



national  
electrical and  
communications  
association

# NECA Industry Survey and Policy Implications

*Impact of COVID-19 on the  
Electrical & Communications Industry in Australia*

June 2020





## ABOUT NECA

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry, which employs more than 165,000 workers and delivers an annual turnover in excess of \$23 billion.

NECA represents the best interests of over 5,255 electrical contracting businesses across all Australian States and Territories.

We aim to help our members and the wider industry to operate and manage their business more effectively and efficiently while representing their interests to Federal and State Governments, regulators and principal industry bodies such as the Australian Chamber of Commerce and Industry (ACCI) and Standards Australia.

NECA is strongly committed to supporting the next generation of electrical and communications contractors. Working with our partner Registered Training Organisations (RTOs) and Group Training Organisations (GTOs), NECA provides employment and ongoing skills development for approximately 4,800 apprentices across Australia. The majority of these apprentices get the opportunity to gain work experience with NECA's members through our group schemes.

Our training arm delivers training options for an additional 4,000 qualified electricians across the industry, providing technical advice and business skills training along with business development and marketing training for managers.

NECA also manages and promotes the industry wide annual Excellence and Apprentice Awards, a scholarship program, the NECA Foundation and the Alternative Pathways Project.

NECA has been advocating for, and on behalf of, the electrotechnology industry for over 100 years.

# NECA RESEARCH SNAPSHOT

## Key findings from NECA COVID-19 Industry Impact research:

- 93.8% of businesses said COVID-19 has had an impact on their business with most experiencing a *significant* or *moderate* impact
- Almost 50% of businesses have reduced employee work hours to buffer the impact of COVID-19
- 80% of all businesses surveyed have seen a negative financial impact as a result of COVID-19 with one in five experiencing a reduction in revenue of more than 50%
- All areas of the electrotechnology industry have been impacted by the COVID-19 pandemic
- Businesses are concerned about the future pipeline of work, with more than 50% of new projects and installations impacted and at least 80% of work underway due to come to an end within 6 months
- Opportunities for future work are slim with 70% less tender opportunities compared to last year
- A majority of respondents are somewhat confident their business will recover, however see Government support as critical to industry recovery
- Almost 60% of businesses have applied for Government assistance with a further 7% intending to apply
- 70% of respondents believe investment in infrastructure and construction is required to stimulate the economy however any stimulus must be supported by regulatory reform
- Approximately 40% of respondents agree temporary amendments to the *Fair Work Act 2009* are critical to provide flexibility in Enterprise Agreements in response to COVID-19
- 36.2% of respondents believe extending apprentice subsidies to all businesses and the provision of adult apprentice wage subsidies (27.9%) will assist in the COVID-19 recovery
- Regulatory reform is key to moving forward with 28.9% of respondents seeking adoption of a uniformed approach to Security of Payment laws
- Other ways respondents believe Government can support business include: introduction of Unfair Contracts legislation (24.3%); introduction of a moratorium on liquidated damages (21.3%) and a relaxation of Extension of Time provisions (14.7%).

# SURVEY RESPONDENT PROFILE

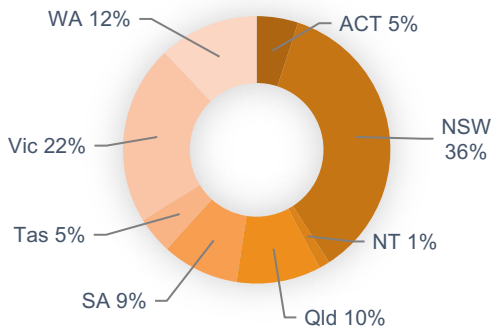
NECA surveyed 470 representatives of the electrical and communications industry between 7 May and 19 May 2020 on their experience during the COVID-19 pandemic. The survey was open to members and non-members.

Businesses responding to the survey represent more than 10,000 employees across all states and territories, and across remote, regional and metropolitan Australia.

