

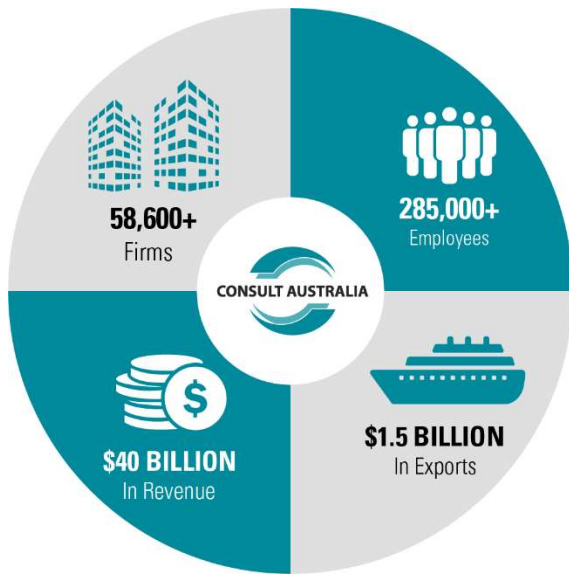
CONSULT AUSTRALIA

Confidence & continuity report

2024



About us



Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia's top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:



We thank member businesses for their ongoing support of Consult Australia and participation in this survey to help shape our policy and advocacy agenda.

Confidence and continuity report

To ensure our advocacy is member-led and evidence-based, Consult Australia surveys members on current business capacity, staffing impacts, market confidence as well as anticipated challenges. Survey results inform our future advocacy and calls for reform that support a stronger industry.

Our unrelenting focus is on better procurement practices, supporting the development of the industry, and uplifting productivity of the economy as well as our member businesses. This includes action on business-critical issues such as the availability and affordability of professional indemnity insurance and avenues for more certainty in the forward pipeline of work to provide continuity of work. There is no other source of data on these issues so critical to the success of our industry.

Key results

While there were strong results in all sectors for businesses having 'enough work' it is also clear that in almost all sectors there is **some current capacity**. This current capacity allows businesses to bid for upcoming projects.

It is essential to have the continuity of work in the near term for smooth business operations. Most respondents in almost all sectors indicated that the **continuity of work is not certain** because of pipeline and project uncertainty.

Pipeline changes have meant that 57% of businesses have **redeployed staff** to alternative projects and 46% have made **resource cuts**.

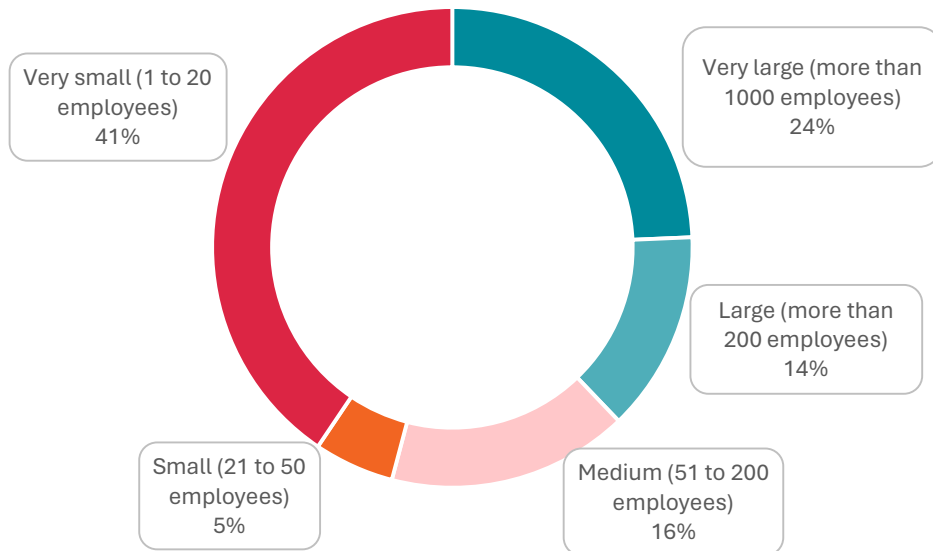
Approximately 47% of respondents report **increasing premium** costs between 1%-10% for their professional indemnity insurance. Approximately 62% of respondents report a **reduction in the number of insurers** offering cover.

