



INDUSTRY HEALTH CHECK

Pulse survey results – September 2021

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Industry Health Check

Pulse survey results – September 2021



IN BRIEF	3
SUMMARY OF KEY FINDINGS	4
Current commercial environment.....	4
Professional indemnity insurance market restraints	8
Looking ahead six months	9
BREAKDOWN – LARGE MEMBER BUSINESSES	10
Current commercial environment.....	10
BREAKDOWN – MEDIUM MEMBER BUSINESSES	11
Current commercial environment.....	11
BREAKDOWN – SMALL MEMBER BUSINESSES	12
Current commercial environment.....	12

IN BRIEF



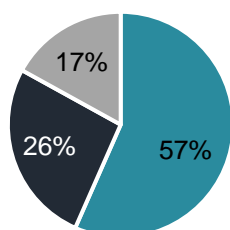
Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 55,000 businesses across Australia. This includes some of Australia’s top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government.

Consult Australia has been conducting industry health checks to measure the ongoing impact of COVID-19 and the current economic environment across our membership. This latest survey was open between 31 August 2021 and 15 September 2021.

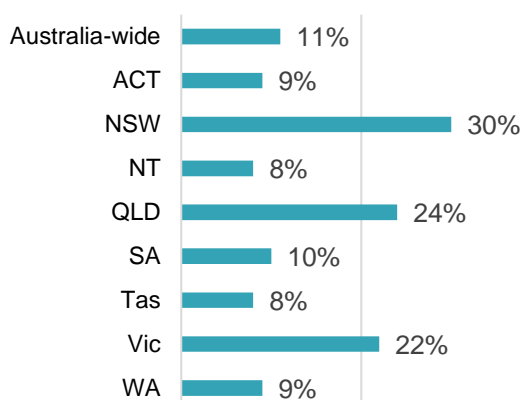
53 businesses participated, representing 24% of the membership. A breakdown by business size and location of where services are provided is below.

Proportion of participants by business size

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



Locations where participants provide services¹



¹ Percentages combined will exceed 100% as many participant businesses work across multiple jurisdictions (but not necessarily ‘Australia-wide’).

SUMMARY OF KEY FINDINGS

Current commercial environment

Most members (approximately 81%) report currently experiencing either an upturn or steady flow of work, with 19% reporting an overall downturn of work.

43%

Currently experiencing an overall upturn of work

38%

Currently experiencing a steady flow of work

19%

Currently experiencing an overall downturn of work

In comparison to the April 2021 results, there is a higher percentage of members experiencing the downturn (previously 11%) which is likely due to the ongoing lockdown in NSW, VIC and the ACT at the time this survey was conducted. In all three of these jurisdictions there have been at least some level of pause or shutdown of construction sites which impacts a significant number of Consult Australia members that provide preparatory works and site services including (but not limited to) geotechnical analysis, surveying services, environmental assessments, and other technical inspections.

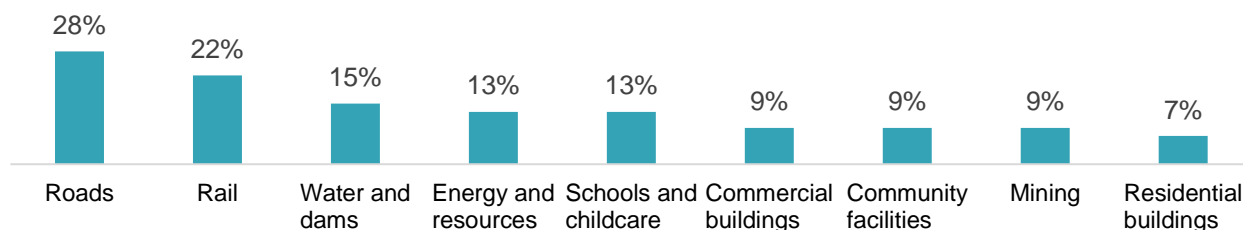
In all jurisdictions, Consult Australia has advocated for a solution that supports the public health imperative of limiting movement while also keeping projects on foot. For example, we have suggested that because of the work our members do, the risk of transmission would be minimal as very small teams can attend sites and do so in a COVID-Safe way (physical distancing, mask-wearing, registering with available QR codes etc).

Upturn in work

The roads and rail sectors lead the way in terms of upturn in work with 28% of members nominating roads and 22% nominating rail. Both sectors have improved since the April 2021 survey. The only other sector showing improvement since last survey is water and dams, nominated by 15% of members this time, but 14% last survey.

