



COVID-19 INDUSTRY HEALTH CHECK

**Pulse Survey Results
- September 2020**

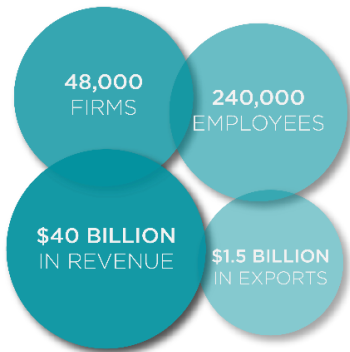
Industry Health Check

Pulse survey results – September 2020



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IN BRIEF



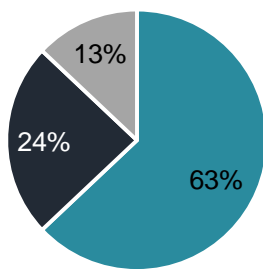
Consult Australia is the industry association representing businesses in design, advisory, and engineering. Our members provide services to a broad client base including governments, companies, and individuals. We represent an industry comprising some 48,000 businesses across Australia, ranging from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

Consult Australia first conducted an industry health check in late May 2020 to understand the initial impacts of the COVID-19 pandemic across our membership. These survey results are [here](#).

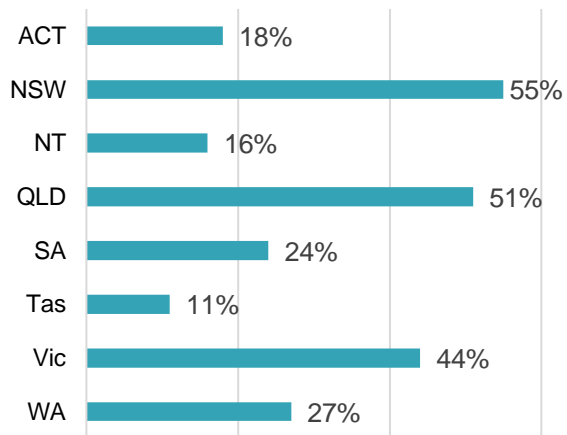
This report summarises findings from Consult Australia’s second industry health check from 31 August to 3 September 2020. A second industry health check was conducted to understand the ongoing, and any changed, impacts on our members, and to track our industry’s recovery against the initial results in May 2020 (noted in brackets and in other places throughout the report).

55 firms participated in our second industry health check, representing 26 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 services

KEY FINDINGS

As of September 2020, **over half of our members are experiencing a reduction in work** due to COVID-19, and their **average downturn is nearly one-quarter of normal operations**.

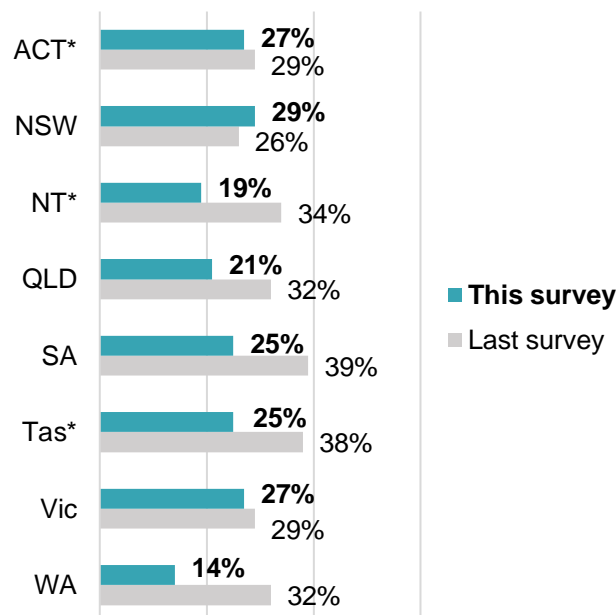
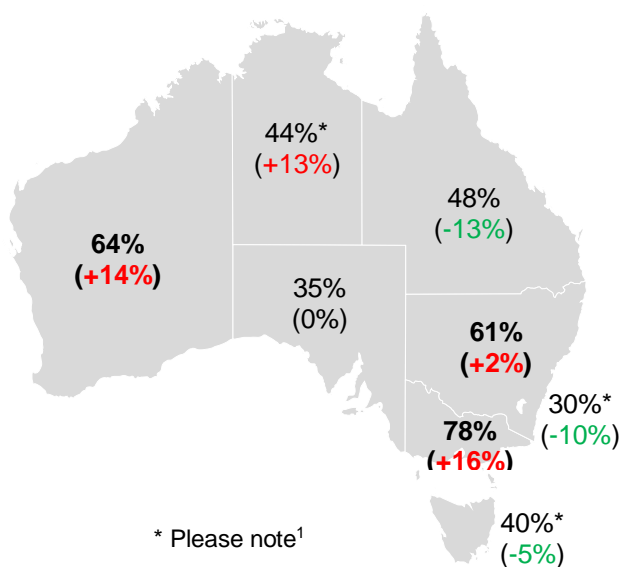
Firms seeing a reduction in work

