



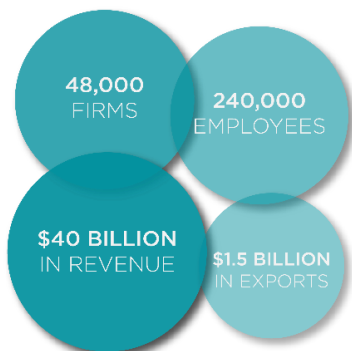
INDUSTRY HEALTH CHECK

Pulse survey results – April 2021

CONTENTS

CONTENTS	2
IN BRIEF	3
SUMMARY OF KEY FINDINGS.....	4
1. CURRENT COMMERCIAL ENVIRONMENT.....	4
2. PROFESSIONAL INDEMNITY (PI) INSURANCE MARKET RESTRAINTS.....	6
3. LOOKING AHEAD SIX MONTHS TO THE CHANGES LIKELY TO IMPACT THE BUSINESS ENVIRONMENT	7
BREAKDOWN – LARGE MEMBER BUSINESSES.....	8
CURRENT COMMERCIAL ENVIRONMENT.....	8
UPTURN IN WORK.....	8
RECENT WORKFORCE ACTIONS.....	9
BREAKDOWN – MEDIUM-SIZED MEMBER BUSINESSES.....	10
CURRENT COMMERCIAL ENVIRONMENT.....	10
UPTURN IN WORK.....	10
RECENT WORKFORCE ACTIONS.....	11
BREAKDOWN – SMALLER MEMBER BUSINESSES	12
CURRENT COMMERCIAL ENVIRONMENT.....	12
UPTURN IN WORK.....	12
DOWNTURN IN WORK.....	13
RECENT WORKFORCE ACTIONS.....	14
AGGREGATE RESULTS	15
CHALLENGES FACED BY MEMBER BUSINESSES THROUGH COVID-19	15
POSITIVE OUTCOMES FOR MEMBER BUSINESSES OUT OF COVID-19	16
PROFESSIONAL INDEMNITY INSURANCE.....	17
SIX-MONTH OUTLOOK FOR MEMBER BUSINESSES	18
CONTACT	19

IN BRIEF

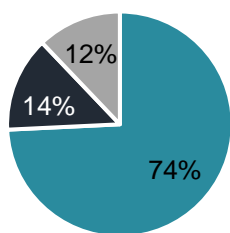


Consult Australia is the industry association representing businesses in design, advisory, and engineering. Our members provide services to a broad client base including governments, companies, and individuals. We represent an industry comprising some 48,000 businesses across Australia, ranging from sole practitioners through to some of Australia’s top 500 companies.

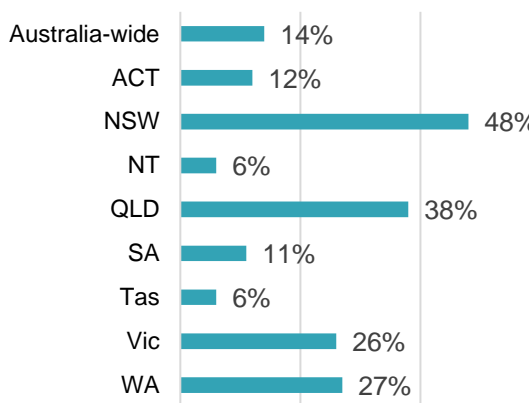
Consult Australia has been conducting industry health checks to measure the ongoing impact of COVID-19 and the current economic environment across our membership. The latest survey was open between 26 March 2021 and 13 April 2021.

66 firms participated, representing 30 per cent of the membership. A breakdown by business size and location of where services are provided is below.

- Small firms (up to 19 staff)
- medium firms (20-199 staff)
- Large firms (200+ staff)



Proportion of participants by business size



Locations where participants provide services¹

¹ This is the percentage agreed for all businesses.

