

## CEO REPORT

In times of crisis we are pushed to our limits - as individuals, as businesses and as a community. Existing issues are amplified and new challenges uncovered.

These unprecedented times call for unprecedented measures.

NECA has been working tirelessly on behalf of members, engaging with Federal and State Governments, and urging them to consider a number of measures to help protect businesses and jobs, and support the Australian economy as it rebuilds following the COVID-19 crisis.

### THESE MEASURES INCLUDE:

#### A HOLISTIC APPROACH TO SUPPORTING APPRENTICES

Proactive steps by the Government to introduce a wage subsidy for apprentice wages has been welcomed by industry, however to be effective, NECA has proposed these measures be extended to all employers, irrespective of size.

The reality is that the electrical contracting sector comprises of small, medium and large employers. All play a vital part in sustaining the economy. To focus on only one part of the electrical contracting sector does not make sense and potentially disadvantages other parts.

#### CLARIFICATION ON 'ESSENTIAL SERVICES'

NECA members play a critical role in maintaining power to public and private infrastructure and facilities, and ensuring communities remain connected. However nationwide, there is no consistency around what is considered an 'essential service'.

This lack of clarity creates a high level of uncertainty for electrical and communications contractors and could potentially compromise the ability of our community and jobs to function.

NECA continues to engage all levels of Government to confirm construction and maintenance of electrical and communications installations is considered an 'essential service'.

#### ABOLITION OF PAYROLL TAX

NECA has continued to engage State and Territory governments on abolishing payroll tax provisions. If the intent of Government is to build and boost the economy, any form of payroll tax is both counter-intuitive and counter-productive and will only serve to impede growth. Now more than ever we need to consider all avenues to build confidence in the economy.

#### A UNIFORMED APPROACH TO SECURITY OF PAYMENT

Security of Payment and unfair contract terms are a blight on the construction sector, leaving SMEs particularly exposed to any downturn. Recent government discussions

have been encouraging and we urge this to be followed by long-term policies that ensure contracting businesses can compete on a level playing field.

NECA has proposed the adoption of a nation-wide uniformed approach to security of payments and that legislation ensure sub-contractors are paid in a timely manner and no longer treated as de-facto financiers.

#### ADDRESSING CONTRACTUAL ISSUES

Given the current COVID-19 landscape, the unfair and unreasonable position that subcontractors can find themselves in has been further exacerbated, and has the potential to trigger a number of contractual provisions.

NECA has called for a moratorium on 'Liquidated Damages' provisions within construction contracts to apply for at least the term of the Government's Staged Restrictions.

The current work environment could also trigger Extension of Time claims, delay damages, disruption costs and costs of suspending works. NECA Legal can provide expert advice in these areas.

#### POSTPONING SCHEDULED CHANGES TO SUPERANNUATION

To assist the economy and businesses in recovering from the COVID-19 crisis, NECA has proposed that the next scheduled rise to the Superannuation Guarantee levy be postponed for at least 2 years.

#### REFOCUSING EFFORTS ON MAINTENANCE AND UPGRADES

With the Coronavirus causing the mandatory shutdown of an extensive number of Government-owned assets, utilities and infrastructure, NECA is engaging with government on opportunities to expedite repair and maintenance or electrical/energy upgrades ahead of their reoccupation.

#### INVESTING IN THE FUTURE

Continuing to invest in a pipeline of infrastructure and construction projects that will keep industry productive and protect jobs is essential to a successful recovery.

There is no magical cure for this once in a generation crisis. Instead, this crisis is an opportunity to address longstanding issues that make our businesses vulnerable.



We hope you are keeping safe and well.

Until next time.

**Suresh Manickam**  
CEO, National Electrical and Communications Association

## HERE'S TO AN EXCELLENCE AWARDS DOUBLEHEADER IN 2021

It is with great disappointment that we advise the NECA 2020 Excellence Awards program will be postponed until 2021.

In light of Government advice to limit mass gatherings due to the coronavirus pandemic, NECA has determined that the best course of action at this time is for the NECA National Excellence Awards event be rescheduled.

NECA's National Excellence Awards, which recognise outstanding professionalism, commitment and innovation within the electrical and communications industry, will combine project submissions from 2020 and 2021, and culminate in a combined 2020/21 National Awards event to be held in Canberra in November 2021.

Reach out to your local NECA Chapter office regarding State and Territory award events.



**Farokh Ghadially, Vice President - Power Products & Solutions at Schneider Electric, with Stowe Australia recognised for the Western Sydney Stadium project at the 2019 NECA Excellence Awards.**



**2019 NECA Excellence Award winning project for Commercial Medium Category: NSG BOFFA SA, Adelaide Botanic High School.**



## WHAT'S THE LATEST ON NON-CONFIRMING BUILDING PRODUCTS?

Recommendations following the Senate Economics References Committee's Inquiry into Non-Conforming Building Products are finally out.

