



national
electrical and
communications
association



Annual Review

2015

President & CEO Report

Another busy year for NECA...

Just when we thought the Infinity Cables issue was under control – albeit with a long road ahead to remediate all the exposed cable, we were hit with Ecables. Initially the prognosis was positive. The importer was still in business and it appeared they were covered by their insurance.

This was also a different type of cable and in theory easier to remove, and replace. But as time went on things did not evolve quite as we hoped they would. In fact today it is unclear as to what the status is regarding Ecables. But we will keep you updated as we uncover more information.

The Morley Galleria fire in WA was another stark reminder of why safety must always be front-of-mind in our industry. NECA WA members and staff raised a huge sum of money to help the families affected and we hope everyone has learned from this sad experience.

On a more positive front our GTO and RTO in Victoria rebadged itself from 370 degrees group to NECA Education & Careers and going from strength to strength under the leadership of Philip Green – the former Executive Director of Victoria.

Early in the year NECA NSW was approached by “Outback Links” and we sent half a dozen apprentices into the bush to help farmers with their electrical needs. This is a great initiative and one we are proud to be associated with. The program is continuing into 2016 and we will continue to keep you up-to-date on progress.

In March we officially launched our first NECA Policy Position. The document outlines our 8 key principal policy themes and 30 policy recommendations. As we write this report we are working on the 2016 update and information related to our policies is easily found on our website.

Mid-year saw a big focus on apprentices. We ran work shops across the country to see how hosts thought the process could be improved and we wrapped up the MAPS program in the second half of the year. There’s been a lot of change in this whole area and with the changes to the VET landscape, particularly the introduction of the new training arrangements with the creation of the Skills Services Organisations (SSOs) and the Industry Reference Committees (IRCs).

Mid-winter we also saw some material change in the ACT with respect to the asbestos issue – generally referred to as “Mr Fluffy”. We worked with our industry colleagues to lobby the ACT government to release the addresses of the asbestos-affected homes in order that anyone working on a property could have the reassurance of knowing whether it was, or wasn’t, affected. This was a good outcome for both consumers and the industry – including the introduction of a course outlining how to handle asbestos safely.

The second half of the financial year saw the debate around the China Free Trade Agreement (ChAFTA) hot up. There was concern as to whether this would dilute the necessary barriers to entry in our industry and the debate was very strong. We believe that the status quo will be maintained however, we will monitor the evolution very closely.

The next challenge for us as the year unfolded was the reintroduction of the ABCC debate. We have always supported the reinstatement of this body and will continue to fight this battle. At roughly the same time – and on the back of a Senate Inquiry into non-conforming building products, we were able to take our Does it Comply? campaign to the next level. NECA was invited to present at the Inquiry and we believe our message was heard.

The remediation of affected Infinity Cables has progressed. 50% of the cable has been identified. However, it is now looking as though a large proportion of the remaining cable was probably sold to DIY renovators and/or builders, and that is going to be much harder to track down. As a result the final stage in this process will most likely be aimed at consumers with the message being: “If you think your home may have had electrical work done over the past three or four years, have it checked by a licensed electrician. You may have faulty cable”.

The final part of 2015 was dominated by preparations for our first fully-national conference taking place in South Africa in April. See page 22 & 23 for more information.

And we wrapped up the year, as is our tradition, with our Excellence Awards. This year’s national event took place in Brisbane and was a huge success. We saw some of our most innovative entries and as always it was great to see the next generation of electrical contractors in our Apprentice winners.

Finally we thank our councillors and staff for their ongoing work and dedication, and most importantly we thank you for your support.



Dave McInnes
NECA President



Suresh Manickam
NECA Chief Executive Officer

State Report

New South Wales & Australian Capital Territory

The year 2015 will be the year known for breaking records for the NSW & ACT Chapters. In NSW, membership surpassed its historical level of 1496 members and is now beyond 1600 members and growing. The ACT Chapter continues to make gains of membership leading the territory into uncharted areas.

In addition to membership, the NSW Chapter can boast that it had its largest Excellence Awards event in history, exceeding a total of 700 guests. Our sponsorship program is receiving record support.

The NECA News publication is now self-supporting and according to the recent Market Monitor survey, the most widely read publication in the Electrical Contracting Industry, surpassing Electrical Connections. These latter two achievements would not have been possible without the valuable contributions of NSW Platinum Sponsorship Committee.

NECA Trade Services commenced operations in August 2015 and has achieved each of its monthly targets. The level of support from the Membership has meant that the business has been able to increase its volume very quickly, which in turn has resulted in lower costs. In addition, the business now has major accounts with Qantas, Prysmian, Crown Forklifts and other similar businesses.

If the business continues to grow at this rate it will be on track to deliver profits at the commencement of the financial year.

NECA Group Training continues to be the leading business unit within the NSW & ACT group of businesses. This is despite the resignation of Barry Dawson. Tom Emeleus had very big shoes to fill from the outset, but he has eased into the position well falling straight into place ensuring the high levels of service that NECA Group Training is known for.



Oliver Judd
Executive Director

In addition to the Group Training Business, Tom was also appointed to the role of General Manager of NECA Training. With his former experience as General Manager of Ausgrid's Registered Training Organisation we can expect to see good growth in the areas of training offered by the business in NSW & ACT.