Average reduction in work for impacted firms

54%

22%

This is a slight improvement on our industry health check from three months ago, with the previous results being 66 per cent and 32 per cent.



The percentage of firms experiencing a reduction in work by jurisdiction (and the change from May results)

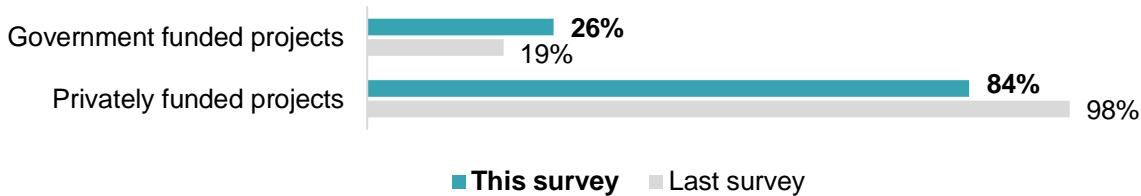
The average reduction in work for impacted firms by jurisdiction –survey comparison (May and August)

Victoria is currently the most impacted jurisdiction when looking at the proportion of firms with a reduction in work – it also has the sharpest increase in firms seeing a reduction since the May survey.

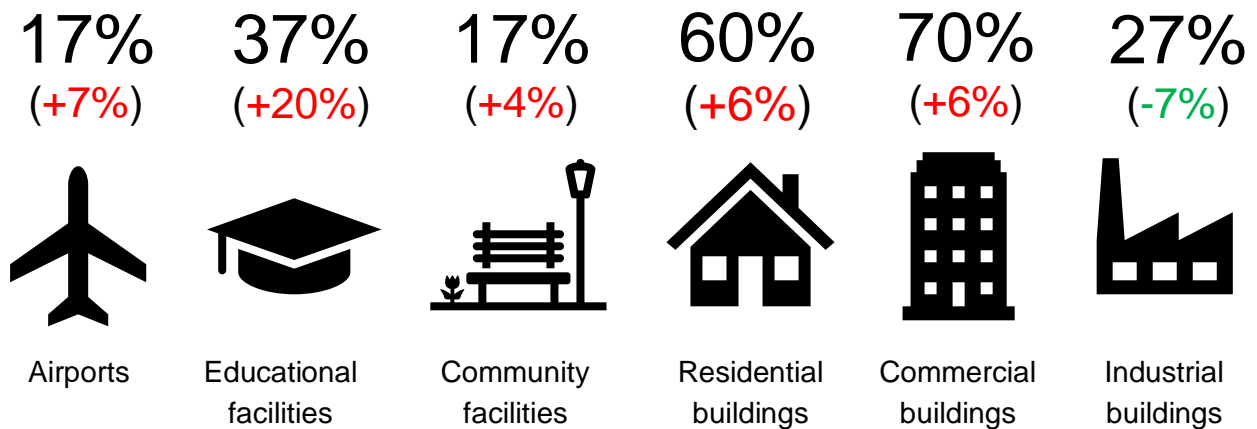
Victoria is second to NSW for the average reduction in work for the firms experiencing an impact.

¹ Data for NT, ACT and Tas was limited. Of the data available, most were firms indicating they were experiencing reductions in work in all jurisdictions. This may have skewed the results for these jurisdictions.