SUMMARY OF KEY FINDINGS

1. Current commercial environment

48%

Currently experiencing an overall upturn in work

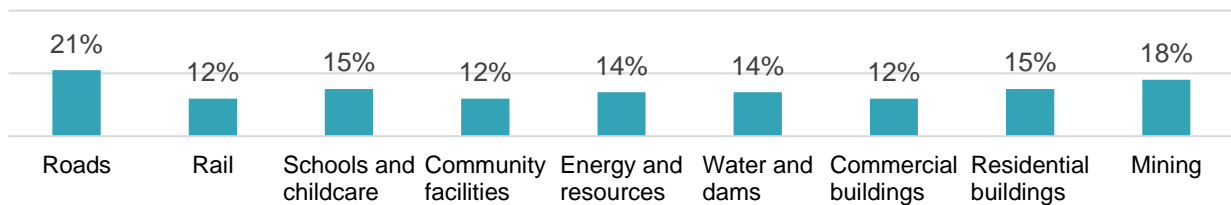
41%

Currently experiencing a steady flow of work

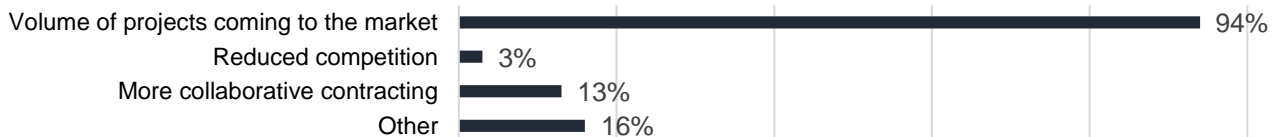
11%

Currently experiencing an overall downturn in work

Upturn in work

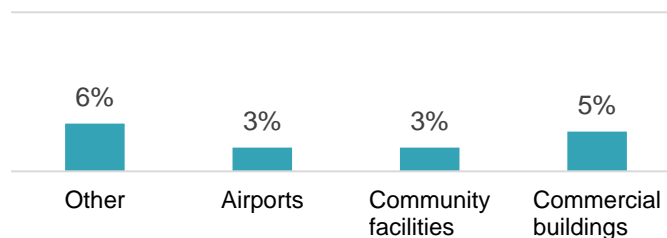


Top sectors where member businesses are reporting an upturn in work²



Cause of an upturn in work for member businesses³

Downturn in work



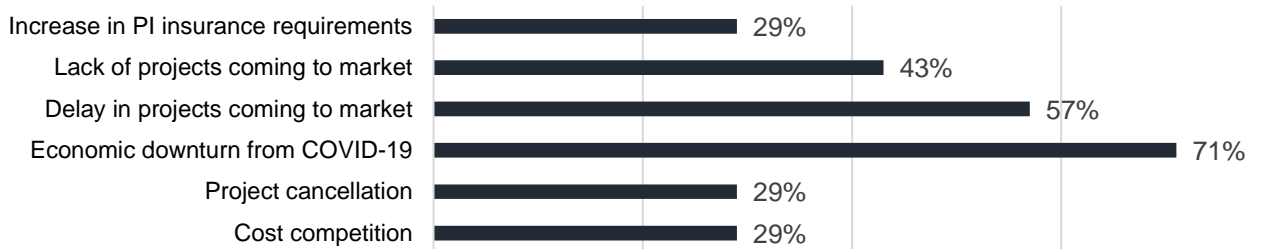
Top sectors where member businesses are reporting a downturn in work⁴

² This is the percentage agreed for all businesses.

³ This is the percentage agreed for relevant businesses in this business size category (i.e. those businesses experiencing an overall upturn in work).

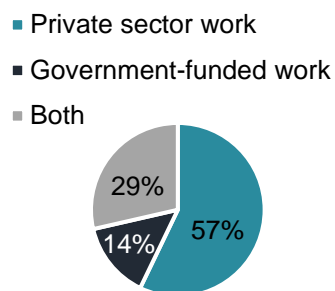
⁴ This is the percentage agreed for all businesses.

Members reporting a downturn are from small/medium businesses. There was a relatively even spread of the sectors impacted from hospitals to international contracts.



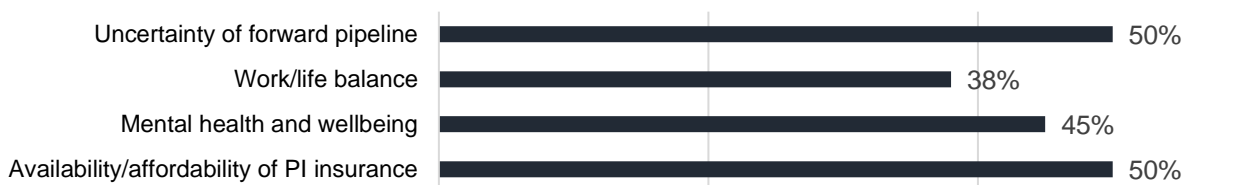
Cause of downturn in work⁵

The economic impact of COVID-19 was called out as the primary reason for the downturn experienced by the small/medium businesses affected.



Client type where member businesses are reporting a downturn in work⁶

Challenges faced by member businesses over the last 12 months



Key challenges that member businesses have faced over the past 12 months⁷

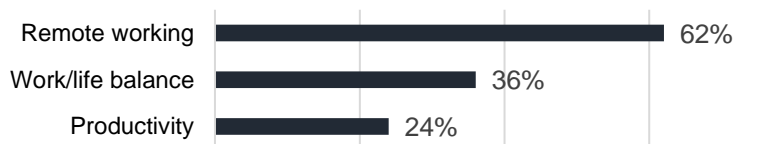
Uncertainty in the forward pipeline of work and the hardening in the professional indemnity insurance market were the two most significant challenges businesses faced over the last 12 months. As noted further in the report, the professional indemnity insurance market continues to be a significant challenge.

⁵ This is the percentage agreed of relevant businesses (i.e. those businesses experiencing an overall downturn in work)

⁶ This is the percentage agreed of relevant businesses (i.e. those businesses experiencing an overall downturn in work)

⁷ This is the percentage agreed for all businesses.

Positives coming out of the last 12 months in relation to the impact of COVID-19



Key positives that member businesses have experienced over the past 12 months⁸

2. Professional Indemnity (PI) insurance market restraints

Concerns across our membership about the availability and affordability of PI insurance have been growing significantly over the last 18 months. Consult Australia has also been monitoring the reduction in insurance premium pools in both the global and local insurance markets, which goes beyond the norm of a hard cycle. As a result, in this Health Check we asked members to report on the impact that this is having on their ability to access insurance, at what price, and on what terms. The responses shown below are consistent across all sizes of business in the membership, large, medium, and small.

Cost impact

90%

Member businesses reported an increase in PI insurance premiums over the last 12 months

20%

*Is the average cost increase experienced in PI insurance premiums over the last 12 months**

68%

Member businesses flagged reduction a in the number of insurers willing to offer cover

*11% of members reported a premium increase greater than 100%.

Coverage impact

68%

Member businesses reported a reduction in the number of insurers willing to offer cover

42%

Member businesses are experiencing higher deductibles (policy excess)

39%

Member businesses reported a worsening in the terms and conditions offered

⁸ This is the percentage agreed for all businesses.

3. Looking ahead six months to the changes likely to impact the business environment

56%

Member businesses are concerned about pressures on workforce capacity to deliver the expected volume of work

53%

Member businesses are concerned about the ongoing availability of Professional Indemnity (PI) insurance

39%

Member businesses expect greater cost competition



Changes likely to impact business operations in the next six months⁹

⁹ This is the percentage agreed for all businesses

BREAKDOWN – LARGE MEMBER BUSINESSES

Eight large member businesses participated in the pulse survey. These are businesses with more than 200 employees.

All except one large business survey respondent indicated they provide services across all of Australia.