New Developments

Over the year a number of new products and services have become available:

1. The Morning Media Roundup, a subscription service designed to give members a daily snapshot of what is happening in the media for the electrical contracting industry.
2. The Spot Copper Price Index, a subscription service for members to easily keep track of the price of copper
3. The Labour Exchange, an online labour market where members that need labour can meet other members that have excess labour requirements.
4. The Tour of Duty, NECAs annual roadshow, a networking event and an opportunity to meet, NECAs staff and remain up to date on the latest information to affect the industry.
5. NECA Trade Services, a business to provide members with the best clothing and PPE options at prices that reflect the Associations economies of scale.
6. NECA renegotiated its agreement with Caltex to deliver superior rewards and benefits for membership.
7. A number of new features have been added to our NECA Safety System making it accessible on site, anytime and anywhere.



State Report

New South Wales & Australian Capital Territory (continued)

Growing our Membership

It is our ability to meet member's needs in their various forms that has resulted in this great period of growth. Each member has a different interaction with the Association and will call on different products and services. The various touch points include interaction through the website, telephone support, others prefer to receive their information via electronic digital mail (E-news & E-Alert), some like the face to face interaction through our meetings and regional events.

We are about to embark on a new three year strategic plan aimed at solidifying the NECA Brand, innovating a number of products and services, enhancing a number of features to allow greater access to information through the website and an aggressive sales plan to ensure continued membership growth.

The NSW & ACT Offer

The NSW & ACT Offer can be summed up into the following five divisions:

1. Membership – Membership services include the provision of free advice and information in the areas of Industrial Relations Law, Human Resources, Debt Recovery, Contract Administration, Workplace Health and Safety, Apprentice Assistance and Technical Advice. We deliver this information via, telephone, internet, face to face meetings and in hardcopy publications.
2. Legal – Members received subsidised rates when legal assistance is required in the areas of Workplace Relations, Security of Payment, WHS Prosecutions and Contract Reviews.
3. Safety – Members have access to NECA Safe, Award Winning safety solution that is bespoke to each member. NECA will tailor your safety documentation, attend site to monitor its implementation and provide guidance and training where necessary. The service is online and available to members on site, anytime and anywhere.
4. Training – Members have access to apprentices that are mentored and supported throughout their training. We also deliver training courses specific to our Industry, taught by electricians that know the trade.
5. Premium Partners – Members have access to a number of partner programs designed to deliver savings to members based on the economy of scale of the Association. Current Premium Partners include savings on fuel, vehicles, health insurance, mobile telephones, access equipment, virtual receptionist services to name a few.

Advocacy & Community Work

In 2015, NECA appointed Adam Spivakovsky as Policy Advisor for the NSW & ACT Chapters. Adam under the direction of the National CEO, Suresh Manickham has developed a number of submissions and policy documents to champion the following matters for members:

- a. Enhancing Security of Payment legislation
- b. ACT Pre Budget Submissions
- c. ACT Building Regulatory System
- d. A Submission in the ACT Enquiry into Vocational Education and Training
- e. An unsolicited proposal to the NSW Government to enhance training
- f. The roll out of Smart Meters

NECA has been the subject of media attention for its work advocating for homes affected by Mr Fluffy, Infinity and Olsent Cables and concerns for trade training in the ACT. The Minister for Energy, the Hon. Anthony Roberts attended a NECA event to give members an opportunity to voice concern about the roll out of Smart Meters

NECA is definitely leaving a mark with politicians in both the NSW and ACT Governments.

The political priorities for NECA moving forward will include the continued drive for fairness in the Contestable Works Market, seeking legislative changes to inhibit unfair contract practices and seeking improvements to Security of Payment legislation to safeguard and ensure prompt payment to Electrical Contracting Businesses.

Acknowledgements

NECA would like to recognise the contributions from the boards of the NECA NSW & ACT Chapters, NECA Group Training, NECA Legal, NECA Training and NECA Trade Services. They give their time freely for the benefit of NECA members and the Industry.

NECA would also like to recognise the contribution of the Platinum Sponsor Committee, which has representatives from the Clipsal Schneider Partner Business, TLE, NHP Engineering Products and Lawrence and Hanson. These businesses contribute both financially and with their time. Their insight into the Industry has helped to guide and develop a very successful Sponsorship Program for members.

Finally, NECA would like to recognise the Branch Chairmen and Secretaries, and all Members that contribute to the various industry specific committees. It is their passion that gives voice to the electrical contracting industry.

State Report

Queensland

The Queensland Chapter has grown its membership by 30% over the past year including substantial growth in North Queensland. Our members include both the 'big end' of town and the smaller contractors. Collectively they employ over 4000 electrical professionals engaged on some of the biggest and most challenging jobs around the state and purchased more than \$400M of electrical equipment in 2015.

We are also proud to say that in November we employed our 120th apprentice under our NECA Group Training Scheme.

