

Human Enterprises Consulting Pty Ltd

trading as H4 Consulting

2019-20 Annual Statement

about H4 Consulting

our vision

H4 Consulting creates public value by providing specialist public sector consulting services to Governments and their delivery partners.

our mission

At H4 Consulting we:

- collaborate with you to increase public value
- facilitate innovative strategies to improve publicly funded services
- design creative, sustainable management solutions
- help public service providers and purchasers to plan and implement change
- stay to build momentum.

our values

imagination

- cultivate and apply a restless, value-creating imagination
- stimulate learning by reading widely and thinking deeply
- find and solve tomorrow's problems.

integrity

- consider people equally without prejudice or favour
- act professionally with honesty, consistency and impartiality
- take responsibility for situations, showing leadership and courage
- place the public interest over personal interest.

trust

- appreciate difference and welcome learning from others
- build relationships based on mutual respect
- uphold the law, institutions of government and democratic principles
- communicate intentions clearly and invite teamwork and collaboration
- provide apolitical and non-partisan advice.

service

- provide services fairly with a focus on customer needs
- be flexible, innovative, and reliable in service delivery
- engage with the not-for-profit and business sectors to develop and implement service solutions
- focus on quality while maximising service delivery.

accountability

- recruit and promote staff on merit
- take responsibility for decisions and actions
- provide transparency to enable scrutiny
- observe standards for safety
- be fiscally responsible and focus on efficient, effective, and prudent use of resources.

our history

H4 Consulting was started in 2014, with a focus on human and social services policy and strategy. We initially operated in NSW under the Performance and Management Services Scheme, and gradually expanded our client list to encompass the governments of Queensland, Victoria, South Australia, and Australia.

our people

We planned to expand our team in late 2019-20, but this did not proceed as planned. The size of our team peaked in 2018, when we chose to not replace natural attrition pending an additional Managing Director commencing in 2019, and to reduce our quantitative capability relative to policy generalists. Initially delaying recruitment due to a sporting accident suffered by one of our Managing Directors in late 2019, and further delaying due to uncertainty around trading conditions caused by COVID-19, we have not permanently replaced team members who left for new roles or further study in 2020.

The underlying strength and continuity of our team continues, and our excellent knowledge management practices mean that our stock of human capital continues to grow, even as team members change.

Directors' statement

strategic direction

During the first 3 quarters of 2019-20 our strategic direction was on track. Our client list continued to expand, and we worked on several major whole of government and inter-jurisdictional projects. We also enjoyed repeat business from long-term clients.

Following a major sporting accident in late 2019, one of our Managing Directors was out of action for several weeks, well into 2020. The COVID-19 pandemic followed shortly afterwards, which created widespread disruption and uncertainty for our clients, and for business conditions generally. As a result, our plan to regrow the size of our team is temporarily paused until trading conditions return to normal.

major events and achievements

major projects/clients

Our biggest clients in 2019-20 were agencies within the NSW Health Cluster and Stronger Communities Cluster, but we were also busy with lots of interstate travel for clients in Queensland and Victoria.

Some notable projects in 2018-19 included:

- designing an annual strategic and business planning process to align with the Cluster-level outcomes-based business planning process
- providing Program Management training, coaching, and expert advice in several States, including major sustainability initiatives
- designing an implementation approach and transformation framework to improve the interface between a NSW Government agency and the National Disability Insurance Scheme
- supporting implementation of a high-profile election commitment, including planning, coordinating, and assessing contributions and proposals from government and private service providers
- reviewing the strategic direction for a NSW Health entity's core information management system, developing a

strategic roadmap for the system and planning

- supporting the NSW Government response to the COVID-19 pandemic.

H4 Consulting website

We launched a new and improved H4 Consulting website in July 2019. The new site is easier to navigate, making it easier to find specific content and more pleasant to browse our published resources.

remote working

Our team members often work out of the office at client locations across multiple jurisdictions, but even our remote work practices were put to the test in 2020. With our own staff, and most of our clients, suddenly working from home, we rapidly adapted our delivery model to online-only channels that meet the needs of our clients while complying with all restrictions to limit the spread of COVID-19.

H4Con

We proceeded with our annual in-house planning and professional development conference, H4Con, at the height of the COVID-19 restrictions in NSW. In addition to all the usual benefits of H4Con, we took the opportunity to experiment with various online delivery tools and rapidly develop our skills in remote facilitation.

office purchase

After years of planning, we achieved a major milestone to address uncertainty around our ongoing office accommodation, with the purchase of an office in Reservoir St, Surry Hills. We look forward to an improved working environment and stronger underlying position for the business when we relocate in October 2021.