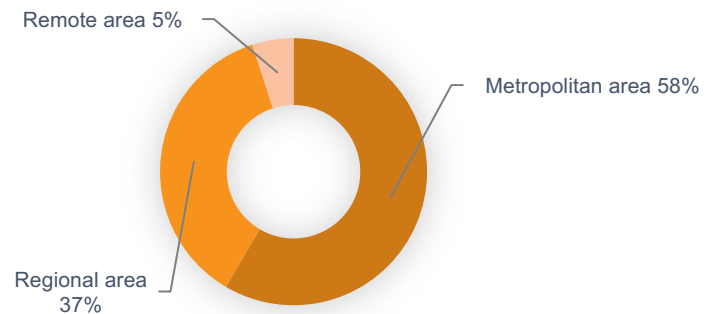
The majority of respondents operate out of New South Wales (36%) and Victoria (22%) and operate within metropolitan areas (58%).

The largest group of respondents to the survey are small and medium enterprises (SMEs) (76%) i.e. businesses employing less than 20 employees.

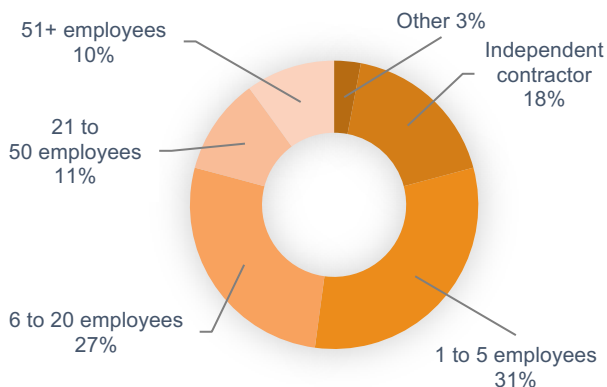
## State/Territory (N=470)



## Location (N=470)



## Size of business (N=470)



## Type of work (N=470)

Types of work\* undertaken by respondents to the survey include:

- Commercial Services (55.3%)
- Residential Services (43%)
- Building & Construction (37.9%)
- Industrial Services (27%)
- Data & Communications (20.6%)
- Government/ Infrastructure Projects (12.8%)
- Electricity, Water, Gas, Waste Services (10%)

Of the 'Other' areas of work, these included: Agricultural Construction, Mining and Entertainment Industry.

\*more than one type of work could be selected in the survey

# IMPACT OF COVID-19 ON AUSTRALIAN ELECTRICAL & COMMUNICATIONS INDUSTRY

## Extent of COVID-19 impact on respondent business (N=470)

Respondents were asked the level of impact COVID-19 was having on their business. A sizable majority of respondents (93.8%) reported COVID-19 having an impact on their business with most experiencing a *moderate* or *significant* impact on their business.

Interestingly, the larger the respondent's business, the more likely the respondent was to report a higher impact of COVID-19. While SME's on average are experiencing a moderate impact, larger businesses are facing a significant impact.

## COVID-19 impact on respondent business revenue (N=470)

When compared with the same time last year, nearly 80% of respondents saw a reduction in revenue, with one in five seeing their revenue cut by more than 50%.

Despite the significant revenue losses, very few businesses have terminated employees (14%). Of these, an even smaller number of businesses have needed to let go apprentices (3%). This is in large part due to the Government introduction of JobKeeper payment.

Businesses are considering all avenues to retain a highly skilled essential workforce through this difficult period. Nearly 50% of businesses have reduced employee work hours as a result of COVID-19. Businesses are also redeploying employees, retraining employees and working to identify new revenue streams to keep their doors open.

## Types of work impacted by COVID-19 (N=470)

The impact of COVID-19 has largely affected New Projects and Installations with more than half of all respondents citing this as having the greatest impact on their business (56%) as compared with Current Projects and Installations (11.9%).

Fewer respondents have experienced an impact on Maintenance related activity, either Contract/Planned (16.6%) or Ad hoc/ Emergency (15.3%).

