

2015

CONSULT AUSTRALIA ANNUAL REPORT



From the President



As another year looks towards its twilight, so too does my time as President of our Association. It has been a great honour for me to serve in this position and as Chairman of our Board for the past two years. Being involved in the Association's activities on a number of levels has also given me great insight as to the level of respect our organisation is held

in by not just government, but also by our clients, international associates and our fellow peer organisations.

The year has been an interesting one. We have seen our industry tackle the move of investment away from mining and the resulting instability in business confidence, and largely re-set itself across the country to make the most of added investment in residential and commercial construction.

Nationally, influenced by the global stage, our economy continues to face perhaps its biggest test, with oil prices falling, our own dollar in limbo and emerging markets such as China continuing to slow. Holding our nerve and pin-pointing positive signs of growth seem to be the order of the day.

Added to this, the states and territories have seen the ups and downs of uncertainty with underlying political change adding pressure to an already uncertain market.

- South Australia remains slow with growth remaining static at 2%—down from the 3% average of the past two decades.
- Queensland has been a strong performer with a steady move from engineering construction to residential development with approvals increasing.
- In Victoria growth is showing positive trends and with the State having a more manufacturing-based economy than elsewhere, the fall in the dollar indicates that Victoria's growth will gradually improve.
- Western Australia, like Queensland, continues to steer through the transition from a construction phase to a production phase in the resources sector with the downside of the transition being felt across the domestic economy.

- Northern Territory experienced its largest growth period with the key regional focus on roads, marine and gas leading the way.
- Australian Capital Territory and Tasmania continue to rely on Government work and are experiencing a slower than expected recovery.
- New South Wales has proved to be the gem, exceeding national growth targets, with a strong pipeline of work, strong residential sales and a positive economic outlook.

As a nation we seem to be waiting for a signal that everything is OK, however the world is changing, and perhaps, rather than waiting, we should instead be asking if we are changing fast enough and if we are adapting to lead on a global platform? This is never truer than in our own profession where consolidation and convergence seem to be the key words shaping our immediate future.

Consult Australia continues to be at the forefront of change—lobbying Governments with the most relevant advocacy pieces for our industry. In this year alone we have seen our Queensland Division submit under the Queensland Infrastructure Plan and the Building Queensland Bill 2015; our Value Capture Roadmap identifies alternative funding methods and decision making when investing in infrastructure; and our submission and comment continues previous work completed on the Australian Infrastructure Audit. It has however been our More for Less Campaign that has struck a chord with most, identifying more efficient procurement strategies that could add benefits to our country's GDP. More for Less was delivered to Ministers in New South Wales, Victoria, Queensland South Australia, Tasmania, Western Australia and Northern Territory as well as achieving significant private sector engagement.

On other fronts the team delivered another highly successful CEO Conference and our FutureNet Business Leader courses across Australia continue to draw candidates and offer a great way to develop our industry high achievers. Internationally our presence was felt at the international Federation of Consulting Engineers (FIDIC) Conference and General Assembly Meetings with Tony Barry being elected to the position of Director on the FIDIC Board.

Our own position has consolidated with an improvement in our financials, which saw the Association move back into the black after some internal re-structuring following last year's result. →

This current position lays the foundation for growth and a much stronger position for 2016.

As my two year tenure as President comes to an end I am proud in what we have achieved this year—a returning of our financials to the positive, a successful and well-structured advocacy campaign, a well-placed and nationally recognised approach to diversity through our Male Champions of Change and a solid delivery team in place both Nationally and through our representatives in the States and Territories.

As members, we do however need to remember that Consult Australia is our Association and it continues to function through

our support alone. With that support Consult Australia will continue to be the leading association for consultants: The vision and the passion are in place but it is only through your continuing support and commitment that we will be able to drive it relentlessly forward.



