

## REPORT FROM THE CEO

There is never a dull moment in this industry.

What I particularly like about this time of year is that it's a time of celebration for our industry, our people and our work.

With the NECA National Conference in August now a fond memory, we are looking forward to Darwin 2020. It truly was an honour to observe the comradery across the Association this year in Hamilton Island, and to hear from so many of the delegates and sponsors. These exchanges have certainly provided me with new insight into the issues facing our industry and opportunities ahead.

Hot on the heels of our Conference, we have held our state and territory Excellence and Apprentice Awards across the country. It has been a privilege to see firsthand the incredible work of NECA members. These awards give our members the opportunity to showcase their best and brightest talent and projects. We are thrilled to see the calibre of projects that have been entered into the 2019 state and territory awards, which culminate in the NECA National Awards on 21 November at the Howard Smith Wharves in Brisbane. No doubt we will see many of you there.

Skills and training are always top of mind for NECA. In September we welcomed the Deputy Premier, John Barilaro – a long-time advocate for skills and training – to officially open NECA's new Centre of Excellence in NSW. The specialist facility is already being used to train NECA Training and Apprenticeships' first year electrician apprentices, with the majority of the organisation's 550 NSW-based apprentices to commence studying there over the next two years. NECA is also in the final stages of building a new training facility in the nation's capital, which is slated to open early 2020.

NECA was also delighted to host a Small Business Forum with Senator Andrew Bragg at our new Training Centre. A collaborative and robust dialogue with the Senator provided

our members with the opportunity to raise issues affecting small business and family owned electrical sub-contractor enterprises, and to identify new opportunities to reduce red-tape, promote job growth and encourage private sector investment in the electrotechnology sector.

Events over recent months have also led to NECA spending more time in our nation's capital, engaging with both the federal and state government ministers and their senior advisors on behalf of our members and the industry at large.

Some of these engagements have included written submissions which can be download on the NECA website. NECA's submission *Supporting the NSW Energy Sector – June 2019* outlines a range of low-cost and effective proposals and initiatives that the government should immediately implement to mitigate barriers and encourage investment. These include mandatory safety audits, home energy audits and improved residential fire safety provisions.

Our submission to the *Building Stronger Foundations Discussion Paper* addresses key concerns for the electrotechnology industry which relate to the trade in counterfeit products that fail to conform to Australian Standards and pose a significant threat to community safety and the viability of the building and construction industry.

NECA holds the view that governments and regulators must learn from the lessons that Infinity provided us. Moreover, NECA believes that governments and regulators have a responsibility to act upon these lessons through measured regulatory reform.

You will be hearing much more from NECA on this in the coming months.



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



## IT'S TIME TO CONFORM

The recent nightmare of building faults and evacuations in Sydney and Melbourne has again put a spotlight on non-compliance in the sector.

Electrical defects are one of the most prevalent causes of residential fires in Australia. Between 2010 and 2013, thousands of kilometres of dodgy Infinity cabling were installed across Australia. While a recall was ordered, hundreds of kilometres of this faulty wiring remain in place.

Non-conforming products such as Infinity 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.

We are pleased to see governments beginning to address this, but the industry and consumers need action to systematically resolve these issues rather than continue to deliberate over policy.

This is why NECA is calling for electrical safety audits to be included as part of government reforms. Currently home electrical safety checks are neither actively encouraged or enforced across the states and territories.

A cynic might say the industry body representing electricians asking for this is self-serving, given the additional work, but this is about making everyone safer in the long-term, including electricians.

As an industry there are genuine reputational issues, and we must remain vigilant to ensure both electrical products and electrical installations are compliant and safe.



### NECA CENTRE OF EXCELLENCE OPENS IN NEW SOUTH WALES

Thousands of young people are set to benefit after NECA Training and Apprenticeships officially opened its state-of-the-art Centre of Excellence in Chullora, NSW on 9 September with guest of honour, NSW Deputy Premier John Barilaro.

The specialist facility is already being used to train NECA Training and Apprenticeships' first year electrician apprentices, with the majority of the organisation's 550 NSW-based apprentices to commence studying there over the next two years.

Equipped with the latest electrotechnology materials and tools, the Centre of Excellence is one of the best of its kind in Australia, ensuring electrical apprentices in NSW have access to a high-quality learning environment where they can develop skills that are increasingly in demand.

NSW's infrastructure boom is just one factor that has contributed to a shortage of electricians, which the Centre will help to address.

The Centre is expected to grow to include nearly 500 apprentices and 1,300 post-trade per learners each year. In total, 7,000 apprentices and tradespeople will receive electrotechnology training there over the next five years.

"This is a first-class training facility and a testament to the hard work of NECA," the Deputy Premier said.