Current commercial environment

67%

Currently experiencing an overall upturn in work

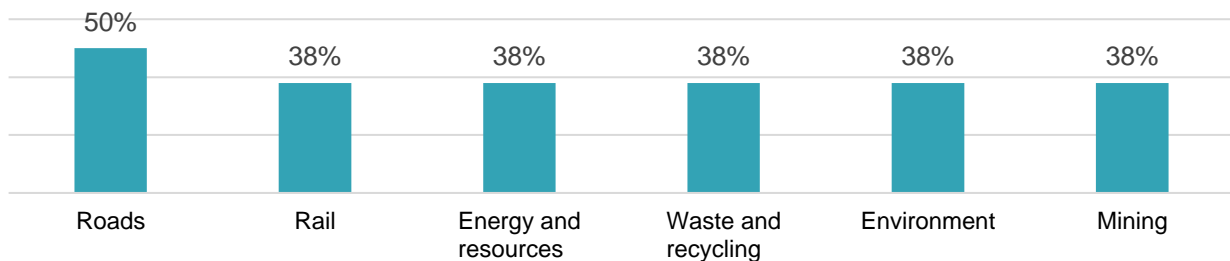
33%

Currently experiencing a steady flow of work

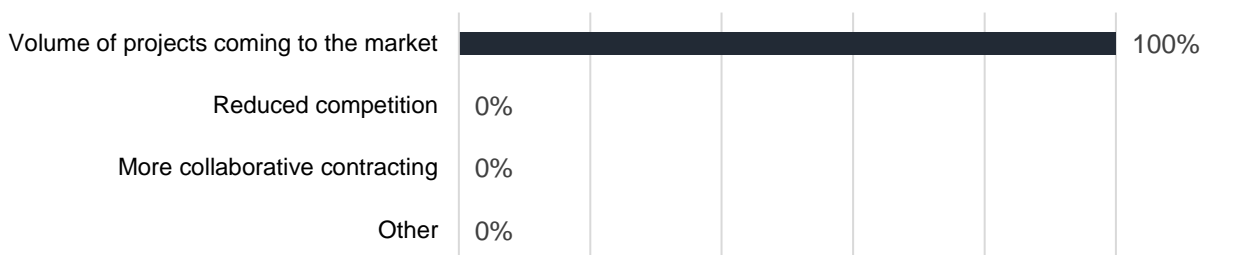
0%

Currently experiencing an overall downturn in work

Upturn in work



Top sectors where large member businesses are reporting an upturn in work¹⁰

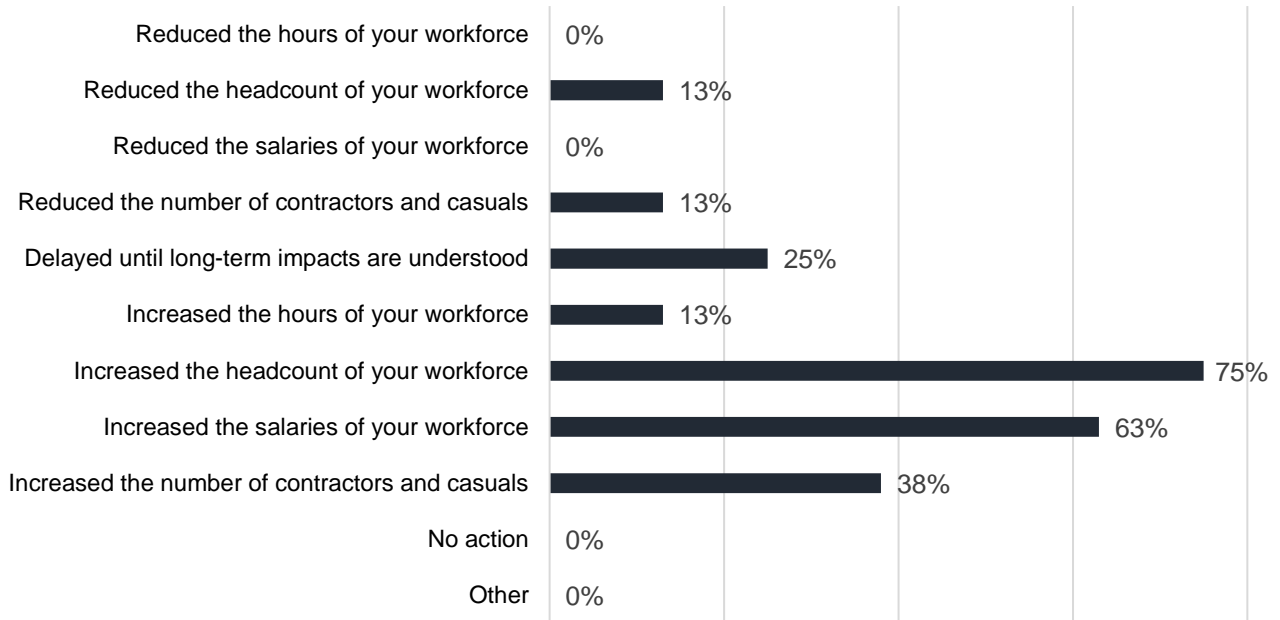


Cause of an upturn in work for large member businesses¹¹

¹⁰ This is the percentage agreed for all businesses in this business size category.

¹¹ This is the percentage agreed for relevant businesses in this business size category (i.e. those businesses experiencing an overall upturn in work).

Recent workforce actions



Workforce actions taken by large member businesses in response to their current commercial environment¹²

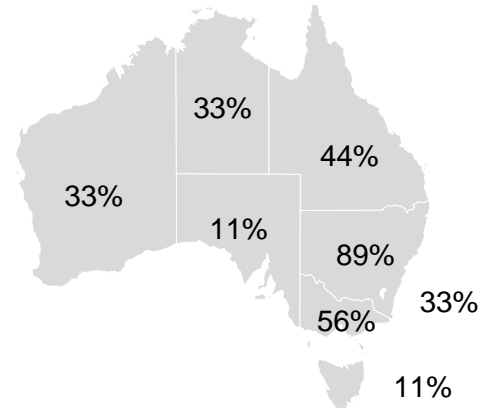
¹² This is the percentage agreed for all businesses in this business size category.