Privately funded projects and the **building sector** continue to be the **main concern** for firms. Our results also indicate a large reduction in work from **education facility projects** since May.

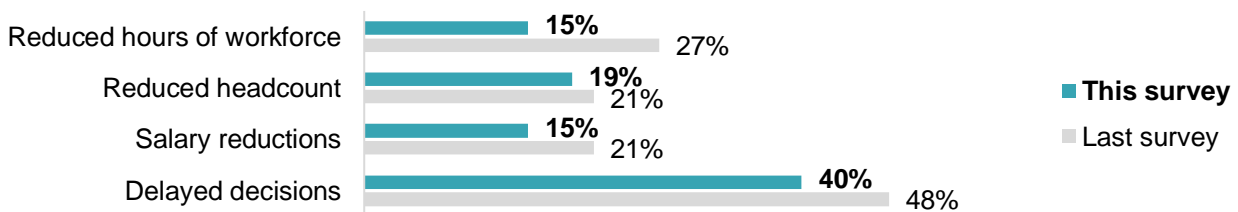


Percentage of firms reporting a reduction of work by project funding source

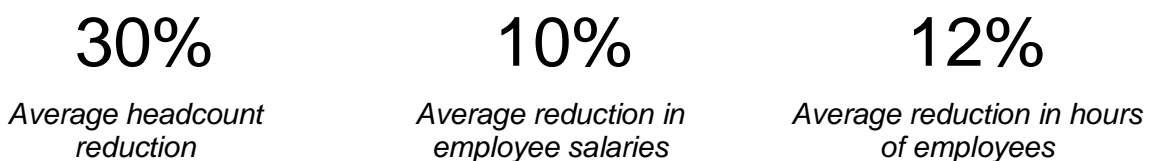


Percentage of firms reporting a reduction in work by top six sector type (change from May results)

Two-fifths of firms have made workforce-related changes in response to COVID-19 impacts. However, the same proportion of firms are still taking a 'wait and see' approach until full impacts are better understood.



Of the firms who have made these workforce-related decisions, the **average changes are below.**



Workforce response to COVID-19 impacts

INDUSTRY HEALTH CHECK RESULTS – LARGE FIRMS

Seven large firms participated in the pulse survey. These are firms with more than 200 employees.

Reduction in work for large firms

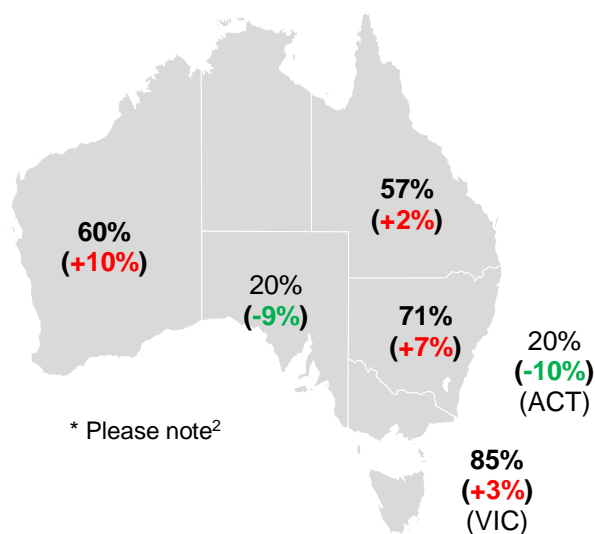
Firms seeing a reduction in work

86%
(+4%)

Average reduction in work for impacted firms

15%
(No change)

Percentage of firms reporting a reduction in work by jurisdiction (change from May results)



Reported reductions related to government projects

50%
(+25%)

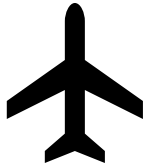
Reported reductions related to privately funded projects

100%
(No change)

² Insufficient data for NT and Tas.