"It is great to know that thousands of young people are going to be receiving high quality skills. This Centre will make a significant contribution towards boosting the skills capability and contributing to the NSW economy.

"What I have seen today is hugely encouraging as we look to get more young people into the trades to address the ongoing skills shortages."

"What's important is that young people understand the excellent training they receive as part of an electrical apprenticeship, as well as the well-paid and rewarding career they can expect when they qualify," Suresh Manickam, CEO of NECA said.

### 2019 NECA INDUSTRY CONFERENCE - IT'S A WRAP!

The curtains have closed on yet another fantastic Conference - touted as the best NECA Conference ever held. This year more than 330 delegates from across the country came together on the breath-takingly beautiful Hamilton Island for three days of engaging business sessions, unique local experiences and social events.

Thank you to everyone that attended - we hope to see even more members next year. We're heading to the top end in 2020. More announced shortly so watch this space!

We would particularly like to thank National Diamond Business Partners - Schneider Electric/ Clipsal, NHP and L&H, and conference sponsors - MMEM and Legrand for their continued support of the industry through these events.



### TRADES TO SUPPORT BILLIONS IN CONSTRUCTION ACTIVITY

With Construction Skills Queensland (CSQ) projecting an estimated \$4.7b in construction activity over the next 12 months in Central Queensland alone, more tradespeople will be required to address the anticipated skills shortage.

In partnership with the Queensland Government under the Advancing Apprentices Fund, NECA is actively promoting electrical apprenticeships across Queensland.

The purpose of the partnership is to encourage more Queenslanders to consider an electrical apprenticeship, and to connect apprentices with businesses in Queensland.

If you're a Qld-based business looking to grow on the back of the construction boom, and considering putting on an apprentice, contact NECA on 1300 UNECAQ to connect with pre-registered candidates.

## NECA MARKET MONITOR 2019 – THE RESULTS ARE IN

NECA has finalised its biennial Market Monitor industry survey, with the highest response to date.

The lengthy online survey completed by more than 1,500 respondents between February and April 2019 covers a range of areas of interest to the industry, and the ongoing nature of the study allows for the examination of trends in key areas.

These areas include overall sentiment and business confidence, the purchase process including decision making, ordering and the channels and methods used to purchase materials as well as the role of manufacturers and their brands. It also zooms in on the topic of compliance and what that means to contractors, the impact of digital and new technologies and the perceived influence of the end-customer.

Insights from the 2019 survey contribute to both NECA's understanding of changes in the electrical and communications industry and importantly, the development of key advocacy policies on behalf of members.

From the survey this year, it is clear the electrical industry is in a state of rapid technological change – perhaps at a rate not seen before in recent history.

This is a challenging time to be a contractor, due to the emergence of these new technologies, but equally is a time for industry leaders, wholesalers and manufacturers to step up.

### Nature of the work

Residential and commercial projects continue to provide the mainstay of work for most electrical contractor businesses, regardless of size, with maintenance and renovation/refurbishment projects a prominent source of business. Compared to previous years, companies appear to be relying less on a single type of work for much of their revenue and are instead branching out.

### Optimism on the up

Optimism for future work remains high among survey respondents, with pessimism and concern for future work decreasing compared to previous years. High levels of optimism are most noticeable in bigger businesses (with over five employees).

### External factors for concern

Contractors feel that external factors outside of their control will assert the greatest influence on their future business. Concern around general economic conditions and competition from other business remains high, but it is concerns about the cost and availability of skilled labour, and government legislation that has been growing year on year.

### Going, going, gone digital

The ability to conduct business online continues to transform the way the electrical industry operates, especially for younger contractors. More and more contractors are using social media as a business tool, with



two thirds using Facebook and one quarter using Instagram.

This year 80% of survey respondents said they research product information online, with almost one third of businesses now ordering supplies online. The new technology gap is in ordering apps – 8% currently use an app to make orders, but 20% would like to be using an app.

### Compliance is still top of mind

When choosing which brand of product to purchase, compliance is key. Contractors feel confident they understand compliance and the risks that come from not using compliant products; however, a majority feel that their end-consumers do not understand compliance. Unsurprisingly, there is a high level of confidence among contractors that buying from trusted wholesalers will ensure they have compliant products.

### Technological change is at the fore

Smart technology, IoT and automation are predicted to have an increasing impact on the industry, with around one third of contractors gearing up for this shift. Solar energy, battery storage and renewables also remain top of mind. However, at this stage these anticipated changes in the industry are not having any noticeable impact on the number of companies choosing to specialise in these areas.

Interestingly, contractors feel that the greatest threat to technological change in the industry is through the purchase and installation of poor quality, non-compliant products and (perceived) growing numbers uncertified or inexperienced tradespeople. They also acknowledge the skills and labour gaps in these emerging technological areas.