BREAKDOWN – MEDIUM-SIZED MEMBER BUSINESSES

Nine medium-sized member businesses participated in the pulse survey. These are businesses with 50 to 200 employees.

The locations that medium business survey respondents provide services are outlined on the map shown.

Unlike our previous Industry Health Check in September 2020, the results to this pulse survey are relatively uniform between states and territories. As such, the below national results also provide a good indication of the current commercial environment and workforce impacts across states/territories.



Current commercial environment

67%

Currently experiencing an overall upturn in work

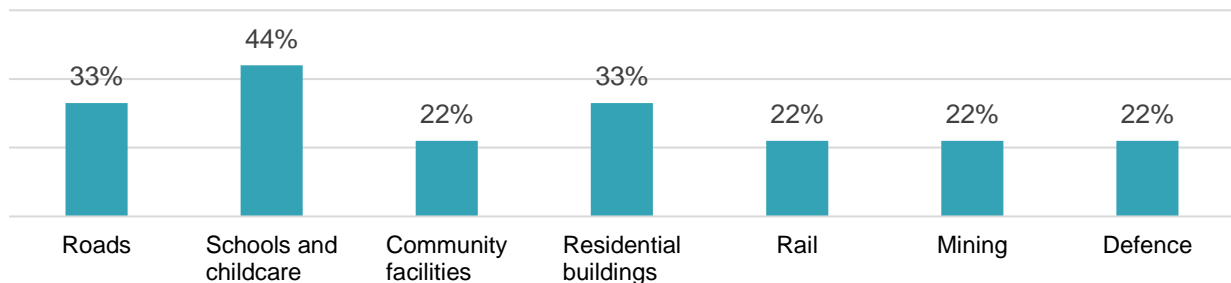
22%

Currently experiencing a steady flow of work

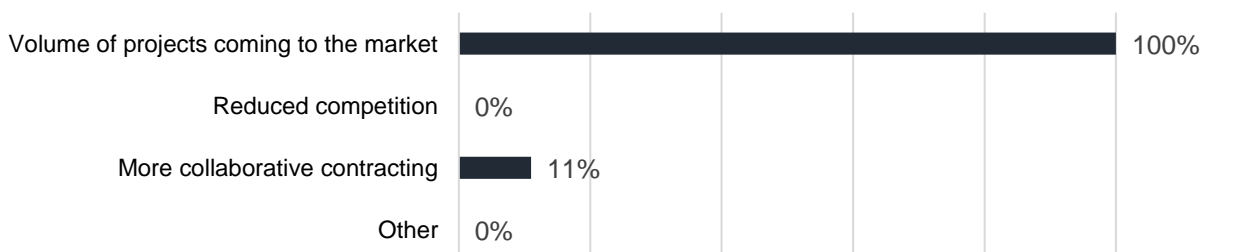
11%

Currently experiencing an overall downturn in work

Upturn in work



Top sectors where medium-sized member businesses are reporting an upturn in work¹³



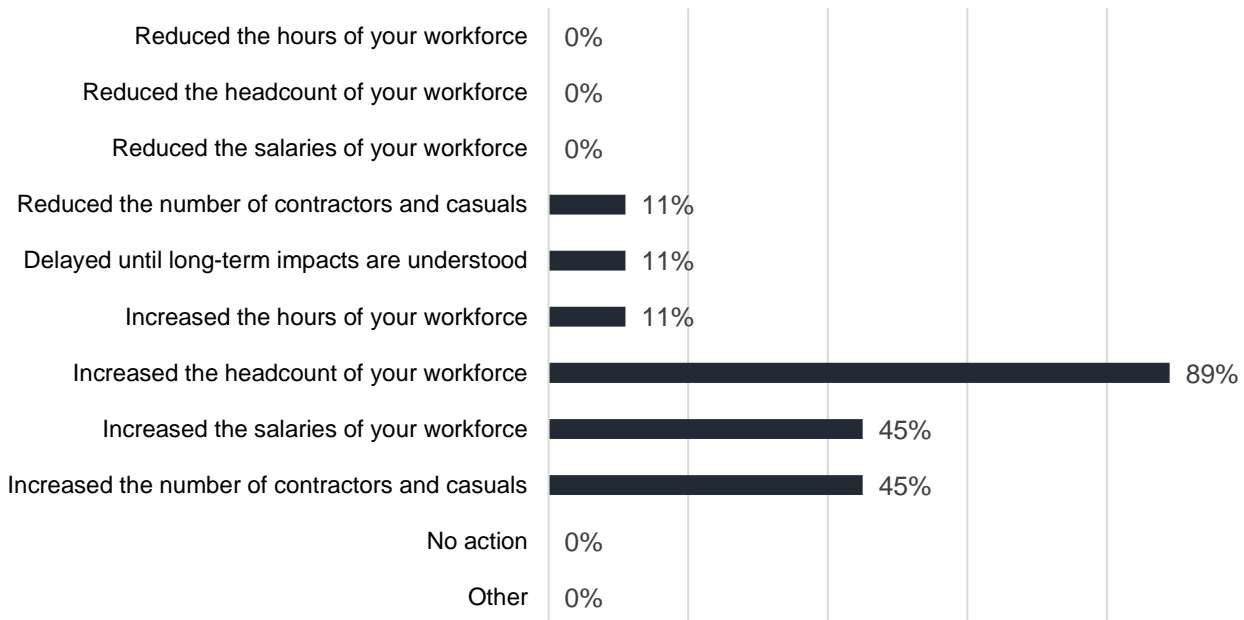
Cause of an upturn in work for medium-sized member businesses¹⁴

¹³ This is the percentage agreed for all businesses in this business size category.

