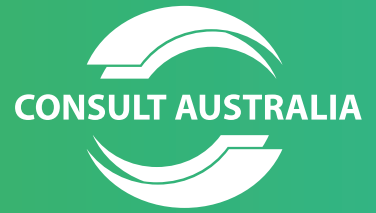


2014 Consult Australia Annual Report



From the President



It was a great honour for me to be elected President of our industry's most eminent industry association, particularly as I have been involved with the organisation's activities on a variety of levels for some time. The opportunity to represent our industry both nationally and most recently internationally has been a privilege and is proving to be a most interesting journey.

One of the highlights for me this year was Consult Australia's inaugural ASPAC CEO Conference. Providing a unique networking platform for the top echelons of the major consulting and engineering firms in the Asia Pacific region, this exclusive forum for CEOs and senior business leaders, provided an opportunity for insightful debate and discussion with peers from within the Asia Pacific region.

A first for Australia, the conference was a time for our firms' CEOs, CFOs and senior executives to come together to discuss the issues of the day in a two day forum, covering such subjects as ethics, resources and mergers and acquisitions, amongst many other hot topics. The Conference was a resounding success with participants attending from as far afield as the UK and India, with all indicating that the event should become an annual affair.

Whilst nationally our industry is still feeling the strains of the downturn in the resources sector, some of the states' recent investment in infrastructure, aligned with the repositioning of a number of our member firms, through mergers and acquisitions, has seen perhaps the most positive activity in the market for some time. With our industry's often cautious approach 'optimistically cautious' seems to be the favoured safe bet used by many in describing the outlook for the next six to twelve months.

Consult Australia has also felt this cautious approach from our member firms. Whilst continuing to provide a well measured value proposition, utilisation of our services continues to be conservative. As a result, Consult Australia have undertaken an internal restructure to more effectively and efficiently provide the same high standard of service through our advocacy activities, industry events, training and committees that our members have come to expect.

The result is represented in our financial position and whilst our results are an improvement on FY13, Consult Australia unfortunately still recorded a loss of \$76k in the financial year 2014. The internal restructure is directly attributable to this improving position and places the organisation in a much stronger position for FY15.

As my first year as President comes to an end, the Annual Awards for Excellence come upon us again. This is an opportunity for us to showcase and celebrate all that is good about our Industry, through not only the awards themselves, but in the opportunity to catch up with colleagues and friends. I encourage you all to book your tickets and tables and ensure your attendance at what is our industry's night of nights.

At the conclusion of my first year, I would like to thank you all for your support, in particular my fellow Board Members. I would like to acknowledge and thank Megan, the Senior Management Team and all Consult Australia staff, both in the National Office and those in state offices, for their commitment and relentless pursuit of a fairer, more level playing field for all consultants in our industry, paving the way for us all to be a little more than 'optimistically cautious' for the year ahead.

Matthew Harris
Consult Australia President

From the CEO



The twelve months from July 2013 to June 2014 was bittersweet for Consult Australia, as we continued to grow in prominence and influence in all jurisdictions of Australia at the same time battling against a continuation of difficult trading conditions for many of our members which continues to affect our bottom line.

Whilst the association saw a net growth in membership of 45 new member firms (7% growth), the staff numbers reported by many of our members dropped significantly, affecting our overall subscriptions intake. The continued consolidation within the industry globally is also set to affect our subscriptions over the longer term, which validates our strategic direction to reduce our reliance on member fees and increase our income through services and commercial activities. I am pleased to note that in 2013/14 our reliance on membership subscriptions was down to just 55%, which means we are well on our way to our longer term target of 40%.

This is supported by a huge amount of activity from across the organisation with regards to events and services to support the important work that we do. This year Consult Australia ran 152 events attracting some 7,754 attendees. These events are essential not just because of the profits that they provide to help fund the association, but because of the valuable role that they play in both member engagement and also advocacy value adding.

Once again our major national events had a particular impact in these areas, with our very successful Awards for Excellence taking

place in Melbourne in December in front of a crowd just shy of 300, and our inaugural Consult Australia ASPAC CEO Conference in Sydney in June attracting almost 60 C-suite attendees from the Asia Pacific and further abroad.

I particularly want to thank all the Sponsors across all events/divisions who have continued to support our members through their partnership with Consult Australia. Your contribution to the sustainable success of our industry is noted and valued.

On an advocacy front we have once again seen an eventful year with major government reviews driving much of our activity and providing a great opportunity for engagement with all spheres of influence. Infrastructure is a driving force in the new government and Consult Australia is well positioned to ensure our members are seen by governments around Australia not just as delivery agents, but as trusted advisors to shape the sensible planning and delivery of a built environment that drives productivity, liveability and sustainability outcomes.