All other sectors nominated as having an upturn in work have decreased since April 2021 – although it should be noted that this change could be a result of the survey participants (as we do not have the exact same sample group as last survey).

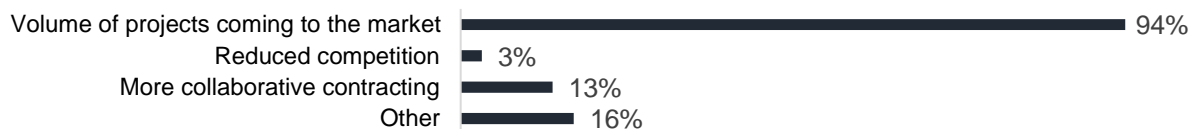
Top sectors where member businesses are reporting an upturn in work²



² Percentages combined will exceed 100% as respondents select all that apply.

Members advised that the volume of the projects coming to the market was the biggest cause of the upturn in work. The causes remain steady compared to April 2021.

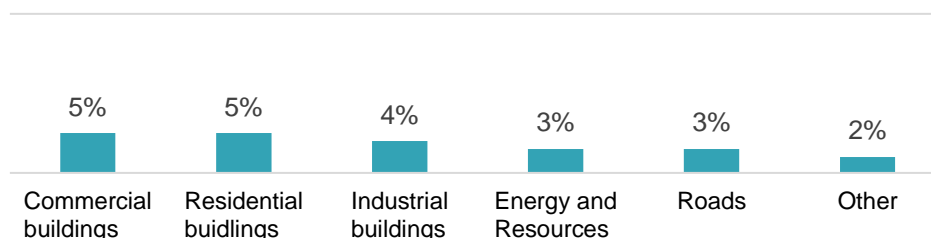
Cause of an upturn in work for member businesses³



Downturn in work

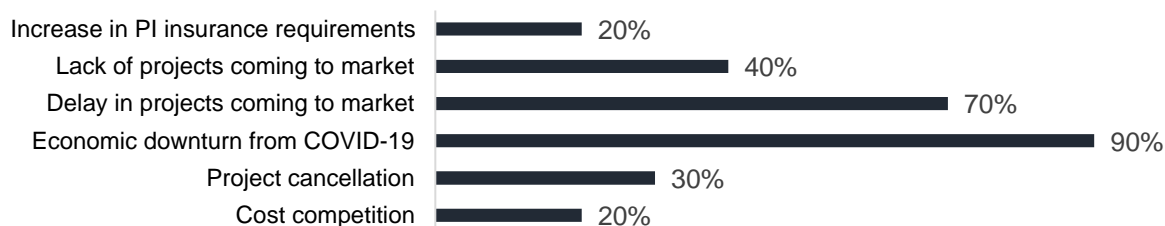
More sectors were nominated in this survey as experiencing a downturn than in April 2021. Roads, energy/resources, residential buildings and industrial buildings were not nominated in the last survey. Commercial buildings is the only sector that is consistent compared to the previous survey, with 5% of members nominating this sector.

Top sectors where member businesses are reporting a downturn in work⁴



Most members (90%) advised that the economic downturn from COVID-19 was the cause for the downturn, which explains why so many sectors are impacted noting that the various lockdown and construction pauses experienced in NSW, VIC and the ACT, did not discriminate on sector-type but applied to all construction sites whether to do with infrastructure or private sector projects. This corresponds with the results below on client type.

Cause of downturn in work⁵



In comparison to April 2021, the other causes for downturn have remained the same with some fluctuations in numbers, but not as significant as the COVID-19 impact.

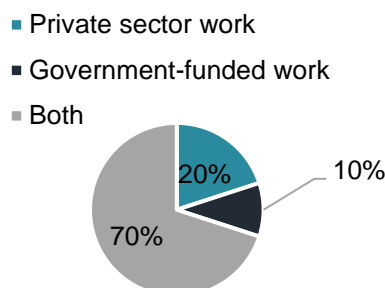
³ Percentages combined will exceed 100% as participants select all that apply.

⁴ This is the percentage for all businesses experiencing a downturn.

⁵ This is the percentage for all businesses experiencing a downturn.

As discussed above, both the private and public sector are seeing the downturn of work with 70% of members, that reported a downturn, nominating both (in comparison to 29% in April 2021). In April 2021, the private sector led on the downturn of work, nominated by 57% of members (separate from the option for 'both public and private').