New developments

Over the year we have launched a number of new and/or enhanced member services, including:

- Opening an office in Cairns incorporating state of the art testing and training facilities, and meeting and networking space for suppliers and contractors,
- The Technical Knowledge Base (TKB) online technical information and access to standards, codes, legislation, rules and forms commonly needed by electrical contractors,
- Our new local regional Queensland Electrician branding for uniforms, vehicles, offices and stationary,
- A new suite of NECA Safe products,
- Industrial Relations and Enterprise Agreement services,
- Group buying discounts,
- Quality networking and award presentation events such as the Raceday, Excellence Awards and Apprenticeship Awards,
- An expanded Magazine published bi-monthly and distributed across the electrical industry,
- A Healthy Worker Project – which includes a set of tools to help better manage stress, obesity, alcohol, drug use, depression and fatigue in the workplace.



Mick Logan
Executive Director

Growing our membership

As we are still in growth mode, a membership drive is currently underway. We are promoting NECA as a brand in Queensland via a program of regional engagement.

We had member meetings in North and South Brisbane, Noosa, Hervey Bay, Rockhampton, Mackay, Townsville and Cairns and visits to Toowoomba, Warwick and Goondiwindi.

The Queensland offer

We are seeking to create a niche market for our services by offering a more personalised and multi-skilled staff/member relationship model to provide our members with better value-for-money. And it's working.

Advocacy & community work

In 2015 we put your views to government in relation to licencing, apprentice wages and escalating industrial action, electrical safety and WHS issues. We have also been appointed to the Electrical Safety Board and won a grant to undertake stage 2 of our healthy worker program as part of the NECA Safe product.

All in all a most productive year for NECA Queensland in 2015 with a promising 2016 ahead.

State Report

South Australia

The past year has seen the difficult business environment continue for NECASA members which we are hopeful will improve in the new-year with a range of initiatives proposed by both state and federal governments to kick start the economy.

The difficult economic times does present a challenge in regard to the retention and growth of membership of the NECASA Chapter however, we do believe that the constant improvement in the service offerings to members will grow the membership.

Notwithstanding the financial effect of the economic climate the NECASA Chapter has continued to deliver quality products and services to members and provide significant representation and advocacy for the electro-technology industries in a number of important areas.

We continued our strong working relationship with industry stakeholders the Office of the Technical Regulator (OTR), SA Power Networks (SAPN), Office of Consumer & Business Affairs (CBS), Safework SA, Workcover Corporation, SA Government Small Business Roundtable, manufacturers and wholesalers maintaining a significant presence representing the interests of contractors and the industry more generally.

Our representation over the past year has included the position as Chair of both the SafeWork SA - Construction Industry OHS Committee and Energy Skills SA (ESSA - state based industry skills Board), Director of Energy Skills Australia (national industry skills council) and the Australian Refrigeration Council (national licensing regulator for the refrigeration and air conditioning industry), membership of the Consumer and Business Services (CBS) - Electrical Industry Liaison Group, Office of Technical Regulator - Technical Advisory Committee and continued to provide industry Assessors for the Administrative & Disciplinary Division of the District Court of SA in relation to electrical contracting issues.

A significant milestone achieved during the past year was the successful conclusion in June of the Managing Apprentice Progression project (MAP) where the SA team excelled in all expectations meeting all of our milestones and deliverables. This project was an outstanding success providing substantive evidence of the benefits of such programs to both industry and governments. It is extremely disappointing that the federal government has not continued to support such programs when the financial benefits gained from significantly higher apprentice retention rates are so evident.

Another exiting initiative which commenced during the year was our engagement with members in the Northern Territory with a seminar held for electrical contractors in August and a second meeting in December where discussions were held with the Director of Building Advisory Services, the Executive Officer of the Electrical Workers and Contractors Licensing Board and the NTWorkSafe Director of Operations.

Our aim is to significantly enhance the presence of NECA in the Territory by providing electrical contractors with products and services, representation and advocacy enjoyed by contractors in all other states.



Larry Moore
Executive Director

We have continued our involvement with our industry training partner, PEER VEET, holding three positions on the Board of Directors which continues our significant focus and involvement in training for our industry and more particularly our members.

The past year has also seen the continuation of our NECASA Industry Advisory Group who contribute their valuable time to find solutions to issues affecting business efficiencies in our sectors. This group has been working on issues such as non-compliant products, including the replacement of faulty products, electronic version of Certificate of Compliance, debt recovery processes, contract law, apprentice employment resources and electricity retailers, all areas that can adversely affect both workers and contractors in the electro-technology industry.

Several other initiatives to ensure members are getting the maximum benefit from their membership have continued including the very popular member site visits, rewards programs and regular training seminars and the enhancement of our Social Media Plan to increase the level of communication with members and the industry.

The delivery of another very successful member's dinner that included presentation of the 2015 Excellence Awards and NECA Apprentice of the Year Awards where some of our brightest and talented apprentices were rewarded for their skills, knowledge and commitment to the trade. The event continued to show the excellent work of NECASA members with the display of many high quality South Australian projects the winners of which competed in the National Awards held in Brisbane in November 2015. An extremely pleasing outcome was the success of our South Australian apprentices who were adjudged to be the best in the nation in the Communications and Commercial/Domestic categories.

The facilitation of another successful Industry Roadshow which travelled to all regions of the state, providing valuable information to industry on changes to relevant Australian Standards, product compliance and the introduction of an electronic version of the Certificate of Compliance, the 2015 version of SA Power Networks Service & Installation Rules and introduction to the NECASA developed Electromagnetic Radiation Course. It is pleasing to note, that we again received substantial praise in regard to the quality of the information provided at the Road Shows which is well recognised as the principal forum providing continuous professional development for the electrical industry in South Australia.

