

An impact that mattered

How we made a difference for our clients, teams and our nation in FY22

FY22
ANNUAL REPORT

DELOITTE AUSTRALIA



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CEO message

Adam Powick
CHIEF EXECUTIVE OFFICER
DELOITTE AUSTRALIA



I am very proud of our performance this financial year, headlined by 19% revenue growth, the significant strengthening and scaling of our Australian team, and a surpassing of pre-COVID profitability levels.

The financial year that ended 31 May 2022 (FY22) was a very positive and impactful year for Deloitte Australia.

We successfully navigated multiple new COVID outbreaks and lock downs in 2021 and, as the country started to re-open its borders, we maintained our market focus and momentum despite skill shortages, devastating floods in South East Queensland and Northern NSW, the war in Ukraine, the re-emergence of inflation after a decade plus hiatus, and a federal election.

Given these factors, I am very proud of our performance this financial year, headlined by 19% revenue growth, the significant strengthening and scaling of our Australian team, and a surpassing of pre-COVID profitability levels. I am also proud of the way we delivered this result, founded on values like quality, integrity, respect, trust, collaboration and creativity.

From a market perspective, we saw significant demand for our skills and services across a broad range of industry sectors and functional domains. We had a breakout year in our core Audit business, significantly elevating our

audit brand and market share and winning several iconic ASX100 audits including Aurizon, Boral and CSL. We experienced strong growth across our Advisory practices with sustained demand for services in areas such as M&A, digital transformation, cyber, data, climate and decarbonisation, conduct, workforce transformation, legal, and infrastructure. We deepened our focus on key client relationships and consciously invested to strengthen our industry capabilities across key sectors such as financial services, government, health and human services, defence, energy and resources, and consumer products.

In FY22, we also invested heavily in the development and growth of our team and will commence the new year with nearly 1,000 partners and close to 12,000 employees, representing the deepest and broadest set of skills in the Australian professional services marketplace. Key highlights include hiring over 1,300 graduates from a wide range of disciplines and backgrounds, successfully executing 14 highly complementary and additive inorganic growth transactions, launching our fast growing Indigenous Services, Space, and Climate & Sustainability practices, and establishing the Centre for Innovation & Technology in Adelaide.

Foreword / CEO message

With skilled migration yet to resume in a meaningful way, talent attraction and engagement has been critical this financial year. Our focus has been on fostering a workplace that embraces flexibility, diversity and inclusion, open communication, learning and coaching. In FY22, we established our ground-breaking Deloitte Experience program to fully support hybrid and flexible work, reshaped and renewed our workforce Diversity, Equity and Inclusion program, enhanced our support for return to work parents, and launched our Pathways internal career mobility platform. We also made a deliberate decision to share our above plan profits with our workforce at year end – an approach we intend to continue.

Very pleasingly, our staff engagement score was 75% (an improvement of 8 points year on year) with 87% of our team saying they were proud to work at Deloitte. We still have plenty to do in domains such as reward and recognition, workload and mental health, however progress this year has been encouraging.

Across our organisation, we are focused on transforming how we operate and deliver services. This financial year we renewed our focus on digital and business transformation

with the appointment of a senior leadership team to drive tangible market outcomes from our investments in assets, alliances and centres of expertise. We updated our Asia Pacific and Global strategy to enable us to contribute and leverage greater value through stronger and more productive connection with our regional and global colleagues. We also embarked on a program to fully digitise our service offerings and work processes to elevate the experience and value we provide for our clients and people.

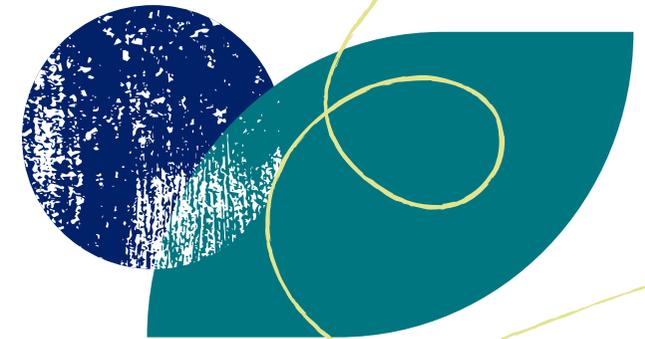
Our overriding focus has been to make a positive impact for our clients, our people and the nation more broadly. In FY22, we were proud to positively contribute to policy, debate and outcomes on topics such as climate and energy transition, hybrid and flexible work, gender equity, Indigenous reconciliation and culture, workforce skills development, technology innovation, cyber resilience, disaster recovery, and economic prosperity and sustainability. As we look towards FY23, these topics remain important priorities for Deloitte, our clients and Australia and they provide opportunities for collaboration and growth for organisations like ours that are bold enough to lead the way and invest.

We finish this financial year with confidence, momentum and a significant pipeline of opportunities and sold work. The way forward is unlikely to be straightforward, but we are approaching the year ahead with thoughtful and clear-eyed optimism given the strength of market demand, the quality of our team, and our robust business foundations.

We would not be in this position without the valued support of our clients, our alliance partners, and every partner and individual across Deloitte Australia and for that I, and we, are truly thankful. We look forward to continuing to work with each of you to make a positive and meaningful impact over the next 12 months and hopefully have some fun together along the way.



Adam Powick
CHIEF EXECUTIVE OFFICER



The way forward is unlikely to be straightforward, but we are approaching the year ahead with thoughtful and clear-eyed optimism given the strength of market demand, the quality of our team, and the robustness of our business foundations.

/ 01 /

Financial performance

Deloitte by the numbers

Deloitte Australia recorded revenue of \$2.5 billion for FY22. This represents 19% growth year on year and a significant rebound from our closing position last year.

All of our businesses experienced double digit growth, with our Consulting and Advisory businesses all growing more than 20%. The pace of growth reflects the resilience in our business and the continued investment we have been making in innovation, digital, the client experience and quality. We also continued to invest in inorganic growth, completing 14 strategically-aligned transactions in FY22. These transactions made up 18% of our FY22 growth, with the balance of 82% being organic growth. What is particularly pleasing is that we have momentum going in FY23, with fourth quarter revenue growth of 21%.

The key challenge during FY22 has been continued talent constraints due to international borders being closed for most of the year. Our non-salary costs were well controlled during FY22 but as we have returned to the office and started to connect again with colleagues and clients, we are seeing some of our costs such as travel and accommodation naturally start to increase again.

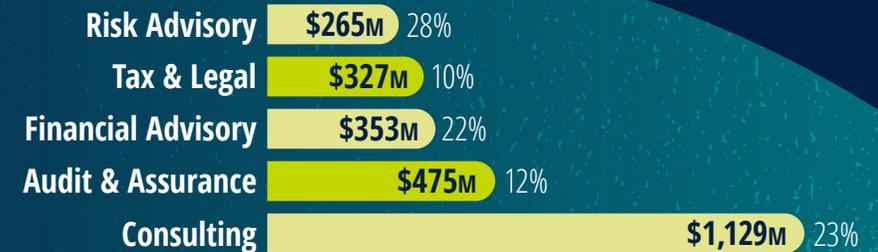
Our growth momentum has enabled us to successfully navigate the last 12 months and has allowed us to return profitability to beyond pre-COVID levels with equity partner unit value increasing by 15% on the prior year to \$935 per unit, which is 3% higher than our pre-COVID (2019) unit value of \$905 per unit. To recognise the significant contribution of all of our people and partners, we are equitably sharing our above plan profitability between our people, our non-equity and equity partners.

