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ANNUAL REPORT
FY2019



From the President



This last financial year has first and foremost been framed by the appointment of our new CEO, Nicola Grayson, and the new direction and strategy that followed her commencing in the role in February of 2019.

I would like to open by confirming that the board undertook a detailed recruitment process which included consideration of both

internal and external candidates, using an executive recruiter to assist us with this critical appointment. A subcommittee of the board was responsible for identifying a short list of candidates who were then interviewed by the full board.

What ultimately impressed the board, and led to Nicola's appointment, was her intelligent strategic focus, her energy and her undeniable passion for our industry.

In the first six months under Nicola's leadership Consult Australia has:

- established a new strategy, focused around the four Ps of People, Pipeline, Practice and Procurement—using these foci to add value to our industry, our businesses and our people;
- raised our profile through a campaign led approach to advocacy and stakeholder engagement;
- focused our energy on priority industry issues, which this year have included significant issues like mental health and building standards;
- reframed and commenced the reinvigoration of our member engagement approach, including through revised roundtables, targeted marketing and communication strategy and shared learning.

The issues currently facing our industry are particularly challenging—particularly flowing from the Shergold Weir report . . . significant effort is going into work around these key issues for members.

The other key highlight for me from the last 12 months has been the increase in focus and activity of the roundtables, in part due to a journey we started last year with a refreshed approach to congress. That collegiate approach will continue this year.

The issues currently facing our industry are particularly challenging—particularly flowing from the Shergold Weir report; the discussion (and introduction in Victoria) of registrations schemes for engineers; and the changing professional indemnity insurance market—and significant effort is going into work around these key issues for members.

At the same time, we have not only maintained our commitment to the Male Champions of Change project but have also added mental health in our industry as a core component of our association's platform investing in the need for the broader 'construction' industry to stand up and fight for change around this shared pain.

On a financial note, it is undeniable that the transition of CEOs' has come at a cost to the association. We have however contained the costs of the change to within the levels predicted, although this has led to an overall deficit in the end of year results.

With the implementation of a new overall strategy and a revitalised focus on membership, I trust that the association will be able to recover those costs and restore the equity position to previous levels in a relatively short time frame.

It is also worth noting that we are now nearing completion of our IT transformation project and are looking forward to the improvements this will bring through both enhancing the user experience for our members and providing operational efficiencies for our staff.

Finally, 2019 sees the end of my role as a director and as President (since late 2017) of Consult Australia to an end. During my time as President I have sought to raise the conduct of the board with a particular focus on achieving the right level of director participation in the association, building diversity and creating a high trust atmosphere that enables robust discussion and quality decision making. I would like to thank all my fellow directors for their support, commitment and intelligence—I have thoroughly enjoyed working with you all and know you will continue to lead Consult Australia to future success.

Thanks also to our members for all the support I've received in this role over the last two years.

Kiri Parr
Consult Australia President

From the CEO



A change of leadership brings with it an opportunity to reimagine, reframe, refresh and reenergise and this is the process of change that we have worked through with the Board and team at Consult Australia.

You, as members of Consult Australia, want us to be relevant, influential, and effective and in line with this we have developed a concise strategy focusing on three deliverables: growing our profile, growing engagement, and growing our revenue.

We have sharpened our vision and mission and refreshed our language to define who we are: the industry association for consulting businesses in design, advisory, engineering. Most importantly we have defined our value proposition, which is to add value to your industry, your business, and your career through high quality services focused on four critical business issues: People, Practice, Pipeline and Procurement.

This work will come together through the (imminent) launch of our fantastic new website, which is service delivery focused, meaning that you can find information and connect and engage with our services and events more easily than ever before. Phase 2 will be improving the way we communicate with you and our broader stakeholders through our various channels (newsletters, social media etc).

Not only have been working through an IT transformation and associated investment, but we have also been refreshing our core services for you our members. We have conducted a full review and revised Consult Australia's standard form contract for the engagement of consultants. Our Practice Notes on key business practice issues have been revised with new topics covered, for example guidance on the challenging issue of contract novation.

Our policy and advocacy activities have stepped up with a more campaign driven focus. We have published thought leadership work on:

- Striving for mentally healthy workplaces;
- Innovation in Infrastructure: Barriers and opportunities to unlock innovation for a better future – supported by the Cooperative Research Centre for Low Carbon Living;
- Business Case Development in Australia: The benefits of an integrated process through collaboration; and
- Rebuilding the Social Licence for Asset Recycling: The need for asset transfer conditions that focus on delivering real public benefits.

We will also be launching a substantial discussion paper on Australia's STEM education challenge, the first in a series of papers seeking to raise the profile of this issue and set out proposals for reform.

Across the country we continue to engage with senior government/industry figures to promote our policy work

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and advocate for our industry. Some of the highlights have been our participation in the Building Ministers Forum meetings regarding the quality and compliance issues facing the building sector; and the Australian Government's establishment of a Centre for Procurement Excellence and our appointment to its Steering Group.

