



2017



CONSULT AUSTRALIA
ANNUAL REPORT

From the President



It has generally been a good year for our industry, for our members, and for Consult Australia. There is still some softness in the Australian economy as it transitions from a resourced based economy to a services economy, however the economy continues to improve, and the construction sector has been an important part of that transition. There

has been an increase in gross fixed investment by both Federal and State Governments.

This investment into infrastructure has been particularly strong in New South Wales and Victoria, where there has been unprecedented investment into road and rail infrastructure. The property sector has also seen strong investment, particularly in the residential sector, with investment coming from both the public and private sector. We also continue to see inward investment from Asia, however we are starting to see a slowdown in this investment as Beijing starts to tighten the reins on the outflow of capital.

As my term as President draws to an end, and I reflect back on the last two years, it has certainly been an interesting period that has been characterised by change and global turmoil. We have seen plans start to develop for the emergence of Britain from the European Union. We have seen an increase in incidents of terror and heightened security measures in most countries. We are also still waiting to see the real impact of the new Trump administration in the US. Early expectations of reduced taxes and an increased spend in infrastructure, are yet to materialise. We can certainly reflect on it as one of the most interesting periods in modern times.

With the amount of investment happening in Infrastructure, our members are being called on to deliver mega projects, and we are starting to see far more projects being done by consortia, rather than by individual firms. This is a positive development for our industry. The biggest constraint for our industry going forward is going to be the shortage of skills. This will be exacerbated by the recent changes to the 457-visa legislation, and Government surely needs to re-think these changes, as all countries, like all businesses, benefit from the inflow of talent. Even with a reversal of these visa restrictions, we are going to need to ensure we use all the talent that is available locally. It is therefore even more essential that firms continue to develop their diversity and inclusion cultures and policies.

My theme for the last two years has been diversity, and I am therefore really pleased with the progress that has been made by the Consult Australia Male Champions of Change. Peter Bailey took over the Chair from Greg Steele this year, and he has continued the good work started by Greg. Together with our Program Director, Colleen MacKinnon they have worked with the Champions to move the dial from discussion to action. The Champions and their teams are working on four pilot projects with defined outcomes to improve diversity

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within their firms. I am confident that from next year we will see improved diversity and inclusion statistics from our member firms.

I am also extremely proud that this year our Association will have our first female President. Kiri Parr from Arup will become our new President at the September AGM. I am very confident that we will benefit from Kiri's knowledge of the industry, as well as from her legal background, in particular as it pertains to procurement and policy. I wish Kiri well for her term.

I would also like to acknowledge the work that has been done by the Consult Australia staff in service to their members. These dedicated staff provide services to close to 300 member firms, and the circa 35,000 staff working for those firms.

While representing Consult Australia at various forums during my term, I have been immensely proud of the good reputation that our Association has both locally and internationally. We continue to influence policy makers through our thought pieces as well as through direct lobbying.

I would like to pay tribute to Megan and her whole team for their commitment, and I would like to thank them for the support that they have provided me during my term of office.

Finally, I would also like to thank all our members for your support during my term. We can only be a great Association with the support of our members, so I appeal to you all to continue to support your Association, and to continue to support Kiri Parr, your new President.

It has been a privilege to be of service to you over the last two years.

Andrew Mather
Consult Australia President

From the CEO



Despite the swaying of economic breezes trending away from WA and Qld and towards NSW and Vic over the last twelve months, activity across the country from Consult Australia's perspective has remained reasonably stable. Member engagement and event attendances demonstrate that despite tougher economic times in some jurisdictions, our work is valued both

internally (by members) and externally by politicians and other stakeholders. Of course, the increased vitality of infrastructure markets in NSW and Vic (coupled with the relative sizes of those economies) have certainly created heightened activity in those States.

Nationally this was also reflected by the strong turnout and financial performance of our 2016 Awards for Excellence in Melbourne and our 2017 ASPAC Leaders Conference in Sydney earlier this year. A great line up of speakers and participants made for particularly interesting content and conversation at this year's Conference, focussed around mental health and the sustainability and support of our leaders of today and tomorrow. Our 2017 Awards in Sydney on 14 September is shaping up to also be a bumper night!

From a public policy perspective Consult Australia continues to bat very much above its weight. This year, as a direct result of our reputation and advocacy I was appointed to represent members' interests on the Federal Government's Cities Reference Group, which meets regularly with the Assistant Minister for Cities and Digital Transformation, the Hon Angus Taylor MP. Despite reduced capability in our policy team over the year, we continued to participate actively in the Federal agenda, whilst strengthening our engagement in the States and Territories.

Our close relationship with Infrastructure Australia resulted in us project managing the delivery of Business Case Training across the country on their behalf. Whilst this was not a profit generating activity for Consult Australia, it further strengthened our reputation with this important body. We also enjoy a close collaboration with the Global Infrastructure Hub (which is now delivering some excellent analysis of infrastructure markets and issues across the globe), as well as the governance bodies instituted around the various States.