73% of member businesses also reported a **higher risk environment** now when compared to 12 months ago.

Survey results

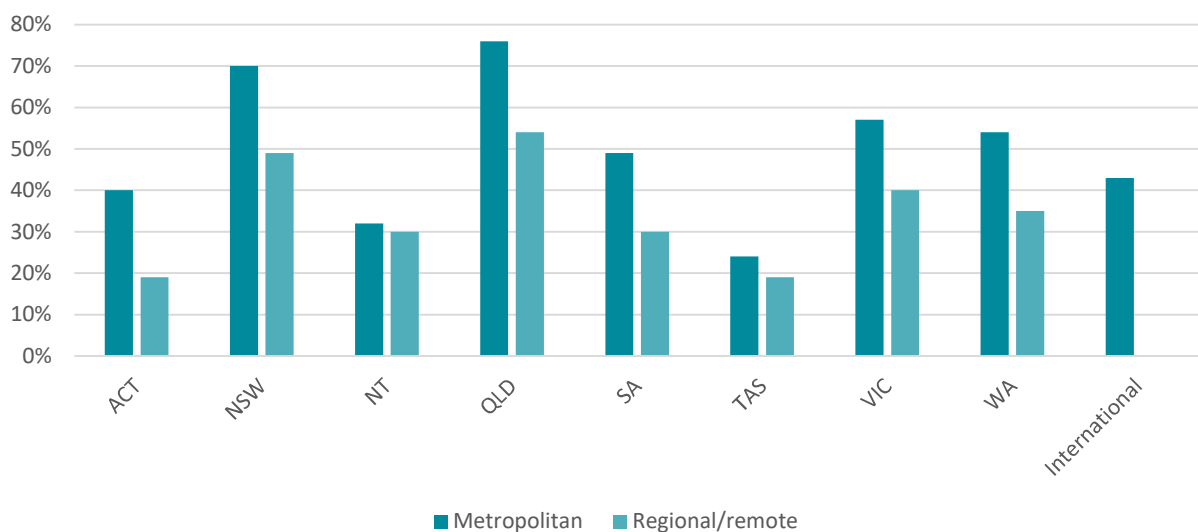
Business size, location, sectors, and clients

The 2024 survey was completed by 37 member businesses, with a much stronger response from the very small business sector compared to last year (this includes sole traders and businesses with up to 20 employees). The respondent businesses together employ over 23,510 people¹.



The participating member businesses operate across Australia and internationally, with most of the work concentrated in metropolitan locations.