\$2.5B*

TOTAL FY22 REVENUE

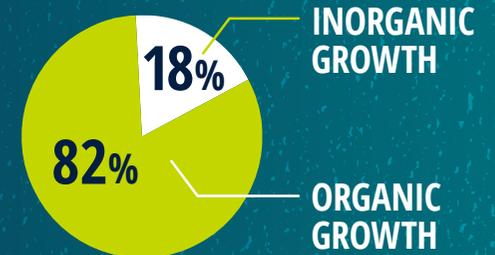
19%

YOY REVENUE GROWTH



Business Unit: revenue (\$) / growth (%)

14
TRANSACTIONS
COMPLETED



\$935

PARTNER UNIT VALUE

25,000t

CARBON FOOTPRINT

*Includes PNG revenue of \$10M. Excludes recoverable disbursements of \$260M.



01 / Financial performance

We completed a record **14 transactions** through the course of FY22, adding **408 employees** and **27 partners** to Deloitte that bolstered and extended our technical and sector capabilities.

Fusion Labs

A leading end-to-end business model innovation, strategy and new ventures consultancy.

Bluefield Asset Management

An asset advisory services business operating in the resources and mining sectors.

Blended Digital

A specialist customer digital experience and marketing consultancy.

Entrago

A ServiceNow advisory, consulting, and delivery services provider, primarily in the health sector.

Paxton Partners

A specialist in financial and operational performance advisory services for clients in the health sector.

Magia Solutions

A leading Oracle Cloud consulting, implementation, training and support business.

New Republicque

An experience optimisation consultancy specialising in user experience, experimentation and data and analytics.

Intellify

An artificial intelligence, data and machine learnings specialist.

Sliced Tech

A specialist in secure, enterprise grade cloud managed services to clients operating in highly secure and classified environments.

Siggins Miller

A health and human services advisory consultancy.

Venntifact

A digital experience, marketing technology and strategy consultancy.

PDS Group

A specialist in integrated project and development solutions for clients cross the infrastructure and construction sectors.

The Checkley Group

A health technology strategy and innovation services provider.

OCTES

A leading advisor on emissions-negative technologies and project management services.



01 / Financial performance / Our businesses

Audit & Assurance

The incredible effort that our entire Audit & Assurance (A&A) team has put in this year to help our clients solve their most complex problems has secured us a result that has made us all extremely proud.

This year, A&A continued to invest significantly in people, processes, and technology to transform the audit experience of our people and clients and drive sustained quality. In doing so, we are proud to have won several large and iconic audits, particularly in the ASX100, including Aurizon, Boral and CSL.

Our Assurance practice also continues to grow and perform strongly based on strong client demand for our remediation, treasury, finance transformation and regulatory services. We have invested in the building of technology solutions and capability in key areas of responsibility of the CFO and Finance function including accounting standard changes, Alliance relationships (including Concur, Blackline and Workiva) and controls maturity.

As we look forward, our purpose of building trust and giving confidence on issues that matter most is as important as ever. Our stakeholders are increasingly looking to audit and assurance professionals to provide views and assurance on some of the most topical risk areas they face including climate change, cyber threat and business resilience.

Building new capabilities, keeping a strong focus on talent and leadership development, and transforming through leading-edge technology and innovation will continue to be key areas, helping us to redefine what is possible.

Joanne Gorton
MANAGING PARTNER, AUDIT & ASSURANCE

Consulting

For Consulting, FY22 was a year of impact, innovation and growth, surpassing \$1 billion in revenue for the first time. We have a strong pipeline across all sectors and our growth is accelerating as we head into FY23.

I am proud of the impact we had in realising our clients' transformation ambitions and leading on the issues of our time – like our work with WA Health to modernise their statewide workforce system, our engagement with a global resources company to support their decarbonisation journey, our leadership in the redevelopment of MyGov to underpin government service delivery, our partnership with Bank of Queensland to execute their digital transformation, and our work with leading Australian retailers to define their growth and innovation strategies.

We reaffirmed our position as the most innovative Consulting practice, investing in assets, teaming with our alliance partners and clients and placing creativity at our core. We were proud to be awarded Best Service Innovation by the AFR BOSS Most Innovative Companies for Deloitte Illuminate, our asset that uses machine learning to help organisations increase visibility of risks in their multi-tier supply network. We also celebrated multiple awards for creativity, including as Digital Agency of the Year at ADFEST and a Bronze Lion at Cannes Lions for our Belong Carbon Thumbprint campaign.

Twelve new teams joined Consulting through transactions in FY22, bringing specialist capability and sector expertise across our advisory, implementation and operate offerings. I loved congratulating 39 partner promotes from within Consulting and welcoming several exceptionally talented lateral partners into the team. As we head into FY23, our talent remains our top priority, with a focus on creating the best careers through accelerated career development and inspiring our teammates to achieve incredible things for our clients and each other.

Ellen Derrick
MANAGING PARTNER, CONSULTING



Joanne Gorton

Ellen Derrick



01 / Financial performance / Our businesses



David McCarthy

Steve Jansz

6 Financial Advisory

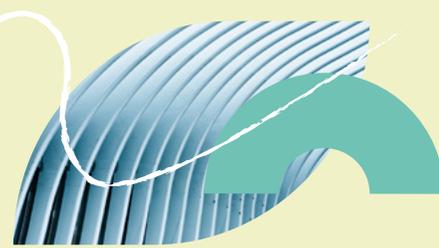
Financial Advisory's issue-led strategy put us at the centre of Australia's big structural changes, with the business achieving a third year of highly profitable growth and influential brand impact.

With capital markets bouncing back we were proud to be involved in such marquee growth deals such as Cranky Health, Telstra InfraCo and Crown as well the Probuild restructuring deal.

We continued to strengthen our capability in social infrastructure by launching new solutions in infrastructure asset management with the team from PDS Group joining Deloitte.

Australia's urgent need for a sustainable health system saw us make two investments, with the health policy advisory team at Siggins Miller joining Deloitte and hiring leading talent to build a national hospital financial sustainability business.

Digital is a priority and we trained more than 800 of our team in SQL, Tableau and Power BI. World-class eDiscovery and Data capability coupled with our trust reputation won landmark projects with the Crown Royal Commission and Royal Commission into Veteran Suicide.



In the lead up to COP26 our Turning Point report and the leadership of our climate partners influenced the BCA and the Climate Leaders Coalition to unite Australian business leaders behind a collective Net Zero 2050 commitment. In a year of great achievement for Financial Advisory, this was our proudest moment.

David McCarthy
MANAGING PARTNER, FINANCIAL ADVISORY

6 Risk Advisory

FY22 was a defining year for Risk Advisory. In what has been an uncertain period for business and society at large, Risk Advisory was Deloitte's fastest growing business for the second year running. It was a year when the deliberate choices we made as a team, and our leading position on the most important issues in the market, were reflected in strong financial performance, achieving close to 30% growth.

Our market focus has been underpinned by a choice to lead on the most significant issues including cyber, climate, resilience, digital risk, workforce and regulation. It is in this work that we have made a real impact for our clients, our society and our nation.

We have played a key role in securing Australia's critical infrastructure by facilitating government and industry to share cyber threat intelligence. In collaboration with government, our assets have been used to enable farmers to respond to climate change and build adaptive capacity. We are proud to have led multiple, large and complex programs to help our clients deliver on their obligations to customers and employees and achieve sustainable compliance. Finally, we partnered with education, government and industry to design and launch the Cyber Academy to fast-track talent and skills into areas of critical need for our country.

Our team is doing outstanding work, collaborating across our firm to deliver transformational outcomes on the issues that matter most to our clients. I'm really proud of what we have achieved in FY22 as we move toward our ambition of being Australia's leading digital Risk Advisory business.

Steve Jansz
MANAGING PARTNER, RISK ADVISORY

01 / Financial performance / Our businesses

Tax & Legal

66

FY22 produced a great result for Tax & Legal where we delivered double digit growth while maintaining strong profitability. I am so proud of the impact our team is making in the market by helping our clients realise value through our market leading strategic tax advice and in helping them manage the increasingly complex tax environment in which they operate.