We have continued to excel in the provision of relevant information and services to members in a number of important areas, including Human Resource Management, Industrial Relations, Technical and Contractual matters, as well as actively participating in and organising promotional and industry events.

We have also continued our constant improvement of resources and systems in the NECA Office noting both the WA and Victorian Chapters of NECA have implemented our extremely successful HSEQ Management System.

The recording of a sound financial position for the Chapter for the 2014/2015 year, which despite the current economic difficulties confronting our industry, has continued with the improvement experienced in recent years.

I would like to take this opportunity to acknowledge and thank our sponsors of the many events that we held throughout the year and personally thank the Committee of Management and the NECASA team for their untiring dedication, commitment and support of the Association.



State Report

Victoria

In 2015 our members requested the Victorian Chapter to focus on two important initiatives – the mitigation of risk and to increase learning opportunities. In response, the Victoria Council, led by John Cutler directed significant resources to meeting this need. Initial feedback from our membership is very positive and as a result we expect existing members to recognise that and be greatly more satisfied and potential members will have greater desire to join.

It has been a most exciting year with many new initiatives undertaken. These initiatives were driven by President, John Cutler and Council who:

1. Revised the key Charter of the NECA team to support members .
2. Provided that business with a clear statement “to increase value to NECA’s membership”.
3. Led a Strategic Plan review.
4. Led an organization change process.

The member and sponsor feedback to these initiatives has been extremely positive. Sponsors have identified the increased membership service value proposition. The benefits of these initiatives will progressively be exposed during 2016 and 2017.

An overview of these initiatives and improvements include the:

- Introduction of NECA’s TKB – “Technical Knowledge Base” to provide members with on the spot on line “Standards”, “SIR” access (such as AS3000, AS3439, AS3001) supplemented by FAQs and technical support (go live March 2016).
- a key goal for 2017 will be to provide members with 24/7 technical support.
- Upgrading of the NECA Safety System (go live March 2016).
- Upgrading the web site to make it more user friendly (go live March 2016).
- Revisions of the NECA News to develop greater technical advertorial perspective (stage 1 September 2015).
- Rebuilding of the Road Shows to provide members and suppliers the opportunity to network and most importantly provide a learning forum for members (kick off April 2016 to November 2016).



Mike Purnell
Executive Director

- Upgrading of the Human Resources manual (release planned for Q3 2016).
- Expanding of the NECA EcoSmart concept (in process).
- Creating easier and greater access to information for membership (in process).
- Development of NECA Education and Careers as a centre of training excellence.

As can be seen above the business has been very aggressive in the past 12 months to deliver to members in a tangible way - not just talk. Many more initiatives are being planned for 2017 with the prime objective of improving member's profitability.

Sustaining and growing our membership

NECA's membership has increased its usage of NECA services during 2015 particularly in the areas of Industrial Relations and technical support. As a result we have recognised that these are the key investment areas for our business to sustain and grow our membership – active direct feedback from our members has supported this direction.

A key reason for NECA's existence is to contribute to the increased profitability of our members – this is our Charter. NECA's relevance and success as a business will be measured by the business' ability to do that.

We continue to provide current members with a vast array of attractive services and benefits. Most importantly, these services are supported by industry leaders in their field such as:

- Technical advice service to members led by Roy Sands. Roy has continued to balance his time between the participation of a large range of high level technical committees and research bodies and direct service delivery to members, including the provision of support as an expert witness in litigation matters. Roy has represented and assisted many memberships, present technical arguments to builders and Energy Safe Victoria. Roy is leading the implementation and coordination of the TKB (Technical Knowledge Base) rollout.
- Safety advice service to members led by Paul Burgess who has major contributions to industry in building safer work practices. Paul is leading the upgrade of the Safety System.
- Industrial relations led by Andrew McIlroy. Andrew has recently joined NECA and has an extensive network with Fair Work Australia and has been keenly sought for his expertise across an array of industries. NECA has successfully supported and represented members in unfair dismissal and adverse action applications lodged with the Fair Work Commission. These services continue to be provided free of charge to NECA members.

State Report

Victoria (continued)

- New technologies and sustainability which is led by Ian Johnson who is regularly seen on Smart Money and other events promoting power efficiency and sustainability and is complemented by James Keegan the recently appointed Executive Director who has a massive depth of technology experience after 25 years with Schneider Electric. NECA's profile in this area continues to develop technically and in market profile. NECA is currently working with the Victorian Government on a number of Power Factor Correction issues that will significantly benefit the industry in terms of "more work".
- Membership services led by Rod Lovett who is an industry stalwart with an extensive industry network to guide member needs. Rod is passionate about developing the forums for members to gain industry knowledge and market opportunities. Rod is leading the rebuilding of the Road Show program.
- Marketing and communications led by Eunice Pan. Eunice works closely with Rod to ensure members receive concise information on a timely basis. This is a critical link to our membership and an area NECA is continuing to refine.

Like any business our support and ability to sustain and grow membership is only as good as its people. As a result we have recruited senior managers to creatively beef up the value offering to members.