Where respondents provide services

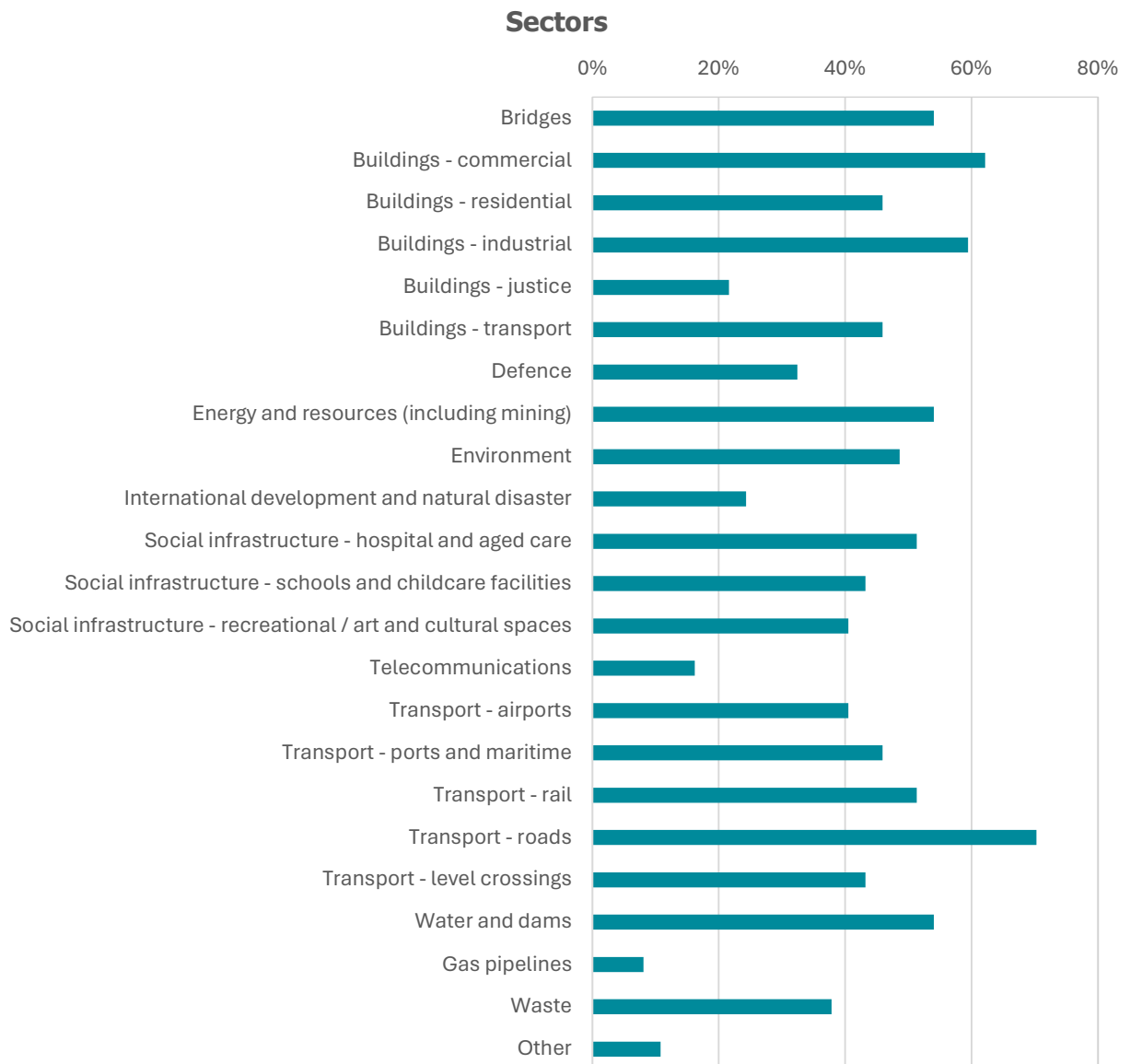


¹ Employee figures based on information supplied as of 1 July 2023.

Respondent businesses operate across a wide variety of sectors, as demonstrated below. Most respondents operate in the 'transport – roads' sector (70%) consistent with last year's results (see the [Consult Australia Capacity Crunch Report](#)). There were also strong results (over 50% of responses) for the following sectors:

- Bridges
- Buildings – commercial and industrial
- Energy and resources (including mining)
- Social infrastructure – hospitals and aged care
- Transport – rail
- Water and dams

'Other' sectors, where 11% of members operate, included developing technology, manufacturing, and land development.

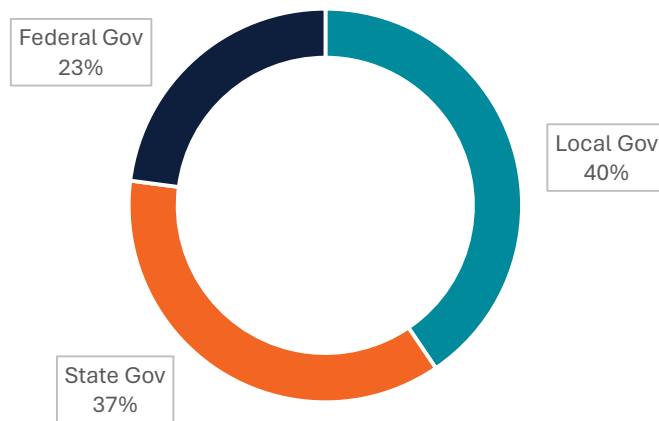


We asked members to advise on the type of clients they work with to help us in our advocacy activities across the supply chain. Almost all respondents had private sector clients (95%) which is unsurprising, as even on government projects, consultants are often sub-contracted via private sector entities (either by other consultants or constructors).

Most members also had Australian government entities as a client (81%). The breakdown between local, state and federal government is shown in the graph below and shows a dominance of local government (40%) followed by state government (37%). This is unsurprising given the strong response rate of small to medium businesses that more often work with these government clients.