The Board and staff have spent considerable time and energy considering Consult Australia's strategic future in 2016/17. There continues to be a focus on the fundamentals of our association, such as advocacy and raising member services in a more efficient and streamlined model, whilst also taking some time to discuss and plan for the major structural shifts that are occurring in our industry. The continued consolidation/globalisation of firms, disruption via new competitors and technology, the global fight for diverse talent and more connected supply chains are just some of the issues we will need to be prepared for in light of our association's future.

Financially, consolidation and mergers continue to adversely affect our membership income, and we are continuing to both put downward pressure on membership fees (this year is the second in a row we have reduced subscriptions), whilst also restructuring our Associate and Affiliate membership categories to attract more supply chain participants (clients, government agencies and suppliers) to our events so as to provide even more value for members.

On the other hand, our commercial offerings (events, programs, publications and education) continue to thrive. We are now making about half our income from these fee-for-service takings. In fact, our financial repositioning is not unlike that which needs to occur in the roads sector where user charges will need to make up a greater share of the revenue pool to ease the burden on consolidated tax take.

We also continued to both streamline and invest in our internal operations this year, with a major investment in our back-end IT infrastructure as well as an office re-fit following the favourable negotiation of a further lease period at 50 Clarence St.

I wanted to offer my thanks to all our fabulous staff, but in particular to two key members of our Management Team. My deep thanks and acknowledgment goes to Kisanne Dulin, our Director of Membership and Commercial Services, who has been unwavering in her commitment and support this year as we refreshed our policy team, and Jan Irvine who has picked up the additional duties of managing all our State and Territory staff (as well as joining the Management Team). These two women, and all the wonderful people they work with at Consult Australia do you and your association proud.

I also wanted to especially extend my thanks and gratitude to all our Directors, but in particular our outgoing Directors, James Wright (whose guidance as Finance Committee Chair was unwavering even through some tough times), Camille McGregor and Neill Stevens. Your contribution and support mean more than you know.

Of course the biggest thanks goes to Andrew Mather, our outgoing President. Andrew's dedication to this role and quiet strength has been key to the associations success over the last two years, and we wish him well in his exciting new pathway with the Integral Group (who will become members shortly no doubt!)

Finally, I want to thank all our members and many Consult Australia and FutureNet committee volunteers. Our success stand on your shoulders and we thank you for dedicating your time for the enhanced future of your industry.

Megan Motto
Chief Executive Officer

New Members in FY2016/17

AALTO Pty Ltd	Oztron Energy
Acciona Infrastructure Australia	PLAN E Landscape Architects
Building Products Certification Pty Ltd	Powerlyt Group Pty Ltd
Collins & Woolcock	Precise Geotechnical
Desart System	Pritchard Francis
EPCM Solution	Professional Construction Strategies Group (PCSG)
Hydrology and Risk Consulting	Salients
JCIS Consultants	Seed Engineering
JWC	SLR Consulting Australia Pty Ltd
Law & Dawson Pty Ltd	Taft Engineering
MI Associates Pty Ltd	TDG NSW Pty Ltd
Mobius Fire Safety	Tesseract International Pty Ltd
Nation Partners	The Dichotomy Group
Organica Engineering	WestonWilliamson Pty Ltd

Financial Year Policy Wins July 2016 – June 2017

Best Practice Procurement & Fairer Contracts

Campaigning for fair allocation of risk between contracting parties, standard contract terms and liability reform at all levels of government:

- The New South Wales Procurement Inquiry saw Consult Australia NSW's recommendations supported by the Inquiry. Ongoing advocacy saw engagement with the office of the Deputy Premier and Minister for Small Business, The Hon John Barilaro, Transport and Infrastructure Minister the Hon. Andrew Constance, the Attorney General's the Hon Mark Speakman's Office and Department and the Shadow Treasurer, Ryan Park.
- Consult Australia represented the Industry at a National procurement roundtable with Secretaries and Deputy Secretaries from several government agencies led by the Secretary of the Department of Infrastructure and Regional Development, Mike Mrdak. Additionally, Consult Australia met with Ms Rosemary Huxtable PSM, the Secretary of the Department of Finance, to discuss the economic benefits of better procurement practices.
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- Consult Australia appeared before the Joint Select Committee into the Commonwealth Procurement Framework led by Nick Xenophon Consult Australia gave evidence highlighting the need for Governments to modernise procurement in Australia.
- Consult Australia Qld was invited by the Department of Housing and Public Works (HPW) to be a member of the Procurement Industry Advisory Group (PAIG) to engage directly on matters such as procurement pipelines and whole of government approach.
- Consult Australia WA are advancing the case for standard contracts and Proportionate Liability reform. In WA several meetings with the Department of Main Roads, the Water Corporation of WA and the Metropolitan Redevelopment Authority have been undertaken.
- Consult Australia NT hosted a breakfast briefing with the Minister for Infrastructure, Planning and Logistics, Nicole Manison and CEO of the Department Andrew Kirkham.
- Consult Australia SA has held meetings with both the SA Department of Treasury and Finance and the Department of Planning, Transport and Infrastructure (DPTI) in relation to onerous terms and conditions.
- Consult Australia is working with the NT Chief Minister Michael Gunner on changes to the procurement framework including the requirement for all agencies to publish agency forward procurement plans, a cap on the maximum weighting on price in tender evaluations, prohibiting shortlisting on price alone, and the requirement for all major procuring agencies to provide regular industry briefing sessions.