### Polarity in end-consumer knowledge

Half of contractors surveyed feel that their end-consumers are more knowledgeable than they used to be however contractors expressed that this makes their job more difficult. According to those surveyed, there appears to be a growing gap in end-consumer knowledge levels, from the technologically illiterate to tech-savvy early adopters, and contractors are finding it challenging to communicate and converse across all levels of knowledge.

Thank you to all of you who took the time to complete the survey and congratulations to all our prize winners. Look out for the NECA Market Monitor industry survey in 2021.

## CHANGING THE CONVERSATION ON CAREERS

In Tasmania, only one in three job vacancies for electricians can be filled. It's a similar story with a range of trades across the country, but recent government figures show that apprentice numbers have fallen by nearly 200,000 since 2012.

Meanwhile, about 50,000 people will drop out of university this year, 50,000 people who will be burdened with thousands of dollars of debt because they chose the wrong path. Even those who do complete their university studies may have been financially better off pursuing a trade.

Learning these statistics should make us all ask the question: Did they jump or were they pushed?

The fact is that too many young people are nudged, prodded or frogmarched into university. It has become the default decision for school-leavers, who it appears must now make an active choice to not go to university.

The typical response to such crises in public life is to blame politicians. But take a step back and they are making all the right noises, and increasingly backing their words with actions.

This month, Scott Morrison himself declared "TAFE is as good as uni", ahead of a Council of Australian Governments meeting in Cairns where education and training were top of the agenda and that promisingly saw the formation of the COAG Skills Council.

In this instance, it seems the problem is endemic within 21st-century Australia and will require a societal shift to achieve much-needed change. University degrees have been placed on a pedestal, with other qualifications a distant second — indeed, sometimes even viewed as lesser than having no qualification at all. In the eyes of many, university has become an end in itself: the pinnacle of achievement rather than a milestone on life's journey.

This is doing our young people a disservice, providing them with skills

that will rapidly become redundant, as well as debt that will stay with them long into their careers. It is a problem that has festered across decades, with parents, teachers, careers advisers, employers and even the trades themselves all sharing responsibility.

There is also a misconception that learning a trade is limiting. This could not be further from the truth. Many electricians are small-business owners, entrepreneurs who are the lifeblood of the Australian economy. Others go on to further training or university study when they are looking to specialise in engineering, for example.

They work on some of the country's biggest infrastructure projects, ensure the lights turn on and are at the forefront of the digitisation of the economy, installing data centres, making cities smart and setting up 5G.

What's more, they earn a lot of money. NECA's latest comparison of salaries found that a licensed electrician continues to be on average more than \$200,000 better off than a graduate a year after each of them had completed their studies.

These are the types of conversations we need to be having with young people so they have the knowledge to make informed decisions about their futures.

And it can't just be at the high levels of government, where the problem has been recognised, with this year's Joyce Review mapping out a path for a top-down approach that will boost the status of VET education.

Initiatives such as establishing a national careers institute, which would provide better careers information to students, are important steps in turning the tide. Critically, alongside this, we need a bottom-up change in attitudes that recognises the value of an apprenticeship to individuals and the broader economy.

The consequences of not doing so are simply too great. Skills shortages across the Australian economy are reaching crisis point when we have more infrastructure planned than ever.

## PAYMENTS BACK ON THE AGENDA

Recent commentary around the *Murray Review of Security of Payments* has reinvigorated discussion on the issue of subcontractor payments. Within the building and construction sector subcontractors have acted as de-facto financiers for far too long.

What's more, the majority of Australian subcontractors are small family owned and operated businesses who simply do not have the cash reserves to deal with many of the demands placed upon them by some unscrupulous lead contractors.

NECA was one of many stakeholders engaged as part of the *Murray Review of Security of Payment Laws* and is currently working with government and on the issue to see fundamental changes to the security of payment arrangements within Australia.

The findings and recommendations of the Murray Review confirm the positions that we, and other subcontractors have held for a long time — and that is, the current system is flawed. The current system punishes subcontractors, it does not protect them.

With countless examples of builders going under due to no-fault of subcontractors, protections and measures must be immediately introduced to limit any further detrimental impact to this sector.

While we are yet to see a national approach to the Security of Payments issue, in NSW, the *Building and Construction Industry Security of Payment Amendment Act 2018* [the Amendment Act] and the *Building and Construction Industry Security of Payment Amendment Regulation 2019* [the amending Regulation] come into effect on 21 October 2019.

This includes amendments to: requirements of Payment Claims and the service of Payment Claims; payment terms; issuing of Payment Claims upon the termination of a contract; penalty rates; powers of authorised officers; and liability of directors under the Act.