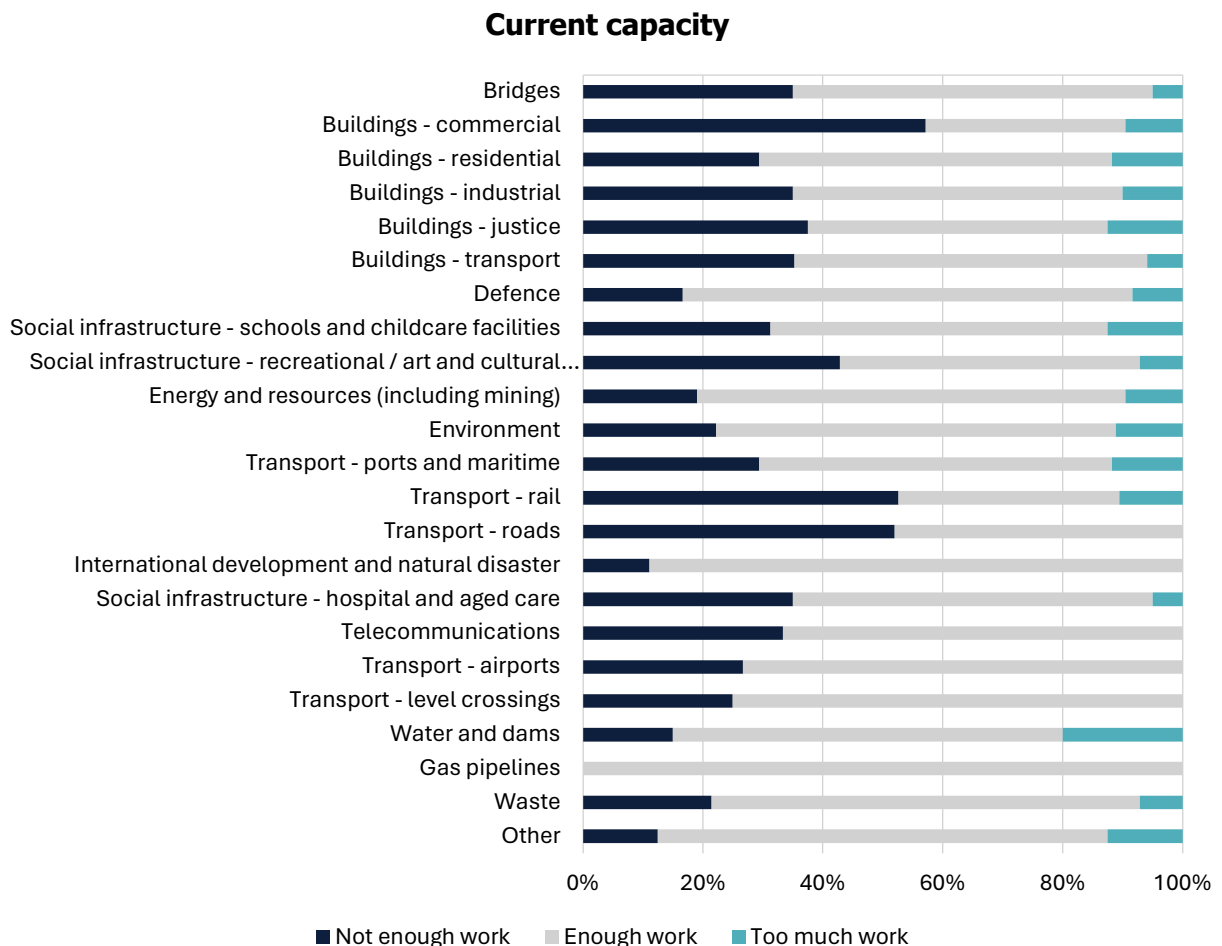
Overseas government entities were noted as clients by 30% of respondents with 59% working to overseas private entities.

Government sectors



Current capacity

Based on the sectors of work identified above, businesses were asked to report what level of capacity they are currently experiencing. That is if they currently have 'not enough work', 'enough work' or 'too much work'.