Stronger, More Collaborative Business Relationships

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

- Ongoing advocacy with key federal political leaders has included the Minister for Major Projects, the Hon Paul Fletcher, the Office of the Minister for Infrastructure and Transport, the Hon Darren Chester and the office of the Assistant Minister for Cities and Digital Transformation, the Hon Angus Taylor.
- Briefings were held with key Federal Opposition members on Consult Australia advocacy priorities including the Shadow Minister for Small Business and Financial Services, Senator Katy Gallacher, the Shadow Assistant Treasurer the Hon Dr Andrew Leigh, the Shadow Assistant Minister for Infrastructure and Climate Change Pat Conroy and the office of Deputy Leader of the Opposition, The Hon Tanya Plibersek.
- Consult Australia in WA launched its election platform, Better Planning, Better Procurement, A Better WA and ongoing advocacy with the WA Department of Premier and Cabinet.

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:

- Consult Australia released The Australian Digital Built Environment Principles marking an important step in the adoption of digital technologies to improve the design and operation of our cities and infrastructure.
- Ongoing advocacy in SA has included a Boardroom Lunch with The Minister for Planning, Transport and Infrastructure, the Hon Stephen Mullighan and DPTI CEO Michael Deegan to discuss a way forward to implement digital delivery of public sector projects
- Ongoing advocacy in Vic including working with the Department of Economic Development, Jobs, Transport and Resources including leading the discussion in relation to the Construction Technologies Sector Strategy
- Consult Australia ACT delivered the first ACT 'SMART WEEK' with Data 61 and the ACT Government Digital Transformation Officer.

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:

- Consult Australia welcomed Infrastructure Australia's (IA) 100 projects and initiatives as part of their newly revised

Infrastructure Priority List including a number of Consult Australia recommendations on Value Capture.

- Assistant Minister for Cities and Digital Transformation Angus Taylor established the Cities Reference Group. Consult Australia's CEO has been appointed to the reference group to help advise on cities policy and to foster new ideas for innovation and collaboration.
- Ongoing discussions have been held with Mike Mrdak Secretary, Department of Infrastructure and Regional Development to discuss the Australian Government's Smart Cities Plan and options for better and fairer ways of paying for Infrastructure.
- Consult Australia has continued to work with John Alexander MP following the Federal Inquiry into Value Capture and had discussions with Trent Zimmerman MP in his capacity as a standing member of the House of Representatives Standing Committee on Infrastructure, Transport and Cities.
- Consult Australia launched a report that urges Governments to overcome the financial obstacles that prevent infrastructure development. The Good, the Bad, and The Extremely Unhelpful, urges government to embrace debt, utilise value capture as a fair form of finance, recycle assets, develop road-user charging and develop policy to grow private sector investment.
- Consult Australia QLD attending quarterly meetings with the Executive Director of the Capital Infrastructure Delivery Unit resulting in detailed discussions on issues such as transparency of panels, regional planning and improved procurement processes.
- Consult Australia QLD has successfully advocated for Queensland Rail to publish existing panel arrangements and a 6 to 12 month Projects Pipeline Report on their website
- Consult Australia ACT successful advocacy has resulted in the ACT Government committing to introduce a position of Chief Engineer to lead the territory's engineering and infrastructure projects.
- Consult Australia NT has been successfully working with the NT Chief Minister Michael Gunner including the establishment of a 10 Year Infrastructure Plan.
- Consult Australia successfully worked on the review with the SA Government and the SA Department of Planning, Transport and Infrastructure's (DPTI) Prequalification System for Professional Services Contractors to better reflect current industry conditions and improve the systems efficiency and effectiveness
- Infrastructure Victoria's (IV) discussion paper reflects Consult Australia Vic's advocacy for a more transparent long-term infrastructure pipeline supported by integrated strategic planning including using innovative financing methods such as Value Capture. CEO of IV, Michel Masson, addressed members to discuss how the recommendations will be progressed.
- Consult Australia Vic has been working closely with CEO of the Victorian Planning Authority, Peter Seamer to discuss equitable access to employment, public transport, attractive public space and affordable housing.