Client type where member businesses are reporting a downturn in work⁶



Challenges faced by member businesses over the last 12 months

The challenges nominated by members remain largely the same since April 2021, except for the strong result for recruitment (this category was not previously given as an option in the previous survey and very few responses related to recruitment). Mental health and wellbeing as a challenge has grown to 62% from 45% of members nominating it earlier in the year. Similarly work/life balance (previously 38% now 51%) and uncertainty of forward pipeline (from 50% up to 57%) have increased.

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



Voluntary employee turnover rates

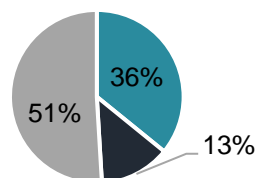
Noting the upturn in work reported in April 2021 and based on feedback from members in this latest survey we asked members about voluntary employee turnover rates. Unfortunately, most participants (51%) did not know if the staff voluntary turnover rates had increased or decreased over the past 12 months. This could be because, small businesses in particular, do not always have the resources to track and record this information. It is interesting to note however that 36% of members did say they are experiencing an increase in voluntary turnover rate.

⁶ This is the percentage for all businesses experiencing a downturn.

⁷ Percentages combined will exceed 100% as participants select all that apply.

Change in voluntary employee turnover rate over the last 12 months

- Increased
- Decreased
- Unknown



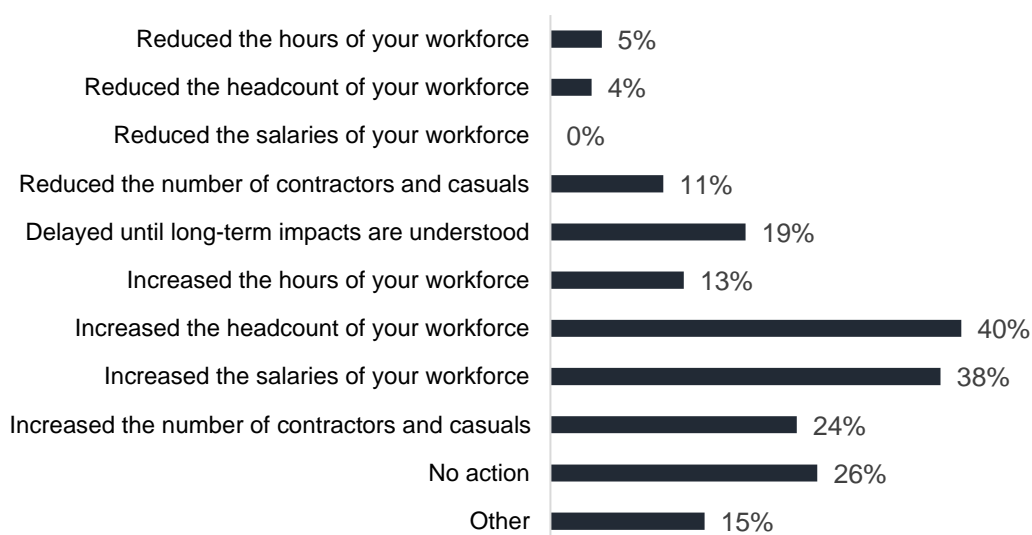
In follow-up, members were asked to quantify their current voluntary turnover rates, with 0-5% receiving the highest number of responses (50%) followed by 10%-15% (24%). The highest selected was 30%-35% (2%).

In Australia, the average employee turnover rate in 2018 across all industries was 8.1% but that included both voluntary turnover (making up around two-thirds) and involuntary turnover.⁸ Whilst we do not have the all Australian turnover rate for 2021 the turnover rate amongst our membership is in line with the assumed average. However, 36% of members reported that they are experiencing an increase in voluntary turnover rate. This would align with results showing increased pressure in finding skilled resources.

Recent workforce actions

In April 2021, we noted that large businesses in particular had undertaken a number of workforce actions in response to the current commercial environment. In this latest survey, it seems that businesses of all sizes have taken workforce actions. Increases in headcount and salaries, like in April 2021 lead the way (although to a lesser degree).

Workforce actions taken member businesses in response to their current commercial environment⁹



⁸ See:

https://cdn.aigroup.com.au/Economic_Indicators/Fact_Sheets/2018/Labour_Turnover_in_2018_Fact_Sheet.pdf

⁹ Percentages combined will exceed 100% as respondents select all that apply.