Some of the highlights for the year include our work for the Department of Defence to provide leading edge digital tax services, working with Telstra as a key advisor on the creation and divestment of the Towers business, as well as supporting several of Australia's largest listed and private organisations to maximise value through their M&A activity. We also made strides in expanding our legal offerings to focus on key issues such as workplace integrity, intellectual property and technology.



We experienced 25% growth in our global trade business, which was underpinned by digital innovations, such as our Trade Ai tool that helps importers and exporters manage tariffs. In FY22 we also enhanced the delivery experience for our clients with the launch of Intela, our globally integrated tax platform that significantly strengthens our ability to support clients with their regulatory and compliance obligations. Finally our strategic partnership with Thomson Reuters has provided us with greater reach and bolsters our offerings in relation to the tax implementation of ERP projects.

The future belongs to the bold, I am committed to shaping the next generation of our Tax & Legal business – one that is connected, digital and future ready.

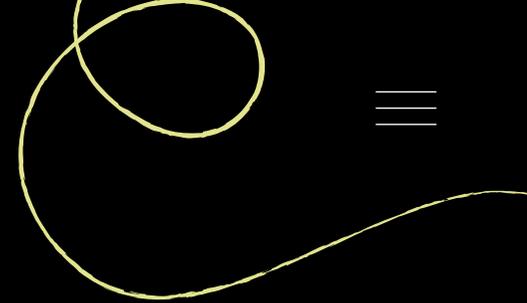
Brett Greig
MANAGING PARTNER, TAX & LEGAL



Brett Greig

/ 02 /

Awards and recognition



WINNER

Most Innovative Professional Services Firm
AFR Boss Most Innovative Companies

WINNER

Most Popular Commerce & Business Employer
AFR Grad Connection

EMPLOYER OF CHOICE for Gender Equality

21st Year in a row for citation (WGEA)

WINNER

Grad Recruiter of the Year
AAGE

WINNER

Most Popular Internship
AFR GradConnection

GOLD AWARD

LGBTQ Inclusion Awards
Australian Workplace Equality Index (AWEI)

3RD in Top 100 Employers

AFR GradConnection

WINNER

International Company Turnaround/ Transaction of the Year
Virgin Australia,
Turnaround Management Association

WINNER

Cannes Lion (Deloitte Digital)
Belong Carbon Thumbprint

WINNER

Digital Agency of the Year (Deloitte Digital)
Adfest

WINNER

Good Design Award
Space Mission Control

STRATEGIC PARTNER RECOGNITION

APAC Digital Experience Partner of the Year
Adobe

Global Systems Integrator Partner of the Year
AWS

ANZ Partner of the Year
Anaplan

Global leader in CRM and Customer Experience Implementation Services
Gartner

APAC Implementation Partner of the Year
Salesforce

AP Partner of the Year
ServiceNow

SAP S/4HANA® Partner of the Year - Large Enterprise

SAP Customer Experience Partner of the Year - Large Enterprise

SAP SuccessFactors® Solutions Partner of the Year - Large Enterprise

SAP Delivery Excellence Partner of the Year

/ 03 /

Reimagining work

Our talent agenda



One of the big shifts facing business and society is the changing nature of how we work. People want more flexibility, and they want to choose how and where they work to achieve greater balance between their personal and professional lives. This is modern work and there is no going back.

DELOITTE BY THE NUMBERS

Workforce composition and engagement as at 31 May

12,748 Total workforce

19%
YoY workforce growth

75%
Engagement score
(November 2021)

6,163
New hires

1,355
New graduates

944 Total partners

436
Equity partners

508
Non-equity partners

WORKFORCE
BY GENDER

51%
Male

48%
Female

1%
Undeclared

PARTNERS
BY GENDER

68%
Male

32%
Female

How we work matters

In response to this shift towards greater flexibility and choice we began to examine our own approach to work and our employee experience.

We considered what modern work means for Deloitte and in FY22 we made meaningful changes to how we defined hybrid working; we increased the number of available flexible working arrangements; and we improved the transition back to work after parental leave. We made three policy changes of significance:

Deloitte Experience

The Deloitte Experience (DX) was launched in June 2021 and is our comprehensive approach to work that empowers our employees to design their working week based on client, team and personal needs and includes the removal of core 9am-5pm working hours.

DeloitteFlex

Our market-leading flexible work policy *DeloitteFlex* provides many different types of flexibility and leave arrangements to empower our people to make decisions about when and where they work. In FY22 we enhanced *DeloitteFlex* and increased the number of flexible working options to 14. These included *PlaceFlex* and *International PlaceFlex* that provides our partners and employees the ability to travel and work in any domestic

and 10 international locations and *CultureFlex* that enables partners and employees to swap two public holidays for days that are of cultural significance to them.

Making Work Work for Families

The transition back to work from parental leave can be challenging as parents navigate how they deliver for their clients, work with their teams, manage their families and take care of their own needs. *Making Work Work for Families* is a program that provides meaningful support to our people to make this transition easier. The program includes four forms of support:

- Return to Work support payment so that a new parent working three or four days a week will be paid an extra day a week for the first 12 months
- Flexibility in relation to financial Key Performance Indicators (KPIs) for 12 months to support the transition back to work
- Parental leave entitlement available from first day of employment with Deloitte
- Fully flexible parental leave to give people flexibility in how they take leave for the first 36 months after the arrival of a child.

Our recent employee engagement survey confirmed that the top reason for staying with Deloitte was flexibility. This was followed by career growth opportunities, relationships with teams and meaningful work. We are proud that our focus on flexibility and taking a more contemporary approach to work is having a meaningful impact on our people.



03 / Reimagining work

Attracting, motivating and retaining people matters

As we shift our focus to the future, we are facing into one of the most competitive talent markets we have experienced for some time; a situation made more acute by the 'Great Resignation', skill shortages and the impact of our closed borders on migration.

We are continuously monitoring this rapidly evolving situation and using our global network and innovation skills to help tackle these challenges. In FY22 we drew on new and existing programs and initiatives to help us address this situation and attract, motivate and retain talent.

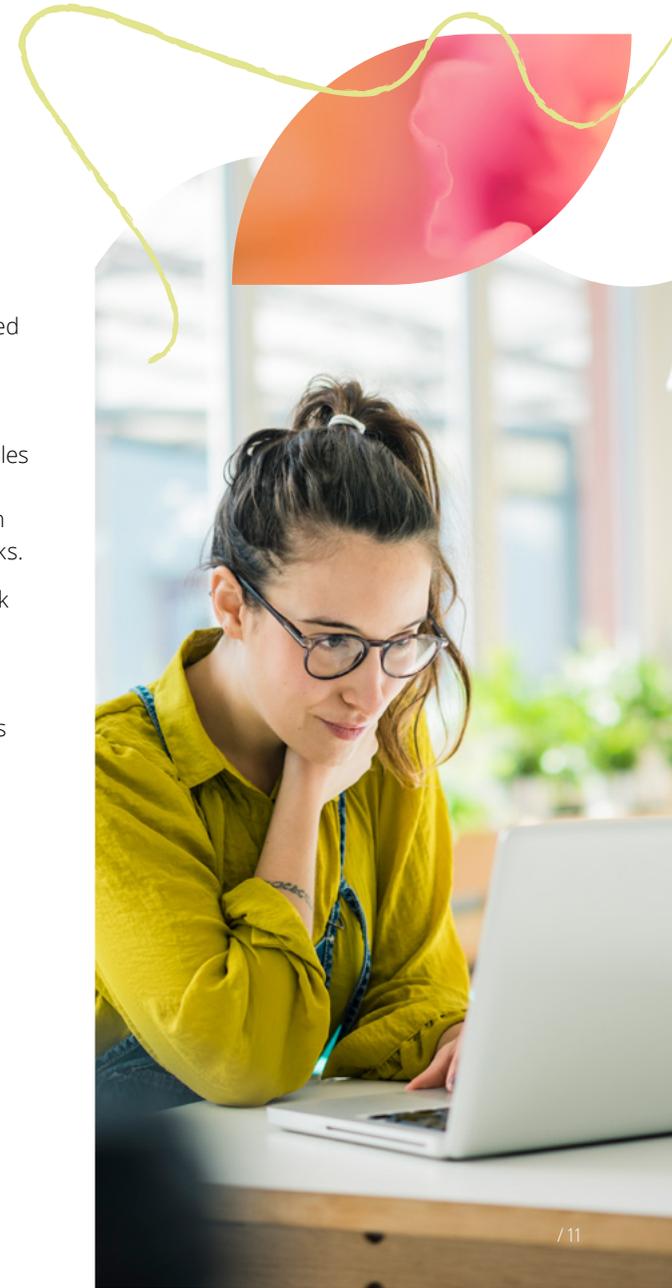
Deloitte is proud of its heritage as a leading employer for women. In April 2022 Deloitte received its 21st consecutive citation from WGEA as an Employer of Choice for Gender Equality. Deloitte is only one of two organisations in Australia to achieve this award.