Top sectors experiencing a reduction in work due to COVID-19 (change from May results)

57%
(+24%)



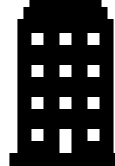
Airports

43%
(-46%)



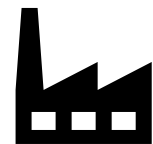
Residential buildings

100%
(+11%)



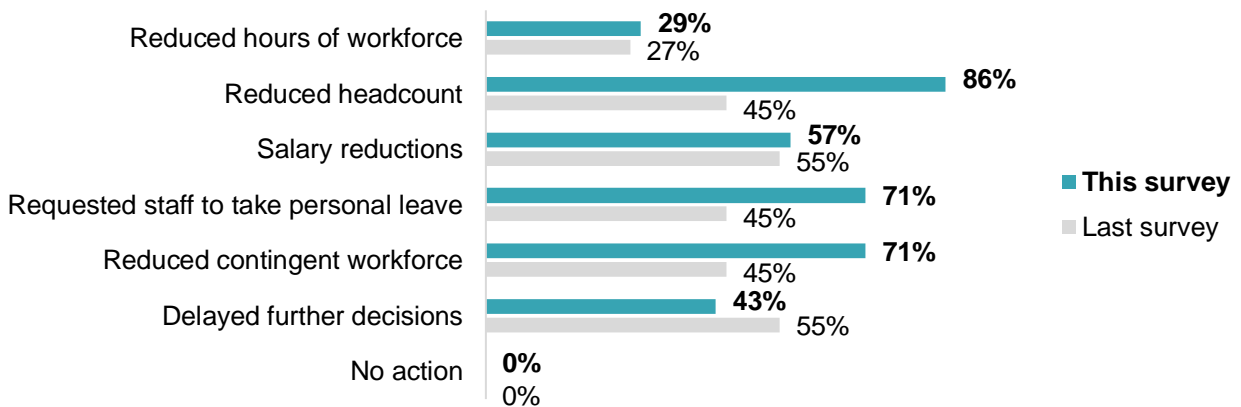
Commercial buildings

43%
(+32%)



Industrial buildings

Workforce management response from large firms



Of the large firms who have made the above workforce-related decisions, the **average percentage of reductions are below.**

6%

Average headcount reduction

5%

Average reduction in employee salaries

5%

Average reduction in hours of employees

INDUSTRY HEALTH CHECK RESULTS – MEDIUM FIRMS

13 medium-sized firms participated in the pulse survey. These are firms with 20 to 199 employees.

Reduction in work for medium firms

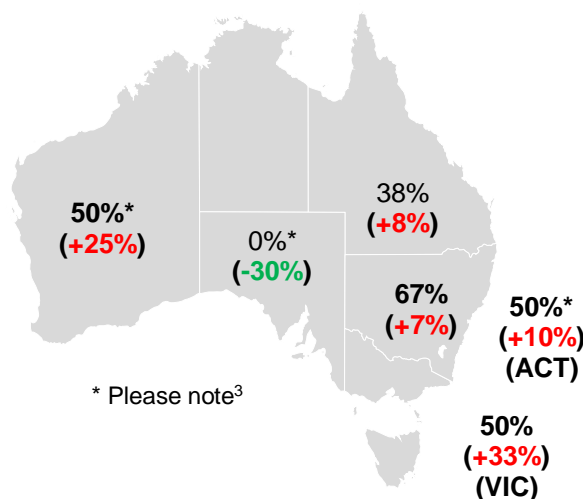
Firms seeing a reduction in work

46%
(-1%)

Average reduction in work for impacted firms

23%
(-5%)

Percentage of firms reporting a reduction in work by jurisdiction



14%
(+14%)

Reported reductions related to local council projects

29%
(+15%)

