



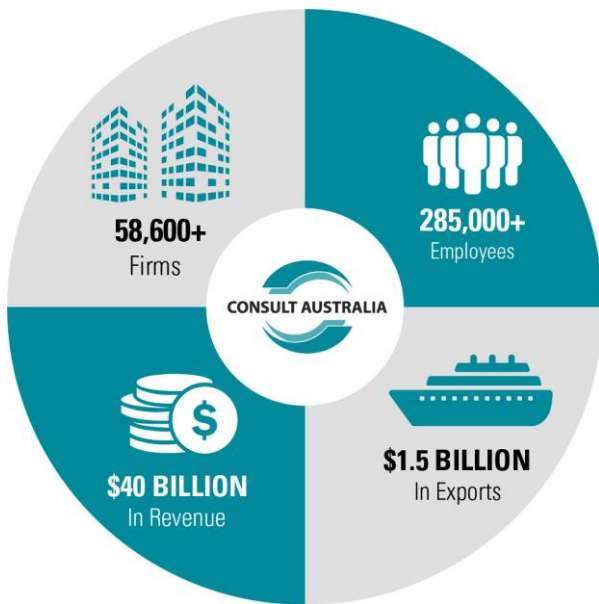
June 2024 FF24 Discussion papers

AUSTRALIAN CONSTRUCTORS ASSOCIATION

Consult Australia

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ABOUT US

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 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. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:



A full membership list is available on our [website](#).

Consult Australia welcomes the opportunity to respond to the FF24 discussion papers released by the Australian Constructors Association. Our two associations share a vision for a vibrant, productive and sustainable construction industry and better outcomes for clients, governments and the community. As the leading voices, our collaboration is demonstrated through our Partnership for Change initiative, the Defence Industry Collab Initiative as well as our work together with Transport for NSW, and through the Construction Industry Leadership Forum.

The members of Consult Australia design the future. With every design, advisory and engineering service provided by our membership, there is a positive impact on job growth, community connectivity and economic productivity. But without reform, productivity of the broader construction industry (of which our members are a vital component) will continue to lag and the ability to innovate will remain challenged. Consult Australia member businesses are critical to the delivery of the generational investment in infrastructure and construction.

Consult Australia has been calling for reform for many years to unlock greater productivity for industry, government and the broader economy, improve the retention of our people, and restore balance to the contractual relationships across procurement supply chains.

In response to the FF24 discussion papers we have shared our solutions that have been developed in collaboration with members and industry partners.

Defining good and how to achieve it

The success and sustainability of our industry is underpinned by the health and wellbeing of our people, and achieved through best practice procurement, model client behaviours and a digital by default approach. Consult Australia solutions include:

- Champions of Change
- Striving for Mentally Healthy Workplaces
- Model Client
- Uplifting Productivity
- Digital by Default

Since 2012, our members have tackled the gender disparity in the consulting sector by committing to the [Champions of Change](#) initiative. While the initiative is deliberately focussed on gender diversity, members have seen wider positive impacts on cultural behaviour beyond gender. Our latest results are available in the Impact Report [here](#), see pages 34 to 36 for the Consult Australia group. The Champions of Change initiative is facilitated through the Champions of Change Institute, a coalition of Australia's leading business organisations.

Our [Striving for Mentally Healthy Workplaces](#) report showcases the work of our member firms to create a work environment that builds the confidence and acceptance of employees seeking help by removing perceived barriers and simply being open about mental health. The report outlines how the learnings from these examples can be scalable across consulting firms of all sizes operating in the built and natural environment.

For many years Consult Australia has advocated for reform that embraces early involvement and collaborative relationships including through contracting with a fair and balanced risk allocation. These concepts underpin the Partnership for Change [Model Client Policy](#), which advocates for governments to lead by example, collaborate and create a knowledge sharing culture on best practices.

Our [Uplifting Productivity report](#) demonstrates how to deliver economic growth through best practice procurement. Continuous improvements to procurement practices can unlock significant productivity and business opportunities across the broader economy, and in turn create a healthier

operating environment for the broader supply chain. The report's recommendations rely on past projects where collaboration and communication were prioritised.

Building on collaborative leadership, our [Digital by Default](#) campaign advocates for a nationally coordinated approach to help us leverage existing best practice to accelerate digital transformation. The significant investment by governments in infrastructure and construction provide a once-in-a-generation opportunity to accelerate our industry's digital transformation that must not be wasted. Benefits on offer include greater productivity, better value for money, more sustainable and resilient infrastructure and better outcomes for people and the communities we serve.