Matthew Harris
Consult Australia President

From the CEO



FY2015 was once again a period of great dichotomy. On one hand, the industry has gone through one of the toughest periods in recent history, and this has significantly affected participation, external investment, and therefore the income of the association. On the other hand, we have gone through a period of substantial change internally to stabilise the

operations of the organisation, whilst simultaneously enhancing overall member engagement, services and influence.

On the membership front we continue to feel the effect of not only continued acquisition and merger activity, but also the fall out of substantially reduced numbers in many of our larger member firms, alongside expenditure cutbacks from a number of new and existing members. This was accompanied by overall cutbacks in budgets for networking and development activities, which adversely affected the commercial side of Consult Australia's business operations. This resulted in a 10% drop in overall revenue, off the back of weaker than trend performance in recent years.

The good news for members, however, is that this has been offset by significant cutbacks in expenditure (in-line with our members experience), whilst not only maintaining, but in many cases increasing, our levels of influence, advocacy and services. Operational consolidation, alongside a significant investment in upgrading our database system, meant we were able to achieve substantial operational efficiencies, and turn around the financial result of last year to produce a small surplus.

Events for the year still numbered approximately 121, with over 6,543 in attendance, and whilst this represented an approximate 16% drop on the previous year, it still represented a high level of overall activity given the market. In addition, profitability

margins for events were maintained through tight expenditure controls and other efficiencies.

More importantly however, those events were conducted with increasingly important participants and commentators of the political scene relevant to the built environment professions. At the time of writing, this has resulted in strong recognition of the Built Environment through the establishment of a Federal Minister for Cities and the Built Environment (a good friend to Consult Australia through his previous position as the Parliamentary Secretary Assisting the Minister for Infrastructure, Jamie Briggs). This is something Consult Australia has been lobbying for some 5+ years, and has now come to fruition. Our influence continues to grow, predominantly through our Thought Leadership activities, which this year saw us launching four reports, including the incredibly well received More for Less work, alongside increased activity across nearly all states and territories.

This heightened level of activity coupled with in-house efficiencies has not only stabilised our financial outcome for FY2015, but put us in a position to invest further in services to benefit members in 2016 and beyond.

I once again thank all our members, existing and new, for contributing in the many ways you do to help Consult Australia continue to grow in prominence as a presence in the sector, at all levels of government locally and internationally. It is through the tireless efforts of our members, committees, Board and staff that Consult Australia continues to be an effective advocate for consulting services in the built environment.



Megan Motto
Chief Executive Officer

New Members in FY2014/15

Alchimie Pty Ltd	Geotron	Mission Critical Systems
Anderson Consulting Engineers	Graeme Shoobridge Advisory Services	MOCE Consulting Engineers
Aquenta (NT)	Greenbox Architecture	MYD Consulting
Atelier Ten	iClaude	Optimum Engineering Cons
Atlas Engineering Group	Infra Tech Pty Ltd	Osborn Lane Consulting Engineers
aware365	Irwin Consulting	Project Directors Australia
Building Engineering Review	KPH Consulting	Q Traffic
Capital Recycling (Assoc)	Lighting Design Studio	Red Mallee Pty Ltd
Construc	Link Place	Root Projects Aust
Core Consultants	LOTE Consulting	Stirling James
datum 101	Madrigal Communications	Strength Engineers
Envirotech	mgp building and infrastructure services	Trafoix
Geoenviro Engineering Consultancy	Milestone Certifiers	Vosloo Consulting Engineers

Financial Year Policy Wins July 2014 - June 2015

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:

- Our submission and evidence presented to the **Productivity Commission Inquiry into Public Infrastructure** reflected throughout their draft report, with multiple direct references 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. Our comprehensive **submission to the NSW Attorney-General** establishes the urgent case for reform, and has been followed by meetings with Attorneys-General across a number of jurisdictions.
- Our **submission to the Harper Review of Competition Law** focusing on cartel conduct associated with joint venture activity is reflected in the Review Draft Report and our subsequent submission.
- Following a meeting with the office of **Minister for Finance, Senator Mathias Cormann**, Consult Australia has had extensive input into Commonwealth Government procurement reform.
- Consult Australia's **More for Less** campaign, and our flagship report commissioned from Deloitte Access Economics', *The Economic Benefits of Better Procurement Practices*, was launched in Parliament House in Canberra with **Assistant**

Infrastructure Minister The Hon. Jamie Briggs MP and attended by 17 **Members of Parliament from all major parties** alongside representatives from the **Department of Infrastructure, the Australasian Procurement and Construction Council** and senior industry leaders.