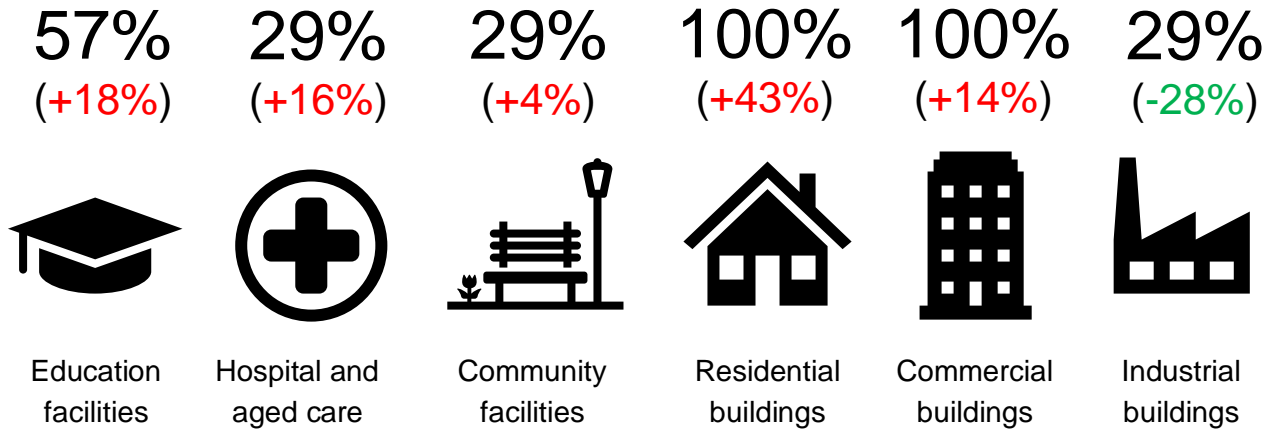
Reported reductions related to state/territory and Federal government projects

100%
(No change)

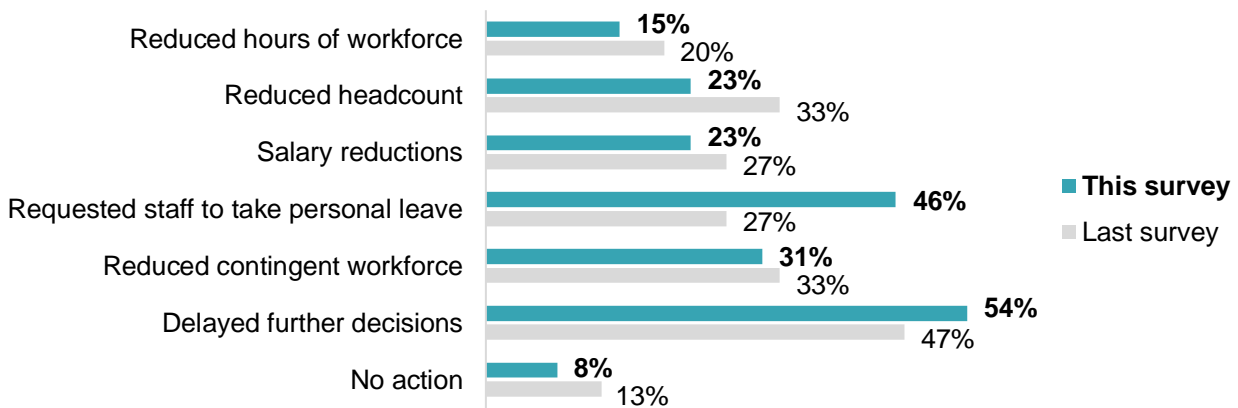
Reported reductions related to private sector projects

³ Limited data for WA, SA and ACT. This may have skewed the results for these jurisdictions. Insufficient data for NT and Tas.

Top sectors experiencing a reduction in work due to COVID-19 (change from May results)



Workforce management response from medium firms



Of the medium firms who have made the above workforce-related decisions, the **average percentage of reductions are below.**

11%

Average headcount reduction

17%

Average reduction in employee salaries

18%

Average reduction in hours of employees

INDUSTRY HEALTH CHECK RESULTS – SMALLER FIRMS

34 smaller firms participated in the pulse survey. These are firms with up to 19 employees.

Reduction in work for smaller firms

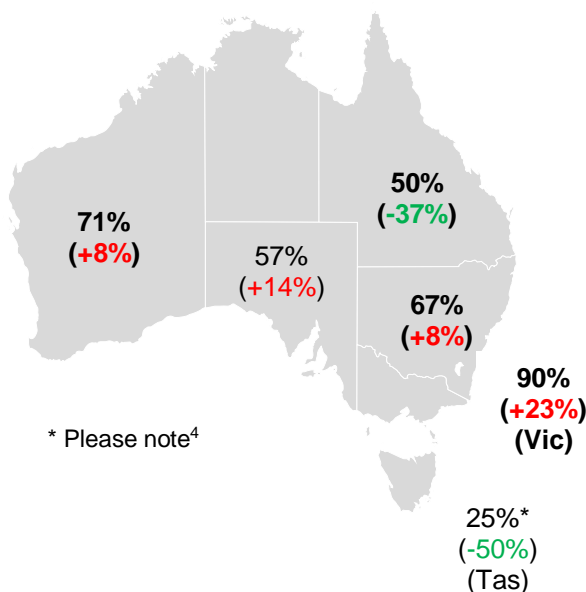
Firms seeing a reduction in work

43%
(-24%)