All this is, of course, not possible without the incredible dedication and professionalism of our Board, staff and member volunteers. I thank you for your efforts and look forward to another busy year of supporting our industry through changing times.

Megan Motto
Chief Executive Officer

New Members in FY2013/14

Acmena Group Pty Ltd

ASES Environmental Consulting Pty Ltd

Asset Geotechnical Engineering Pty Ltd

Aura Urban & Regional Alliance

B. E. Lewis Engineering Pty Ltd

Baker Rossow Consulting Engineers

Beverage and Brewing Consulting

Bloompark Consulting Pty Ltd

Bridge Design

Bryant Concepts

Candalepas Associates

Clark Engineering Consultants

Construction Assignments Pty Ltd

Cox Howlett & Bailey Woodland

Craden Projects Pty Ltd

David Morris Consulting Pty Ltd

Ener-G Management Group Pty Ltd

Entura

FortisEM

Gamcorp (Melbourne) Pty Ltd

HRL Imports Pty Ltd

Hydricity Systems Australia

Instech Group

Irwinconsult Pty Ltd

J Wyndham Prince Pty Ltd

LP Consulting Australia Pty Ltd

Lucius Pitkin Inc, Consulting Engineers

Management for Design

McGill-Morton & Associates Pty Ltd

Michels Warren Munday

Midas Engineering Group

NMM Professional Services Pty Ltd

Pritchard Francis Pty Ltd

The Buchan Group (VIC)

Tweed Coast Consulting Engineers

2013/2014 Financial Year Policy Wins

FEDERAL ELECTION 2013

- Campaigned throughout 2013 **advocating those key recommendations reflected in our 2013 Federal Election Platform**. Key meetings were held across both sides of Parliament establishing a strong bi-partisan understanding of our policy priorities in advance of the change in Government in September 2013. Ongoing discussions with the new Government continue to advance our interests with a range of new inquiries and policy announcements progressing our issues.

BEST PRACTICE PROCUREMENT AND FAIRER CONTRACTS

Campaigning for fair allocation of risk between contracting parties, standard contract terms and liability reform at all levels of government:

- Consult Australia's submission to the **Commission of Audit** explicitly reflected in their recommendations advocating **standard contract terms, value for money** and a more professional approach to procurement and contract management by government.
- The newly released **Commonwealth Contracting Suite** has adopted a number of features that Consult Australia has advocated for over many years, including flexible insurance requirements and less onerous liability provisions.
- Our submission and evidence presented to the **Productivity Commission Inquiry into Public Infrastructure** is reflected throughout their draft report, with multiple mentions, quotes and references directly to our submission and thought leadership work supporting better procurement, contracting and risk management on projects.
- A landmark was reached in our campaign for **proportionate liability reform**, with the **Standing Council on Law and Justice** developing draft legislation. We are continuing to work with governments and stakeholders around Australia to further develop the proposal, and bring about this important change.
- **Federal Budget Wins** for Consult Australia are reflected in a new unit established to develop procurement guidance material to **reduce barriers to small firms tendering** for government contracts.
- Met with the **leadership of the ACT Public Service** to discuss procurement policy and practice, and to improve contract terms and conditions for the future.
- **Consult Australia NSW** worked with the **NSW Department of Finance** on procurement reform, with many of our suggestions being seriously considered for adoption. Already, the Government has adopted improved policies on addressing risk and liability.
- One of only two industry representatives on the **NSW Department of Finance and Services Policy and Industry Advisory Committee** negotiating a new standard contract for consultants in NSW with representatives from over 12 NSW Government departments and agencies.
- **Consult Australia NT** met with senior representatives from the **Department of Infrastructure**, the **Department of Business** and the **Environmental Protection Authority** to discuss procurement concerns and ongoing engagement with Consult Australia members.
- **Consult Australia QLD** hosted a member only workshop with the **Department of Housing and Public Works** to influence the design of the Engineering Consulting Services scheme as part of the **QLD Government's Procurement Transformation Program**.
- **Consult Australia SA** successfully advocated for a change to **South Australian Government policy on limiting liability**, with agreement that the Guidelines will be re-written to allow for a limit of liability included on smaller value contracts.
- In response to engagement with the **Office of the Industry Advocate in South Australia**, Consult Australia was invited to participate in an informal expert group assisting them in developing recommendations about reforms to government procurement processes and practices in South Australia. The invitation follows successful engagement with the Industry Advocate to discuss the handling of risk and liability in government contracts as well as a range of other issues.
- The Western Australian Department of Finance's **Office of Building Management and Works (BMW)** has announced it will no longer contract out of proportionate liability in its head agreements with consultants.
- Met with and made representations to a wide range of other local, state and federal government agencies to discuss issues arising from their contracting practices.