- *More for Less* gives definitive answers as to how much extra public sector clients pay for less desirable procurement practices – including onerous contract terms – that our industry are frequently faced with. The report also offers concrete recommendations for improvement, which together with Consult Australia's existing policy platform, provide a foundation for longstanding reform.
- *More for Less* has generated widespread media coverage and has been **downloaded over 2000 times**.
- Submission in response to draft legislation released to give effect to the **Federal Government's proposal to extend existing consumer protections against unfair contracts to small businesses**. Flags potential unintended consequences, and red tape burdens with recommendations for change. Meeting with **the Hon Bruce Bilson MP, Minister for Small Business** to address these concerns.
- Submission in response to the revision of the **South Australian Guidelines on Limiting Liability**, alongside other organisations referencing our report, *Economic Benefits of Better Procurement*, in their submissions.

STRONGER, MORE COLLABORATIVE BUSINESS RELATIONSHIPS

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

The first 100 days of Consult Australia's More for Less campaign was the foundation for further engagement at the highest levels →

of government and with member firms' client agencies across Australia:

- **In New South Wales with: Andrew Constance MP, Minister for Transport and Infrastructure; Michael Daley MP, Shadow Treasurer** together with **Ryan Park, Shadow Minister for Transport and Infrastructure; Health Infrastructure NSW; Office of Rob Stokes MP, Minister for Planning; Greg Pearce MLC, Member of the Legislative Council; Office of the Small Business Commissioner; Sydney Water; Department of Justice and Attorney General; Department of Finance and Services;** and **Sydney Opera House.**
- **In Victoria with: Jacinta Allan MP, Minister for Public Transport,** together with **Department of Economic Development, Jobs, Transport and Resources;** the office of **Treasurer Tim Pallas; The Department of Treasury and Finance;** the office of **Lily D'Ambrosio MP, Minister for Industry, Energy and Resources; David Southwick MP, Shadow Minister for Energy and Resources, Innovation, and Renewables; Ryan Smith MP, Shadow Minister for Roads and Infrastructure; Municipal Association of Victoria; VicRoads; Regional Development Victoria;** and **Major Projects Victoria.**
- **In Queensland with: Office of the Deputy Premier and Minister for Transport, Minister for Infrastructure, Local Government and Planning and Minister for Trade Jackie Trad MP; Rob Molhoek MP, Shadow Minister for Housing and Public Works; Housing and Public Works Procurement Transformation Team; Chief Procurement Office and Program Management and Delivery, Transport and Main Roads; Jennifer Howard MP, Member for Ipswich; and Trevor Watts MP, Member for Toowoomba.**
- **In South Australia with: South Australian Government Financing Authority; Stephen Marshall MP, State Opposition Leader; Ian Nightingale, Industry Participation Advocate; SA Water; Local Government Association of South Australia; Department of Planning, Transport and Infrastructure;** and the **Office of Industry Participation Professional Services Advisory Panel.**
- **In Western Australia with: Department of Main Roads; Office of Building Management and Works, Department of Finance** and the **Western Australian Local Government Association.**
- **In Tasmania with: Senator David Bushby; TasWater** and the **Department of State Growth.**
- **In the Northern Territory with: Dave Tollner MP, Treasurer and Minister for Lands and Planning, Mines and Energy; Department of Infrastructure; City of Darwin; NT Power and Water Corporation** and the **Hon Peter Chandler MLA, Minister for Transport and Infrastructure.**
- Additional private sector engagement on our key recommendations advanced through *More for Less* has included discussions with senior representatives from: **Society of Construction Lawyers; Laing O'Rourke; Lend Lease; Civil Contractors Federation; the Australian Sustainable Built Environment Council; the Australian Construction Industry Forum and Leighton Holdings.**