Average reduction in work for impacted firms

35%
(-24%)

Percentage of firms reporting a reduction in work by jurisdiction



9%
(-8%)

Reported reductions related to local council projects

9%
(+1%)

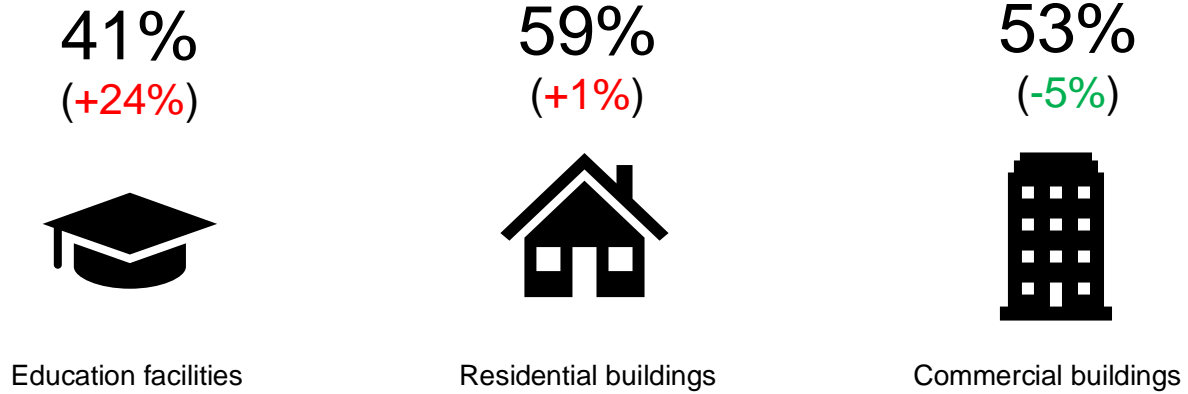
Reported reductions related to state/territory and Federal government projects

73%
(-23%)

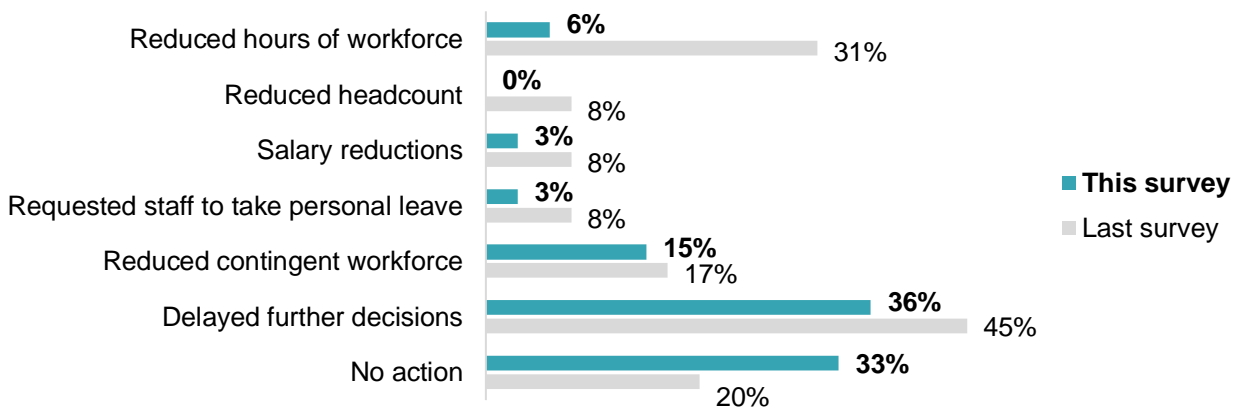
Reported reductions related to private sector projects

⁴ Insufficient data for NT and ACT.

