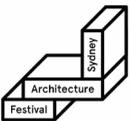




2015 Sydney Architecture Festival **Architecture at the table:** growing our export potential



NSW
Architects
Registration
Board



Australian
Institute of
Architects

This report is prepared on behalf of the presenting partners of the Sydney Architecture Festival; the NSW Architects Registration Board, and the Australian Institute of Architects (NSW Chapter).

Unless otherwise noted, all images are by Stephen Pierce

Any queries on this report, the information contained herein, or for more on the good people behind the Sydney Architecture Festival, get in contact by email at info@sydneyarchitecturefestival.org or send us a message on Twitter at:

@SydArchFest #SydArchFest

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With thanks to our speakers:

Peter Poulet,
NSW Government Architect

Megan Motto,
CEO Consult Australia

Dr Tim Williams,
CEO Committee for Sydney

Kate Doyle,
CEO Architects Accreditation Council of Australia

Prof Alec Tzannes AM,
UNSW Dean Faculty Built Environment

Prof Ken Maher,
President-elect Australian Institute of Architects

Clare Sowden,
Director of Property PwC

Shaun Carter,
Chapter President, Australian Institute of Architects

Leone Lorrimer,
CEO dwp I suters
representing the Association of Consulting Architects

Architecture at the Table: growing our export potential

- How do Australian architectural practices help to design and deliver global infrastructure? We asked HASSELL and PTW to give us an insight in to their world. Check out the links to videos below:



Check out 'Day in the life of HASSELL'



Check out 'PTW - a day in the life'

At the G20 Brisbane Summit held in November 2014, Sydney was declared a global infrastructure hub. What does this mean for Australia's built environment sector?

It's forecast that US\$20 trillion will be invested in urban infrastructure by 2050. Around half of the construction activity this will generate will occur in the Asia Pacific region.

How do Australian architecture and design firms capitalise on this growth when only 9% of firms have a local presence in Asia?

On 5 October 2015, the 9th annual Sydney Architecture Festival assembled key minds from across the sector; including our universities, firms, regulators, peak bodies, government and finance to find practical ways to support, promote and grow the sector in the next decade.

Speech:

"China's rapid urbanisation has led to 80 Australian architectural studios opening up in China, with a further 220 Australian firms winning work"

@TurnbullMalcolm
Prime Minister of Australia
15 September 2015

Tweet:

"Innovation is not a grand thing. It happens through the little things we do each day" @HASSELL_studio @sydarchfest #sydarchfest #GoGlobal"

@JanneRyan

In 2014, Sydney was named a global infrastructure hub by the world's top 20 economies. So what role does architecture play in delivering on this title? McKinsey predicts that by 2025, one hundred and thirty six new cities will enter the top six hundred in size, all of them from the developing world – around 100 new cities in China alone.

IBISWorld estimates that architectural services revenue will grow by 2.6% per annum over the five years to 2019-20, to reach \$7.3 billion.

Architectural design services; engineering and development capability - linked to the infrastructure needed in these new cities - is a lead customer for the technologies, products, materials and services needed to design, plan and build them.

We brought together leaders from architecture, development and infrastructure; policymakers and universities; and Australian design practices operating across the world. Our aim was to begin the journey of building a better data-driven baseline to connect industry to sources of support that allow us to compete in the global game for trade and investment along the Silk Highway.

We wanted to shine a light on a sector that is primed for growth. Australian design practices rank among some of the world's most successful firms, and have been export-facing for decades.

Architectural services - essential to the infrastructure needed for new cities and regions around the world - are a source of cultural and technical exchange, innovation and professional services export that can be a catalyst for trade in the technologies, products, materials and services we need for healthy, sustainable and smarter cities.

Megan Motto, CEO of Consult Australia put the opportu-

nity for Australia to leverage our region's growth like this; 2 we are headed for massive growth in infrastructure spend - partly due to a backlog over time, but mostly due to the pace of urbanisation. Motto pointed out that as cities grow, they move up the food chain - from basics like reliable power and clean water; to other kinds of infrastructure; like the social infrastructure that bring knowledge workers together.

Productivity gains aren't assured, unless the right infrastructure is provided. Architecture is a part of driving the best dividend from our urban infrastructure spend. Emerging economies are close to Australia. What's more, we're used to exporting our services because we're an island and always have been. We have a unique advantage given proximity to the rapid urbanisation happening now in our Asian region.

Committee for Sydney's CEO, Tim Williams went further - suggesting that Sydney is not 'close' to Asia, but a part of it. Currently six of Sydney's Local Government Areas have a majority of asian population with that figure to rise to twenty by 2050.