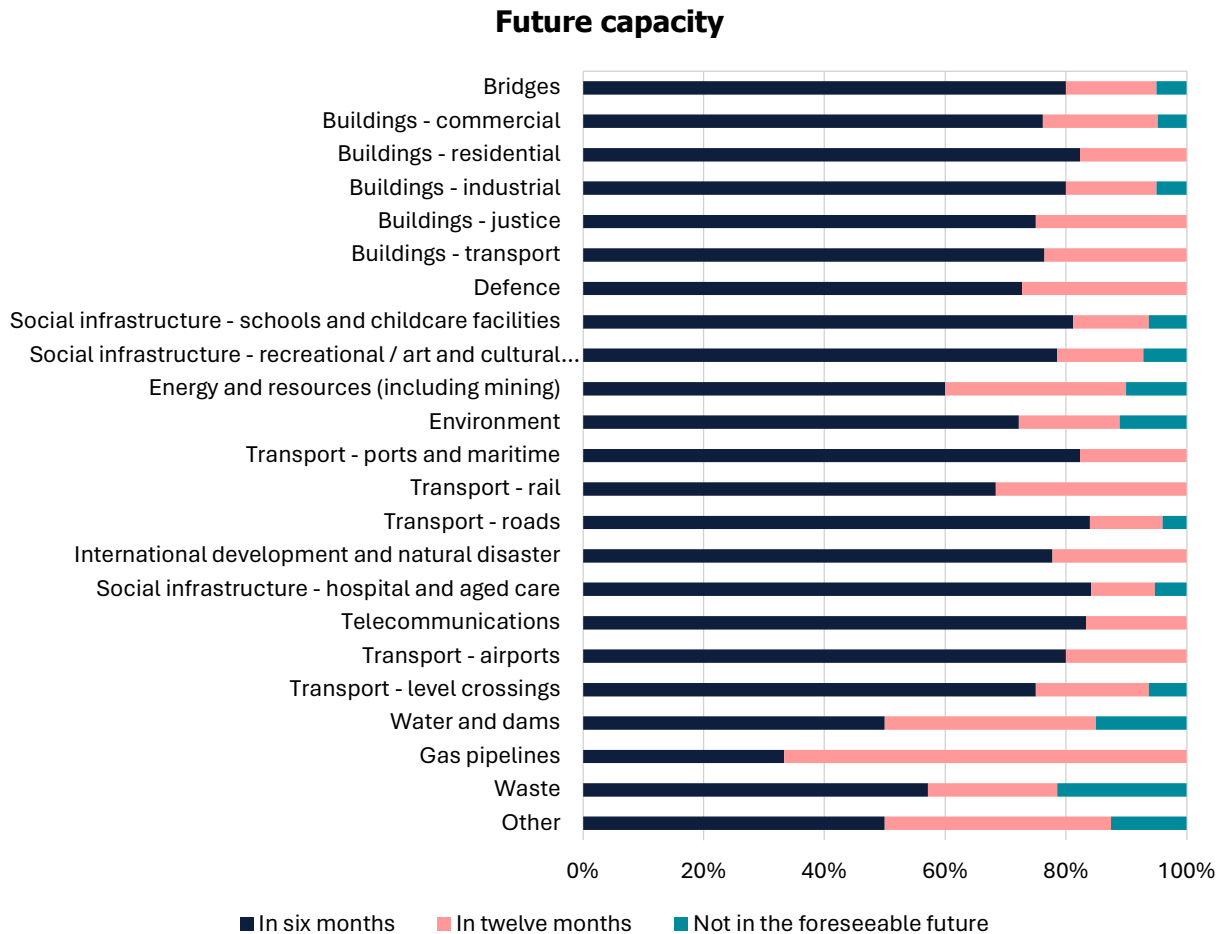
While there were strong results in all sectors for enough current work, it is worth noting that in almost all sectors a significant proportion of respondents do not have enough work. This is particularly so in the commercial buildings sector (57%), rail (53%) and roads (52%).

Having some current capacity allows a business to bid on and take on more projects but becomes a concern when the continuity of work is not certain in the near term.

Interestingly, looking at results overall, the trends are reversed from the results of our [2023 Capacity Crunch report](#) where the proportion of respondents experiencing 'too much work' was greater across all sectors than it is this year.

Continuity of work

When it comes to looking ahead, respondents were asked when they expect to have capacity – within 6 months, 12 months, or not in the foreseeable future. Almost all sectors will reportedly have capacity in the next six months, with 77% of all respondents indicating capacity in this timeframe. This demonstrates that the future pipeline of work is particularly uncertain for many businesses.