SAFER, SUSTAINABLE AND MORE PRODUCTIVE WORKPLACES

Improving access to skilled workers against identified shortages:

- Together with partners in the **Scrap The Cap Alliance**, secured federal government commitment to not proceed with the cap on personal tax deductions for self-education expenses.
- Met with the office of the **Assistant Minister for Immigration and Border Protection, Senator Michaelia Cash** to highlight the impact of new Labour Market Testing (LMT) requirements on employers of engineers, and provide legislative options that will limit the impact of significant unintended consequences associated with LMT.
- Presented evidence to the independent panel **reviewing the integrity in the subclass 457 programme**.
- Ongoing discussions with the office of the **Minister for Industry, Ian Macfarlane MP**, to resolve training programs for engineering drafters.
- Advocacy across the political spectrum, including with the offices of the **Minister for Immigration and Citizenship**,

Minister for Employment and Workplace Relations, and Shadow Minister for Immigration and Citizenship.

- Key stakeholder in **Australian Workforce and Productivity Agency inquiry** into engineering workforce development.
- Secured for a final six months Consult Australia's **Immigration Industry Outreach Officer** to provide immigration and visa advice to our member firms.

Supporting national harmonisation of Workplace Health and Safety (WHS) legislation and developing guidance for firms complying with a changing regulatory environment:

- Continually working with **Safe Work Australia** to ensure the relevant regulations address the concerns and requirements of our industry, and that Codes of Practice affecting our industry are fair and effective.
- Together with other business groups, we have worked with Beyond Blue in their development of resources to assist businesses in addressing **mental health issues in the workplace**.

Facilitating a more diverse workforce, with ensuing productivity benefits across the industry:

- A growing number of CEOs (13) of Consult Australia member firms have signed the Charter of the **Consult Australia Champions of Change**, committing to actively advance equality across their businesses and to act as industry advocates for diversity.
- Demonstrated industry leadership with the release of the biennial **Workforce Diversity Survey Report**, including recommendations for action.
- Advocacy across the political spectrum, including with the offices of the **Prime Minister, Minister for the Status of Women, Minister for Early Childhood and Childcare, Shadow Parliamentary Secretary for the Status of Women, Shadow Parliamentary Secretary for Supporting Families, and the Shadow Minister for Childcare and Early Childhood**.
- Recommendations in the Commission of Audit reflected Consult Australia's submission and ongoing lobbying supporting increased flexibility in child care arrangements to support consulting professionals.

Benchmarking and leading the development of industry best-practice for more sustainable and productive businesses:

- Launched and promoted Consult Australia's **The Business of Sustainability** website and accompanying Decision Support Tool to guide professional services businesses towards a more sustainable business across four broad-based activity areas: sustainable governance, reporting and accounting; internal engagement and staff culture; collaboration and engagement; and technological improvements to offices and infrastructure.

BETTER URBAN ENVIRONMENTS & INFRASTRUCTURE INVESTMENT

Sharing our firms' expertise to deliver more evidence-based public policy outcomes; supporting investment in infrastructure providing more productive, liveable and sustainable urban environments:

- Following ongoing work and advocacy supporting value capture, Consult Australia collaborated with Sinclair Knight Merz (SKM) (now called Jacobs) to publish **Capturing Value**—considering further opportunities and challenges to **advancing value capture mechanisms to support infrastructure delivery across Australia**.
- Consult Australia's submission to the **Commission of Audit** explicitly reflected in multiple recommendations supporting infrastructure investment, more innovative financing and road user charging.
- **Federal Budget wins** for Consult Australia in a **landmark infrastructure package** grounded by policy reflecting our long-standing positions supporting hypothecation and alternative infrastructure financing.
- Our submission and evidence presented to the **Productivity Commission Inquiry into Public Infrastructure** acknowledged throughout their draft report, with multiple mentions, quotes and references directly to our submission and thought leadership work supporting infrastructure financing and delivery.
- In line with our thought leadership, **Valuing Better Engagement**, we continued to campaign across Australia for a **better discussion about the value of stakeholder engagement** to effective project delivery and best-practice procurement of engagement services.
- Supported advocacy across jurisdictions by the Australian Sustainable Built Environment Council (ASBEC) for a **Policy Framework for Climate Change Adaptation in the Built Environment and met with Queensland Minister for Environment and Heritage Protection**.
- In light of the challenges currently facing industry in different states, South Australia, Queensland and New South Wales Divisions undertook targeted surveys to collect data on staff redundancies and movement and key issues arising. These surveys provided a powerful platform for **ongoing state-based advocacy highlighting the current state of the industry and opportunities for reform**.
- Following this survey, South Australian members met with the Deputy State Liberal Leader and **Shadow Minister for Transport and Infrastructure, Vickie Chapman MP** to discuss the Opposition's vision for the future of South Australia, as we approach the eve of an election in South Australia.
- Reflecting the Association's increasing profile and increased advocacy, we developed position papers in relation to two major nation building projects: **High Speed Rail** and a **Second Sydney Airport**. We now have formally joined the **Western Sydney Airport Alliance**—a union of business, unions, local government, interest and community groups that support the economic, jobs and infrastructure stimulus of a major airport at Badgerys Creek. The Government's announcement of **an airport at Badgerys**