The volume and focus of investment by, and in cities - here and in the wider region - will define the next two decades. It's forecast that US\$20 trillion will be invested in urban infrastructure by 2050. This throws the focus on those cities. Businesses no longer have 'China strategies' but 'Chengdu strategies' - there's a shift occurring. Cities are becoming more important than the countries they're in. There's a new urban business strategy at play too.

Businesses are leading the charge to re-populate city centres because they need to be near to talented workers. And it's this, argues Williams, that is driving growth in *tradeable urban services* like planning, architecture, design, engineering, waste management, housing develop-



Prof Ken Maher, President-elect
Australian Institute of Architects

ment, water and energy. To this, Williams adds 'big data' handling and the application of the Internet of Things; the sharing economy and those who do density well. What they all share, is that they're 'globally fluent'.

Architects are at the centre of the *tradeable urban services sector*. But not all understand the value of patience, strategy and support, and much of the growth may pass us by argues PwC's Director of Property Development, Clare Sowden. It's true there is a greater growth story, but the jury is out on whether the design sector is seizing the opportunities. Earlier this year, PwC published research on *The Asian Century*. It showed that in ten years, half of the world's economic output will come from Asia. Yet only 9% of Australian businesses operate in Asia now. It turns out Australian business invests more in New Zealand than it does in China.

ASEAN is looking to promote greater labour mobility between economies. Labour needs to be mobile, and professional services are integral to the new economy. But most of our businesses are focused on short term investment. Including some architectural practices that chase the project, without investing in presence.

Investing in setting up a studio in another country is significant. Partnering with a local practice is an option, but how do you do it when it's ten hours flying time to meet? Sowden shared 8 tips relevant to Australian architectural firms engaging in the region, including;

- Lead with a strategy and take a 'portfolio approach'. This might mean; avoid setting up a studio overseas off the back of one project win.
- Invest in learning the culture, and don't assume all places and people are the same.
- Don't be fooled by 'Guanxi' - trust and relationships matter, so understand where decisions get made.

- Understand 'uniquely Asian' market dynamics, which can be complex and not without risk
- Keep timelines realistic and be patient - don't be tempted to bail too soon, and make sure you plan beyond your own immediate priorities
- Proceed with caution - too often, risks can be grossly over or understated.
- Triangulate your information - transparency can be lacking so validate from as many sources as possible
- Go easy on the integration and remember the 80/20 rule (in other words, remember 80% of results from 20% of causes)

But in summary, Sowden's advice for architectural firms came down to three important factors;

1. Take long term view
2. Have the backing of bigger, patient support
3. Have a local presence - don't FIFO

Architecture is not only about projects, but is also a significant part of Australia's education export sector. Australia's architecture schools recorded 1,293 graduates from accredited Masters programs in 2013. Overall, the schools enrolled 9,524 full time students in Bachelor and Masters level architectural studies - collectively generating over \$200m to the university sector.

According to UNSW's Professor Alec Tzannes AM, this sector has been under-funded at a time when we better understand the critical need for innovation. Cutting edge research that develops new knowledge about the structural challenges facing urbanisation not only represents value to us all, but has the potential to position Australian researchers and companies with an advantage in a region experiencing rapid growth.

Tzannes forecast not only labour but learning mobility across the region - predicting that universities will, in the

Tweet:

"Kicking off #sydarchfest final session @ShaunCarter70 w context for Aus architecture export potential #GoGlobal"

@benhewett

Tweet:

"Only 9% of Australian businesses are currently in Asia. We invest more in NZ than China @sydarchfest #sydarchfest"

@JanneRyan

next decade, increasingly enrol students from around the world, at different starting points but all recognised as comparable.

Recognising qualifications and experience is essential for labour and learning mobility. The Architects Accreditation Council of Australia CEO, Kate Doyle outlined the importance of multilateral mechanisms to facilitate mutual recognition in the region, such as the *APEC Architect* initiative. This has promise, but is underutilised because of business and legal barriers in economies across APEC. Government funding initiatives such as Austrade's *Export Management Development Grants* may also smooth a firm's expansion overseas. Doyle noted that over the last five years, more than 108 grants totalling around \$4m were awarded to architectural service firms. However the trend is down 28% since 2009, with only 1% of these grants going to architectural services firms.

We need to work with Government to optimise architects' access to support programs - noting that the majority of architectural services firms in Australia comprise 1-19 employees. More research is needed on the effects of internationalisation on architectural education and practice in Australia and identifying the reality of opportunities, barriers and support mechanisms available for the architectural services sector.