Compared to the 2023 results, higher results for capacity within 6 months shows a decreased confidence in continuity of work in bridges, defence, environment, all social infrastructure and all transport sectors.

For the defence sector it is worth noting that most respondents completed the survey before the 2024 Defence Integrated Investment Program (IIP) was released on 17 April. The IIP announced new additional funding of \$5.7 billion over the next four years and \$50.3 billion over the next decade, which has provided more certainty on the forward program for member businesses.

For member businesses, lack of continuity of work makes it challenging to hold resources and/or invest in capability. Where member businesses work across jurisdictions, workforces are managed nationally, and pipeline coordination is important as members look across sectors for opportunities to support their business.

People movement

In our [2023 survey](#), most respondents (70%) reported a voluntary turnover rate between 10% to 20%. This year most respondents (50%) said the rate remained at this level. Around 28% noted voluntary turnover rates of 'lower than 10%'. A small number (11%) of respondents provided alternative percentages including voluntary turnover rates up to as high as 30%.

Businesses were also asked to report if they have experienced redeployment of staff to alternative projects due to changed circumstances in pipeline, whether that be government funding or commitments.

Additionally, we asked businesses to report if as a result of changing circumstances in pipeline, whether that be government funding or commitments, their business had to make resource cuts.

57% of businesses have **redeployed staff** to alternative projects due to changes circumstances.

Around 46% of businesses reported having to make **resource cuts** due to changed circumstances.

Challenges and risks

Member businesses were asked to report the biggest challenges experienced by their business in the last 12 months. The leading response was the 'escalating costs of doing business' (70%), then 'pipeline uncertainty' (57%), and then 'staff recruitment' (51%). The availability/affordability of professional indemnity insurance (41%) made it into the top five challenges.

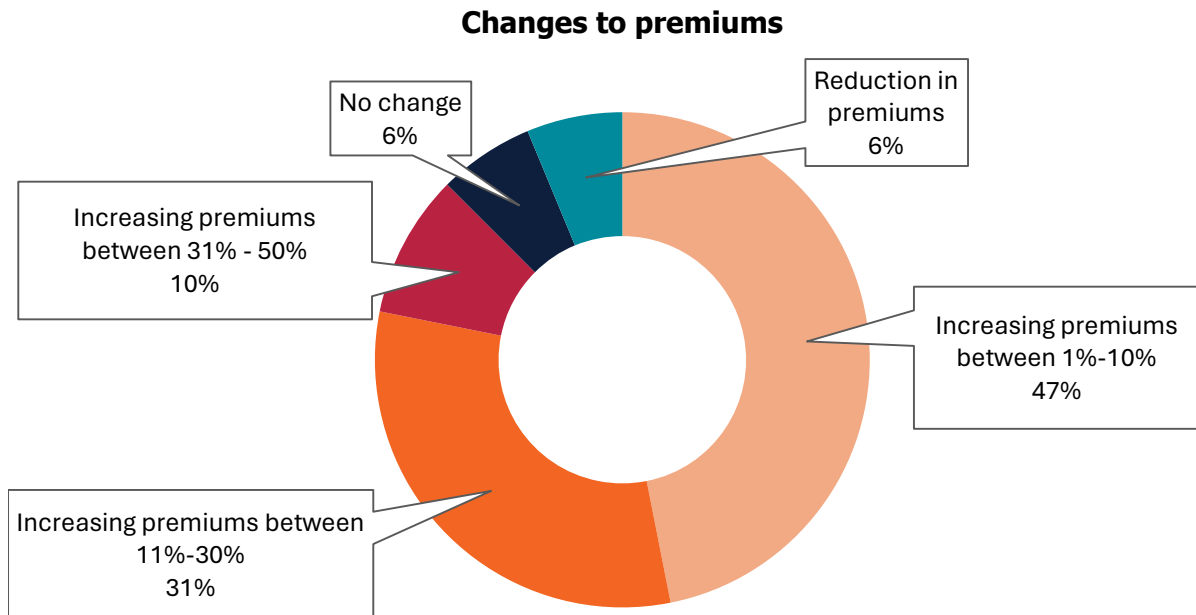
Biggest challenges experienced in the last 12 months