One of the most important principles we apply to our remuneration review process is gender pay equity – comparing pay by gender in like-for-like roles and taking action where required. The goal of this review is to ensure that gender pay equity is at or below 1% for similar work or roles across Deloitte Australia.

Another way we focus on retaining more women in our workforce is through targeted leadership development programs. Our **Inspiring Women** leadership program had a record 200 participants this year. We also rolled out enhanced training modules specifically focused on the coaching skills required to support women as they return to work from parental leave or career breaks.

The skills and capabilities required for work are constantly changing. To help us unlock the potential of our nearly 13,000 person workforce our innovation team ran a pilot of Reejig. Reejig is a platform that conducts ethical AI searches to assess candidates for roles.

We have a long-standing commitment to skills development and microlearning. This year we partnered with TAFE NSW and the University of Adelaide to launch skills development programs targeted at cyber and digital technology skills.



/ 04 /

Impact and investment

*Resilience, climate action,
digital transformation and innovation*

There is one subject that dominated the last two years: the COVID-19 pandemic. And the terms 'resilience' and 'pivoting' entered our everyday language. In FY22 the pandemic gave way to global economic and political instability as one of the dominant themes in boardrooms, executive suites and around dinner tables. At the same time a sense of urgency emerged in relation to climate action and digital transformation.

In FY22 the themes of resilience, climate action, digital transformation and innovation became key areas of focus all around our business. We developed strong points of view to influence policymakers and business leaders on these topics, while taking meaningful actions of our own.



Resilience matters

A leading voice in the response to the COVID-19 pandemic

The economic and social impacts of the COVID-19 pandemic were felt deeply in 2021 as the spread of the Delta strain forced large parts of the country back into lock downs after a few months of relative normalcy.

It was estimated that lock downs had cost the economy more than \$170 billion. It became clear that vaccination was essential to reopening the country. The Australian business community, led by the Business Council of Australia, played a significant role in supporting the government's public health message on the importance of vaccination and then in helping with the vaccination roll out.

Deloitte was proud to join forces with the other Big Four professional services firms on the *Vax Return* initiative – an advertising campaign that highlighted the benefits businesses, the community, and the economy could unlock when the 80% vaccination target was reached. This collaborative campaign was the first time the Big Four joined their brands together behind a matter of social impact.

Resilience mattered to business and government over the course of FY22. Australians needed to show resilience as we initially weathered the impacts of COVID-related lock downs and border closures and later as we prepared to respond to the economic and political uncertainty unfolding globally.

For Deloitte the health and wellbeing of our partners and employees was our first priority throughout the pandemic. Together with our support of the national vaccination effort we encouraged our teams to get vaccinated and offered vaccination leave, vaccination programs and vaccine information seminars to support the effort.

Deloitte was also one of the first companies to announce that double vaccination would be a requirement for all employees and contractors physically working from our offices. This position was widely adopted by organisations that were looking to manage the health risks facing their people while facilitating a return to in-person collaborative work.

Putting the health of our people first also encouraged us to make some bold changes to how we work: we fully embraced hybrid working and we changed the norms from predominantly working in the office or at a client site to a hybrid model that included remote work. We also introduced International PlaceFlex when the international borders opened to enable our people to work overseas while reconnecting with families and friends.

Skills and migration matter to our recovery

As the national vaccination rate rose and the economy returned to pre-pandemic activity levels, a nationwide skills shortage emerged as the next big issue with long-lasting impact.

Businesses large and small are unable to fill crucial roles. The National Skills Commission estimates that an additional 1.2 million workers will be needed to fill skill gaps across the economy by 2026. At Deloitte we believe it is essential to rework Australia's immigration policy and increase the skilled migrant intake to unlock our nation's full economic potential.

While the last Federal budget contained plans to expand the skilled migrant stream's share of the 160,000 places in the 2022-23 migration program, we believe this issue is more than a numbers game. It is our view that fixing the skills shortage means designing policy that addresses population, participation and productivity.

Australia must be an attractive destination for highly skilled workers. One way to do this would be to provide clarity on the pathways to permanent residence for all company-sponsored temporary residents.

We recommend replacing Australian and New Zealand Standard Classification of Occupations (AZSCO) with a new occupation and skills identification system that offers the flexibility to adapt to emerging labour markets. Australia's skilled migration regime should also be attuned to the needs of the dynamic modern labour market, in which the most in-demand jobs are new and may not have existed before. Work-related visas are derived from AZSCO, which has not been significantly updated since 2013.

Migration has been, and will continue to be, core to our successful development as a country. Although it is a highly politicised issue, we believe that within the context of a national workforce strategy we can agree on an approach that can benefit all Australians.



04 / Impact and investment



Climate action matters

Climate and sustainability is one of the defining issues of our time – business leaders, investors and policymakers are ready to act. Deloitte has had a leading and influential voice among business leaders in shifting the focus to turning ambition into action if we are to have a real impact on the future of the planet.

A leading voice on climate and sustainability

In 2021 Deloitte Access Economics prepared ground-breaking research entitled [Turning Point: How Climate Action can Drive our Economic Future](#). This analysis changed the lens on our thinking about climate change and shed light on the cost of inaction rather than the cost of action.

Our work with the Business Council of Australia (BCA) on the report *Achieving a Net Zero Economy* shows that failing to limit global warming to well below 2°C will cost the economy a staggering \$3.4 trillion over the next 50 years. This work and the support for a 50% reduction on 2005-level emissions by the end of the decade has helped the Australian business community coalesce around the need for transformation.

In addition to this work with the BCA, Deloitte continued to guide the Climate Leaders Coalition, a group of 44 Australian CEOs who have committed to supporting the aims of the Paris Agreement by setting public decarbonisation targets. This included helping design the Coalition's 'Roadmap to 2030' guide for CEOs on shifting their organisations to a low carbon future, which was launched at COP26 in Glasgow last November.

Finally, we have helped to establish the Australian Climate Governance Initiative alongside the Australian Institute of Company Directors and the World Economic Forum to further embed climate considerations into Australian boardrooms.

We are pleased to be working with these leading industry bodies and will continue to be champions for climate and sustainability and realise the benefits of a successful climate transformation.

04 / Impact and investment

One team, one strategy

We are determined to support our clients tackle the decarbonisation of their businesses. During FY22, we evolved our own operating model to improve the way we harness the expertise of 41 partners and 150 employees from across the firm. This team, backed by the collective power of Deloitte, will support our clients' transition to net zero and drive the decarbonisation agenda.

At the heart of how this team works with clients is our digital technology and innovation nous. Deloitte Decarbonisation Solutions (DDS) is a suite of modules that use artificial intelligence among other technologies to help accelerate the delivery of climate risk and strategic projects. More than 30 clients have used or are using the DDS suite of modules.

