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Driving business success for consulting firms in the built and natural environment

6 October 2020

Professional Engineers Registration Scheme Implementation Team
Department of Justice and Community Safety
Victorian Government
Via email: engineers@justice.vic.gov.au

Dear Professional Engineers Registration Scheme Implementation Team,

Implementation of the *Professional Engineers Registration Act 2019 (Vic)* – Submission

Consult Australia welcomes the opportunity to provide this response to the Victorian Government's consultation on implementation of the *Professional Engineers Registration Act 2019 (Vic)*. We continue to advocate for a more consistent national approach to minimise impacts on business, especially as we all strive to recover from the impacts of COVID-19.

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering. Our industry comprises some 48,000 businesses across Australia, ranging from sole practitioners through to some of Australia's top 500 companies, providing solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry is a job creator for the Australian economy, directly employing 240,000 people. The services we provide unlock many more jobs across the construction industry and the broader community.

At the outset, we would like to stress how important certainty and consistency is to our members (and the broader industry) as we strive to recover from the impacts of COVID-19. This is particularly so for Victorian businesses. Consult Australia's COVID-19 Industry Pulse Surveys (conducted in [May 2020](#) and again in [September 2020](#)) demonstrate the impact COVID-19 has had on the consulting sector. The second wave of COVID-19 cases in Victoria and the Stage 4 restrictions has had a significant impact on businesses working in Victoria compared to the Australia-wide figures. For example, 78% of businesses that provide services in Victoria are seeing a reduction in work (compared with 55% Australia-wide) and the average reduction in work for businesses providing services in Victoria is 27% (compared with 22% Australia-wide). The second wave is having a greater impact than the first wave.

It is also important to acknowledge the hardening in the insurance market, particularly in relation to professional indemnity (PI) insurance that provides cover for the professional services provided by our members. This hardening has resulted in reduced capacity due to market consolidation, significantly increased premiums, and a reduction in policy coverage with carve-outs for risks associated with building work. Where the insurance policy does not provide cover, not only are consultancy businesses and practitioners exposed, but so are their clients and consumers. While larger businesses can weather the changes better than smaller operators, the hardening of the insurance market affects all business. Our small and medium enterprise (SME) members advise that PI insurance is the biggest cost to their business, and many are struggling with the affordability of their PI insurance. One member recently advised that their newly quoted premium for 2020/21 has gone from \$30,000 for a \$2million policy in the previous year, to over \$100,000 for a \$1million policy. This is not an isolated case, and it is occurring all around Australia for consultants of all disciplines.

With a significant proportion of our members being SMEs, there is real concern about the unnecessary financial and administrative burdens of individual state/territory registration schemes. This concern was prevalent pre-COVID-19 and has only intensified. This is why Consult Australia

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supports the work of the Australian Building Codes Board's Building Confidence Report (BCR) Implementation Team to find a nationally consistent approach. We also note and strongly support occupational mobility as the latest priority area for the Federal Deregulation Taskforce. We believe a national approach is critical to ensuring that our members have a stable regulatory environment in which to operate. Noting that the Council on Federal Financial Relations are also keen to see reforms that deliver occupational mobility, we have written to the Victorian Treasurer stressing how a national approach will unlock much needed productivity to ensure the economic recovery.

At present Victoria is delivering a significant infrastructure program which will continue to grow at pace for at least a decade. The engineering expertise provided by design, advisory, and engineering businesses will be essential to the Victorian Government's success in this task. It is important that business disruptions are minimised as they work through registration requirements to reduce any tangible impact on this program's delivery.

We believe the introduction of mutual registration between existing and future schemes in other jurisdictions is critical for minimising these business disruptions. Engineers, arguably more so than any other registered professionals, work across Australia and their skills are in high demand. Not only are engineering skills in demand but they are also in short supply, so it will be critical that the introduction of the registration scheme does not impinge on the movement of skills across the country or unnecessarily increase the cost of doing business.

Consult Australia has consistently advocated for a national approach that facilitates one registration for a practitioner covering all Australian jurisdictions (what we call mutual registration) rather than multiple state/territory registrations with then multiple mutual recognitions in the other states/territories (as is the usual practice).

Unfortunately, there seems to be a substantial disconnect between the work at the national level and the state level as the Victorian government moves ahead with a separate scheme instead of working to develop a single scheme that would deliver:

- true occupational mobility
- realisation of the relevant BCR recommendations
- ultimate consumer confidence.

Consult Australia recommends the Victorian Government work with other state and territory governments through National Cabinet and with the Federal Deregulation Taskforce to embed occupational mobility for engineers. Consult Australia recommends that a technological solution could ensure national mutual registration arrangements for registered practitioners. A national portal would provide significant benefits to governments, industry and the public.

The portal could populate the registration information from each state/territory jurisdiction into a central source that could be interrogated by the public and government. The portal would hold information including:

- name
- contact details
- qualifications
- employer (if relevant)
- ABN/CAN (if relevant)
- date of first registration
- currency of registration

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- actions against the registered engineer (if any)
- conditions on the engineer's registration (if any)
- state/territory of original registration.

This information could be used by citizens and clients (of engineering services) to search for a registered engineer to assist in making an informed decision about choosing an engineer for their project. State and territory governments/regulators could utilise the portal to monitor any enforcement action taken against an engineer in other states/territories, or restrictions on their registration. The portal might assist state-based regulators to decide on appropriate disciplinary action, if for instance the scheme permitted the regulator to consider actions against the registered engineer in other jurisdictions.

The portal would avoid duplication across governments and provide consumer confidence in the profession as a whole throughout Australia. By being a government portal, using government information it would be a trusted source.

Thank you for the opportunity to comment. If you would like further information or clarification, please contact Kristy Eulenstein, Policy Lead (Procurement and Practice) at kristy@consultaaustralia.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Nicola Grayson", with a long horizontal flourish extending to the right.

Nicola Grayson
Chief Executive Officer