Professional indemnity insurance market restraints

Concerns across our membership about the availability and affordability of professional indemnity (PI) insurance continues.

Cost impact

Most members (85%) reporting an increase in PI insurance premiums over the last year. Consistent with the April 2021 survey results, the average cost increase was around 20%, although once again there were instances of higher increases including selections of increases over 100%. The responses are consistent across all sizes of business in the membership, large, medium and small.

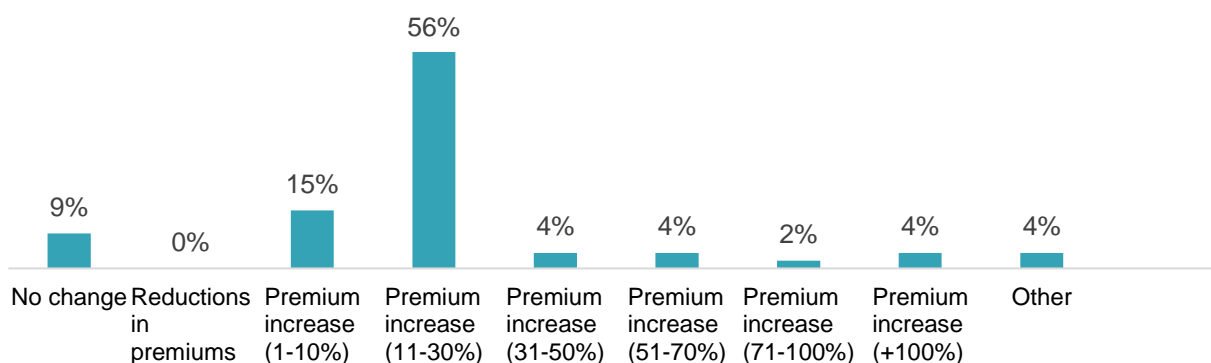
85%

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

20%

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

Changes in the affordability of PI Insurance for member businesses over the past 12 months¹⁰



Coverage impact

Once again, most members (52%) reported a reduction in the number of insurers willing to offer cover. Also consistent with the April 2021 survey results, members have noted higher deductibles and worsening terms and conditions offered.

52%

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

33%

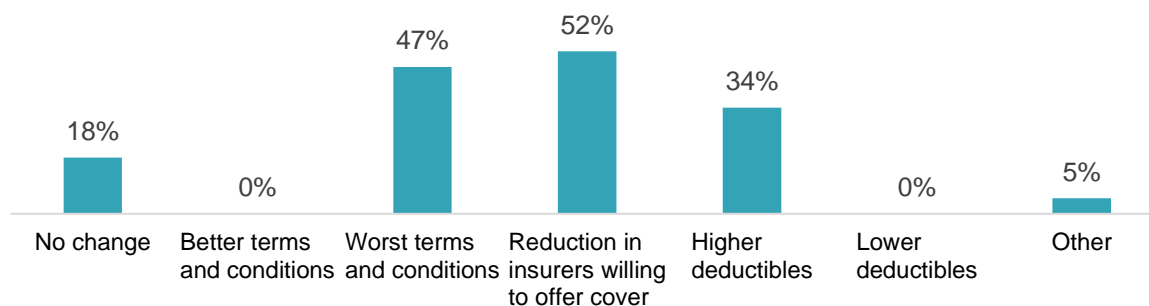
Member businesses are experiencing higher deductibles (policy excess)

47%

Member businesses reported a worsening in the terms and conditions offered

¹⁰ Percentages combined will exceed 100% as respondents select all that apply.

Changes in the availability of PI Insurance for member businesses over the past 12 months¹¹



Looking ahead six months

We asked members to look ahead six months and nominate the changes likely to impact the business environment. The results largely accord with the April 2021 survey with workforce capacity and insurance nominated as key challenges, although COVID-19 vaccinations emerged as an issue. In response to a question on economic/political/external factors, we received commentary from members about government decision making and elections.

Workforce capacity and insurance challenges

As with the April 2021 survey results workforce capacity and access to PI insurance remain key issues of concern for our members.

70%

Concerned about pressures on workforce capacity to deliver the expected volume of work

47%

Concerned about less access to PI insurance

Vaccination challenges

With governments agreeing to the [National Plan to Transition Australia's COVID-19 Response](#) and as NSW and VIC introduce various vaccination requirements for the movement of people to construction sites, vaccination has become a key issue.