- Consult Australia's advocacy has resulted in the commitment of the new Office of Projects Victoria that will oversee the planning and delivery of infrastructure projects.

Safer, Sustainable & More Productive Workplaces

Improving access to skilled workers against identified shortages:

- Consult Australia QLD has worked with the Department of Transport and Main Roads, to achieve several successful outcomes as part of the recent review of the Engineering Consultant Scheme (ECS). The Department of Transport and Main Roads has reviewed the Scheme structure resulting in the removal of financial reporting, maximum daily rates and discounts.
- Consult Australia's ongoing advocacy in relation to changes to the 457-visa system has seen us write to the Prime Minister the Hon Malcolm Turnbull and the Minister for Immigration and Border Protection, the Hon Peter Dutton to ensure our industry can access the best professionals without additional regulatory burden on our member firms.
- Consult Australia was invited to attend a roundtable meeting with Victorian Treasurer Tim Pallas on the Victorian Government's plan for the Registration of Engineers and invited to attend a meeting with Victorian Parliamentary Secretary for Treasury and Finance, Daniel Mulino on the Victorian Government's plan for the Registration of Engineers.

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

- The Consult Australia Male Champions of Change (CAMCC) has implemented a rigorous Critical Success Factor framework to significantly and sustainably increase the representation of women in their firms. In November 2017, the CAMCC will publish its first progress report.
- Consult Australia NSW hosted an International Women's Day discussion with a focus on Women in Consulting Leadership with Senator Jenny McAllister. A similar event was held in Queensland to highlight the importance of women in our industry.

Financial Report

The financial results for Consult Australia in respect of the period 1 July 2016 – 30 June 2017 are summarised in the tables presented. The Full Annual Report 2017 is in accordance with mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and includes 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 \$224K for the year, an improvement from the prior year surplus of \$218K. Total revenue and other income increased by 3.1% to \$3.667m, with an increase in expenditure by 3.1% to \$3.443m. The 2016/2017 financial year was characterised by continued efficiencies in order to service members in shifting markets.

Revenue and Expenditure

The increase in total revenue of \$110K over FY2016 was due to a combination of an increase in sponsorship, the Consult Australia Male Champions of Change program and education income.

The increase in expenditure of \$104K over the FY2016 result was due to increase in employment costs, depreciation and IT expenses offset by rental reduction.

Statement of Financial Position

The financial position of the organisation has strengthened with net assets of \$692K. The 2017 surplus has increased the organisations position by 48% over the FY2016 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 decreased from \$1.086m to \$622K but investment in term deposit increased from \$170K to \$576K. The organisation remains in a position to fund investments and operations in the next financial year. Trade receivables have decreased \$19K from FY2016 as a result of ongoing focused collections efforts. Property, plant and equipment had a net increase of \$138K due to office refurbishment and IT upgrade.

Liabilities

Current Liabilities have decreased by \$85K due to a decrease in income in advance of \$207K offset by an increase in accounts payable of \$26K and provisions of \$96K.

Cash Flow and Liquidity

Cash of \$622K 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	2017	2016
Commercial Activities	\$1,806,432	\$1,477,071
Interest on Investments	\$21,752	\$24,277
Subscriptions	\$1,839,529	\$2,056,219
Total Income	\$3,667,713	\$3,557,567
Expenses		
Personnel Costs inc Tax	\$2,020,172	\$1,989,586
Member Services	\$945,342	\$872,471
Overheads inc Operational expenses	\$477,867	\$477,334
Total Expenses	\$3,443,381	\$3,339,391
Net Profit/ (Loss)	\$224,332	\$218,176

Balance Sheet

CURRENT ASSETS	2017	2016
Cash and cash equivalents	\$622,828	\$1,086,068
Trade and other receivables	\$83,987	\$102,501
Investments	\$576,267	\$170,110
Other	\$160,418	\$152,466
Total Current Assets	\$1,443,500	\$1,511,145
Non-Current Assets		
Property Plant and Equipment	\$267,778	\$129,292
Total Non-Current Assets	\$267,778	\$129,292
Total Assets	\$1,711,278	\$1,640,437
Current Liabilities		
Accounts Payable	\$222,509	\$196,332
Income in Advance	\$551,078	\$758,351
Provisions	\$211,224	\$115,185
Total Current Liabilities	\$984,811	\$1,069,868
Non-Current Liabilities		
Provisions	\$34,224	\$102,659
Total Non-Current Liabilities	\$34,224	\$102,659
Total Liabilities	\$1,019,035	\$1,172,527
Net Assets	\$692,243	\$467,910
Equity		
Retained surplus	\$692,243	\$467,910
Total Equity	\$692,243	\$467,910