



national  
electrical and  
communications  
association

MEMBER UPDATE

# BUDGET NIGHT 2026

## WHAT YOU NEED TO KNOW





## CHIEF EXECUTIVE OFFICER'S MESSAGE

### THE BIG PICTURE

The 2026-27 Federal Budget was handed down on 12 May 2026 against the toughest economic backdrop in years. The Iran war has sent fuel prices through the roof, inflation is running at around 5 per cent and the Reserve Bank has raised rates three times this year. The word 'uncertainty' appears 54 times in the budget papers. That tells you everything about the mood in Canberra right now.

For NECA members, the news is broadly positive on work pipeline and tax relief, more complicated on energy policy, and requires action on business structure and workforce costs. The government has committed to a major infrastructure build across housing and infrastructure that will drive electrical contracting work for years. At the same time it has walked away from new clean energy investment, which is a significant shift for members who have been building that part of their business.

I want to call out one outcome in this budget that NECA has pursued directly and consistently: the commitment to make mandatory Australian Standards, including the Wiring Rules, freely available to every tradie and business in this country. This is an industry win. NECA has advocated for this reform and we are pleased to see it confirmed in the budget. We will be working closely with the government and Standards Australia over the coming months to ensure the delivery mechanism is fit for purpose and that our members have practical, simple access to the standards they are legally required to comply with. We will keep you updated as the policy is bedded down.

NECA has also advocated for the instant asset right off to be made permanent. That has been achieved for small businesses and is a great win for our sector.

#### Stewart Joyce

CEO/National Secretary, NECA

#### More Information

*The Federal Budget 2026-27 Budget Papers can be accessed via [www.budget.gov.au](http://www.budget.gov.au)*

*If you have any questions relating to how the budget impacts you and your business, please contact us at [policy@neca.asn.au](mailto:policy@neca.asn.au).*

*NECA welcomes suggestions and feedback as it continues to advocate on issues that affect and shape the electrotechnology sector in Australia.*



## THE ECONOMY RIGHT NOW

- Inflation is forecast to peak at around 5 per cent mid-year driven by the global oil shock. Your input costs, materials and subcontractor rates are not coming down quickly.
- Interest rates are at 4.35 per cent after three RBA hikes this year. If you have a business loan, equipment finance or a variable rate mortgage, factor in that rates are staying higher for longer.
- Economic growth is slowing to 1.75 per cent next year. Conditions are tight but Australia is not heading into recession.
- In a worst case oil scenario Treasury projects inflation above 7 per cent and unemployment rising to pre-pandemic levels. The government's fuel security package is designed to reduce exposure to this risk.
- The budget is \$44.9 billion stronger than the December forecast, driven by \$63.8 billion in savings. The government's financial position is improving but debt is still heading toward \$1 trillion.

## PRACTICAL WINS FOR TRADIES

A few smaller but genuinely useful measures that directly affect day-to-day operations.

- **Construction standards are now free.**  
This is a significant win for our industry and one NECA has actively pursued. All mandatory Australian Standards, including the Wiring Rules (AS/NZS 3000), will be made freely available to every tradie and business in Australia. You currently pay up to \$1,600 per year to access the standards you are legally required to comply with. That ends with this budget commitment.  
The mechanism is a sponsored access model, meaning the government will fund Standards Australia to open up their catalogue rather than forcing you to pay for it. Standards Australia has welcomed the

announcement and confirmed it will benefit small businesses, apprentices and tradies directly.

NECA will be working closely with the government and Standards Australia over the coming months to ensure the delivery portal is practical and fit for purpose for electrical contractors. We will communicate directly to members when free access goes live and exactly how to use it. Watch this space.

- **Red tape reduction.**

The productivity package is projected to reduce regulatory costs across the economy by \$10.2 billion per year. For construction businesses this includes faster and simpler planning approvals linked to the housing infrastructure fund and a genuinely national construction code being pursued with state governments.

