

ROGER OLDS

MD - COFFEY INTERNATIONAL

Just like the company he heads, MD of Coffey International Limited Roger Olds has a solid foundation of specialist engineering skills. Fifty years ago, Coffey began as Australia's first geotechnical consulting business, and now is a diversified international entity with divisions including project management, contaminated lands reclamation, infrastructure design and third world development. Managing this mix of specialist services and wide spectrum of project tasks requires an incisive view both into the construction industry and those who hold the purse strings.

Interview by Willow Aliento.

WA: What do you see as the major changes in the construction industry over the last few decades?

RO: Consolidation is one major change – there has been a clear consolidation of the major contractors and large consultancies.

There are less disputes now, the industry is far more collaborative than it was in the 1980s. And the industry is far more profitable for consultants as well as contractors, as it has become more professional and has closer relationships with owners.

I see the industry in two parts - engineering has an infrastructure focus, and building has a property development focus. We (Coffey) have a footprint in each, with our project management division managing lots of building and our consulting division working on major infrastructure for civil and mining projects.

WA: How has Coffey evolved in response to change?

RO: What we've done is become a public company. We started as specialists 50 years ago, and then when I took over (as CEO) in 1996, we decided to stay specialists, and look at diversification into other specialist services, and to go global, and expand our services to become closer to owners. We believe we can add a lot of value to the ultimate clients. Now, when an owner has an idea we can develop that idea, take it to market, and be involved right through to completion.

WA: On the corporate level, what are the benefits of being such a diverse organisation?

RO: Being diverse has allowed us to grow at a rapid rate. We are diverse by service, by sector and by geography, this has given us rapid growth. Secondly, the risk to earnings is improved. If one service, sector or geography is down, we are not overly dependent on that.

In the corporate sense we have a clear strategy of being specialists rather than a one-stop shop, which means we have fewer competitors.

Our international development business takes us into developing countries, and we see that as building a relationship with those countries and governments. Right now the task is basic infrastructure: health, education, water and security. As these countries evolve they will need to build road, rail, and other infrastructure over the next decades, and we will be there to assist them. It's strategic, but it also does a great thing for the world, and that fits with our company philosophy.

WA: How does your company add value to projects?

RO: It comes back to the deep understanding we've developed as specialists, which allows us to look at a project that deals in high risk and has high value. The task is about how to deal with and manage that risk. By understanding what the client needs to achieve, we apply our specialist skills to ensure they obtain a valuable solution. This is not simple work and our specialist people are world experts who are passionate about applying their skills in this manner.

WA: What do you see as the major challenges ahead for the construction industry?

RO: I am a huge fan of collaboration through Alliance contracts, which are mainly being used in the infrastructure sector. If we can take what

we've learnt and embed it throughout the industry, it will be of huge benefit and lead to less waste of time and energy. One of the challenges is the decision makers (treasury and legal divisions) are concerned about the selection process in alliances. We need to keep them up to speed on the benefits.

Safety and project financing are also challenges. I ask, why do projects have to be refinanced in 3 to 5 years time? These projects have a 30 to 50 year benefit, so why do owners have to refinance? People outside the industry drive this agenda and it smells like self-interest.

I think we are at a tipping point from a construction industry point of

view. We need to become more influential and look at these (financing) decisions and who is driving the industry. I am optimistic we will succeed and will create transformation.

WA: What sort of innovative engineering is required to advance ESD?

RO: ESD opens up a whole new challenge. I was a sceptic about climate change in the early days, but then I heard enough to convince me, and as an engineer I think, what's the solution? I think it is new technology we don't even know yet, to harness renewable energy sources. The speed at which the solutions come is increasingly important, and governments need to provide incentives for that to occur. We can already improve things incrementally, such as designing better air conditioning and lighting systems.

But we really need breakthroughs that are transformational. I believe in engineering's ability to solve this problem. What's crucial is engineers become more influential on society, and that there is a greater understanding in society of what they do.

WA: In terms of our national infrastructure, what do you think we need, and how should it be funded?

RO: We need long term investment in transport efficiency – roads, rail and ports – to unclutter the networks.

We need smarter water solutions rather than making householders feel guilty. The solutions have been available but government has not had the courage to implement them. We expect to grow the population to obtain increased economic benefit, and we must provide the infrastructure to support this. With nuclear energy, we need to change the rhetoric of 30 years ago, it is increasingly looking like a sensible clean alternative with manageable risks.

In principle financing should happen in a way that is not ripping value out of the project and placing it in the hands of the few. Government infrastructure bonds make sense, to mobilise money in superannuation accounts. If Super Funds are interested in delivering to long term investment, bonds are a natural instrument for that. There is also a demand now for a new PPP model.

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