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25 June 2018

The Hon. Craig Laundry, MP  
Minister for Small and Family Business, the Workplace and Deregulation  
P.O. Box 6022  
House of Representatives  
Parliament House  
**CANBERRA ACT 2600**

Dear Minister,

**National Review of Security of Payment Laws Final Report (Murray Review)  
J. Murray AM – December 2017**

The National Electrical and Communications Association (NECA) is the peak industry body for Australia's electrical and communications contracting industry, which employs more than 145,000 workers and delivers an annual turnover in excess of \$23 billion. We represent approximately 5,200 electrical contracting businesses across Australia.

NECA represents the electrical and communications contracting industry across all states and territories. Our legal practitioners have extensive experience involving the adjudication of payment claims throughout the various States and are well versed to determine the pros and cons of each States Security of Payment's systems.

At great cost and expense, NECA championed the introduction of the Security of Payment in New South Wales in 1999. Security of Payment is of vital importance for NECA members and NECA has taken a keen interest in all developments on this front. We are pleased that the use of Statutory Trusts has come full circle. NECA advocated the use of Statutory Trusts in 1999. The Murray Review, in 2018, has eruditely recommended the use of Statutory Trusts as the blueprint going forward.

As a finishing trade, electrical contractors are often the last in the line of credit to receive payment for work completed, moreover, electrical contractors arguably provide the highest value inputs of all sub-contractors by way of fixtures, fittings, bespoke switch gear, transformers and labour. Therefore, electrical contractors are at a greater disadvantage than any other sub-contractor with respect to payments in the event of receivership.



Harmonisation and the streamlining the Security of Payment process/system is of critical importance to electrical contractors, the majority of whom are Australian owned and operated small-to-medium enterprises (SMEs). Critically, the vast majority of these businesses are family owned and operated who provide employment and apprenticeship opportunities to countless Australians throughout all capital cities, as well as regional and remote areas. It is therefore no exaggeration to state that this industry and these businesses are particularly susceptible to cash flow issues.

**In short, the current multi-jurisdictional Security of Payments landscape is actively working against the best efforts of the electrical contracting sector.**

**The existence of the current multi-jurisdictional Security of Payments landscape is one of the largest contributors to a lack of further investment, a suppression of employment opportunities and an impediment to efficient economic activity within the electrical contracting sector, the building and construction sector and the broader Australian economy.**

**The current multi-jurisdictional Security of Payments landscape is an economic inhibitor not an economic enabler.**

The Murray Review demonstrates a great understanding and in depth analysis of the Security of Payment legislation throughout the various States and is a blue print for any future Security of Payment legislation. The vital building blocks for a robust, efficient and successful Security of Payment system are contained in the Murray Review's 86 recommendations.

NECA's position on the Murray Review Recommendations is as follows:

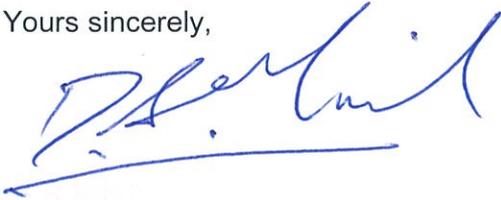
1. The harmonisation of the Security of Payment legislation adopting the East Coast Model is fully supported and must occur as soon as is practicable;
2. The 86 Recommendations in the Murray Review are fully supported and should be the blue print for Federal Security of Payment Model legislation and must occur as soon as is practicable; and
3. The introduction of a deemed statutory trust model as set out in recommendation 85 is most welcome and fully supported and must occur as soon as is practicable.

To the last point, the introduction of deemed statutory trusts will have additional benefits for the building and construction sector, in that it will avert any adverse financial impacts throughout the sub-contractor chain, thereby preserve and protect family owned and operated businesses, employees and apprentices.

NECA fully supports and endorses the Federal Government's initiatives with this process. NECA's members are looking forward to seeing this legislation implemented as expeditiously as possible and appreciate the Federal Government's commitment to family owned and operated businesses, employees and apprentices as well as promotion of a fair and productive building industry.

Please do not hesitate to contact me should you have any queries or require any further information or input.

Yours sincerely,



Suresh Manickam  
Chief Executive Officer  
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