- **Faster small business credit.**

Faster access to small business credit is part of the fuel measures package, designed to help businesses bridge cashflow during supply disruptions. If your business was caught short during the current fuel shock, this is worth understanding before the next on

## YOUR WORK PIPELINE

This budget confirms a significant pipeline of infrastructure work across housing, rail, defence and digital infrastructure. For electrical and communications contractors this is the most important story in the budget.

### HOUSING AND SUBDIVISION

- **\$2 billion Local Infrastructure Fund.**  
Specifically funds the power, water, roads and sewerage needed to open new housing subdivisions. This is direct electrical work. The fund is expected to unlock up to 65,000 new homes over ten years.
- **Faster approvals.**  
\$500 million to speed up planning approvals for housing, energy and critical minerals projects. Less time waiting for green lights on projects you have already priced.
- **Environmental approvals.**  
\$45 million to combine federal and state environmental assessments into a single process. Large housing and energy projects currently stuck in dual approval queues will move faster.
- **AI-assisted approvals.**  
\$105.9 million over four years to develop an AI tool to guide housing and energy projects through Commonwealth environmental assessment. Less red tape on project approvals.
- **Foreign investor ban extended.**  
The ban on foreign investors buying existing homes is extended to mid-2029. More of the market for first home buyers means more new builds, which means more work.

### MAJOR INFRASTRUCTURE

- **Suburban Rail Loop East, Victoria.**  
\$3.8 billion in additional federal funding, bringing the total to \$6 billion. If you are a

Victorian member this is a multi-year pipeline of tunnel, station and systems electrical work.

- **National freight rail network.**  
\$1.75 billion for productivity and resilience upgrades across the national freight rail network.
- **Road projects.**  
\$812.5 million for Stage 2 of the Bruce Highway in Queensland and \$552 million for the Anketell Road in Western Australia. Both drive construction electrical work in their regions.
- **Defence.**  
\$53 billion in additional defence spending over the next decade. Bases, facilities and secure communications infrastructure. A long-term commercial opportunity for members with security clearances.

### DATA CENTRES AND DIGITAL INFRASTRUCTURE

- **AI commercialisation grants.**  
The government is funding grants to commercialise AI and investing in CSIRO, the Square Kilometre Array and the Medical Research Future Fund. This signals significant growth in data centre and digital infrastructure demand. Members doing data centre fit-out and communications work should be watching where these grants land.
- **National Electricity Market reforms.**  
Landmark structural reforms to the NEM are confirmed, designed to attract renewable energy investment and competition with an estimated \$7 billion in systems savings projected by 2050. This is the policy framework that underpins grid-connected solar, battery and EV charging installation work. The market reform is proceeding even though direct renewable subsidies have been cut.
- **Superannuation funds directed to invest.**  
The superannuation performance test has been strengthened to encourage super

funds to invest in productive capital including energy infrastructure and housing. Institutional money flowing into energy and housing infrastructure drives large project electrical work.

## FUEL, FLEET AND YOUR VEHICLES

If you are running a fleet of diesel utes and trucks this budget has direct relief for you right now and a longer-term plan to shore up fuel supply.

- **Fuel excise halved.**  
The 26.3 cents per litre excise cut is in place until 30 June. The government is considering extending it. Fill up before the end of June if you can and watch for the extension announcement.
- **Heavy vehicle road user charge to zero.**  
The heavy vehicle road user charge has been reduced to zero for three months. If you are running trucks, cable drum vehicles or elevated work platforms this is a direct cost saving on top of the excise cut.
- **Price gouging crackdown.**  
Maximum penalties for major breaches of competition and consumer law have been doubled to \$100 million. Civil penalties have been introduced for breaches of the Oil Code of Conduct. If you are being overcharged on bulk fuel or at the bowser there is now more regulatory muscle behind a complaint.
- **Fuel security long term.**  
A \$14.8 billion package will build Australia's fuel reserves to 50 days minimum stockholding, establish a one billion litre emergency diesel and aviation reserve and fund new refinery feasibility studies. This is about reducing the risk of future fuel supply shocks like the current one.
- **Gas prices coming down.**  
From July 2027 LNG exporters must set

aside 20 per cent of their gas for Australian consumers rather than exporting it all. This is expected to put downward pressure on domestic gas prices and energy costs over time.