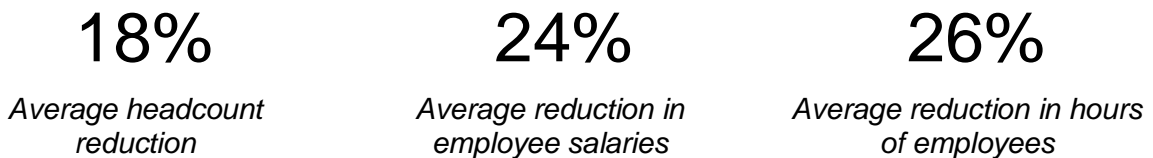
Top sectors experiencing a reduction in work due to COVID-19 (change from May results)



Workforce management response from smaller firms



Of the smaller firms who have made the above workforce-related decisions, the **average percentage of reductions are below.**



THE SIX-MONTH OUTLOOK FOR FIRMS

Survey participants were asked to identify the ongoing impacts of COVID-19 in six months' time, and actions they will take to mitigate challenges. Below summarises the feedback received.

The pipeline of work

54%

(+1%)

Indicate their pipeline of work will **likely shrink** in the next six months

22%

(+5%)

Indicate their pipeline will **likely become more uncertain** in the next six months

24%

(+7%)

Indicate their pipeline will **likely remain stable or grow** in the next six months

- Many firms noted a **strong need for government stimulus** to ensure their pipeline remains stable or grows over the next six months.
- The pipeline of work seems to be **very patchy, depending on the sector**.
- There is a lot of **uncertainty about project commencements**.
- Some firms noted a reduced work due to **state and territory border closures**.

Firms also shared their intended response to challenges over the next six months.

- Many firms will **ramp up business development** with more proactive communication and marketing. Many firms will also look at opportunities in **new sectors** and with **new client types** – some noted a goal of having a more balanced portfolio of work.
- Innovation, demonstrating value and a difference from competitors, being consistent and relationship-focused are examples of how many firms plan to win more work.

The workforce

42%

(+7%)

Indicate the headcount of their workforce is **uncertain or will likely decrease** in the next six months

63%

(+3%)

Indicate their workforce's headcount will **likely remain the same or increase** in the next six months

68%

(+21%)

Indicate their **skill requirements will change** in the next six months

- Many firms are hopeful they have **already made any workforce changes required**, and are hopeful they can now **expand their workforce at pace with any new work**.
- The following skill areas were flagged by firms as areas of focus:
 - **Strategic skills** – positioning the business for success;
 - **IT and other digital skills** – critical for being more efficient and adjusting to new working environments; and
 - **Communication and other soft skills** – to help put a business's best foot forward.

The working environment

26%

*Anticipate a **return to the workplace** in line with **pre-COVID-19 arrangements** in the next six months*

36%

*Anticipate a **shift to hybrid working arrangements** in the next six months*

- Many firms anticipate that **remote working will be a common feature** over the next six months, and this will be heavily influenced by the status of the virus.
- Some employees are indicating a **preference to have some time in the office** (where permitted) to collaborate with colleague and for development opportunities.
- It was noted that **Melbourne staff could be working remotely for the next six months**.

Firms also shared their intended response to challenges over the next six months.

- **Ongoing flexible working arrangements** will continue to be a focus for many firms. A more mobile workforce is envisioned.
- Some firms are looking at if their **office footprint could be reduced with hybrid working arrangements** in place.

Procurement and contracting practices

25%

(No change)

*Anticipate that **contract terms will become more onerous** in the next six months*

Firms also shared their intended response to challenges over the next six months.

- **Diligent contracting** is flagged as a key action for many firms. More attention will be placed on potential contracts to avoid bad terms.
- Some firms are **hopeful that contacts will become more collaborative** over the next six months.

Competition across the industry

69%
(+13%)

*Anticipate that competition across the industry **will become tighter** over the next six months*

41%
(+13%)

***Raised reduced margins as a concern** for the industry over the next six months*

- **Competition will become tighter** across most sectors/project types. There are concerns from some firms that tighter competition across the industry will come at the expense of quality and value.
- It was noted that **large firms are now targeting smaller projects**, and this is creating additional pressure on smaller and medium-sized firms – the potential consolidation of some SMEs in the future was flagged as an impact.
- Some firms in **states and territories with broader closures are experiencing less competition for work**.