Acknowledgements

As Interim Executive Director, I would like to thank the NECA Council and the NECA team for their strong support and the leadership of the President John Cutler during the past 8 months in implementing a number of change programs. The Council is very excited by the many initiatives taken that will offer the members real profit improvement.

Finally and most importantly the Council welcomes the new Executive Director James Keegan to NECA – we are confident James will build on foundations put in place but also create many more initiatives and increase membership value.

State Report

Tasmania



Anthony Damen
Tasmania President

Yet another year has passed and down here in the Apple Isle we have had a passing of the torch. Andrew Farr stepped down as President late in the year and I have taken on the role of Caretaker State President of the NECA Council and Secretariat.

I and the Council would like to thank Andrew Farr for all his time and efforts as President for the past three plus years.

I would like to acknowledge our very important Business Partners and thank them for their support again this year.

Our thanks also to Shane Hill for running the North West Branch Meeting and to Leigh Davies for his work with the Southern Branch meetings. Leigh will be stepping down as branch President at the conclusion of 2015 and the Council and I would like to thank him for all his work in building up attendance to the Southern Branch during his tenure. Dion Frame has been the driving force behind reinstating the Northern Branch and we thank him for his commitment and hard work.

The Business Lunch and the Excellence Awards Gala were both a great success and I would like to thank Paula, Angela and the team from Leishman Associates for their efforts. We congratulate all our State Winners and those that went on to win National Awards. We would like to see a few more entries for the Excellence Awards in the coming year. The Apprentice Award Nominees were of high standard this year making it very hard for the judges to choose the winner.

The golf day was another great event with record numbers and many thanks to Leigh and Leishman Associates for their preparation work and to the business partners that provided prizes and sponsored holes. Many thanks to Clipsal/Schneider for supplying breakfast once again.

Many thanks to the council for their tireless work throughout the year. The elections were very close this year and we welcome Shane Hill back onto the Council. Andrew Farr stepped down as President and moved into the role of Treasurer. Jim Heerey retains the role of National Representative and Martin Jackson and Leigh Davies rounds out the Council. Again many thanks.

We finished off the year with our annual fellowship dinner and Christmas Lunch which was attended by members from around the state and business partners.

Finally, I would like to wish all our member the very best for 2016.

State Report

Western Australia

The NECA WA Group welcomed over 220 new members this year, hired over 200 new apprentices for the group scheme and provided college training for over 1800 apprentices at the Jandakot and Joondalup Campuses.

Once again we ran a well-attended and successful conference - this time in partnership with the NSW chapter - in Nusa Dua, Bali; along with a large number of events including our Golf Day, Excellence Awards and Industry Information Nights. Our RTO – the College of Electrical Training (CET) was a finalist in the State Training Awards (Large Training Provider category) and a large number of our members and apprentices won industry awards.

New developments

Over the year we have launched a number of new and/or enhanced member services, including:

- TKB, our electrical industry Technical Knowledge Base is now regularly used by 1700 users.
- On the back of this success TKB has now been launched in NECA QLD and is currently being built for NECA VIC.
- Strengthened our Technical Advice service with the addition of former Western Power Inspector, Bill Keppel.
- Ran a fully subscribed series of Contract Administration & Commercial Awareness seminars for members (5 seminars on specific topics).
- We ran free quarterly Security of Payment (Construction Contracts Act Awareness) seminars for members.
- Commenced the first intake to our Future Leaders Program.
- Significantly increased our capability to service members' needs in the Technical and WHS areas.
- Conducted a very successful fund raising campaign for the injured workers and the families of the workers who tragically died in the Morley Galleria electrical incident.
- EGT bolstered its marketing capacity with the recruitment of Tony Mancini.



Garry Itzstein
Executive Director

Growing our industry footprint

Whilst the electrical contracting sector has slowed in all areas of traditional business, members are adapting to the 'new normal' market conditions. We have significantly increased the number of members in regional areas and expect to have on board our thousandth member by the end of 2016.

With these more difficult trading conditions members are in many cases choosing not to direct indenture apprentices. Instead they prefer to use EGT (our Group Scheme) for apprentices as they can engage these apprentices only when work is available. NECA's WA based legal firm has supported members with enterprise agreements, assistance with IR disputes, contractual advice and debt collection.

Advocacy & Community work

In 2015 we put your views to Government in relation to licencing, apprentice wages, workplace health and safety, the Construction Contracts Act review, timber power pole replacement, funding for training, compliance to electrical regulations and prosecutions for breaches.

Looking into 2016 we see rapid membership growth, an increase in the intake of new apprentices in our group scheme to 280 apprentices (total over 600) and maintaining our dominant position in industry training at our colleges.



This year's survey opened in mid-February and closed on the 24th of April 2015 and we had over 1500 replies.

