



**September 2025**

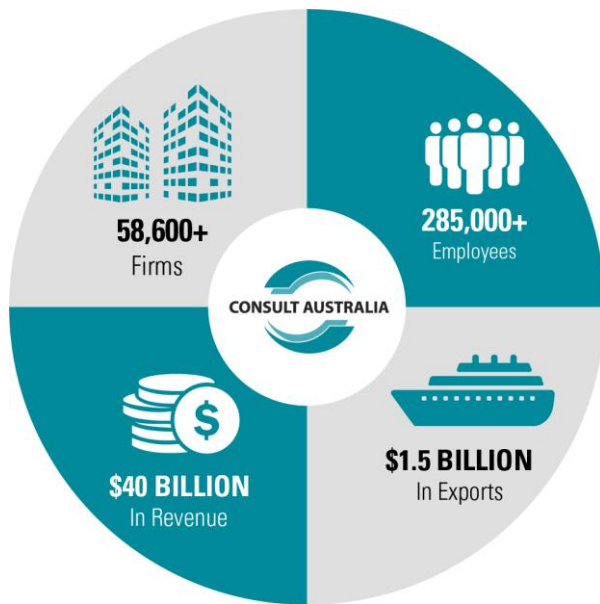
# **Investing in Energy and Net Zero Transformation – Interim Report**

**SUBMISSION TO PRODUCTIVITY COMMISSION**

**Consult Australia**

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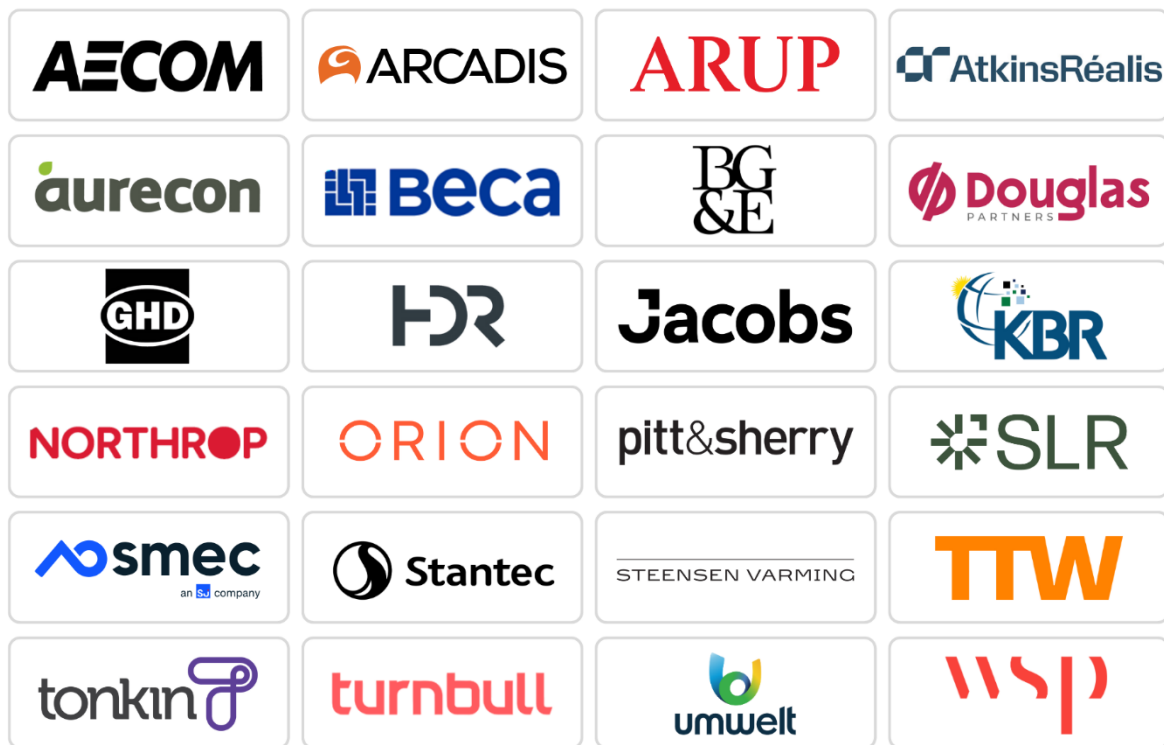
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## About us

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia's top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

### Our members include:



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

## Executive Summary

Consult Australia welcomes the release of the Productivity Commission's Interim Report into Investing in Cheaper, Cleaner Energy and the Net Zero Transformation under the five pillar productivity growth agenda. The Interim Report has identified three reform areas to:

- reduce the cost of meeting emissions targets
- speed up approvals for new energy infrastructure
- address barriers to private investment in adaptation.