Many of the actions lists under the above headings show how survey participants will respond to increased competition across the industry. This includes possible reduction in rates, gathering **better market intelligence**, and focusing on **emphasising value adds**.

VICTORIAN SNAPSHOT

As most would expect, the recent challenges with a local second wave means Victoria is the most impacted jurisdiction for most measures in our industry health check, with some of these results increasing sharply since our May survey.



23 firms who provide services in Victoria participated in the pulse survey, and the below charts provide a snapshot of how their experiences differ to other parts of the country.

Reduction in work for Victorian firms

Firms providing services in Victoria who are seeing a reduction in work

78%

The average reduction in work for firms who provide services in Victoria

27%

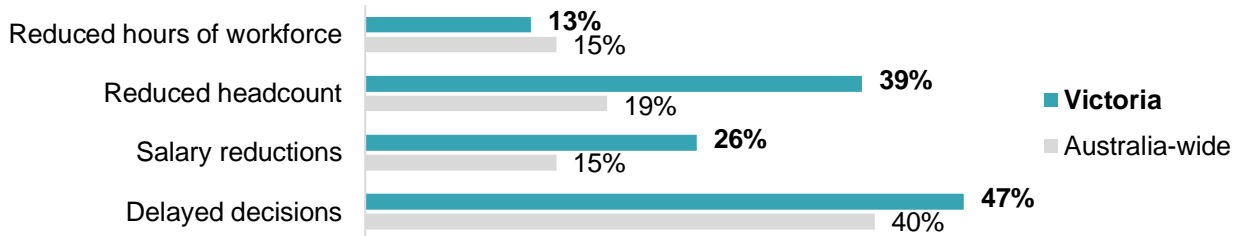
As a comparison, the Australia-wide figures show that 55 per cent are experiencing a reduction in work, with 22 per cent being the average reduction for those impacted.

Insights on the stage 4 restrictions in Victoria

The following impacts were noted from the second wave and associated restrictions in Victoria.

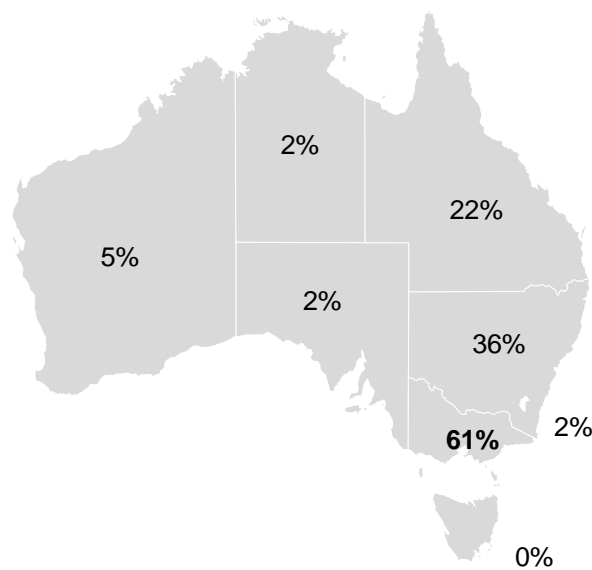
- The slowing down of on-site work from restrictions has also **slowed down pre-construction activities**.
- Many firms are seeing **delays in client responsiveness and decision making** – from both **government and private sector clients**, although for different reasons.
- The **second wave** has had a **greater impact than the first wave**, both in terms of a reduction in turnover and the mental wellbeing of employees. One firm noted their work in Victoria has dropped by approximately 90 per cent.
- Some firms are concerned about the future and are seeing **a reduction in the amount of tenders currently on the market**. Many clients are also taking **longer to bring tenders to the market**.

Workforce management response from Victorian firms



Six-month outlook in Victoria

Jurisdictions where firms have the greatest concern about the six-month outlook



This concludes our Industry Health Check Report. We aim to run another scan in early 2021, unless there are significant industry impacts in the meantime.

CONTACT US

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

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