

A word from the CEO

As we head into 2015, it becomes clear that this is going to be another challenging year for our industry.

No sooner were we back at work than we heard that ECables had gone into liquidation. At this point, it's unclear what the ramifications will be, but we can be sure this will not be the end of the saga.

So I would stress again the importance of only buying compliant products from reputable distributors. The investment the large manufacturers and bigger wholesalers make in testing products is, in many ways, your insurance.

When we first heard that ECables was recalling its product, we were assured that they had the appropriate insurance. While this most recent development casts some doubt on this, if you purchased your product from a major wholesaler, you will still be protected.

Recall insurance, or assurance?

On the back of the Infinity Cable debacle, we spoke to the major wholesalers and manufacturers about the merits of compulsory recall insurance.

The overwhelming view was that if the regulators were to force this onto the market, it would only make legitimate products more expensive, in turn encouraging consumers to buy the cheaper, potentially non-compliant products available.

The better option would be to better define what 'good governance' looks like and build that into the regulatory requirements. This would then provide the assurance that the industry, and contractors, need.

At the same time, regulators need to work with manufacturers and wholesalers to improve the testing process for all products – especially those produced by unknown manufacturers.

To be effective, this needs to be done independently and regularly. Both Infinity and ECables appeared to have been



through successful testing at some point. However, subsequent tests failed, suggesting initial tests could have been performed on a special sample rather than a random one. This is another challenge we face. And we believe that the solution is that everyone plays by the same set of rules.

The role of the consumer?

These developments also suggest the consumer has a role to play. We need to make consumers more aware of the risks associated with non-compliant products and make sure they ask the right questions. This is harder to achieve, but we're starting to look at how we can engage more with consumers. The 'Find an Electrician' form on our website is the first small step in this direction.

NECA Policies

February saw the first official set of NECA Public Policies being launched at our first 2015 Parliamentary Luncheon with Federal Treasurer Joe Hockey in Sydney.

We engaged with our members, state chapters and NECA Councillors to develop this suite of policies, which is the first of its kind for our organisation.

It outlines eight key policy themes and 21 specific policy recommendations. If actioned by the Government, NECA believes that it will deliver a more prosperous and effective electrical contracting sector through the creation of

new employment opportunities, increased safety and compliance standards and a boost in growth for our national economy.

As the peak industry voice for the electrical and communications sector, NECA will continue to engage with key stakeholders on a range of policy positions and in a number of forums. NECA holds the view that the ongoing advocacy of our industry, via parliamentary discussions, parliamentary and departmental policy submissions and policy forums are a critical element in effecting positive change for our industry. The policies are available on our website and we hope you find them of interest.

2015 Market Monitor

Finally, I would like to remind you that it is Market Monitor time again. The first study was almost 10 years ago and we have made a number of changes this year.

Firstly, we are opening up the survey to everyone in the industry. Secondly, this survey is online and the questions have been streamlined to make it easier, and faster, for you to complete this year.

This will give us real-time results and enable us to look at trends by age groups to, for example, identify the different purchasing habits of the under-35 contractor. The data can also be split into metro and regional areas, owners, business managers, employed contractors and even apprentices.

So, please read on to hear more about how this year's survey will take shape, and do make sure you have your say. At least one lucky person will win a trip to the proposed NECA National Industry Conference in Cape Town in 2016!

You need only visit the NECA website (www.neca.asn.au) to complete the questionnaire.

Best regards,
Suresh Manickam

NECA 2015 Market Monitor in detail

This year's Market Monitor is the single largest national survey undertaken by the electrical contracting industry, with a scope spanning a contractor's relationship with their consumers and wholesalers, to their concerns and challenges for the years ahead.

This year's survey will be even easier for participants to fill out than in previous years, as it is both online and interactive. The feedback you provide is invaluable to manufacturers and wholesalers, as well as giving NECA the help we need in determining the direction of our governance and industry representation.

This year, as in previous years, the study focuses on specific areas relevant to today's contractor. There are six sections in this year's survey, all designed to give us a better idea of how you operate and make decisions – plus, it's an opportunity for you to identify areas that you think could do with some improvement.

Broad Industry Overview

This section of the survey notes the changes that are occurring in the industry and lets us know what we might reasonably expect in the coming months.

It looks at how you source your work, if the flow of work is constant and your costs and knowledge of new products. It also asks about general concerns you might have for the future of the industry and your feelings about the direction in which it is headed.

This is your chance to have a direct say about where the industry is going, notify us of any upcoming issues you might foresee and help us plan for the next two years.

Purchase Process and Decision Making

Who makes the decisions in regards to which brands your business uses and where they come from? What informs this decision? What channels do you use when you do purchase equipment?

This section asks these questions, giving us an impression of how electrical contractors typically purchase their goods and what thinking goes into it. This informs the release of educational material that helps you avoid defective products and other potential pitfalls for contractors, making the industry safer for everyone involved.

'The Grey Market'

There is little question as to the existence of a parallel marketplace for wholesale electrical goods in Australia, but at the same time there is little information on what is driving electrical contractors to import when they buy. This section of the study looks at how the rise of this 'grey market' will affect businesses and member impressions on the safety or legitimacy of these channels.

Your feedback here notifies homegrown wholesalers of the areas that they've fallen short in and also works to let the industry know of the risks they may face when choosing to purchase electrical goods through these routes.