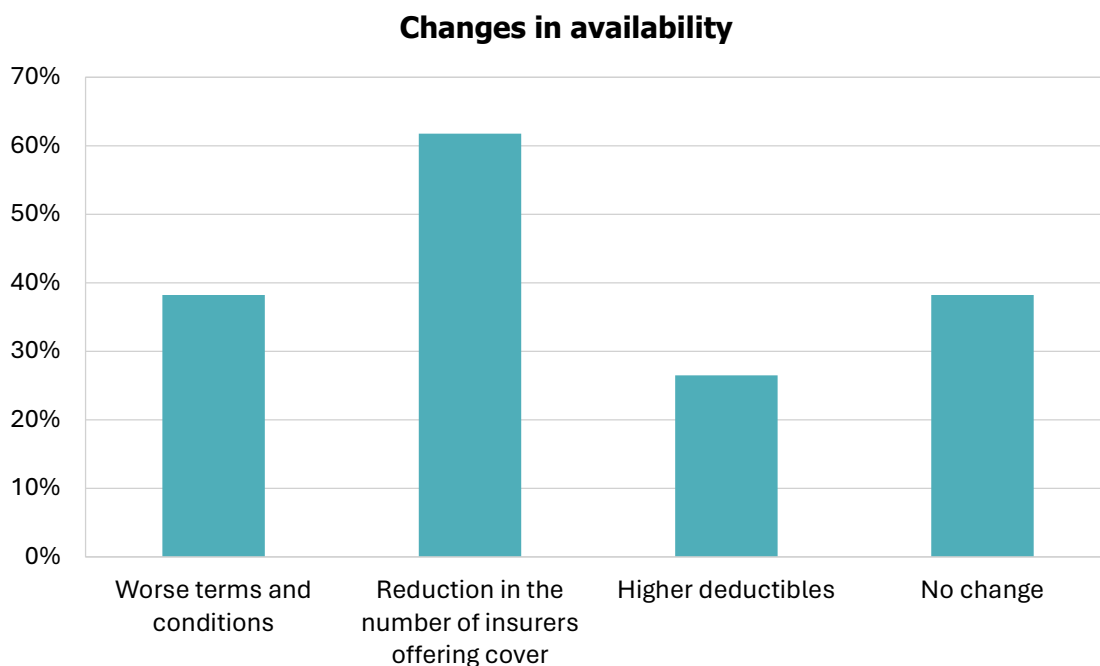
73% of member businesses reported a higher risk environment now when compared to 12 months ago.

Professional indemnity insurance access and affordability

Member businesses were asked to report what changes their business has seen in the cost of professional indemnity insurance over the last year, with approximately 47% of respondents reporting increasing premium costs between 1%-10%. Around 88% of respondents reported increasing premium costs between 1% and 50%.



Member businesses were also asked to report what changes their business has seen in the availability of professional indemnity insurance, with approximately 62% of respondents reporting a reduction in the number of insurers offering cover (consistent with results from last survey). A higher proportion of members responded no change, with the result increasing by 9% (from 29% last survey to 38% this time).



Future outlook

It is clear from the commentary provided by members in the survey that uncertainty around future projects and timing of market engagement and tendering is impacting on member outlook. Member businesses are shifting focus to sectors where funding and projects are confirmed to give that confidence of continuity of work.

Below are extracted some member insights from the survey focused specifically on challenges and risks:

'The industry is generally becoming more contractual and commercial. Consultants are often expected to accept unreasonable T&Cs.'

'Pipeline uncertainty is the biggest risk. This started primarily in Q2 2023, but could be traced back 6 months beforehand. Projects are being cancelled or deferred including after they have been shortlisted or even tendered meaning we do not have market confidence at the moment.'

'...govt projects being cut affects all.'

'Supply chain risk management. Limited options and costs of professional indemnity insurance. Labour market constraints.'

'Increasing demand for businesses like ours to take on greater risk in contracts, through insurance demands etc.'

'Risks for the year ahead – uncertain project timing impacting pipeline; ongoing risks such as cyber & data security; cost of adopting every changing and increasing legislation and mandatory reporting.'

'Builders becoming increasingly 'litigious'.'

Contact us

The Consult Australia team would be happy to dive deeper on the content of this report if you would like, reach us on the contact details below.

Thanks again to the members who completed the survey – as it ensures our advocacy is truly member-led.



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Thanks to our Industry Champions

For their outstanding leadership and engagement on behalf of the industry.



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