Creek reflected **Consult Australia NSW's** ongoing campaign as part of the Alliance.

- Ongoing discussions with the **Leader of the Opposition Daniel Andrews MP** and **Victorian Shadow Minister for Roads, Tim Pallas MP** seeking to progress a more sophisticated debate about the future of infrastructure funding and delivery across Victoria.
- Through national and state based advocacy, Consult Australia continued to secure media coverage on the **infrastructure pipeline** and **infrastructure funding and financing** including ABC's Business Today, The Business, ABC News, BRW and major state newspapers. Advocacy continued with state events including a joint event with the **Transport Reform Network** at which **Infrastructure Australia Chairman, Sir Rod Eddington** was keynote.
- **Consult Australia ACT** met with **Deputy Chief Minister Andrew Barr** to discuss the future of the industry in the ACT. Subsequent meetings with **Shadow Assistant Treasurer** and **Federal Member for Fraser, Dr Andrew Leigh**, and **Senator for the ACT Kate Lundy** have raised the profile of Consult Australia across the Territory.

STRONGER, MORE COLLABORATIVE BUSINESS RELATIONSHIPS

Fostering more productive working relationships between consulting firms and private and public sector clients across jurisdictions:

- Advanced our latest thought leadership ***Making the most of our resources, an industry discussion paper*** to expand the conversation, about how to deliver value through resources, between consultants and wider industry across Australia.
- Achieved **clarification of the application of the Rail Industry Worker Program** to limit the impact on consulting firms to include only managers and those with sign-off authority.
- Advocacy across the political spectrum to profile the role of consulting firms in the resources industry, including with the offices of the **Minister for Resources** and **Energy and Shadow Minister for Energy and Resources**.
- **Consult Australia NSW** met with the offices of the **NSW Treasurer** and **NSW Minister for Resources** to highlight the consulting industry's expertise and interest in sustainable coal seam gas development.
- Achieved NT government commitment to **review registration fees for micro engineering firms**.
- **Consult Australia QLD** working closely with **Transport and Main Roads** as a key stakeholder on their new Stakeholder Consultative committee quarterly meetings. Initial meetings focusing on the delivery of the Underground Bus and Train project (UBAT), Toowoomba range crossing and G20. Consult Australia QLD has also established a quarterly discussion with **Brisbane City Council**: exclusively for member firms, and met directly with **Queensland Health** to establish regular ongoing engagement.
- **Consult Australia VIC** is working collaboratively with **VicRoads** through quarterly roundtable meetings focusing on improving the effectiveness and efficiency of procurement processes in support of a more integrated and sustainable road transport system. An ongoing relationship with **Public Transport Victoria** has delivered an exclusive briefing for Consult Australia members on the State Budget Infrastructure Program.
- **Consult Australia WA** hosted a breakfast discussion with **Peter Coleman, CEO and Managing Director of Woodside** to explore future perspectives on resources in WA, and continued to advance discussion towards more collaborative contracting with the **Office of Building Management and Works**.

INDUSTRY INNOVATION, GROWTH & EXCELLENCE

Showcase industry excellence, lead innovation and the adoption of new technologies such as Building Information Modelling (BIM) and Integrated Project Delivery (IPD); delivering a more competitive industry in the longer term:

- Established a formal partnership with **Collaborate ANZ** to remove the misconception that the initiatives were in competition with each other and to work together as needed where there are common goals.
- Consult Australia and Collaborate ANZ were successful in securing a private meeting with **Head of BIM Implementation for the UK Cabinet office, David Philp** which provided insight into the challenges the UK faced implementing their mandate, along with the benefits consulting firms are now experiencing including significant export opportunities.
- Hosted our Technology Symposium **bringing together Australia's leading thinkers on BIM and IPD** to consider the importance of BIM capability for project team selection, leveraging the power of mobile technology and the return on investment and global opportunities BIM presents.
- Partnered with McGraw Hill Construction, Autodesk and co. to launch the Smart Market Report: highlighting the business value of BIM in Australia and New Zealand and considering **how BIM is transforming the design and construction industry**.
- In conjunction with the Australian Services Roundtable (ASR), of which Consult Australia is a member, we have commenced work on the development of a series of **Digital Business Kit** deliverables to help firms use the NBN to drive productivity.
- **Consult Australia QLD** hosted an advanced discussion on BIM for Asset Owners, including representation from the **Department of Defence, Transport and Main Roads** and **Brisbane City Council**.