The Role of Digital

There's no question that the internet has transformed our industry, with enormous changes in the way we receive, conduct and carry out business. This section attempts to determine if the industry is successfully

meeting the challenge of new technologies and adopting them at a rate swift enough to capture the consumer.

We're also interested in how you, as a business, have been using these technologies to make things easier and better for yourself and your consumer. It's your chance to proudly let us know the ways in which you've adopted technology to your advantage and how it's changed the way you manage your business.

The End Consumer

This section is all about arguably the most important component of our industry: the consumer.

We're looking to find out how exactly you interact with your customers, what questions they're asking, how much they know and what changes this makes to the way you do your job. We want to know if the consumer in 2015 is more knowledgeable and more empowered to make decisions than their 2013 counterpart – and if not, why not?

The results of this section of the survey can assist contractors in better connecting with their customers and help make sure that your business prospers, whatever the climate.

As Businesses Evolve

In order to meet the growing demands of businesses, we will carefully examine the purchasing decisions of consumers within different age brackets. It is essential for us to understand the changing consumer patterns and how this could influence the industry as businesses continuously evolve.

About SurveyMonkey

NECA's 2015 Market Monitor Study will utilise SurveyMonkey's powerful FluidSurveys tool.

- SurveyMonkey is the world's leading online survey platform.
- Created in 1999 by Ryan Finley, a college junior who needed to survey customers for his part-time job.
- Now has more than 450 employees worldwide with customers including

99% of the Fortune 500.

- SurveyMonkey also provides its services for brands such as Facebook, Virgin, Samsung and Kraft Foods.
 - SurveyMonkey opened its first APAC office in Sydney last year with a team of seven with plans to grow to 20 in 2015.
- FluidSurveys is an intuitive online service that actively reacts to the answers that users give it. Unlike previous years, the

participants will open up different pathways as they work through the survey, making sure that the questions you're being asked remain relevant to you and useful to us.

The FluidSurveys tool will also allow us to begin analysing results long before all participants have finished filling the survey out – meaning that the valuable insights we gain can be released to the community even sooner.

Highlights of the NECA 2013 Market Monitor

The 2013 survey found that even with a 7% increase in charge-out rates, the cost of doing business rose by 25% overall, leaving the average electrical contractor considerably worse off than they were when NECA conducted its 2011 Market Monitor.

NECA was concerned that though media were reporting a rise in business confidence, this change hadn't been reflected in real terms across the industry.

"Our industry – which employs more than 50,000 people across Australia – is in many ways a barometer of the Australian economy," said our then CEO.

"[2013's] overwhelming message is that it is getting harder and harder for the smaller businesses to survive, with rising costs of materials and labour, higher taxes and never-ending red and green tape... it is not

surprising that as many as 5% of contractors doing business in 2011 have since closed their businesses."

The key findings of the 2013 Market Monitor include:

- The average contracting business employed 13 people (increase of 9 since 2011).
- Less than 8% of the industry employed more than 25 people.
- On-going maintenance work (in both residential and commercial work) was a considerably smaller percentage of the work done in 2013 when compared with 2011's study.
- There was a 40% increase in specialisation on the part of contractors, up 40% since 2011.
- Overheads rose by up to 40%.

- Home automation - possibly due to the NBN - emerged as a key skills requirement.
 - The number of apprentices being taken on fell.
 - The most significant 'new technology' skills in the 2013 period related to renewable energy and energy efficiency.
 - 96% of contractors carried smart phones – though the apps most commonly used were banking, maps and the weather.
 - The mainstream suppliers grew their share of the top-end of the industry.
 - The percentage of direct imports, while small at the time, was growing.
- This year, NECA anticipates dramatic differences in the findings of our 2015 Market Monitor. Read on to learn about the areas being focused on in this year's study.

NECA Releases New Policies

NECA has recently released its 2015 Policy Statement. A first of its type for the organisation, the statement has been formulated as a result of internal engagement with our members, state chapters and elected Councillors. The statement was ratified by the NECA National Executive in January 2015.

The NECA Policy Statement 2015 contains eight key policy themes and thirty specific policy recommendations that we strongly believe, if actioned by the Government, will lead to a more prosperous and effective industry sector, presently generating an annual turnover in excess of \$23 Billion and employment for 145,000 workers. These policy outcomes would additionally deliver a boost to Australia's economy through the creation of new employment opportunities and enhanced safety and compliance standards.

Designed to highlight to policy makers and key decision makers within the Government the barriers, threats and opportunities that presently exist for our industry, the statement outlines the necessary solutions and policy outcomes that can improve the lot of



businesses within our industry.

Some of NECA's core themes are highlighted within the statement, such as calling for the establishment of a driver's licence model for national licensing, support for the reform of the Vocational Education and Training sector, the stability of payment for electrical contractors in the event of a collapse of a construction company and support for an industry focused, national register to stamp out the sale of non-compliant electrical products and parts to name just a few.

Throughout 2015, NECA will continue to engage with key stakeholders, on a range of policy positions and in a number of forums. We strongly believe that the ongoing advocacy of our industry, via Parliamentary discussions, parliamentary and departmental policy submissions and policy forums, are a critical element in effecting positive change for our industry.

To find out more visit the NECA website and look for the 2014 Annual Review which has a full version of the policy statement.

WIN



**Win a trip to the 2016
NECA National Industry Conference
in Cape Town, South Africa.**



Go to www.neca.asn.au to enter.