In March 2022, we joined forces with OCT Emissions Solutions and created Deloitte Emissions Solutions. This will take new and early-stage technologies to market, accelerate the time it takes to deliver large-scale solutions and puts Deloitte at the cutting edge of climate solutions for clients.

Every sustainability decision matters

To be Australia's leading climate and sustainability adviser, we must lead by example. We are committed to being carbon neutral by 2025 – five years ahead of our global Deloitte goal of achieving net-zero emissions by 2030.

Our net zero target is achievable, but to reach this goal we will apply a sustainability lens to everything we do.

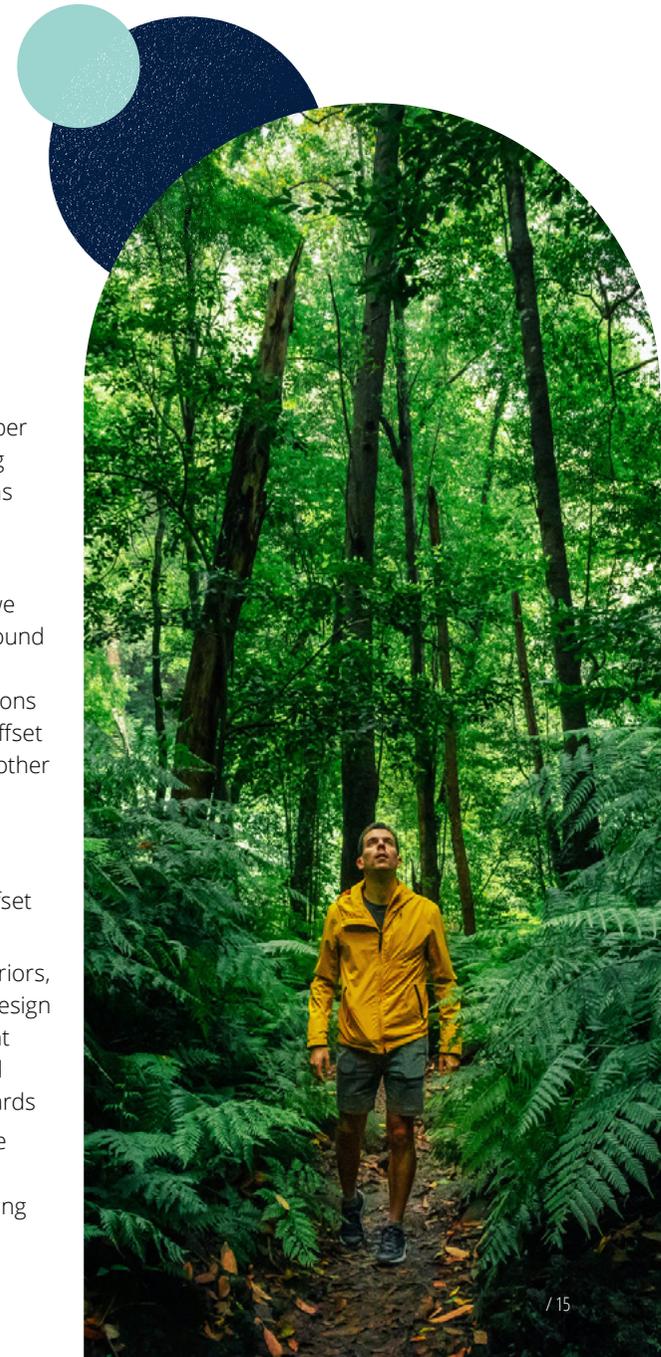
One of the most significant actions we are taking is the reforestation with Australian native flora of 2,000 hectares of soon-to-be acquired land. The Deloitte Carbon Forests, when mature, will take 25-30,000 tonnes of carbon out of the atmosphere for 25 years. We have collaborated with environmental organisations and with indigenous leaders on this initiative.

We also announced an important partnership with The World Wildlife Fund on 1 June 2022. A key focus of the partnership will be our contribution to WWF Australia's 'Innovate to Regenerate' program, which supports regenerative community-led solutions that encourage impact investment in climate, biodiversity and food.

This focus on sustainability has prompted some large changes – such as sourcing renewable energy for our offices as of October 2021 – and some smaller changes, like using energy-efficient appliances and buying items in bulk to reduce packaging.

Even after switching to renewable energy sources, Deloitte Australia estimates that we will have an on-going carbon footprint of around 25,000 tonnes per year when we take into account our full supply chain-related emissions (known as Scope 3). These will need to be offset and all efforts, big and small, add up. Some other actions include:

- Our first in-person Partners Meeting since 2019 was a near zero-waste event and carbon credits were purchased to offset the event's emissions
- Our new buildings have 5 Green Star Interiors, an A-rated sustainability rating for their design and construction-fit out, a NABERS Tenant 5-Star Energy rating, Ewater systems, and they meet Platinum WELL Building standards
- Until our Deloitte Carbon Forests become mature (from around 2026) the purchase of carbon credits will remain key to reaching carbon neutrality.



Innovation and digital technology matter now more than ever

The expectations of citizens, customers and employees of their digital and online interactions and experiences with service providers have risen substantially over the past 12 months. Organisations must invest in innovation and digital transformation fuelled by technologies, such as artificial intelligence, cloud and cyber, to unlock efficiencies and gain critical competitive advantage.

A leading voice on innovation and technology

Deloitte's 8th edition of its Building the Lucky Country series, entitled [Australia Remade: A country fit for the age of disruption](#) was published in October 2021 and put a challenge to business leaders and policy makers: overcome Australian complacency and remake the economy – before our luck runs out.

The research is based on the Deloitte Economic Sophistication Index and found that the Australian economy, relative to other leading economies in the world, lacked 'sophistication' – a measure of international connectedness and the diversification of production. This lack of sophistication means that Australia will run out of levers to respond to future disruptions. We argue that innovation and technology are two of the answers that can help propel Australia into a more complex and more sophisticated economy.

Australia has the opportunity to be at the forefront of:

1. **Feeding the world** – demand for Australian food is strong, but the core industries involved in Australian food production – agriculture, forestry, and fishing – are among the least sophisticated.
2. **Decarbonising the world** – with competitive advantage in natural resources, technologies, and energy, Australia can really take part in the move to global decarbonisation, by producing new sources of sustainable energy.
3. **Shaping the future of health** – Australia can create new value by using technology to turn its world-class health research into implementable health and wellbeing solutions.
4. **Looking to the sky (and beyond)** – Australia has a strong track record in the areas we have chosen to play in Space, but also needs to grow its capabilities from niche research and manufacturing to end-to-end products and services.
5. **Manufacturing the future** – to play a greater role in global manufacturing, Australia should have a clear focus on moving up the value chain by connecting advanced manufacturing into areas of greatest economic opportunity.
6. **Satisfying the senses** – there is no ecosystem more agile and ever-changing than one that follows consumer demands. Australian organisations need to continue to be responsive and innovative by co-designing products and services.
7. **Servicing the world's businesses** – using virtual and digital technology, a significant opportunity exists to export business to business services such as engineering, telecommunications, professional services, and financial and insurance services.



04 / Impact and investment



Growing digital skills

Building the skills Australian organisations need to remain competitive and lead in the future is a top priority for many organisations. Deloitte is leading the way by working with universities, TAFE and technology leaders to help build skills through the following programs:

- Deloitte teamed with Salesforce to launch the Digital Career Compass program that aims to boost diversity in the technology industry and close the skills gap by providing training and technical skills to Indigenous Australians, women returning to the workforce and retired athletes.
- Deloitte is partnering with TAFE NSW, University of Wollongong and Swinburne University with the launch of the [Cyber Academy](#) that will fast track students' cybersecurity careers to make sure that graduates hit the ground running. To do so, the program combines blended study with employment at either a Government Department, an industry partner or Deloitte, where we have committed to taking 10% of all program students. The Cyber Academy is an innovative, Australia-first program that has a three-year target of producing over 1,000 qualified cyber workers.