Future Workforce

Our industry navigating the complexity of balancing systemic skills shortages with increasing uncertainty on the forward program and continuity of work, as evident in the results of our [2024 Confidence and Continuity report](#). For our member businesses, lack of continuity of work makes it challenging to hold resources and/or invest in capability. Where member businesses work across jurisdictions, workforces are managed nationally, and pipeline coordination is important as members look across sectors for opportunities to support their business.

The solutions to the skills shortage crisis in our industry is multi-factored as reflected in our [Thinking smarter about skills](#) paper. The paper outlines the key challenges which are impacting education, recruitment and retention, along with proposed solutions. These workforce challenges are similar to those faced by the construction sector, presenting a shared problem and opportunity for industry collaboration.

On recruitment and attraction, we refer to our [Champions of Change initiative](#), referenced above. Promoting diversity and inclusion commitments is important to address the conscious and unconscious bias that may be attributing to employment trends. Consult Australia encourages other industry stakeholder groups to develop a Champions of Change program via the [Champions of Change Institute](#).

On attrition, our research identified that people were leaving for alternative opportunities, work life balance and less pressure. The amount of pressure is understandable giving the uncertain pipeline and the high level of disputation in the building and construction industry in Australia.

On retention, the ability of a business to retain its workforce is impacted by changing circumstances in pipeline. Our [2024 Confidence and Continuity report](#) identified that pipeline changes had meant that 57% of businesses had redeployed staff to alternative projects and 46% had made resource cuts due to changed circumstances.

To reduce attrition, improve retention and increase productivity, Consult Australia advocates for collaboration as culture, striving for mentally health workplaces and unravelling risk within the building and construction sector.

Collaboration as culture is a commitment by everyone to shift away from disputation and embed a positive collaborative culture at every stage of a project and in all interactions, underpinned by communication. The aim is to reduce the imbalance between contracting parties within the contract and provide a more collaborative, productive environment with all parties focussed on successful project delivery. We need to challenge the status quo and realise industry potential to thrive by adopting the principles outlined in our [Model Client Policy](#), focussing on [Uplifting Productivity](#) and implementing the recommendations in [Infrastructure Australia's 2021 Plan](#) to embrace collaboration as culture.

We need to [strive for mentally healthy workplaces](#), where people can bring their whole self to work and create environments where people can thrive. This can positively impact on the desire to stay in the industry.

Skills retention and the wellbeing of both employees directly involved and morale across the business is impacted by the high levels of disputation and the 'master, servant' approach in procurement and contracting. Australia's building and construction sector is now considered one of the highest risk industries in the world for professional indemnity (PI) insurance. By unravelling risk to reduce the level of disputation and unnecessary avenues for claims, we can improve the culture of industry and have a positive impact on productivity.

Financial Sustainability

Government procurement has become increasingly complex and onerous for suppliers due to problematic procurement processes and difficult contracting terms. Engagement between stakeholders (including government clients, insurers, constructors, and designers) too often is marred by various forms of contractual dispute rather than productive behaviour built on fair risk allocations. This practice is having significant negative impacts on the insurance market that Consult Australia members rely on to remain in business.

Tendering practices requiring lowest price at the tender box are compounding adversarial behaviours, particularly when risks are not properly priced or catered for. Onerous and unnecessary contract terms are more likely to lead to disputation instead of collaborative problem solving. It cannot be overstated how much the private sector follows the example set by government.

All projects carry a certain amount of risk. Every project is different and comes with both inherent and unique challenges. It is important that all governments recognise this and acknowledge and account for these risks. Consult Australia recommends that risk assessment is undertaken on all projects and should be an integral part of the procurement process. A straight pass through of risk to contractors/consultants does not equate to risk management and gives project owners a false sense of security. It also does not demonstrate a balance between risk and reward for each party involved in the project.

By committing to the behaviours set out in our [Model Client Policy](#) government clients will not only improve their relationships with the supply chain, they will also drive positive change in the industry more broadly. Clients can lead the way by fostering collaborative relationships through procurement processes and contracting. Project owners should undertake a risk assessment process to better understand and apportion risk appropriately, acknowledging they also carry ownership of risk. Ultimately, this will lead to an uplift in productivity for all parties and more accurate project costs for the client, as contractors and consultants will not be forced to price for disproportionate risk or spend significant sums on lawyers and experts as a result of claims.

Connect with us

We look forward to discussing the issues and solutions raised in this submission at FF24 in August 2024.

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Thanks to our industry champions

For their outstanding leadership and engagement on behalf of the industry.