Building on the success of this year's Leaders Conference, our next theme will be Consulting in the Built Environment 2030. Kim Seeling-Smith, CEO of Ignite Global, specialist and thought-leader on the Future of Work, will be our MC. Save the dates in your calendar, 26th and 27th February 2020 and I look forward to seeing you there.

We have been through a significant period of change and I would personally like to acknowledge and thank the commitment, resilience, and hard work of our team at Consult Australia. As a team, we are looking forward to focusing on providing value to you, our members, and the pursuit of our vision for a prosperous and vibrant built and natural environment industry.

Nicola Grayson
Chief Executive Officer

New Members in FY2019

Ian McIntyre & Associates

Venant Solutions

MBB Consulting

Bridge Design

DEP Consulting

Chester Group

Geosyntec Consultants

QEXCELL

Lovell Structural Engineering Consultancy

Playford Consulting

Lateral Property Group

ACS Engineers (Aust)

GR Webb Consulting

Ardmhor

Mining Management Services

Cumarsaid

Victoria Design & Management

Perry Consulting Engineers

Melbourne Acoustics

TYPSA

Mark Kiryakos - Geotechnical Engineer

Financial Year Policy Wins FY2019

Consult Australia's policy and advocacy is supported by long-standing, productive relationships with federal, state and territory parliaments. Our members' substantial expertise and unique perspective on the built and natural environment informs everything we do. Our policy and advocacy focus is on four key industry issues; **people, practice, pipeline, and procurement.**

PEOPLE

Strengthening the talent pipeline

- Following the release of our Mentally Health Workplaces report on 12th June we launched our Mental Health Ambassador network. The Ambassador network is made up of 20 senior leaders and managers across the Consult Australia membership, collectively focused on tackling mental health stigmas and championing mentally healthy workplaces.
- We received a commitment from the QLD Dep't of Transport and Main Roads (TMR) that they will continue collaborating with Consult Australia to reduce the impact of their tendering processes in support of a healthy industry. This follows publication of their new Engineering Policy - EP168 re shut down of tender requests during holiday periods.
- Representatives from Consult Australia's Male Champions of Change group, together with the Property, Architects, and National groups came together to discuss worksite culture and have committed to developing strategies to address. A working group has been established to develop an engagement strategy to take forward proposed recommendations.
- We provided input into the Human Rights Commission inquiry into sexual harassment in the workplace through both a written submission and in person at their consultation forum. We have highlighted the link between creating a positive workplace culture



and reducing incidents of sexual harassment in the workplace.

- In response to the changes to the permanent migration program and the number of visa categories for the 2019-20 financial year, we have made written submissions focusing on the importance of ensuring the program is responsive to business needs. We have met with the Commonwealth Assistant Secretary for Migration to reinforce our submission. We have established a working group of members to pursue our policy position on a fit for purpose visa system.

PRACTICE

Improve the regulatory and business environment for firms

- We were invited by the Building Ministers of Australia to attend their Forum in February 2019 where we shared that Consult Australia has been invited to lead the work to quantify the NCC Performance Requirements relating to structural safety on behalf of the structural engineering community in Australia.
- We participated in the NSW/VIC Construction Industry Leadership Forum (CILF) design workshop the outcomes of which will inform a Practice Note to be published as guidance for government agencies in VIC and NSW. We explored the issues of design process, capacity and capability, risk and insurance. This will be one in suite of guidance.
- Engagement with members of the Victorian Legislative Council has continued regarding the Victorian Professional Engineers Registration Bill 2019, including the 10 independent MPs who hold the balance of votes in order to pass the Bill into law.

PIPELINE

Strengthen the Built Environment Pipeline

- On 21st March 2019 we launched our thought leadership report Rebuilding the Social License for Asset Recycling highlighting the importance of rebuilding social licence within the community, and to ensure that asset transfer conditions set by governments are considering the longer-term impacts on service outcomes.
- Since the launch of our Asset Recycling Report we have met with the Vic Treasury and Shadow Treasurer, the Chief of Staff to the ACT Roads and Services Minister, the QLD Shadow Minister for Housing, Public Works and Energy, the QLD Shadow Minister for Transport and Main Roads, the WA Department of Premier and Cabinet. We have also arranged to meet with the ACCC's infrastructure division.
- Infrastructure Australia congratulated us on the release of our Asset Recycling Report and endorsements were received from Roads Australia and the Queensland Major Contractors Association.
- Minister for Population, Cities and Urban Infrastructure, Alan Tudge MP, has formally invited Nicola Grayson, Consult Australia's CEO to participate in his Cities Reference Group, which engages cities experts and stakeholders to inform the Government's cities agenda.