CEO of dwp | suters, Leone Lorrimer, representing the Association of Consulting Architects, shared the common experiences of those architectural firms already engaged overseas, and called for government to assist the sector in the following ways;

- Forecast growth & opportunities in sectors
- Advocacy for integrated design capabilities
- Help identify opportunities to connect with clients and projects

- Provide fact sheets on regulatory frameworks, business, culture, customs and cautions
- Develop a comprehensive promotion methodology for the sector
- Help showcase specialist skills/ innovations
- Develop a comprehensive national register of design service providers
- Simplify export insurance schemes
- Improve technology through the NBN

Lorrimer asked government to:

- Recognise design as an export market
- Develop a comprehensive promotion methodology for the sector
- Help showcase specialist skills/ innovations
- Develop a comprehensive national register of design service providers
- Simplify export insurance schemes
- Improve technology through the NBN

Professor Ken Maher, National President-elect of the Australian Institute of Architects, and Ambassador for Business Events Sydney, reminded the room that, in the global competition for talent, liveability and innovation, it's no longer OK to just be OK. Maher urged Australia to seize the opportunity of aligned political leadership on cities to do three things at home, to project to the world;

- Demonstrate - to identify and support more exemplary demonstration projects in urban renewal
- Celebrate - to celebrate the value of good design, culture and architecture in our city in more meaningful and measurable ways.
- Innovate - to support the development of industry, possibly from the future fund and to seed a generation of urban research centres

The day finished with a word of encouragement from Michael T Hansen, Danish Consul General. Hansen's words were that, just as Australia is small in comparison to Asia, Denmark is small in comparison to Europe. This has driven Denmark to innovate, and export that innovation to the world. And Denmark has done this with strategic and fore-

Tweet:

*"We need to build cities as if people matter" - Tim Williams
from @Committee4Syd #SydArchFest #cities"*

@Trigg

Tweet:

*"For every \$1 spent on infrastructure there's between a \$5-
25 return on that investment" - @meganmotto
@ConsultAus #sydarchfest"*

@John_OCal

Kate Doyle, CEO
Architects Accreditation Council of Australia

108 grants to support architectural
firms, totalling a value of

\$3,979,843

over the last five years

A decrease of

28%

since 2009



Tweet:

"Prof Alec Tzannes says per capita universities in Australia are under-valued & under-funded compared with many OECD countries"

@Phuong_LeAD

Tweet:

*"Infrastructure development in emerging economies will present major opportunity for Australia (if done right!)
@meganmotto #sydarchfest"*

@_SamanthaHall

Megan Motto, CEO
Consult Australia

sight. The *State of Green* trade mission has been backed with investment in relationships that have seen Danish skills, technologies and products exported.

There's no doubt that Australian architects and design firms are engaged in Asia, and beyond. We're good at engaging with the world. But can we develop a strategic view on this? What would a long term strategy look like? Can we capture the value that comes from growth in our region by fostering a more active export market for those tradeable urban services that lead to relationships; trade and exchange?

Australia's Minister for Trade, Andrew Robb MP regularly refers to the growth potential of architecture and engineering as part of a services sector offering what our international markets want, not what we think they want. As if to reinforce this, UNSW Economist Tim Harcourt also points to the opportunities that come from the flow on effect from China's rapid urbanisation. As Harcourt puts in, "as Beijing directs economic activity westward, demand for infrastructure grows. Australian services providers in building and construction, architects and designers are helping to build "the great mall of China", and the roads, airports and civic buildings." (newsroom.unsw.edu.au/ 8 September 2015)

But a vibrant export sector needs a thriving domestic sector to avoid a shortfall in skills locally. Add to this, the need to grow the 'pipeline' of skills being developed in those new services required by the smarter, more sustainable buildings, spaces and places. So following the event itself, we worked to bring the recurring themes together in to a coherent set of initiatives for industry, government and university to share over the next decade.