The Space frontier

The data we capture from satellites and from Space is powerful. There are real, world-changing problems that can only be solved through Space data, technology and capability. Deloitte has established a global Space innovation program that connects public and private organisations facing real business challenges with the innovators who can solve them, using space-enabled data, technology, and capability. The Gravity Challenge now spans 1,000 Space technology innovators across fourteen countries working alongside 30 of our largest clients to provide cutting-edge solutions to real-world issues including climate change, smart cities, disaster management, agriculture and infrastructure.

Innovation is at the core of our approach to Space as it is through innovation practices that breakthroughs in understanding, technology and processes occur. Space is synonymous with innovation. People get to lift their gaze to the stars and imagine that anything is possible and to see the possibilities rather than just a set of options. At Deloitte we are learning by doing and doing through collaboration.

Our vision is to see the Australian Space ecosystem recognised globally as a leader in delivering value to the world's key industry sectors and society through new disruptive Space-enabled capabilities, business models and by the way we collaborate.

It was only in 2018 when Australia announced the inspiring civil Space agenda of growing the Space economy in Australia to \$12 billion while creating an additional 20,000 jobs by 2030.

Transformation and innovation matters

At Deloitte we have long been market leaders in helping businesses and government make the most of the potential of digital technology. We are on our own digital transformation journey to become the leading digital professional services firm in Australia. There are two dimensions to this transformation – how we work and how we support our clients. In FY22 we focused on three areas:

- **Deloitte-built software, or assets:**
We are making significant investments to build and adopt new technology to deliver quality solutions to our clients at speed and at scale.

- **Alliance relationships:** We have strong relationships with strategic partners such as SAP, Oracle, Workday, ServiceNow, Salesforce, Amazon Web Services, Google, Sitecore, Anaplan, and Adobe. We will continue to invest in deepening our capabilities and to work collaboratively to deliver innovative solutions that help to address our clients' most complex issues.

- **Centre for Innovation and Technology:**
Our first Centre is located in Adelaide and focuses on enhancing our ability to support client by bringing together cutting-edge technology with our digital risk, digital accounting, cyber, data, and cloud technology capabilities.

/ 05 /

Making a difference for our clients



Iconic audit wins

The audit of today needs to go beyond the audit opinion. Our clients are facing a wider range of risks including advances in technology, geopolitical uncertainty, increasing economic pressures, globalisation and increasing regulatory concerns. An audit is increasingly viewed by boards and management as an important part of the value chain, helping both management and the board not only look back, but look ahead.

We continue to invest in data, digital technology, capability, innovation in ways of working as a part of the transformation of our Audit business and we are proud that these investments have been recognised by our clients through our appointment during FY22 as the external auditors of Aurizon, Boral, CSL, Invocare and Rest Super, among others.

Accelerating steps towards cleaner construction

Laing O'Rourke

Recently Deloitte helped multinational construction giant Laing O'Rourke on its journey to become a net zero company before 2050 by developing a comprehensive climate and sustainability strategy.

We worked with over 50 different leaders, representatives and procurement managers from across their business to gather and analyse data and studied procurement contracts to develop a clear plan of attack. Now, Laing O'Rourke has the right processes in place to track and minimise emissions against sector-leading targets.

05 / Making a difference for our clients

Transforming tax returns into compelling datasets

Australian Taxation Office

Deloitte thrives on helping organisations harness the power of data to make faster, better decisions and improve outcomes. We recently supported the Australian Tax Office to do just that as a leading tax authority of the future.

Specifically, we worked with the ATO to find out how we could implement AI and machine learning to enable its employees to play to their strengths. How? By implementing AI to check thousands of work-related expense claims and only flagging the highest risk cases which needed to be reviewed by ATO experts. It didn't end there. Our AI solution also supported thousands of taxpayers during tax time to encourage accurate reporting. Now interactions with the ATO are becoming increasingly streamlined saving both employees and citizens' valuable time.

Australia's new frontier

*Australian Government –
Space Mission Control*

In March 2021, the Australian Government launched its new Space Mission Control Centre in Adelaide to manage its operations in the AU\$12 billion Space industry. To bring this incredible world-first professional control centre to life, Deloitte worked closely with Saber Astronautics. Inspiringly, the state-of-the-art facility isn't just supporting Space businesses and researchers, it also welcomes kids and STEM students to visit, learn and become involved in Australia's Space agenda.

Deloitte designed the necessary operating models and a viable go to market strategy, delivered a cyber security function to detect and protect against identified threats, and designed a beautiful yet functional award-winning experience for the centre itself.

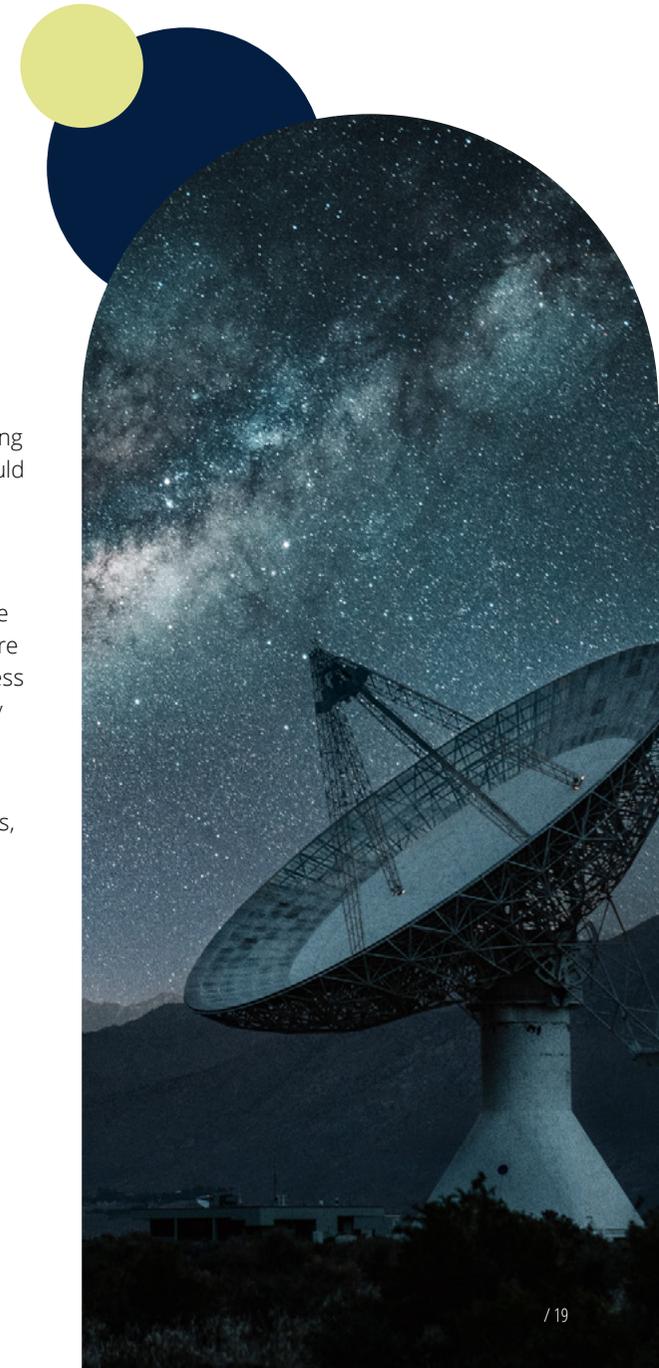
AI reports for duty in the Australian military

Department of Defence

The federal government engaged Deloitte to support its multi-billion investment to modernise the country's naval fleet. Delivering this program of continuous shipbuilding would only be possible by transforming the way its human workforce was designed.