¹⁴ This is the percentage agreed of relevant businesses in this business size category (i.e. those businesses experiencing an overall upturn in work)

As there was only one medium-sized member business that indicated they are currently experiencing an overall downturn in work, no breakdown of these results can be provided.

Recent workforce actions



Workforce actions taken by medium-sized businesses in response to their current commercial environment¹⁵

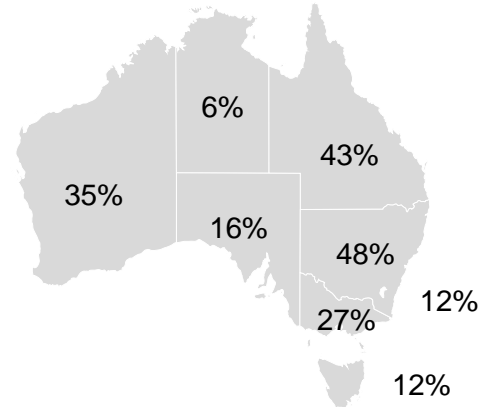
¹⁵ This is the percentage agreed for all businesses in this business size category.

BREAKDOWN – SMALLER MEMBER BUSINESSES

49 smaller-sized member businesses participated in the pulse survey. These are businesses with less than 50 employees.

The locations that smaller business survey respondents provide services are outlined on the map shown.

Unlike our previous Industry Health Check in September 2020, the results to this pulse survey are relatively uniform between states and territories. As such, the below national results also provide a good indication of the current commercial environment and workforce impacts across states/territories.



Current commercial environment

43%

Currently experiencing an overall upturn in work

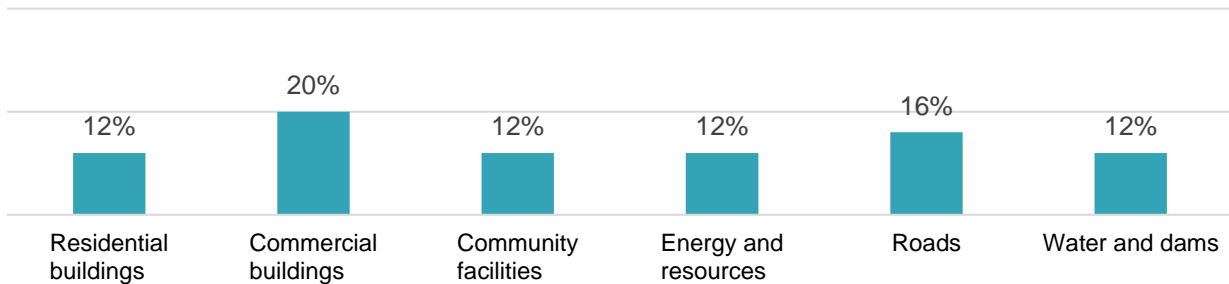
45%

Currently experiencing a steady flow of work

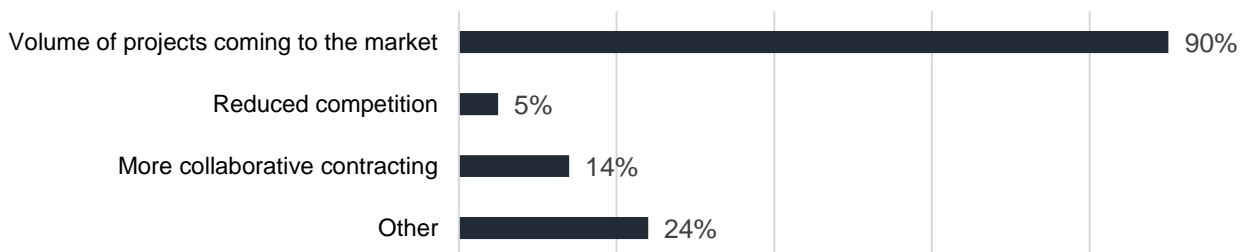
12%

Currently experiencing an overall downturn in work

Upturn in work



Top sectors where smaller member businesses are reporting an upturn in work¹⁶



Cause of an upturn in work for smaller member businesses¹⁷

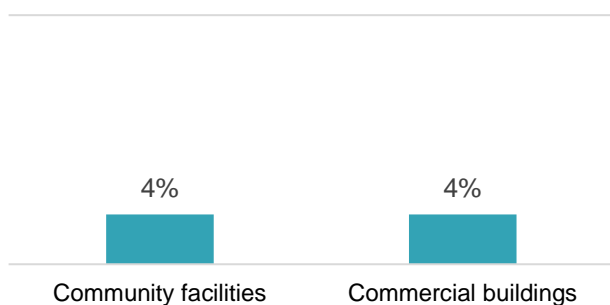
¹⁶ This is the percentage agreed for all businesses in this business size category.

¹⁷ This is the percentage agreed of relevant businesses in this business size category (i.e. those businesses experiencing an overall upturn in work)

Those member businesses to indicate 'other' for the cause of an overall upturn in work gave the following reasons:

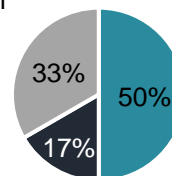
- Effectiveness of government stimulus
- Strength of the business' value proposition
- Benefitted from border closures in Western Australia
- Delayed projects recommencing