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:

- Secured amendments to the **Infrastructure Australia Amendment Bill** to safeguard the independence and transparency of Infrastructure Australia.
- Our submission and evidence presented to the **House of Representatives Inquiry into Infrastructure Planning and Procurement** highlighted the critical role of better procurement in shaping infrastructure delivery and value for money outcomes.
- Provided industry support to **Infrastructure Australia** as they undertook planning towards the development of the **national infrastructure audit and fifteen year infrastructure plan.**
- Our submission to the **Australian Government's Review of the Project Appraisal Framework** recommends broader business case assessment of projects reflecting their ability to drive productivity over the full project life.
- Met with **the Hon Warren Entsch MP,** Chair of the Committee charged with the delivery of the **Northern Australia Whitepaper** highlighting opportunities for infrastructure delivery.
- Championed a collaborative vision for the **ACT City to the Lake Project** through the Chief Minister's Challenge supported by **ACT Chief Minister Katy Gallagher.**
- Key state infrastructure priorities addressed in Victoria through our meeting with then **Shadow Treasurer Tim Pallas** discussing **East-West Link,** in South Australia in our meetings with **Minister for Transport Stephen Mullighan,** in NSW with **Treasurer Andrew Constance, Secretary of Transport for NSW Dave Stewart, Premier the Hon Mike Baird,** and in QLD with **Minister for Housing and Public Works the Hon Tim Mander.**
- The **Australian Infrastructure Audit** reflects many of Consult Australia's priorities submitted in the lead-up to the Audit report: examining the drivers of future infrastructure demand, investment priorities, and challenges for planning and delivery.
- Consult Australia was pleased to support the Australian Sustainable Built Environment Council submission to the **Inquiry into Role of Regional Capitals in Australia** emphasising our support for stronger investment across all our major cities based on broad cost-benefit analysis, smart urban design and good governance.
- **Federal Budget wins** for Consult Australia reflected in the innovative Northern Australia Infrastructure Fund leveraging private sector investment of up to \$5b through federal seed funding for infrastructure investment
- The **Competition Policy Review Final Report** referencing Consult Australia extensively and picking up our recommendation to reform road pricing and shift to user charges for infrastructure funding. →

- Submission into **Senate Inquiry into Privatisation of State and Territory Assets and New Infrastructure** highlights the importance of capital recycling and alternative infrastructure financing for long-term productivity.

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:

- Proud to support with the **Australasian Procurement and Construction Council (APCC)** and the **Australian Construction Industry Forum (ACIF)**, of which Consult Australia is a member, the **Framework Document for the Adoption of Project Team Integration and Building Information Modelling in Australia**.

SAFER, SUSTAINABLE AND MORE PRODUCTIVE WORKPLACES

Improving access to skilled workers against identified shortages:

- Advocacy and evidence presented to the Independent Panel **reviewing the integrity in the subclass 457 programme** saw our recommendations for the abolition of Labour Market Testing adopted in their final report to government.
- Our submission to the **Review of the Skilled Migration and 400 Series Visa Programmes**, supported by our meeting with **Assistant Minister for Migration Senator Michaelia Cash**.
- Ongoing advocacy supporting the abolition of **Labour Market Testing for 457 visas**, as part of our submission to the **Department of Immigration Review of Skilled Migration**, the **Senate Inquiry into the impact of Australia's temporary work visa programs**, and directly with **Senator the Hon Michaelia Cash, Assistant Minister for Immigration**.
- **Federal Opposition's** response to the Federal Budget commits to **wiping the HECS debt of 100,000 engineering students**, to strengthen infrastructure Australia, and to prioritise a stronger role for the Federal Government in our cities – all reflective of Consult Australia positions long-advocated.