## Pipeline of future work (N=470)

When asked to identify the current pipeline of work, at least 80% of businesses expect the current pipeline of work to dry up within the next 3 to 6 months, with nearly a third of respondents saying that there is less than one month until the current pipeline of activity comes to an end.

Of concern is that respondents state that opportunities beyond 6 months are slim with there being 70% less tender opportunities in the market compared with last year.

## Business confidence (N=470)

The industry is somewhat confident (52.1%) of a recovery, however see Government support as critical to industry recovery. Almost 60% of businesses responding to the survey have applied for Government assistance.

## Government support of business during COVID-19 (N=470)

Of the survey respondents, 70% see Government investment in infrastructure and construction projects as a way to lead the COVID-19 recovery phase. Close to 40% of respondents also see that enabling temporary amendments to the *Fair Work Act 2009* are critical to provide flexibility in Enterprise Agreements in response to COVID-19.

Other ways respondents believe Government can support business include:

- Extending apprentice subsidies to all businesses, not only SMEs (36.2%);
- Providing adult apprentice wage subsidies (27.9%);
- Adopting a uniformed approach to Security of Payment laws (28.9%);
- Introducing Unfair Contracts legislation (24.3%);
- Introducing a moratorium on liquidated damages (21.3%); and
- Relaxing Extension of Time (EoT) provisions (14.7%)

## Support for business recovery from COVID-19 (N=329)

The research indicates that across Australia, the impacts of COVID-19 are serious and significant for the electrical and communications industry. An analysis of open questions identified a number of areas for support:

- Government investment in a pipeline of infrastructure within metropolitan and regional Australia, underpinned by flexible open Government procurement opportunities;
- Major regulatory and systemic reform to tax, education and support of local Australian businesses and manufacturing;
- Incentive and grant based programs that will stimulate economic opportunities for domestic/residential activities to assist small and medium sized business; and
- Long term commitment to and investment in new technologies and emerging markets including green energy (solar/ battery).

## SUMMARY

COVID-19 is having an unmistakable impact upon the electrical and communications contracting sector. The impact is being felt across all states and territories, across all sizes of business and across all sub-sectors of the industry.

These impacts include the loss of jobs, supply chain shortages, increased contractual, legal and industrial risks, reduced productivity due to social distancing requirements and a general heightened level of uncertainty and reluctance amongst consumers around engaging electrical work/projects.

Despite the quiet optimism that businesses will eventually recover from the COVID-19 pandemic, the research paints a sobering picture with very few opportunities on the horizon and a pipeline of work expected to dry up within 3-6 months. Consequently, the industry looks toward Government for leadership.

State and Federal Governments are urgently called upon to undertake the following:

- Bring forward any planned building, construction and infrastructure works;
- Introduce economic stimulus packages that are targeted to all sub-sets of the electrotechnology industry
- Ensuring subsidies for apprentices, including to attract a mature age and gender diverse workforce
- The extension of apprenticeship subsidies to all businesses, irrespective of size.

However, it is clear that economic stimulus alone will not be sufficient. Structural reforms, such as legislative and regulatory measures are equally required in order to support the rebuild of Australia's economy, and the country. These include:

- Urgent adoption of the Murray Review recommendations, specifically harmonisation of Security of Payment laws and the introduction of statutory trusts;
- Urgent introduction of unfair contract laws;
- Winding back payroll tax provisions;
- A national licensing system;
- A review of Australia's Industrial Relations landscape; and
- A review of Australia's Vocational Education and Training landscape, which is focused on industry and student needs.

### Use of survey data

Chapters are only permitted to share data that is aligned to the Survey data summary  
When sharing insights from the research, reference *NECA COVID-19 Industry Impact Survey*.

### Survey source data

*NECA COVID-19 Industry Impact Survey* data has been prepared by the National Electrical Communications Association with 470 respondents representing more than 10,000 employees across all Australian states and territories in remote, regional and metropolitan areas.