Understandably, members are concerned not only about the take-up of vaccinations by their own staff (35%) but also clients/community (41%).

41%

Concerned about client/community take-up of vaccinations

35%

Concerned about employee take-up of vaccinations

¹¹ Percentages combined will exceed 100% as respondents select all that apply.

Political factors likely to have an impact on business

In the comments section of this question, as demonstrated by the word cloud below, government was the key term used. Members raised concerns with government decision-making both as clients and as regulators.

As clients, members voiced concerns about the lack of infrastructure planning to ensure a smart pipeline of work and the unfair risk transfer flowing down the supply chain. Members called for consistent Commonwealth government leadership.

As regulators, members noted that recent reforms and upcoming reforms by government are being introduced without regard to the business impacts. Upcoming elections (including the Federal election and Victorian state election) were noted with commentary on how politics often come before constructive policy.



BREAKDOWN – LARGE MEMBER BUSINESSES

Large member businesses are businesses with more than 200 employees. The majority of large business indicated they provide services across all of Australia.

Current commercial environment

All large member businesses that participated in this survey noted either an upturn (70%) or steady flow (30%) of work.

70%

Currently experiencing an overall upturn of work

30%

Currently experiencing a steady flow of works

0%

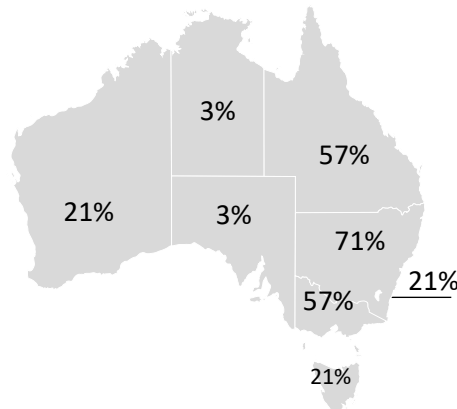
Currently experiencing an overall downturn of work

Upturn in work

The top sectors where large member businesses are reporting an upturn of work are roads, rail, energy/resources and waste management. All but one of these members selected volume of projects coming to the market as the cause for the upturn in work.

BREAKDOWN – MEDIUM MEMBER BUSINESSES

Medium businesses are businesses with 50 to 200 employees. The locations these medium businesses provide services to are outlined on the map shown below.¹²



Current commercial environment

More medium sized businesses are experiencing a downturn in work (22%) compared to large businesses, despite most medium businesses reporting an upturn (57%) or a steady flow (21%) of work. The sectors with the upturn match those nominated by the large businesses.

57%

Currently experiencing an upturn of work

21%

Currently experiencing a steady flow of work

22%

Currently experiencing a downturn in work

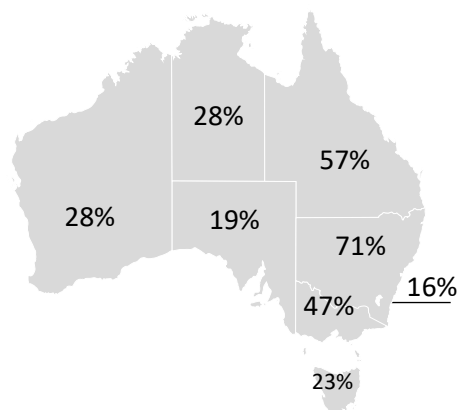
Downturn in work

The top sectors where medium sized businesses reported a downturn of work include community facilities, hospital/aged care, and residential buildings.

¹² Percentages combined will exceed 100% as respondents select all that apply.

BREAKDOWN – SMALL MEMBER BUSINESSES

Small businesses are businesses with less than 50 employees. The locations these small businesses provide services to are outlined on the map shown below.



Current commercial environment

Small businesses are experiencing more of a downturn in work (26%) compared to previous results (12%). Those experiencing an upturn of work has also declined (26%) compared to (43%). Small businesses experiencing a steady flow of work remains consistent with previous results.

26%

Currently experiencing an upturn of work

46%

Currently experiencing a steady flow of work

26%

Currently experiencing a downturn in work

Downturn in work

The small businesses experiencing the downturn in work have nominated the full range of sectors where they are experiencing the downturn. Most nominated economic impacts from COVID-19 as a key driver for the downturn.

This concludes the findings of the September 2021 report.

CONTACT

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