Snapshot: Key industry insights

- Competition on the rise as is anxiety about future work
- Young people, however, feel confident and feelings in control
- Digital is of growing importance – ordering and content on product info
- Lower prices are out there – but there are other ways to differentiate

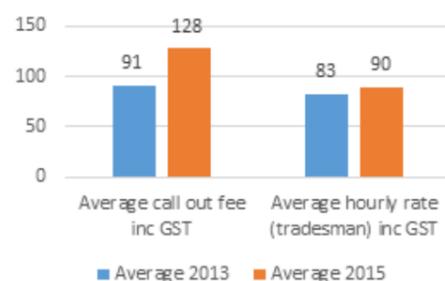
Some context: source of business

- Electrical contracting businesses tend to operate across a variety of industries.
- On average, businesses have gained work from three different industries in the past year.
- However, the drift towards commercial work has continued, with most businesses (85%) sourcing at least some work from commercial projects.
- A greater proportion of businesses (26%) sourced their primary revenue from commercial projects, than from residential (23%).
- There are some differences by states, as would be expected.
- There is a skew in new residential towards younger respondents.
- Maintenance forms the backbone of work conducted, with a greater proportion of businesses having this as their primary work versus 2013. The increase in new premises work in 2013 has drifted back to 2011 levels.

Cost Pressures

- Cost pressures appear to have eased compared to 2013, with over half claiming costs have stayed the same or improved.
- Where overall costs are perceived to have increased, overhead costs are the biggest contributor.
- However, even here, the impact is less than in previous years.
- An increase in call out rates may be absorbing the perceived impact of cost rises.

Average Rates Charged



Rates charged by respondents to customers do appear to have increased since the 2013 survey, particularly in terms of call out fees.

Average Hourly Rate (tradesmen)



There have been slightly increases in the hourly rate of tradesmen in all states, except those who work in the ACT

Business Confidence

- Business confidence is down, with more contractors claiming they had less work this past year than the one before.
- Overall, contractors are evenly divided between being optimistic or pessimistic about future opportunities for work, with under 35s significantly more confident about future work than their older colleagues.

- Optimism varies by state – WA particularly concerned about work opportunities in the next 12 months as recession in mining takes hold. This is also reflected in the fact that those sourcing work from resources are also more pessimistic.
- Controlling costs and managing cash flow continue to be seen as the most important areas for business focus.
- However, competition for work has increased and this is more of a concern for future business than in previous studies.
- While the top three concerns are the same regardless of age, wage expectations and reliability of suppliers of more prioritised concern to under 35s. They are also less concerned with general economic climate than their older colleagues.

Future Business Influences

- As in previous studies, LED technology leads the mentions of emerging technologies.
- However, mentions of renewables, solar and energy efficiencies have increased in this study, reflecting the ongoing broader conversation at a social and political level.
- While not directly comparable, specific communications and networking technologies have rated increased mention this year.
- State and age influences perspective of emerging technologies.
- Less incidence of LED and higher incidence of renewables mentioned in QLD, automation and wireless higher in Victoria
- While two thirds of respondents are researching emerging technologies online, some state based differences emerged.
- Own online research higher incidence in NSW and QLD, manufacturer websites/materials as important in WA.

Areas of speciality

- The majority of contractors work across a variety of areas, with maintenance, wiring and testing and domestic lighting likely to make up the bulk of the workload.
- Some increased focus/specialisation in maintenance and domestic lighting, as well as data/networking and green energy management.
- At a total level, more businesses are working in green energy management than in 2013.
- Areas that require particular technical expertise remain limited to specialist firms, as would be expected

Skills and Training

- Nearly 40% believe there is a lack of skilled labour in maintenance (reflecting increased focus for businesses this year).
- Around 20% see shortages in automation and control, and data, fibre connect and networking.
- There is a desire for training, with nearly half interested in training on emerging technologies. Green/environmental and smart/networking are areas of interest.

- Technical training is desired by nearly 4 in 10 respondents. On average, people are interested in two to three different areas for training.
- In an ideal world, more training would be preferred – around 2-3 times a year. Finding time, however, seems to be the biggest obstacle for most.
- Face to face training, during the day is preferred.
- Younger contractors are doing less training than 35-54 year old contractors, and their levels of interest in training are lower than their older colleagues.

Grey Market

- As suspected, competitive pricing is the key draw to grey imports.
 - Whilst the ability to order online and a good website is interesting, it isn't a key driver
- And whilst product quality does become a concern, it is clear that there are other ways that local businesses can also differentiate themselves to keep business onshore – key drivers such as quality of sales staff, on time delivery and good communication.
- In general, many categories are vulnerable to leakage but automation and data/communications are more at risk than others.
- Compliance and warranties are the biggest concerns with overseas imports – a concern shared by those who claim to have purchased overseas.
- It is clear that there is a lot of confusion about where the legal liability for compliance lies.

The role of digital

- Whilst banking and email dominate, the Internet is being used by many respondents as a place to research products & pricing in particular.
 - Finding product and technical information is the key digital opportunity to make work easier.
- Most of this is happening on an office PC although about a third of respondents are doing these more popular activities from a smartphone
- When looking for the nearest electrical supplier, however, the smartphone is the most commonly used device as it is often done from the job site.
- Clipsal continues to dominate as the key industry app, and 2/3 of users rating it as 'quite useful but could be better'
 - The other top industry apps receive a similar rating
- There is room for improvement

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Change is in the air

Glenn Platt – who leads CSIRO’s Energy Flagship, will be the keynote speaker for the National Electrical and Communications Association (NECA) conference in South Africa this April. Below is an overview of the changes Glenn believes we will see over the next five years.

