

Media Release

Four out of five electricians see work disappearing within 6 months without Government action: NECA calls for a comprehensive approach to stimulus

Tradies are calling for urgent stimulus for households, investment in infrastructure and significant structural reforms to prevent Australia falling off an economic cliff in the coming months, according to research released today by the National Electrical and Communications Association (NECA) as it releases a **Four Point Plan to *Power the Economy***.

The research paints a worrying picture of the construction sector, which electrical contracting businesses expect to worsen in the coming months if governments do not act.

Suresh Manickam, CEO of NECA, which represents more than 5,000 electrical contracting businesses said: *“Right now governments have the opportunity to act, rebuild the economy and keep people in work. Our Four Point Plan outlines simple measures for doing this and it is critical governments grasp the opportunity. The Federal Government’s HomeBuilder package is a good taster; now we need a comprehensive support package.”*

Almost all respondents to NECA’s survey said their business had been impacted by the COVID-19 crisis, with **nearly 80% seeing a reduction in revenue** and **one in five seeing their revenue cut by more than 50%**.

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.

Just half (52.1%) of respondents expect a recovery and are looking to Government for assistance. Almost 60% of businesses responding to the survey have applied for Government assistance.

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* to provide flexibility in Enterprise Agreements in response to COVID-19 as critical.

“As well as being a litmus test for the construction industry, electrical contracting is an indicator of the broader economy. If electrical work isn’t taking place, it means we are not upgrading technology to improve productivity, it means we are not building to power growth and it means we are not embracing electrification to transition to a clean, modern economy,” added Mr Manickam.

“That’s why we are urging governments to introduce measures outlined in our Four Point Plan, including:

1. **Backing Small Business** by offering a ‘dollar-for-dollar’ grant scheme to households up to \$3,000 to undertake electrical safety and energy efficiency upgrades to homes
2. **Unlocking Infrastructure** by fast-tracking a pipeline of major infrastructure ‘shovel-ready’ projects for medium to large businesses to undertake to stimulate the economy
3. **Ripping up red tape** by reviewing Australia’ system of industrial relations
4. **Energising the future** by providing providing training incentives and opportunities”

“Crucially, all our proposals are investments offering significant future returns to government as well as the taxpayer. For example, a household doing an energy efficiency upgrade can expect cheaper electricity bills, while big infrastructure projects provide hundreds of jobs and boost productivity.

“We know governments across Australia have done a lot of excellent work already and now we need their backing to re-emerge quickly to build a stronger Australia.”

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.

NOTES TO EDITORS – NECA COVID-19 Industry Impact survey details

- NECA surveyed 470 representatives of the electrical and communications industry between May 7 and May 19 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 SMEs (76%) i.e. businesses employing less than 20 employees.

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