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# POWERING UP THE ECONOMY - NECA FOUR POINT PLAN

## 1. Jump-starting Small Business

Small business and family owned enterprises (SMEs) are the lifeblood of the national economy and dominate the electrical and communications contracting industry.

Approximately 80% of businesses within our industry employ less than 20 staff, and the overall trends indicate the number of small business across the nation are increasing.

The complex industry-wide impact of COVID-19 on SMEs must be properly recognised and an urgent response by Government is needed to jump-start the industry, support jobs and boost business.

*Small Business Jump-Start Initiatives:*

- Federal Government offer a 'dollar-for-dollar' grant scheme to households up to \$3,000 to undertake electrical safety and energy efficiency upgrades to homes under NECA's *Safety and Energy Upgrade Program*.
- Federal Government offer a 'dollar-for-dollar' grant scheme to businesses up to \$5,000 to undertake electrical safety and energy efficiency upgrades to commercial property under NECA's *Safety and Energy Upgrade Program*.
- Federal Government to commit to a program of community capacity building within all LGAs (Local Government Area). Principally, that local tradespeople are engaged to improve, maintain and build local assets including: social housing, asset maintenance works, capital works programs, security upgrades, lighting upgrades and small scale solar.

## 2. Unlocking Infrastructure and Super-charging Business

To ensure a sustained response to COVID-19 that will support ongoing job retention/ growth and broad economic recovery, it is fundamental that the Government commit to a comprehensive pipeline of 'nation building' infrastructure across Australia.

*Unlocking Infrastructure and super-charging business Initiatives:*

- Unlocking and fast-tracking a pipeline of major infrastructure 'shovel-ready' projects for medium to large businesses to stimulate the economy e.g. Government construction projects, large scale renewable energy generation, local Government works across metropolitan, regional and remote Australia.
- Prioritise these projects, reducing redtape and removing institutional road blocks such as simplifying and streamlining planning systems, improving Government coordination and increasing collaboration with financial institutions.

### 3. Regulatory, taxation and systemic reform

The COVID-19 crisis has exposed and amplified a number of systemic regulatory and taxation issues. NECA calls upon all levels of Government to introduce a range of tax incentives and opportunities to support the fundamental role and contributions of electrical and communications businesses within the Australian economy.

*Regulatory and Tax Reform Initiatives:*

- Extend Unfair Contract protections legislation by increasing the business size definition to 100 employees and the upfront, payable threshold from \$300,000 to \$3 million for contracts less than 12 months in scope, and for contracts of longer than 12 months in scope, from \$1 million to \$9 million;
- Extend stimulus arrangements for businesses recovering from COVID-19 such as extending JobKeeper arrangements, Instant Asset Write-off and other Government assistance initiatives;
- Reduce Company Tax Rate to 25%;
- Review Industrial Relations landscape;
- Review Vocational Education and Training landscape;
- Streamline Security of Payment in line with the Murray Review recommendations;
- Introduce legislation in relation to a low-cost Retention of Money Trust Account scheme for the building and construction sector;
- Moratorium on liquidated damages provisions as well as flexibility for the Extension of Time (EoT) provisions;
- Incentivise onshore manufacturing to ensure supply chain certainty; and
- Abolish all payroll tax.

### 4. Energising the Future

The COVID-19 crisis is re-defining the future profile of the electrical and communications industry, compounding existing skills shortages. NECA asserts that this presents an excellent opportunity to encourage young people into the industry as well as reskilling prospective apprentices from other affected vocations.

*Resilient Energy Future Initiatives:*

- Federal Government to develop programs and incentives to ensure a gender diverse, equitable and competitive workforce. This should include the expansion and retention of the apprentice wage subsidies for all size businesses, a greater focus on encouraging female participation in the trades and subsidising mature age (21yrs and over) apprentices; and
- Provide training incentives and opportunities to encourage an 'Energy Revolution' e.g. battery storage and solar infrastructure.



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