The world of electricity is just embarking on an incredible new journey. And there’s going to be a once-in-a-lifetime degree of upheaval associated with the changes we will experience. We’re not there yet though – if Thomas Edison – great-great-grandfather of today’s AC electricity system, was alive today, he’d probably still recognise most of the components in today’s electricity system. And that tells you just how slowly things have developed over the past century. This is all about to change. This change is going to be huge, and it’s going to start happening very soon. Within five years from today poor old Thomas probably won’t recognise many of the technologies that will be commonplace in our system. But the good news is that with these hugely significant changes, come enormous opportunities for electrical and communications contractors.

Perhaps the most significant change we’re already seeing in the electricity system is the rise of distributed generation. Today’s large, centralised gas or coal fired power stations will soon be replaced by much smaller electricity generators – located much closer to where we use that electricity. Perhaps the most familiar of these generators is the solar electricity generator, which we now see on roofs all over Australia. The amazing thing is that we’re only just starting on the solar revolution. Australia today has around 1.4 million solar installations covering around 12% of our homes. Even the most conservative commentators expect this to dramatically increase in the years to come. In fact many leading organisations, including CSIRO, are expecting distributed generation, like solar, to make up around 50% of our generation in the decades to come. That’s around another 3 million installations to be done!

There are many benefits to generating electricity from solar. But the key drivers for its incredible uptake in years to come won’t be “green”, or related to saving the world or combatting climate change. It’s just going to be simple economics. Today, in many parts of Australia, electricity from solar panels is cheaper than the price of retail electricity from the grid. And the price of solar will continue to drop. In fact it has been decreasing by around 20% every two years, for decades now. Incredibly, in many parts of the world, the biggest cost when purchasing a solar system today isn’t the price of the solar panels, or the installation labour, or the inverter. It is actually the finance – or more to the point, the interest being charged to fund the system. And whilst this seems incredible, it is in fact a cost that can easily be reduced. As banks and the broader industry get more familiar with the technology, interest rates for funding solar could easily drop. So when homes and business realise that electricity from solar is simply cheaper than their alternatives, imagine what that will do to the uptake of these systems!

Of course electricity from solar isn’t without its challenges. What happens on rainy days or at night when there’s no sunshine? Traditionally, storing electricity for these times has been incredibly difficult. Battery systems have been available for years but they are expensive and need careful maintenance, so they have almost never been used in a regular suburban house setting. Once again, this is all changing. And once again, it’s being driven by simple economics. The arrival of new battery technologies such as advanced lead acid and lithium batteries has completely transformed things. Today we are seeing compact, maintenance-free battery systems appearing on the market from major vendors such as Panasonic, LG, Samsung, Tesla and Enphase. These new batteries are specifically targeted at installation in people’s homes. And again, the price of these systems has been decreasing at an amazing rate. Common lithium battery cells have been dropping in price by around 15% per year over the past several years. Again, many independent commentators predict that these batteries will be commonplace in just a few years’ time.

Solar isn’t without its challenges though. For example, a high-concentration of solar systems can make voltage control on the electricity grid quite difficult to manage. Whilst in the past, concerns around such issues might have limited the uptake of solar across Australia today, once again, things are changing dramatically. Now, there are new inverters and Australian Standards (AS4777) coming onto the market, that introduce new functionality for inverters to allow them to help maintain power quality- these new inverters can provide, or absorb, reactive power and actually help prop up the grid around them. Rather than large numbers of solar inverters being considered a risk, they will soon be seen as an asset for the electricity grid.



Earlier this year, these new capabilities were demonstrated on a huge scale in Hawaii, when the electricity grid operator recognised that the amount of solar in Hawaii was now close to the capacity of Hawaii’s largest traditional generator. They therefore decided to reconfigure many of the solar inverters on the island, so they could “ride through” grid disturbances, helping stabilise the grid. With this goal in mind, the grid operator in Hawaii contacted the control room of Enphase, a manufacturer of many of the solar inverters in Hawaii. Operating in real-time, Enphase engineers in Los Angeles (thousands of kilometres away) were able to transmit a command that reconfigured over 800 000 solar inverters, on 51 000 homes across

Hawaii, so they would stay online despite rapidly swinging grid conditions.

It’s worth pausing here. Today, solar isn’t just cheaper for the end consumer than conventional grid electricity, solar systems are now even being used to maintain the reliability of the broader electricity grid. Imagine what this will do to the uptake of this technology across Australia?

Unfortunately for poor old Edison, even if he gets his head around all the localised generation, storage, and reactive power control on the power system of the immediate future, things won’t stay this way for long. Further changes are coming. Already in Australia trials are underway of microgrids, and “transactional” energy systems, where local houses and buildings essentially trade energy between themselves. This provides complete independence from the grid, and often actually improves power quality and reliability. In doing so, these systems demonstrate that we don’t really need “baseload” power generation- rather, what’s needed is to ensure that generation is carefully matched to supply at any instant. To achieve this, microgrids are managed by automated controllers that can accurately predict future load and generation, and then pro-actively manage loads and energy storage to keep things in balance with the available generation, all the while maintain power quality to the end user.