The member businesses of Consult Australia and their employees are at the heart of the net zero transformation. Around 90% of engineers, architects and scientists are already working on activities that cut emissions across the asset lifecycle. Consult Australia members have a vital role in the energy industry, and support the planning, design and delivery of energy infrastructure that will impact on power prices, emissions and community outcomes. Consult Australia members have delivered against a generational infrastructure boom and their collective experience can be leveraged to streamline and strengthen the delivery of energy projects.

Consult Australia is a member of the Australian Sustainable Built Environment Council (ASBEC) and supports its recommendations on the cost of meeting emission targets and barriers to private investment in adaptation.

Consult Australia supports the Commission's recommendations to speed up approvals for new energy infrastructure and sees further opportunities to uplift productivity for energy projects. Drawing on our thought leadership and member experience, we are pleased to provide more information on:

- **Procurement** — There is significant opportunity to realise productivity gains by learning from the experience of other sectors to inform procurement for energy projects. This includes early industry engagement and more collaborative contracting to leverage the influence and capability of design consultancy businesses to optimise cost, time, scope and quality.
- **Skills and capability** — While many of the historical barriers to talent growth have not been resolved for professional design businesses working across the built and natural environment, the shortages have the potential to increase if capacity and confidence are not prioritised. The workforce transition needs to be planned now to allow time to build capability. This requires project pipeline certainty and coordination.
- **Digital** — The need for technology neutral policy settings is acknowledged in the Interim Report, however data and digital opportunities for the energy sector are not explored. Nor are these considered within the scope of the Harnessing Data and Digital Interim Report. Consult Australia recommends that the productivity opportunities to improve data quality and access and digitalisation in the energy sector be explored.

Our submission considers the interplay between the five pillars of the productivity growth agenda. There are opportunities and improvements identified in the Investing in Cheaper, Cleaner Energy and the Net Zero Transformation Interim Report that can benefit other productivity pillars such as business dynamism, workforce and digital.

## Procurement

The Interim Report focuses on speeding up approvals. Consult Australia recommends investing in procurement uplift and collaborative contracting for productive delivery of energy projects and net zero transformation.

### Procurement uplift

To ensure that fast-tracked projects are released to market, it is necessary to streamline complex and lengthy procurement processes. This includes removing prequalification barriers for small businesses, using prequalified bidders and not seeking material already provided as part of the prequalification process. Tenders should focus on the key questions that will inform the awarding of the project and provide bid stipends to encourage participation. Clients should move quickly to shortlisting and then selection, using standard contract forms to avoid productivity lags in contract negotiations (such as unamended Australian Standards or NEC4 Contracts).

Consult Australia's [Uplifting Productivity report](#) captures member experience demonstrating situations where there were productivity improvements. These examples span across the project lifecycle, from pre-tender to post-completion. Consult Australia recommends the Federal Government proactively engage with industry to learn from their experience and avoid procurement traps. Consult Australia would welcome the opportunity to host a forum with the Commission on procurement for energy projects.

### Collaborative contracting

Consult Australia recommends that collaborative and fair contracting is added as a focus area to drive improvements in contracting between, and across, government and the private sector.

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

Consult Australia recommends all governments display their commitment to collaborative and fair contracting by endorsing a Model Client Policy and/or being subject to the ACL unfair contract terms protections. Government projects can be delayed by unnecessary contract negotiations to address clauses that transfer risks onto suppliers outside their management and/or control, in our context consulting businesses. Governments with their purchasing power in the market present terms on a take it or leave it basis that do not adequately recognise the roles of the parties nor strike a balance between risk and reward.

The expectations governments set for our industry via law and policy should also be applied to their own dealings when procuring the services of the private sector. A key example where government fails in this is where government contracts require the contracting out of proportionate liability, despite proportionality being implemented in civil liability laws.

Industry and governments need to work together to use standardised collaborative contracts that prioritise communication and problem solving over disputation. There is no better time to invest in more collaborative contracting now that the need to increase productivity is an imperative.

**Information request – benefits of a more efficient approvals process**

The Productivity Commission requested more information on the benefits of a more efficient approvals process. Navigating the various laws across jurisdictions for environment and cultural heritage, land-use planning and development is a key area that significantly impacts business productivity. Consult Australia's advocacy is about ensuring such laws are effective, streamlined and able to be complied with confidently by industry.