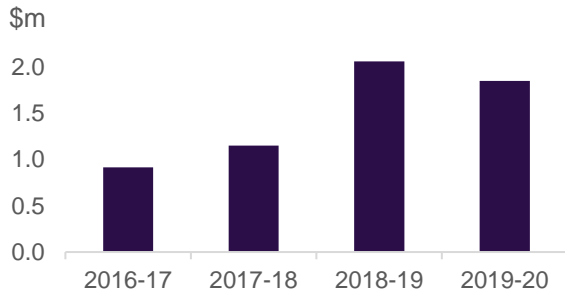
looking ahead

Temporary uncertainty about the effects of COVID-19 on our operations and demand will continue into 2020-21. We will take advantage of slower trading to focus on exciting internal projects like renovating and relocating to our new Surry Hills office and increasing our store of intellectual property, until we can confidently resume expanding the size of our team.

2019-20 trading conditions

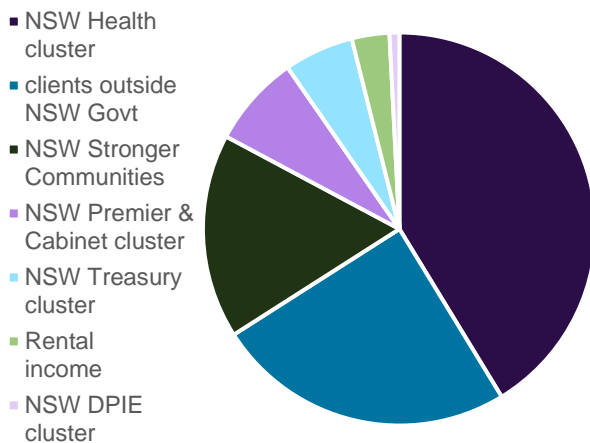
revenue

After several years of steady growth in cash revenues, 2019-20 saw a slight decrease, due to the effects of COVID-19 in the June quarter.



client profile

NSW Government service delivery agencies were our largest sources of revenue. Central agencies and agencies outside the NSW Government were also significant client groups.



expenses

Total expenses increased slightly in 2019-20. The increase in employee related costs was primarily due to the additional Managing Director.

| | 2017-18 (\$'000) | 2018-19 (\$'000) | 2019-20 (\$'000) |
|-----------------------|---------------------|---------------------|---------------------|
| employee related | 768 | 557 | 740 |
| other operating | 107 | 85 | 102 |
| accommodation | 92 | 150 | 148 |
| landlord expenses | 0 | 49 | 43 |
| income tax | 94 | 247 | 137 |
| total expenses | 1,061 | 1,087 | 1,170 |

operations

impact of COVID-19

Revenue in the June quarter was more than 30% down on the previous year, meeting the threshold for JobKeeper subsidies. Many current projects contracted for fixed prices have been delayed, some extensively. Our service delivery model has also changed significantly, for example, face-to-face workshops moved online. Many proposals in the pipeline are on hold until the crisis passes.

We granted relief to our tenants in Elizabeth St, consistent with the Australian Government's rental relief policy guidelines. Our request for similar relief from our landlord remains open.

Our team worked from home from late March to May 2020, using the opportunity to experiment with new tools and refine our remote work practices. We are grateful for the goodwill of our staff for making this work so well, and for their unanimous enthusiasm to return to the office full time when public health restrictions allowed.

online presence

Since the launch of our new website in July 2019, we published 34 new online resources and 21 new blog posts.

office accommodation

Our current lease in Barangaroo expires in December 2020, with a proposed rent increase of 16% thereafter for a short-term lease. This increase, combined with disruptive renovations and ongoing uncertainty about medium- and long-term accommodation, prompted us to buy an office in Surry Hills. Settlement was on 25 May and the tenants will vacate in July. We will relocate in October, after significant renovations.

Rental income from the Elizabeth St office has been severely COVID-affected.

In July 2019, we bought a Regus membership to access serviced offices near clients' locations. This worked well until the onset of COVID-19 restrictions, but we will not renew, largely due to their insistence on charging full rates throughout extensive public health restrictions and Australian Government mandated rental relief.