- **Fuel terms in subcontracts.**  
The Fair Work Commission has been empowered to order more timely adjustments to fuel cost clauses in road transport contracts. If your subcontracts have fuel cost provisions that are lagging behind real prices, this creates a mechanism to fix it.
- **ATO relief.**  
If your business cannot meet its tax obligations because of fuel supply disruption, the ATO has confirmed temporary relief arrangements are available. Call them before you miss a payment.
- **Cleaner Fuels Program.**  
\$1.1 billion to produce more domestic low-carbon liquid fuels and reform the market. Relevant for members planning long-term fleet strategy as fuel types evolve.

## ELECTRIC VEHICLES

- **FBT wind-back confirmed.**  
The full FBT exemption on EVs is transitioning to a permanent 25 per cent discount. EVs over \$75,000 from April 2027, all eligible EVs from April 2029. If you are considering a novated lease on an EV the current full exemption is still available until then. Get advice on timing.
- **EV charging infrastructure.**  
The budget includes targeted EV support and charging station investment as part of the heavy vehicle and transport package. EV charging installation is a growing work stream for electrical contractors. Members should be positioning for this now.
- **Road user charge.**  
A road user charge for EVs is still being modelled by the department. It was not announced in this budget but it is coming. Worth factoring into any EV fleet decision.

## MONEY IN YOUR POCKET AND YOUR BUSINESS

### TAX RELIEF FOR YOU AND YOUR WORKERS

- **\$1,000 instant tax deduction.**  
From your 2026-27 tax return you can claim a \$1,000 deduction for work-related expenses without keeping receipts. On a typical tradie income that is around \$200 back at tax time. No paperwork. Your employees get this too, which matters when you are trying to attract and retain people.
- **\$250 Working Australians Tax Offset.**  
From 2027-28 every working Australian including sole traders gets a permanent \$250 tax offset paid automatically through their tax return. Combined with existing tax cuts already legislated, the average worker will be around \$2,816 per year better off from 2027-28 compared to 2023-24.
- **Minimum wage going up.**  
The government has formally backed a real wages increase at the Fair Work Commission for minimum wage and award-reliant workers. If you are paying electricians and apprentices on award rates, your labour costs are going up. Factor this into your upcoming quotes and tenders.

### SMALL BUSINESS TAX

- **\$20,000 instant asset write-off is now permanent.**  
Buy a new tool, vehicle, piece of test equipment or plant and write off the full cost immediately rather than depreciating it over years. This was always at risk of expiring. It is now locked in. Plan your equipment purchases accordingly.
- **Loss carry-back permanent.**  
If your business has a tough year you can now offset those losses against profits from

the previous two years and get a tax refund. Permanent for businesses with turnover up to \$1 billion. Good insurance in a volatile operating environment.

- **Dynamic monthly tax instalments.**  
From 1 July 2027 you can opt in to use accounting software to align your BAS and tax instalments with actual monthly business activity rather than estimates. Better cashflow management for contractors with irregular revenue.
- **497 tariffs abolished.**  
Nuisance import tariffs on business inputs are being removed from 1 July 2026, saving businesses \$157 million per year in compliance costs. Check with your supplier whether any of the materials you import are affected.
- **Compliance costs down.**  
The overall tax reform package is expected to reduce compliance costs across the economy by \$540 million per year. Less time on admin means more time on the tools.

## WORKFORCE AND APPRENTICES

Finding and keeping good people is one of the hardest things about running an electrical contracting business right now. The budget has a few measures that directly affect your workforce situation.