Downturn in work

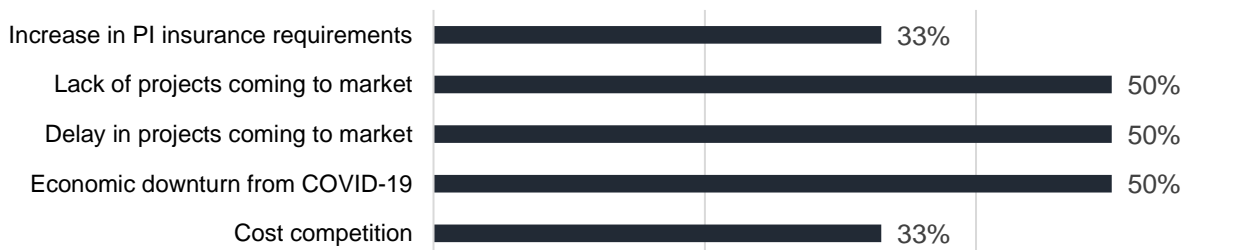


Top sectors where smaller member businesses reported a downturn in work¹⁸

- Private sector work
- Government-funded work
- Both



Client type where smaller member businesses reported a downturn in work¹⁹



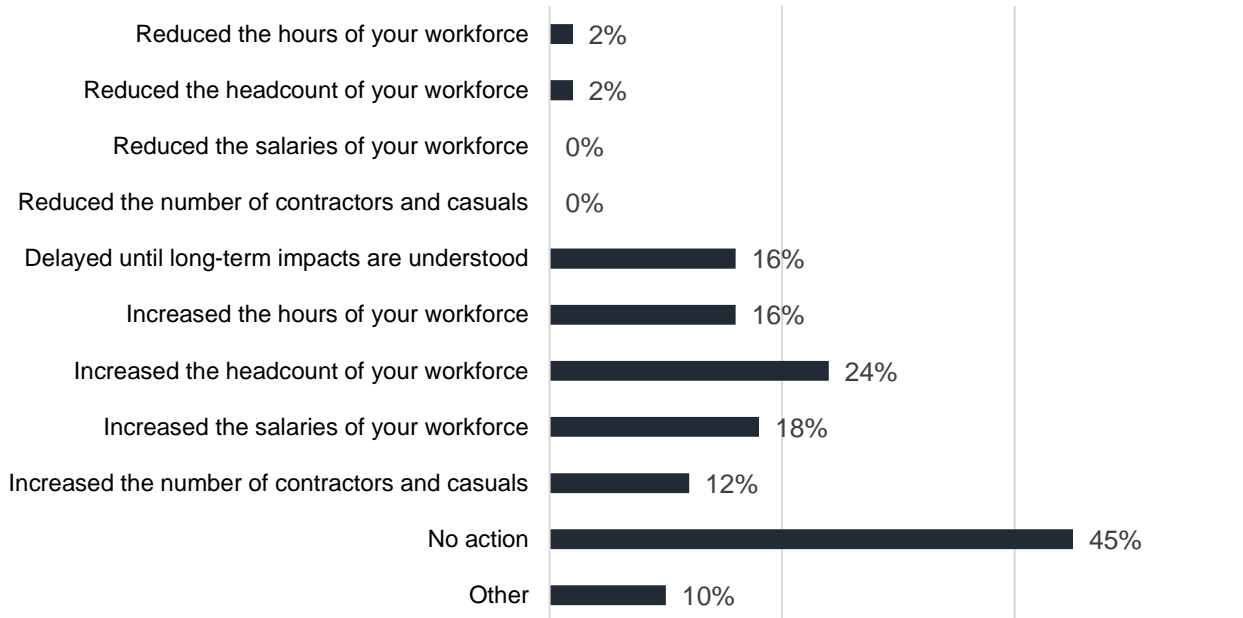
Cause of a downturn in work for smaller member businesses²⁰

¹⁸ This is the percentage agreed for all businesses in this business size category.

¹⁹ This is the percentage agreed of relevant businesses in this business size category (i.e. those businesses experiencing an overall downturn in work)

²⁰ This is the percentage agreed of relevant businesses in this business size category (i.e. those businesses experiencing an overall downturn in work)

Recent workforce actions



Workforce actions taken by smaller businesses in response to their current commercial environment²¹

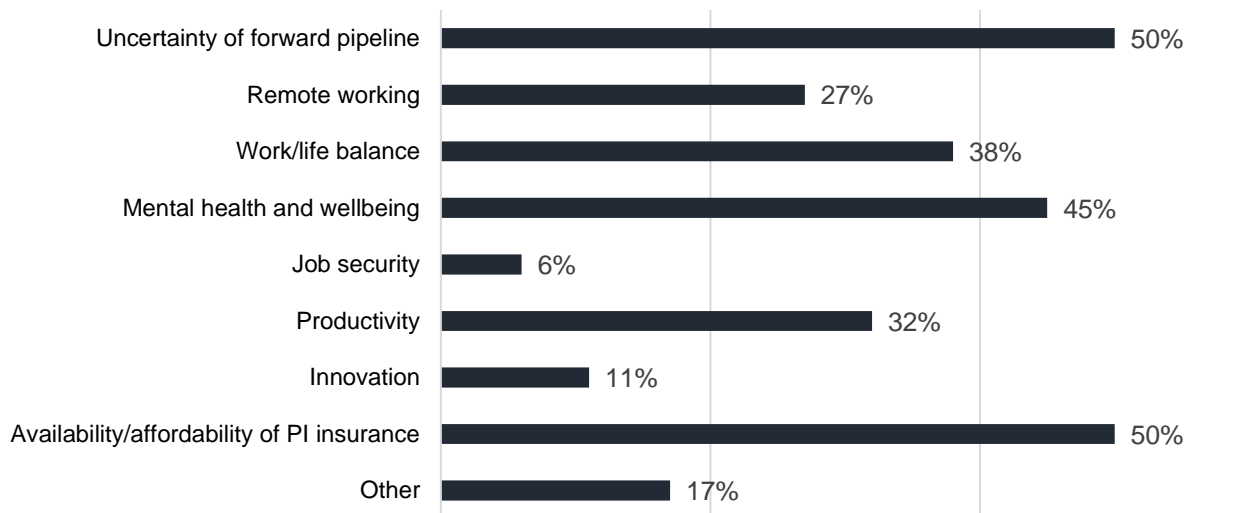
Survey respondents to indicate 'other' for workforce actions taken raised the following:

- Workforce turnover has been caused by natural attrition and retirements
- Response to the needs of clients and seeing COVID-19 as an opportunity
- Workforce actions are always a flux based on work won
- Ongoing recruitment challenges

²¹ This is the percentage agreed for all businesses in this business size category.