Financial Report

FINANCIAL OVERVIEW

The financial results for Consult Australia in respect of the period 1 July 2013 – 30 June 2014 are summarised in the tables presented. The Full Annual Report 2014 is in accordance with mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and include the organisation's financial statements, the director's report, the auditor's report and associated statements thereon. A full copy can be obtained on request.

STATEMENT OF COMPREHENSIVE INCOME

The organisation produced a net operating deficit of \$76K for the year, an improvement from the prior year deficit of \$197K. Total revenue and other income decreased by 3.7% to \$3.869m, with a corresponding decrease in expenditure by 6.44% to \$3.945m. The 2013/2014 financial year was again characterised by further constraints in a tight operating environment.

REVENUE AND EXPENDITURE

The decrease in total revenue of \$150K over the 2013 was due to a combination of a fall in subscriptions income and lower registration income from education and other events.

The decrease in expenditure of \$271K over the 2013 result was mainly due to decreased events expenses (in line with reduced income). New staff recruitment at higher rates and post GFC salary freeze adjustments for key personnel attributed to increased payroll expenses. Significant changes have been made to reduce the staffing and occupancy overheads of the organisation for the next financial year.

STATEMENT OF FINANCIAL POSITION

The financial position of the organisation remains marginal with net assets of \$238K. The 2014 deficit has decreased the organisations position by 24.2% over the 2013 result. Significant steps have been taken to improve the rigour of monthly reporting ensuring both the Board and Management the provision of relevant and timely information to manage costs in the organisation and improve decision making.

ASSETS

Cash and cash equivalents have decreased from \$161K to \$101K. The organisation remains in a position to fund investments and operations in the next financial year. Trade receivables have increased \$208K from the 2013 result however debtor recovery remains on track. Property, plant and equipment had a net increase of \$50K due to an upgrade in CRM software.

LIABILITIES

Current Liabilities have increased due to an increase in accruals of \$94K, and an increase in PAYG withholding of \$86K.

CASH FLOW AND LIQUIDITY

Cash of \$101K was held at balance date. Borrowing facilities are not expected to be required for the next financial year.

EQUITY

Consult Australia's financial objective is to protect and grow member funds whilst ensuring it has sufficient reserves to continue to provide services of high standards in a difficult operating environment as set out in its Strategic Plan.

PROFIT/LOSS

Consolidated Group

Income	2014	2013
Commercial Activities	\$1,700,961	\$1,654,293
Interest on Investments	\$19,904	\$44,878
Subscriptions	\$2,148,227	\$2,319,464
Total Income	\$3,869,092	\$4,019,635
Expenses		
Personnel Costs inc Tax	\$2,123,985	\$2,053,945
Member Services	\$1,333,717	\$1,684,136
Overheads inc Tax	\$487,482	\$478,556
Total Expenses	\$3,945,184	\$4,216,637
Net Profit/ Loss	(\$76,092)	(\$197,002)

BALANCE SHEET

Current Assets	2014	2013
Cash and cash equivalents	\$100,877	\$160,861
Trade and other receivables	\$355,149	\$146,792
Investments	\$479,802	\$471,604
Inventories	\$10,389	\$6,380
Other	\$238,351	\$346,642
Total Current Assets	\$1,184,568	\$1,132,279
Non-Current Assets		
Property Plant and Equipment	\$122,592	\$72,817
Total Non-Current Assets	\$122,592	\$72,817
Total Assets	\$1,307,160	\$1,205,096
Current Liabilities		
Accounts Payable	\$452,785	\$244,860
Income in Advance	\$432,195	\$432,008
Provisions	\$122,998	\$131,924
Total Current Liabilities	\$1,007,978	\$808,792
Non-Current Liabilities		
Provisions	\$60,786	\$81,816
Total Non-Current Liabilities	\$60,786	\$81,816
Total Liabilities	\$1,068,764	\$890,608
Net Assets	\$238,396	\$314,488
Equity		
Retained surplus	\$238,396	\$314,488
Total Equity	\$238,396	\$314,488