Driven purely by economics and their practical benefits, the uptake of distributed solar and battery storage in Australia is akin to the disruption digital photography caused film, or the mobile phone caused traditional telephony. Importantly, whilst the approaching changes will be massive and profound, they aren’t anything to be afraid of. In fact, they represent an incredible opportunity for electrical and communications contractors. Whilst new technologies, solar, batteries, energy management systems and so on operate using same core electrical and communications technologies we’re used to. Yes, there are some additional skills to learn, and new technology to become familiar with, but they aren’t an entire change in direction. And these are labour-intensive industries that can help our economy- already today, the solar industry in the USA employs more people than the coal industry. They even employ more people than Apple, Google, Twitter, and Facebook combined!

The technologies and changes mentioned here are just now becoming mainstream, to the point where massive investment banks like Morgan Stanley and UBS (who aren’t exactly crazy greenies or renewable energy zealots) are now publishing papers on how they expect solar and batteries to be a huge industry over the next few years. For example, Morgan Stanley predicts around 2.4 million Australian homes will install solar and battery systems, and these systems will have a payback time to the household of less than 10 years. Ultimately, this means more work, more challenges, and more opportunities for our industry.

Somehow I think Edison would have been a bit disappointed if he had come back and recognised so many of the things in our electricity system today so many years on from his initial inventions. However, if he knew about the massive changes just around the corner, I think he’d be incredibly excited for us all. Edison once said “Everything comes to him who hustles while he waits...”

Exciting times are ahead - hustle on I say!

South Africa 2016



Sunday 17 April to Thursday 21 April

Program

Sunday 17 April 2016

- 2.00pm **Afternoon arrival & registration**
Sponsored by **simPRO**
- 6.00pm **Sunday night Welcome Braai with the NECA President, Dave McInnes & NECA CEO, Suresh Manickam**
Sponsored by **Auslec/L&H, Clipsal Schneider, Gerard Lighting & NHP**

Monday 18 April 2016

- 8.30am **Conference welcome from NECA CEO, Suresh Manickam**
- 8.45am **South Africa's journey – so far**
Mark Mfikoe – ECA SA National Director, will welcome us to South Africa, and talk us through the challenges his industry is facing today. *How do we compare?*
- 9.30am **What's in store for our industry over the next five years?**
Glenn Platt from CSIRO gives us his view on how our industry is changing – and more importantly, what we need to do to keep up with these changes. The supply-chain is evolving and the Internet is playing a much larger role in our working lives. Many of us are specialising, a new breed of electrical contractor is emerging, and the consumer is becoming much more demanding. *Are you ready for the challenge?*
- 10.15am **Coffee**
Sponsored by **EnergySpace**
- 10.45am **The connected world and Digitisation**
Martin Janse van Rensburg, Cisco will introduce the concept of the Internet of Everything and Digitisation across countries, cities and business. At the same time exploring how NECA members might maximise their potential to benefit from these market transitions. Whilst digital disruption is something that can be seen as a major threat to traditional business practices, it can also be seen as the biggest opportunity for the operational technology integrators and electrical contractors.
What future skills does your business need to capitalise on these transitions?
- 11.30am **Panel discussion: Industry innovation**
Join our strategic supply-chain partners to debate with our two keynote speakers where we go from here.
- 12.30pm **Lunch**
Sponsored by **InterRisk**
- 2.00pm **Free time - Buses depart for Cape Town from 2.00pm**
- 6.30pm **Beach Party, Cape Town**
Sponsored by **College of Electrical Training, WA**

Tuesday 19 April 2016

- 8.30am **Panel discussion: The digital revolution**
Will this lead to new players in the new supply-chain? Will the trend to buy more-and-more online lead to even more non-compliant products in our market?
- 9.30am **Panel discussion: The new customer & the contractor of tomorrow**
Does the more discerning consumer mean we all have to become more specialised? Is being a successful business manager as important to our development as keeping up with technical advances? How do you plan for the future?
- 10.30am **Coffee**
Sponsored by **Inselec**
- 11.00am **An update from ECANZ**
Ross Beal – Chairman will update us as to the strengthening relationship between ECANZ and NECA, as well as highlight some the challenges and opportunities facing New Zealand contractors.
- 11.15am **The NECA Presidents' Forum**
This is your opportunity to put your ideas forward for how we at NECA can better serve our members as we head into our centenary, and beyond.
- 12.00pm **Lunch**
Sponsored by **NECA Group Training, NSW**
- 12.30pm **Afternoon Excursions**
Sponsored by **ACRS**
- 7.30pm **Drum Night, Cape Town**
Sponsored by **NESS Super**

Wednesday 20 April 2016

- 8.30am **Discussion: Industrial relations**
Is it going to become ever more complex – so what more do you need to do to stay ahead of the game?
- 9.30am **Discussion: Work Health & Safety**
Are we allowing ourselves to look at WH&S as a necessary evil rather than a life-saving essential?
- 10.30am **Coffee**
Sponsored by **NECA Legal, NSW**
- 11.00am **Do we look after ourselves in the way we should?**
Dr Michael Mol shares a new approach to getting the right balance into our lives.
- 12.00pm **Lunch**
Sponsored by **EcoSmart Electricians**
- 12.30pm **Afternoon Excursions**
Sponsored by **NESS Super**
- 7.30pm **Gala Dinner, SPIER**
Sponsored by **Auslec/L&H, Clipsal Schneider, Gerard Lighting & NHP**

Thursday 21 April 2016

- 8.30am **Farewell Breakfast**