AGGREGATE RESULTS

CHALLENGES FACED BY MEMBER BUSINESSES THROUGH COVID-19



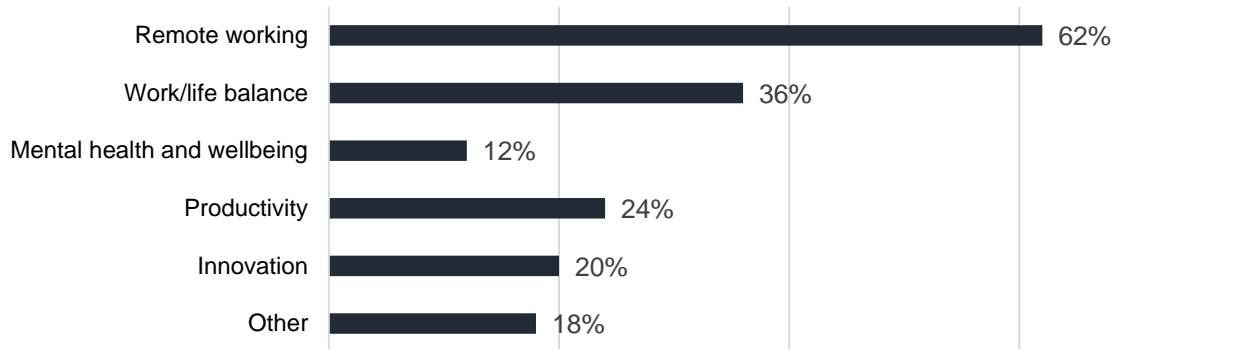
Biggest challenges that member businesses have faced over the past 12 months²²

Respondents to indicate 'other' provided the following:

- Border restrictions (both interstate and international) as a key challenge
- Difficulty of attracting professionals to regional areas
- Attracting employees with appropriate skills and experience (regardless of location) as a challenge – particularly with the limited availability of skilled migration programs.

²² This is the percentage agreed for all businesses.

POSITIVE OUTCOMES FOR MEMBER BUSINESSES OUT OF COVID-19



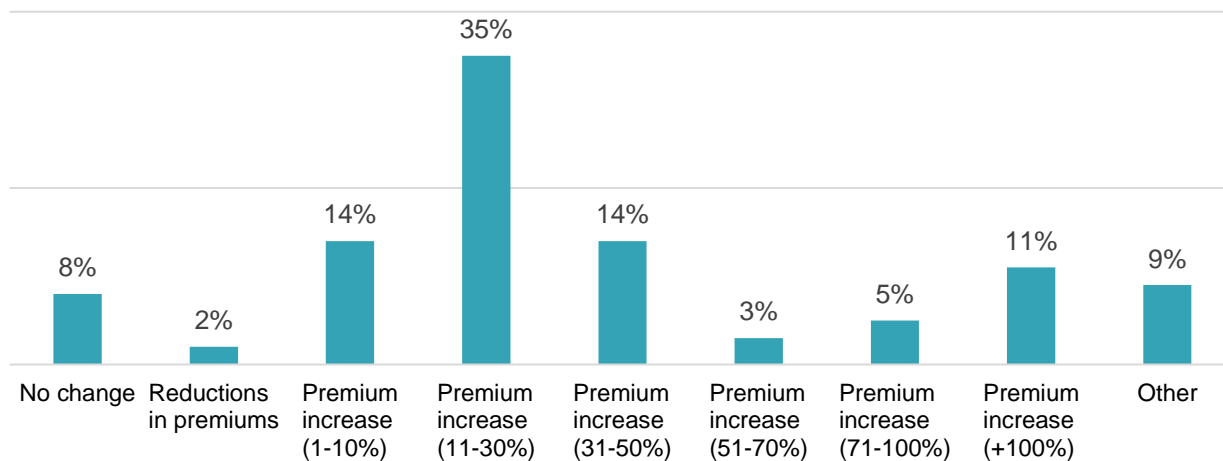
Positives that member businesses have experienced over the past 12 months²³

Respondents to indicate 'other' provided the following feedback:

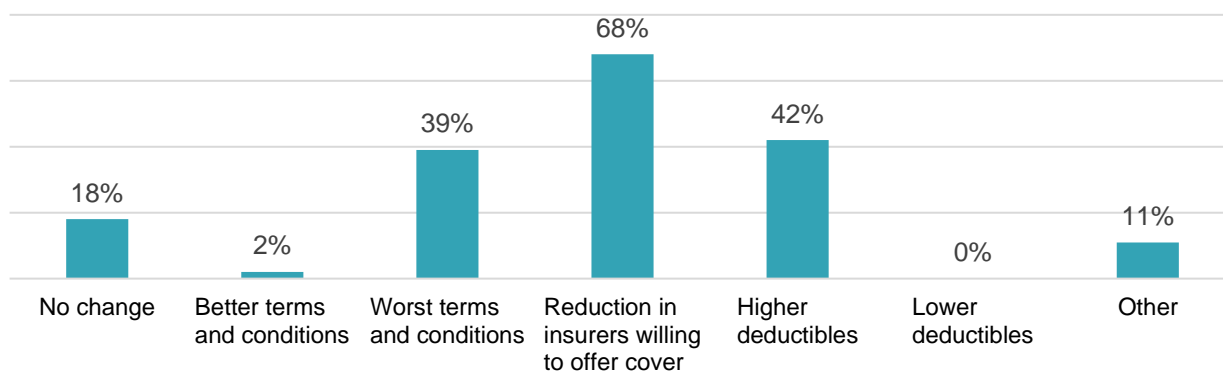
- An emergence of a strong forward pipeline of work
- The benefit from an increased focus on compliance

²³ This is the percentage agreed for all businesses.