Deloitte deployed a solution that used Artificial Intelligence (AI) assistants alongside employees to allow humans to focus on more important cognitive tasks. Core to the success was the workforce design strategy that truly integrated people with technology.

This rapid progress in the Navy's workforce transformation led to additional applications, with parallel projects for both the Army and Air Force. Deloitte is also designing and implementing cognitive assistants, such as chatbots and quality-assurance compliance assistants, across all three services.



/ 06 /

Leading with integrity

We believe that leading with integrity has never been more important. We've faced significant disruption over the last two years, and we believe that having a strong values-based culture and a principle-driven ethical framework to guide and support our people during rapidly changing circumstances has never been more important.



At Deloitte, we're committed to ensuring that all our people have a voice and that they feel safe, seen, and heard. In our 2021 Ethics Survey, we learned that:

- 98% of respondents believed Deloitte was an ethical place to work
- 93% of respondents felt empowered to raise concerns
- 94% of respondents had not felt pressure to compromise their ethical standards in the past 12 months.

While these results reflect an ethically aware culture, as an organisation of over 12,000 people we are not immune to unethical behaviour. The number of ethical misconduct allegations raised in FY22 was 146 (1.2 per 100 people), with the top three categories being:

- Respect and fair treatment (51%)
- Sexual harassment (15%)
- Misuse of information (13%).

We target a maximum of four weeks to investigate and complete investigations. During the year, we closed out 145 cases, of which 55% were substantiated and resulted in action being taken ranging from training to exits from the Firm.

Actions taken for substantiated allegations

	FY22
Counselling	27%
Exit	25%
Reprimand	24%
Training	24%

Allegations of sexual harassment are handled by our most experienced investigators.

- During the year, there were 16 sexual harassment allegations raised implicating Deloitte employees. A further six were raised that implicated non-Deloitte employees including clients.
- Generally, the allegations related to inappropriate communications either verbal or written. There were no sexual assaults reported.
- Of the 22 sexual harassment cases raised, 21 cases were closed and 76% were substantiated and resulted in actions being taken.

Actions taken for substantiated sexual harassment allegations

	FY22
Exit	60%
Reprimand	40%

/ 07 /

Making an impact that matters



At Deloitte our purpose is to make an impact that matters. A key area of focus is to make a positive difference in our communities.

Working with First Nations people

With the support and guidance of our Indigenous Leadership Team we have broadened our commitment to walking and working with First Nations people. Our ambition is to be an inspiring place to work for young Aboriginal and Torres Strait Islander people. Having embraced the Uluru Statement From the Heart, we are working to incorporate its key elements into the way we engage with the Indigenous Leadership Team at Deloitte. In 2021, we were a bronze sponsor of the Australian Reconciliation Convention. In 2022, we are drafting our fourth Reconciliation Action Plan (RAP).

This year, we broadened our commitment to becoming a firm that is informed by Indigenous wisdom, recognising it as the foundation for a new all-embracing idea of Australia.

Central to this is our approach to 26 January (Australia Day). Deloitte's Indigenous Leadership Team is guiding Deloitte employees and partners to own the truth of our history. This includes considering 26 January in a sensitive and authentic way; and encouraging us to reflect on three different perspectives: The Day Before the arrival of the First Fleet in 1788 (Respect), The Day of Arrival (Reflect), and The Day After (Reinvent). The three perspectives are an Indigenous gift of healing and celebration from Deloitte's Indigenous leaders. They are not about changing the date of Australia Day – but about elevating and enhancing our understanding of the meaning of this day, its lead up and aftermath; and what it means to be Australian.

In FY22 we invested in our client-facing Indigenous Services Group (ISG). This is a purpose-driven practice consisting of practitioners who are First Nations and can bring lived experience, capabilities, relationships and cultural insights. The ISG works with and for the First Nations sector, as well as businesses and government to empower them, secure a sustainable future, and make the world of our clients, our people and our communities better.



07 / Making an impact that matters



Improving education outcomes – *Library for All*



Volunteering on Impact Day



Providing crisis assistance

59,400+

hours of volunteering – **66% skilled** and **34% traditional** volunteering

\$3.1m

in charity donations and investment

68,800+

hours of pro bono services to charities and social enterprises

275

Deloitte Foundation Champions

564

in the Climate Action Community

Improving education outcomes

WorldClass is an initiative that focuses the global power of Deloitte around one goal: to expand opportunities for 100 million people worldwide by 2030 by developing skills and improving educational outcomes.

Examples of some of our WorldClass programs are:

- Deloitte worked closely with our national community partner, **The Smith Family** on a pro bono project to evaluate The Smith Family's core offering with the aim of making it more effective in its mission to provide access to education for disadvantaged Australian students. As educational inequality increases around the world, Deloitte's commitment to improving access to education has been central to our community contributions.
- Deloitte partnered with Queensland-based not-for-profit **LiteHaus** and donated 500 laptops to help build digital literacy in Papua New Guinea (PNG) and in remote Australia. The donated laptops are being used to establish dozens of high school computer labs across 12 provinces in PNG, which will benefit tens of thousands of students and teachers.

- We supported the not-for-profit **Library for All** with four 'spark kits' and 1,500 printed books to schools in PNG. The spark kits contain 40 computer tablets loaded with almost 1,200 books that are age-appropriate and culturally relevant; a gamified app to teach students basic literacy and numeracy; and one teacher tablet with access to dashboards that capture students' learning. This initiative will benefit a total of 12,200 lives.

Volunteering on Impact Day

Deloitte partners and employees are encouraged to take a volunteer day that we call Impact Day. In FY22 we held four 'Impact Day' events – some were virtual and other were in-person. In total, more than 2,600 volunteers provided support to charities at a time when the not-for-profit sector needed it most. Our focus was on volunteering with organisations with the following commitment areas: education, skills development and climate action.

Providing crisis assistance

Deloitte Australia contributed more than \$290,000 to five emergency appeals/causes including Afghanistan, Philippines Tropical cyclone Odette, the Tonga Volcano, the Ukraine crisis and the NSW and Queensland floods. These funds are the sum of donations from Deloitte employees and partners as well as funds matched by the firm.

Our partners and employees also went to flood-affected Lismore to assess the on-the-ground situation and hear first-hand what was needed to assist those communities. Additional support included assistance for people applying for relief grants, and a feasibility study on an Aboriginal Health Service in Lismore to increase its capacity to meet community demand resulting from the floods.

/ 08 /

Looking ahead

Economic outlook for FY23



We asked Dr Pradeep Philip, Lead Partner for Deloitte Access Economics to provide some perspective on the economic outlook for the next financial year.

Recovery is never smooth or linear. It is usually characterised by fits and starts.

In 2020, in response to the pandemic, governments and central banks the world over acted quickly – fiscal policy was deployed, budget balance sheets were leveraged and money was made even cheaper and easier. The Australian economy and our society got through the worst of the crisis, and through 2021 began a stuttering recovery. Even acknowledging that borders were closed, Australia's performance on driving down unemployment has been spectacular. Two years ago, we were worried about unemployment hitting double digits, and the government's ambitions were for the unemployment rate to inch below 6%.



Dr Pradeep Philip
LEAD PARTNER, DELOITTE ACCESS ECONOMICS

As we entered 2022, the unemployment rate – incredibly – dipped just below 4%. The easing of lock down rules has been a boost for the worst-affected sectors. Tourism is rebounding, pedestrian traffic in our cities is rising, hotels and cafés are now busier, the arts are seeing audiences return, and higher education is slowly finding its feet. In all of these sectors, finding enough workers, keeping staff healthy, and managing fickle demand are new challenges.

So, while recovery is on its way, beneath this stunning rebound lies another set of challenges – some old, and some new. Australia is an economy with declining productivity, rising inflation, weak real wages, and rising interest rates. Supply chains, damaged by the pandemic, remain unfixed. Meanwhile higher commodity prices, as a result of the war in Ukraine, have benefited the economy and the budget, but translated into elevated transport costs and supply chain headaches for consumers and some businesses.