An example of the impact of a lack of clarity in such laws includes redundant work, additional work and delays to environmental approvals, with correlating cost and time expenditures for both industry and projects. This occurred on a major project in Queensland seeking approval under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC) which saw ongoing discussion between the project team and the government on appropriate methodologies, which were then impacted by public comment.

EPBC reforms should be prioritised and include the development of guidelines to help businesses navigate the environmental assessment and approval process more efficiently.

## Skills and capability

The [Delivering Net Zero Infrastructure: Workforce Report](#), launched recently by Infrastructure Australia as part of the Infrastructure Net Zero Initiative, presents a collective picture of what it means to be part of the 'net zero infrastructure workforce' and the levers to inform workforce planning. Consult Australia, as part of the Initiative, suggests that the Productivity Commission actions the recommendations in this report to build the workforce with the skills needed to deliver a net zero infrastructure future.

To deliver these recommendations, pipeline clarity and certainty is critical. Where there is a lack of certainty in infrastructure pipelines there is then a lack of business confidence. Engineering, consulting and design firms are letting talent go as they cannot plan based on the published project pipelines. Investment in energy infrastructure is projected to increase six-fold over the next five years. But without these projects hitting the ground, the certainty to employ the needed teams is lacking.

Certainty, coordination and programmatic procurement are key factors to building skills and capability to deliver energy infrastructure. Consult Australia recommends:

- The federal government support long-term infrastructure planning, including the appropriate evidence base needed to make informed decisions and fully consider options, cost benefit, community engagement and social outcomes.
- The federal government support coordination between state and territory governments to plan project releases with an awareness of the impact on the market, including competing project releases. A steady stream of projects supports market sustainability as opposed to a whole sector release at one time.
- The federal government support state and territory governments to adopt programmatic approaches to enable participation by various businesses with varying skills and sizes, where relevant.

Net zero infrastructure is a decades-long task. The workforce transition needs to be planned now to allow time to build the capability. Thirteen public and private organisations are already collaborating under the Infrastructure Net Zero Initiative to address complex workforce challenges. The opportunity exists for Federal government to collaborate with this collective to support the workforce and skills needed for government decarbonisation plans.

### Infrastructure Net Zero

The [Infrastructure Net Zero Initiative](#) brings together industry and government to accelerate the decarbonisation of Australia's infrastructure through collective action so that it meets or exceeds our national targets of 43% by 2030 and net zero by 2050. Consult Australia is proudly a founding member of the initiative and continues to provide support in key projects being delivered by the Initiative.

The Infrastructure Net Zero Initiative has shown how one jurisdiction can lead the way (NSW in this instance) and those key learnings can be used by other jurisdictions. This integrated approach will help us reach those decarbonisation and net zero goals.

## Digital

The Interim Report acknowledges the need for technology neutral policy settings, but does not expand, on data and digital opportunities. Consult Australia points to the opportunities for planning and approvals and project delivery.

### Planning and approvals

The Commission recognises data gaps and recommends the Federal government provide high-quality information about the environment to expediate approvals and reduce costs. Consult Australia recommends the Commission further explore how digital can be used to support speeding up approvals processes for energy projects, for example in land use planning, offset management and environment impact statements.

### Example – Strategic environmental assessment

A global large member business has experienced the benefits of digital in the application of strategic environmental assessment (SEA). UK and Europe are using SEA to realise benefits in efficient approval pathways and environmental outcomes. Applying this coordinated approach to regional planning, particularly in declared Renewable Energy Zones (REZs), can de-risk development, reduce delays, and manage costs, ultimately affecting energy prices positively.

### Project delivery

Consult Australia sees vast opportunities where data and digital can support productivity for the net zero transformation, including tracking approvals for design, supporting pipeline management and coordinating projects and proponents, sometimes across jurisdictions.

Consult Australia's [Uplifting Productivity report](#) highlights the digital opportunities to:

- invest in technology, prioritise data access and produce digital assets
- collect relevant data to inform future project planning.

These opportunities are not considered within the scope of the harnessing data and digital Interim Report. Consult Australia recommends the Commission explore the productivity opportunities of improving data quality and access and digitalisation in the energy sector.

## Contact

We would welcome any opportunity to further discuss the issues raised in this submission.



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## Thanks to our Industry Champions

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



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