

The current instant asset write off threshold of 20,000 dollars is inadequate relative to sector investment requirements. Increasing the threshold to 50,000 dollars and legislating permanency would materially support SME investment certainty.

Permanent policy settings improve planning and investment confidence. Adjusting the threshold for inflation would preserve its effectiveness.

Corporate tax competitiveness also influences capital allocation decisions. A reduction of the corporate tax rate to 25 per cent would align Australia more closely with OECD peers and support reinvestment.

Recommendations

1. Legislate a permanent instant asset write off with a \$50,000 threshold indexed to inflation.
2. Provide clear administrative guidance to ensure SME accessibility with minimal compliance burden.
3. Progress corporate tax reform to improve international competitiveness and investment attraction.

8. Industrial Relations Certainty and Small Business Proportionality

Industrial relations complexity disproportionately impacts small and medium enterprises.

A dedicated small business division within the Fair Work Commission would provide proportionate and timely dispute resolution. Empowering the Fair Work Ombudsman to issue binding advice would reduce retrospective compliance risk.

Industrial action that creates collateral damage for third party contractors undermines project delivery and investment certainty. Mechanisms for expedited relief should be considered.

Portable long service leave arrangements should be harmonised nationally to reduce duplication and improve workforce mobility.

Industrial relations settings must balance fairness with operational clarity.

Recommendations

1. Establish a small business division within the Fair Work Commission.
2. Enable binding advisory powers for the Fair Work Ombudsman.
3. Provide expedited relief mechanisms for third party businesses affected by industrial action.
4. Harmonise portable long service leave arrangements nationally.

Conclusion

Australia's productivity challenge is structural. Incremental adjustment will not deliver sustained improvement.

Regulatory simplification, secure payment frameworks, fair contracting, competitive neutrality in energy markets, national licensing, accessible standards, capital investment certainty, and workforce expansion must operate together.

The electrotechnology industry is a national productivity multiplier. Without a skilled, mobile and commercially viable electrical workforce, Australia's infrastructure, energy transition and digital transformation objectives cannot be achieved.

NECA stands ready to partner with government to implement these reforms and restore sustained productivity growth across the Australian economy.

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