PROFESSIONAL INDEMNITY INSURANCE



Changes in the affordability of PI Insurance for member businesses over the past 12 months²⁴



Changes in the availability of PI Insurance for member businesses over the past 12 months²⁵

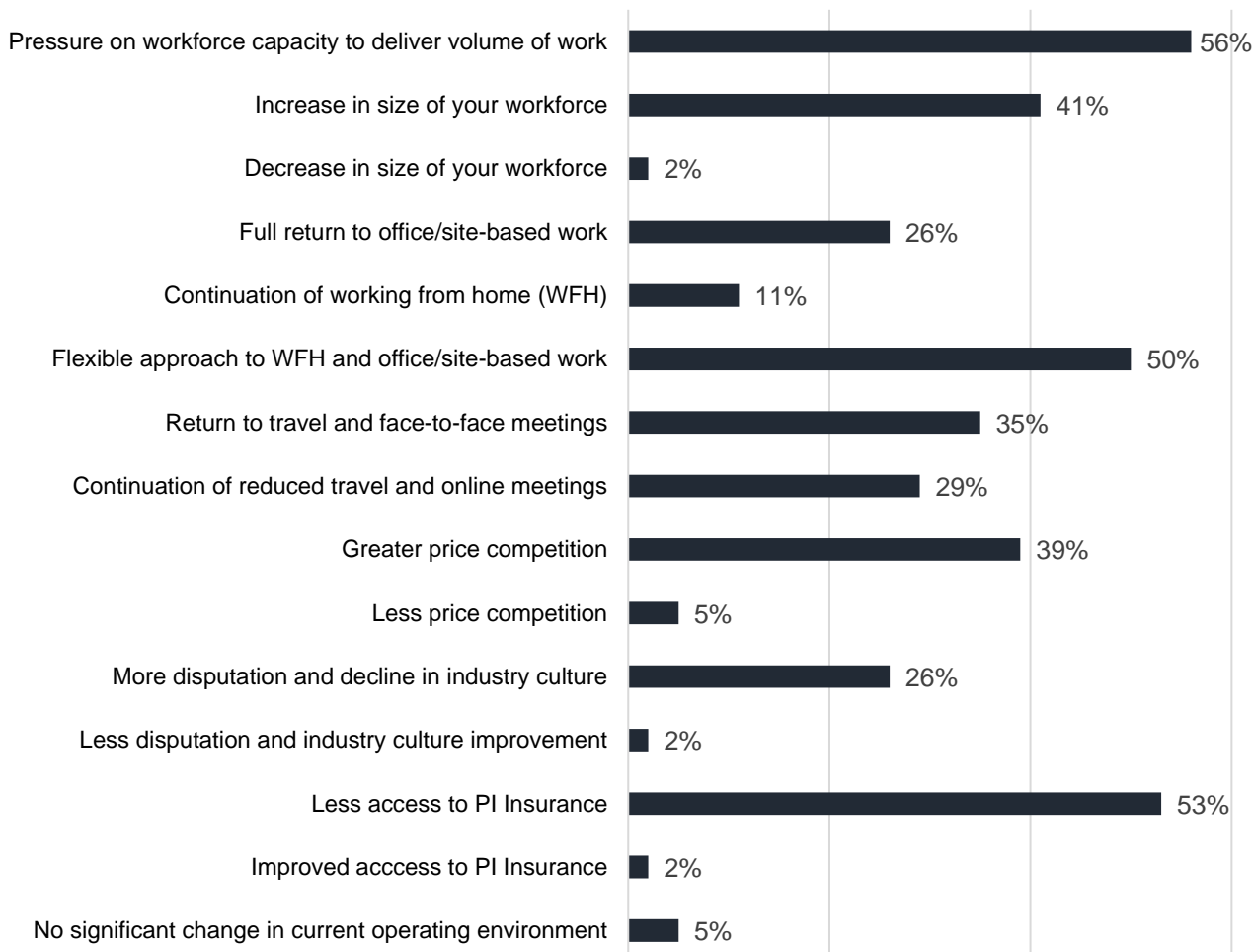
Respondents to indicate 'other' provided the following feedback:

- Unable to get any PI Insurance – due to cost or no availability
- No change potentially due to timing, however they expect an increase in the next renewal period
- Can only get PI Insurance for local work, despite previously providing services internationally.

²⁴ This is the percentage agreed for all businesses.

²⁵ This is the percentage agreed for all businesses.

SIX-MONTH OUTLOOK FOR MEMBER BUSINESSES



Changes anticipated to the operating environment of member businesses over the next 12 months²⁶

Members were also asked to share any further comments on other economic, political, or external factors that are likely to have an effect on their business over the next six months. Key themes in survey responses include:

- The vaccine rollout will play a key influence on business confidence for all industries
- The affordability and availability of PI insurance is a key risk for many businesses
- Continued investment in public infrastructure by governments will be key to maintaining the current upturn in work for many businesses
- An inability or limited ability to access appropriate talent in general, or through skilled migration programs, will create significant capacity and capability constraints for many businesses and industry as a whole – particularly when compared with a pipeline of works that is growing significantly
- A possible Federal election could result in a pause or the slowing down of expenditure on projects, which in turn could limit the current positive commercial environment for many businesses
- The need for clarity on climate and energy policy is critical for business certainty

²⁶ This is the percentage agreed for all businesses.

CONTACT

We would welcome any opportunity to further discuss the issues raised in this report. To do so, please contact:

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