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

- **Consult Australia's male Champions of Change** continue to advance the case for a more diverse workforce including to Prime Minister Tony Abbott publicly supporting businesses reporting to the Workplace Gender Equality Agency.
- Our submission and advocacy with the **Australian Workforce and Productivity Agency (AWPA)** supported its investigation of the state of the engineering workforce in Australia.
- **Consult Australia's male Champions of Change** continued to advance the case for a more diverse workforce supporting

a new Charter and the delivery of **Dr Marlene Kanga AM's Strategy for inclusiveness, well-being and diversity in engineering workplaces**.

- Government policy announced in the **Federal Budget** reflected Consult Australia's submissions 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:

- Consult Australia's **The Business of Sustainability website** and accompanying Decision Support Tool continuing 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.

Financial Report

The financial results for Consult Australia in respect of the period 1 July 2014 – 30 June 2015 are summarised in the tables presented. The Full Annual Report 2015 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 surplus of \$11K for the year, an improvement from the prior year deficit of \$76K. Total revenue and other income decreased by 10.1% to \$3.477m, with a corresponding decrease in expenditure by 12.1% to \$3.466m. The 2014/2015 financial year was again characterised by further constraints in a tight operating environment.

Revenue and Expenditure

The decrease in total revenue of \$392K over FY2014 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 \$479K over the FY 2014 result was mainly due to reduction in personnel expenses (\$156K) as a result of restructuring and reduction in member services expenses (\$316K) which is in line with reduction in revenue.

Statement of Financial Position

The financial position of the organisation remains marginal with net assets of \$249K. The 2015 surplus has increased the organisations position by 4.6% over the FY2014 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 increased from \$100K to \$189K. The organisation remains in a position to fund investments and operations in the next financial year. Trade receivables have decreased \$131K from the FY2014 as a result of focused collections efforts. Property, plant and equipment had a net increase of \$12K due to an upgrade in CRM software.

Liabilities

Current Liabilities have decreased by \$148K due to a decrease in accruals of \$224K.

Cash Flow and Liquidity

Cash of \$189K 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	2015	2014
Commercial Activities	\$1,417,431	\$1,700,961
Interest on Investments	\$16,608	\$19,904
Subscriptions	\$2,043,344	\$2,148,227
Total Income	\$3,477,383	\$3,869,092
Expenses		
Personnel Costs inc Tax	\$1,967,397	\$2,123,985
Member Services	\$1,017,888	\$1,333,717
Overheads inc Operational expenses	\$480,760	\$487,482
Total Expenses	\$3,466,045	\$3,945,184
Net Profit/ (Loss)	\$11,338	(\$76,092)

BALANCE SHEET

CURRENT ASSETS	2015	2014
Cash and cash equivalents	\$189,771	\$100,877
Trade and other receivables	\$224,590	\$355,149
Investments	\$487,906	\$479,802
Inventories	\$6,419	\$10,389
Other	\$157,528	\$238,351
Total Current Assets	\$1,066,214	\$1,184,568
Non-Current Assets		
Property Plant and Equipment	\$134,735	\$122,592
Total Non-Current Assets	\$134,735	\$122,592
Total Assets	\$1,200,949	\$1,307,160
Current Liabilities		
Accounts Payable	\$228,994	\$452,785
Income in Advance	\$483,560	\$432,195
Provisions	\$147,562	\$122,998
Total Current Liabilities	\$860,116	\$1,007,978
Non-Current Liabilities		
Provisions	\$91,099	\$60,786
Total Non-Current Liabilities	\$91,099	\$60,786
Total Liabilities	\$951,215	\$1,068,764
Net Assets	\$249,734	\$238,396
Equity		
Retained surplus	\$249,734	\$238,396
Total Equity	\$249,734	\$238,396