- **\$10,000 apprentice incentive for housing sector.**  
The government has confirmed a \$10,000 incentive for apprentices training in the residential housing sector, alongside Free TAFE. If you are taking on apprentices doing residential work, check your eligibility for this payment. It is a direct financial benefit for training the next generation.
- **Skilled migrant trades assessments fast-tracked.**

\$85.2 million to accelerate skills recognition for qualified tradespeople coming from overseas, with a new pathway for migrants already onshore to have their qualifications and experience recognised. This could cut the time it takes a qualified overseas-trained electrician to enter your workforce by up to six months. Good news if you are struggling to fill roles.

- **Wage costs going up.**

As noted above, the Fair Work Commission is being asked to deliver a real wages increase. Plan for higher award rates in your next financial year budgeting.

## YOUR PERSONAL FINANCES AND BUSINESS STRUCTURE

This is the section where you need to talk to your accountant. The government has made significant changes to property investment and trust taxation that will affect many NECA members personally.

### INVESTMENT PROPERTIES

- **If you already own it, nothing changes.**

Any investment property you own as of 7:30pm tonight is fully protected under the existing negative gearing rules for as long as you hold it. No action required.

- **Buying after tonight.**

From July 2027 negative gearing is restricted to new residential builds only. If you buy an existing property after tonight you can still deduct rental losses but only against rental income, not your wages or business income. New builds remain fully negatively gearable.

- **Capital gains from July 2027.**

The 50 per cent CGT discount is replaced with inflation-adjusted indexation plus a 30 per cent minimum tax rate on capital gains. This applies to all assets including shares. If you are planning to sell an investment property or shares in the next couple of

years, talk to your accountant now about timing. New builds can choose between the old and new arrangements.

- **What is not changing.**

Your family home is fully exempt. Your superannuation is fully exempt. The four small business CGT concessions are unchanged.

### FAMILY TRUSTS

- **30 per cent minimum tax rate from 2028-29.**

If you run income through a discretionary family trust and distribute to family members on lower tax rates, a 30 per cent minimum tax rate will apply from 2028-29. This significantly reduces the tax benefit of income splitting.

- **You have time but not much.**

Three years of rollover relief are available from July 2027 to restructure your affairs before the change hits. If your business uses a trust structure, get advice now. Do not wait until 2028.

- **What is not affected.**

Testamentary trusts used for estate planning, primary production income, SMSFs and superannuation funds are all excluded from the new minimum tax.

## THE CLEAN ENERGY RESET

This is the most significant policy shift in the budget for members who have been growing their business in the clean energy space.

- **No new renewable energy investment.**

The government has not committed any new funding to renewable energy projects in this budget. This breaks an upward trend in clean energy investment since Labor came to power in 2022.

- **Green hydrogen gutted.**

\$1 billion has been cut from the green

hydrogen subsidy scheme after a string of project collapses. If you have been expecting new hydrogen project work, that pipeline has thinned significantly.

- **ARENA cut.**

\$255 million has been cut from the Australian Renewable Energy Agency. ARENA has been one of the primary funders of innovative clean energy projects that create electrical contracting work.

- **Solar, battery and hydrogen manufacturing cut.**

Uncommitted funding has been removed from domestic solar panel, battery and hydrogen manufacturing programs.

- **The NEM reform is still going.**

The structural reform of the National Electricity Market is proceeding, with landmark changes designed to attract private investment in renewables and competition. The \$7 billion projected systems saving by 2050 is still on the table. The government is pulling back from directly subsidising projects but the market framework for clean energy investment remains intact.

- **NECA's read.**

The government is stepping back from picking winners in clean energy manufacturing and betting instead on market reform and fuel security to do the heavy lifting. For members this means the clean energy installation pipeline will depend more on private investment decisions than government programs. Watch where the super funds and private capital go following the NEM reforms and the super performance test changes.