08 / Looking ahead

We find ourselves in the middle of 2022 tiptoeing a tightrope – enjoying what remains of the post-pandemic bounce while navigating a broader set of economic challenges and a fragile outlook amid a growing list of risks:

- Geopolitical tensions are rising not abating
- Inflation has jumped ahead of global central bank expectations, and interest rates are rising
- Labour mobility and the immigration tap is only being turned on slowly
- Business investment remains at sub-optimal levels in Australia.

Despite recent headwinds, we expect the economy to grow well as opportunity and momentum remains.

Consumer spending

After adjusting for inflation, consumer spending edged back to above its pre-COVID level for the first time at the end of 2021. Consumers bounded out of lock downs cash in hand after being unable, rather than an unwilling, to spend.

There are good reasons to be positive. A record low unemployment rate means almost every Australian who wants a job has one, lock downs are now in the past, and consumers are still flush with the extra savings of almost one quarter of a trillion dollars that were pocketed through the pandemic.

However, consumers may be more cautious in FY23 than what was expected as a result of declining real wages, slowing house price growth, rising interest rates and increasingly troubling headlines from around the world. Unlike FY22, the willingness of households, to spend, rather than the ability, will be key to Australia's economic performance over the next year.

Business investment

The good news is that, despite some headwinds, the outlook for business investment is solid. As the economy recovered faster than previously expected, business profits have been boosted and spare capacity reduced. That combination typically leads to an increase in business investment.

Heavily disrupted supply chains have meant that some businesses weren't able to invest when they wanted to. But as supplies – eventually – become more plentiful, that will unleash a degree of catch-up spending by businesses. Much of this will flow into machinery and equipment investment, but there is also expected to be a boost to non-residential and engineering construction. There are also some industry-specific factors supporting investment. Airlines are purchasing new planes, miners are looking to increase production while commodity prices are elevated, and the record amount of public sector infrastructure investment is generating positives for private sector projects.

Yet there are some risks to the outlook. The growth in public infrastructure investment has peaked, interest rates are rising, commodity prices are forecast to fall, pandemic-driven tax breaks are set to end in 2023, and there's elevated uncertainty around the global geopolitical environment. Despite that list of concerns, business investment looks set to outpace growth in the wider economy during FY23.

Government spending

Government spending was the lifeblood of the Australian economy through the pandemic, programs like JobKeeper kept Australians employed and in business. But the impact to the budget was significant, with Australia's debt position racing towards \$1 trillion and rising interest rates will make repayments increasingly expensive.



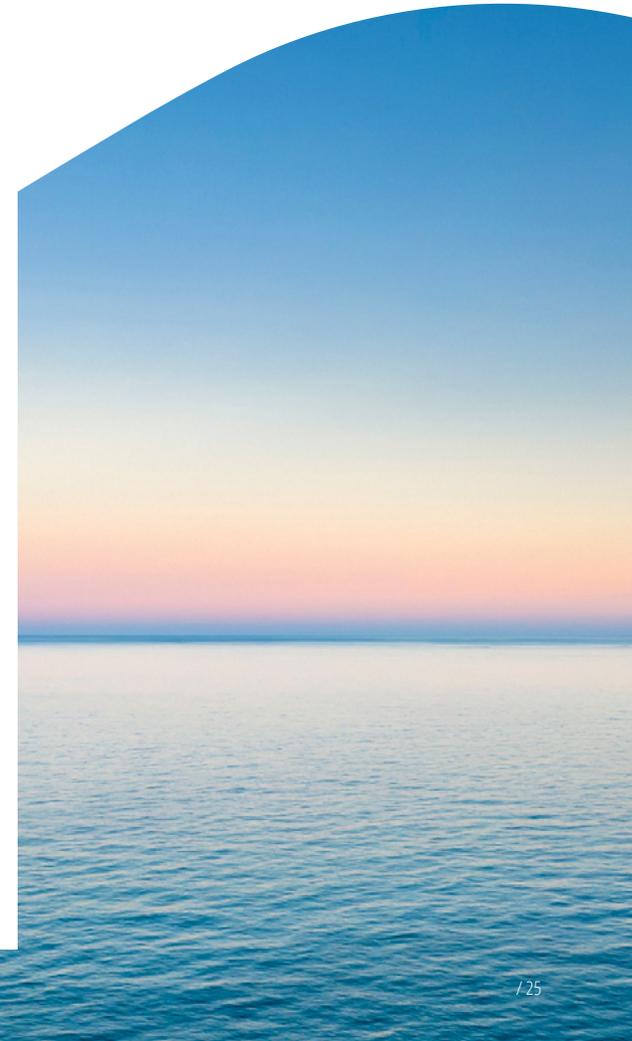
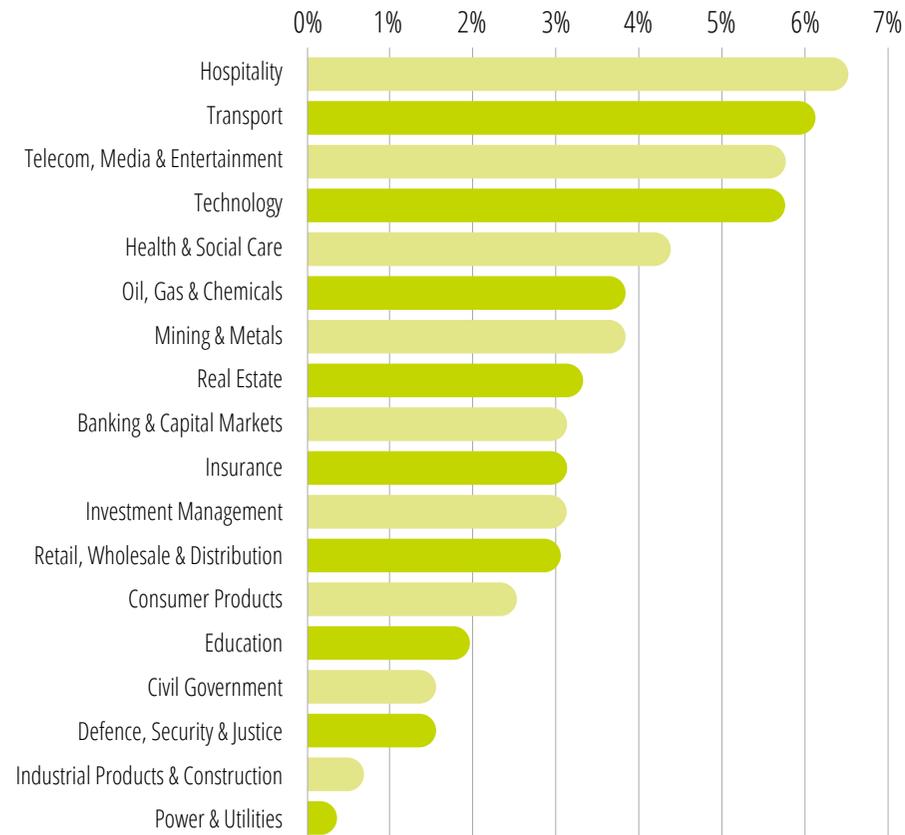
08 / Looking ahead

Industry outlook

The industry outlook shows a mixed scorecard. Some of the sectors that were hardest hit during lock downs – including transport and tourism – will continue to rebound through FY23, providing a strong foundation for growth over the next five years. At the other end of the spectrum, the construction sector is being hit hard by rising input costs and will face a downturn in housing construction. That downturn will hurt property services and the banks as well, though rising interest rates will aid profitability in Australia’s banking sector. Health, mining, and wholesale and retail trade are expected to be in the middle of the pack.

Five year outlook

Average sector growth





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