PROCUREMENT

Improve procurement for better project outcomes

- The Australian Government formally announced the establishment of a Centre of Procurement Excellence, which was a core recommendation in our pre-budget submission and a central part of our better procurement policy and advocacy work. The Centre's aim will be to enhance procurement capability and productivity across



the public sector, which will be critical to successful project delivery.

- Consult Australia's CEO Nicola Grayson has been appointed to the Centre of Procurement Excellence (CoPE) Steering Group to work with the Commonwealth to develop its initiatives. Consult Australia's role in calling for the establishment of CoPE was acknowledged at its first meeting. Two discussion papers were considered one on capability and one on risk.
- The South Australian Productivity Commission's review into Government Procurement was expanded to include capital projects, following representations by us, including a meeting with the Commissioner, that capital works should be included in the terms of reference for their inquiry. This has allowed us to put forward a submission setting out our recommendations for reform.
- The NT's Department of Infrastructure Planning and Logistics recognised Consult Australia as the preferred network for consulting with industry. We assisted DIPL in bringing together industry participants for the Workshop, facilitating feedback and discussion about their tender processes. Consultants attending were encouraged to engage with us as the main point of contact for industry consultation.
- With funding support from the CRC for Low Carbon Living we have run focus group sessions across the country to explore the opportunities/barriers to innovation across the built environment sector. This attracted over 140 participants, bringing together client groups from the public and private sectors, contractors and consultants. The findings will be published in a report in the second half of the year.

Financial Report

The financial results for Consult Australia in respect of the period 1 July 2018 - 30 June 2019 (FY2018/2019) are summarised in the tables presented as part of this report. The Full Annual Report 2019 has been prepared 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 is available on request.

Statement of Comprehensive Income

The organisation produced a net operating deficit of \$163,425 for the year, a reduction from the prior year surplus of \$209,898. Total revenue and other income decreased by 7 per cent to \$3,386,110, with an increase in expenditure by 3 per cent to \$3,549,535. FY2018/2019 saw a number of one-off expenses which increased expenses overall. A normalisation of these expenses would have seen expenditure fall by approximately 3 per cent.

Revenue and Expenditure

The decrease in total revenue of \$262,671 over FY2018/2019 was due to a combination of a decrease in sponsorship, event registration and education income.

The increase in expenditure of \$110,651 over the FY2018/2019 result was due to an increase in wages, recruitment fees associated with replacing the CEO, and major upgrade works required to the IT system to set the organisation up for the future.

Statement of Financial Position

The financial position of the organisation has strengthened with net assets of \$902K. The 2018 surplus has increased the organisation's position by 30% over the FY2017 result. Significant steps have been taken to improve the rigour of monthly reporting the provision of relevant and timely information to both the Board and Management. This has assisted in the management of costs in the organisation and led to improved decision making.

Assets

Cash and cash equivalents have increased from \$486,630 to \$593,491 and investment in term deposits has decreased from \$984,667 to \$470,110. The organisation remains in a position to fund investments and operations in the next financial year. Trade receivables have increased \$63,384 from FY2017/2018. Property, plant and equipment had a net increase of \$45,065 due to IT expenditure.

Liabilities

Current Liabilities have decreased by \$214,230 due to reduction in income in advance and leave provisions.

Cash Flow and Liquidity

Cash of \$593,491 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	2019	2018
Commercial Activities	\$1,540,036	\$1,809,705
Interest on Investments	\$28,982	\$25,297
Subscriptions	\$1,817,092	\$1,813,779
Total Income	\$3,386,110	\$3,648,781
Expenses		
Personnel Costs inc Tax	\$2,138,750	\$2,083,337
Member Services	\$844,945	\$923,892
Overheads inc Operational expenses	\$923,892	\$431,654
Total Expenses	\$3,549,535	\$3,438,883
Net Profit/ (Loss)	(\$163,425)	\$209,898

Balance Sheet

CURRENT ASSETS	2019	2018
Cash and cash equivalents	\$593,491	\$486,630
Trade and other receivables	\$126,522	\$63,138
Investments	\$470,110	\$984,667
Other	\$137,304	\$176,603
Total Current Assets	\$1,327,427	\$1,711,038
Non-Current Assets		
Property Plant and Equipment	\$279,203	\$234,138
Total Non-Current Assets	\$279,203	\$234,138
Total Assets	\$1,606,630	\$1,945,176
Current Liabilities		
Accounts Payable	\$245,165	\$234,755
Income in Advance	\$415,592	\$533,996
Provisions	\$125,963	\$232,199
Total Current Liabilities	\$786,720	\$1,000,950
Non-Current Liabilities		
Provisions	\$81,194	\$42,085
Total Non-Current Liabilities	\$81,194	\$42,085
Total Liabilities	\$867,914	\$1,043,035
Net Assets	\$738,716	\$902,141
Equity		
Retained surplus	\$738,716	\$902,141
Total Equity	\$738,716	\$902,141