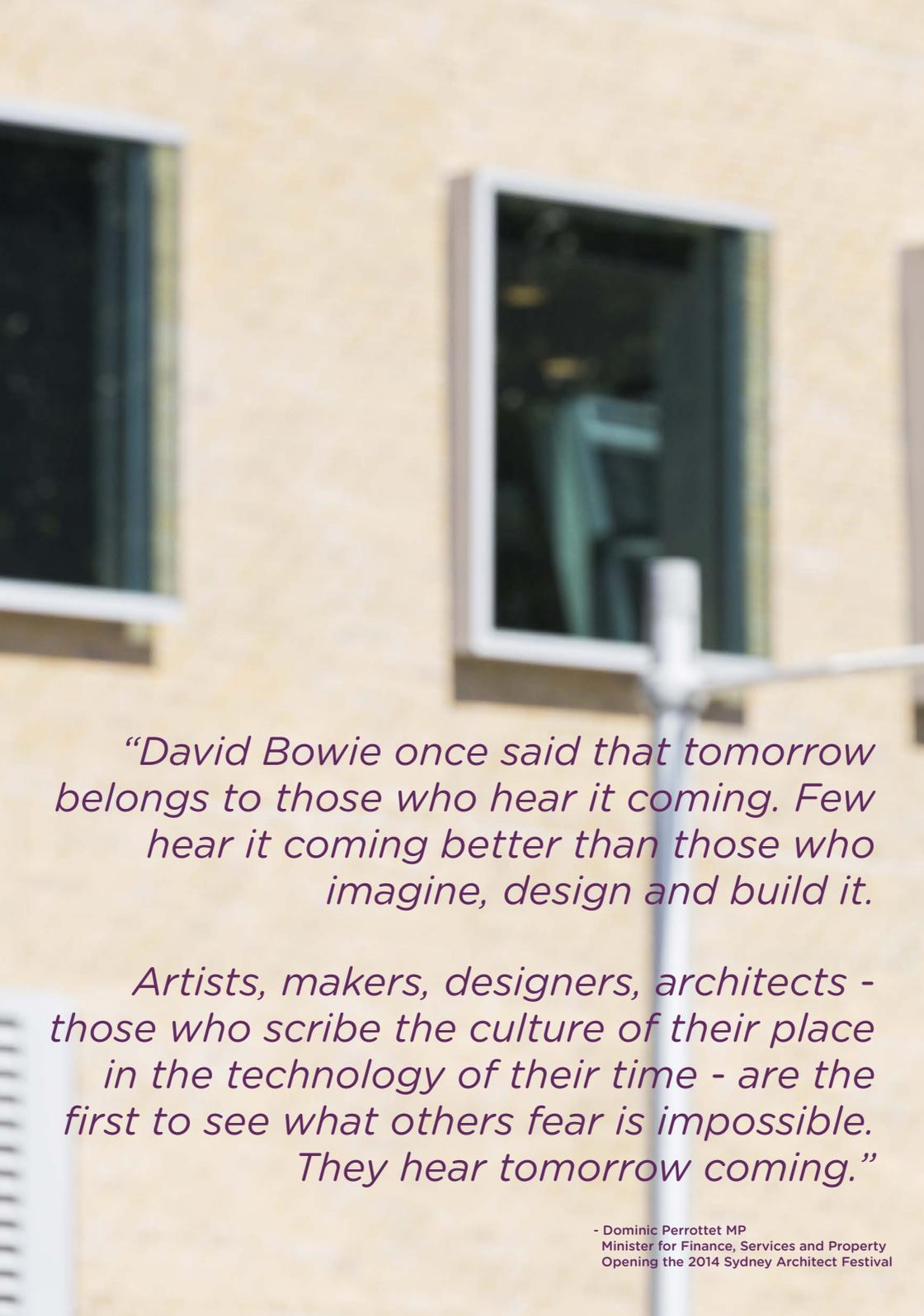
We think the message from the day can be summarised in three key areas that includes:

1. Develop a 5 year strategy to propel Australia's built environment capability into Asia through integrated professional services export incubation; to showcase, support and connect; to foster relationships; providing on the ground intelligence and local resources to facilitate a better understanding of culture, customs and cautions. In practical terms this may mean revising current position descriptions in key consulate centres to include 'built environment' capability; provide training and resources to DFAT missions on opportunities identified by industry and by universities; encourage multilateral agreements for mutual recognition to streamline professional mobility; expand and support the APEC architect initiative through consulates; develop a dedicated 'architecture & engineering' stream as part of Australia's New Colombo plan.
2. Foster growth in local design capability and professions to support a more vibrant export-facing sector. This may mean embracing the 'risk' often associated with engaging smaller or younger architecture firms, partnering or de-risking in other ways to ensure we grow the next generation of global design studios. In practical terms this could mean a Ministerial roundtable to implement national recognition to encourage labour mobility between States and Territories; and ensure industry productivity and competitiveness by fine tuning R&D credits for architectural firms
3. Develop resources for high-school level curriculum aimed at expanding the traditional view of STEM to include architecture, design and planning. This may mean looking to the US initiatives like 'STEM to STEAM' - a program that recognises the value of art and design-based practice in converting technical skills for new uses.

Architectural services revenue will grow by 2.6% per annum over the five years to 2019-20, to reach

\$7.3bn





“David Bowie once said that tomorrow belongs to those who hear it coming. Few hear it coming better than those who imagine, design and build it.

Artists, makers, designers, architects - those who scribe the culture of their place in the technology of their time - are the first to see what others fear is impossible. They hear tomorrow coming.”