The Inquiry's final report highlights two key issues that are negatively impacting confidence in the Australian building sector. Firstly, the use of non-conforming building products, which are products or materials that claim to be something they are not; and secondly, the non-compliant use of building products, where products or materials have been used incorrectly and in a manner that does not comply with the requirements of the National Construction Code [NCC].

Commenting on the report, Suresh Manickam, CEO of NECA, said, "Non-conforming building products are the cancer of the construction industry, a disease that threatens every consumer and that has been allowed to fester by successive state and national governments".

"As the peak body for the electrical and communications contracting sector in Australia, NECA is well placed to take a lead role in supporting Government to work with industry to address the key recommendations and rebuild confidence in Australia's building and construction sector," he said.

NECA welcomes the Government's commitment to improved engagement with industry on non-confirming building products including the

provision of a confidential reporting mechanism for concerns about non-conforming building products.

In particular, to combat the sale and distribution of non-compliant electrical products, NECA supports the urgent and nationwide adoption of the Electrical Equipment Safety System [EESS] scheme, a national database that records the registration details of responsible suppliers of electrical equipment across Australia and New Zealand.

Introduction of a mandatory third-party certification scheme for high-risk building products could also positively contribute to addressing the industry-wide issue of non-compliant electrical products.

However, addressing non-conforming building products alone will not raise the quality of construction in Australia's building industry. To stamp out non-conforming building products, a nationwide compliance and enforcement regime is required as well as additional government funding for relevant agencies and their operations.

Imposing penalties for non-compliance with the National Construction Code, such as revocation of accreditation or a ban from tendering for Commonwealth funded construction work and substantial financial penalties, is a welcome recommendation and a strong deterrent to unscrupulous builders putting lives at risk.

## NECA INDUSTRY SURVEY: IMPACT OF COVID-19 ON THE ELECTRICAL & COMMUNICATIONS INDUSTRY IN AUSTRALIA

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.

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.

### Types of work undertaken by respondents to the survey include:

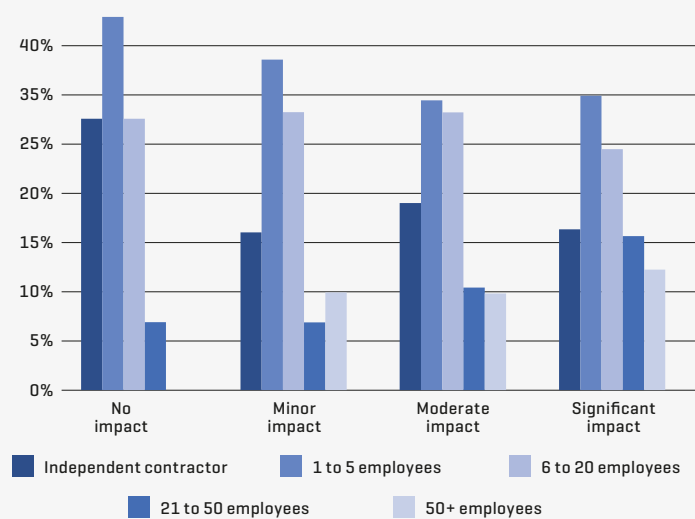
- Commercial Services [55.3%]
- Residential Services [43%]
- Building & Construction [37.9%]
- Industrial Services [27%]
- Data & Communications [20.6%]
- Government/ Infrastructure Projects [12.8%]
- Electricity, Water, Gas, Waste Services [10%]

### WHERE TO NOW FOR THE ELECTRICAL AND COMMUNICATIONS INDUSTRY?

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 risks, reduced productivity due to social distancing requirements and a general heightened level of uncertainty and reluctance amongst consumers around engaging electrical work/projects.

### THE IMPACT OF COVID-19 ON RESPONDENT BUSINESSES



Despite the quiet optimism that businesses will eventually recover from the COVID-19 pandemic, the research paints a sobering picture with 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.

### POWERING UP THE ECONOMY - NECA FOUR POINT PLAN

On the back of NECA's industry impact survey, NECA has been engaging with Government and key stakeholders on a Four Point Plan to Power up the Economy, which outlines a number of immediate and longer term measures can be undertaken to prevent Australia falling off an economic cliff in the coming months. These include:

#### 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) and businesses (up to \$5,000) to undertake electrical safety and energy efficiency upgrades to homes and commercial property under NECA's Safety and Energy Upgrade Program.
- Federal Government to commit to a program of community capacity building within all Local Government Areas. 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 red tape 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.

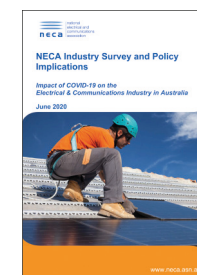
### 4. ENERGISING THE FUTURE

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.

A full copy of the report and NECA's four point plan for powering the economy, can be downloaded at [www.neca.asn.au](http://www.neca.asn.au)



### KEY FINDINGS FROM THE 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 is uncertain 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
- 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%].